

ITV Broadcasting Limited

Strategic Report for the year ended 31 December 2023

The Directors present their Strategic Report for the year ended 31 December 2023.

Principal activities

The Company's principal activity during the period was the provision of the regional ITV television service under the Channel 3 (as defined in the Broadcasting Act 1990, the Broadcasting Act 1996 and the Communications Act 2003 (together "the Acts")) licences granted by Ofcom. The Company is the principal operating subsidiary of the Group's UK television business, selling commercial airtime and sponsorship, producing broadcasting schedules and operating a full range of broadcaster functions for itself, ITV Rights Limited and in some cases for non-ITV controlled Channel 3 licensees.

In May 2023, we submitted our application to Ofcom for the renewal of our Channel 3 licenses, which expire on 31 December 2024. The Ofcom licences were granted for a further 10 years.

Fair review of the business

The Company has revenue for the year of £1,164,138,000 (2022: £1,351,082,000). The results for the Company show a profit before tax for the year of £34,256,000 (2022: £521,955,000). At the statement of financial position date the Company had net assets of £361,704,000 (2022: £402,246,000).

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 business review is included on pages 18 to 31 of ITV plc's 2023 Annual Report.

Future developments

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

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are considered to relate to the erosion of television's share of advertising, fluctuation in the size of the TV advertising market, decline in audience as competition from other commercial channels increases, the impact of the contract rights renewals remedy and the retention of key staff. Further discussion of these risks and uncertainties, in the context of the group as whole, is provided on pages 55 to 64 of the Group's 2023 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 or the Company Secretary, ITV White City, 201 Wood Lane, London, W12 7RU.

CMA investigation

On 12 July 2022, the UK Competition and Markets Authority (CMA) opened an investigation into certain conduct of ITV and other named companies in the sector relating to the production and broadcasting of sports content in the United Kingdom. The investigation is at an early stage and the CMA has confirmed it is currently undertaking further investigation until at least March 2024, subsequent to which ITV anticipates it will receive additional detail regarding any future steps.

On 11 October 2023, the CMA opened an investigation into certain conduct of ITV and other named companies in the sector relating to the production and broadcasting of television content in the UK, excluding sports content. The investigation remains at an early stage and it is not currently possible to reliably quantify any liability that might result from the investigation. ITV is committed to complying with competition law, and is cooperating with the CMA's enquiries in relation to both investigations.

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Anti-bribery and corruption

A comprehensive review of the Company's policies relating to anti-bribery and corruption can be found in the Strategic Report of the group in the ITV plc annual report.

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 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 are members of the Media and Entertainment (M&E) Divisional board that met ten times during the year to consider and approve matters that relate directly to the Company and its subsidiaries. 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. The long-term strategy is to transform the Broadcast business to ensure ITV can address these changes, recognising that they present both opportunities and challenges. As the business continued to mitigate the long-term impact of changing viewing patterns, the directors recognised the need to digitally transform the business and become increasingly agile in order to adapt to changing viewer habits. Internally this meant looking at ways to increase efficiency and productivity through operational use of AI and by ensuring the cost base was the right shape and size. Externally this meant being able to continue to engage with audiences through live content, such as sport and entertainment shows, that continue to deliver mass audiences. The Directors agreed that a digital-first content strategy would help maintain ITV's strength in delivering mass linear audiences but also to maintain ITV's position in the UK broadcast market, ensuring that the business remains competitive in a highly competitive market. Additionally, the Directors submitted applications to Ofcom for the renewal of the Channel 3 licences and were successful. These licences will expire in 2024. The Directors also continued to engage with Ofcom and the government on the Media Bill, which will update the legal and regulatory framework for television. Finally, the Directors believe that collaborative and connected digital ways of working will help deliver and have a positive long-term impact on the business and safeguard the interest of its shareholders. Accordingly, they supported and approved the launch of the ITV Together Programme in April 2023, 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 through the divisional board meetings the Directors are consulted on and approve the HR related policies and initiatives that affect their employees. An explanation of how ITV plc engaged with the workforce and took them into consideration through its discussions and decision-making is set out on pages 94 to 95 of ITV plc's 2023 annual report. Further information on ITV's commitment to its workforce is set out on pages 40 and 41 of ITV plc's 2023 annual report, which does not form part of this report.

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• **Business relationships - suppliers, customers:** The Directors are committed to fostering good working business relationships with their key stakeholders which include viewers, advertisers, other platform owners, citizens, 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 are set out on page 84 to 91 of ITV plc's 2023 annual report which does not form a part of this report, with detail on viewers set out on page 84, advertisers on page 85, citizens on page 87, legislators and regulators on page 88.

• **Community & environment:** The directors have regard to role the Company's platforms play in driving change by reflecting and shaping culture onscreen. During the year better mental and physical health were the focus for major behaviour change campaigns. Through the Media and Entertainment board, the directors regularly review progress against environmental targets (quarterly) and against diversity targets (bi-annually). 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 the community, wider environmental issues and diversity and inclusion targets. Further information on ITV's Social Purpose strategy and 2023 initiatives - structured around better health, giving back, climate action and diversity and inclusion, environment and giving back targets - is set out on pages 32 to 39 of ITV plc's 2023 annual report, which does not form a part of this report.

• **High standards of business conduct:** The Directors' intention is to ensure that the Company and its subsidiaries operate 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 pages 96 to 97 in ITV plc's 2023 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 26 June 2024 and signed on its behalf by:



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Sarah Clarke
Director