SDN Limited

Strategic Report for the year ended 31 December 2025

The Directors present their Strategic Report for SDN Limited ("the Company") for the year ended 31 December 2025.

Principal activity
The principal activity of the Company continues to be that of the operator of Digital Terrestrial Television ("DTT") for which it was awarded the licence by Ofcom in May 1998.

The Company's historic multiplex licence was renewed by Ofcom with effect from 15 November 2022. The renewed licence continues until 31 December 2034.

Fair review of the business
The results for the Company show a profit for the year of £24,686,000 (2024: £49,499,000) and revenue of £43,283,000 (2024: £47,218,000). At the statement of financial position date the Company had net assets of £139,587,000 (2024: £332,027,000).

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 Media and Entertainment division. For this reason, the Company's Directors use the ITV plc Media and Entertainment division's Operating and Performance Review in managing and understanding the development, performance and position of the Company. The KPI's and business review are included on pages 22 to 27 of ITV plc's 2025 Annual Report.

Developments during the year
Revenue, which is generated from licence sales for DTT multiplex, decreased 8.3% to £43,283,000 (2024: £47,218,000). The revenue reduction reflects renewed and renegotiated long term contracts at current market rates, and decreased pricing renewal, together with a slight decline in usage and longer vacancy periods. SDN has maintained 18 streams of capacity, however increased market capacity following competitor upgrades has contributed to pricing pressure. During the year, several streams across a number of long terms contracts agreed at peak markets rates were renewed or renegotiated at current market rates. This trend is expected to continue, with additional long term contracts scheduled for renewal during 2026.

Corporate restructure
During 2025, the Company's ultimate parent entity, ITV plc, restructured its investments to simplify the overall Group holding structure and ensure that businesses within the same segment report to a common parent. This involved ITV plc incorporating ITV M&E Holdings Limited, to serve as the parent holding company for the Media and entertainment business. There was no change to the immediate parent of the Company.

Future developments
The Directors do not anticipate any changes to the principal activities of the Company.

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks:

• Demand in the market for DTT capacity: The Company mitigates demand fluctuations by proactively engaging incumbent customers to secure long term, multi year contracts where possible. To address market oversupply, the Company is exploring different commercial models, including flexible pricing incentives and has previously explored revenue sharing and technical value adds to remain competitive against rival platforms.

• Long term viability of the DTT platform: The Company actively monitors the transition from DTT to Internet Protocol (IP) services. Management is engaged in ongoing strategic modeling and aligns closely with broader industry developments, such as the emergence of IP based distribution (e.g., "Freely"), to ensure the entity remains agile in its long term distribution strategy.

• Key supplier’s ability to fulfill transmission supply contract: Supply chain and cost risks are managed through long term, inflation linked contracts that provide operational certainty. The Company mitigates inflationary cost headwinds by early renewal of secondary service agreements where possible to lock in preferential rates and by maintaining a zero based budgeting approach to all discretionary expenditure. Additionally, the business maintains close links with key suppliers to ensure service levels are maintained and robust plans are in place to minimize and mitigate potential service supply failures.

Post balance sheet events

On 16 April 2026, the Company's immediate parent company changed to ITV M&E Holdings Limited.

On 6 July 2026, ITV plc announced the sale of the ITV Media and Entertainment business, which includes the Company, to Sky. The transaction is subject to regulatory approvals. The regulatory process has already started with the UK Competition and Markets Authority (CMA) launching its review process. Given that this is a media merger, ITV expects the Secretary of State to issue a Public Interest Intervention Notice in due course. The transaction may go to a phase two CMA review and if it does then it is likely that the transaction will complete in H2 2027.

The sale does not impact the operation of the Company and its principal activities as described in these financial statements.

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 SDN 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 meet as required to 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 committed to the long-term success of the Company, primarily through its role in supporting the digital multiplex operations. SDN's current multiplex licence has been renewed until 2034. SDN also provided support to ITV Group's financial infrastructure, in 2010, to address the deficit on the defined benefit pension scheme, ITV established a Pension Funding Partnership (PFP) with the Trustees backed by SDN. On 17 December 2025, the Group and the Trustees agreed to exit and unwind the PFP, and the partnership was dissolved on 19 December 2025. SDN is no longer collateral for future payments to the Scheme.

• **Employees:** As the Company does not have any direct employees, the Directors' duties in this area are considered through the lens of the wider ITV Group. The Directors remain aligned with the Group's 2025 milestones, which included the launch of the Class Pay Gap report and enhanced support for the Cultural Advisory Council to foster an inclusive environment across all Group entities.

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

• **Business relationships - suppliers, customers:** The Directors remain committed to fostering good business relationships with their key stakeholders which include ITV, other broadcasters, platform owners and regulators. The Directors recognise that an understanding of issues relating to these stakeholders is fundamental to building and maintaining the successful relationships, enabling the Company to maintain the strong and mutually beneficial opportunities needed to ensure the success of the Company. In 2025, the Company continued to work closely with Ofcom and other legislators to ensure the continued stability and technical excellence of the digital multiplex platform. 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 with other Broadcasters and Platform owners is set out on page 67 of ITV plc's 2025 annual report, with detail on legislators and regulators on page 69.

• **Community & environment:** The Directors have regard to the impact of its 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 and wider environmental issues. Further information on how ITV aims to reduce its carbon emissions and waste, and source responsibly is set out on page 31 of ITV plc's 2025 annual report, which does not form a part of this report.

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

• **High standards of business conduct:** The Board's intention is to ensure that the Company operates in an ethical and responsible way. As a part of the ITV Group it recognises that a healthy corporate culture is the cornerstone of high standards of business conduct and governance as set on page 32 of the ITV plc Annual Report. ITV's culture also pervades its business dealings with stakeholders outside of the organisation.

Approved by the Board on 18 September 2026 and signed on its behalf by:

M Brooke
Director