

ITV Breakfast Limited

Strategic Report for the Year Ended 31 December 2022

The Directors present their Strategic Report for the year ended 31 December 2022.

Principal activity

The principal activity of ITV Breakfast Limited ("the Company") continues to be that of 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 10.00am.

Fair review of the business

The results for the Company show a profit for the year of £12,151,000 (2021: £11,096,000). At the statement of financial position date the Company had net assets of £62,764,000 (2021: £163,644,000). During the year the Company paid a dividend of £113,000,000 (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 30 to 35 of ITV plc's 2022 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 2% compared to 2021. The decrease is due to a decrease in interactive revenue.

- EBITA - In 2022 EBITA decreased by 4% compared to 2021. 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 71 to 84 of the Group's 2022 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. The Directors also considered and approved the launch of the ITV Together Programme, a hugely significant global programme for our business and transforming how we all work.

- **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 112 of ITV plc's 2022 annual report. Further information on ITV's commitment to its workforce is set out on pages 54 to 56 of ITV plc's 2022 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 are set out on page 105 to 111 of ITV plc's 2022 annual report which does not form a part of this report, with detail on viewers page 105, advertisers page 106, citizens page 107 and programme participants on page 109.

- **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 is now 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. 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 2022 initiatives - structured around better health, diversity and inclusion, environment and giving back targets - are set out on pages 44 to 53 of ITV plc's 2022 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 114 in ITV plc's 2022 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 09/08/2023 and signed on its behalf by:



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David McGraynor
Director