

# ITV Breakfast Broadcasting 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 Breakfast Broadcasting Limited ("the Company") continues to be the broadcast of the breakfast time television programmes, Good Morning Britain and Lorraine. These programmes are broadcast on weekdays between 6.00 am and 9.25 am.

The Company's business activities, together with the factors likely to affect its future development and position, are set out below.

### Fair review of the business

The Company has revenue for the year of £83,604,000 (2019: £81,465,000). The results for the Company show a profit before tax for the year £5,910,000 (2019: £8,618,000). At the statement of financial position date the Company had net assets of £76,043,000 (2019: £71,256,000).

### 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 Group Broadcast (M&E) division's operating and performance review in managing and understanding the development, performance and position of the Company. The operating and performance review is included on pages 28 to 41 of ITV plc's 2020 annual report.

Further to the divisional key performance indicators, the Directors would consider the key financial performance indicators of the Company during the year to include;

- Revenue is up 2.6% in the year. This is due to operational integration of the Company's sales operations with that of other Group companies, that has led to a change in approach in allocating the advertising value delivered between those entities. The impact of the change has been an increase to revenue of £5,833,000. Excluding this, revenues were down 4.5% in the year to £77,771,000 (2019: £81,465,000). Total advertising revenue (TAR), excluding the impact of the reallocation, was down 15.6% in the year in a challenging market caused by the continued impact of Covid-19 and changes in viewing habits. Direct to consumer revenues were up 25% driven by the growth in competition revenues.

	2020	2019	Pts Increase / (Decrease)
- Share of Viewing	1.05%	1.07%	(0.02)

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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 Breakfast Broadcasting 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 helping to drive ITV's Group strategy to transform the Broadcast business. They have considered how to address both the opportunities and challenges of wider structural change on the morning schedule and how to 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 viewers, suppliers, advertisers, platform owners, 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 viewers on page 97, advertisers, suppliers and platform owners 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.

# ITV Breakfast Broadcasting Limited

## Strategic Report for the Year Ended 31 December 2020

• **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 key business risks and uncertainties affecting the Company are considered to relate to any decline of the television advertising market, any decline in audiences, and the retention of key staff. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 72 to 87 of the Group's 2021 annual report.

Covid-19 has had and may continue to have a strategic, operational and financial impact on the business. In particular, the challenges faced by the general economy during Covid-19 and the associated impact on the advertising market. 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.

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](http://www.itvplc.com) or the Company Secretary, 2 Waterhouse Square, 140 Holborn, London, EC1N 2AE.

Approved by the Board on 28/03/2022 and signed on its behalf by:



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Sarah Clarke  
Director