

ITV Breakfast Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present their Strategic Report for the year ended 31 December 2021.

Principal activity

The principal activity of ITV Breakfast Limited ("the Company") continues to be that of the production of breakfast time television programmes. The productions are sold predominantly to ITV Breakfast Broadcasting Ltd, and are broadcast daily throughout the year between 6.00am and 9.25am.

Fair review of the business

The results for the Company show a profit for the year £11,096,000 (2020: £12,715,000). At the statement of financial position date the Company had net assets of £163,644,000 (2020: £152,504,000). During the year the Company paid a dividend of £nil (2020: £nil).

KPI's

The Directors of the ITV plc Group manage the Group's operations on a divisional basis with this Company being included within the ITV Studios division. For this reason, the Company's Directors use the ITV Studios 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 26 to 31 of ITV plc's 2021 Annual Report.

- Revenues - Growing ITV Breakfast revenue is an important part of the ITV strategy to reduce the group's reliance on television advertising revenues. ITV Breakfast's turnover decreased by 3% compared to 2020 due to a decrease in interactive revenue.

- EBITA is a key profitability measure. In 2021 EBITA decreased by 3% compared to 2020. The decrease is due to a decrease in interactive revenue.

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are considered to relate to the retention of customer contracts, erosion of margin and retaining key staff. Further discussion of these risks and uncertainties, in the context of the Group as a whole is provided on pages 78-87 of the Group's 2021 annual report. Risk and uncertainties specific to the Broadcasting and online division as mentioned on these pages do not apply to this Company.

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.

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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 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. 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 aware that the production environment remains competitive. As a part of the ITV Group strategy to be a leading creative force in global content production, the Directors' focus is to attract and retain leading talent across Good Morning Britain and Lorraine, and to continue to nurture the right creative and commercial environment to do this. While the government-imposed lockdowns and containment measures in the UK continued sporadically during the year, the protocols devised in 2020 to minimise the disruption of COVID-19 on production meant that the Company was able to operate efficiently and mitigate many of the challenges that the pandemic continued to pose.
- **Employees:** The Directors know that the workforce are key to the Company's success and are dedicated to nurturing an inclusive working environment where everyone can reach their full potential and thrive. As the Company is embedded within the ITV Group governance structure it is fully aligned with ITV on workforce engagement and an explanation of how ITV plc have engaged with the workforce and taken them into consideration through its discussions and decision-making is set out on page 115 of ITV plc's 2021 annual report. Further information on ITV's commitment to its workforce is set out on pages 56 to 58 of ITV plc's 2021 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 their key stakeholders which include programme participants, viewers, advertisers and citizens. The Directors recognise that an understanding of the issues relating to these stakeholders is fundamental to building and maintaining 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 107 to 112 of ITV plc's 2021 annual report which does not form a part of this report, with detail on viewers page 107, advertisers page 108, citizens page 109 and programme participants on page 111.
- **Community and environment:** The Directors are constantly striving to reduce the environmental impact of the Company's productions, both on and off screen. The cloud-based technology introduced at the start of the COVID-19 pandemic by Good Morning Britain to enable it to deliver post production and edit remotely will now be used in the long-term, reducing travel and energy impacts. The Directors are also aware of the ability of its programmes to drive social messages and change. In 2021 Good Morning Britain teamed up with six charities to run the 1 Million Minutes volunteer campaign aimed at tackling loneliness in the UK, for the sixth year. The Directors also 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 wider community and environmental issues, diversity and inclusion targets. Further information on ITV's Social Purpose strategy and 2021 initiatives that were influenced by the COVID-19 pandemic - structured around better health, diversity and inclusion, environment and giving back targets - are set out on pages 48 to 55 of ITV plc's 2021 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 116 in ITV plc's 2021 annual report, which does not form a part of this report. ITV's commitment to high standards of business conduct 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.

Approved by the Board on 21 April 2023 and signed on its behalf by:



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David McGraynor
Director