

Mammoth Screen Ltd

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 the Company continues to be that of television production for UK broadcast and distribution throughout the world.

Fair review of the business

The results for the Company show a loss for the year of £79,670 (2019: profit of £8,356,139). At the statement of financial position date the Company had net assets of £22,778,405 (2019: £22,858,075).

KPI's

	2020	2019
	£'000	£'000
Revenue	28,214	91,633
Gross profit	6,789	11,883
Administrative costs	7,110	3,634
Operating (loss) / profit	(250)	8,249

Revenue has fallen year on year due to the impact of Covid-19 which delayed a number of scheduled productions. Revenue in 2020 is driven by the delivery of The Serpent and series 7 of Endeavour, supported by distribution income.

Gross profit has fallen year on year, however gross profit margin has increased. This is due to a change in the relative proportions of production and distribution income caused by production delays.

Administrative costs in 2020 include a charge for the first year of a new management incentive scheme.

Operating Profit is down due to impact of Covid-19 on production activity and inclusion of management incentive scheme.

Given the nature of the business, the Company's directors are of the opinion that any further analysis using non-financial KPI's is not necessary for an understanding of the development, performance or position of the business and execution of the Company's strategy which is subject to a number of risks.

Future developments

The Company will continue to follow its strategy to work proactively with UK and overseas broadcasters, its international distributor and key writers to develop and sell ideas for new and returning series. The external environment is expected to remain competitive in 2021 but the Directors are confident that the Company is well placed with broadcasters to exploit opportunities that become available.

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Principal risks and uncertainties

The management of the Company and the execution of its strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to competition from both broadcasters' production arms and other independent producers, change in broadcaster commissioning strategy and personnel, retention of key employees, attracting high profile writers and assuring sufficient funding in order to make commissioned programmes viable and profitable.

Covid-19 has had and may continue to have a strategic, operational and financial impact on the business. In particular, operational challenges associated with filming during Covid-19 may result in further production delays. The ITV Group has developed a Covid-19 response governance structure with responsibility for managing the response to the risks of the pandemic. Detailed information on the Group's response to the pandemic is discussed on page 76 of the ITV plc 2020 Annual Report.

Operational risk of duty of care and health and safety is discussed on page 83 of the ITV plc Group financial statements and is applicable to this Company.

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

The Directors of ITV plc manage the ITV Group governance structure. As Mammoth is embedded within this governance structure, the Directors of Mammoth believe that certain matters they are responsible for under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the Directors of ITV plc in relation both to the ITV Group and the Company and references to the relevant sections of ITV plc's 2020 annual report as made below as appropriate.

The Directors meet on a quarterly basis to consider and approve the production slate, financial and operational issues. To the extent necessary for an understanding of the development, performance and position of Mammoth, 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 cognisant of the evolving competitor and viewer landscape in which Mammoth operates and aware that the production environment is becoming increasingly competitive. The Directors are confident that the Company is well placed in its relationships with broadcasters in the UK and overseas to exploit opportunities as they arise and to continue with the strategy set out in Future Developments above. Of particular focus in 2020 was the effect that COVID-19 restrictions placed on the delivery of the Company's production slate, and how this impacted on the financial and operating performance of the business. The Directors monitored business performance against a range of scenarios throughout the year to inform planning and ensure costs and cash were managed appropriately.

- **Employees:** the Directors know that employees are key to our success. The Directors recognised the economic uncertainty caused by COVID-19 and the impact this had on the Company's employees, both in respect of financial security and on their mental and physical wellbeing. The Company worked closely with ITV to ensure there were regular communications and access to programmes that support the wellbeing of employees, especially when working from home. As a part of the wider ITV Group, the Directors are dedicated to nurturing an inclusive working environment where everyone can reach their full potential and thrive, and ITV initiatives are closely followed to achieve this. An explanation of how the Directors of ITV plc have had regard to the interests of employees is set out on pages 50 and 102 of ITV plc's 2020 annual report, which does not form part of this report

- **Business relationships - suppliers, customers:** The Directors are committed to fostering good working business relationships with Mammoth's customers and the key contract relationships it holds with the BBC, ITV Network and ITV Global Distribution are kept under regular consideration in order to maintain strong and mutually beneficial opportunities. The Board considered an inability to complete productions in light of global restrictions and the impact this would have on delivering content to customers. Although the company has its own policies, these are closely aligned with ITV and therefore it was able to quickly integrate use of the COVID-19 television production protocols developed by ITV with the UK government to minimise health and safety risks especially on productions. This enabled successful delivery of The Serpent and commencement of production on McDonald & Dodds series 2 and Endeavour series 9. The Directors recognise that an understanding of issues relating to their customers is fundamental to building and maintaining the successful relationships needed to ensure the success of the Company. As a part of the ITV Group the Company benefits from ITV's business relationships with other broadcasters and platform owners as potential customers for its productions and seeks to align itself with the good practices fostered by ITV plc.

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- **Community & environment:** The Directors are constantly striving to reduce the environmental impact of its productions which is regularly reviewed. Mammoth is an affiliate member of Albert and the directors and senior management team work closely with ITV and BAFTA as they strive for Albert certification for all new and returning productions. The Directors further 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 and wider environmental issues and further information is set out on pages 42 to 49 of ITV plc's 2020 annual report, which does not form a part of this report.

- **High standards of business conduct:** The Directors' intention is to ensure that the Company and its employees operate the business in an ethical and responsible way. As a part of the ITV Group the Company recognises that a healthy corporate culture is the cornerstone of high standards of business conduct and governance. ITV's culture also pervades our business dealings with stakeholders outside of the organisation.

Approved by the Board on 2 September 2021 and signed on its behalf by:



Jonathan Williams
Director