

Mammoth Screen Ltd

Strategic Report for the Year Ended 31 December 2019

The Directors present their strategic report for the year ended 31 December 2019.

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 profit for the year of £8,356,139 (2018: £4,638,985). At the statement of financial position date the Company had net assets of £22,858,075 (2018: £14,501,936).

KPI's

	2019	2018
	£'000	£'000
Revenue	91,633	54,970
Operating profit	8,249	4,531
Administrative costs	3,634	3,381
Administrative costs as a % of revenue	4.0%	6.2%

The increase in revenue is driven by the production and delivery of new shows World on Fire, Noughts & Crosses and Singapore Grip in the year.

Given the straightforward 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 returning series. The external environment is expected to remain competitive in 2021 but the directors remain confident that the Company is well placed with the broadcasters to exploit opportunities that become available. Productions were paused during 2020 due to COVID-19 but will return shortly.

Principal risks and uncertainties

The management of this business and the execution of the Company's 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.

Operational risk of duty of care and health and safety is discussed on page 75 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)

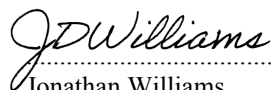
- The Directors of ITV plc manage the ITV Group governance structure. As Mammoth is embedded within this governance structure, the Directors of Mammoth believe that certain matters they are responsible for under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate 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 2019 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 on page 1. A particular focus this year has been on further developing new high end drama such as The Singapore Grip and The Serpent and working to secure re-commissions for returning series including World on Fire and Noughts & Crosses.
- Employees: the Directors know that employees are key to our success. Although Mammoth has its own policies, the Company has worked closely with ITV to develop them and they are closely aligned to ITV policies. 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 92 of ITV plc's 2019 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 Directors recognise that an understanding of issues relating 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.
- 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 page 62 and 46 to 47 of ITV plc's 2019 annual report, which does not form a part of this report.

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- High standards of business conduct: The Board's 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 it 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 22 October 2020 and signed on its behalf by:


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Jonathan Williams
Director