

ITV Rights Limited

Strategic Report for the Year Ended 31 December 2020

The Directors present their Strategic Report for the year ended 31 December 2020.

Principal activity

The principal activity of ITV Rights Limited (“the Company”) continues to be that of the rights holding entity of ITV plc’s UK Broadcasting and Online businesses. Pursuant to the “Networking Arrangements” that were agreed between the Channel 3 licensees, and approved by Ofcom, with effect from 1st July 2012, the Company is the primary vehicle through which ITV plc meets its programming supply obligations to the non-ITV controlled Channel 3 licensee. Other operational support required pursuant the Networking Arrangements are provided by fellow subsidiaries, notably ITV Broadcasting Limited and ITV Network Limited. The Company also supplies programmes to ITV2 Limited and ITV Digital Channels Ltd (“the Digital Channels”).

Fair review of the business

The results for the Company show a profit before tax for the year of £13,137,000 (2019: profit of £16,292,000) and revenue of £879,756,000 (2019: £1,027,778,000). At the statement of financial position date the Company had net assets of £262,748,000 (2019: £252,107,000). The decrease in profit is driven by lower other revenues of £95,654,000 (2019: £100,851,000) reflecting lower profit shares received from other Group companies around the exploitation of programme rights. Revenues relating to programming of £784,102,000 (2019: £926,927,000) are down in the year due to reduced spend by the group in light of the Covid-19 pandemic and the overall impact on business and the wider economy.

KPIs

In October 2020, the Group announced a restructure of its Broadcast segment to better reflect and serve the changing viewing habits. As part of the restructure, which came into effect from 1 April 2021, Broadcast has been renamed Media & Entertainment (‘M&E’) with two business streams. These are Broadcast, which includes the ITV linear channels and Streaming, which focuses on digital products such as the ITV Hub+, Britbox and other direct to consumer revenues.

The Directors of the ITV plc Group manage the Group’s operations on a divisional basis with this Company being included within the Broadcast (M&E) division. For this reason, the Company’s Directors use the ITV plc Broadcast (M&E) division’s Operating and Performance Review in managing and understanding the development, performance and position of the Company. The business review is included on pages 28 to 41 of ITV plc’s 2020 Annual Report.

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Section 172 (1) Statement - Directors Statement in performance of their duties under section 172(1)

The Board of ITV plc are responsible for governance and oversight across the ITV Group and the duties under Section 172(1) of the Companies Act 2006 ('s172') in respect of ITV plc. As ITV Rights Limited (the 'Company') is part of the ITV Group, its directors (the "Directors") believe that certain matters they are responsible for under s172 in respect of the Company have been considered to an appropriate extent by the Board of ITV plc in relation both to the ITV Group and the Company and reference to this is made below.

The Directors consider and approve relevant matters during the year. During 2020 the challenges arising from the COVID-19 pandemic required the Directors to act swiftly and approve measures to increase the resilience of the Company, and protect the interest of all stakeholders. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Directors have specifically considered the matters set out in s172 is set out below:

- **The long term:** The Directors are fully cognisant of the evolving competitor and viewer landscape in which the Company operates and the main focus during the year has been the Company's role in the Group strategy to transform the Broadcast business. They have considered both the opportunities and challenges of structural change on the Company's programme supply obligations to the Channel 3 licensees not owned by ITV, and how they can continue to drive mass audiences that remain highly valuable to advertisers.

- **Employees:** The Company does not have any employees.

- **Business relationships - suppliers, customers:** The Directors are committed to fostering good working business relationships with their key stakeholders which include suppliers, other broadcasters, legislators and regulators. The Directors recognise that an understanding of the issues relating to these stakeholders is fundamental to building and maintaining the successful relationships, enabling the Company to take advantage of the strong and mutually beneficial opportunities needed to ensure the success of the Company. As the Company is fully embedded within the ITV Group governance structure, the Directors seek to align themselves with ITV plc's engagement mechanisms and an explanation of how the Directors of ITV plc have had regard to the need to foster the Company's business relationships in the context of the significant financial and economic uncertainty caused by COVID-19 and Brexit are set out on page 97 to 102 of ITV plc's 2020 annual report which does not form a part of this report, with detail on suppliers and other broadcasters on page 98, legislators and regulators on page 100.

- **Community & environment:** The Directors have regard to the impact of the Company's operations on the environment and consider that as a result of being embedded within the ITV Group governance structure, the Directors of ITV plc have taken the lead in carrying out the duties in respect of the community, wider environmental issues and diversity and inclusion targets. Further information on ITV's Social Purpose strategy and 2020 initiatives that were influenced by the COVID-19 pandemic - structured around better health, diversity and inclusion, environment and giving back targets - is set out on page 99 and pages 42 to 49 of ITV plc's 2020 annual report, which does not form a part of this report.

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• **High standards of business conduct:** The Directors' intention is to ensure that the Company operates in an ethical and responsible way. As a part of the ITV Group, they recognise that a healthy corporate culture is the cornerstone to ensuring high standards of business conduct and governance that also pervade business dealings with stakeholders outside of the organisation. The Directors consider that as a result of being embedded within the ITV Group governance structure, the Directors of ITV plc have taken the lead in promoting these facets and details on how it monitored and assessed culture during the year is set out on page 105 in ITV plc's 2020 annual report, which does not form a part of this report. ITV's commitment to high standards of business contact is also enshrined in the Code of Ethics and Conduct available on the ITV plc website. ITV's culture also pervades its business dealings with stakeholders outside of the organisation, as exemplified by its work with suppliers in relation to modern slavery and membership of the Prompt Payment Code.

Principal risks and uncertainties

The principal risks of the Company relate to non-payment of balances by group and non group members and to the operational activities of Channel 3. The Directors carried out a review of amounts owed to the Company and no recoverability issues existing relating to amounts outstanding at December 2020. The principal risks and uncertainties of operating Channel 3 are managed as part of the activities of ITV plc, subject to the terms and conditions of the Networking Arrangements. The principal risks and uncertainties of the ITV plc group are discussed on pages 72 to 87 of the group's 2021 annual report.

A comprehensive strategic review of the Company's strategy, outlining the development, performance and position of the Company's business can be found in the Strategic Report of the group in the ITV plc Annual Report. The Annual Report of ITV plc is available to the public and may be obtained from www.itvplc.com or the Company Secretary, ITV White City, 201 Wood Lane, London, W12 7RU.

Approved by the Board on 9 June 2022 and signed on its behalf by:



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Darren Fisher
Director