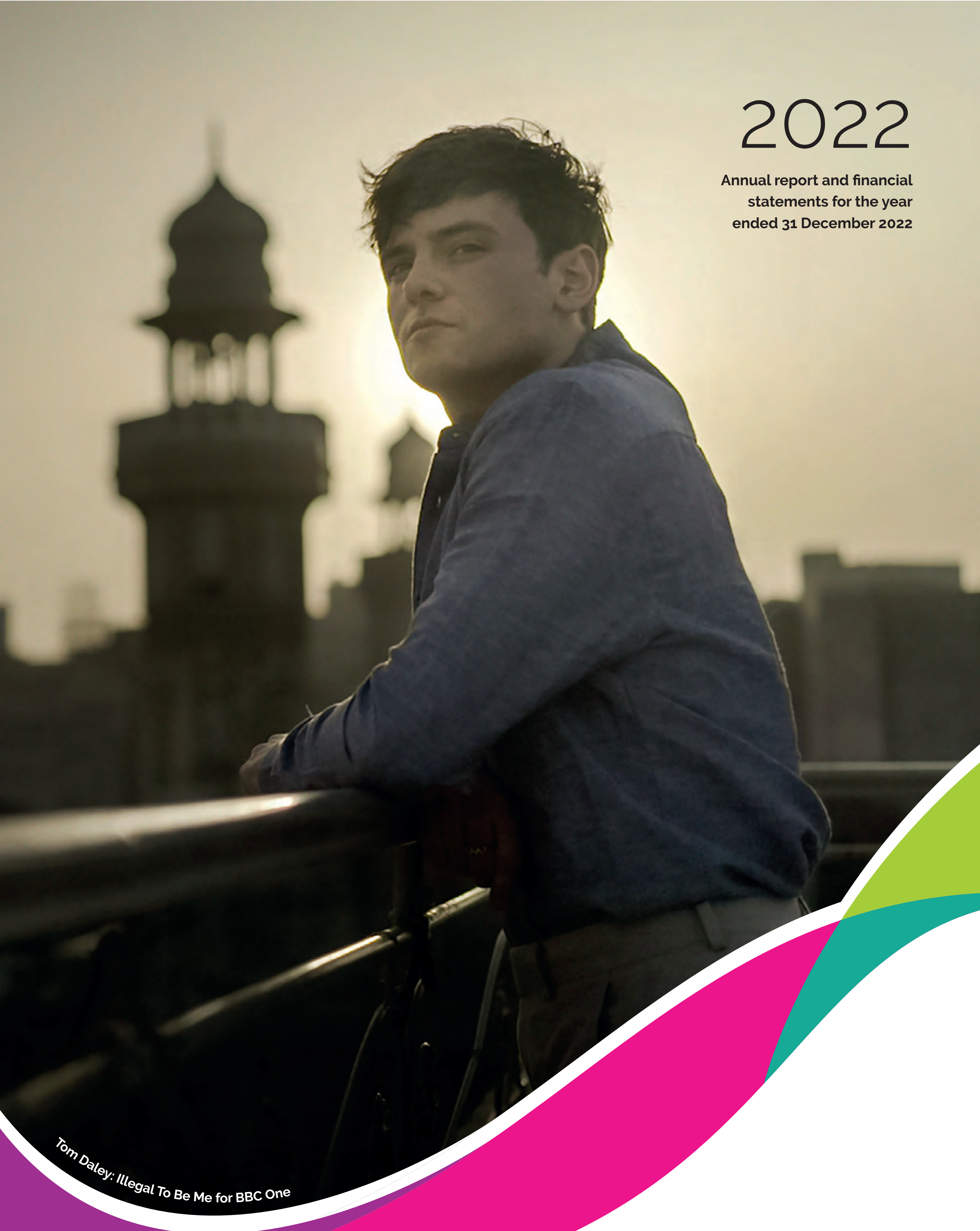
2022

Annual report and financial statements for the year ended 31 December 2022



Tom Daley: Illegal To Be Me for BBC One

zinc media group plc

Red Sauce a zinc media company

Brook Lapping A Zinc Media company

Zinc communicate

TERN a zinc media company

REX a zinc media company

The Edge Picture Company a zinc media company

supercollider. a zinc media company

ATOMIC a zinc media company

bumblebee a zinc media company

Contents

Company no SC075133

Highlights for the year

The Group is pleased to report excellent progress for the year ended 31 December 2022 ("FY22"), including the following highlights:

Financial Highlights

- Revenue and Adjusted EBITDA[1] ahead of market expectations, with the Group profitable at Adjusted EBITDA level
- Revenue increased 72% to £30.1m (FY21: £17.5m) and marks the highest revenue the Group has generated in the last ten years
  - Organic revenue growth of £6.8m or 39% year-on-year, reflecting the investment in new businesses and contracts
  - H2 revenues increased 83% to £19.2m (H2 2021: £10.5m)
  - Approximately 80% of revenue was delivered from existing customers, up from 69% in FY21
- Adjusted EBITDA of £0.1m, compared to a loss of £0.6m in FY21
  - Strong H2 2022 performance with Adjusted EBITDA of £0.7m
- £3.6m of cash at 31 December 2022 and £4.6m as at 19th April 2023
- Loss before tax of £3.3m (FY21: £2.6m) is largely driven by acquisition costs related to The Edge acquisition in the year and amortisation related to previous acquisitions

Operational Highlights:

- The successful acquisition of The Edge in August 2022 has brought a quality, high margin business with significant repeat revenue
- The Edge is performing ahead of acquisition expectations, having achieved its best ever trading performance last year, generating £13m of revenue and £1.3m of profit before tax (of which £5.8m of revenue and £0.7m of profit before tax has been included in the Group's consolidated results)
- The acquisition of The Edge has added considerable scale to the Group, with pro-forma revenues for the enlarged group of £37m in FY22[2]
- The Group has been awarded "Production Company of the Year" at the prestigious New York Festival Film and Television Awards

Delivering a number of significant programme successes during the year:

- Highly acclaimed documentaries that led the news agenda and got the nation talking include *Putin vs The West*, *Tom Daley: Illegal to be me* and *Afghanistan: Getting out* for the BBC
- Zinc's largest ever volume commission, *Bargain Loving Brits* for Channel 5
- Programming with fresh talent and from new buyers such as *Unprecedented* for Discovery+, *Space Jump* for Red Bull, *Martin Compston's Scottish Fling* for BBC, *Spooked Ireland* for Really, *Naughty Tories* for Channel 5 and *Sunday Morning Live* for the BBC

FY23 Trading and Outlook:

- The Group is trading strongly with £26m of revenue already booked and expected to be recognised in FY23 (7 February 2023: £15m)
- In addition the Group's pipeline remains strong with a further £6m of revenue at a highly advanced stage
- Together this provides the Board with confidence in delivering the FY23 market expectations
- Integration of The Edge is progressing well: cross-divisional business development opportunities have been identified and the planned co-location with Zinc's other London businesses later this year will enable cost savings and further synergies

[1] Adjusted EBITDA is defined as EBITDA before Adjusting Items (see Note 8) comprising share based payment charges, loss on disposal of fixed assets, reorganisation and restructuring costs, acquisition costs and contingent consideration treated as remuneration

[2] Pro-forma revenues demonstrate performance had The Edge been owned by the Group for the whole of FY22

Strategic Report

The Directors of the Company and its subsidiary undertakings (which together comprise the "Group") present their Strategic Report for the year ended 31 December 2022.

Chairman's Statement

2022's results reflect a transformational year for the Group. The Board is delighted to see revenue grew 72% overall to a ten-year high, powered by excellent organic growth of 39% and a strong Adjusted EBITDA performance of £0.7m during the second half, plus the successful acquisition of The Edge Picture Company ("The Edge"). This follows huge amounts of hard work and is a much improved performance on the prior year.

The strong growth delivered by the Company and the high level of revenues delivered from repeat customers provides the Board with confidence of sustained Adjusted EBITDA profitability. The Board is pursuing a strategy built on strong organic growth, supplemented by selective acquisitions, to deliver long term profitable growth. The Group has continued to invest in talent and new business opportunities that are resulting in numerous contracts and should lead to growth and profitability in 2023 and beyond.

The acquisition of The Edge in August 2022 has been a strong addition to the Group. It has delivered record financial results in its fourth quarter, helping the Group to report strong H2 profitability. The Edge entered 2023 in a good position with record pre-booked revenue. Cross-selling opportunities and integration into the wider Group is progressing well and cost benefits will be realised with the planned move of The Edge from its current premises in Covent Garden into Zinc's London headquarters in H2 2023.

The Group continues to deliver world class television and brand content. *Putin vs The West* grabbed the news headlines across the world when it was first broadcast in early 2023. *Afghanistan: Getting Out* gave the inside track on the chaotic withdrawal of western forces from Afghanistan and *Bowelbabe In Her Own Words* provided exclusive access to the final days of Dame Deborah James' battle with bowel cancer. In addition, Zinc has produced hundreds of hours of television for all the main UK and many international broadcasters including Zinc's largest ever volume commission for *Bargain Loving Brits*, and brand content produced for companies including Red Bull, EasyJet and Lego alongside large multi-nationals in the FTSE100, government departments and NGOs. The Company continues to receive notable endorsements for its quality of production and programming, most recently winning "Production Company of the Year" at the New York Festival Awards.

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

Christopher Satterthwaite
Chairman, Zinc Media Group plc

25 April 2023

CEO's Review

The strategic priorities for 2022 were to deliver good organic growth, supported by high quality acquisitions, with the ambition to build a strong core business by the end of 2022 that would deliver long term sustainable profitability. All these were delivered in the year.

Revenue growth

The Group grew strongly in 2022 with total revenue up 72% on FY21 to £30.1m. This growth was achieved as a result of investments made in London Television and Zinc Communicate during the previous two financial years and the acquisition of The Edge in August 2022. Following the easing of Covid-19 restrictions in H1, revenue growth in H2 was even stronger, increasing 83% year-on-year to £19.2m, and delivering an H2 Adjusted EBITDA of £0.7m, in part driven by the acquisition of The Edge in August, which has performed ahead of our expectations.

Organic revenue growth powered Zinc's top line performance and grew £6.8m or 39% in FY22, driven by a very strong performance from the Group's new businesses which were up 97% (£4.2m) as well as excellent growth from the Group's established businesses, which grew 20% (£2.6m).

The Group comprises twelve businesses that operate in two areas: television production (Tern TV, Brook Lapping, Red Sauce, Supercollider, Rex, Bumblebee and Atomic TV) and content production for brands and businesses (The Edge and the Zinc Communicate businesses in Brand Entertainment, Audio, Corporate Film and Publishing).

Four of these businesses, Tern TV, Brook Lapping, Zinc Communicate Publishing and The Edge have been established for many years. Seven are new businesses that have been launched in the last three years as part of the Group's transformation plan and are growing at an accelerated rate. These comprise the London TV labels Red Sauce, Supercollider and Rex, alongside Zinc Communicate businesses in branded entertainment, corporate film and podcasting, and the post-production business Bumblebee. Together the new businesses contributed £9m of revenue in FY22, almost doubling year-on-year. A new Bristol based TV label, Atomic TV, was launched in January 2023.

The Edge has helped add scale to the Group, as well as an increasing proportion of revenue from repeat customers. Zinc's pro-forma group revenue for FY22 was over £37m (on the basis of The Edge having been acquired at the start of FY22).

Strong customer base built on high levels of repeat customers

The Group has a solid and growing base of existing business with 79% of revenue in FY22 from repeat customers, up from 69% in the prior year, delivering a high level of earnings predictability. This is particularly pleasing when taking into account that the Group has a large number of new businesses that are still establishing their client base. The revenue delivered from the repeat customer base within the Group's established businesses is 90% of their revenue.

Continued revenue diversification delivering a more robust Group

The Group's revenue and customer diversification was enhanced with the acquisition of The Edge in August 2022. The Edge is one of the world's leading producers of corporate and brand films, producing work of a consistently high quality for a stable base of long-term returning clients. It achieved healthy gross margins of around 50% and had its best ever year in 2022. It started 2023 with record levels of pre-booked revenue.

The addition of The Edge creates a more balanced Group where television now accounts for around 60% of Group revenue and Zinc Communicate and The Edge representing the remaining 40%. This revenue mix and diversified portfolio has created a strong platform on which to build future growth and de-risks the Group's previous dependency on high value but binary TV commissions.

Path to sustainable profitable growth

The Group is pleased to report a profit at Adjusted EBITDA level for FY22 of £0.1m, including a profit of £0.7m in the second half, and we will look to accelerate growth in profitability in the coming years.

Five of the eight new businesses launched in the last three years are in the investment and early growth phase, and we expect them to start contributing positively to Adjusted EBITDA in FY23 and beyond. Similarly, the Group has added some strategic high volume, lower margin TV revenue in FY22 that is supporting the Group's expansion into new TV markets. We believe these contracts will provide long-term benefits by bringing new capabilities to the Group, establishing Zinc in new markets and driving profitability in the future. These contracts include a seven-figure development funding from a global streaming service for an access documentary, securing the Group's first weekly live television series for the BBC and the commission of a high-volume daytime commission for Channel 5, which have provided a foothold in the previously untapped global streaming, live television and daytime markets.

Shareholder engagement

The Group conducted many engagements with shareholders during the year. Alongside regular trading updates, the CEO and CFO presented to all shareholders and interested parties three times during the year using the Investor Meets Company platform and investors can follow the Group via the DirectorsTalk platform. In addition, the Group held a capital markets day at the Zinc headquarters in London. This provided the opportunity for investors to meet the executive team and Chairman along with members of the senior management team, and the CEO presented market insights and showcased the creative work from around the Group. Following its success, the Company intends to present another capital markets day this year and further details will be announced via RNS in due course. Investor Focus Communications (IFC) is the Group's investor relations and financial PR advisor. News is regularly posted on the Group's website and on the Group's social media feeds. Links to these can be found at www.zincmedia.com.

Looking forward in FY23 with confidence
The Group entered 2023 with the highest amount of pre-booked revenue since the new management team took over in 2019. As at 18 April 2023, revenue booked and expected to deliver and be recognised in FY23 stands at £26m, with a further £6m on the pipeline at a highly advanced stage. Last year £18m of revenue was booked between May and December and recognised in FY22. Taken together, these underpin the Board's confidence in comfortably achieving market expectations for the year ahead.

Zinc's programmes have led the national conversation so far this year and include *Putin vs The West* and *Bowelbabe: In her Own Words* which received 5-star reviews with The Times calling the film "a masterclass in how to make life and death meaningful". Channel 4 has announced a high profile commission titled *Gender Wars* which will explore one of the most polarised issues of our time, the meaning of sex and gender. BBC One has broadcast *Dr Xand: Con or Cure* and also recently announced their first commission from Rex TV called *Get your Eurovision on!*.

The size of the opportunity ahead is significant. H2 2022 results provide evidence that the Group can generate healthy Adjusted EBITDA and cash as it scales. Growth will come organically and from pursuing selected earnings accretive acquisitive opportunities. We are optimistic that growth will accelerate in 2023 and beyond.

Programme highlights

2022 was packed with programme and editorial highlights.

Putin vs The West was produced in 2022 for the BBC and aired in Q1 2023. This programme secured exclusive access to world leaders including former UK Prime Ministers Theresa May, David Cameron and Boris Johnson, along with former French President François Hollande and current Ukrainian President Volodymyr Zelenskyy, in addition to the Director of the CIA. This three-part series told the story of how through the decades of clashes, the West has struggled to deal with President Putin.

Bargain Loving Brits: the long running series was super-sized in 2022 with Channel 5 commissioning over 50 episodes of fun-loving ex-pats in Spain setting up businesses, enjoying retirement and always searching for a bargain on the Costa del Sol.

Tom Daley: Illegal to be me: As thousands of athletes prepared to compete on the global stage at the 2022 Commonwealth Games in Birmingham gold medallist and double world champion diver Tom Daley exposed the brutality faced by gay athletes in many competing countries where it remains illegal to be gay, including 56 member states of the Commonwealth.

Space Jump: This special feature documentary for Red Bull was released to mark the tenth anniversary of Felix Baumgartner's 2012 record-breaking sound barrier bursting, mega jump from space. Baumgartner broke the speed of sound in freefall reaching a speed of 843mph, and also broke all records for live streaming, a record that still stands today.

Afghanistan: Getting Out was a two part documentary for the BBC in partnership with numerous other global broadcasters telling the twenty year story of the West's conflict with Afghanistan culminating in the chaotic withdrawal of Western forces in 2021.

Martin Compston's Scottish Fling: Tern TV secured The Line of Duty star to present this factual entertainment series for the BBC, showcasing the spirit of Scotland through its people and places.

Sunday Morning Live: Tern TV secured this live weekly programme for BBC ONE in an open competitive tender, in a production partnership with Green Inc Film and Television. *Sunday Morning Live* is an ethical discussion programme picking up on the week's topical news and events.

Productions made outside London ("MoL") are important for the UK's Public Service Broadcasters ("PSBs") and Zinc is well placed to address this need, with substantive long term production centres in Manchester, Glasgow, Belfast and Aberdeen. At the beginning of 2023 the Group opened a new TV label in Bristol, a city world renowned for producing specialist factual programmes including natural history, travel and adventure and history. Over two thirds of Zinc's production revenues in 2022 were MoL, driven by the success of Red Sauce in Manchester and Tern TV in Scotland and Northern Ireland.

Supercollider, Zinc Communicate and The Edge produced hundreds of brand and corporate films in 2022 for many of the world's largest and most recognisable brands including Red Bull, EasyJet and Lego alongside multi-national FTSE100 organisations as well as NGOs and government organisations.

There were dozens of other programmes produced by Zinc Media Group in 2022, which can be seen on www.zincmedia.com. Zinc's group of companies produces content watched by tens of millions of people across the world every year, and its programmes have led the news and the national conversation across the United Kingdom.

CEO's Review (continued)

Market and outlook

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

The total TV commissioning market in 2022 for UK producers still remained below pre-Covid levels at £4.3bn (£4.7bn in 2019) but the factual television spend in 2022 remained consistent at £1bn, of which c. £850m was spent with independent production companies, not owned by the main broadcasters or channels (Source: Ofcom 2022). PSB's account for just over 50% of this commissioning market and Channel 4 is the single largest commissioning channel from the independent production sector. Zinc has made specific investments in Tern TV and Rex TV to grow the number of programmes it makes for Channel 4. Subscription Video on Demand (SVoD) spending on UK factual programming by the likes of Netflix and Disney+ has risen significantly, although the number of hours commissioned remains far lower than the PSBs, and UK multi-channels have also increased their spend from the independent production sector.

Zinc is well placed to continue to grow from this large factual commissioning market. Approximately £200m of the UK PSB spend on television commissions is spent outside of London, which validates Zinc's continued investment in Tern TV (Glasgow and Belfast), Red Sauce TV (Manchester) and the launch in 2023 of the new Atomic TV (Bristol).

While premium documentary programmes such as *Putin vs The West* and *Tom Daley: Illegal to be me* have generated both recognition and awards for Zinc, it is the factual entertainment market which offers the greatest potential for accelerated growth. This genre represents the largest proportion of PSB commissioning spend in non-scripted television and Zinc has diversified into this market in recent years with the launch of Red Sauce TV and Rex TV as well as new investment in factual entertainment within Tern TV. While this is the largest addressable factual market for Zinc, it is dominated by a large number of returning series. This makes it initially hard to penetrate but provides lucrative and long running returning revenues once business is secured. The super-sized Red Sauce commission from Channel 5 is testament to this, and Rex TV has a growing pipeline in this market. Factual entertainment also offers the opportunity for increased international distribution and format sales.

In addition to broadcast television production, the Group's commercial content production division Zinc Communicate continues to grow at pace, with CAGR of 22% over the last three years. If these high levels of organic growth can be sustained in the years ahead, the Group will have developed a prominent position in this large, and higher margin, market for corporate and brand films. The addition of The Edge accelerates the Group's presence in this market.

We are very encouraged by the high rate of new business wins in recent months, including high profile television programmes, large volume series and the new businesses gaining excellent traction in the market:

- The Group's newest TV labels, Red Sauce, Rex and Supercollider, have booked £9m of revenue into FY23; Bristol based Atomic TV was launched in January this year
- The Edge has booked £8m that is expected to be recognised in FY23, which is the highest amount of pre-booked revenue it has had at this stage of a financial year
- Red Sauce has won the Group's largest ever commission worth £7.3m, to be recognised over FY23 and FY24, and is in production for two new series which are yet to be announced

Mark Browning
Chief Executive Officer, Zinc Media Group plc

CFO's Report

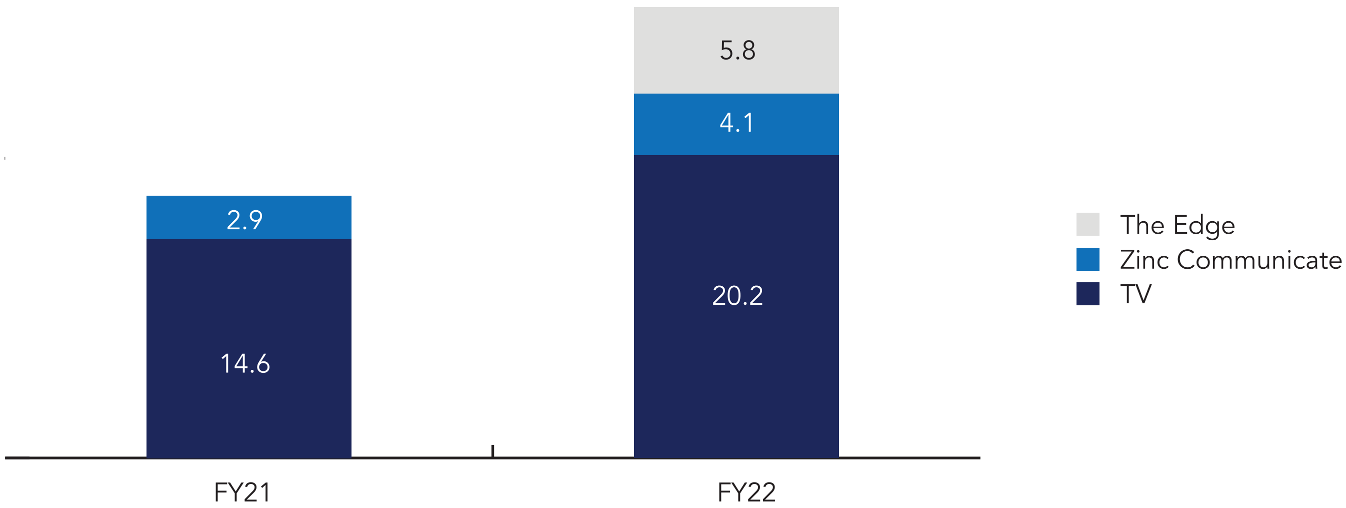
£m	2022	2021	Movement
Income Statement			
Revenue	30.1	17.5	12.6
Gross Profit	10.2	6.7	3.5
Gross Margin	34.0%	38.5%	(4.5%)
Loss before tax	(3.3)	(2.6)	(0.7)
Adjusted EBITDA	0.1	(0.6)	0.7
Statement of financial position			
Cash	3.6	5.6	(2.0)
Long-term debt	(3.5)	(3.4)	(0.1)
Net cash	0.1	2.2	(2.1)

Income statement

Revenue

The key drivers for the increase in revenue from £17.5m to £30.1m are organic growth of £6.8m from the TV and Zinc Communicate divisions and the acquisition of The Edge, which contributed £5.8m of revenue since its acquisition. The organic growth was driven by an increase of £5.6m, or 39%, year-on-year from the TV business via its new labels and a £1.2m increase from Zinc Communicate, a 40% increase year-on-year, which has grown its brand and corporate film offering.

Revenue (£m)



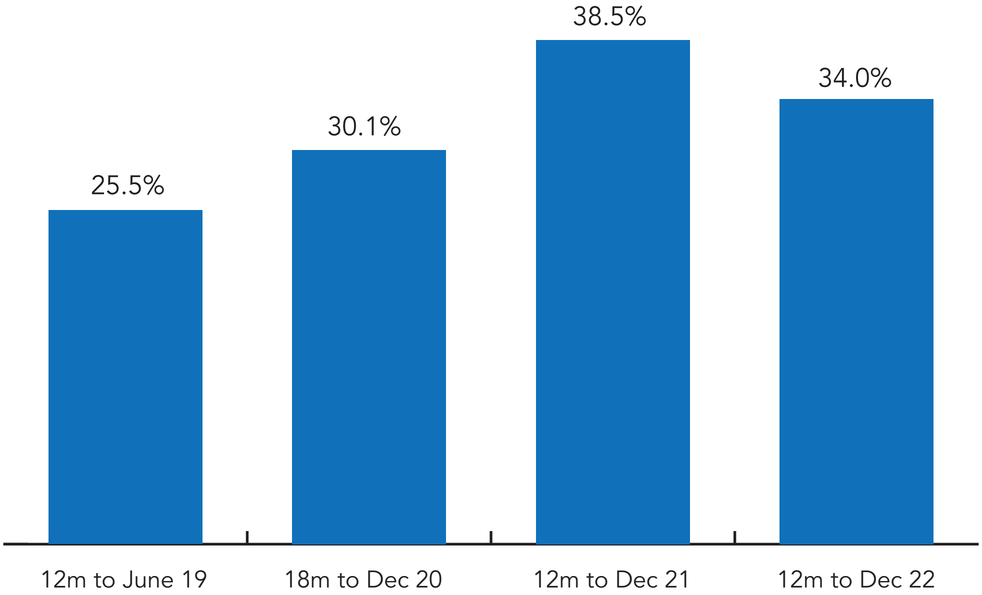
Gross margin and operating expenses

The Group's gross margin decreased during the period from 38.5% to 34.0% due to a strategic increase in the volume of lower margin TV revenue that is supporting the Group's expansion into new TV markets and accounted for £7m of revenue in FY22. Gross margins excluding this lower margin TV revenue have risen to 40.5% from 38.5% in FY21. This was mainly driven by the acquisition of The Edge which delivers higher margins.

Whilst Group gross margin decreased in FY22, it remains notably ahead of the performance achieved in previous years, as demonstrated in the graph below.

CFO's Report (continued)

Group gross margins (%)



Adjusting items incurred during the year amounted to £1.3m (FY21: £0.3m), which mainly comprised the costs relating to the acquisition of The Edge which were £0.95m, in addition to restructuring and share based payment costs of £0.3m (FY21: £0.2m).

Operating expenses have risen by £4.0m to £13.1m, and whilst this represents a 44% increase on the prior year, the rate of growth has been significantly outpaced by the 72% increase in revenue due to the Group's relatively high operating leverage. As a result, operating costs as a percentage of revenue have fallen from 52% to 44%.

Finance costs, which mainly relate to interest on the Group's long-term debt, have risen from £0.2m to £0.4m as the relevant interest rate is based on the Bank of England base rate, and also subject to a floor of RPI, both of which increased during the year.

Earnings per share

Basic and diluted loss per share from continuing operations in FY22 was 12.43p (FY21: loss per share of 15.80p). These measures were calculated on the losses for the period from continuing operations attributable to Zinc Media shareholders of £2.3m (FY21: loss of £2.5m) divided by the weighted average number of shares in issue during the period being 18,480,039 (FY21: 16,095,991).

Dividend

The Board has not recommended a dividend in respect of the year ended 31 December 2022 (FY21: £nil).

Statement of Financial Position

Net assets have increased by £3.2m to £7.0m at the end of December 2022, driven by the acquisition of The Edge which added £1.9m of net assets at year end.

Assets

Cash balance at the end of December 2022 was £3.6m. This represents a decrease of £2.0m during the year, as the cash consideration paid for The Edge, outflows from operating activities, capital expenditure, property leases and the servicing of the long-term debt offset the net proceeds from the equity fundraise in August 2022.

Trade and other receivables have increased by £6.7m to £10.6m, driven by The Edge's receivables of £4.9m.

Equity and Liabilities

Total equity has increased from £3.7m to £7.0m as the issue of new equity more than offset the loss in the year.

Total liabilities have increased by £5.3m due The Edge's liabilities being consolidated into the Group and contingent consideration payable as part of the acquisition. The Group had an outstanding balance on long-term debt of £3.5m at year-end (FY21: £3.4m). The Directors believe the Group has strong shareholder support, evidenced by shareholders investing £5.0m in new equity in the year. The long-term debt holders are also major shareholders who own 42% of the Group's shares.

Cash Flows

The Group used cash of £4.6m in the year (FY21: £0.2m) in its operations mainly due to an increase in working capital from a high receivable position in the last year and as a result of The Edge acquisition. The net movement in the year was a decrease in cash of £2.0m (FY21: decrease of £1.2m) after financing activity cash inflow of £3.9m (FY21: outflow of £0.6m) and cash used in investing activities of £1.2m (FY21: £0.3m), driven respectively by the £4.8m equity fundraise (net of costs) and associated acquisition of The Edge which contributed a net cash outflow of £0.3m (£1.2m consideration paid less £0.9m of cash acquired).

Key Performance Indicators (KPIs)

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

- Revenue growth, including revenue from repeat customers and new business pipeline strength
- Profitability assessed by key measures including gross margins and Adjusted EBITDA
- Cash generation and cash management
- Performance and integration of acquisitions

These KPIs have been reported on within the Strategic Report.

Will Sawyer
Chief Financial Officer, Zinc Media Group plc

Principal Risks and Uncertainties

Risk Matrix Overview

Sound risk management is an essential discipline for running the business efficiently and pursuing the Group's strategy successfully.

The Group operates in a highly competitive environment that is subject to constant and unpredictable changes in client demand and the advertising economy. To remain competitive, it must continue to invest in and adapt its businesses.

Risk is reduced by creating and maintaining a balanced portfolio of products that evolves to meet the needs of our clients. Investing internally in people and infrastructure while maintaining the highest quality in the media content produced will further mitigate these risks.

The Group maintains a risk register to evaluate and monitor the changing risk profile of the organisation. The register includes the risks set out below, together with a quantitative assessment of each risk to assess impact and probability. This calculates a risk rating which is combined with a control rating to reach a residual risk calculation.

The Audit & Risk Committee is comprised as set out in the Corporate Governance section on page 22 and meets to review and update the risk register for new and emerging risks, to evaluate current risks by revisiting the inputs to the residual risk rating and to assess the effectiveness of the risk management and control systems in place. Meetings typically include an update from the CEO, CTO and/or CFO on any new systems or processes adopted to identify, mitigate or manage risks.

Zinc's approach is to minimise its exposure to reputational, health & safety and compliance risks, many of which relate to programme making, as well as IT security, whilst also being cognisant of risks relating to increasing revenue and diversifying the Group's services and customer base.

Risk	Impact	Mitigation
Cashflow and going concern risk In recent years the Group has been loss making and losing cash, and the impact of a potential recession means there is uncertainty around the timing of profitability and cash generation.	There are several factors which could materially affect the Group's cashflows, particularly the underlying performance of the business, winning new commissions and uncertainty regarding the timing of receipts from customers. The Group had an outstanding balance on long term debt of £3.5m at the year end, held by two of the Company's major shareholders. The current repayment date is a bullet repayment on 31 December 2024.	In recent years management have done several things to reduce the going concern risk, including: • Raising new equity funding of £12.5m (before costs); • Making significant structural changes to the balance sheet to ensure the long-term financial stability of the business; • Putting in place an overdraft facility of £0.6m; and • Extending the repayment date of the long-term debt by two years to the end of 2024. Management continually monitor cashflow forecasts to enable action to be taken if required. Cash is utilised across Group companies when required to ensure the most efficient use of the Group's cash resources.
Pandemic risk A pandemic similar to Covid-19 could occur again in the future.	The impact of a pandemic could be that, due to an economic downturn, television commissioning budgets are reduced. The production of content, particularly television programmes, could also be affected due to restrictions to access, movement of people and filming.	The stronger balance sheet, improved forecasting of cash, the ability to remote work effectively – including producing television programmes remotely – and better visibility of potential issues via clear KPIs have put the Group in a stronger position to deal with another pandemic. Revenue is being diversified into new channels less impacted by a pandemic within TV and into brand and corporate-funded film and audio content. The recent acquisition of The Edge, a brand and corporate film specialist, exemplifies this.

Risk	Impact	Mitigation
Ability to attract and retain employees The Group depends on its key management and qualified and experienced employees, especially in relation to its creative and development staff, to enable it to generate and retain business. The business is currently dependent on a relatively small, albeit expanding, number of new business winners.	Loss of key management and staff could inhibit the ability of the Group to win, secure and deliver revenue and profit contribution to the Group's performance with a resulting impact on cash generation. Should the Group be unable to attract the required calibre of new employees this could have a material adverse effect on the Group's ability to grow or maintain its business.	Key staff are incentivised through a mixture of sales commissions, profit related bonuses and participation in employee share incentive plans. Management have delivered on the first phase of a strategic plan which includes diversification of the business, and this will continue into 2023, including reducing the reliance on a small number of new business winners. The plan includes returning the business to profitability which will help in attracting new employees.
Market and competition risk The Group operates in competitive markets which are evolving and adapting, due to factors such as consumer tastes, trends and technology advances, and which may become more competitive.	If funding or governance models change for public service broadcasters, such as Channel 4, it could impact on the commissioning decisions and budgets available to spend with the Group. Key clients can change programming, strategy and advertising priorities at short notice, which could lead to volatility in revenues, or in the predictability thereof, for the Group. Competition in the marketplace can lead to unpredictable revenue streams and potential margin erosion should commissions be won. Furthermore, there is a risk that the UK TV market's terms of trade could change which could lead to independent production companies retaining less of the programme rights.	The sales teams in the TV divisions maintain regular contact with their customers, ensuring that they are constantly apprised of emerging trends and issues within the broadcaster's organisation, enabling the TV division to reposition its service offering if required. In the same way, the sector is sufficiently transparent that new market entrants and potential competitors are known about at an early stage, which does present a strong barrier to entry in the marketplace. In recent years the Group has made an acquisition and launched new businesses that create programmes and content for advertisers and brands, produces corporate films and produces podcasts. This diversification helps to mitigate against adverse changes in the traditional TV market.
Key relationships held by Group employees The Group operates in a people driven environment. All businesses rely on the strong relationships within their respective divisions that its key employees have established with its clients.	The loss of one or more of these key business relationships may have a material adverse effect on the Group's revenues. Equally, the loss of key management or other key personnel who manage these relationships, particularly to competitors, and, consequently, the loss of these key relationships, could have adverse consequences for the Group.	We seek to mitigate this by continually fostering strong relationships with key clients, ensuring that client relationships are spread across client service teams where possible and by incentivising key relationship holders to retain them within the Group.

Principal Risks and Uncertainties (continued)

Risk	Impact	Mitigation
Integration of Acquisitions The Group may not be able fully to realise the benefits of recent and future acquisitions. The Group's success will partially depend on the Directors' ability to integrate recent and future acquisitions without significant disruption. This integration process may divert management's attention from the ordinary course of business and raise unexpected issues and may take longer or prove costlier than anticipated. Although the Directors believe that such disruption is unlikely, issues may come to light during integrations that may have an adverse effect on the financial condition and results of operations of the Group.	There is no certainty that customers of Zinc or of its future or recent acquisitions will continue to be customers of the Group following the acquisitions, particularly if customer service is affected whether before or after completion of the acquisitions or if strategic decisions taken by the Directors after completion of the acquisitions cause customers to terminate contractual relations. There is a risk that the Company's ability to target, execute and integrate such acquisitions may fail and thereby reduce the Group's growth and profitability targets. Further, it may require additional funding to pursue such acquisitions through the issue of equity or debt. There is no assurance that the Company will realise the potential benefits of acquisitions including, without limitation, potential synergies and cost savings (to the extent and within the time frame contemplated).	To mitigate these risks the Group follows: • Application of strict financial criteria to any potential acquisition; • A formal legal, financial and tax due diligence process; • Constant monitoring and review of the acquisition's performance; • Long-term incentivisation of key employees of acquired companies; and • A strategy for acquired companies to operate semi-autonomously whilst benefiting from group synergies, resource and infrastructure This strategy has been successful so far in relation to the acquisition of Tern Television and its subsequent integration, and management believe that it has been successful thus far in relation to the recent acquisition of The Edge.

Section 172 Statement

Section 172 of the Companies Act 2006 requires the directors to act in a way that they consider would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard to the various stakeholders. The Group's key stakeholders and the ways of engagement are set out below.

At all times we endeavour to adhere to strict corporate governance standards.

The likely consequences of any decisions in the long-term

The Board focuses on the following strategic pillars, as detailed earlier in the Strategic Report, which are: revenue growth, profitability, cash management, performance and integration of acquisitions, audience and market response to content, and employee and shareholder engagement. These pillars reflect the need to consider the interests of our staff alongside other stakeholders, and the need to keep pace with market developments, so the business is appropriately positioned to take best advantage of market conditions over the longer term. The Group's strategy is communicated to all the divisions and individuals within the business through cascaded staff meetings and regular financial reporting processes.

The principal decisions taken by the Board during FY22 that impacted on the stakeholders below are the acquisition of The Edge and the share placing to raise proceeds for the acquisition, both of which are described in more detail in note 23.

Investors

The Board has an on-going dialogue with major shareholders through roadshows to formally communicate the Group's financial results on a yearly and half-yearly basis, as well as periodically. Investor feedback is also provided by the Company's Nominated Adviser (NOMAD) following investor roadshows, for the Board to build on its alignment of the Group's strategy to business objectives and communicate these in a clear manner.

The Group's annual general meeting enables it to gather shareholders' views and provides non-institutional shareholders with the opportunity to hear directly from the Chairman and the Board. Shareholders can access press releases and regulatory news via its website and social media feeds. The Company also holds capital market days regularly, where investors are invited to attend Zinc's London HQ, hear from the Group's CEO and meet members of the Board and senior management team. The Group works closely with Investor Focus Communications (IFC Advisory) who lead on shareholder communications. It also uses the Investor Meets Company platform, with live Q&A sessions, to create more opportunities for smaller shareholders and potential investors to engage with management.

All members of the Company hold ordinary shares which attach the same rights and benefits. All investor presentations are made available on the Group website for shareholders to access. The AGM allows an opportunity for all shareholders to attend and ask questions of the Board.

Employees

Engaged, enabled, empowered employees who contribute to the best of their potential are fundamental to the long-term success of the business. Zinc employs and develops high calibre staff and we maintain oversight of their performance through performance review processes. The Group is an employer which actively supports diversity and inclusivity and does as much as it can to ensure a positive environment for health and wellbeing. Employees' thoughts and ideas are actively sought and encouraged. A staff survey is conducted periodically, the results of which help to inform and guide subsequent strategic decisions. The Group launched Zinc Care in 2021 which implemented wellbeing seminars and coaching events to provide ongoing personal and professional development. In 2023 the Group has launched a health care and employee benefits scheme.

Customers and suppliers

Zinc's customers are key to the long-term success of the business and the Group works closely with all its clients, from the channels who commission television content, to the brands, businesses and partners that it works with in The Edge and Zinc Communicate. Zinc develops relationships with its customers based on credibility and its ability to meet their needs effectively. The Group focuses on understanding what they want and puts that at the centre of its decision-making to create meaningful partnerships so that it understands how its customers' requirements evolve. The success of this is evidenced in almost 80% of revenue being generated from repeat customers. The Group is committed to treating our suppliers and freelancers fairly and conducting business in an ethical fashion.

Social and Environment

The Board is cognisant of its responsibilities to the viewers of the Group's programmes, the consumers of its non-broadcast output and to society at large. We take account of feedback generated in response to our programmes and use it to inform future projects.

We aim to minimise the negative impact of our activities on the environment, for example:

- Zinc is working towards full sustainability on all its TV productions. It participates in the UK industry-wide scheme called Albert. This scheme offers formal accreditation to those productions which meet a certain level of sustainability and encourages a thoughtful and creative dialogue about how production can minimise its impact on the planet.

Section 172 Statement (continued)

- The Group's post-production business, Bumblebee, aims to be carbon net zero. It utilises remote workflows that reduce travel and emissions, and along with using 100% UK-sourced renewable energy providers, being single-use plastic free and having a zero landfill waste target, Bumblebee has enrolled in the DPP Committed to Sustainability programme, an industry leading scheme celebrating and promoting good practice in environmental sustainability, across the media industry.
- The Edge has been a PAS2060 certified carbon neutral company since 2013, reporting on scope 1, 2 and 3 emissions created during the production of client films. The aim is to reduce carbon emissions on every production and offset those which are unavoidable. It also achieved ISO14001:2015 Environmental Management certification in 2022.
- The corporate film team specialises in sustainable production. All productions are carbon offset and recent work showcased sustainable practices in the travel and aviation sectors.
- To reduce waste the Group recycles office materials and electronic waste.

The Group's social goals centre around diversity and inclusion, employee wellbeing, health and safety, learning and development and supply chain standards. Some of the initiatives put in place recently include improved benefits for employees such as access to an Employee Assistance Programme, wellbeing app and health plan, and the monitoring of diversity and inclusion KPIs. The Edge has signed up to the Business in the Community (BITC) Race at Work Charter, to provide accountability and practical steps to improve equality, and was instrumental in introducing an industry wide scheme for Black, Asian and minority ethnic filmmakers called "The Focus Award", which provides mentorship and employment opportunities.

The Strategic Report was authorised for issue by the Board of Directors on 25 April 2023 and was signed on its behalf by:

Mark Browning
Chief Executive Officer, Zinc Media Group plc

Directors' Report

Results

The results for the year ended 31 December 2022 are set out on page 28.

The Group made an operating loss in the year of £2.9m (2021: loss of £2.4m) and a retained loss for the year after interest and taxation of £2.3m (2021: loss of £2.5m).

Business relationships

The Section 172 Statement on page 13 summarises how the Group engages with its stakeholders.

Dividends

The Directors do not recommend the payment of a final dividend for the period (2021: £Nil).

Directors and their interests

The Directors who served during the period and up to the date of this report (unless otherwise stated) were as follows:

- Nicholas Taylor
- Will Sawyer
- Mark Browning
- Christopher Satterthwaite
- Andrew Garard

Directors' emoluments are disclosed in Note 6 of the accounts.

According to the register of Directors' interests maintained under the Companies Act, the following interests in the shares of Group companies were held by the Directors in office at the period end:

		Ordinary shares of 0.125p each	
	Nature of interest	31 December 2021	**31 December 2022**
Mark Browning	Beneficial	194,618	**224,618**
Christopher Satterthwaite	Beneficial	125,364	**169,220**
Will Sawyer	Beneficial	74,138	**89,138**
Andrew Garard	Beneficial	41,666	**56,666**
Nicholas Taylor	Beneficial	13,889	**23,889**

Options over 0.125p ordinary shares of the Company were held by the following:

	Year Granted	Exercise Price	As at 31 December 2021	**As at 31 December 2022**	Dates Exercisable
Will Sawyer	2021	0.125p	237,115	237,115	2024 to 2031
Mark Browning	2021	0.125p	474,230	474,230	2024 to 2031
Will Sawyer	2020	0.125p	237,115	237,115	2023 to 2030
Mark Browning	2020	0.125p	474,230	474,230	2023 to 2030

Qualifying third party indemnity provisions

The Group has granted an indemnity to its Directors against liability for proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

Substantial Shareholdings

As at 31 March 2023 the following investors held 3% or more of the Company's issued share capital:

	No of Ordinary Shares	%
Herald Investment Management	8,383,726	38.45
Cannacord	2,083,333	9.55
Premier Miton	1,877,369	8.61
Edale Europe Absolute Master Fund	1,095,932	5.03
Ruffer Investment Management	1,016,665	4.66
EdenTree Investment Management	1,000,000	4.59
John Booth and The John Booth Charitable Foundation	854,473	3.92

Share Capital

Details of share capital are given in Note 24 to the financial statements.

Going Concern

The Group's business activities and analysis for the year are detailed in the Strategic Report on pages 3 to 14. The financial results and cash position including borrowing facilities are described in the Financial Report on pages 28 to 32 with further details in the Notes to the Accounts numbers 2.1, 19 and 20.

As disclosed in the going concern section of note 2.1 of the consolidated financial statements, forecasts and scenarios have been prepared, focussing on the run rate of new business and the mitigating actions the Board can take. Whilst the sales pipeline is healthy the timing of new sales is hard to predict, the scenarios include revenues being 15% down on budget. The Directors have reviewed management's forecasts and scenarios under which cashflows may vary and remain confident that the Group will have sufficient cash resources (including the current overdraft facility) for a period of at least 12 months from issuing the financial statements in these scenarios.

In light of the forecasts, the support provided by shareholders and mitigating measures available to be used if needed, the Directors have formed a judgement that, at the time of approving these financial statements, there is a reasonable expectation that the Group has adequate resources and likely income to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Strategic Report

Future developments and the outlook for the Group are discussed on page 5. In accordance with the Companies Act s414C(11) information in relation to post balance sheet events and future developments are included in the Strategic Report.

Financial risk management objectives and policies

The Group uses various financial instruments. These include loans, cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations.

An analysis of the Group's financial assets and liabilities together with the associated financial risks, are set out in note 20.

The principal financial risks to which the business is exposed are set out below (also see Risk Matrix on page 10). Although not exhaustive, this highlights the risks that are currently considered to be of most significance to the Group's activities.

The main risks arising from the company's financial instruments are foreign currency, interest rate and liquidity risks which are summarised below.

Currency risk
The Group's sales are primarily invoiced in sterling and occasionally in US dollars, currencies pegged to the US dollar and Euros. The Group does not use derivatives to hedge translation exposures, although typically revenue and costs are in the same currency which provides a natural hedge and currency exposure is monitored by management. All gains and losses are recognised in the income statement on translation at the reporting date.

Interest rate and RPI risk
The Group is partially financed through borrowings that are subject to a variable interest rate and RPI. £2.45m of the long-term debt accrues interest based on monthly SONIA, subject to an RPI floor.

Liquidity risk
The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The maturity of borrowings is set out in note 19 to the financial statements.

Auditors

A resolution to reappoint RSM UK Audit LLP as auditor for the ensuing year will be proposed at the AGM (as defined below) in accordance with Section 487(2) of the Companies Act 2006. An audit tender process was undertaken in 2022.

Disclosure of information to auditor

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Annual General Meeting 2022

The 2022 Annual General Meeting is to be held at 10.00am on 25 May 2023 (the "AGM"). Notice of the AGM is set out at the end of the Report and Accounts.

Previous General Meeting

At the Annual General Meeting on 26 May 2022 all resolutions were passed.

Historical annual reports and other governance-related material, including notices of all general meetings over the last five years can be found at https://zincmedia.com/.

On behalf of the Board

Will Sawyer
Company Secretary
25 April 2023

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors have elected under Company law, and are required by the AIM rules of the London Stock Exchange, to prepare Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under Company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and are required by the AIM rules of the London Stock Exchange and UK-adopted International Accounting Standards to present fairly the financial position of the Group and of the company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;

d. for the Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements;

e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Zinc Media Group plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate Governance

(see also https://zincmedia.com/investors/corporate-governance/)

Chairman's Corporate Governance Statement

The Company has adopted and applied the Quoted Companies Alliance (QCA) Corporate Governance Code with effect from 1 September 2018. The company's business model and strategy are described in the Strategic Report together with the risks facing our business and how we seek to mitigate them.

In my role as independent chair, from an external perspective, I engage with shareholders in formal and informal meetings to reinforce the fact that the Board is being run with the appropriate level of engagement and time commitment. From an internal perspective, I ensure that the information which flows within the Board and its sub committees is accurate, relevant and timely and that meetings concentrate on key operational and financial issues which have a strategic bias, together with monitoring implementation plans surrounding commercial objectives.

In relation to corporate governance, my responsibility is to lead the Board effectively and to oversee the adoption, delivery and communication of the company's corporate governance model. I also aim to foster a positive governance culture throughout the company.

The Company's good corporate governance permeates the culture of the organisation. It is manifested by regular engagements and interactions between the Board and senior management. These interactions are documented with action points and deliverables assigned to attendees to ensure clarity of expectations. In addition, senior management objectives are aligned with the corporate strategy in terms of sales targets, desired margins and profitability. Transparency in verbal and written communication is also paramount both from an outward looking perspective with shareholders, customers, suppliers and other external stakeholders and with employees and project teams from an internal perspective.

The following things help the Board assess the corporate governance culture of the Group:

- The Board reviews the principles of incentivisation schemes to ensure that senior management are aligned with corporate strategy;
- The Board has visibility of many of the key communications with stakeholders;
- Senior management provide the Board with verbal updates on their business units; and
- The board has a relatively high proportion of Executive Director representation which means communication and feedback between the business and the Board is well established.

The Board's shared view of the Group's purpose, business model and strategy, and the values underpinning them, are detailed in the Strategic Report within pages 3 to 14 as follows:

- "CEO's Review" considers how the Group seeks to realise its vision of improving profitability and becoming cash generative and it addresses the Group's approach to delivering long-term value for shareholders.
- "Market and outlook" reviews the Groups' position and capabilities.
- "Principal risks and uncertainties" details the key risks faced by the business and how these continue to be addressed.

The application of the QCA Code supports the Company's medium to long term success by creating frameworks to enable the divisional teams to operate effectively whilst remaining focussed on the critical success factors (such as sales generation and project delivery) to enable the growth and development of the business. These structures have been implemented whilst at the same time allowing a culture of entrepreneurial spirit to reside within this creative organisation.

I am pleased to report that there have not been any non-compliance governance related matters that have occurred during the period nor any significant changes in governance arrangements required.

Board of Directors

Board Composition

The Company is controlled through a Board of Directors, comprising a non-executive Chairman, two executive directors and two independent non-executive directors. Short biographies of each director that served on the Board during the year and as at 25 April 2023 are below.

Chairman:
Christopher Satterthwaite CBE

Until 2017 Christopher was group CEO of Chime Communications, overseeing its sale to Providence Equity in 2015 for £374 million, having grown the business to a global sports entertainment and communications group employing over 2,500 people in 27 countries. He is currently chairman of AIM-quoted technology group Access Intelligence. He was a non-executive director of Centaur Media plc from 2007 to 2015. Christopher was awarded a CBE in 2017.

Chief Executive Officer:
Mark Browning

Mark became CEO in 2019. Prior to this he was the Group Managing Director of ITN Productions which was founded in 2010 and grew to become one of the top 5 independent TV production companies in the UK. Before joining ITN Productions he was the Director of Programmes for Heart 106.2, taking the radio station from a challenger brand to the market leader. He is a trustee of Jerusalem Productions, part of Sainsbury's Family Trusts, and a former Director of IRN Ltd, the news provider to the UK commercial radio industry. He is a founding investor in Blend Media, a Virtual Reality (VR) and 360 content specialist, and in Deckchair.com.

Chief Financial Officer:
Will Sawyer

Will joined Zinc Media Group in 2018. Will was previously the Finance Director of ITN Productions, where he worked alongside Mark Browning for 9 years to execute a turnaround strategy and grow it into one of the top independent production companies in the UK. Whilst there he also sold a digital start-up called Diagonal View to Sky. Prior to this he was a corporate finance manager at the BBC and qualified as a Chartered Accountant at Deloitte, where he specialised in media businesses.

Independent Non-Executive Director:
Nicholas Taylor

Nicholas has extensive experience of working with growing organisations, principally in the TMT sector. He has worked as a consultant and in-house and has held senior positions in both private and public businesses and in the not for profit sector. His involvement in the media industry started over 20 years ago when he was Head of Finance at Brighter Pictures (now Remarkable Television, part of Endemol Shine) and encompasses film and television; production, post-production and special effects; factual and entertainment. Between 2011 and 2013 he was Managing Director of The Imaginarium Studios. He is also non-executive director of Maintel Holdings Plc.

Independent Non-Executive Director:
Andrew Garard

Andrew was previously Group Legal Director and Company Secretary for ITV plc, having spent over a decade at the company, where he was also a Board member of ITV plc and chairman of ITN. While at ITV, Andrew was responsible for an international team overseeing global legal and business affairs. He helped lead ITV's rapid expansion in the UK production market and ITV Studios' expansion into the USA. During his time he also had management responsibility for ITV's Interactive Business. Prior to ITV, Andrew held a number of General Counsel roles, including at Cable and Wireless plc and Reuters Asia, and positions at legal firms, including Clifford Chance, Freshfields and LeBoeuf, Lamb, Greene & MacRae. He is currently the Group General Counsel and Company Secretary at Pennon Group plc as well as the Chair of the Social Mobility Business Partnership.

Senior Independent Director

The Board has determined that the formal appointment of a senior independent Director is not necessary given the current structure and composition of the Board. Furthermore, given the size of the Company, the shareholdings in the Company that the current Board members hold and the active dialogue with institutional shareholders that takes place throughout the year, the Board is of the view that an appointment of a senior independent Director would not currently provide any further benefit in assisting with communication with shareholders.

Company Secretary

Will Sawyer is the Company Secretary and advises and supports the Board in this capacity alongside his role of CFO.

Board Function

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda. The Chairman also ensures that the directors receive accurate, timely and clear information and that there is effective communication with shareholders.

The Board is authorised to manage the business of the Company on behalf of the shareholders and in accordance with the Company's Articles of Association. The Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance are maintained throughout the Group.

The Board, which is chaired by Christopher Satterthwaite, meets a set number of times a year and at other times as necessary, to discuss a formal schedule of matters specifically reserved for its decision.

These matters routinely include:

- the Group's strategy and associated risks
- financial performance of the business and approval of annual budgets, the half year results, annual report and accounts and dividends
- changes relating to the Group's capital structure
- appointments to and removal from the Board and Committees of the Board
- risk management strategy and risk appetite
- acquisitions, disposals and other material transactions
- remuneration strategy
- actual or potential conflicts of interest relating to any Director

Number of Board Meetings attended

	Board meetings in the financial period
Will Sawyer	8
Mark Browning	8
Christopher Satterthwaite	8
Nicholas Taylor	8
Andrew Garard	8

In addition, there were several informal meetings of the Board.

All directors are expected to keep their skillset up-to-date through attendance at seminars and technical briefings from their advisers and other professional organisations plus through their own reading on topical issues which impact AIM listed organisations and the media sector.

Board evaluations

Board evaluations take place on a bi-annual basis. A board evaluation last took place in 2021. The key criteria against which board, committee, and individual effectiveness is considered is as follows:

- A positive contribution to setting strategy
- Board relationships and engagement with major investors and stakeholders
- Enabling effective decisions and implementation
- Board contribution including matters raised in capacity as independent non-executive directors and the manner in which these matters have been addressed by the executive board members and senior management team
- Active and robust approach to risk including controls and frameworks
- Effective administration of the Board and Committees
- Composition of the Board
- Succession planning and evaluation of gaps in skills-sets

Financial reporting

The Board places considerable emphasis on ensuring that all communications with shareholders present a balanced and transparent assessment of the Group's position and prospects. The Board or a subcommittee of the Board reviews and approves results announcements, interim reports, annual reports and trading updates prior to their release.

The Statement of Directors' Responsibilities in respect of the preparation of financial statements is set out on page 18 and the auditor's statement on the respective responsibilities of directors and the auditor is included within their report on pages 23 to 27.

Internal controls and risk management

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has considered the need for an internal audit function but has concluded that the internal control systems in place are appropriate for the size and complexity of the Group.

The Board is also responsible for the identification and evaluation of major risks faced by the Group and for determining the appropriate course of action to manage those risks. This is detailed in the Principle Risks and Uncertainties section of the Strategic Report.

Committees of the Board

The Board operated two formal committees, being the Audit & Risk Committee and the Remuneration Committee during the period.

Audit & Risk Committee Report

The Audit & Risk Committee is charged with making recommendations to the Board on the appointment of auditors and the audit fee, for reviewing the conduct and control of the annual audit and for reviewing the operation of the internal financial controls. It has responsibility for reviewing financial statements prior to publication. The attendees also identify, assess and manage risk and investigate and evaluate the risk management and related control systems which are in place.

Board of Directors (continued)

The committee has satisfied itself that the risk and control framework and processes are operating properly through review and challenge of the risk register and mitigations with executive directors and senior management, and review of financial controls and processes with the Chief Financial Officer and other senior finance management who attend committee meetings by invitation and via unrestricted access to the Company's auditor.

The members of the Audit & Risk Committee are currently:

Nicholas Taylor (Chairman of the Audit & Risk Committee)
Christopher Satterthwaite

The Committee considers all proposals for non-audit services and ensures that these do not impact on the objectivity and independence of the auditor. The Audit & Risk Committee in its meetings with the external auditor reviews the safeguards and procedures developed by the auditor to counter threats or perceived threats to their objectivity and independence and assesses the effectiveness of the external audit. The Group's policy on non-audit services performed by the external auditor is to address any issues on a case by case basis.

The Committee met twice in the financial year. The attendance record is as follows:

Audit & Risk Committee Meetings

	Audit & Risk Committee meetings in the financial year
Nicholas Taylor	2
Christopher Satterthwaite	2

An audit tender process was undertaken in 2022 which resulted in the recommendation that RSM be re-appointed as auditors.

Remuneration Committee Report

It is the role of the remuneration committee to ensure that remuneration arrangements are aligned to support the implementation of company strategy and effective risk management for the medium to long-term, and to take into account the views of shareholders. The Group's remuneration policy has been designed to ensure that it encourages and rewards the right behaviours, values and culture.

The remuneration committee reviews the performance of the executive directors, sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders and reviews and approves any proposed bonus entitlement. It also determines the allocation of share options to employees. The committee is supportive of both in-year and longer term incentives for meeting targets that will realise the longer term goals of the Group, albeit within the confines of it being within market levels, which are benchmarked, and in the interests of shareholders.

The remuneration committee undertook a benchmarking exercise for the Executive Directors' remuneration packages against the market in the prior year.

The members of the Remuneration Committee are currently:

Andrew Garard (Chairman of the Remuneration Committee)
Christopher Satterthwaite

The remuneration committee met twice in the financial year. The attendance record is as follows:

Remuneration Committee Meetings

	Remuneration committee meetings in the financial year
Andrew Garard	2
Christopher Satterthwaite	2

Constructive use of the AGM

The Board uses the Annual General Meeting to communicate with both institutional and private shareholders. Resolutions are proposed on each substantially separate issue and the agenda includes a resolution to adopt the Group's Annual Report and Accounts.

Senior Management Team

This comprises the CEO and CFO together with the Managing Directors of each business unit, the Head of HR and the CTO.

The Board interacts with the Senior Management team regularly and through the team ensures that the company has the means to determine that ethical values and behaviours are recognised and respected, with feedback coming from the team on any issues which the Board needs to address.

On behalf of the Board

Christopher Satterthwaite

25 April 2023

Independent auditors' report – To the members of Zinc Media Group

Opinion

We have audited the financial statements of Zinc Media Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cashflows, consolidated statements of changes in equity, company statement of financial position, company statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	Group • Revenue recognition • Acquisition accounting Parent Company • No key audit matters
Materiality	Group • Overall materiality: £290,000 (2021: £125,000) • Performance materiality: £217,000 (2021: £93,750) Parent Company • Overall materiality: £120,000 (2021: £50,000) • Performance materiality: £90,000 (2021: £37,500)
Scope	Our audit procedures covered 94% of revenue, 91% of total assets and 81% of loss before tax.

Independent auditors' report – To the members of Zinc Media Group (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition (see notes 3.1, 3.12, 3.13 and 4)

Key audit matter description	**TV and other programme production** TV production revenue and The Edge revenue is recognised on a percentage completion basis. The measurement of revenue requires management to exercise judgement in estimating the expected costs to complete and therefore the percentage completion of the production at each period end.
How the matter was addressed in the audit	**Content production** In order to address the risk of misstatement related to recognition of revenue based on percentage completion estimates, we performed testing on a sample of contracts not complete at the year end. Our tests of detail focused on testing whether the percentage complete calculation was appropriate based on costs incurred at the period end compared to budgeted costs to complete the productions and whether this percentage had then been appropriately applied to the consideration as set out in the underlying contracts. We have also reviewed the actual results post year end to test whether these are in line with the forecasts used to determine the revenue recognised at year end. We have reviewed disclosure in the financial statements of the revenue recognition policies and key estimates and judgement in respect of revenue recognition.

Acquisition accounting (see note 23 and 3.12)

Key audit matter description	During the year, The Edge Picture Co Limited has been acquired and this has been accounted for as a business combination in accordance with IFRS 3. Management is required to use judgement to determine the fair value of the assets and liabilities, including valuing any intangible assets, acquired. In particular, judgement is required in determining the appropriate assumptions to use to value the brand, order book and customer relationships. Additionally there is a significant proportion of consideration which is contingent on the future trading performance of The Edge. Management is required to estimate the future profitability of the business in order to determine the amount of contingent consideration to recognise within the total consideration.
How the matter was addressed in the audit	We performed procedures over key contracts associated with the acquisition, including the sale and purchase agreement, to test whether significant terms and conditions have been appropriately accounted for. With support of RSM valuations specialists, we evaluated management's determination of the fair values of the assets and liabilities acquired and in particular the valuation of intangible assets. We challenged the key assumptions made by management such as the useful economic lives, discount rates applied and the forecast future cash flows. We have tested whether the contingent consideration has been estimated in accordance with the terms of the sale and purchase agreement and assessed the reasonableness of the forecasts used to measure this with reference to the historical trading performance of the business. We audited the disclosures made in respect of the acquisition of The Edge with reference to the requirements of IFRS 3 business combinations.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£290,000 (2021: £125,000)	£120,000 (2021: £50,000)
Basis for determining overall materiality	1% of revenue	5% of net assets, restricted for the purpose of the group audit
Rationale for benchmark applied	Revenue is the primary focus during this growth period	Parent company is a holding company so net assets used as the benchmark
Performance materiality	£219,000 (2021: £93,750)	£90,000 (2021: £37,500)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £14,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £6,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

In the current period we have changed the benchmark used to determine materiality for the group audit to use revenue instead of the adjusted loss before tax. This reflects the primary focus during this growth period as the business looks to increase scale in order to improve profitability and is consistent with our benchmarking of other AIM listed businesses.

An overview of the scope of our audit

The group consists of 10 components, all of which are based in the UK.

Full scope audits were performed for 5 components, specific audit procedures for 1 component and analytical procedures at group level for the remaining 4 components. The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Loss for the period
Full scope audit	5	78%	91%	81%
Specific audit procedures	1	16%	–	–
Total	**6**	**94%**	**91%**	**81%**

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- confirming the ongoing availability of financing during the going concern period including agreeing loan maturity dates and the terms of the overdraft facility;
- obtaining management's forecast cash flows including the liquidity headroom and checking their mechanical accuracy;
- challenging the reasonableness of the forecasts with reference to historical forecasting accuracy, committed orders, and the uncertain economic environment;
- identifying the key risks in the forecasts and understanding the downside scenarios prepared by management;
- considering the plausibility of mitigating actions and the reasonableness of the expected savings; and
- performing a reverse stress test to calculate the deterioration in future performance required to erode the liquidity headroom and evaluating the likelihood of this scenario.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report – To the members of Zinc Media Group (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation/Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted IAS, FRS 102 and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance
Tax compliance regulations	Review of information submitted to HMRC, for consistency with other financial information reported and inspection of any correspondence with local tax authorities.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	The key audit matters section of our report explains this matter in more detail and also describes the specific procedures performed in response.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Williams FCA
(Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
103 Colmore Row, Birmingham B3 3AG

Financial Statements

Consolidated income statement
for the year ended 31 December 2022

	Notes	12 months ended 31 December 2022 £'000	12 months ended 31 December 2021 £'000
Continuing operations			
Revenue	4	**30,083**	17,491
Cost of sales	5	**(19,880)**	(10,759)
Gross profit		**10,203**	6,732
Operating expenses	5	**(13,083)**	(9,097)
Operating loss		**(2,880)**	(2,365)
Analysed as:			
Adjusted EBITDA		**75**	(612)
Depreciation	5	**(947)**	(782)
Amortisation	5	**(715)**	(704)
Adjusting items	8	**(1,293)**	(267)
Operating loss		**(2,880)**	(2,365)
Finance costs	9	**(390)**	(241)
Finance income	9	**1**	–
Loss before tax		**(3,269)**	(2,606)
Taxation credit/(charge)	10	**987**	86
Loss for the period		**(2,282)**	(2,520)
Attributable to:			
Equity holders		**(2,297)**	(2,544)
Non-controlling interest		**15**	24
Retained loss for the period		**(2,282)**	(2,520)
Earnings per share			
Basic	11	**(12.43)p**	(15.80)p
Diluted	11	**(12.43)p**	(15.80)p

The loss for the period attributable to equity holders from continuing operations is £2,297k (31 December 2021: £2,544k).

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

Consolidated statement of comprehensive income
for the year ended 31 December 2022

	12 months ended 31 December 2022 £'000	12 months ended 31 December 2021 £'000
Loss for the year and total comprehensive expense for the period	**(2,282)**	(2,520)
Attributable to:		
Equity holders	**(2,297)**	(2,544)
Non-controlling interest	**15**	24
	(2,282)	(2,520)

Consolidated statement of financial position
as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets			
Non-current			
Goodwill and intangible assets	12	**7,671**	3,800
Property, plant and equipment	13	**1,056**	904
Right-of-use assets	18	**1,084**	1,159
		9,811	5,863
Current assets			
Inventories	14	**73**	226
Trade and other receivables	15	**10,591**	3,887
Cash and cash equivalents	16	**3,632**	5,608
		14,296	9,721
Total assets		**24,107**	15,584
Equity			
Called up share capital	24	**27**	20
Share premium account	24	**9,546**	4,785
Share based payment reserve		**457**	277
Merger reserve	24	**566**	27
Retained losses	24	**(3,653)**	(1,386)
Total equity attributable to equity holders of the parent		**6,943**	3,723
Non-controlling interests		**16**	24
Total equity		**6,959**	3,747
Liabilities			
Non-current			
Borrowings	19	**3,490**	–
Lease liabilities	18	**352**	735
Deferred tax	21	**–**	190
Provisions	22	**242**	250
Trade and other payables	17	**2,476**	–
		6,560	1,175
Current			
Trade and other payables	17	**9,753**	6,799
Current tax liabilities		**160**	4
Borrowings	19	**–**	3,428
Lease liabilities	18	**675**	431
		10,588	10,662
Total liabilities		**17,148**	11,837
Total equity and liabilities		**24,107**	15,584

The consolidated financial statements were authorised for issue and approved by the Board on 25 April 2023 and are signed on its behalf by Will Sawyer.

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

Company registration number: SC075133

Consolidated statement of cash flows

for the year ended 31 December 2022

	Note	12 months ended 31 December 2022 £'000	12 months ended 31 December 2021 £'000
Cash flows from operating activities			
Loss for the year before tax from continuing operations		**(3,269)**	(2,606)
		(3,269)	(2,606)
Adjustments for:			
Depreciation	5	**947**	782
Amortisation and impairment of intangibles	5	**715**	704
Finance costs	9	**390**	241
Finance income	9	**(1)**	–
Share based payment charge	7	**180**	122
Contingent consideration deemed remuneration	8	**–**	–
Consideration paid in shares		**30**	131
Loss on disposal of assets	8	**–**	4
		(1,008)	(623)
Decrease/(increase) in inventories		**191**	(42)
(Increase)/decrease in trade and other receivables		**(2,841)**	392
(Decrease)/increase in trade and other payables		**(975)**	28
Cash used in operations		**(4,633)**	(245)
Finance income		**1**	–
Finance costs		**(57)**	(65)
Net cash flows used in operating activities		**(4,689)**	(310)
Investing activities			
Payment of contingent consideration on acquisition of subsidiary		**–**	–
Purchase of property, plant and equipment	13	**(831)**	(273)
Purchase of intangible assets	12	**(50)**	–
Acquisition of subsidiary net of cash acquired	23	**(324)**	–
Net cash flows used in investing activities		**(1,205)**	(273)
Financing activities			
Issue of ordinary share capital (net of issue costs)	24	**4,767**	–
Principal elements of lease payments	18	**(555)**	(432)
Borrowings repaid	19	**(265)**	(176)
Dividends paid to NCI		**(23)**	
Net cash flows generated from/(used in) from financing activities		**3,924**	(608)
Net decrease in cash and cash equivalents		**(1,970)**	(1,191)
Translation differences		**(6)**	(6)
Cash and cash equivalents at beginning of year/period	16	**5,608**	6,805
Cash and cash equivalents at year/period end	16	**3,632**	5,608

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2021	**20**	**4,654**	**155**	**27**	**1,158**	**6,014**	**12**	**6,026**
Loss and total comprehensive expense for the period	–	–	–	–	(2,544)	(2,544)	24	(2,520)
Equity-settled share-based payments	–	–	122	–	–	122	–	122
Consideration paid in shares	–	131	–	–	–	131	–	131
Dividends paid	–	–	–	–	–	–	(12)	(12)
Total transactions with owners of the Company	–	131	122	–	(2,544)	(2,291)	12	(2,279)
Balance at 31 December 2021	**20**	**4,785**	**277**	**27**	**(1,386)**	**3,723**	**24**	**3,747**
Balance at 1 January 2022	**20**	**4,785**	**277**	**27**	**(1,386)**	**3,723**	**24**	**3,747**
Loss and total comprehensive expense for the period	–	–	–	–	(2,297)	(2,297)	15	(2,282)
Equity-settled share-based payments	–	–	180	–	–	180	–	180
Shares issued in placing net of expenses	6	4,761	–	–	–	4,767	–	4,767
Consideration paid in shares	1	–	–	539	–	540	–	540
Shares issued in lieu of fees/Directors remuneration paid in shares	–	–	–	–	30	30	–	30
Dividends paid	–	–	–	–	–	–	(23)	(23)
Total transactions with owners of the Company	7	4,761	180	539	(2,267)	3,220	(8)	3,212
Balance at 31 December 2022	**27**	**9,546**	**457**	**566**	**(3,653)**	**6,943**	**16**	**6,959**

Notes to the consolidated financial statements

1. General Information

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

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

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

2. Basis of preparation

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

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

2.1) Going concern

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

The Directors believe the Group has sufficient cash resources. As at 31 December 2022 the cash holdings of the Group were £3.6m and net cash was £0.1m. The Group also has an overdraft facility of £0.6m available.

The Directors believe the Group has strong shareholder support, evidenced by shareholders investing £12.5m in new equity in recent years and the long-term debt holders, who are also major shareholders with 42% of the Group's shares, having agreed in 2022 to extend the repayment date of the Group's long-term debt from December 2022 to December 2024.

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

There are several factors which could materially affect the Group's cashflows, including the underlying performance of the business and uncertainty regarding the timing of receipts from customers. The Directors have prepared scenario plans. The main variable is the run rate of new business. Whilst the sales pipeline is healthy the timing of new sales is hard to predict, the scenarios include revenues being 15% down on budget. The Directors have reviewed management's forecasts and scenarios under which cashflows may vary and remain confident that the Group will have sufficient cash resources for a period of at least 12 months from issuing the financial statements in these scenarios.

In light of the forecasts, the support provided by shareholders and mitigating measures available to be used if needed, the Directors believe that the going concern basis upon which the financial statements have been prepared is reasonable.

2.2) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

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

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

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

2. Basis of preparation (continued)

2.3) Adoption of new and revised standards

No new standards were adopted in 2022. A number of other new pronouncements are effective from 1 January 2023 the principal ones are listed below:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2:
  Disclosure of Accounting policies (Effective 1 January 2023)
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Effective 1 January 2023)

3) Accounting policies

3.1) Revenue

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

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

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

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

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

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

TV – production and content production revenue

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

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

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

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

i) an agreement has been executed by both parties; and

ii) the programme has been delivered; and

iii) the licence period has begun.

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

Publishing
Advertising revenue is recognised on the date publications are published which is when control transfers to the customer.

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

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

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

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

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

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

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

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

Brands, Customer relationships	Over 7 – 10 years
Distribution catalogue	Over 5 years
Software	Over 2 years

Brands and customer relationships relate to the acquisition of Tern Television Productions and The Edge. They are amortised over a period of 7 and 10 years respectively and as at 31 December 2022 there was under 2 years remaining for Tern Television Productions and under 10 years for The Edge.

The distribution catalogue intangible asset arose on the acquisition of Tern Television Productions. It is amortised over 5 years and as at 31 December 2022 the remaining useful life was nil.

The software relates to a finance system that is used across the group and CRM system in Zinc Communicate.

2. Basis of preparation (continued)

3.4) Leased assets

For any new contracts the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group; and
- The Group has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or income statement if the right-of-use is already reduced to zero. The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the income statement on a straight-line basis over the lease term.

3.5) Inventories

Inventories in Zinc Communicate and The Edge comprise:

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

3.6) Impairment of assets

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

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

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. Except for goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

3.7) Current and deferred taxation

Current tax is the tax currently payable based on taxable profit/(loss) for the year.

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

Deferred tax is not recognised in respect of:

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

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

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

3.8) Financial instruments

Recognition of financial instruments

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

Financial assets

Initial and subsequent measurement of financial assets

Cash and cash equivalents

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

Trade and other receivables

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

Impairment of trade receivables

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

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

Financial liabilities and equity

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

2. Basis of preparation (continued)

Initial and subsequent measurement of financial liabilities

Trade and other payables

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

Loan notes

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

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

Contingent consideration

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

Equity instruments

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

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

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

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

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

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

3.9) Employee benefits

Equity settled share-based payments

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

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

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

Retirement benefits

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

3.10) Provisions

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

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

3.11) Foreign currencies

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

3.12) Significant judgements and estimates

The preparation of consolidated financial statements in accordance with UK-adopted International Accounting Standards requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

i) Judgements

Revenue recognition

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

ii) Estimates

Impairment of goodwill and intangible assets

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate to calculate the present value of these cash flows. Actual outcomes could vary. See note 12 for details of how these judgements are made and the estimation sensitivities disclosed.

Valuation of intangibles arising on acquisition

The intangible assets acquired on the acquisition of The Edge Picture Co Limited have been valued using the income approach. This involves forecasting the expected future economic benefits attributable to an asset and calculating the net present value of these future economic benefits using an appropriate asset specific discount rate. The discount rate used has factored in the market rate of return, the specific risks associated with the industry as well as the risk associated with the asset being valued. See note 23 for more detail on the acquisition.

Valuation of contingent consideration

The contingent consideration payable in relation to the acquisition of The Edge has been measured at its fair value using a Monte Carlo simulation where the EBIT of each of the three years of the earn out period is an independent, normally distributed random variable. Values have been calculated for all three years and the total, and the average of these represents the fair value. Estimation sensitivity has been disclosed in note 20.

3.13) Segmental reporting

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

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

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

4) Segmental information and revenue

Segmental information

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

	TV		Content Production		Central and plc		Total	
Continuing Operations	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Revenue	**20,218**	14,565	**9,865**	2,926	**–**	–	**30,083**	17,491
Adjusted EBITDA	**611**	932	**573**	(241)	**(1,109)**	(1,303)	**75**	(612)
Depreciation	**(541)**	(582)	**(192)**	(48)	**(214)**	(151)	**(947)**	(782)
Amortisation	**–**	–	**(10)**	–	**(705)**	(704)	**(715)**	(704)
Adjusting Items and acquisition costs	**(83)**	(6)	**(68)**	(51)	**(1,143)**	(211)	**(1,293)**	(267)
Operating profit/(loss)	**(13)**	344	**303**	(340)	**(3,171)**	(2,369)	**(2,880)**	(2,365)
Finance costs	**(5)**	(12)	**(11)**	–	**(374)**	(229)	**(390)**	(241)
Finance income	**–**	0	**1**	–	**–**	–	**1**	0
Loss before tax	**(18)**	332	**293**	(340)	**(3,545)**	(2,597)	**(3,269)**	(2,606)
Taxation credit/(charge)	**(5)**	4	**828**	–	**164**	82	**987**	86
Loss for the year	**(23)**	336	**1,122**	(340)	**(3,381)**	(2,515)	**(2,282)**	(2,520)
Segment Assets	**11,775**	12,571	**7,175**	2,151	**5,158**	862	**24,107**	15,584
Segment Liabilities	**(16,326)**	(15,294)	**(3,748)**	(1,207)	**2,926**	4,664	**(17,149)**	(11,837)
Other Segment Items:								
Expenditure on intangible assets	**–**	–	**50**	–	**4,394**	108	**4,444**	108
Expenditure on tangible assets	**190**	236	**544**	6	**97**	862	**831**	1,104

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation and adjusting items as set out in note.

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

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

The Group's principal operations are in the United Kingdom. Its revenue from external customers in the United Kingdom for the year was £24.7m (year ended 31 December 2021: £16.0m), and the total revenue from external customers in other countries was £5.4m (2021: £1.5m). There were two customers that accounted for more than 10% of Group revenue in the year: one customer accounted for £7.3m or 24% of Group revenue and the other customer accounted for £5.9m or 20% of Group revenue (2021: one customer accounted for £3.8m revenue).

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

Revenue

Contract balances

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

	2022 £'000	2021 £'000
Receivables, which are included in 'Trade and other receivables'	**6,515**	2,060
Contract assets	**2,545**	1,502
Contract liabilities	**(1,895)**	(1,068)

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

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

	2022	
	Contract assets £'000	**Contract liabilities £'000**
Opening balance 1 January 2022	**1,502**	**(1,068)**
Revenue recognised that was included in the contract liability balance at the beginning of the period	**–**	**1,068**
Increases due to cash received, excluding amounts recognised as revenue during the period	**–**	**(1,006)**
Transfers from contract assets recognised at the beginning of the period to receivables	**(1,502)**	**–**
Increases as a result of changes in the measure of progress	**2,132**	**–**
Increase as a result of The Edge acquisition	**413**	**(889)**
Closing balance 31 December 2022	**2,545**	**(1,895)**

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

5) Expenses by nature

Costs from continuing operations consist of:

	2022 £'000	2021 £'000
Cost of sales		
Production costs	**16,813**	7,660
Salary costs	**2,250**	1,803
Royalties and distribution costs	**817**	1,296
Total cost of sales	**19,880**	10,759
Operating expenses		
Salary costs	**7,815**	6,402
Leases on premises	**10**	6
Other administrative expenses	**2,296**	932
Foreign exchange gain	**7**	4
Adjusting Items	**1,293**	267
Depreciation and Amortisation	**1,662**	1,486
Total operating expenses	**13,083**	9,097

Furlough income in the year totalled £nil (2021: £71k), this is included in salary costs in both operating expenses and cost of sales.

Auditor, tax and share option advisor fees are included in other administrative expenses. The auditor did not provide any non–audit services in the current or prior year. The fee for statutory audit services was as follows:

	2022 £'000	2021 £'000
Statutory audit services		
Annual audit of the company and the consolidated accounts	**189**	107

6) Staff costs

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

	2022 £'000	2021 £'000
Wages & salaries	**8,682**	6,888
Social security & other costs	**994**	778
Pension costs	**359**	509
Share based payment charge	**180**	122
Consideration paid in shares	**30**	30
Total	**10,245**	8,327

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

	2022	2021
Zinc Television	**134**	115
Content Production	**82**	45
Central and Plc	**8**	8
Total	**224**	168

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

Directors' emoluments

	Salaries and fees £'000	Benefits in kind £'000	Bonus £'000	Shares £'000	Pension £'000	2022 Total £'000	2021 Total £'000
Executive Directors							
Mark Browning	270	–	135	–	27	**432**	459
Will Sawyer	159	–	80	–	16	**255**	246
Non-Executive Directors							
Christopher Satterthwaite (Chairman)	50	–	–	30	–	**80**	80
Nicholas Taylor	18	–	–	–	12	**30**	30
Andrew Garard	30	–	–	–	–	**30**	30
	527	–	215	30	55	**827**	845

The executive director bonuses solely relate to the successful acquisition, integration and fundraise related to The Edge Picture Co. Almost 40% of the bonuses received by the executive directors were re-invested back in the Group via an equity fundraise during the year.

Key management personnel compensation

	2022 £'000	2021 £'000
Short term employee benefits (includes employers NICs)	**840**	870
Post-employment benefits	**55**	54
Shares (includes employers NICs)	**34**	34
Share-based payments charge	**129**	101
Total	**1,058**	1,059

The amount for share based payments charge (see note 7) which relates to the Directors was £129k (2021: £101k).

7) Share based payments

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

	2022 £'000	2021 £'000
EMI share option scheme	**104**	74
Unapproved share option scheme	**76**	48
Total	**180**	122

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

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

Share Option Schemes

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

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

Unapproved share option scheme

	2022		2021	
	Number	**WAEP £**	Number	WAEP £
Outstanding at the beginning of the year	**886,546**	**0.014**	173,201	2.527
Transferred from EMI scheme	**26,605**	**0.670**	2,000	3.750
Granted	**–**	**–**	711,345	0.001
Lapsed during the year	**–**	**–**	–	–
Outstanding at the end of the year	**913,151**	**0.033**	886,546	0.014
Exercisable at the end of the year	**–**	**–**	–	–

EMI Share option scheme

	2022		2021	
	Number	**WAEP £**	Number	WAEP £
Outstanding at the beginning of the year	**1,097,104**	**0.390**	566,144	0.784
Granted during the year	**151,622**	**0.875**	539,960	0.683
Lapsed during the year	**(70,211)**	**0.713**	(7,000)	3.921
Transferred to unapproved scheme	**(26,605)**	**0.670**	(2,000)	3.750
Outstanding at the end of the year	**1,151,909**	**0.428**	1,097,104	0.390
Exercisable at the end of the year	–	–	–	–

7) Share based payments (continued)

The options outstanding as at 31 December 2022 have the following exercise prices and expire in the following financial years:

Expiry	Grant Date	Exercise Price £	2022 No	2021 No
December 2026	December 2016	**3.75**	**6,000**	6,000
November 2027	November 2017	**4.15**	**5,000**	5,000
April 2028	April 2018	**3.75**	**4,000**	4,000
November 2028	November 2018	**2.00**	**6,000**	6,000
February 2030	February 2020	**0.0013**	**711,345**	711,345
June 2031	June 2021	**0.0013**	**711,345**	711,345
June 2031	June 2021	**0.6695**	**268,237**	337,449
November 2031	November 2021	**0.7060**	**202,511**	202,511
December 2032	December 2022	**0.8750**	**151,622**	–
			2,066,060	1,983,650

No options were exercised or expired during the periods covered by the above tables.

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

Options issued in December 2022
The Group issued 151,622 share options to senior member of staff of Zinc Media Group on the 12th of December 2022 under the Company's EMI Share Option Plan.

The options are exercisable at 87.5 pence per share on or after the third anniversary of their grant. Half the options will vest if the share price is at least £1.3125 for a period of 30 consecutive dealing days ending on or after 12th of December 2025. The remaining half of the Options will vest unconditionally on the third anniversary of the grant date, being 12 December 2025.

The inputs into the option pricing model for the options granted in December 2022 are as follows:

Scheme	EMI
Weighted average share exercise price	**87.5 pence**
Weighted average expected volatility – tranche 1	**47.15%**
Weighted average expected volatility – tranche 2	**61.05%**
Average expected life (years) – tranche 1	**4.3 years**
Average expected life (years) – tranche 2	**6.5 years**
Weighted average risk-free interest rate – tranche 1	**3.25%**
Weighted average risk-free interest rate – tranche 2	**3.27%**
Expected dividend yield	**0%**

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

8) Adjusting items

	2022 £'000	2021 £'000
Adjusting Items		
Reorganisation and restructuring costs	**(160)**	(81)
Acquisition costs	**(953)**	(60)
Share based payment charge	**(180)**	(122)
Loss on disposal of tangible assets	**–**	(4)
Total	**(1,293)**	(267)

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

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

Acquisition costs
Acquisition costs represent costs incurred in the acquisition of The Edge Picture Co during the year. These costs are non-recurring in nature and are therefore treated as an adjusting item for management to better understand the underlying performance of the Group in the year. These costs are also included in operating activities in the cash flow statement.

9) Finance costs

Finance Costs	2022 £'000	2021 £'000
Interest payable on borrowings	**(336)**	(176)
Interest payable on lease liabilities	**(54)**	(65)
Finance Costs	**(390)**	(241)
Finance Income		
Interest received	**1**	–
Net finance costs	**(389)**	(241)

10) Income tax expense

Taxation Charge/credit

	2022 £'000	2021 £'000
Current tax expense:		
Current tax expense	**4**	4
Charge in respect of prior periods	**–**	–
	4	4
Deferred tax		
Origination and reversal of temporary differences	**(953)**	(126)
Effect of change in UK corporation tax rate	**(39)**	42
Adjustments in respect of prior periods	**1**	(6)
	(991)	(90)
Total income tax credit	**(987)**	(86)

10) Income tax expense (continued)

Reconciliation of taxation expense:

	2022 £'000	2021 £'000
Loss before tax	**(3,269)**	(2,606)
Taxation expense at UK corporation tax rate of 19% (2021: 19%)	**(621)**	(495)
Other non-taxable income/non-deductible expenses	**239**	54
Tax losses (recognised)/not recognised	**(610)**	311
Group relief (claimed)/surrendered	**(4)**	4
Effect of changes in UK corporation tax rates	**(39)**	42
Varying tax rates of overseas earnings	**(100)**	–
Adjustments to tax charge in respect of previous years	**147**	–
Charge in respect of prior periods	**1**	(2)
Total income tax credit	**(987)**	(86)

11) Earnings per share

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

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

	2022 Number of Shares	2021 Number of Shares
Weighted average number of shares used in basic and diluted earnings per share calculation	**18,480,039**	16,095,991
Potentially dilutive effect of share options	**1,558,184**	1,117,890

	£'000	£'000
Loss for the year from continuing operations attributable to shareholders	**(2,297)**	(2,544)
Continuing operations		
Basic Loss per share (pence)	**(12.43)p**	(15.80)p
Diluted Loss per share (pence)	**(12.43)p**	(15.80)p

12) Intangible assets

	Goodwill £'000	Brands £'000	Customer Relationships £'000	Software £'000	Distribution Catalogue £'000	Order Book £'000	Total £'000
Cost							
At 31 December 2020	29,394	4,497	3,419	230	443	–	37,983
Other changes*	(20,441)	(3,818)	(116)	–	–	–	(24,375)
At 31 December 2021	8,953	679	3,303	230	443	–	13,608
Additions	–	–	–	50	–	–	50
Acquired through business combinations	1,503	1,464	1,450	–	–	119	4,536
At 31 December 2022	**10,456**	**2,143**	**4,753**	**280**	**443**	**119**	**18,194**
Amortisation and impairment							
At 31 December 2020	(26,339)	(4,289)	(2,444)	(126)	(281)	–	(33,479)
Charge for the year	–	(97)	(464)	(54)	(89)	–	(704)
Other changes*	20,441	3,818	116	–	–	–	24,375
At 31 December 2021	(5,898)	(568)	(2,792)	(180)	(370)	–	(9,808)
Charge for the year	–	(113)	(351)	(59)	(73)	(119)	(715)
At 31 December 2022	**(5,898)**	**(681)**	**(3,143)**	**(239)**	**(443)**	**(119)**	**(10,523)**
Net Book Value							
At 31 December 2022	**4,558**	**1,462**	**1,610**	**41**	**–**	**–**	**7,671**
At 31 December 2021	3,055	111	511	50	73	–	3,800

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

Impairment Tests for Goodwill
Goodwill by cash generating unit is:

	2022 £'000	2021 £'000
Tern TV CGU	**1,444**	1,444
London & Manchester TV CGU	**1,611**	1,611
The Edge CGU	**1,503**	–
Total	**4,558**	3,055

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

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

The 2023 business unit forecasts are based on the budget set for the year. In TV a growth rate of 2 per cent has been used for the following years into perpetuity. Management believes the 2 per cent growth rate does not exceed the growth rate of the industry and is a cautious assumption, which may be significantly lower than the growth rate management would expect to achieve.

In evaluating the recoverable amount, the discounted cash flow methodology has been employed, which is based on assumptions and judgements related to forecasts, margins, discount rates and working capital needs. These estimates will differ from actuals in the future and could therefore lead to material changes to the recoverable amounts. The key assumptions used for estimating cash flow projections in the Group's impairment testing are those relating to EBITDA growth, which take account of the businesses' expectations for the projection period. These expectations consider the macroeconomic environment, industry and market conditions, the unit's historical performance and any other circumstances particular to the unit, such as business strategy and client mix.

12) Intangible assets (continued)

The three cash generating units operate in a similar media landscape and the pre-tax discount rate applied across the segments for period ended 31 December 2022 was 9.1 per cent (2021: 10 per cent). A sensitivity analysis of an increase in the discount rate by 2.4 per cent is shown below.

London & Manchester TV and Tern TV CGUs

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

Assumption	Judgement	Sensitivity
Discount Rate	As indicated above the rate used is 9.1 per cent.	An increase in the discount rate to 11.5 per cent will result in no impairment charge.
Revenue and Gross Margins	London & Manchester TV's and Tern TV's CGU revenue for 2023 is forecast to increase and London & Manchester TV's gross margin is forecast to increase.	If there is a shortfall in revenue of 20% or a reduction in gross margin of 4%, there would be no impairment charge.
EBITDA growth Rate	An average rate of 2 per cent has been used for financial year 2025 onwards.	If a zero per cent average growth rate was applied for 2024 onwards there would be no impairment in any of the CGU's.

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

13) Property, plant and equipment

	Short leasehold land and buildings £'000	Motor vehicles £'000	Office and computer equipment £'000	Total £'000
Cost				
At 31 December 2020	664	35	3,234	3,933
Additions	–	–	273	273
Disposals and retirements	(240)	(22)	(1,893)	(2,155)
At 31 December 2021	424	13	1,614	2,051
Additions	24	–	331	355
Disposals and retirements	–	–	(17)	(17)
Acquired through business combinations	–	8	185	193
At 31 December 2022	**448**	**21**	**2,113**	**2,582**
Depreciation				
At 31 December 2020	(358)	(35)	(2,606)	(2,999)
Charge for the period	(73)	–	(219)	(292)
Disposals and retirements	244	22	1,878	2,144
At 31 December 2021	(187)	(13)	(947)	(1,147)
Charge for the period	(76)	(1)	(319)	(396)
Disposals and retirements	–	–	17	17
At 31 December 2022	**(263)**	**(14)**	**(1,249)**	**(1,526)**
Net Book Value				
At 31 December 2022	**185**	**7**	**864**	**1,056**
At 31 December 2021	237	–	667	904

14) Inventories

	31 December 2022 £'000	31 December 2021 £'000
Work in progress	**73**	226
Total Inventories	**73**	226

15) Trade and other receivables

	31 December 2022 £'000	31 December 2021 £'000
Current		
Trade receivables	**6,872**	2,609
Less provision for impairment	**(380)**	(549)
Net trade receivables	**6,492**	2,060
Prepayments	**507**	325
Other receivables	**1,047**	–
Contract assets	**2,545**	1,502
Total	**10,591**	3,887

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

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

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

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

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

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

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

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

As noted below, a loss allowance of £380,000 (2021: £549,000) has been recognised for trade receivables in the Zinc Communicate division based on the expected credit loss percentages for trade receivables that are aged more than 30 days to over a year past due and reflecting future conditions. The loss allowance relates to the Building Control Communications sub-division within Zinc Communicate, which has been assessed separately to other Zinc Communicate sub-divisions because it has a different debt collection profile due to its focus selling low value/high volume adverts for publications.

15) Trade and other receivables (continued)

In relation to the Television division, the directors do not believe there are any other forward-looking factors to consider in calculating the loss allowance provision as at 31 December 2022. No expected loss provision has been recognised as the directors expect any loss to be immaterial.

No expected credit loss is expected for contract assets (2021: £nil).

Television

Trade receivables:	Aging 0-30 days	30-60 days	60-90 days	90-120 days	120-150 days	150-365 days	Over 365 days	Total 2022
Gross carrying amount (£'000)	781	590	172	106	–	–	–	**1,649**
Loss allowance provision (£'000)	–	–	–	–	–	–	–	**–**

The expected credit loss in this division is immaterial.

The Edge

Trade receivables:	Aging 0-30 days	30-60 days	60-90 days	90-120 days	120-150 days	150-365 days	Over 365 days	Total 2022
Gross carrying amount (£'000)	1,406	1,126	303	366	–	–	–	**3,201**
Loss allowance provision (£'000)	–	–	–	–	–	–	–	**–**

The expected credit loss in this division is immaterial.

Zinc Communicate – Publishing "Building Control Communications" division

Trade receivables:	Aging 0-30 days	30-60 days	60-90 days	90-120 days	120-150 days	150-365 days	Over 365 days	Total 2022
Expected loss rate (%)	12%	15%	18%	20%	23%	37%	51%	**34%**
Gross carrying amount (£'000)	131	130	128	57	50	354	416	**1,266**
Loss allowance provision (£'000)	15	18	21	10	10	116	190	**380**

Zinc Communicate – All other divisions

Trade receivables:	Aging 0-30 days	30-60 days	60-90 days	90-120 days	120-150 days	150-365 days	Over 365 days	Total 2022
Gross carrying amount (£'000)	**549**	**113**	**68**	**27**	**–**	**–**	**–**	**757**
Loss allowance provision (£'000)	–	–	–	–	–	–	–	**–**

The expected credit loss in this division is immaterial.

16) Cash and cash equivalents

	31 December 2022 £'000	31 December 2021 £'000
Total Cash and cash equivalents	**3,632**	5,608

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

17) Trade and other payables

	31 December 2022 £'000	31 December 2021 £'000
Current		
Trade payables	**1,415**	764
Other payables	**492**	133
Other taxes and social security	**1,149**	1,348
Accruals	**4,139**	3,486
Contract liabilities	**1,895**	1,068
Contingent consideration payable	**663**	–
Total	**9,753**	6,799
Non-Current		
Contingent consideration payable	**2,476**	–
Total	**12,229**	6,799

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

18) Leases under IFRS 16

Right-of-use assets

	Short leasehold land and buildings £'000	Office and computer equipment £'000	Total £'000
Balance as at 1 January 2021	1,073	204	1,277
Additions	373	–	373
Depreciation	(407)	(82)	(489)
Balance as at 31 December 2021	1,039	122	1,161
Additions	–	42	42
Acquired through business combinations	433	–	433
Depreciation	(455)	(97)	(552)
Balance as at 31 December 2022	**1,017**	**67**	**1,084**

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

	31 December 2022 £'000	31 December 2021 £'000
Current	**675**	431
Non-current	**352**	735
Total lease liabilities	**1,027**	1,166

18) Leases under IFRS 16 (continud)

The Groups future minimum lease payments are as follows:

	31 December 2022 £'000	31 December 2021 £'000
Not later than 1 year	**707**	475
Later than 1 year and not later than 5 years	**312**	413
Later than 5 years	**50**	282
	1,069	1,170

19) Borrowings and other financial liabilities

	31 December 2022 £'000	31 December 2021 £'000
Current		
Lease liabilities	**675**	431
Debt facility – unsecured borrowings	**–**	2,450
Loan notes – unsecured borrowings	**–**	978
Sub total	**675**	3,859
Non-current		
Debt facility – unsecured borrowings	**2,512**	–
Loan notes – unsecured borrowings	**978**	–
Lease liabilities	**352**	735
Sub total	**3,842**	735
Total	**4,517**	4,594

Maturity of Financial Liabilities

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

	31 December 2022 £'000	31 December 2021 £'000
Repayable within one year and on demand:		
Lease liabilities	**707**	475
Trade and other payables	**1,907**	897
Accrued expenses	**4,139**	3,486
Debt facility – unsecured	**–**	2,531
Loan notes – unsecured	**–**	1,189
Contingent consideration	**663**	–
	7,416	8,578
Repayable between one and two years:		
Lease liabilities	**312**	413
Debt facility – unsecured	**3,080**	–
Loan notes – unsecured	**1,111**	–
	4,503	413
Repayable between two and five years:		
Lease liabilities	**50**	282
Contingent consideration	**2,476**	–
	2,526	282
Total	**14,445**	9,273

Debt Facility
Loans totalling £2.5m (2021: £2.5m) are held by Herald Investment Trust Plc and The John Booth Charitable Foundation ("JBCF"), all of whom are a related party through shareholding. During the year the interest on the facility is based on monthly SONIA plus a margin of 4%, subject to a floor of RPI. The debt facility is unsecured and is repayable in full on 31 December 2024. There are no financial covenants in force in respect of this debt facility.

Loan notes – unsecured
The unsecured loan notes of £1.0m (2021: £1.0m) relates to short-term loan notes issued to Herald Investment Trust plc, a related party through shareholding. Interest during the year was at a fixed rate of 8%. The loan notes are repayable in full on 31 December 2024. There are no financial covenants in place in respect of this debt.

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

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

Change in liabilities arising from financing activities

	31 December 2021 £'000	**Cash flows £'000**	**Interest charged £'000**	**Interest paid £'000**	**Non-cash changes £'000**	**31 December 2022 £'000**
Borrowings – debt facility	2,450	–	249	(187)	–	**2,512**
Borrowings – loan notes	978	–	78	(78)	–	**978**
Lease liabilities	1,166	(612)	57	–	416	**1,027**
Total liabilities from financing activities	4,594	(612)	384	(265)	416	**4,517**

20) Financial instruments

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

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

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

Notes to the consolidated financial statements *(continued)*

20) Financial instruments (continued)

Capital management policy and risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts, which include the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to the owners of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

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

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

	31 December 2022 £'000	31 December 2021 £'000
Borrowings (debt facility and loan notes)	**(3,490)**	(3,428)
Cash and cash equivalents	**3,632**	5,608
Net Cash	**142**	2,180
Total equity	**6,959**	3,747
Net cash to equity ratio	**–2%**	–58%

The Group's gearing ratio has changed due to a reduced cash balance resulting from operational cash outflows and an increase in equity due to an equity fundraise in the year.

Financial instruments by category

	31 December 2022 £'000	31 December 2021 £'000
Categories of financial assets and liabilities		
Financial assets – measured at amortised cost		
Trade and other receivables	**10,083**	3,566
Cash and cash equivalents	**3,632**	5,608
Financial liabilities – other financial liabilities at amortised cost		
Trade and other payables	**(6,046)**	(4,383)
Borrowings	**(3,490)**	(3,428)
Lease liabilities	**(1,027)**	(1,166)
Financial liabilities – other financial liabilities at fair value		
Contingent consideration payable	**(3,139)**	–

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

The contingent consideration payable is measured at fair value, using level 3 inputs in the calculation of fair value. The contingent consideration is made up of two parts. The larger portion of the consideration is fair valued using a Monte Carlo simulation where the EBIT of each of the three years is an independent, normally distributed random variable. An EBIT of £1.2m has been used for year one with a 5% increase in each of years 2 and 3. Values have been calculated for all three years and in total and the average represents the fair value. As this is based on estimated EBIT the actual amount may be different. The smaller part of the contingent consideration relates to a performance bond that is owed to The Edge. All contingent consideration has been discounted using a discount rate of 9.2%.

A £100k increase in EBIT in each of the three years could increase the contingent consideration payable by £113k, and a £100k decrease in EBIT in each of the three years could decrease the contingent consideration payable by £126k.

21) Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2021:19%) for UK differences. The movements in deferred tax assets and liabilities during the year are shown below.

	Deferred Tax Asset £'000	Deferred Tax Liability £'000	Net Position £'000
Recognised on intangible assets	–	(190)	(190)
At 31 December 2021	**–**	**(190)**	**(190)**
Recognised on intangible assets	–	(801)	(801)
Recognised on current period amortisation	164	–	164
Recognised on tax losses	827	–	827
At 31 December 2022	**991**	**(991)**	**–**

Deferred tax assets estimated at £4.2 million (2021: £4.8 million) in respect of losses carried forward have not been recognised due to uncertainties as to when income will arise against which such losses will be utilised.

22) Provisions

	31 December 2022 £'000	31 December 2021 £'000
Provisions	**242**	250

Movement in provisions	**£'000**
At 31 December 2021	250
Net decrease in provision in the year	(8)
At 31 December 2022	**242**

Provisions comprise dilapidation provisions relating to properties. The associated forecast cash outflows are £0.1m in 2023 and £0.1m in 2025. The movement in the provision in the year comprises a £0.05m cash outflow and an additional £0.04m provision in relation to The Edge.

23) Business combinations

The Edge Picture Co Limited

In August 2022, the Company acquired the entire issued share capital of The Edge Picture Co Limited ("The Edge").

The consideration comprised initial consideration of £1.24m in cash and £0.54 million paid in shares and deferred consideration of up to a further £3.875m. The deferred consideration will be satisfied by (i) cash and (ii) a combination of cash, the issue of shares and/or the issue of loan notes in Zinc (in each case at Zinc's sole discretion) contingent on the trading performance of The Edge over each of the 12 month periods ending 30 June 2023, 30 June 2024 and 30 June 2025. An additional amount of deferred consideration up to an approximate amount of £0.8m may become payable in cash following The Edge receiving the same amount under an existing financial arrangement and is not considered an additional cost to Zinc.

The acquisition was funded by the share placing of 5,037,059 new ordinary shares at £1 per share with certain of the Company's shareholders and new investors. The placing raised gross proceeds for the Company of £5.037m. Issue costs of £0.27m which were directly attributable to the issue of the shares have been netted against the deemed proceeds.

The Edge's full year trading performance resulted in £13m of revenue and £1.3m of profit before tax, of which £5.8m of revenue and £0.7m of profit before tax has been included in the Group's consolidated results.

23) Business combinations (continued)

The fair value of the assets acquired and liabilities assumed were as follows:

	Fair Value £'000
Property, plant and equipment	**193**
Right of use assets	**433**
Trade and other receivables	**4,000**
Work in progress	**38**
Cash and cash equivalents	**913**
Trade and other payables	**(3,743)**
Lease liabilities	**(371)**
Current tax liabilities	**(145)**
Deferred tax	**(43)**
Net assets acquired	**1,275**
Brand capitalised	**1,464**
Order book capitalised	**119**
Customer relations capitalised	**1,450**
Deferred tax liability on intangible assets	**(758)**
Goodwill capitalised	**1,503**
Consideration	**5,053**
Satisfied by:	
Issue of shares	**540**
Cash	**1,237**
Deferred contingent consideration	**3,276**
	5,053

The acquisition of The Edge forms part of the Group's growth strategy. The acquisition resulted in a goodwill value of £1.5m of which £nil is tax deductible.

24) Share capital and reserves

	31 December 2022	31 December 2021
Ordinary shares with a nominal value of:	**0.125p**	0.125p
Authorised:		
Number	**Unlimited**	Unlimited
Issued and fully paid:		
Number	**21,806,834**	16,200,919
Nominal value (£'000)	**27**	20

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

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

	31 December 2022				31 December 2021			
Ordinary shares	**Number of Shares**	**Share Capital £'000**	**Share Premium £'000**	**Merger Reserve £'000**	Number of Shares	Share Capital £'000	Share Premium £'000	Merger Reserve £'000
At start of year	**16,200,919**	**20**	**4,785**	**27**	15,963,039	20	4,654	27
Share placing and subscription for cash	**5,037,059**	**6**	**5,031**	**–**	–	–	–	–
Expenses of issue of shares	**–**	**–**	**(270)**	**–**	–	–	–	–
Consideration paid in shares	**540,000**	**1**	**–**	**539**	–	–	–	–
Shares issued in lieu of fees	**28,856**	**–**	**–**	**–**	237,880	0.3	131	–
At end of year	**21,806,834**	**27**	**9,546**	**566**	16,200,919	20	4,785	27

Share Placing
In August 2022 the company raised £5.04m (before expenses) through a placing of 5,037,059 new ordinary shares at £1 per share.

Consideration paid in shares
On the 23rd of August 2022, the company issued 540,000 new ordinary shares as part of the consideration for the acquisition of The Edge.

Shares issued in lieu of fees
On the 11 June 2022 the Group issued 28,856 new ordinary shares at a price of £1.04 per share to a Director in lieu of payment of director fees.

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

- Share capital represents the nominal value of shares issued;
- Share premium includes the amounts over the nominal value in respect of share issues. In addition, costs in respect of share issues are debited to this account;
- Merger reserve is used where more than 90 per cent of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, which attract merger relief under the Companies Act 1985 and, from 1 October 2009, the Companies Act 2006;
- Share based payment reserve arises on recognition of the share-based payment charge in accordance with IFRS2 'Share Based Payment Transactions'; and
- Retained earnings include the realised gains and losses made by the Group and the Company.

25) Related party transactions

Herald Investment Trust plc and John Booth Charitable Foundation
The Company is the borrower of unsecured debt and loan notes with Herald Investment Trust plc and John Booth Charitable Foundation requiring a bullet repayment on 31 December 2024. The total amount outstanding at 31 December 2022 including accrued interest is £3.5m (2021: £3.4m). Interest accrued on the debt amounted to £0.1m (2021: £0.0m).

26) Post balance sheet events

There are no post balance sheet events to disclose.

27) Guarantee in relation to subsidiary audit exemption

On 19 April 2023, the Directors of the Company provided guarantees in respect of its trading subsidiary companies in accordance with section 479C of the Companies Act 2006. As a result, the following subsidiary entities of the Company are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006:

Blakeway Productions Limited (02908076)
Zinc Television London Limited (02800925)
Zinc Communicate CSR Limited (06271341)
Films of Record Limited (01446899)
Reef Television Limited (03500852)
Zinc Television Regions Limited (02888301)
Tern Television Productions Limited (SC109131)

Company statement of financial position

As at 31 December 2022

	Note	£'000	**2022** £'000	£'000	2021 £'000
Fixed assets					
Investments	30	**14,126**		9,073	
Intangible assets	31	**–**		50	
Tangible assets	32	**478**		597	
			14,604		9,720
Current assets					
Debtors	33	**191**		3,558	
Cash at bank		**96**		18	
			287		3,576
Non-Current assets					
Debtors	33	**6,704**		–	
			6,704		–
Creditors					
Amounts falling due within one year	34		**(12,025)**		(8,529)
Net current (liabilities)/assets			**(11,738)**		(4,953)
Total assets less current liabilities			**9,570**		4,767
Creditors					
Amounts falling due after more than one year	35		**(5,966)**		–
Net assets			**3,604**		4,767
Capital and reserves					
Called up share capital	24		**27**		20
Share premium account	24		**9,546**		4,785
Share based payment reserve			**457**		277
Merger reserve	24		**539**		–
Profit and loss account	24		**(6,965)**		(315)
Shareholders' funds			**3,604**		4,767

As permitted by S408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £6.7m (31 December 2021: loss £2.4m).

The financial statements were authorised for issue and approved by the Board on 25 April 2023 and are signed on its behalf by Will Sawyer.

Company registration number: SC075133

Company statement of changes in equity

For the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	**20**	**4,654**	**–**	**155**	**2,038**	**6,867**
Loss for the period and other comprehensive expense	–	–	–	–	(2,353)	(2,353)
Total comprehensive expense	**–**	**–**	**–**	**–**	**(2,353)**	**(2,353)**
Equity-settled share-based payments	–	–	–	122	–	122
Shares in lieu of fees	–	131	–	–	–	131
Balance at 31 December 2021	**20**	**4,785**	**–**	**277**	**(315)**	**4,767**
Balance at 1 January 2021	**20**	**4,785**	**–**	**277**	**(315)**	**4,767**
Loss for the year and other comprehensive expense	–	–	–	–	(6,680)	(6,680)
Total comprehensive expense	**–**	**–**	**–**	**–**	**(6,680)**	**(6,680)**
Shares issued in placing	6	4,761	–	–	–	4,767
Equity-settled share-based payments	–	–	–	180	–	180
Consideration paid in shares	1	–	539	–	–	540
Shares in lieu of fees	–	–	–	–	30	30
Balance at 31 December 2022	**27**	**9,546**	**539**	**457**	**(6,965)**	**3,604**

Notes to the company financial statements

28) Accounting policies – company

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006 including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008. The financial statements have been prepared on the historical cost basis.

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

(a) Reduced disclosure

The company is a qualifying entity for the purposes of FRS 102, being the parent of a group that prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit and loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures
- share based payments in terms of expense charged to the income statement, fair value measurement techniques and reconciliation of option numbers and prices
- key management personnel compensation
- reconciliation of the opening and closing number of shares

(b) Going concern

The Going concern is addressed in the consolidated financial statements of the Group per note 2.1 and in the Directors' Report page 16.

(c) Investments

Investments held as fixed assets are stated at cost less provision for impairment.

(d) Pensions

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account when they are due.

(e) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those which are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(f) Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Group and other debtors

Group and other debtors (including accrued income) which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

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

Equity instruments
Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade, group and other creditors
Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Borrowings
Borrowings (debt facilities and loan notes) are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(g) Share based payments
All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to the share based payment reserve.

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

(h) Impairment of investments
At each reporting period end date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an investment, the company estimates the recoverable amount of the cash-generating unit to which the investment belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment for which the estimates of the future cash flows have not been adjusted.

If the recoverable amount of an investment (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the investment (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss.

28) Accounting policies – company (continued)

(i) Intangible assets

The intangible assets relate to finance systems that were purchase in 2020 measured at cost and are amortised over the expected life of the asset.

Software	Over 2 years

(j) Significant judgements and estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate to calculate the present value of these cash flows. Actual outcomes could vary. See note 12 for details of how these judgements are made. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Where the Company has receivables from other Group entities, the recoverability of the receivables is assessed at the end of each accounting period. Where there is doubt in regard to the recoverability, the receivable is considered to be impaired and written down to its recoverable value. This assessment is made using past experience; however subjectivity is involved when assessing the level of recoverability and impairment.

29) Employees

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	**966**	1,049
Social security costs	**122**	132
Other pension costs	**46**	62
Total	**1,134**	1,243
Average number of employees		
Management	**5**	5
Administration	**3**	5
Total	**8**	10

30) Investments

	£'000
Investment in subsidiaries at 31 December 2021	**9,073**
Additions	5,053
Investment in subsidiaries at 31 December 2022	**14,126**

The additions in the year relate to the acquisition of The Edge Picture Co Limited, for details of the acquisition please see note 23 of the Group financial statements.

The subsidiaries of the Company are as follows:

	Country of incorporation, registration and operation	**Class of capital**	**% held**	**Registered office address**	**Description of activity**
Tern Television Productions Limited	Scotland	Ordinary	100% Direct	^	TV Production
Blakeway Productions Limited	England & Wales	Ordinary	100% Direct	^^	TV Production
Zinc Television London Limited	England & Wales	Ordinary	100% Direct	^^	TV Production
Zinc Communicate CSR Limited	England & Wales	Ordinary	100% Direct	^^	Communications
Films of Record Limited	England & Wales	Ordinary	100% Direct	^^	TV Production
Reef Television Limited	England & Wales	Ordinary	100% Direct	^^	TV Production
Zinc Communicate Productions Limited	England & Wales	Ordinary	100% Direct	^^^	Content production
Zinc Television Regions Limited	England & Wales	Ordinary	100% Direct	^^^	TV Production
The Edge Picture Co Limited	England & Wales	Ordinary	100% Direct	^^^^	Content production
Gadabout Films Limited	England & Wales	Ordinary	51% Indirect	^	TV Production
Children's Traffic Club Limited	England & Wales	Ordinary	100% Indirect	^^^	Dormant
The Story Mechanics Limited	Scotland	Ordinary	100% Indirect	^	Dormant
Ten Alps Communicate Limited	England & Wales	Ordinary	100% Indirect	^^^	Dormant

^ 73 Crown Street, Aberdeen, AB11 6EX
^^ 17 Dominion Street, London, EC2M 2EF
^^^ Kings House Royal Court, Brook Street, Macclesfield SK11 7AE
^^^^ 20-22 Shelton Street, Covent Garden, London WC2H 9JJ

31) Intangible fixed assets

	Software £'000
Cost	
At 31 December 2021 and 31 December 2022	**108**
Accumulated Depreciation	
At 31 December 2021	(58)
Charge for year	(50)
At 31 December 2021	(108)
Net Book Value	
At 31 December 2022	–
At 31 December 2021	50

32) Tangible fixed assets

	Short leasehold land and buildings £'000	Office and computer equipment £'000	Total £'000
Cost			
At 31 December 2021	409	540	949
Additions	59	38	97
At 31 December 2022	**468**	**578**	**1,046**
Accumulated Depreciation			
At 31 December 2021	(165)	(187)	(352)
Charge for year	(99)	(117)	(216)
At 31 December 2022	**(264)**	**(304)**	**(568)**
Net Book Value			
At 31 December 2022	**204**	**274**	**478**
At 31 December 2021	244	353	597

33) Debtors

	31 December 2022 £'000	31 December 2021 £'000
Amount receivable within one year		
Amounts owed by subsidiary undertakings	–	3,213
Other debtors	**38**	181
Prepayments and other receivables	**153**	164
	191	3,558
Amount receivable after more than one year		
Amounts owed by subsidiary undertakings	**10,163**	–
Provision for amounts owed by subsidiary undertakings	**(3,459)**	–
	6,704	–
Total	**6,895**	3,558

34) Creditors: amounts falling due within one year

	31 December 2022 £'000	31 December 2021 £'000
Trade creditors	**48**	163
Amounts due to subsidiary undertakings	**10,520**	4,003
Accruals, deferred income and other payables	**769**	929
Debt facilities	–	2,450
Loan notes	–	978
Finance leases	**25**	6
Deferred consideration payable	**663**	–
Total	**12,025**	8,529

Amounts due to subsidiary undertakings are interest free, not secured against any assets and are repayable on demand.

35) Creditors: amounts falling due after more than one year

	31 December 2022 £'000	31 December 2021 £'000
Debt facilities	**2,512**	–
Loan notes	**978**	–
Finance leases	**–**	–
Deferred consideration payable	**2,476**	–
Total	**5,966**	–

See note 19 for details of company borrowings.

36) Share based payments

The Company has granted equity settled share-based payment to key management and staff under an EMI option scheme and an unapproved option scheme. For details of share-based payments please see note 7 of the Group financial statements.

37) Share capital and reserves

For details of share capital and reserves please see note 24.

38) Related party transactions

For details of related party transactions please see note 25.

39) Post balance sheet events

For details of post balance sheet events please see note 26.

Notice of Annual General Meeting

This Notice of Annual General Meeting (the "Notice") is important and requires your immediate attention.

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Zinc Media Group plc (the "Company"), please forward this Notice, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale.

NOTICE IS HEREBY GIVEN that the annual general meeting ("**AGM**") of the Company will be held at Singer Capital Markets' offices at 1 Bartholomew Lane, London, EC2N 2AX at 10.00 a.m. on Thursday 25 May 2023 to transact the below business.

In accordance with the Articles of Association of the Company, the chairman of the meeting has determined that all resolutions to be put to a vote are to be decided on a poll. Resolutions 1 to 9 inclusive will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed more than 50% of the votes cast must be in favour of the resolution. Resolutions 10 to 12 inclusive will be proposed as special resolutions: This means that for each of those resolutions to be passed, at least 75% of the votes cast must be in favour of the resolution.

Ordinary Resolutions

1. THAT the Company's audited financial statements for the period to 31 December 2022, and the directors' reports and the auditors' report on those financial statements, be received and adopted.
2. THAT RSM UK Audit LLP be reappointed as auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next general meeting of the Company at which accounts are laid before the Company.
3. THAT the directors be authorised to determine the Company's auditor's remuneration.
4. THAT Mark David Browning be reappointed as a director of the Company.
5. THAT Andrew Sheldon Garard be reappointed as a director of the Company.
6. THAT Christopher James Satterthwaite be reappointed as a director of the Company.
7. THAT Will Sawyer be reappointed as a director of the Company.
8. THAT Nicholas James Taylor be reappointed as a director of the Company.
9. THAT the Company's directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all of the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company (together, "**Relevant Securities**"):

   (a) up to an aggregate nominal amount of £9,086.18, equal to approximately one third of the issued ordinary share capital as at 24 April 2023 (being the last practicable date prior to the publication of this Notice), (whether in connection with the same offer or issue as under (b) below or otherwise); and

   (b) comprising equity securities (as defined in section 560(1) of the Companies Act 2006), up to a further aggregate nominal amount of £9,086.18 in connection with an offer by way of a rights issue to:

      (i) ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and

      (ii) holders of other equity securities, if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

   such authority to be in substitution for and to the exclusion of any previous authority to allot Relevant Securities conferred upon the directors and such authority to expire at the conclusion of the Company's next annual general meeting or, if earlier, on 25 August 2024, save that the Company may before such expiry make an offer or agreement which might require Relevant Securities to be allotted after such expiry date and the directors may allot Relevant Securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

Special Resolutions

10. THAT conditional upon and subject to the passing of Resolution 9 above, the Company's directors be generally and unconditionally authorised pursuant to sections 570 and 573 of the Act to make allotments of equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 9 and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the Act did not apply to any such allotment provided that such power shall be limited to:

    (a) the allotment of equity securities in connection with or pursuant to any issue or offer by way of rights or other pre-emptive offer to the holders of ordinary shares of 0.125p each in the capital of the Company ("**Ordinary Shares**") and other persons entitled to participate therein in proportion (as nearly as practicable) where the equity securities respectively attributable to the interest of holders of the Ordinary Shares are proportionate as nearly as maybe practicable to the respective amounts of Ordinary Shares held by them on a fixed record date, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to legal or practical issues under the laws of, or as a requirement of, any regulatory or stock exchange authority in any jurisdiction or territory or in relation to fractional entitlements; and/or

    (b) the allotment of equity securities or sale of treasury shares (otherwise than pursuant to subparagraph (a) of this resolution) to any person up to an aggregate nominal value of £2,725.85

    such authority to expire (unless previously revoked, varied or renewed by the Company in general meeting) at the conclusion of the Company's next annual general meeting or, if earlier, on 25 August 2024, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted (or treasury shares to be sold) after such expiry date and the directors may allot equity securities (or sell treasury shares) in pursuance of such offer or agreement notwithstanding that the power conferred by this resolution had expired.

11. THAT in addition to any authority granted under Resolution 10 above, the Company's directors be generally and unconditionally authorised pursuant to sections 570 and 573 of the Act to make allotments of equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 9 and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the Act did not apply to any such allotment provided that such power shall be:

    (a) limited to any such allotment and/or sale of equity securities having, in the case of ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding the sum of £2,725.85; and

    (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Company's directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

    such authority to expire (unless previously revoked, varied or renewed by the Company in general meeting) at the conclusion of the Company's next annual general meeting or, if earlier, on 25 August 2024, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted (or treasury shares to be sold) after such expiry date and the directors may allot equity securities (or sell treasury shares) in pursuance of such offer or agreement notwithstanding that the power conferred by this resolution had expired.

12. THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares upon such terms and in such manner as the directors of the Company shall determine, provided that:

    (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall be 2,180,683 (representing approximately 10% of the Company's issued Ordinary Share capital as at 24 April 2023 (being the last practicable date prior to the publication of this Notice));

    (b) the minimum price which may be paid for each Ordinary Share (exclusive of expenses) shall be 0.125 pence per Ordinary Share;

    (c) the maximum price which may be paid for an Ordinary Share (exclusive of expenses) shall be an amount equal to the higher of:

        (i) 105% of the average of the middle market closing price for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased; and

        (ii) the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the trading venue or venues where the purchase is carried out

    (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the Company's next annual general meeting or, if earlier, on 25 August 2024; and

    (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby, conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of such contract or contracts.

By order of the Board

Will Sawyer
Secretary

Date: 25 April 2023

Registered office: C/O CMS Cameron McKenna Nabarro Olswang LLP, 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, United Kingdom, EH1 2EN

Notes for the AGM:

PLEASE READ NOTES 1-14 BELOW IN CONJUNCTION WITH THE REST OF THIS DOCUMENT TO WHICH THIS NOTICE IS ATTACHED REGARDING THE PROPOSED PROCEDURE FOR THE AGM.

1. You will not receive a form of proxy for the AGM in the post. Instead, you will find instructions in note 11 below to enable you to vote electronically. Submission of a proxy vote will not preclude you from attending and voting at the AGM in person and you may request a paper form of proxy from the Company's Registrars, Link Group.

2. Shareholders wishing to attend the meeting in person are asked to notify the Company of their proposed attendance by 23 May 2023 via email with the subject "AGM" to will.sawyer@zincmedia.com to assist in the smooth running of the meeting.

3. A member entitled to attend and vote at the meeting may appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy they may do so at http://www.signalshares.com and if paper proxy forms are required, the member should contact the Registrars' Link Group, by emailing shareholderenquiries@linkgroup.co.uk or by telephone on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am and 5.30pm, Monday to Friday excluding public holidays in England and Wales. Submission of a proxy vote shall not preclude a member from attending and voting in person at the meeting in respect of which the proxy is appointed or at any adjournment thereof.

4. To be effective, the proxy vote must be submitted at http://www.signalshares.com so as to have been received by the Company's Registrars no less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. Any power of attorney or other authority under which the proxy is submitted must be returned to the Company's Registrars, Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL. If a paper form of proxy is requested from the Company's Registrars, it should be completed and returned to Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL to be received not less than 48 hours before the time of the meeting.

5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand on the Register of members in respect of the relevant joint holdings.

6. Pursuant to regulation 41 of the Uncertified Securities Regulations 2001, the Company specifies that only those members registered on the Register of members of the Company as at close of business on 23 May 2023 or, if the AGM is adjourned, on the Company's Register of members 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend and/or vote at the AGM in respect of the number of shares registered in their names at that time. Changes to entries on the Register of members after close of business on 23 May 2023 or, if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM, shall be disregarded in determining the rights of any person to attend or vote at the AGM.

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 25 May 2023 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have been appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with specifications of Euroclear UK and International Limited ("EUKI") and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUKI does not make available special procedures in

CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) take(s)) such an action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001.

8. The quorum for the AGM will be two persons entitled to vote upon the business to be transacted, each being a shareholder or a proxy for a shareholder or a duly authorised representative of a corporation which is a shareholder.

9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

10. Any electronic address provided either in this Notice or in any related documents may not be used to communicate with the Company for any purposes other than those expressly stated.

11. You may vote your shares electronically at http://www.signalshares.com. On the home page, search 'Zinc Media Group Plc' and then log in or register, using your Investor Code, which can be found on your share certificate. To vote, click on the 'Vote Online Now' button.

12. Voting on all resolutions at the meeting will be conducted by way of a poll rather than on a show of hands. This gives all shareholders the opportunity to participate in the decision-making of the Company and have their votes recorded in proportion to the number of shares they hold. This includes those who are not able to attend the AGM in person but who have appointed proxies. The results of the poll votes will be announced to the London Stock Exchange and published on the Company's website as soon as possible after the AGM.

13. As at 24 April 2023 (being the last practicable date, prior to the publication of this Notice) the Company's issued share capital consists of 21,806,834 ordinary shares of 0.125 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 24 April 2023 are 21,806,834.

14. In accordance with section 311A of the Companies Act 2006, a copy of this Notice details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice can be found on the Company's website www.zincmedia.com.

15. Unless otherwise indicated on the Form of Proxy, CREST voting or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 9 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 10 to 12 are proposed as special resolutions. This means that for these resolutions to be passed, at least three-quarters of the votes cast must be in favour of each of them respectively.

Resolution 1 (annual report and accounts)
The directors of the Company must present to the meeting the audited financial statements for the year to 31 December 2022, and the directors reports and the auditors' report on those financial statements.

Resolutions 2 and 3 (appointment and remuneration of auditors)
The Company is required to appoint auditors at each general meeting at which accounts are presented to shareholders to hold office until the conclusion of the next such meeting. Resolution 2 seeks shareholder approval to reappoint RSM UK Audit LLP as auditors to hold office from the conclusion of the Annual General Meeting until the conclusion of the next general meeting of the Company at which accounts are laid.

Resolution 3 seeks authority for the Company's directors to fix the auditors' remuneration. In accordance with best practice in corporate governance, separate authorities are being sought to appoint the auditors and to fix their remuneration.

Resolutions 4 to 8 (re-election of Directors)
Resolutions 4 to 8 inclusive deal with the re-election of the directors.

In keeping with the Board's aim of following best corporate governance practice, each of Mark David Browning, Will Sawyer, Andrew Sheldon Garard, Christopher James Satterthwaite and Nicholas James Taylor are standing for re-election by the shareholders at this year's Annual General Meeting.

Biographical information for each of the directors is shown on page 20 of the annual report and accounts.

The Board of directors believes that each of the directors standing for re-election has considerable and wide-ranging experience, which will be invaluable to the Company. Each of the directors has given an assurance to the Board of directors that they remain committed to their role and will ensure that they devote sufficient time to it, including attendance at board of directors and committee meetings.

Resolution 9 (authority to allot)
Under section 549 of the Companies Act 2006, the directors are prevented, subject to certain exceptions, from allotting shares in the Company or granting rights to subscribe for, or convert any security into, shares in the Company, without the authority of the shareholders in general meeting. In accordance with institutional investor guidelines, Resolution 9 is proposed as an ordinary resolution to authorise the directors to allot shares, or to grant rights to subscribe for or to convert any security into shares in the Company, up to an aggregate nominal value of £9,086.18 such amount representing approximately one third of the ordinary share capital of the Company in issue as at 24 April 2023 (being the last practicable date prior to the publication of this Notice). Additionally, and in accordance with institutional investor guidelines, Resolution 9 will also allow directors to allot further shares in the Company, in connection with a pre-emptive offer by way of a rights issue, up to an aggregate nominal amount of £9,086.18, again representing approximately one third of the ordinary share capital of the Company in issue as at 24 April 2023 (being the last practicable date prior to the publication of this Notice).

The directors' authority under Resolution 9 will expire at the conclusion of the next annual general meeting or 25 August 2024, whichever is the earlier.

The directors have no immediate plans to make use of this authority except in relation to, or in connection with, the exercise of options or the remuneration of executives. As at the date of this Notice, the Company does not hold any ordinary shares in the capital of the Company in treasury.

Resolutions 10 and 11 (statutory pre-emption rights)
Under section 561(1) of the Companies Act 2006, subject to certain exemptions, when new shares are allotted or treasury shares are sold for cash, they must first be offered to existing shareholders pro rata to their holdings. Resolution 10 seeks shareholders' approval to allot shares of the Company in connection with an issue or offer by way of rights or other pre-emptive offer.

In addition, there may be circumstances when the directors consider it in the best interests of the Company to allot shares or to sell treasury shares for cash on a non pre-emptive basis and accordingly Resolution 11 is to authorise the directors to allot shares or to sell treasury shares for cash up to an aggregate nominal value of £2,725.85, representing approximately 10% of the ordinary share capital in issue as at 24 April 2023 (being the last practicable date prior to the publication of this Notice) as if the pre-emption rights of section 561(1) did not apply.

Under Resolution 11, it is proposed that the Company's directors be authorised to disapply statutory pre-emption rights in respect of an additional 10% of the Company's issued share capital as at 24 April 2023 (being the last practicable date before publication of this Notice). The Company's directors consider that proposing this resolution is appropriate for the Company's circumstances and, in accordance with the Pre-Emption Group's Principles, the Company's directors confirm that the authority will be used only in connection with an acquisition or specified capital investment that is announced contemporaneously with the issue, or that has taken place in the preceding six-month period and is disclosed in the announcement of the issue.

If passed, the authorities in Resolutions 10 and 11 will expire at the conclusion of the next annual general meeting or 25 August 2024, whichever is the earlier.

Before any exercise of the authority sought under Resolutions 10 and 11, the Company would consult its Nominated Advisor regarding the terms and conditions of any issue.

The Company's directors confirm that it is their intention to follow the best practice set out in the Pre-emption Group's Principles which provides that these authorities should not be relied on to allot more than 7.5% of a company's issued share capital on a non-pre-emptive basis in any rolling three-year period without prior consultation with shareholders, except in connection with an acquisition or specified capital investment as referred to above.

Resolution 12 (authority for market purchases of own shares)

This resolution renews the Company's current authority to make limited market purchases of the Company's ordinary shares. The authority is limited to a maximum aggregate number of 2,180,683 ordinary shares (representing 10% of the issued ordinary shares as at 24 April 2023 (being the last practicable date prior to the publication of this Notice)) and sets out the minimum and maximum prices that can be paid, exclusive of expenses. The authority conferred by this resolution will expire at the conclusion of the Company's next annual general meeting or on 25 August 2024, whichever is the earlier. Any purchases of ordinary shares would be made by means of market purchase through the London Stock Exchange.

Pursuant to the Companies Act 2006, companies are allowed to hold shares acquired by way of market purchase in treasury, rather than having to cancel them. The directors may use the authority to purchase shares and hold them in treasury (and subsequently sell or transfer them out of treasury as permitted in accordance with legislation) rather than cancel them, subject to institutional guidelines applicable at the time.

If passed the directors have no present intention of exercising the authority to purchase the Company's ordinary shares. The directors would only purchase shares if, in their opinion, the expected effect would be to result in an increase in earnings per ordinary share or net asset value and would benefit shareholders generally.

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