Strategic EXECUTION

ITV plc Annual Report and Accounts for the year ended 31 December 2022

We entertain and connect with millions of people globally, reflecting and shaping culture with brilliant content and creativity.

Key financial highlights

Group external revenue[1]
£3,728m
+8% (2021: £3,453m)

Statutory EPS
10.7p
+14% (2021: 9.4p)

Adjusted EPS
13.2p
-14% (2021: 15.3p)

Dividend
5.0p
+52% (2021: 3.3p)

Group adjusted EBITA[2]
£717m
-12% (2021: £813m)

Net debt[3]
£623m
(2021: £414m)

Statutory operating profit
£519m
0% (2021: £519m)

Leverage[3]
0.8x
(2021: 0.5x)

Notes

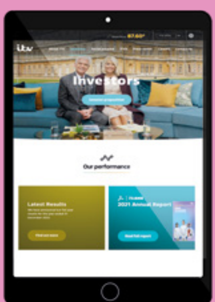
Alternative Performance Measures (APMs)
We use both statutory and adjusted measures in our Strategic Report. The latter, in management's view, reflects the underlying performance of the business and provides a more meaningful comparison of how the business is managed and measured day-to-day. A full reconciliation between our statutory and adjusted results is provided in our Alternative Performance Measures section from page 57. Our KPIs (which are based on adjusted metrics) are set out from page 24.

1. The Strategic Report also refers to total revenue, which includes all ITV revenue, both internal and external.
2. EBITA before exceptional items has been adjusted to reflect the inclusion of production tax credits ('adjusted EBITA').
3. Net debt includes IFRS 16 lease liabilities. Leverage is net debt to adjusted EBITDA.

Strategic Report
The Strategic Report explains in detail how we have performed this year and sets out, amongst other things, a fair review of the business, a balanced and comprehensive analysis of our performance, the use of key performance indicators to explain the progress we have made, a description of the principal risks and uncertainties facing the Company, and an indication of potential future developments.

The Strategic Report is prepared in line with the relevant provisions of the Companies Act 2006 and the Company has had regard to the guidance issued by the Financial Reporting Council. It is intended to provide shareholders and other stakeholders with a better understanding of the Company, of its position in the markets within which it operates, and of its prospects. In setting out the Company's main risks and uncertainties and throughout, this report and accounts contains statements that are based on knowledge and information available at the date of preparation of the Strategic Report, and what are believed to be reasonable judgements, and therefore cannot be considered as indications of likelihood or certainty.

A wide range of factors may cause the actual outcomes and results to differ materially from those contained within, or implied by, the various forward-looking statements in this Annual Report and Accounts. None of these statements should be construed as a profit forecast.



Corporate website
We maintain a corporate website at **www.itvplc.com** containing our financial results and a wide range of information of interest to all stakeholders, including institutional and private investors.

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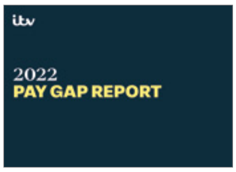
Further reading

Social Purpose Impact Report
Read more about our Social Purpose Impact reporting here
www.itvplc.com/socialpurpose/



Pay Gap Report
Read more about our Pay Gap reporting here
www.itvplc.com/investors/governance

2022 HIGHLIGHTS

January

Snowpiercer
Season 3 of Snowpiercer, a post-apocalyptic dystopian thriller, is released on TNT in the US and Netflix outside the US and China. Production of the fourth and final season completed at the end of 2022

Premiership Rugby
ITV announces a new partnership with Premiership Rugby to show live Gallagher Premiership Rugby matches and a weekly highlights programme

February

The Masked Singer
The final was watched by 7.5 million viewers with a peak audience of 8.8 million viewers, and a 16-34 audience of over a million

March

£80m Diversity Commissioning Fund
ITV announces its intention to reserve £80 million of its content commissioning budget over the next three years to drive change towards racial equity and disability equity

carwow
ITV announces its investment in Europe's biggest new car marketplace, carwow, as part of its Media for Equity programme

April

Concert for Ukraine
Broadcast on ITV, the televised concert raised more than £13.4 million for the humanitarian appeal in Ukraine

May

The BAFTAs
ITV secures more award wins than any other channel or streamer at the BAFTAs, with a total of seven awards for some of ITV and TV's biggest and most popular shows – all produced by ITV Studios labels. These included The Chase, Ant and Dec's Saturday Night Takeaway and Coronation Street

June

Love Island
The eighth series of the dating show was ITV's most-streamed title of 2022 with over 270 million streams across the series. Love Island has now travelled to 26 territories internationally

Soccer Aid
Soccer Aid for UNICEF 2022 broke previous records, raising an incredible £15.7 million to help children all over the world. The match had a peak of 4.3 million viewers

July

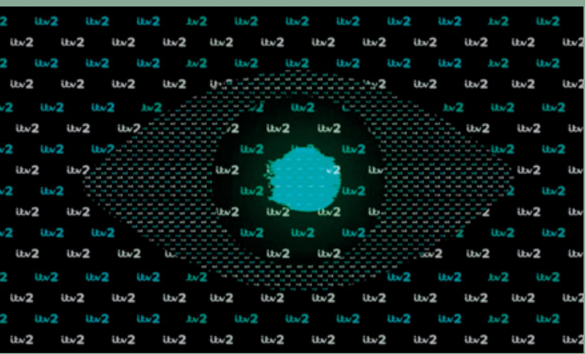
Plimsoll Productions

ITV acquires Plimsoll Productions, the largest independent producer of natural history programmes in the world. The producer is behind series including Tiny World and Giant World for Apple+, Hostile Planet for Disney and Night on Earth for Netflix

August

Big Brother

ITV announce that Big Brother, the global television phenomenon, will make its much anticipated return to UK television on ITV2 and ITVX in 2023



November

Record viewing

ITV1 records its highest weekly viewing share in 20 years, with a 44% share of commercial broadcast viewing across the last week of November, with ITV1's coverage of England v USA in the FIFA World Cup and the final of I'm A Celebrity...Get Me Out Of Here!

September

Hell's Kitchen

Season 21 of Hell's Kitchen USA, the reality cooking series, premieres on Fox. Hell's Kitchen has travelled to 25 territories to date

October

Emmerdale turns 50

Emmerdale celebrates its 50th birthday. It is the UK's second largest Soap, after Coronation Street, delivering average audiences of 4.6 million per episode

My Mom, Your Dad

New reality dating format, My Mom, Your Dad, is commissioned in the UK, Australia and Sweden. Together with seven other existing territories, this brings the total number of commissions of the format to ten in its first year

Fresh Cuts

ITV launches Fresh Cuts series for Black History Month 2022, with five up-and-coming Black filmmakers creating films for the strand

December

ITVX

ITVX, ITV's new, free, ad-funded streaming platform, launches with new and exclusive shows, such as Litvinenko; natural history series, A Year on Planet Earth; and teen drama, Tell Me Everything; all produced by ITV Studios labels. Streams for ITVX launch week were up 138% (compared to ITV streaming platforms at the same time in the prior year)

FIFA World Cup

The England v France FIFA World Cup match attracts a peak of 23 million viewers, making it the most watched programme of the year on any channel and delivering ITV's best Saturday night on record

ITV at a Glance

ITV is a vertically integrated producer broadcaster and streamer, consisting of ITV Studios and Media & Entertainment (M&E). ITV Studios is a diversified global production business which creates, owns and distributes high-quality scripted and unscripted content for broadcasters and platform owners in the UK and internationally. Through M&E, we distribute content across our ad-funded linear channels and ITVX, our new free ad-supported streaming platform. The integration of these two businesses has many advantages, including providing a base of core commissions for ITV Studios, being an attractive destination for talent and offering advertisers a unique opportunity to integrate their brand into our shows.

I'm A Celebrity...Get Me Out of Here! returned to the Australian jungle in 2022, achieving the biggest audience for the final since 2018, with over 12 million viewers

ITV Studios

One of the biggest global creators, producers and distributors in the world

60% of ITV Studios total revenue and 84% of ITV Studios external revenue is from outside the UK

>60 labels
across 13 countries supplying over 1,000 customers

285+ unique formats
across our format catalogues

90,000+ hours
of active content in our catalogue

We have built significant scale globally; we are one of the biggest independent producers of TV and streaming content in the world and have a production presence in six out of the top ten largest TV content markets. We create, produce, and distribute a broad range of programmes, including drama, entertainment and factual. Our customer base is diverse, producing for international television broadcasters and global streaming platforms.

ITV Studios creates and produces content across 13 countries, while our global formats and distribution business sells, commercialises and distributes over 285 unique formats and over 90,000 hours of finished programmes worldwide.

ITV Studios UK

ITV Studios UK is the **largest producer in the UK.** We have 29 labels and create and produce programming across a diverse range of genres, for ITV channels and ITVX, and other UK public service broadcasters (PSBs), including the BBC, Channel 4, Channel 5, along with global streaming platforms.

ITV Studios US

ITV Studios US creates and produces content for all the major networks, cable channels and streaming platforms across the US. The business has two divisions: ITV America, which develops and produces unscripted content and has a portfolio of successful formats and returning series; and ITV Studios America, which produces high-end scripted programming with the potential to travel and build international appeal.

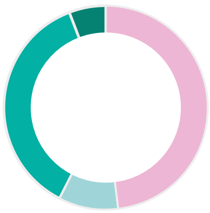
ITV Studios International

ITV Studios also operates in the Netherlands, Germany, France, Italy, Spain, Israel, the Nordics and Australia, producing scripted and unscripted content for local broadcasters and streaming platforms. This is either locally created content, or formats that have been created elsewhere by ITV, primarily in the UK, the Netherlands and in Israel.

Global formats and distribution

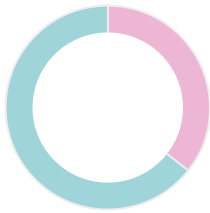
Global formats focus on the sale and exploitation of unscripted formats internationally and ITV is **one of the largest format distributors worldwide**. It also generates revenue from licensing our brands for games, live events and merchandise. The distribution business focuses on the international distribution of ITV Studios scripted and unscripted content and third-party content to broadcasters and platforms internationally. Within this business, we also finance ITV and third-parties productions to acquire global distribution rights.

ITV total revenue



- ITV Studios **£2,096m** (2021: £1,760m)
- M&E digital revenues **£411m** (2021: £347m)
- M&E non-digital advertising revenues **£1,588m** (2021: £1,664m)
- M&E other revenues **£250m** (2021: £271m)

ITV Group adjusted EBITA*



- ITV Studios **£259m** (2021: £213m**)
- M&E **£464m** (2021: £598m)

* A full reconciliation between our adjusted and statutory numbers is included in our APMs on page 57

** This figure has been restated. Please see section 2.1 of the Financial Statements for further detail

Litvinenko launched on ITVX in December 2022. It is based on the true story of the poisoning of Russian spy, Alexander Litvinenko

Media & Entertainment

1,139m
total streaming hours
(2021: 1,048m)

10.5m
monthly active users (MAUs)
(2021: 9.9m)

33.8%
share of commercial viewing for the ITV Family
(2021: 33.1%)

Media & Entertainment (M&E) is the home of ITV's family of channels and platforms – the largest family of free-to-air commercial channels in the UK, It is made up of two parts – Streaming and Broadcast.

Streaming

ITVX, our new, free, ad-funded streaming platform launched in Q4 2022 and supercharges our streaming proposition.

ITVX combines ITV Hub, ITV Hub+ and BritBox UK into an integrated free, ad-funded platform, with a compelling subscription-funded, ad-free premium tier. It will significantly strengthen our offering to viewers – making it a destination rather than a catch up service and offers advertisers targeted audiences at scale through Planet V. Planet V, our scaled programmatic addressable advertising platform, is the UK's second-largest programmatic video advertising platform, after Google.

ITVX has launched and will continue to launch at least one new and exclusive show every week, including dramas such as Love and Death, comedy such as Changing Ends and documentaries such as Boris Becker: Game Set and Match. ITVX has one of the UK's largest free film libraries with over 250 titles and over 200 series available at launch, as well as 20 FAST (free ad-supported TV) channels and ITV's six linear channels.

As well as the free content available on ITVX, ITVX's premium subscription tier offers access to exclusive BritBox UK content – the largest collection of British box sets – all ad-free.

We also generate revenue through in-programme competitions and voting through ITV Win, our digital competitions platform.

In addition to BritBox UK, ITV has a subscription streaming joint venture with the BBC, BritBox International. This is available in the US, Canada, Australia, South Africa, and the Nordics. It provides local audiences with an unrivalled collection of British box sets and original series all in one place.

Broadcast

Broadcast is the home of our linear channels and continues to deliver ITV's USP of mass simultaneous reach and live unmissable content.

ITV's family of channels are advertiser-funded and consist of ITV1, ITV2, ITV3, ITV4, ITVBe, and CITV. ITV1 offers unique audience scale and simultaneous reach to television advertisers, whilst our other channels offer more targeted demographics. These revenue streams enable our investment in high-quality programming across a range of genres, which underpins the success of both Broadcast and Streaming.

Chairman's Statement

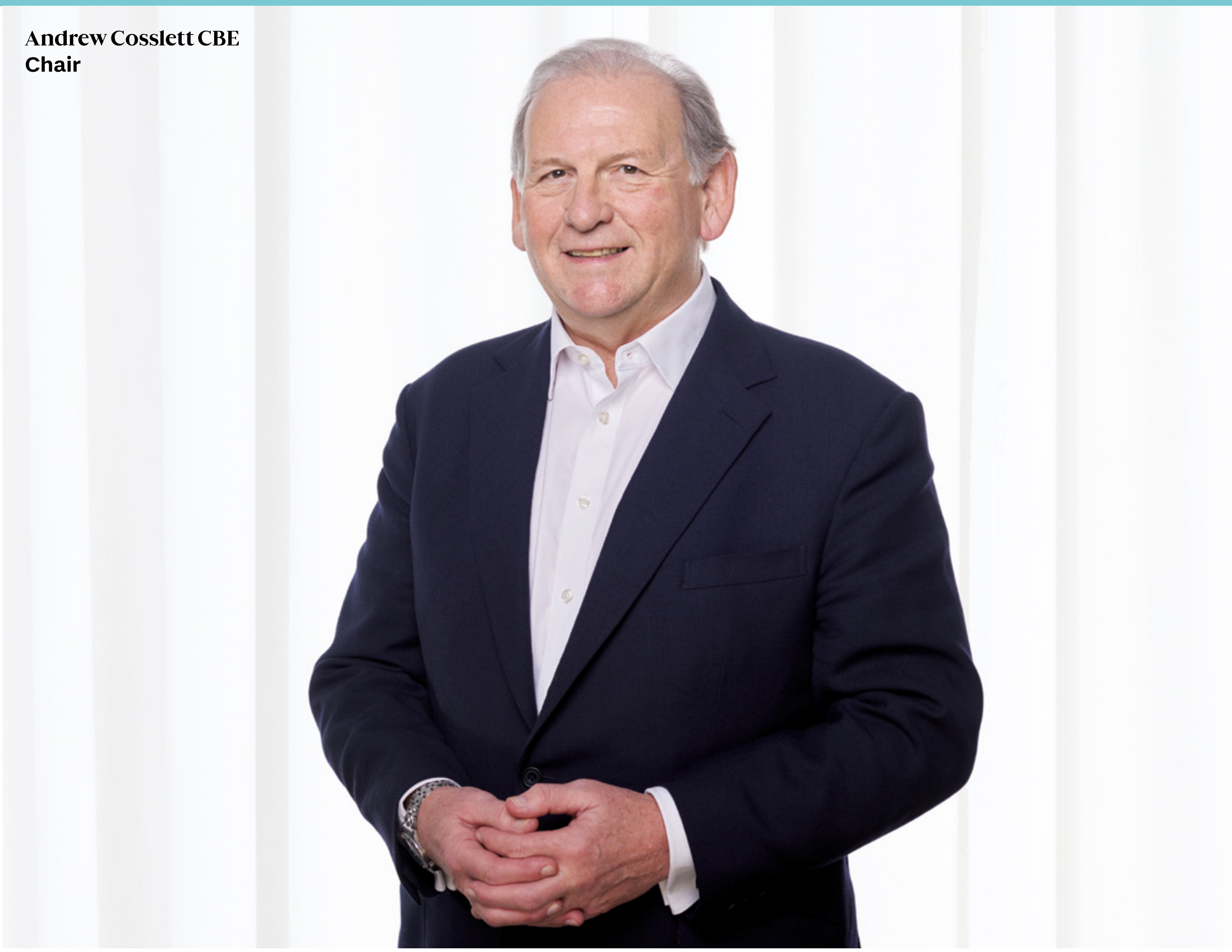
In my first few months as the Chair of ITV what has struck me most is our team's passion and pride in what we do. This exists right across the organisation and the evidence can be seen in the excellence of our creative output and in the shared commitment to make a difference to the lives of our viewers and the communities we serve.

The expectations of business to be good corporate citizens is growing all the time and I have been very pleased to find in ITV a culture that truly believes in it and not only wants to meet this expectation but to lead it. Our purpose is to entertain and inform and we are very good at this, engaging millions of people with the highest quality content. But we also recognise that we have an ability to influence social attitudes and individual actions like few other commercial organisations can.

This is a privileged position and one the Company is mindful not to overreach but we can use the power of our communication for good and we take active steps to do so, when appropriate and when we see the opportunity.

In 2022 for example, 47 million positive actions to improve the UK's physical and mental health can be attributed to ITV campaigns on these two key societal issues.

Or, on the environmental agenda, the Company was proud to announce its Climate Content Pledge which seeks to inspire viewers to take action to reduce their personal climate impact. This initiative, along with our work to improve corporate governance and transparency on climate action helped earn ITV a coveted 'A' rating in 2022 from the internationally renowned Climate Disclosure Project (CDP).



Andrew Cosslett CBE
Chair

This demonstrable commitment to purpose, culture and values is led from the top. Much of the credit goes to my predecessor, Sir Peter Bazalgette who, after nine years on the Board, six of them as Chair, stepped down last September with the Company's sincere thanks for all that he had achieved. Thanks also go to our talented management team who really 'walk the talk' on social impact, under the excellent guidance of our Chief Executive, Carolyn McCall.

The Company reported a robust set of financial results for 2022 despite the significant challenges in the wider economy. Advertisers clearly still value the size and reach of the audience that ITV provides and, as a result, we were able to record the second highest level of total advertising revenue in our history. Our two main growth drivers, ITV Studios and our digital business within Media & Entertainment, saw their revenues grow by 19% and 18% respectively. Adjusted EBITA was down 12% on prior year which mainly reflects increased investment in content and in the launch of ITVX towards the end of the year. Free cash flow was £280 million (2021: £407 million). The Board acknowledges the importance of dividends to shareholders and has proposed a final dividend of 3.3p, giving a full year dividend of 5p per share (2021: 3.3p).

The industry environment in which ITV operates is changing rapidly and we expect new and emerging technologies to continue to make change an ever present reality of our competitive landscape. But ITV is well placed to take advantage of these changes. ITV employs a powerful operating model that creates value by integrating a high value, international Studios business with the UK's leading commercial broadcast platform. The synergies created by this model are considerable and in 2022 we took steps to strengthen the model further. Actions included the acquisition of two highly acclaimed production businesses and, in Q4, the launch of ITVX, a scaled, all new streaming service to replace ITV Hub offering both a free ad-funded tier and a subscription ad-free tier. The integration of the Studios acquisitions has been smooth and the early performance of ITVX is highly encouraging. These strategic moves will bolster ITV's global reputation in production, build our already powerful distribution arm and, via ITVX, give advertisers more reason to direct UK media investment to ITV.

ITV is powered by its people. We are fortunate to be able to attract and retain the brightest and best in our sector.

ITV is powered by its people. We are fortunate to be able to attract and retain the brightest and best in our sector. We have a strong and capable Board who I have the privilege to lead, a talented senior team and the entire enterprise seems to buy into our mission. This is a great platform on which to build this business and I look forward to working alongside my new colleagues over the months and years ahead. For now I would simply like to thank them all for their warm welcome and for their massive contribution in a year the Company took on one of the biggest change agendas in its long history... and delivered.

Andrew Cosslett CBE
Chair of the Board

Britain Get Talking 7 million people took action to support mental wellbeing as a result of 2022's Breakthrough campaign

Good Morning Britain is a weekly morning news programme, produced by ITV Studios. The show attracted five million viewers each week in 2022

Vera is produced by Silverprint Pictures, an ITV Studios label, and returned for its 12th series in 2023

Chief Executive's Statement

2022 was a year of strong execution and significant strategic progress. We delivered record revenues in ITV Studios, the second highest advertising revenue in ITV's history, and grew Media & Entertainment's digital revenues by 18%, with the significant increase in content, improved user experience and the successful launch of ITVX.

We continued to grow, strengthen and diversify ITV Studios including through the acquisition of Plimsoll Productions, a leading natural history producer. In Media & Entertainment (M&E) the launch of ITVX, our new free, ad-funded streaming service was received extremely well by viewers and advertisers. We also continued to invest behind Planet V, our owned and operated addressable advertising platform, through which over 90% of our addressable advertising inventory is now sold.

In the UK we continued to entertain and inform the nation with a strong slate of drama, entertainment and news programming. And as a Public Service Broadcaster (PSB) we contribute to our culture and society, whether creating shared moments, highlighting difficult issues or running campaigns for mental and physical wellbeing.

The market continues to evolve rapidly, with growing demand globally for quality content; changing viewing habits; and the desire of advertisers for both mass reach and data-led addressable advertising. We are confident in our ability to execute our More Than TV strategy which will ensure we capitalise on the opportunities and mitigate the risks of this evolving market.

Carolyn McCall
Chief Executive

Financial highlights

Both ITV Studios and M&E performed better in 2022 than we expected at the start of the year.

Total ITV Studios revenue grew ahead of the market, up 19% at £2,096 million, with growth across all parts of the business and is now above 2019 levels. Adjusted EBITA was up 22% at £259 million with a margin of 12.4%, up from 12.1% in 2021.

M&E's total revenue was down 1% at £2,249 million, driven by 1% decline in total advertising revenue as expected. This was still the second highest advertising revenue in ITV's history and within this digital advertising revenues were up 17%. Total digital revenues were up 18% at £411 million. M&E's adjusted profit was down 22% at £464 million which largely reflects increased investment in content and in ITVX.

Total group external revenues increased 8% to £3,728 million, driven by non-advertising revenues up 16% as we increasingly rebalance the business. Group adjusted EBITA was down 12% and adjusted EPS was down 14% at 13.2p reflecting investment in future growth partly offset by £23 million of permanent cost savings. We have now delivered £106 million of cost savings since 2018, ahead of our £100 million target.

Statutory operating profit remained flat and statutory EPS increased by 14% to 10.7p.

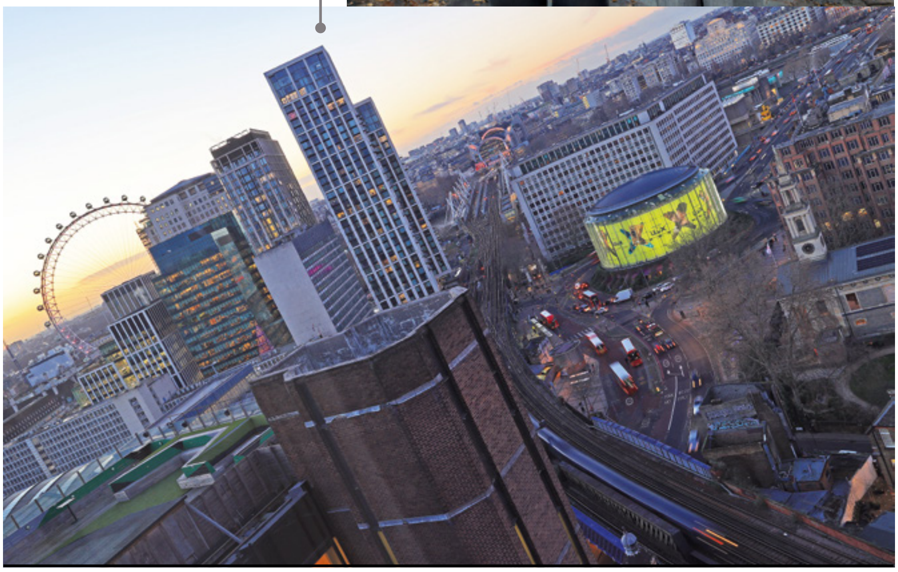
We again delivered good cash generation in the year, with profit to cash conversion of 75% and generated £280 million of free cash, slightly lower than in previous years as we invest in ITVX and grow ITV Studios. Our balance sheet is robust with net debt at 31 December 2022 of £623 million and our net debt to adjusted EBITDA was 0.8x (31 December 2021: 0.5x).

We are mindful of the macroeconomic uncertainty and remain focused on tightly managing our costs and cash flow. Our priority remains to invest in our key assets and value drivers in line with our strategic priorities, balancing this with our commitment to investment grade metrics over the medium term and returns to shareholders.

Reflecting the Board's confidence in the business and its strategy, as well as continued strong cash generation, it has proposed a final ordinary dividend of 3.3p, giving a full year ordinary dividend of 5.0p. The Board remains committed to paying a full year ordinary dividend of at least 5.0p, which it expects to grow over time.

I am incredibly grateful for the hard work and commitment all our colleagues show – it makes ITV the creative, collaborative and commercial business that we are.

The Thief, His Wife and The Canoe was one of the UK's top five most-watched dramas in 2022



ITVX launched successfully in Q4 2022, with a multichannel marketing campaign to mark the launch

Our strategic vision

The Board keeps the More Than TV strategy under regular review to ensure it is responsive to market changes. The Management Board and I are totally focused on executing our More Than TV strategy which will create a more valuable digital media and entertainment company and deliver returns to shareholders.

Our vision for 2026 is to be a leader in UK streaming, and an expanding force in UK and global content. We are focused on three priorities to deliver this vision:

- Expand our UK and global production business
- Supercharge our Streaming business, and
- Optimise our Broadcast business

For each of these priorities we have set key performance indicators and targets to deliver by 2026 and with the good progress we have made to date, we are on track and confident we can deliver against this. We are viewer and customer driven and every decision will combine our creativity and data insight to achieve this.

ITV has a unique market position as a global and diversified vertically integrated producer broadcaster and streamer with content central to everything we do. This gives us a real competitive advantage in achieving our vision. It provides ITV Studios with a base of core commissions and a significant promotional engine for its content, and enables cross-promotion and monetisation of our intellectual property (IP) across all our business models. It secures access to great content for ITV's channels and streaming business; it enables us to offer advertisers a unique opportunity to integrate their brands into our shows; and very importantly, it helps us attract and retain creative talent, which is critical in a successful creative business.

Endeavour returned to screens in February 2023 for its ninth and final season. It is produced by Mammoth Screen, an ITV Studios label, and first aired in 2012. It has since been sold to over 200 countries worldwide

Dancing On Ice is produced by Lifted Entertainment, an ITV Studios label and returned to screens for its 15th series in January 2023

ITV Studios

ITV Studios is a leading global producer of TV shows operating in 13 countries, across 60+ different labels. It is also diversified by content genre and type of customer.

ITV Studios is the number one producer in the UK and is one of the top three international producers in the majority of the markets in which it operates, which gives it scale and has enabled it to build relationships with the key content buyers and leading creative talent in those markets. TV production continues to be a growing market and ITV Studios, due to its size and diversity, has grown consistently ahead of the market and will continue to do so. Its scale and quality also gives it the opportunity to derive industry-leading margins.

From this strong position, we expect ITV Studios to continue to grow ahead of the market over the medium term, delivering at least 5% revenue growth on average per annum, at a margin of 13 to 15%, although it will be at the lower end of this range in the shorter term due to increased production costs and the growth in our scripted production.

To deliver this growth we are focused on four growth drivers to ensure ITV Studios is well placed to take advantage of the growing demand for quality content:

- growing our scripted business to meet the significant demand for scripted content globally
- growing our global formats business in order to maximise the value of existing formats and creating new global formats
- further diversifying our customer base to capture the growth in content spend from local and global streaming platforms
- continuing to attract and retain leading talent

ITV's federated label model and the strong connection with ITV M&E, (and therefore access to ITV's mass reach and powerful promotional engine in the UK), makes it a very attractive home for top creative talent and we are proud to be able to continue to attract the best talent in the market, including in 2022 welcoming Plimsoll Productions, Lingo Pictures (an international scripted producer) and Ben Stephenson, who set up an international scripted label, Poison Pen Studios, in ITV Studios.

Our newest labels created through our recent talent deals have delivered an impressive slate of programmes, including Nolly from Quay Street Productions and You & Me from Happy Prince.

As a creator, owner and distributor of content, ITV can maximise the global value of its IP through optimising the windowing of content across different distribution channels and customers. It has built one of the largest and broadest catalogues in the world with over 90,000 hours of content. Our scripted labels are creating and producing high-quality content with international appeal for free-to-air broadcasters and increasingly streaming platforms, such as Physical for AppleTV+ which returns for a third series in 2023 and Ten Year Old Tom for HBO Max. In 2022, high-end scripted hours increased by 58% to 276.

ITV is one of the largest producers and distributors of unscripted formats which are monetised in multiple markets internationally by producing versions in different territories. This includes established formats such as The Voice (72 territories) and Love Island (26 territories) and formats with the potential to be future hits such as: My Mom, Your Dad, which has already been commissioned in ten territories and Loaded in Paradise which has launched on ITVX. In 2022, we had 19 formats which were sold in three or more territories, compared to 15 in 2021.

Global streamers continue to drive the demand for content internationally. We have significantly increased our percentage of total revenues from streaming platforms to 22%, from 13% in 2021. Following this success we have increased our 2026 target to 30%, from 25%. Whilst streamers' content spend is not expected to grow at the same rate as in recent years, we still expect total content spend in the global market to continue to grow in the medium term by around 2 to 3%.

Media & Entertainment (M&E)

ITV is the largest commercial broadcaster in the UK with unrivalled audience size and reach. Its share of viewing amongst commercial broadcasters is 33.8%. In 2022, it delivered over 90% of the top 1,000 audiences (which are key to increasingly scarce brand building mass reach) and its scale and quality enables it to effectively compete for viewing and command a premium from advertisers. ITV has an 18% share of video viewing amongst broadcasters and streamers in the UK (across the four major viewing screens – TV, mobile, PC and iPads) which is broadly the same as all the streaming services combined.

ITV's leading position in linear TV advertising has enabled the Group to build a substantial national streaming position with ITV Hub and BritBox UK, and now ITVX. ITVX, our ad-funded, free to watch service was successfully launched in Q4 2022 to a positive reception from viewers and advertisers. ITVX has a significant volume of high-quality original exclusive programming; one of the UK's largest free film libraries; 20 new FAST channels and all ITV broadcast channels, with live sport and entertainment. ITVX has a premium subscription tier where consumers can watch all programmes plus BritBox UK (ITV and BBC library content) ad free. In total ITVX has 19,000 hours of content. In 2022, ITV increased monthly active users by 6% to 10.5 million; total streaming hours by 9%; total monetisable streaming hours by 18% and UK subscribers by 17% to 1.4 million.

Over the last four years, ITV has invested in data and technology resource and built its own proprietary ad tech stack, branded Planet V, which enables advertisers to buy highly targeted advertising. As a result, ITV and ITVX are well positioned to capitalise on their unique strengths to compete with newer entrants, such as YouTube and global subscription services: ITV has deep relationships with agencies and advertisers; brand safe and measured advertising; a track record of commissioning and producing content which appeals to UK audiences; and over 95% prompted awareness for ITV amongst UK viewers.

The advertising market has grown consistently in the UK (delivering a CAGR of 7% over the last ten years). This growth has been primarily driven by online.

Balthazar is a French crime thriller produced by Tetra Media Studios, an ITV Studios label. The fifth series launched on TF1 in January 2023

Blackwater is a Scandinavian drama series produced by Apple Tree Productions, an ITV Studios label, for SVT

Within this overall UK market, linear TV advertising has been resilient, despite a gradual decline in audiences. In fact, ITV's ad revenue reached an all time high in 2021, and 2022 was the second highest advertising revenue year ever despite the impact of the conflict in Ukraine and cost of living crisis. This reflects the unique role mass reach plays in the advertising mix with its ability to build brands and drive performance and we expect that the cost of advertising will rise as mass reach becomes increasingly scarce. While in the short term the advertising outlook is challenging, we expect linear advertising revenues to remain resilient and continue to be highly cash generative. This underpins our continued growth investment in ITVX and Studios, which power ITV.

ITVX has over 37 million registered users, giving ITV, one of the largest first party data sets in the UK. In a world of increasing privacy legislation, this gives ITV a competitive advantage and the opportunity to further build a targeted advertising offer enabling ITV to compete and take share in the growing advertising segments of online video and display.

Our ability to take share in these growing segments of the market is underpinned by Planet V. Planet V is ITV's proprietary, self service programmatic addressable advertising platform for agencies to book targeted advertising (adverts dynamically inserted into the viewers stream based on over 20,000 different data points). It is now the second largest video ad-tech platform in the UK, (second only to Google) and used by all major agencies. The platform allows advertisers to capitalise on:

- sophisticated targeting based on many dimensions – e.g. demographic, household wealth and income, purchasing history, geography, weather, creative context and many more
- the lower creative cost of running a campaign
- a lower total campaign cost and
- ease of booking

It is being used by existing advertisers to combine mass reach with targeted advertising and by new to ITV advertisers, using targeted only, all using our first party data (and their own first party data), with gold standard measurement. Between the launch of Planet V in 2020 and the end of 2022, ITV's targeted digital advertising revenue grew by over 60% and attracted over 600 new advertisers to ITV. In addition to accessing new pools of revenue, targeted advertising typically attracts higher pricing points.

As a result of the investment in ITVX and Planet V, our ability to deliver mass reach and targeted advertising and our close relationship with agencies and marketeers, ITV is expected to thrive, innovate and grow in a vibrant long-term growing UK advertising market.

Our Purpose and Social Purpose priorities

Our purpose is to entertain and connect with millions of people globally, reflecting and shaping culture with brilliant content and creativity.

Our Environmental, Social and Governance agenda is an essential part of our purpose and our ability to deliver our goals.

ITV is committed to driving positive social change and is uniquely placed to do this on and off-screen through our extensive reach, supported by rigorous targets and social purpose priorities – Better Health, Diversity & Inclusion, Climate Action and Giving Back.

Our audiences have had a lot to deal with this year. The physical and mental health pressures caused by the pandemic are ongoing and becoming exacerbated by the mounting burden of the cost of living. This has been front of mind for us when developing campaigns and initiatives that can really make an impact, such as Britain Get Talking which encourages millions to take action and ensure people get the help they need.

Climate Action remains a priority which means ensuring we significantly reduce our emissions in line with our science-based targets by 2030 and achieve Net Zero by 2050 in how we make, broadcast and stream our shows, but also using our reach to inform and inspire audiences to make greener choices.

Our Diversity and Inclusion Acceleration Plan is focused on creating and showcasing content that reflects modern audiences and ensuring there is equality of opportunity and that ITV is an inclusive place to work. We've championed diversity across our biggest shows and created new opportunities for underrepresented groups in our workforce, from senior leadership programmes like Amplify, to Kickstart, a six-month placement scheme for those coming into the industry.

As part of our Giving Back priority, we are very pleased to have been able to play a part in helping those affected around the world by tragic humanitarian circumstances. Our Concert for Ukraine and annual charity football match, Soccer Aid for UNICEF, raised a combined total of over £29 million thanks to the generosity of our viewers, advertisers and our own colleagues.

ITV Pride is our company-wide LGBTQ+ (Lesbian, Gay, Bisexual, Trans and more) colleague network with over 300 members

The Martin Lewis Money Show Live is a current affairs show, produced by Multistory Media, an ITV Studios label

Women's Rugby World Cup aired on ITV and ITV4, with all games shown live on a UK free-to-air broadcaster for the first time

A Royal Grand Design sees the reigning monarch lead the renovation of Dumfries House over the space of a decade on ITV1

Colleagues

It is easy to say that colleagues are at the heart of our success. I hope they all see, through our actions that this is the case. One of the best parts of my role is meeting ITV colleagues from all areas, and across the very strong regions of the UK and also in our offices internationally. Their input and feedback is invaluable, and we act on that frequently. I am incredibly grateful for the hard work and commitment all our colleagues show – it makes ITV the creative, collaborative and commercial business that we are. We have achieved a huge amount in 2022 which would not be possible without them.

We are committed to investing in and building a high performing, agile and diverse workforce. We continue to invest in their development through a range of online and in person workshops to build leadership capability and support personal skills development, wellbeing and resilience for all employees.

Duty of Care

Supporting the mental and physical health and safety of colleagues and others who work with ITV and those participating in our productions, is a key priority. I chair the Duty of Care Operating Board which meets regularly. With the help of external experts, it provides guidance around best practice and evolves our approach to mental health and wellbeing. The Duty of Care team is in place to provide expertise to support the business. A key priority in 2022 was to ensure our Speaking Up policy provided the right channels and support for our colleagues, which remains a focus for 2023.

ITV continues to monitor and respond to historical issues to further strengthen our Duty of Care policies. In the Netherlands, ITV has appointed a Dutch law firm to conduct an external investigation into allegations of inappropriate behaviour surrounding The Voice of Holland prior to 2020. In the UK, ITV will be giving evidence and cooperating with the inquest into the death of Steve Dymond, who died in 2019 in the days following the filming of The Jeremy Kyle Show.

Regulation

The government published its media White Paper in 2022 setting out its plans to transition from public service broadcasting (PSB) to public service media (PSM). We remain fully engaged with Ofcom and government, particularly on the need for prominence, inclusion and fair value for PSBs on all major platforms, including online. The government intends to introduce a Media Bill as soon as parliamentary time allows and we are encouraged by the broad political consensus for the Bill.

We continue to make the case for evidence-based regulation of advertising, to ensure that any economic impact is justified by compelling public health or other benefits. We do not believe the government made that case in relation to restrictions on High Fat Sugar and Salt (HFSS) food and drink advertising. In a welcome move, the government used secondary legislation to push back the introduction of these restrictions until 1 October 2025.

Outlook

Despite the current macro and geopolitical uncertainty we are making significant progress at pace. The short-term outlook is challenging, with total advertising revenue (TAR) expected to be down around 11% in Q1 but we remain very focused on successfully executing the strategy and enter 2023 with strong momentum. We are well on track to deliver all our 2026 KPI targets and will continue to invest to support the strategy and the long term profitability of ITV and creating shareholder value.

The combination of a scaled and expanding global TV production business, a resilient linear TV advertising business, a rapidly growing digital targeted TV advertising business and a unique vertically integrated producer broadcaster and streamer model means that ITV is growing and diversifying, reducing its dependence on the linear business. While linear will continue to have an important role in the advertising mix, by 2026 we expect around two thirds of ITV's total revenues to come from our growth drivers – ITV Studios and M&E digital revenues. This is expected to drive increased profits, from an inflection point in 2023, creating a more valuable business, underpinned by a strong balance sheet, continued investment in organic and inorganic growth and a regular and growing dividend.

Carolyn McCall
Chief Executive

Investor Proposition

Ant and Dec's Saturday Night Takeaway
returns for its 19th series in 2023

1.
Unique market position

ITV is a **leading global and diversified vertically integrated producer broadcaster and streamer** which gives us a **real competitive advantage.**

There are several key pillars to ITV's strong market position and its ability to successfully execute its strategy:

1. **ITV Studios** is a **scaled, TV and streaming content production business, diversified by genre, by customer and geography** within the **growing global content market**
   - **UK's largest commercial producer** and one of the world's **largest independent producers** enabling it to build relationships with key content buyers and leading creative talent
   - **Global distribution network with a library of +90,000 hours** of content rights and we are **one of the largest global distributors** of unscripted formats
   - This enables ITV Studios to **grow ahead of the market** and deliver **industry leading margins**
2. **ITV M&E**, with quality content at its core, offers a **strong viewer proposition** across live and streaming, and an **integrated advertising proposition** offering both **mass reach audiences** and **targeted addressable audiences at scale.** As a vertically integrated business it also offers advertisers the unique opportunity to integrate their brands into our shows
   - ITV is the **largest commercial broadcaster** in the UK, with unrivalled audience size and reach. In 2022 it delivered **93% of the top 1,000** commercial broadcast programmes on TV and had a **33.8%** share of commercial viewing
   - **ITVX**, our new, **free, ad-funded** streaming service with **19,000 hours** of content including high-quality **original exclusive programming**
3. ITV has significant **competitive advantages** in the large and **growing digital advertising market** supported by our data and tech capabilities
   - One of the **top data sets in the UK** with **37 million** registered user accounts on ITVX
   - **Planet V**, our proprietary, self-service, programmatic video advertising platform which enables us to dynamically serve advertising at scale. It is the **second largest ad-tech platform in the UK**, after Google, used by all the major agencies
   - Deep **relationships** with agencies and advertisers; **brand safe** measured environment; **track record** for commissioning and producing content that appeals to UK audiences and over **95% prompted awareness** for ITV amongst UK viewers
4. **Fast growing** international streaming service, **BritBox International**

2.
Clear strategy providing a solid platform for execution

ITV's 2026 vision is to be a leader in UK streaming and an expanding global force in content through:

Expand Studios globally

Supercharge Streaming

Optimise Broadcast

This will create a resilient, diversified and growing media and entertainment business. This will continue to reduce our dependence on linear advertising, with revenue from our growth drivers, ITV Studios and M&E digital revenues, expected to make up about two thirds of total revenues by 2026, up from around 50% in 2018.

1. **Studios revenue is expected to grow ahead of the market** and **by at least 5% on average per annum** by 2026. The **EBITA margin will be between 13% to 15%** from 2023, although at the lower end of the range in the shorter term
2. **Successful launch of ITVX** – our **new, free, ad-funded streaming service**. It supercharges our streaming business providing viewers with a content-rich destination rather than a catch up service and provides advertisers with valuable addressable audiences at scale. In addition it has a premium, ad-free tier. ITVX will drive significant digital viewing and revenue growth and with our established data and analytics capabilities will drive **higher-value data-driven pricing models** and help to **deliver at least £750 million of digital revenue by 2026** and **double streaming viewing, double MAUs** and **double subscribers from 2021 to 2026**
3. We expect **linear advertising revenues to remain resilient and continue to be highly cash generative** and underpin our continued growth investment in ITVX and ITV Studios. ITV will continue to optimise its model between broadcast and streaming, maintaining its **share of commercial broadcast** viewing and its unique ability to deliver **mass audiences** whilst growing digital streaming revenues

3.
Strong 2022 operating performance with strategic and operational momentum

ITV's model delivered **strong revenues in 2022**.

- **ITV Studios continued to outperform the market**, growing total revenues at 19% and its revenues are now 15% **above 2019 levels**. It has increased its high-end scripted hours by **58%**; increased the number of formats sold in three or more countries from 15 to **19**; and significantly increased the percentage of revenues sold to streamers to **22%**, from 13% in 2021
- M&E has delivered its **second highest advertising revenues in its history**, reflecting the unique role mass delivers, and continues to report strong M&E **digital revenue growth, up 18%. Streaming hours** were up **9%, monetisable streaming hours** were up **18%**, and **monthly active users** were up **6%**, driven by significant increase in content available; improved user interface; and the **successful launch of ITVX**

We have also been further building our **data-driven and ad tech capabilities**:

- 90% of all ITV's digital ad inventory is now sold through Planet V, which has **20,000 data targeting options** and three way **data matching** for targeted advertising, making **inventory more valuable for advertisers**
- **Planet V 2.0** which provides users with a new look, better functionality and more parameters to help build effective campaigns is **now being trialled**

4.
Financial strength and cash generation

ITV retains a stable **investment grade balance sheet** supported by **strong and reliable cash generation** to enable ITV to invest behind its key priorities.

ITV maintains tight financial discipline with a focus on efficiencies. We have achieved **£106 million of cumulative cost savings in 2022** compared to 2018 with an **incremental £50 million of permanent savings targeted by 2026**.

The Board is committed to an **ordinary dividend of at least 5.0p per annum**, which will grow over time. **Surplus cash will be used for accretive, value-adding M&A or further capital returns**.

Hell's Kitchen USA, the reality cooking show hosted by Gordon Ramsay, returned to screens in September 2022 on FOX

Market Review

The markets in which we operate are dynamic, increasingly competitive and rapidly changing. We are seeing increasing demand for content globally driven by the proliferation of both ad-funded and subscription platforms. This combined with changes in the way viewers consume media, brings both challenges and exciting opportunities to ITV.

The Serpent is a crime drama, based on a true story. It is produced by Mammoth Screen, an ITV Studios label, for the BBC and Netflix internationally

Summertime is produced by Cattleya in Italy, an ITV Studios label, for Netflix

The Ipcress File is a cold war spy thriller series, available on ITVX. It is also distributed by Global Distribution, which is part of ITV Studios

The Voice Kids returned for its sixth series in 2022

Strong global demand for content

Trend

The demand for quality content from broadcasters and platform owners remains strong and we expect the global content market to continue to grow over the next five years, driven predominantly by streaming platforms. While the budgets of many free-to-air broadcasters (FTA) and Pay TV operators are under pressure, they are continuing to invest in their schedules, and despite the growth of streaming platforms, FTA and Pay TV are expected to remain the largest buyer segment in the market. Whilst content spend growth from streaming platforms is expected to slow compared to recent years, it will still continue to grow and is expected to make up 33% of the overall market by 2026 (Source: Ampere Analysis, Sept 2022). This includes spend on all types of content including films and sports rights. With a focus on growing subscribers against a challenging backdrop, streamers continue to demand exclusive, brand-defining original content, including local language and library content, to meet the increased expectations of new and existing subscribers.

The demand for high-quality scripted content, in particular, has increased significantly, with the global streaming platforms investing heavily to attract subscribers, using it as a tool for differentiation and prominence in an increasingly competitive global environment. This has increased competition and costs in the market, particularly for on and off-screen talent impacting the margin for scripted content, which is generally lower than other genres.

Demand for unscripted content remains strong as platforms and channels also require cost-effective, high-volume popular series. This content supplements the expensive scripted titles and reliably attracts mass simultaneous viewing. FTA broadcasters have chosen to resurrect old formats such as Big Brother (ITV), Survivor and Gladiators (BBC).

The UK remains the dominant producer and exporter of unique unscripted formats. The US dominates scripted and is the largest content market in the world. Other key attractive creative markets include France, the Nordics, Italy, Germany, Australia, and Spain which has access to Latin American markets.

How we are responding

ITV Studios is a leading global creator, producer and distributor of content, operating in 13 countries with over 60 labels. It is diversified by content genre, customer and geography. ITV is one of the top three international producer groups in most of the markets we operate in (based on internal estimates) which gives ITV scale and has enabled us to build relationships with the major content buyers globally.

ITV Studios strategy is focused on growing scale in scripted content in English and local languages to meet demand, as well as to diversify our customer base, particularly towards streaming platforms. Over the last few years, we have invested in creative development and strengthening our creative talent base across ITV Studios to help drive scripted commissions and relationships with global streaming platforms. Unscripted content remains important and we have built a healthy pipeline of returning formats which continue to grow as well as focusing on the development of new global unscripted formats.

Creating and owning the IP for our content is key to ITV Studios. It allows us to maximise its global value through optimising the windowing of content across different distribution channels and customers, format sales, and licensing. This contributes to our higher overall ITV Studios margin relative to our industry peers. We have built one of the industry's largest, broadest and deepest catalogues with over 90,000 hours of content.

As a vertically integrated producer broadcaster and streamer, ITV Studios also benefits from demand for its content from ITV's linear and streaming propositions, providing M&E with a strong and secure content supply.

ITV Studios continues to embed production innovation and new ways of working to help mitigate production cost inflation in the market. This includes the use of remote cloud editing, production hubs for key formats and the use of AI in production processes.

See the Operating and Financial Performance Review for further detail on these areas.

Digital platforms and changing viewer habits

Trend

The viewing day has become increasingly fragmented with the entry of global subscription services, such as Netflix, Amazon Prime and Disney+; local streaming services such as Viaplay from NENT; user generated video sharing platforms such as YouTube and TikTok; and more recently ad-funded streaming services both from large global conglomerates, such as Hulu, Pluto TV (ViacomCBS) and Tubi (FOX), and from global subscription streaming platforms such as Netflix and Disney+, launching 'ad-lite' subscription tiers. These are all competing with live and streaming viewing from existing platforms.

The rise in the number of platforms offers viewers increased choice and flexibility about what, how, where and when they watch content. This has significantly impacted viewing habits globally, with the COVID-19 pandemic further accelerating some of the digital viewing trends we had previously started to see. There has been a significant increase in streaming viewing on TVs (particularly connected TVs) and non-TV devices (such as smartphones, tablets and computers). This evolution, however, is not uniform across demographics, with younger viewers spending proportionally more time consuming content on non-TV devices, while older demographics spend comparatively more time engaging with broadcast television.

In the UK, linear viewing of Broadcast TV (which is defined as viewing of a TV set to broadcast programmes that are viewed either on the day of transmission or within seven catch-up days. This can mean live, recorded playback or video on demand via a TV set) remains very popular and reaches 83% of the population (with a TV set) each week. And within broadcast TV viewing, live viewing made up 82% in 2022 (Source: BARB). Viewing on public service broadcasters (PSB) in the UK has remained more resilient than linear channels in other markets and is helped by the strength and investment in original content made by the PSBs, particularly the BBC and ITV.

Overall usage of a TV set (including broadcast TV, streaming platforms, YouTube and games consoles) is declining, down 9% in 2022 to 231 minutes per person, with 2021 partly benefiting from strong viewing volumes as a result of COVID-19 stay-at-home restrictions in H1. Within this, the total number of viewing hours of broadcast TV fell by 12% and other uses of a TV set (such as on streaming platforms, YouTube, and games consoles) declined by 3%, with the relative resilience of the latter attributed predominantly to streaming. (Source: BARB – C7 viewing via a TV set, within seven days of original transmission, recorded or video on demand).

In terms of total viewing, regardless of which device it is watched on (e.g. TV, mobile, PC or iPad), Broadcast TV remains the most watched platform, accounting for around 60% of an individuals average video time per day, followed by YouTube and streamers (see chart below) (Source: BARB/Thinkbox).

How we are responding

We recognise the viewing landscape has become increasingly competitive and fragmented, and while ITV's linear channels continue to drive significant audiences, viewers also want the flexibility to watch an increased choice of content whenever and wherever they are.

We successfully launched ITVX, our new, free, ad-funded streaming platform in Q4 2022. ITVX significantly strengthens our offering to viewers – making it a destination rather than a catch up service – and offers both a linear live experience through its traditional channels and new FAST channels, and on demand access to weekly new exclusive original content alongside all of the linear content and a substantial archive. As well as the free content available on ITVX, ITVX's premium subscription tier offers access to exclusive BritBox UK content – the largest collection of British box sets – all ad-free.

We will invest around £1.3 billion annually in our content budget across all our channels and platforms. We will invest in high-quality, trusted content across a wide range of genres, including large family entertainment shows, sport, drama, factual and news which will drive simulcast viewing on ITVX and mass audiences on linear channels.

In addition to our UK streaming proposition, we also have our successful BritBox International service in the US, Canada, Australia, South Africa and the Nordics.

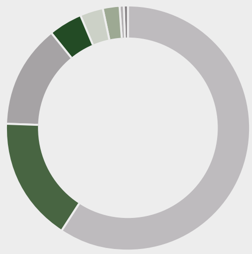
See the Operating and Financial Performance Review, and Strategy sections for further detail.

Deep Fake Neighbour Wars is a new comedy impressions show which launched on ITVX in January 2023

Average video time per day

All individuals

4hrs 30 mins



Broadcaster TV 59.5%
YouTube 16.4%
Subscription streaming 13.7%
TikTok 4.4%
Online Adult video 3.1%
Other online video 2.2%
DVD 0.4%
Cinema 0.3%

Source: 2022, BARB / Broadcaster stream data / Viewers Logic/ IPA Touchpoints 2022 / Pornhub / UK Cinema Advertising Association (CAA), Office of National Statistics (ONS)

The Walk-in produced by ITV Studios, dramatises the infiltration of far-right terrorist group National Action, foiling a plot to murder an MP

The Suspect is a drama series produced by World Productions, an ITV Studios label

Queens for the Night aired in the UK in November 2022. ITV Studios has acquired the rights in each territory where it has an unscripted production base and distribution rights for the format and finished versions worldwide (excluding the UK)

The UK advertising market

Trend

The UK advertising market continues to grow, up 7% CAGR over the last ten years. In 2022, total advertising spend grew 9% year-on-year to £35 billion (2021: £32 billion). This growth has largely been driven by online advertising, up 10% in 2022 and up 17% CAGR over the last ten years. Online is the largest category of advertising spend followed by TV advertising (including spot, streaming, sponsorship and other advertising related revenues), which together made up 88% of the advertising market in 2022 (2021: 88%).

Linear mass reach helps advertisers build brands and drive performance. Online advertising provides advertisers with a targeted proposition, requires a lower campaign budget compared to TV, and provides brands with a quick, short-term impact for their marketing campaign. Within online advertising, search is the largest, dominated by Google, followed by Display and Online Video, dominated by Google and Facebook.

The UK advertising market, and particularly television spot advertising, has been impacted by macroeconomic uncertainty, however in 2021, ITV achieved record-breaking advertising revenues, and 2022 advertising revenues were the second-highest on record. Other categories such as outdoor, press and cinema advertising have not fully recovered above pre-pandemic levels (Source: Advertising Association January 2023).

While streaming viewing and advertising has grown strongly, viewing of TV (live linear, simulcast or streamed) advertising remains dominant accounting for over 80% of an individuals average video advertising viewing, and 56% for 16-34s (see chart above) (Source: BARB/Thinkbox).

How we are responding

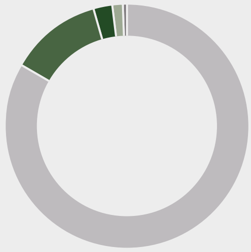
ITV's linear television channels continue to offer unique scale and reach of all the key demographics that advertisers target, and it remains a cost-efficient, flexible and trusted way of advertising and an important part of marketing campaigns. We have focused on developing deep strategic partnerships with our advertisers and agencies, with data-driven insights to demonstrate the power of television. Over the last year, we have successfully brought new advertisers to television, encouraged existing digitally mature brands to increase their spend. As a vertically integrated producer broadcaster and streamer, we are able to provide innovative ways for brands to advertise on television, such as through advertiser-funded content, brand partnerships, product placement and sponsorship.

ITV's deep relationships with advertisers, its investment in ITVX, Planet V and data, enables ITV to increasingly capture advertising revenues in the rapidly growing online market, driving digital revenue of £411 million in 2022.

Average video advertising time per day

All individuals

17 mins



- Broadcaster TV **83.6%**
- YouTube **12.2%**
- TikTok **2.5%**
- Other online video **1.3%**
- Cinema **0.4%**

Source: 2022, BARB / comScore / Broadcaster stream data / IPA Touchpoints 2022 / Viewers logic to model OOH viewing time

* YouTube ad time modelled at 4.1% of content time, TikTok ad time modelled at 3.4% of content time using agency and broadcaster data

ITVX enables ITV to significantly increase digital advertising inventory and reach, offering advertisers targeted advertising at scale in a brand-safe, trusted and measured environment. Planet V, our scaled programmatic addressable advertising platform, is the UK's second-largest programmatic video advertising platform, after Google. It is a self-service platform which allows advertisers and agencies to plan and book their campaigns 24/7 using ITV's data, which can also be blended with advertisers' and others' first-party data in a GDPR compliant way. ITV has 37 million registered users, giving ITV one of the largest first-party data sets in the UK. In a world of increasing privacy legislation, this gives ITV a competitive advantage.

The advertising market is highly competitive, with global streamers having now entered the advertising market. However, ITV has a highly experienced team that are well versed in competing with new entrants to the advertising market. We offer our advertising clients something no streamer is able to – the best of both worlds – which allows advertisers to grow their brand through the unparalleled mass simultaneous reach audience generated on ITV, whilst extending incremental reach through a targeted offering on ITVX. This is supplemented by innovative data and content advertising offerings that are unique to ITV.

See the Operating and Financial Performance Review, and Strategy sections for further detail.

Our Strategy

We have evolved our strategy to ensure ITV is best placed to further capitalise on the opportunities presented by the rapidly changing viewing, content production and advertising environments. Executing our strategy effectively will further strengthen and diversify ITV, create a more valuable future facing digital media and entertainment company and deliver returns to our shareholders.

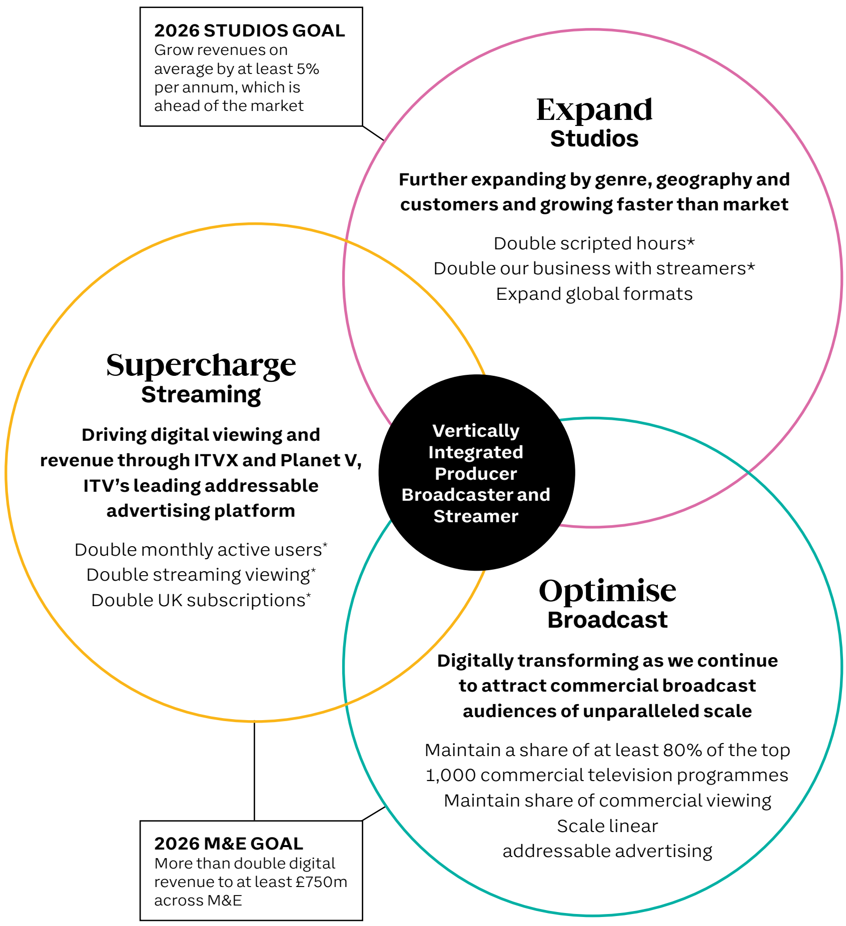
Our More Than TV strategy

Our purpose

We entertain and connect with millions of people globally, reflecting and shaping culture with brilliant content and creativity.

Our 2026 vision

A leader in UK streaming and an expanding global force in content.



* Double from full year 2021
See KPIs from page 24

Our purpose is to entertain and connect with millions of people globally, reflecting and shaping culture with brilliant content and creativity. This is aligned to our 2026 strategic vision, to be a leader in UK streaming and an expanding global force in content. It is becoming increasingly clear that companies with a strong and clear purpose drive increased value.

Our Social Purpose strategy is an integral part of delivering our purpose and our strategy. See Social Purpose from page 44.

Our initiatives to drive growth and future value are clear. Delivering on our strategy will be achieved by focusing on three core priorities:

Expand Studios globally

Supercharge Streaming

Optimise Broadcast

These priorities are not independent. They work together – reinforcing each other, creating synergies and delivering value. Our vertically integrated producer broadcaster and streamer model provides us with a real competitive advantage.

How we will deliver our strategy
The key to successfully delivering this strategy is by digitally transforming across everything we do. We will have a laser focus on viewers and every decision will combine our unique creativity with data-driven insight.

In addition, we will continue to:
- Strengthen both our creative and commercial teams, ensuring we have the right skill set and culture to deliver our strategic vision, particularly in respect of our technology and data functions
- Ensure we own and manage our rights efficiently and effectively. Maximise the value of these rights across our Studios, Streaming and Broadcast business models
- Further create strong partnerships with broadcasters, platforms and technology companies both in the UK and globally. Work with these partners to ensure the prominence of our content and that we can monetise it wherever it is consumed

Core priorities

ITV STUDIOS

Expand Studios globally

Our aim is to be a leading creative force in global TV and streaming content production, growing our revenues faster than the market. We will continue to diversify ITV Studios by genre, geography and customer to take advantage of the strong growth in demand for content globally, particularly from streaming platforms.

Our key priorities are:

- Growing our international scripted business by continuing to invest in creative development
- Growing our global formats business by maximising the value of our key formats and developing new hit formats that travel internationally
- Further diversifying our customer base by serving fast-growing streaming platforms (both global and local)
- Attracting and retaining leading talent, and nurturing the right creative and commercial environment for our talent to flourish
- Continuing to collaborate across our network of over 60 production labels to benefit from ITV's scale and diversity
- Increasing the use of technology and innovation in production to drive efficiencies

We also continue to consider selective value-creating acquisitions and talent deals in both scripted and unscripted to secure the best creative talent and IP.

Media & ENTERTAINMENT (M&E)

The M&E division has two business units – Streaming and Broadcast – to reflect and to ensure we maintain a strong, branded and data rich relationship with our viewers and advertisers.

Supercharge Streaming

We are supercharging streaming with the launch of ITVX, our free ad-funded streaming service. ITVX leverages our investments to date in ITV Hub, BritBox UK, Planet V and data to drive digital viewing and revenue growth with a material increase in content spend. It significantly strengthens our offering to viewers – creating a destination for viewers rather than a catch-up service. For advertisers it delivers valuable addressable audiences at scale and our established data and analytics capabilities will drive higher-value, data-driven pricing models. ITVX also has an integrated premium subscription tier, providing greater flexibility to both our viewers and streaming business model.

Optimise Broadcast

While streaming viewing continues to grow significantly, linear broadcast remains very important to both our viewers and advertisers.

Our priorities for Broadcast are to:

- Maintain our USP of delivering live mass audiences on our linear channels as we invest in our broad schedule, in particular sport, drama and big entertainment shows. These audiences are highly valuable and highly demanded by advertisers as they build their own brands and ITV remains the first destination for advertisers to obtain these audiences at scale
- Focus on scaling our linear addressable advertising capabilities, building on our investment in Planet V and our data, analytics and digital capabilities
- Continue to build more strategic and creative partnerships with our advertisers
- Continue to digitally transform ITV, the UK's biggest TV advertising platform

We have a data-driven viewing model with one content budget across all our platforms and channels, which will enable flexibility to optimise viewing and revenue.

BritBox INTERNATIONAL

In addition to our subscription streaming services in the UK, we are continuing to roll-out BritBox International, which is seeing strong growth in its subscriber base across territories. The service is currently available in eight countries and has 3.0 million subscribers (31 December 2021: 2.4 million subscribers). We will continue to explore opportunities to further expand its international footprint.

KPIs and ambitions

We have 2026 KPI targets aligned with our priorities, which are set out in the KPI section.

See KPIs from page 24

Our Business Model

Our vision for 2026 is to be a leader in UK streaming and an expanding global force in content. This is aligned with our purpose of entertaining and connecting with millions of people globally, reflecting and shaping culture with brilliant content and creativity.

We will continue to expand and diversify our UK and global content business, supercharge our streaming business, and optimise our broadcast business.

We are confident that our vision and strategy is the right long-term plan for ITV in a dynamic market environment.

We are well positioned to successfully execute our More Than TV strategy which will further strengthen and diversify ITV, creating a more valuable digital media and entertainment business and deliver sustainable and growing returns to shareholders.

1. Our vision

Our vision for 2026 is to be a leader in UK streaming and an expanding global force in content.

Using our strategic assets...

2. Our strategic assets

Creating and owning the rights to quality content and intellectual property	Our strong, trusted brand, products and culture	>6,000 talented commercial and creative colleagues	One of the largest first party datasets in UK and second largest programmatic advertising platform in UK

10.5m We have 10.5 million monthly active users (MAUs) across all our platforms	**93%** In 2022, 93% of the top 1,000 programmes on commercial broadcast TV were on ITV	**83%** TV reaches 83% of the UK population (with a TV set) every week
>£1.2bn We invested over £1.2 billion in content across our channels and platforms in 2022 which will increase to around £1.3 billion in 2023	**>60** ITV Studios has built significant scale and diversification globally with over 60 labels across 13 countries	**90,000+** active hours of content in the Global Distribution catalogue

...and our competitive advantages...

3. Competitive advantages

World-class content
At the core of ITV is our focus on creativity and content, whether creating and selling our unique content around the world or investing in third-party content to distribute across multiple platforms in the UK. Internationally, we have built production and distribution scale in key global creative markets through organic growth, selective acquisitions and talent deals. We are one of the biggest independent producers in the world, the largest commercial producer in the UK and one of the largest format distributors worldwide.

Global formats and distribution
ITV has built relationships and a broad customer base globally with major networks, streamers and local broadcasters, to whom we sell our world-class content.

Intellectual property
ITV has developed, acquired and owns the rights to a diverse portfolio of shows, particularly drama and entertainment, that are hugely popular. Ownership of this intellectual property allows us to maximise monetisation opportunities, both through programme and format sales internationally, and more broadly through consumer products and interactive experiences to deepen engagement with our IP.

Delivering unrivalled commercial audiences and addressable audiences at scale
As a result of the scale and reach of our channels and the significant investment we make in quality content across our channels and platforms, we deliver mass simultaneous audiences on our broadcast channels and targeted addressable audiences at scale on ITVX, both in a brand-safe and measured environment. Our digital advertising is sold through Planet V our programmatic video advertising platform, which is the second largest in the UK after Google. Our IP, insight and data on viewer and advertiser behaviour also helps us build deeper, more strategic and creative partnerships with advertisers and agencies.

Vertically integrated producer broadcaster and streamer
Our vertically integrated model creates many competitive advantages. It provides ITV Studios with a bedrock of core commissions and a formidable promotional engine for its content; enables cross-promotion and monetisation of ITV Studios content across our business; secures access to great content for ITV's channels and streaming platforms; and helps us to attract and retain the best creative talent in the industry.

Colleagues
Our colleagues are at the heart of ITV's success. Their skills, capabilities and commitment enable ITV to deliver on its strategic ambitions, and build the creative, inclusive and commercial business that ITV is.

...we aim to grow our diversified revenue streams...

By developing, owning and managing the rights to content, ITV is able to maximise the value of its programme brands across ITV Studios; Streaming and Broadcast. This ensures ITV is a more diversified business and enables it to drive value from different revenue models.

4. Our diversified revenue streams

Original production
We produce original content commissions for broadcasters and streamers (in the UK and internationally) from our production bases in the UK, the US, the Netherlands, Germany, France, Italy, Australia, Spain, Israel and the Nordics. We have a diversified customer base, selling to free-to-air broadcaster, pay TV operators and global streamers.

Distribution
We own the rights to a significant catalogue of programmes and formats that we sell and license to broadcasters and streamers internationally. The strong global demand for content provides a significant opportunity for us.

Advertising
Our family of channels and ITVX (and previously ITV Hub) drive significant advertising revenues from the ability to deliver mass audiences and more targeted demographics on broadcast television and addressable advertising at scale. This funds our investment in the content budget.

Commercial partnerships
We work with advertisers and advertising agencies to provide unique and innovative commercial and creative partnerships and sponsorship opportunities that extend beyond pure spot advertising.

Pay
We earn pay revenue from platforms in the UK by licensing our HD channels and from our online streaming services.

Subscription and other consumer revenues
In the UK, we generate subscription revenue through ITVX Premium (previously ITV Hub+) and BritBox UK which is also now part of ITVX Premium. Internationally, we deliver subscription revenue through our joint venture with the BBC, BritBox International, which is in the US, Canada, Australia, South Africa and the Nordics. We also monetise our consumer interactions through competitions, live events and merchandising.

...supported by...

5. Our risk management framework

ITV operates in an increasingly complex business environment and there are risks to the delivery of our strategic goals and the sustainability of our business model. Our risk management framework provides the business with the tools to identify, assess, manage and continually review our risks, and regular reporting provides the Board with the required insight to monitor our most critical Group-level risks.

This also allows management and the Board to adapt the strategy to ensure that we are striking the right balance between risk-taking and risk-mitigation and that any underlying risks in the strategy are being appropriately managed, therefore enabling the successful delivery of the strategy. We have identified the principal risks through our risk management framework and we have considered them as part of our viability assessment.

...to create value for...

6. Our key stakeholders

Advertisers
Through delivering unique scale and breadth of demographics, targeted advertising opportunities at scale and innovative and creative ways of engaging with consumers around quality programme brands.

Audiences
Through a varied, high-quality content offering, which they can watch and engage with on a variety of platforms and channels in a trusted, brand safe environment.

Broadcasters and streamers
Through delivering quality programming that they can then monetise through their own business models.

Customers
Through our streaming business and competitions, we drive engagement and interaction with our much loved brands.

Citizens
With our creativity and scale, ITV can powerfully help shape culture for good. Our offering of free and universally available high quality and trusted news services, helps to inform UK citizens and underpin democratic debate.

Our colleagues, programme participants and everyone we work with
Through protecting, investing in and developing our talent and creating a culture that nurtures them to be productive, commercial and creative. People, and their physical and mental health and safety, are our priority at ITV.

Suppliers
Through working closely with our suppliers to foster good working relationships and ensure they understand and comply with our Supplier Code of Conduct.

Shareholders and debt investors
Through a track record of creating shareholder value and delivering shareholder returns and through a track record of delivering strong profit to cash conversion.

Legislators and regulators
ITV takes its responsibilities and obligations as a public service broadcaster (PSB) seriously.

Key Performance Indicators (KPIs)

We define our KPIs to align our performance and accountability to our strategic priorities. In 2021, we set out our new KPIs and ambition for 2026 for Studios and M&E, which we continue to report against.

Of the KPIs outlined in this section, the following will be reported on a quarterly basis: ITV Studios total revenue growth, total digital revenue, total streaming hours, share of commercial viewing and share of top 1,000 commercial broadcast TV programmes. All other KPIs outlined in this section will be reported on a six-month basis.

ITV GROUP

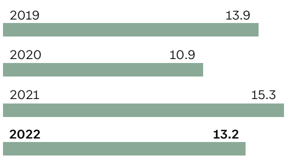
Adjusted EPS[1]

Definition
Adjusted EPS represents the adjusted profit for the year attributable to each equity share. Adjusted profit is defined as profit for the year attributable to equity shareholders after adding back exceptional items. Further adjustments include amortisation and impairment of assets acquired through business combinations, net financing costs and the tax effects relating to these items.

It reflects the business performance of the Group in a consistent manner and in line with how the business is managed and measured on a day-to-day basis.

Performance
Adjusted EPS decreased by 14% from 15.3p to 13.2p. Continued strong growth in ITV Studios adjusted EBITA up 22%, was offset by a decline in total advertising revenues (TAR) down 1%, ITVX investment and declining SDN and interactive revenues, down 21% and 17% respectively.

2022
13.2p
–14% on 2021



Cost savings

Definition
Cost savings are permanent savings to the business. Managing our cost base and mitigating the impact of inflation is key as we aim to run our business as efficiently as possible and fund investments in line with our strategic priorities.

Performance
We delivered £23 million of permanent cost savings in 2022, which is ahead of the £17 million target.

Since 2018, we have delivered a cumulative £106 million of cost savings.

We will deliver an additional £50 million of cost savings by 2026. In total, we will deliver over £150 million of cost savings between 2018 and 2026.

2022
£106m
cumulative savings since 2018

2026 Target
Deliver over £150 million of cumulative savings between 2018 and 2026

Profit to cash conversion[1]

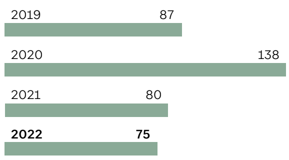
Definition
This is our measure of our effectiveness at working capital management. It is calculated as our adjusted cash flow as a proportion of adjusted EBITA[1].

Adjusted cash flow[1], which reflects the cash generation of our underlying business, is calculated on our statutory cash generated from operations and adjusted for exceptional items, net of capex on property, plant and equipment and intangible assets, and including the cash impact of high-end production tax credits.

Performance
Profit to cash conversion was 75% in the year. While we continue to manage our working capital tightly, profit to cash conversion was lower in 2022. This is as a result of our growing Studios business and the timing of deliveries. In addition, it reflects the increased commissions for ITVX where we have taken delivery of programmes but not yet made them available on the platform. This was partly offset by our strong TAR revenues in 2022 and tight working capital management.

2022
75%

2026 Target
Maintain at around 85%



1. A full reconciliation between our adjusted and statutory results is provided in the APMs section

Expand
UK AND GLOBAL PRODUCTION

ITV Studios total revenue growth[2]

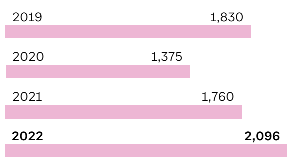
Definition
ITV Studios total revenue measures the scale and success of our global studios business. It includes revenues from programmes sold to M&E, which as a vertically integrated producer broadcaster and streamer, is an important part of our business.

Performance
ITV Studios total revenue grew 19% to £2,096 million.

Total organic revenue at constant currency (which excludes acquisitions and assumes exchange rates remain consistent with 2021) was up 14%. There was a £56 million favourable currency impact in the year.

2022
£2,096m
+19% on 2021

2026 Target
Grow on average at least 5% per annum



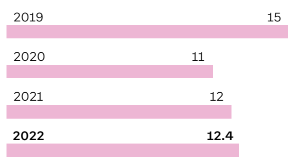
ITV Studios adjusted EBITA margin %[2]

Definition
This is the key profitability measure used across the ITV Studios business. The profile of adjusted EBITA margin differs for production and distribution activities, and further varies with each production due to genre, customer type and maturity. Adjusted earnings before interest, tax and amortisation (EBITA) is calculated by adding back exceptional items and including high-end production tax credits[2]. It reflects the underlying performance of the business and provides a more meaningful comparison of how the business is managed and measured on a day-to-day basis. The margin is calculated based on ITV Studios total revenue.

Performance
ITV Studios adjusted EBITA margin was 12.4% (2021: 12.1%). Margins continue to be impacted by incremental costs associated with health and safety protocols, as well as inflationary pressures facing the production industry; these have been partly offset by mitigation measures.

2022
12.4%
+0.3% points on 2021

2026 Target
Return to 13% to 15% range from 2023 onwards



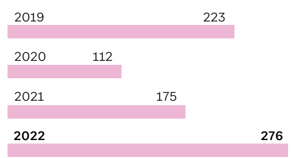
Total high-end scripted hours

Definition
Total high-end scripted hours is an important measure of the success of our strategy to grow our global scripted business. High-end scripted hours include new commissions or returning franchises that have a higher cost per hour than continuing drama. High-end scripted drama is important as it is one of the fastest growing segments of the content market. These dramas are sold to global streamers, pay platforms or free-to-air broadcasters, where they are expected to perform well with viewers in their domestic market, as well as having international distribution appeal.

Performance
The number of high-end scripted hours produced by ITV Studios increased by 58% to 276 hours driven by titles such as The Outlaws and Maternal in the UK, and internationally, titles such as Baby Fever from Apple Tree Productions and Petra from Cattleya.

2022
276hrs
+58% on 2021

2026 Target
Grow to 400 hours



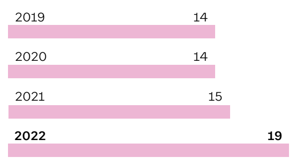
Number of formats sold in three or more countries

Definition
The Studios business is focused on maximising unscripted value by both protecting and expanding existing formats and creating new formats that travel internationally. A good measure of international success is when a format is commissioned in three or more countries in the year. Spin-offs such as Beat the Chasers are considered distinct to the original format (i.e. The Chase) for the purpose of this indicator.

Performance
The number of formats sold in three or more countries increased to 19 formats. Recent formats that have sold in three or more countries include My Mom, Your Dad; Make Love Fake Love; and Game of Chefs.

2022
19 formats
+4 formats on 2021

2026 Target
Grow to 20 formats



2. A full reconciliation between our adjusted and statutory results is provided in the APMs section

Expand
UK AND GLOBAL PRODUCTION

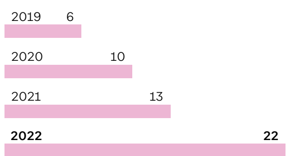
% of ITV Studios total revenue from streaming platforms

Definition
In the medium-term, the key driver of growth across the overall content market is expected to be significant investment by streamers. The percentage of ITV Studios total revenue from streaming platforms is an important measure to demonstrate the extent to which the business is taking advantage of this growth globally and further diversifying its customer base. See earlier KPIs for definition of ITV Studios total revenue.

Performance
The percentage of ITV Studios total revenue from streaming platforms grew to 22%. Notable deliveries on streaming platforms in 2022 include: The Reluctant Traveller and Physical for AppleTV+; Snowpiercer and Baby Fever for Netflix; Love Island USA for Peacock; Cosmic Love France for Amazon Prime; and A Spy Among Friends and Loaded in Paradise for ITVX.

2022
22%
+9% points on 2021

2026 Target
Grow to 30% of ITV Studios total revenue, an increase from our previous 2026 target of 25%



M&E
SUPERCHARGE STREAMING AND OPTIMISE BROADCAST

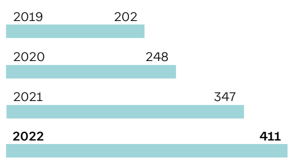
Total digital revenue

Definition
Total digital revenue is an important measure of the acceleration of our digital strategy as we supercharge streaming. It includes digital advertising revenue and subscription revenue (excluding BritBox International subscription revenue) as well as linear addressable revenue, digital sponsorship and partnership revenue, ITV Win and any other revenues from digital business ventures.

Performance
Total digital revenue grew 18% to £411 million. The growth was largely driven by digital advertising revenue, which grew 17%, and the year-on-year growth in subscription revenues from ITV Hub+, BritBox UK and ITVX Premium, up 29%.

2022
£411m
+18% on 2021

2026 Target
More than double (compared to 2021) to at least £750m



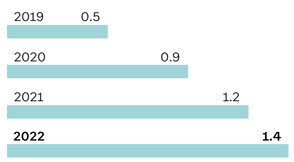
UK subscribers

Definition
UK subscribers captures total UK subscriptions (including free trials). Prior to the launch of ITVX, this included ITV Hub+ and BritBox UK subscriptions. From December 2022 onwards, this measure includes subscriptions to ITVX's ad-free premium tier as well as standalone BritBox UK subscriptions. It is an important measure of how successfully we provide a clear, compelling and differentiated subscription offering.

Performance
Total UK subscribers as at 31 December 2022, increased 17% year-on-year. Growth came from both the ITVX platform (which replaced ITV Hub+ in Q4 2022) and BritBox UK subscribers.

2022
1.4m
+17% on 2021

2026 Target
Double (compared to 2021) to 2.5m



Total streaming hours

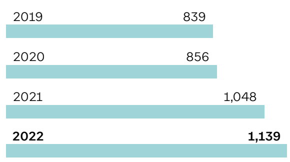
Definition
Driving digital viewing by attracting new viewers and enticing all our viewers to watch more ITV content is key to our strategy. Total streaming hours measures the total number of hours that viewers spent watching ITV across all streaming platforms. This figure includes both ad-funded and subscription streaming.

Performance
Total streaming hours increased 9% to 1,139 million hours. This growth was driven by our strong content offering, such as Love Island, I'm A Celebrity...Get Me Out Of Here!, and the FIFA World Cup.

Monetisable streaming hours were up 18% year-on-year. In 2022, we took the strategic decision to reduce the availability of pre-transmission drama drops and boxsets outside of ITV's own streaming services, such as on Sky and Virgin, where we cannot serve and monetise dynamic advertising. This decision does not reduce existing revenues. Over time, we anticipate that we will see this viewing move to ITVX and be more effectively monetised. The transitional impact of this decision drives the difference between total streaming hours and monetisable streaming hours.

2022
1,139m hrs
+9% on 2021

2026 Target
Double (compared to 2021) to 2bn hours



Monthly active users (MAU)

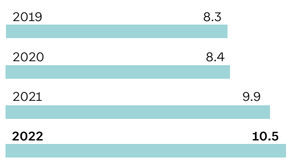
Definition
Monthly active users captures the average number of registered users throughout the year who accessed our owned and operated on demand platforms each month. It is an important measure because advertisers want to reach as many different people as possible.

Performance
Monthly active users grew 6%* to 10.5 million. The return of popular entertainment shows such as Love Island, I'm A Celebrity...Get Me Out Of Here! and the FIFA World Cup tournament brought record-breaking viewers to our digital platforms. These live events, alongside a range of genres, attracted a greater breadth of users to ITV streaming platforms, more regularly. New dramas such as A Spy Among Friends and Litvinenko, animated comedy Family Guy, and NFL Highlights attracted different user segments, as did the growing slate of films and box sets available on ITVX. The launch of ITVX on big and small screen platforms, such as Amazon Fire and iOS, also contributed to the increase, both of which were our fastest-growing platforms in 2022.

*Prior year MAUs have been restated due to a change in methodology from: 2019 – 8.1 million, 2020 - 8.1 million and 2021 – 9.6 million.

2022
10.5m
+6% on 2021

2026 Target
Double (compared to 2021) to 20m



Share of top 1,000 commercial broadcast TV programmes

Definition
Continuing to deliver significant audience scale is important to M&E's overall success as ITV has a unique selling proposition being one of the only places to reach mass simultaneous commercial audiences. This KPI measures ITV's proportion of the top 1,000 commercial broadcast TV programmes, as measured by BARB based on viewing figures. This includes TV viewing from transmission and seven days post-transmission on catch up, as well as six weeks prior to the transmission window. It excludes programmes with a duration of <ten minutes. This metric is calculated as a 12-month rolling average to normalise seasonal scheduling.

Performance
Our share remained flat at 93%. Dramas such as The Thief, His Wife and the Canoe, alongside entertainment formats such as Britain's Got Talent and The Masked Singer, as well as the FIFA World Cup, helped to maintain ITV's strong commercial mass audience proposition.

External source: BARB

2022
93%
Flat on 2021

2026 Target
Maintain a share of at least 80%

Share of commercial viewing

Definition
Maintaining and growing our strong competitive position in the free-to-air market is vital for the M&E business to maximise its advertising revenues. ITV Family share of commercial viewing is the measure of this. ITV Family share of commercial viewing is the total viewing of audiences over the year achieved by ITV's family of channels as a proportion of all commercial broadcast TV viewing in the UK.

Performance
Share of commercial viewing increased to 33.8%. Our share grew across our family of channels. On ITV1, live sports events and entertainment series, such as Britain's Got Talent (which returned in 2022 after a two-year hiatus) and Ant & Dec's Limitless Win, as well as dramas like Trigger Point, were popular and contributed to the share increase.

2022
33.8%
+0.7% points on 2021

2026 Target
Maintain at 33%

BritBox INTERNATIONAL

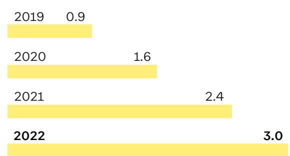
Total subscribers

Definition
The number of BritBox International subscribers captures total global subscriptions (excluding UK, including free trials). It is an important measure of the scale and reach of our international subscription offering. BritBox International is a joint venture between BBC Studios and ITV.

Performance
Total subscribers grew by 25% to 3.0 million. BritBox International is now available across eight countries, following the launch in the Nordics (made up of Sweden, Denmark, Finland and Norway) in 2022. We continue to see subscriber growth from all established territories, including the US, Canada and Australia.

2022
3.0m
+25% on 2021

2030 Target
Grow to 10-12m



Operating and Financial Performance Review

ITV delivered a strong operational performance in 2022 across both our ITV Studios and Media & Entertainment (M&E) divisions and continues to make good progress in the second phase of our More Than TV strategy. We further strengthened ITV Studios creatively and delivered strong revenue growth, ahead of the market. In M&E we successfully launched ITVX, our new, free, ad-funded streaming platform; achieved the second highest total advertising revenues in our history; and are on track to deliver at least £750 million of digital revenues by 2026.

Nolly produced by Quay Street Productions, an ITV Studios label, launched exclusively on ITVX in February 2023

Financial highlights

	2022 £m	2021 £m	Change £m	Change %
ITV Studios	**2,096**	1,760	336	19
M&E	**2,249**	2,282	(33)	(1)
Total Revenue	**4,345**	4,042	303	7
Internal supply	**(617)**	(589)	(28)	(5)
Total external revenue	**3,728**	3,453	275	8
ITV Studios adjusted EBITA	**259**	213	46	22
M&E adjusted EBITA	**464**	598	(134)	(22)
Adjusted EBITA	**723**	811	(88)	(11)
Profit in stock	**(6)**	2	(8)	(400)
Group adjusted EBITA	**717**	813	(96)	(12)
Group adjusted EBITA margin	**19%**	24%		(5% pts)
Adjusted EPS (p)	**13.2p**	15.3p	(2.1p)	(14)
Statutory EPS (p)	**10.7p**	9.4p	1.3p	14

Key financial highlights

Group external revenue
£3,728m
+8% vs 2021
(2021: £3,453m)
(2020: £2,781m)

Total advertising revenue
£1,931m
-1% vs 2021
(2021: £1,957m)
(2020: £1,577m)

Total non-advertising revenue
£2,414m
+16% vs 2021
(2021: £2,085m)
(2020: £1,683m)

Group Adjusted EBITA
£717m
-12% vs 2021
(2021: £813m)
(2020: £573m)

Statutory operating profit
£519m
0% vs 2021
(2021: £519m)
(2020: £356m)

Adjusted EPS
13.2p
-14% vs 2021
(2021: 15.3p)
(2020: 10.9p)

Statutory EPS
10.7p
+14% vs 2021
(2021: 9.4p)
(2020: 7.1p)

Net debt
£623m
(2021: £414m)
(2020: £545m)

We use both statutory and adjusted measures in our Operating and Financial Performance Review. See APMs on page 57 for a full reconciliation between our statutory and adjusted results.

Paris Police 1905 is an acclaimed French drama series, produced by Tetra Media Studios, an ITV Studios label

Group financial overview

We measure performance through a range of metrics, particularly through our alternative performance measures (APMs) and KPIs, as well as statutory results, all of which are set out and defined in this report. Unless otherwise stated, the following commentary is based on adjusted metrics.

Total ITV revenue increased by 7% to £4,345 million (2021: £4,042 million), with external revenue up 8% at £3,728 million (2021: £3,453 million). Both total revenue and external revenue were up over 10% compared to the pre-COVID-19 pandemic revenue in 2019 (2019: total revenue £3,885 million, external revenue £3,308 million). Total non-advertising revenue was up 16% to £2,414 million (2021: £2,085 million).

ITV Studios revenue was up 19% at £2,096 million (2021: £1,760 million) as we delivered a wide range of new and returning programmes globally, with a £56 million favourable revenue impact from foreign exchange in the period. ITV Studios adjusted EBITA increased 22% to £259m, which includes a £5 million favourable impact from foreign exchange.

M&E total revenue was down 1% in the year at £2,249 million (2021: £2,282 million). This decrease was predominantly driven by total advertising revenue which was down 1% to £1,931 million (2021: £1,957 million) as expected against tough comparatives. Digital revenue, which includes revenue from digital advertising, digital sponsorship and our subscription services, was up 18% in the period to £411 million (2021: £347 million). We had a strong programming slate, and continued to deliver both mass audiences and a record level of streaming with total streaming hours up 9% to 1,139 million hours.

> ITV delivered a strong operational performance in 2022, across both our ITV Studios and M&E divisions and continue to make good progress in the second phase of our More Than TV strategy.

M&E costs were up £101 million to £1,785 million (2021: £1,684 million), reflecting a significant increase in content spend, including the launch of ITVX and the return to a full schedule compared to the prior year which was impacted by the COVID-19 pandemic. Content spend was lower than company guidance due to changes in the schedule as a result of the passing of Her Majesty Queen Elizabeth II and fewer England Internationals ahead of the FIFA World Cup. Overall, our investment in data, technology, content and launch of ITVX was slightly below previous guidance in 2022. However, we still expect that 2022 and 2023 investment combined remains as previously guided.

We delivered £23 million of permanent costs savings in the year, across the business, which included headcount savings from changes in our operating model in M&E and property footprint, contractual negotiations and a permanent reduction in some discretionary spend. We have delivered £106 million of cumulative cost savings since 2018 and have overachieved against our target to deliver £100 million of cumulative cost savings by the end of 2022. In addition, we have a further cost saving target of £50 million, which we will deliver by 2026.

Group adjusted EBITA decreased by 12% to £717 million (2021: £813 million), with increased spend in content and ITVX investment.

Operating exceptional items, before exceptional finance costs, were £65 million (2021: £196 million) and include restructuring and reorganisation costs of £28 million, relating to one-off restructuring projects, stemming from the Group-wide commitment to reduce the overhead cost base, and reorganisation costs to deliver our strategy. In addition, there were £24 million of property costs relating to the London office move to Broadcast Centre and the impairment of assets following the decision to reduce our property footprint in the US (see note 2.2 to the financial statements for further detail).

Adjusted financing costs were down year-on-year at £26 million (2021: £31 million), reflecting lower levels of gross debt in the year. Statutory net financing costs were also down year-on-year at £26 million (2021: £50 million), largely due to interest payable on exceptional earnout costs relating to acquisition-related expenses in the prior year.

Our adjusted tax rate was 20.1% (2021: 19.9%) and statutory effective tax rate was 13.2% (2021: 19.2%).

Adjusted EPS decreased by 14% to 13.2p (2021: 15.3p). Statutory EPS increased 14% to 10.7p year-on-year (2021: 9.4p). See the Finance Review for further detail.

Our profit to cash conversion (which is an APM) in 2022 was 75% (2021: 80%) and we have £280 million of free cash flow. At 31 December 2022 our net debt was £623 million (31 December 2021: £414 million) and our net debt to adjusted EBITDA was 0.8x (31 December 2021: 0.5x) (see Finance Review for more detail). We have good access to liquidity with cash and committed undrawn facilities totalling £1,098 million (31 December 2021: £1,514 million), including total cash and cash equivalents of £348 million at 31st December 2022 (31 December 2021: £736 million, including restricted cash of £50 million).

Reflecting ITV's strong operational and financial performance in the year, and in line with previous guidance, the Board intends to propose a final dividend of 3.3p, giving a full year dividend of 5.0p for 2022. The Board intends to declare a full year ordinary dividend of at least 5.0p in 2023 which it expects to grow over time whilst balancing further investment behind our strategy and our commitment to investment grade metrics over the medium term.

We are mindful of the macroeconomic uncertainty and remain focused on tightly managing our costs and cash flow while continuing to invest in delivering our priorities. Our robust financial position allows us to do this while delivering returns for shareholders.

A range of scenarios reflecting ITV's principal risks has been modelled and considered in the assessment of ITV's longer-term viability. Refer to page 93 for further detail.

ITV STUDIOS

ITV Studios is a scaled and diversified business, by genre, geography and customer, in the key creative markets around the world. It is the largest producer of TV and streaming content in the UK, as well as one of the largest producers in Europe and one of the largest independent unscripted producers in the US. With a combined content library of over 90,000 hours, it is also one of the pre-eminent global distributors.

While some estimates of the rate of growth in global demand for content have slowed, we continue to expect demand to grow in 2023 and over the medium term. And ITV, as a diversified business with a strong track record for delivering successful scripted and unscripted programmes, across a range of budgets is well placed. We continue to expect to deliver total ITV Studios revenue growth of on average at least 5% per annum to 2026 and growth ahead of the market.

Growing UK and global productions is central to ITV's More Than TV strategy. ITV Studios ambition is to be a leading force in the creation and ownership of intellectual property (IP), global content production and distribution.

We are achieving this by focusing on our four strategic pillars as follows:

1. **Growing our scripted business to meet the significant growth in demand globally**
2. **Growing our global formats business in order to maximise the monetisation of high-value formats**
3. **Further diversifying our customer base to capture the growth in content spend from local and global streaming platforms**
4. **All of which is underpinned by our ability to attract and retain leading talent**

This puts ITV Studios in a strong position to be able to continue to take advantage of the growth in the demand for content globally and for ITV Studios to grow ahead of the market.

A Spy Among Friends, a cold war drama, starring Guy Pearce and Damian Lewis, launched exclusively on ITVX in December 2022

Loaded in Paradise a reality game show, launched on ITVX in December 2022. It is produced by Twofour, an ITV Studios label

Growing our scripted business

Whilst unscripted content production remains important to ITV Studios, growing our scripted business is one of our key strategic priorities in order to meet the significant growth in demand for scripted content globally.

Scripted content is key to platforms (both free-to-air and streamers) attracting and retaining viewers and subscribers. This together with the significant increase in the number of streamers over recent years, has meant we have seen strong growth in the number of original scripted commissions in the UK and US as well as in Europe. Whilst content spend growth from streaming platforms is expected to slow compared to recent years, it will still continue to grow and is expected to make up 33% of the overall market by 2026 (Source: Ampere Analysis, Sept 2022). Furthermore, we are seeing rising demand for locally produced, non-English language scripted content. We expect this trend to continue and ITV Studios, with its global production presence, is well-placed to serve this growing demand.

Our scripted labels are creating and producing high-quality content with global appeal for free-to-air (FTA) and streaming platforms. In the UK this includes: Mammoth Screen, creators of The Serpent, McDonald & Dodds, Victoria, and Noughts & Crosses; World Productions creators of Line of Duty, Vigil, Karen Pirie and Bodyguard; and Quay Street Productions, creators of Nolly.

Our established international scripted businesses are also performing well. Cattleya in Italy and Tetra Media Studio in France create and produce long-running and new critically acclaimed foreign-language dramas, including Paris Police 1905 and Balthazar in France, and Summertime and Suburra in Italy. Our international scripted labels, Lingo Pictures in Australia, Windlight Pictures in Germany and Cattleya Producciones in Spain, as well as our majority stake in Appletree Productions in Denmark (Blackwater for SVT), further strengthen our scripted pipeline. ITV Studios America is also seeing good momentum in its creative pipeline, with Franklin (working title) commissioned for AppleTV+ for delivery in 2023, alongside output from recent talent deals coming through, such as Ten Year Old Tom from Work Friends, which returns for a second series in 2023, and Physical S3 from Tomorrow Studios, which returns for a third series in 2023. We now have more scripted hours in production in the US than ever before. In 2022, high-end scripted hours increased significantly, up 58% to 276 hours. By 2026, we expect to produce 400 hours of high-end scripted content.

Global Distribution plays a key role in growing scripted value across the business. Global Distribution invests around £50 million each year (equating to around 200 hours of new scripted programming) in ITV Studios-produced content and selective third-party content (including international spy drama Harry Palmer: The Ipcress File) to acquire the distribution rights. Having the integrated producer-distributor relationship enables Global Distribution to make effective investment decisions around content funding. By finding co-production partners and licensees around the world for our scripted catalogue (of more than 22,000 hours), Global Distribution maximises the value of these projects over a long-term sales lifecycle.

Growing our Global Formats business

Our Global Formats business monetises our portfolio of some of the world's most successful entertainment formats that travel internationally, as well as maximising commercial opportunities from our IP. We are focused on driving growth across our unscripted offering by monetising our existing high-value formats effectively as well as supporting the creation of new global formats.

Our portfolio of world-class brands include (number of countries the format has been sold to date): The Voice (72 countries), Love Island (26 countries), The Chase (19 countries), Come Dine With Me (46 countries), Hell's Kitchen (25 countries) and I'm A Celebrity...Get Me Out Of Here! (16 countries). These formats continue to sell in new territories and generate strong mass audiences for our clients. They are increasingly attractive to customers, both traditional broadcasters and streamers alike, looking to bolster their slate with cost-effective content which has a track record for performing well with audiences.

Scripted

Unscripted

Core TV

As well as protecting our biggest brands, we are also focused on expanding our franchises with successful spin-offs which allows us to constantly evolve existing formats. Examples include: The Voice which now has six spin-off versions; The Chase which has four spin-off versions including Beat the Chasers; and Come Dine With Me also with four spin-off versions including Couples and Professionals versions. We are also exploring the increased use of production hubs and remote recording studios. Production hubs allow us to reduce the cost per hour by amortising set up costs across back-to-back productions of the same format, which enables us to offer more clients access to world-class brands in a cost-effective and safe environment. For example, Love Island currently has two established production hubs in Gran Canaria and the Dominican Republic.

While more established formats and corresponding spin-offs continue to perform well, it can be more difficult to gain traction with new formats. However, several new formats have recently been commissioned in our UK, US and international production bases that have the potential to be future global hits. These include formats, such as My Mom, Your Dad (our first global format to originate from the US); Loaded in Paradise; and Make Love Fake Love (also known as Ready To Mingle in the UK). In 2022, across our Global Formats business, we sold 64 (2021: 58) different formats internationally, 19 of which were sold to three or more countries (2021: 15). By 2026, we expect to have 20 such formats, with a view that one of these may be a significant new format like The Voice or Love Island.

Through our Global Distribution business, we are focused on exploiting our 68,000+ hour library of global unscripted content assets and maximising the value of primary and secondary windows with FTA, Pay TV and streaming platform customers. In addition, our Global Entertainment and Creative Network teams actively tap into market intelligence locally, such as indications around market trends, and feed this back to the ITV Studios teams, to inform ITV Studios latest thinking around what the next potential hit format could be. This is another way in which having Global Distribution and Formats embedded in ITV Studios is incredibly valuable.

Further diversifying our customer base

As the demand from global and local streaming platforms grows, this presents a significant opportunity for ITV Studios to further diversify its customer base. Whilst streamers' content spend is not expected to grow at the same rate as in recent years, we expect content spend from streamers will continue to grow in the medium-term and it remains a key pillar of ITV Studios strategy.

In the US, we have strengthened our relationships with streaming platforms, having both scripted and unscripted development projects and commissions in place with all the major platforms. In 2022, nearly a third of US unscripted and scripted revenues came from streamers. Our UK and international studios (aside from Italy) have historically been more reliant on local broadcasters, but they continue to develop their relationships with these platforms, with 14% of revenues from each division coming from streamers in 2022.

In 2022, we significantly increased our percentage of total revenues from streaming platforms to 22%, from 13% in 2021. Following this success, we have increased our 2026 target from 25% to 30%). Scripted and unscripted programmes delivered to streamers in 2022 included The Reluctant Traveller for Apple TV+, Snowpiercer S3 for Netflix, and Love Island US S4 for Peacock.

New commissions for future broadcast by streamers include Franklin (working title) for Apple TV+, 'Squid Game: The Challenge' for Netflix (a co-production between Studio Lambert and ITV Studios label, The Garden) and Fifteen-Love for Amazon Prime along with several other titles in progress with Disney+, Apple TV+, Netflix and Amazon Prime.

Whilst further diversifying our customer base with streamers is a key strategic priority for ITV Studios, this will require careful management of our working capital as streamers typically expect extended payment profiles. In some instances, it may also limit the ability for us to maintain all the rights for high-value scripted titles as streamers usually want worldwide distribution rights for original commissions, in return for a premium fee on commissions.

Attracting and retaining leading talent

A key part of ITV Studios investment strategy and pivotal to the business's success is its ability to attract and retain the best creative talent. ITV Studios offers talent a blend of creative independence, an entrepreneurial culture, the resources of a global studio business, such as access to ITV Studios significant catalogue and in the UK, the benefit of being a vertically integrated producer broadcaster and streamer.

At our 2022 interim results, we announced the acquisition of a majority stake in Plimsoll Productions, the largest independent producer of natural history programmes in the world and a growing premium factual producer. The producer is behind series including, Tiny World and Giant World for Apple+; Hostile Planet for Disney+; Night on Earth for Netflix; and A Year on Planet Earth for ITV, Tencent in China, Fox Nation in the US and Ard Group in Germany. The acquisition enables ITV Studios to capitalise on the growing demand for natural history and factual

Ready to Mingle (also known as Make Love Fake Love internationally) is an ITV Studios unscripted format, which has travelled to three countries so far

My Mom, Your Dad is an ITV Studios unscripted format, originating from ITV America, and has been commissioned in ten countries in its first year

programming, further diversify its customer base and strengthening its relationships with streamers. The acquisition completed on the 1 July 2022.

In July 2022, we also announced that globally renowned drama producer and TV executive, Ben Stephenson, joined ITV Studios to set up a new transatlantic drama label, Poison Pen Studios. Previously, he was Head of Television at Bad Robot Productions, with notable hits including multi-series sci-fi title Westworld for HBO and Little Voice for AppleTV+.

In November 2022, ITV announced the acquisition of a majority stake in Australian producer Lingo Pictures, an international scripted label. Lingo's recent productions include season two of The Secrets She Keeps for Paramount+, BBC One and Sundance/AMC as well as the second season of Upright, which was nominated for Best International Drama at the Edinburgh TV Awards. Upcoming projects include Queen of Oz, a comedy starring and co-written by comedian Catherine Tate, commissioned by BBC One in the UK and Prosper for Australian streaming service Stan and Lionsgate. In total, Lingo Pictures will produce five series in 2023.

ITV's new labels set up through our recent talent deals have delivered an impressive slate of programmes, including Nolly from Quay Street Productions for ITVX (launched in 2023) and You & Me from Happy Prince.

ITV Studios financial performance in 2022

ITV Studios saw strong revenue growth in 2022, with total revenue up 19% to £2,096 million (2021: £1,760 million), and external revenue up 26% to £1,485 (2021: £1,177 million), with growth across all ITV Studios divisions. Total organic revenue at constant currency was up 14% (our definition of constant currency excludes acquisitions and assumes exchange rates remain consistent with 2021), with a £56 million favourable revenue impact from foreign exchange in the period.

Twelve months to 31 December	**2022 £m**	2021 £m	Change £m	Change %
ITV Studios UK	**822**	683	139	20%
ITV Studios US	**467**	372	95	26%
ITV Studios International	**465**	407	58	14%
Global Formats and Distribution	**342**	298	44	15%
Total ITV Studios revenue	**2,096**	1,760	336	19%
Total ITV Studios costs	**(1,837)**	(1,547)	(290)	(19%)
Total ITV Studios adjusted EBITA*	**259**	213	46	22%
ITV Studios adjusted EBITA margin	**12.4%**	12.1%	–	0.3% pts

* Includes the benefit of production tax credits. ITV Studios adjusted EBITA for 2021 has been restated to remove the unrealised profit in stock adjustment as this is an adjustment required on consolidation only. The launch of ITVX in the M&E division is likely to increase the levels of content held on the Statement of Financial Position, potentially requiring a larger profit in stock adjustment and therefore management believes the adjustment should be recorded at a consolidated level only. Refer to Alternative Performance Measures on page 57 for key adjustments to EBITA and adjusted EBITA.

Twelve months to 31 December	**2022 £m**	2021 £m	Change £m	Change %
Sales from ITV Studios to M&E	**611**	583	28	5%
External revenue	**1,485**	1,177	308	26%
Total ITV Studios revenue	**2,096**	1,760	336	19%

Twelve months to 31 December	**2022 £m**	2021 £m	Change £m	Change %
Scripted[1]	**723**	505	218	43%
Unscripted	**1,038**	948	90	9%
Core ITV[2] and Other	**335**	307	28	9%
Total ITV Studios revenue	**2,096**	1,760	336	19%

1 Includes high-end scripted and other scripted revenues
2 Core ITV includes the soaps and daytime shows produced by ITV Studios for ITV1

Fifteen-Love is a tennis drama, produced by World Productions, an ITV Studios label, for Amazon Prime

Franklin (working title) is a limited event series, starring Michael Douglas, and produced by ITV Studios America for AppleTV+

When compared to 2019, prior to the COVID-19 pandemic, total ITV Studios revenue was up 15% (2019: £1,830 million) and external revenue was up 18% (2019: £1,257 million) (both 2019 balances have been restated to reflect the reclassification of gaming, live events and merchandising from M&E).

Reflecting our presence in key global production markets, 60% of ITV Studios revenue was generated outside the UK (2021: 57%).

ITV Studios adjusted EBITA was up 22% year-on-year at £259 million (2021: £213 million), with the adjusted EBITA margin at 12.4% (2021: 12.1%), which includes a £5 million favourable impact from foreign exchange. In 2022, there were £7 million of cost savings. The ITV Studios margin continues to be impacted by costs associated with health and safety protocols due to the COVID-19 pandemic and inflation in the production sector. To help mitigate this we are looking at our property footprint, using technology and data to drive cost and revenue efficiencies and taking further steps to digitise our production processes by using cloud and remote editing more routinely. We remain committed to our adjusted EBITA margin guidance of 13% to 15% from 2023 but given the cost pressures, the margin will be at the lower end of the range in the shorter term as previously guided.

ITV Studios UK

As the largest producer of content in the UK, ITV Studios UK has a diverse range of scripted and unscripted titles for broadcasters and streaming platforms. The business is built upon many long-running and recurring titles, the majority of which are sold to the M&E business for transmission on ITV's family of channels, ITVX and BritBox UK. The core portfolio includes daytime programmes such as Good Morning Britain, This Morning, Loose Women; the soaps: Coronation Street and Emmerdale; and entertainment programmes such as The Voice, Love Island and I'm A Celebrity...Get Me Out Of Here!. ITV Studios UK's share of original content on ITV1 and ITVX was down at 65% (2021: 70%), however, this was based on a higher available year-on-year content spend budget in 2022.

In 2022, ITV Studios UK revenue was up 20% to £822 million (2021: £683 million), and up 16% on an organic basis. Internal sales to M&E was up 5% in the year, driven by dramas, such as A Spy Among Friends and Maternal; and entertainment shows such as Loaded In Paradise. Internal deliveries in the first half of 2023 include Love Island, Dancing on Ice and Vera.

Revenue from productions for non-ITV channels in the UK increased by 74%, with new and returning programmes including The Outlaws and Shetland for the BBC; and Countdown and Come Dine With Me for Channel 4. Off-ITV deliveries in the first half of 2023 include Fifteen-Love for Amazon Prime and World On Fire S2 for the BBC.

ITV Studios US

ITV Studios US is a scaled production business, providing content to all the major networks and cable channels in the US, along with every major streaming platforms. It has a good foundation of core programmes, including unscripted titles with multiple seasons and a high volume of episodes, and premium scripted content, which has enabled the business to grow its presence significantly in a highly competitive market.

ITV Studios US total revenue grew by 26% to £467 million (2021: £372 million) and 13% to £419 million when adjusted for the favourable foreign exchange impact, driven by both scripted and unscripted titles. Within ITV Studios America (scripted), the increase was predominantly driven by deliveries of Let The Right One In to Showtime and Physical S2 to Apple TV+. ITV America (unscripted) saw the delivery of almost 500 hours of content, including new titles such as Bullsh*t The Game Show for Netflix, along with returning titles, such as Love Island US S4 for Peacock, The Chase S3 for ABC and Hell's Kitchen S21/22 for FOX.

The development and commissioning pipeline for ITV Studios US in 2023 is strong; both ITV Studios America and ITV America have a number of projects in production or under development with existing and emerging streaming platforms as well as other traditional platforms. For ITV Studios America, this includes Franklin (working title) and Physical S3 for AppleTV+. Within ITV America, deliveries expected in 2023 include Love Island US S5 for Peacock, in addition to three new series for both Hulu and Roku, two new series for Amazon Prime and one new series for Netflix.

ITV Studios International

ITV Studios International has production bases in Australia, Germany, France, the Netherlands, the Nordics, Italy, Spain and Israel where we produce original scripted and unscripted content, as well as local versions of key formats developed through our Global Formats business. Growing our European scripted business allows us to benefit from the increasing demand for locally-produced content with global appeal, and we have scripted projects in production and development with Amazon Prime, Netflix, Paramount+, and Disney+, as well as local streamers, such as Videoland in the Netherlands, Stan in Australia and Viaplay in the Nordics.

Revenue within ITV Studios International increased by 14% to £465 million (2021: £407 million), and by 15% to £468 million when adjusted for the unfavourable impact of foreign currency. Growth was driven by deliveries including I'm A Celebrity...Get Me Out Of Here! from ITVS Germany and Cosmic Love from ITVS France as well as Blackwater from AppleTree Productions and part-delivery of Diana from Cattleya.

In 2023, we will continue to focus on growing our international scripted business to allow us to benefit from the increasing demand for locally produced content with global appeal. Deliveries expected in 2023 include The Messenger and Prosper from Lingo Pictures.

Global Formats and Distribution

Global Formats and Distribution revenues were up 15% to £342 million (2021: £298 million), and by 11% to £331 million when adjusted for the favourable impact of foreign currency. Our Global Distribution business benefited from the international distribution of titles, such as Harry Palmer: The Ipcress File, Ten Year Old Tom, and Noughts and Crosses. Finished tape sales of unscripted formats were also strong, including Love Island and Hell's Kitchen, delivering across multiple territories.

2023 should see an increased pipeline of new content for Global Distribution, including A Year on Planet Earth, new series of Love Island (including international versions), Fifteen-Love and Vigil S2 along with returning scripted titles such as Snowpiercer.

Our Global Formats business has continued to strengthen its portfolio of successful entertainment and factual entertainment formats, with 19 formats sold in three or more countries during the period (2021: 15). These included titles such as Love Island, Let Love Rule and Come Dine With Me. In addition to the formats already mentioned, new formats expected to sell internationally in 2023 include I Kissed A Boy, Project Icon, and Scared of the Dark.

Our Global Formats and Distribution business also continues to monetise our successful formats through commercial licence deals across gaming, live events and merchandising. Examples include The Chase online games, Coronation Street The Tour and the Love Island water bottles. In 2022, we made the decision to close the I'm A Celebrity...Get Me Out Of Here! Jungle Challenge Attraction but will continue to explore opportunities in this area, to maximise the returns on our IP.

The Messenger is an eight-part drama from Australian producer Lingo Pictures, which was acquired by ITV Studios in November 2022

Physical from Tomorrow Studios, an ITV Studios label, returned for its second series in 2022

Media & ENTERTAINMENT

Media & Entertainment (M&E) has two business units – Streaming and Broadcast. The market continues to evolve rapidly which provides both opportunities and threats. Our strategy is focused on taking advantage of the changes we are seeing in the viewing and advertising landscape as we aim to retain existing, and attract new viewers and advertisers.

ITV offers viewers the choice of watching our content whenever and however they want, either through our streaming platform or on our linear channels. The key is brilliant content which ITV has a strong track record for delivering. ITV provides advertisers with both valuable mass simultaneous reach on its linear channels and targeted advertising at scale through its streaming platform, both in a brand safe and measured environment.

Through our Streaming business, we operate ITVX, our new, free, ad-funded streaming platform with a compelling premium tier (which combines ITV Hub, ITV Hub+ and BritBox UK). ITVX leverages our investments to date in ITV Hub, BritBox UK, Planet V and data to drive digital viewing and revenue growth with a significant increase in investment in content. It will significantly strengthen our offering to viewers – making it a destination rather than a catch up service. For advertisers it delivers valuable addressable audiences at scale and our established data and analytics capabilities will drive higher-value, data-driven pricing models.

Through our Broadcast business, we operate the largest family of free-to-air commercial TV channels in the UK. They offer unique audience scale and reach, as well as targeted demographics demanded by advertisers. In spite of the growth in streaming viewing, linear broadcast remains important to our viewers and advertisers. We will optimise Broadcast to maintain our USP of delivering mass audiences for advertisers by investing in live content, such as sports rights and large entertainment shows, as well as continuing to invest in dramas. In addition, we will continue to build more strategic and creative partnerships with advertisers who highly value these large audiences to build their own brands.

Growing and enhancing our streaming proposition

ITV Hub and ITVX

Investment in ITV's streaming platforms is a key part of ITV's More Than TV strategy, with the improvements in the user experience, scale and quality of content and the launch of ITVX reflected in the strong performance in our key performance indicators. Our Streaming KPIs are the key drivers of growing our digital revenues, measuring the increasing scale of our advertising inventory through streaming viewing hours; our reach which is so valuable to advertisers through our monthly active users and the number of subscribers for our premium ad-free tier.

Monetisable streaming hours on our owned and operated platforms were up 18%. This was offset by a 22% decline in viewing on other streaming services such as Sky and Virgin, where we have taken the strategic decision to reduce the availability of pre-transmission drama drops and box sets, since we cannot serve and monetise dynamic advertising. This decision does not reduce existing revenues. Over time, we anticipate that we will see this viewing move to ITVX and be more effectively monetised. The transitional impact of this decision drives the difference between total streaming hours and monetisable streaming hours. In total, streaming hours were up 9% in the year to 1,139 million (2021: 1,048 million).

Monthly active users (MAUs) were up 6% to 10.5 million (2021: 9.9 million).

During the year we strengthened the content offering and number of hours available and enhanced the user experience with a redesigned Hub interface which has attracted greater viewing and breadth of users. The number of hours of free content has grown from 4,000 in December 2021 to 7,500 in June 2022 (on ITV Hub) to 12,000 hours (as well as an additional 7,000 hours of content on ITVX's subscription-funded premium tier) by the end of December 2022 (on ITVX). During the year we made the majority of dramas available in full on the ITV Hub when the first episode was launched on linear. To attract new viewers, we licensed new and different content, such as the Warner content, including titles such as The Sex Lives of College Girls, The OC, and One Tree Hill.

We saw strong simulcast viewing with hours up 21%, as more viewers used ITV streaming platforms as a destination for live viewing via connected TVs and streaming devices, particularly for the soaps, Love Island, dramas and FIFA World Cup. 2022 saw the number of programmes getting a million or more viewers on ITV streaming platforms increase by 6% year-on-year. In the last week of November, ITV recorded its best ever seven days of streaming with 106 million streams across the week, driven by the final week of I'm A Celebrity...Get Me Out Of Here! and 18 World Cup matches. Dwell time on ITV streaming platforms, which measures the average time spent viewing per session across all platforms, was up 15% in the year.

In November 2022 we started to roll-out ITVX, our new, free, ad-funded streaming service (with a premium subscription proposition) with the full content launch in December with 19,000 hours of content (including 7,000 hours in the premium tier). This included the new and exclusive content to complement the library content built up over the year. We worked successfully with our distribution partners to ensure that ITVX was widely available at launch.

ITVX combines ITV Hub, ITV Hub+ and BritBox UK and is a step change, creating a destination for viewers rather than a catch up service, and attracting those audiences who do the majority of their viewing on digital services. The streaming platform offers viewers a weekly new and exclusive premier; one of the UK's largest free film library with over 250 films as well as over 150 hours of documentaries including a dedicated true crime collection; box sets made available in their entirety at the same time as linear transmission; 20 FAST channels; acquired content, content partnerships and archive content; as well as our six linear channels; all powered by our one content budget across linear and streaming.

Riches is a six-part drama, which launched exclusively on ITVX in December 2022

Maternal is a medical drama, starring Parminder Nagra, which broadcast on ITV1 in January 2023

Stonehouse is ITV's biggest new drama so far in 2023 attracting an average of 4.8 million viewers

The Masked Singer returned to screens in January 2023. With over 6 million viewers, it is the most watched entertainment show on any channel so far

ITVX Premium, our subscription proposition combines ITV Hub+ and BritBox UK, offering an additional 7,000 content hours, all ad-free. BritBox UK also continues as a standalone service. UK streaming subscriptions continued to grow in 2022, up 17% to 1.4 million (31 Dec 2022: 1.2 million) and is in line with our plan. Within this, ITVX had 0.7 million subscriptions, with the remainder coming from BritBox UK.

We are very pleased with the performance of ITVX in its first two months. ITVX is attracting more viewers, with 1.5 million new registered users; increasing viewing time, with a 69% increase in total streaming hours; and attracting light viewers (the group we call mainstreamers), who are harder to reach, with a 94% increase in streaming hours. In addition, we saw a 109% increase in streaming hours amongst the 16-34s demographic.

Although ITVX has now launched, it will continue to evolve with new weekly exclusive premieres, including new drama Nolly starring Helena Bonham Carter; true crime series Social Media Murders; and comedy series Deep Fake Neighbour Wars. There will be further investment to enhance the user experience and features including deeper personalisation across the viewer experience, improvements in search and content categories, as well as advanced data analytics and A/B testing to further optimise viewing performance.

Continuing to deliver unrivalled audiences with high-quality programming

In 2022, ITV continued to inform and entertain the UK nation, providing audiences with high-quality programming across the full range of genres. ITV Family's share of commercial viewing (SOCV) (which is ITV's share of viewing as a proportion of all commercial ad-funded channels in the UK), increased from 33.1% in 2021 to 33.8%.

While we had a strong schedule of drama, entertainment programmes and sport, Total ITV viewing (which combines live viewing of ITV channels, recorded and on-demand, on all devices) declined by 9%, to 13.8 billion hours, impacted by the easing of lockdown restrictions against the tough comparatives of 2021. Total broadcaster TV viewing (live and catch up viewing to broadcast channels including TV video on demand of all broadcasters) declined by 12% in the year. Total TV set viewing (including advertiser and subscription funded streaming services, YouTube and games consoles) declined by 9%. Total TV set viewing was less than the decline in broadcast TV viewing, driven by a smaller decrease in viewing on subscription streaming platforms during the period (Source: BARB).

On ITV1, Coronation Street and Emmerdale maintained their position as the UK's two largest soaps. We dominated the big genres with three of the top five most-watched new dramas including Trigger Point, The Thief, His Wife, and the Canoe and Our House; successful returning dramas including Vera and Doc Martin; and four of the top five most-watched entertainment shows including I'm A Celebrity...Get Me Out Of Here! (which returned to Australia for the first time since 2019 and averaged over 11 million viewers, a year-on-year increase of over 3 million viewers), The Masked Singer and Britain's Got Talent (which returned after almost two years). Our successful factual programming included Kate Garraway: Caring For Derek, and Julia Bradbury: Breast Cancer and Me. The Martin Lewis Money Show achieved its biggest audience for nearly five years, as he helped viewers navigate the cost of living crisis. Our daytime shows continued to perform well, and we had the return of a full sport schedule, including the FA Cup, Six Nations and the 2022 FIFA World Cup. The England v France FIFA World Cup match attracted a peak of 23 million viewers, making it the most watched programme of the year on any channel and delivering ITV's best Saturday night on record. Changes to our national and international evening news went live in March 2022, with our evening news programme extended from 30 minutes to an hour, with even more focus on reporting from outside of London feeding into the programme, to reflect the whole of the UK. Our news programming continued to perform well in 2022, with our early evening bulletins maintaining a 21% share of viewing year-on-year.

On ITV2, while viewing volumes for individuals was down 12% in line with a decrease in total broadcaster TV viewing, ITV2's target audience, 16-34s share of viewing was flat and SOCV for 16-34s was up 2%, helped by a new series, Olivia Atwood: Getting Filthy Rich, and the return of the summer series of Love Island.

On ITV3, the target audience ABC1 adults share of viewing was broadly flat in the year, with repeats of popular dramas, including Grace, Vera, Midsomer Murders and Endeavour.

On ITV4, the target audience of males share of viewing was flat, with good viewing for sport, which included the FA Cup and the Isle of Man TT and some World Cup matches.

We have an exciting schedule in 2023 with new and returning dramas, including Stonehouse, Maternal and Vera; and returning entertainment including Britain's Got Talent and The Voice UK, as well as the Rugby World Cup.

Without Sin is a psychological thriller starring Vicky McClure, which launched exclusively on ITVX in December 2022

Britain's Got Talent The Ultimate Magician was a special edition which showcased the best magicians from Got Talent shows globally

Strong linear and online advertising proposition

ITV offers advertisers the best of both worlds, offering both mass simultaneous reach and targeted advertising, in a high-quality, trusted and measured environment across both linear and ITVX. Our significant investment in a broad range of very popular content drives scale and reach in live and streaming viewing. And our Commercial team has deep relationships with clients and a proven track record of building and executing successful strategic partnerships with existing as well new clients.

ITVX enables ITV to drive a sustainable increase in online inventory and reach to serve the growing advertising demand for targeted advertising. Planet V, our scaled programmatic addressable advertising platform, is the UK's second-largest programmatic video advertising platform, after Google, which supported by our data assets and capabilities delivers attractive products for advertisers.

Planet V's end-to-end technology is wholly-owned by ITV, which is unique in the broadcast industry, and ensures all returns flow to ITV with no value leakage through third-party commissions. It is a self-service platform enabling advertisers to plan and buy ITVX inventory seamlessly and cost-effectively, create bespoke audiences, add their first-party data in a fully GDPR compliant environment using InfoSum and monitor their campaigns via a custom-built user interface. It has been rolled out to all the large agency group businesses, the independent agencies and all the regional specialists, with over 1,800 active users and more than 90% of ITV's inventory booked through the platform. Digital advertising grew strongly in the period, up 17% year-on-year, including 380 digital-only advertisers and 20,000+ data targeting options available to advertisers.

In November 2022, we announced the launch of Planet V 2.0, which provides users with a new look, improved functionality and more parameters to help build more effective campaigns. The pilot is planned to start with a select number of customers before being rolled out more widely.

Television remains an efficient and effective medium for advertisers to achieve mass reach and generates the highest return on investment of any media. We maintained our share of the top 1,000 commercial broadcast TV programmes at 93% in the year (2021: 93%). As viewing and advertising become more fragmented, the scale and reach of advertising that television, and particularly ITV, delivers becomes increasingly valuable, and as we evolve our strategy, our Broadcast business will continue to optimise its USP as the largest commercial public service broadcaster in the UK.

With the proven return on investment which television offers, our Commercial team has several initiatives in place to both attract new advertisers to ITV and engage existing advertisers. These include the following, which have helped attract nearly 490 new advertisers to ITV in 2022:

- ITV AdVentures Ignite is aimed at encouraging digitally native brands to advertise on television for the first time. In 2022, we launched new brands including hair colour brand, Josh Wood Colour and mobile bicycle repair service, Fettle, which launched with a geo-targeted digital campaign around the Tour de France. Butternut Box, the fresh dog food delivery service, was an Ignite client from 2020, and has now grown to be a national advertiser on ITV, demonstrating the initiative's success.
- ITV AdVentures Invest is ITV's Media for Equity programme which launched during the first half of 2021 and involves ITV taking minority stakes in direct-to-consumer businesses, in return for advertising inventory across ITV's channels and ITVX. The initiative serves as an innovative opportunity for these businesses to build scale through TV advertising, alongside a strategic media partner. Since its launch, ITV AdVentures has made four media for equity investments into geopositioning service what3words, bespoke menswear fashion brand Spoke, wellness digital startup Feel, and online car marketplace carwow, and subsequently made follow-on investments into what3words and Spoke. In addition to these portfolio companies, ITV AdVentures has also supported three brands, Afrocenchix, LiveLink and Syrona Health, to launch their first ever TV campaign via its partnership with Google for Startups Black Founders Fund.
- ITV Ad Labs brings together all of ITV Commercial's innovation under a single business proposition. Examples include QR Ads, which enables viewers to buy products by scanning a QR code in an ad with their smartphone; and Dynamic Creative advertising on Planet V, which enables advertisers to dynamically tailor the ad creative for different locations, audiences or products. In November 2022, we announced our new Matchmaker solution, which uses InfoSum, a leading data collaboration platform in which ITV has invested. It securely matches ITV's existing registered first-party audience

PLANET V

PlanetV is ITV's programmatic addressable advertising platform. It is the second biggest platform in the UK, after Google

The 1% Club, hosted by Lee Mack, was the most watched new entertainment series since The Masked Singer launched in 2020

with Boots' Advantage Card and Tesco's Clubcard databases. This allows smarter targeting and measurement across ITV's premium video inventory. To ensure customers are maximising their return on investment, we have also created Ad Labs Insight, which includes innovations such as the Share of Voice reporting tool which allows brands to measure their TV presence and compare themselves to others in their market, and a budget planning tool which help brands apply best practice to maximise the return from their marketing budgets.

- ITV Backing Business, which makes it as flexible as possible for British businesses to advertise on television, with ITV providing them with marketing support and a wealth of resources to help them return to growth. The team has worked with brands such as NatWest – which has seen around a 10% increase in SME account openings as a result, along with Juicy Couture, Weleda and HiHi.
- ITV Home Planet is ITV's initiative for sustainable brands to encourage viewers to reduce their carbon footprint. Brand partners to date include Nationwide, Volkswagen, and Sainsbury's.

The ITV Commercial team are also delivering more innovative and bespoke partnerships across linear and digital including product placement, ad-funded programming and commercial partnerships where we can use the power of our brands to help advertisers engage with audiences in different ways. This is made possible and more valuable by being a vertically integrated producer broadcaster and streamer, with editorial, commercial, creative and production working together to provide valuable opportunities for advertisers.

Our product placement deals during the period included Heineken 0.0 Draught (alcohol-free beer) which went on tap at Coronation Street's Rovers Return and Emmerdale's Woolpack. The summer version of Love Island had over ten commercial partnerships, engaging in programme sponsorship, brand licences, in-store branding and product placement, including Just Eat, eBay, Reddit, Quay, O2 Virgin Media, and Boots. ITV and Ring also worked together to create the successful 'Ring My Bell' ad campaign on Saturday Night Takeaway; while planned as a one-off, due to popular demand and impact, the format came back twice more and was also winner of the Grand Prix at the Media Week Awards. In sport, Motorway, the UK's fastest growing used car marketplace, sponsored our live coverage of the Guinness Six Nations, and the 2022 FIFA World Cup on ITV was sponsored by both Google Pixel and KFC.

The Voice UK returned for its 11th series in 2022, with coaches will.i.am, Anne-Marie, Tom Jones and Olly Murs

ITVX is our new, free, ad-funded streaming service which launched in Q4 2022

To provide more insight into the effectiveness of television advertising, ITV has joined Channel 4 and Sky to launch a new total television advertising measurement system in the UK. CFlight (designed by NBCU in the US) launched in March 2022. It is a post-campaign online evaluation tool, which gives advertisers and agencies a unique view of the coverage achieved by their commercial campaigns across both linear and streaming. In December 2022, CFlight won the prestigious MRS Award for Best Media Research. Further enhancements to the tool are expected in 2023.

The advertising market is highly competitive, with global streamers having now entered the advertising market. However, ITV has a highly experienced team that are well versed in competing with new entrants to the advertising market. We believe we are well positioned to successfully execute Phase Two of our More Than TV strategy with the launch of ITVX. We will offer our advertising clients something no streamer is able to – the best of both worlds – enabling advertisers to grow their brand through the unparalleled mass simultaneous reach audience generated on ITV, whilst extending incremental reach through a targeted offering on ITVX. This will be supplemented by innovative data and content advertising offerings that are unique to ITV.

BritBox International

Our international BritBox joint venture with the BBC is currently available in the US, Canada, Australia, South Africa and the Nordics (made up of Sweden, Finland, Denmark and Norway) and provides an ad-free subscription streaming service offering the most comprehensive collection of British content available in those territories. Subscriptions have grown strongly and are ahead of plan, with 3.0 million BritBox subscriptions internationally (31 Dec 2021: 2.4 million).

Across all our streaming services (including ITVX), we now have 4.4 million subscriptions globally.

M&E financial performance

M&E total revenue was down 1% in the year at £2,249 million (2021: £2,282 million). This decrease was predominantly driven by total advertising revenue which was down 1% to £1,931 million (2021: £1,957 million) as expected. Digital revenue, which includes revenue from digital advertising, digital sponsorship and our subscription services, was up 18% in the period to £411 million (2021: £347 million). Within this, digital advertising revenues were up 17% year-on-year to £343 million (2021: £293 million), subscription revenues were up 29% to £54 million (2021: £42 million) and other digital revenues were up 17% to £14 million (2021: £12 million). M&E non-advertising revenues were down 2% to £318 million (2021: £325 million) with strong growth in subscription revenue offset by a decline in competitions and SDN revenues. Further detail on the year-on-year movement in revenue is detailed below.

When compared to the same period in 2019, M&E revenue on a like-for-like basis, was up 9% (2019: £2,055 million) predominantly due to the increase in TAR (2019: £1,768 million) and growth in subscription revenue (2019: £14 million).

Total M&E costs were up 6% at £1,785 million. Across M&E, increased costs were partly offset by cost savings of £16 million.

Within this, content costs were up 5% to £1,216 million (2021: £1,154 million) due to additional ITVX content investment and the return of a full schedule compared to the prior year which was impacted by the pandemic, including a full schedule of dramas, sporting events such as the FIFA World Cup and higher volume of FA Cup and Rugby Six Nations matches, and the return of entertainment shows such as Britain's Got Talent. Content costs were slightly lower than originally guided due to changes in the schedule as a result of the passing of Her Majesty Queen Elizabeth II and fewer England Internationals ahead of the 2022 FIFA World Cup.

Variable costs were up 2% at £130 million (2021: £127 million), mainly driven by an increase in commercial payaways and bandwidth costs (in line with increased viewing), partly offset by a decrease in competitions-related costs (in line with revenues).

Love Island was the most streamed title of 2022 with over 270 million streams across the series

Ninja Warrior UK is a British physical obstacle assault course game show, which returned to screens in 2022. It is produced by Potato, an ITV Studios label

Twelve months to 31 December	2022 £m	2021 £m	Change £m	Change %
Total advertising revenue	**1,931**	1,957	(26)	(1)
Subscription revenue	**54**	42	12	29
SDN	**55**	70	(15)	(21)
Partnerships and other revenue	**209**	213	(4)	(2)
M&E non-advertising revenue	**318**	325	(7)	(2)
Total M&E revenue	**2,249**	2,282	(33)	(1)
Content costs	**(1,216)**	(1,154)	(62)	(5)
Variable costs	**(130)**	(127)	(3)	(2)
M&E infrastructure and overheads	**(439)**	(403)	(36)	(9)
Total M&E costs	**(1,785)**	(1,684)	(101)	(6)
Total M&E adjusted EBITA*	**464**	598	(134)	(22)
Total adjusted EBITA margin	**21%**	26%	–	–

* Refer to Alternative Performance Measures for key adjustments to EBITA and adjusted EBITA.

	2022 £m	2021 £m	Change £m	Change %
Digital advertising revenue	**343**	293	50	17
Subscription revenue	**54**	42	12	29
Other	**14**	12	2	17
Total Digital Revenue	**411**	**347**	**64**	**18**

M&E infrastructure and overhead costs increased by 9% to £439 million (2021: £403 million), driven by investment in ITVX and digital innovations and one-off costs such as the donation of proceeds from the Concert for Ukraine and cost of living payments to ITV employees.

M&E adjusted EBITA was down 22% to £464 million (2021: £598 million), with a margin of 21% (2021: 26%).

Total advertising revenue (TAR)

The start of 2022 saw TAR up 16% in Q1, with good demand across the majority of advertising sectors. As expected, TAR comparatives were tough in Q2, which was down 5% and Q3 which was down 14%. As ever, Q4 was the strongest quarter in absolute terms, and was flat year-on-year, with both the lead up to Christmas and the FIFA World Cup benefiting advertising revenue. The full year was down 1%, as previously guided, and was the second-highest outturn in ITV's history.

The categories with the largest year-on-year movements are as expected. Airlines and Travel were up 59% compared to the impact of travel restrictions in the prior year and Telecommunication spend was also up 21% driven by sector M&A activity, device launches and World Cup-related spend. Cars and Car Dealers were down as a result of supply chain issues and Government and Charities were down off the back of significant COVID-19 related spend last year. E-commerce companies, excluding gambling, decreased 17% in the period. Within this category the largest decline was from retail, energy comparison websites and food delivery brands who spent heavily in 2021 to take advantage of lockdown restrictions. This was partly offset by growth in travel brands.

The outlook for advertising is challenging as we expected, given the current macroeconomic environment. TAR is expected to be down 11% in Q1 2023 and within this we continue to see strong growth in digital advertising revenues. Compared to the same period in 2019, TAR in Q1 2023 is expected to be down around 1%. April 2023 TAR is expected to be down around 10% to 15%.

Pride of Britain Awards share the stories of extraordinary people; helping to inspire, engage and empower more people to make a difference in their communities

Subscription revenue

Subscription revenue is generated directly from our streaming services and includes ITV Hub+ (prior to ITVX's launch), ITVX Premium and BritBox UK. It does not include BritBox International, which is included within JVs and Associates.

In 2022, subscription revenue increased by 29% to £54 million (2021: £42 million) driven by good growth in both BritBox UK and ITV Hub+/ITVX Premium subscriptions, which both benefited from a strong content pipeline in the year. While there will be some disruption as we transition subscribers to ITVX, we expect to hold our subscriber numbers in 2023 and expect to see growth in 2024.

SDN

SDN generates revenue by licensing multiplex capacity to broadcast channels, radio stations and data providers on digital terrestrial television (DTT) or Freeview.

SDN customers include ITV and third parties, with external revenue (non-ITV) decreasing by 21% in the year to £55 million (2021: £70 million), impacted by the renewal of long-term contracts with third parties which reverted to current market rates.

In 2023, several long-standing contracts which were agreed at the peak of the DTT capacity market ten years ago will also come to an end, which we expect will renew at current market rates.

SDN's current multiplex licence has been renewed until 2034.

Partnerships and other revenue

Partnerships and other revenue includes revenue from platforms, such as Sky and Virgin Media O2, competitions revenue, third-party commission, e.g. for services we provide to STV, and commercial revenue from our creative partnerships.

Partnerships and other revenue was down 2% in the period to £209 million (2021: £213 million) predominantly driven by a decrease in competitions revenue which had strong 2021 comparatives due to more people viewing our programmes (particularly daytime) and entering competitions during government-imposed lockdowns in 2021.

Social Purpose

Social Purpose is central to ITV's mission to reflect and shape culture with brilliant content and creativity. ITV does more than entertain – as Britain's largest commercial broadcaster, we're in a unique position to make a positive difference to our audiences, communities and the wider world.

To make the most of this opportunity, ITV's Social Purpose agenda focuses on four key areas where we can have the biggest impact: Better Health, Diversity and Inclusion, Climate Action and Giving Back – all with clear, measurable goals.

Better Health, and better mental health in particular, is the cause we want to be known for, and where we focus our major behaviour change campaigns. The impact of our activity is tracked through extensive, regular research commissioned from YouGov and other partners. Performance and plans are reviewed by the Board annually and the Management Board quarterly. Progress against climate action targets is reviewed quarterly by the ITV Studios and M&E Boards and progress against diversity targets biannually. The Board Nominations Committee and Audit and Risk Committee also review progress against diversity targets and carbon emissions targets.

Our Social Purpose goals align with the UN's Sustainable Development Goals (SDGs). The following nine SDGs are where we believe ITV can make the most significant contribution.

Britain Get Talking 7 million people took action to support mental wellbeing as a result of 2022's Breakthrough campaign

Better Health

Inspiring change in how we look after our mental and physical health.

Our goal

Inspire

200 million

actions to support better mental and physical health achieved by 2023

Sustainable Development Goal

ITV puts the power of TV behind behaviour change campaigns. We have created a distinctive approach built around: encouraging preventative action; being disruptive; always entertaining; learning from experts; and demonstrating results.

Off-screen we also have a strong focus on the wellbeing of our people, producers and participants.

Mental health

Britain Get Talking

We continued our award-winning campaign in 2022, supported by the charities Mind and YoungMinds, and SAMH in Scotland, to encourage people to boost their mental wellbeing by connecting with others. Now in our fourth year of the campaign, we needed to work harder to find a way to cut through to the audience.

The campaigns

Britain Get Talking tackled the mental health crisis among young people by encouraging viewers to take the time to break through to young people in their lives. Featuring a dad reaching out to his teenage daughter, the advert showed the disconnect between what we feel able say versus what we feel. Supported by 'breakthrough moments' where talent from ITV programmes addressed viewers directly about issues raised in their shows, the campaign encouraged 7 million people to take action. It was extended into Christmas with a social media campaign featuring Will.i.am, Gordon and Tilly Ramsay, and Katie Piper.

Britain Get Talking also marked Mental Health Awareness Week in May by encouraging the nation to send a voice note to someone who might be lonely. People could listen to voice notes from ITV talent including Phillip Schofield, Laura Whitmore and Charlene White via QR codes posted on high streets.

Britain Get Talking was brought into a primetime Christmas show, Britain Get Singing, which saw stars from ITV shows singing for a panel of celebrity judges, underpinned by mental health messages.

The results

7 million people

started a conversation or had a better quality of conversation as a result of 2022's Break Through campaign[1]

1. Source: Extrapolated from YouGov, November 2022 (Sample: 2,041 UK adults)

ITV2 x CALM

ITV2 continued its partnership with mental health charity, Campaign Against Living Miserably (CALM), with the aim of helping young people take action to care for their mental health when they're experiencing low mood.

The 'Just do what gets you through' campaign set out to challenge wellness stereotypes, prompting viewers to do what works for them when they're feeling flat. A specially-commissioned ITV series called Retreat Yourself featured comedian Donna Preston as the host of an unconventional celebrity wellness retreat.

The results

1.8 million

people took action to care for their mental health as a result of the campaign[2]

2. Extrapolated from YouGov, June 2022 (Sample: 2,001 UK adults)

People and production wellbeing

This continues to be a priority at ITV. Refer to Our People on page 54 for details on how we support the mental health and wellbeing of our colleagues and page 69 for details on our Duty of Care charter.

1 Million Minutes

Now in its seventh year, Good Morning Britain's 1 Million Minutes campaign ran in December, with the aim of tackling loneliness in the UK by encouraging people to volunteer, including celebrity contributions from Ricky Gervais, Shirley Ballas and Craig David, and a phone-in for lonely people to call for a chat there and then. Since launching in 2016, a staggering 521 million minutes[3] of time have been pledged.

The results

117 million minutes

pledged to combat loneliness[3]

3. Based on the number of website sign ups at: itv.com/1millionminutes

Unwind with ITV

This daily series of calming and reflective programming which encourages mindfulness and self-care continued for a second series. ITV worked in close collaboration with Campaign Against Living Miserably to develop the series. Since its launch, the series has had 10 million viewers and over 6,500 hours have been streamed on ITV platforms.

The results

6,500 hours

of mental wellbeing content[4]

4. ITV airtime data

Eat Better

Eat Them To Defeat Them

Now in its fourth year, in 2022 ITV continued its award-winning partnership with Veg Power to encourage children to eat vegetables.

The campaign

One million children across 3,800 schools received take-home sticker packs to support the campaign, the highest number we've ever reached.

Sky and Channel 4 again matched ITV's airtime commitment, enabling a £3 million media campaign, with additional funding from an alliance of supermarket and retail brands. The campaign was also supported by the Welsh government who funded the programme for all primary and special schools across Wales.

The results

57%

of parents[5] whose children took part in the schools campaign said their children ate more vegetables as a result.

Since its launch in 2019,

over 1.4 billion[6]

additional kids portions of vegetables have been sold as a result of the campaign.

5. Data supplied by participating schools to Veg Power
6. PearlMetrics econometric analysis based on 40g per serving for a child

Move More

Daily Mile

ITV continued its support for the Daily Mile, an initiative encouraging primary schools to do 15 minutes of daily exercise with a new campaign. Since lockdown we have found it more challenging to recruit new schools, so the new campaign focused on the academic benefits as well as the physical and emotional.

The results

Over 70,000[7]

children took up the Daily Mile as a result of the campaign.

2.1 million

more children are doing the Daily Mile across 8,000 more schools since ITV began supporting the Daily Mile in April 2018.

7. Daily Mile schools registrations, supplied by the Daily Mile

The results

47 million

positive actions taken by the public to support mental and physical wellbeing as a result of ITV campaigns in 2022*

* Source: Extrapolated from YouGov: May 2022 (Sample: 524 London adults; September 2022 (Sample: 2022 UK adults); November 2022 (Sample: 2,041 UK adults); December 2022 (Sample: 1037 UK adults)

Giving Back

Giving back to our local and international communities through causes we care about.

Our goals

Increase the amount raised by Soccer Aid for UNICEF.

Encourage
500
mentoring partnerships by 2025.

Sustainable Development Goals

ITV's Giving Back focus is on giving time, money and support to those who need it, both at home and further away.

Fundraising

Soccer Aid for UNICEF

2022 marked the 11th Soccer Aid for UNICEF match, and 16 years of partnership between ITV and UNICEF. Teams of former professional football players and celebrities came together to raise money for UNICEF's work helping children who are facing conflict, disasters, and other crises around the world.

The event
The match took place in June in front of 54,000 fans, with a half time performance from Robbie Williams. For the second year running it was supported by a full week of special programming on ITV to raise more money.

Concert for Ukraine

To help raise urgently needed funds for those affected by the conflict in Ukraine, ITV and Livewire organised a music concert to raise money for the Disasters Emergency Committee (DEC), broadcasting live on ITV and STV and around the world on YouTube. The concert featured a star-studded line-up, including Ed Sheeran, Camila Cabello, Gregory Porter, Emeli Sandé, Nile Rodgers and Ukrainian singer and former Eurovision winner, Jamala. ITV donated all revenues from advertising, in a broadcaster first.

The results

A record-breaking total of
£15.7 million
was raised for Soccer aid for UNICEF[1]

£13.4 million
raised for Disasters Emergency Committee[2]

1. Amount reported via: www.socceraid.org.uk
2. Disasters Emergency Appeal data

Volunteering

ITV encourages colleagues to use three paid days a year to volunteer. In 2022, we continued our mentoring scheme with Creative Access, providing ITV mentors for people from groups under-represented in the creative industries as they begin or grow their careers. We also worked with schools outreach organisation Education and Employers, encouraging colleagues to help students think about a career in media.

ITV colleagues were also involved in training workshops and recruitment days, in partnership with Media Trust and Princes Trust.

The results

240
mentoring partnerships through Creative Access set up since the programme began, with ITV mentors providing approximately

1,440 hours
of mentoring[3]

3. Data provided by Creative Access

Climate Action

Creating programmes with the biggest impact on the audience and the smallest impact on the planet.

Our goals

Net Zero: Reducing emissions we control by

46.2%

and those we can influence by

28%

by 2030, all emissions by

90%

by 2050*

100%

sustainable supply chain by 2030

Zero Waste by 2030

100%

albert certified and trained each year

Increase visibility and impact of Climate Action content on-screen

Sustainable Development Goals

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

* We are aligning with the Science-Based Targets initiative's definition of Net Zero, ensuring we have short-term (2030) as well as long-term emissions reduction targets (2050), and use carbon removal for unavoidable emissions.

In a year when the UK recorded its highest ever temperatures and a third of Pakistan was under water due to unprecedented floods, ITV's Climate Action ambition continued to grow with the scale of the challenge. We made progress across all business areas – from improving the accuracy of our reporting to engaging commercial partners with innovative ways to showcase sustainable products.

Our efforts were recognised by CDP (Carbon Disclosure Project) as we secured a place on their A list in 2022, meaning our Climate Action approach is rated amongst the top 2% of disclosing companies in the world.

Raising ambition and increasing transparency

We are taking action to hold ourselves to the highest standards and to increase our confidence in our data over time. ERM CVS was engaged to provide limited assurance of total Scope 1, Scope 2 (location and market based) and Scope 3 (Category 1, 2, 3, 4, 5, 6, 7, 8, 11 and 15) emissions. The resulting assurance statement can be found on our Social Purpose website. We also improved the quality of our Scope 3 calculations by introducing supplier-level carbon data (using actual data from supplier emissions rather than spend-based estimates).

As the way we calculate emissions data has evolved to be more precise, we have applied the new calculation to our 2019 baseline to enable consistent comparison. We have aligned with the Science Based Targets initiative's stringent standard for Net Zero by submitting additional targets to reduce our emissions by 90% by 2050 across our Scopes 1, 2 and 3. Our 2030 targets remain unchanged.

Making it part of everyone's job

Climate Action is integrated within the business at ITV, supported with solid governance. Senior leaders in our Climate Action Delivery Group (CADG) are each accountable for developing and implementing a climate action plan that supports ITV's targets. They are supported by Green Leads and Green Teams across all business units to ensure that colleagues are empowered to drive change in their areas.

The remuneration package of the Management Board is linked to achieving our climate action targets, with senior leaders across the organisation earning individual bonuses linked to ESG objectives. ITV's Revolving Credit Facility arrangements are also linked to our climate targets performance, ensuring that there's a direct positive financial impact related to our emissions reduction.

Fostering collaboration

We know we can't achieve these ambitious targets alone, so ITV is working closely with our suppliers, industry peers and commercial partners.

ITV has been an active member of the BAFTA albert project since its inception in 2011, and continues to participate in its evolution. Around 60% of our footprint comes from the production of TV programmes, and albert plays a key role in shaping the path to a sustainable production industry.

We also participate in Dimpact, a world-leading project on the carbon impact of digital media activities such as streaming, helping us better understand the complexity of the value chains and decarbonisation levers at our disposal in this area.

Through the Ad Net Zero project, hosted by the Advertising Association, ITV has joined brands, agencies and other media owners to shape a more sustainable future for advertising.

Reducing ITV's footprint

ITV's Scope 1 and 2 emissions have decreased ahead of targets against our 2019 baseline year, although we are reporting an increase in Scope 2 emissions in 2022, as some of our site landlords haven't yet submitted renewable certificates for energy used. Progress this year is the result of consolidation of ITV's office space in London, the modernisation of a number of sites resulting in lower energy consumption, and an increase in the proportion of our fleet that is hybrid or electric. Next year, we'll be increasing the percentage of ITV's electricity supply from renewable sources and installing electric vehicle charging points on key sites to continue to support this transition.

It is critical that we engage actively with our suppliers, as 99% of our footprint is in Scope 3. We joined the CDP Supply Chain programme this year and invited over 200 suppliers to respond to the CDP's climate change questionnaire, of which over 50% responded. This enables us to gather consistent data in a scalable manner, and to assess the environmental maturity of key suppliers. We have made our procurement processes more ambitious, introducing guidance that 20% of the selection criteria for new suppliers should be dedicated to Social Purpose issues.

Innovation is key in allowing us to continue making high-quality programmes while radically reducing our emissions. Following the creation of the Studios Innovation Hub in 2021, we ran a number of pilot projects this year, ranging from virtual production and virtual sets, to clean power solutions and more.

Business Travel emissions have increased slightly compared to 2021, but still remain well below pre-pandemic levels, with a 51% reduction compared to 2019. In 2022, we introduced a new sustainable travel policy and are working on setting divisional targets in 2023.

The results

In 2022, our Scope 1&2 emissions decreased by

36%

compared to 2019, our baseline year

and our Scope 3 emissions decreased by

13%*

* Scope 3 here refers to Purchased Goods and Services and Business Travel, the Scope 3 categories referenced in our 2030 science-based targets. Refer to our Social Purpose report for further detail.

Streamlined Energy and Carbon Reporting (SECR) – based on data for the year ended 31 December 2022

Scope		Description	Unit	2022 UK	2022 Global (excl UK)	2022 Total	2021** UK	2021** Global (excl UK)	2021 Total
1		Emissions from gas, refrigerants and owned vehicles	tCO_2e	**1,639**	**335**	**1,974***	1,976	439	2,416
2	Location-based	Electricity emissions using geographical location	tCO_2e	**4,271**	**1,101**	**5,372***	5,072	1,051	6,122
2	Market-based	Electricity emissions using purchased electricity factor	tCO_2e	**2,770**	**868**	**3,638***	824	771	1,595
1&2	Location-based	Total emissions	tCO_2e	**5,910**	**1,435**	**7,346**	7,048	1,490	8,538
1&2	Market-based	Total emissions	tCO_2e	**4,409**	**1,202**	**5,611**	2,800	1,211	4,011
		Direct & Indirect Energy Consumption	kWh	**27,427,829**	**5,501,401**	**32,929,230**	29,915,988	5,736,768	35,652,757
		Total revenue	£m		**£4,345**			£4,042	
1&2	Location-based	Normalised emissions to revenue	tCO_2e/£m	**1.3603**	**0.3303**	**1.6906**	1.7437	0.3686	2.1123
1&2	Market-based	Normalised emissions to revenue	tCO_2e/£m	**1.0147**	**0.2767**	**1.2915**	0.6927	0.2995	0.9922
3		Total Scope 3 Emissions	tCO_2e		**609,124***			712,780	
3		Purchased goods and services	tCO_2e		**291,120**			318,325	
3		Capital goods	tCO_2e		**1,844**			1,488	
3		Fuel and Energy-related activities	tCO_2e		**2,190**			2,565	
3		Upstream transportation and distribution	tCO_2e		**1,338**			16,030	
3		Waste	tCO_2e		**62**			62	
3		Business travel	tCO_2e		**21,392**			17,175	
3		Commuting	tCO_2e		**8,113**			4,942	
3		Upstream leased assets	tCO_2e		**14,373**			13,367	
3		Use of sold products	tCO_2e		**254,125**			312,504	
3		Investments	tCO_2e		**14,568**			26,321	
Total Scope 1, 2 & 3 (market-based)			tCO_2e		**614,735**			716,790	

Methodology

2022 emissions data covers global operations for which we have operational control. We use the Greenhouse Gases (GHG) Protocol Corporate Accounting and Reporting Standard and the latest conversion factors from the Department for Business, Energy & Industrial Strategy to calculate Scope 1 and Scope 3 Business Travel emissions, and the latest conversion factors from the International Energy Agency to calculate Scope 2 emissions in tonnes of carbon dioxide equivalents.

'Location-based' calculations reflect the average emissions that using electricity creates in the country where the energy is used, while 'market-based' calculations reflect emissions based on the energy contracts ITV has chosen, such as through purchasing energy on a renewable tariff.

We have chosen to measure and report our emissions in total gross emissions in metric tonnes of CO_2e per £ revenue, which is the recommended intensity ratio for the sector.

38% of our market-based Scope 1 and 2 data set is based on estimated data, which makes up 0.57% of the total data set. Estimates are calculated from previous consumption trends and published benchmarks.

Our Scope 2 footprint increased in 2022 because we have a number of sites where we require evidence that they are powered by renewable electricity, which is outstanding. We anticipate that once we have received these confirmations, our reduction trajectory in this area will be restored.

The calculation methodology for the Scope 3 category 'Purchased Goods and Services' has been updated in 2022 to include actual supplier data provided via the CDP (Carbon Disclosure Project), and the use of V6 CEDA EEIO (Environmentally Extended Economic Input Output) factors, which are the GHG-Protocol recommended factors for estimating carbon emissions based on spend data. The supplier-specific data accounted for 4.6% of ITV's total spend and was calculated using an average data method, apportioning the total direct, indirect and upstream emissions of a company based on their yearly revenue and the proportion to which ITV spent with them. Where actual data was not available, ITV spend data was multiplied by the latest CEDA EEIO factors. ITV will continue to monitor and improve our emissions data quality, with an initial focus on actual supplier specific data.

* The emissions data provided has undergone limited assurance by ERM CVS

** 2021 figures have been restated to reflect improved accuracy in our data collection processes and updates to our calculation methodologies.

Further information on methodology can be found in our Social Purpose Report and Basis of Reporting document.

Energy efficiency initiatives

- We are consolidating our London office space, moving from three sites previously to two. One migration is still in progress and will be completed in 2023. We expect an overall carbon reduction of between 30 and 46% as a result
- LED lighting is being installed across a number of offices, store rooms, props rooms and archives facilities. The latest Emmerdale studios have installed Low Energy Lighting infrastructure and lights, resulting in a 80-90% energy efficiency improvement
- We are encouraging our landlords to switch to renewable energy with the help of our partners LSH
- ITV Studios Netherlands has installed LED lighting and absence detection functionality in their offices

Waste

In 2022 we took further steps to improve our control and policies around waste, including a colleague engagement programme. In 2022, 27% of waste generated across the sites (that are in scope for our target) was recycled. This was flat compared to 2021 and demonstrates that there is still work to be done in this area. Our focus in 2023 will be to formalise the actions that colleagues across all areas are expected to take on our way to becoming a Zero Waste business, and to account more accurately for the initiatives that reduce waste being created in the first place. For instance, the Mammoth Screen team recently used a Community Interest Company called Prop Up Project to rehome unwanted items on the final season of Endeavour.

Culture

We aim for all shows produced and commissioned in the UK to complete the BAFTA albert certification for sustainable production. In 2022, 94% of the shows we produced and 42% of those we commissioned achieved the standard. This reflects some of the challenges we are still facing in engaging producers. We are improving our internal systems and working with the albert team and the wider production community to ensure we create a robust path towards a sustainable industry.

All colleagues across ITV complete a mandatory training module on Climate Action, providing them with a solid foundation on the scale of the issue and what they can do within ITV.

Climate Action on-screen

Together with other broadcasters, we announced a Climate Content Pledge in 2021, which is a joint commitment to increasing the amount of sustainability-related content on-screen. In 2022, we published ITV's specific commitment to including climate content in our programmes, across all genres.

Our editorial ambition

ITV will use our huge reach and world-class talent to make relatable, entertaining and inspiring content that helps audiences understand the need for climate action, how it is relevant to our lives and how we can all be part of the solution.

We will report on the issues, normalise sustainable choices and tell optimistic stories of change.

We will embed climate and nature-positive content across all genres, for all audiences.

We aim to support producers in better understanding the opportunities to weave climate-related content into their programmes by offering meetings with the sustainability team at the point of commission. We use a climate content tracker to capture mentions of sustainability-related topics across all genres, reviewing progress during our monthly Commissioning Green Team. We also joined industry collaboration projects to develop a better understanding of the impact of our content, and share the insights gained with the wider creative community.

Biodiversity

We recognise how critical it is for companies like ITV to understand our impact on nature and take action to promote a 'nature positive' future. In 2022, we provided biodiversity training for our Climate Action Delivery Group members and Green Leads across the business, and are now exploring the areas to focus on to deliver the most significant impact. We also joined the BAFTA albert working group on Biodiversity in order to develop an approach for the wider TV industry.

In the meantime, our content has continued to raise awareness of the issue for our audiences. For example, ITV Weather developed content on rewilding and extended their outreach into schools and local communities as part of 'No Mow May', distributing ITV branded seed packs and encouraging people to take action to restore nature.

Love Island and eBay partnership

In the summer of 2022, eBay was the show's first pre-loved fashion partner, providing items for a shared wardrobe for participants situated in the villa – a Love Island first. Viewers were able to explore eBay's pre-loved fashion via the 'Shop the Show' tab on the official Love Island app and through bespoke content on the eBay website.

More than two-thirds[1] of Love Island viewers were driven to act after seeing the partnership on-screen, with 3 million[2] people having a more positive opinion of shopping sustainably and 3.1 million[1,2] people being more likely to shop sustainably as a direct result of watching the show.

1 Love Island REACTIONS Survey, The Village; Base: Viewers 16-34 (n=318/339/336)
2 Social Purpose tracker and booster survey, August 2022 (N=2030 adults; nationally representative sample)

Diversity & Inclusion

Content by, with and for everyone, connecting and reflecting modern audiences.

Our goals

Champion diversity through our mainstream content, create equitable opportunities at ITV and across the industry, and create an inclusive culture at ITV.

Sustainable Development Goals

Overview

Our mission is to create and showcase content by, with and for everyone, connecting and reflecting modern audiences. As the UK's largest commercial broadcaster, we recognise the power and reach of our programming and want to ensure that the widest range of people can tell their stories. Highlights in 2022 included launching our £80 million Diversity Commissioning Fund, the ITV Studios Disabled Writers in Development initiative, and the Amplify senior leadership programme for People of Colour. We broadly met our workforce targets at the 'All colleagues' level, surpassing our targets for LGBTQ+ colleagues and women and increasing representation to 14.9% People of Colour (from 12.1% in 2019) and 11.4% d/Deaf, disabled and neurodiverse colleagues (from 7.0% in 2019). We have made improvements at Manager and Senior Leadership Team levels but are continuing to work to achieve those targets at senior levels. Two years on from launching ITV's Diversity Acceleration Plan, our D&I (Diversity and Inclusion) team have collaborated with colleagues, chairs of staff networks, and our Cultural Advisory Council to co-develop ITV's D&I strategy for the next three years.

Our strategy for the next phase of ITV's Diversity Acceleration Plan is designed to take us further, faster, building on our continued progress and learnings to date. Our ambition is to have the biggest possible impact and play our part in driving long-lasting change across the industry and wider society. To do that, we will continue to engage everyone across our global business to work to achieve ITV's D&I ambitions.

Our Diversity & Inclusion strategy

Content by, with and for everyone, connecting and reflecting modern audiences

We champion diversity through our mainstream content	We create equitable opportunities for people at ITV and across the industry	We each play our part to create an inclusive culture at ITV
• We have a diverse range of new voices on-screen and off-screen in our biggest shows with the biggest audiences. • We celebrate and authentically portray what makes us different, while also highlighting the things that connect us.	• We run personalised interventions for underrepresented groups in our workforce, on-screen and off-screen. • Everyone has opportunities to thrive at ITV and across the industry.	• Everyone at ITV can be themselves and receives the support they need to thrive. • ITV staff, especially leaders, each take responsibility to embed D&I in our contexts and work. • We have more equitable hiring, promotion and retention.

Accessibility and disability equity is built into everything we do at ITV, including our programmes, processes and places

Fresh Cuts gives rising Black filmmakers the opportunity to get their first ITV commission

ITV Pride is our company-wide LGBTQ+ (lesbian, gay, bisexual, trans, queer and more) colleague network with over 300 members

Mainstream content

We want everyone to enjoy ITV content that reflects their experiences. We launched ITV's Diversity Commissioning Fund, reserving £80 million of our existing commissioning budget over three years, to drive change towards racial equity and disability equity in whose stories get told and who gets opportunities in TV production. Of this amount, at least £20 million is ring fenced for content made by People of Colour-led and d/Deaf, disabled and neurodiverse-led production companies. We also created a new £500,000 Development Fund to develop ideas that will qualify for the Diversity Commissioning Fund.

In 2022, we spent £25.1 million on programmes that met the Diversity Commissioning Fund criteria, including £16.3 million on content made by People of Colour-led and d/Deaf, disabled and neurodiverse-led production companies.

Qualifying programmes included some commissioned previously such as Joe and John Bishop: Life After Deaf and Riches, recommissions such as Sorry I Didn't Know and Christmas Comedy Club with Lost Voice Guy, and new commissions such as Fresh Cuts.

ITVX launched a worldwide streaming first – a British Sign Language channel, solely featuring signed programming. We also improved representation on-screen and off-screen more broadly. Highlights include our most diverse line-up yet for Love Island in summer 2022, and Mo Gilligan hosting the BRIT Awards 2022. People of Colour played 26% of lead roles in our biggest shows from July 2021 to May 2022., increasing from 17% from July 2019 to May 2000 (see our Diversity Acceleration Plan report page 51 for more details).

Creating opportunities

ITV won Best Broadcaster for New Talent at The Edinburgh TV Foundation New Voice Awards 2022. We completed the second year of ITV's Step Up 60 initiative, creating a further 61 opportunities (123 over two years) for People of Colour and d/Deaf, disabled and neurodiverse people to step up to more senior roles in production. Additionally, 30 d/Deaf, disabled and neurodiverse people received virtual training across departments working on Ralph and Katie, which is co-produced by ITV Studios.

Five up-and-coming Black filmmakers created films for Black History Month 2022 through our Fresh Cuts initiative. ITV committed £1 million in commercial airtime plus support for the Black Founders Fund with Google, supporting Black-led tech startups and businesses.

Inclusive culture

It is important for all colleagues to feel welcome and supported at ITV. We commissioned Ernst & Young to audit key policies and D&I practices and we were pleased to receive the highest grading. We held an Accessibility Summit for staff and launched Accessibility Champions – 91% of survey respondents said they have a better understanding of their part to play in embedding accessibility throughout ITV following the summit. We set our first target for colleagues from working class backgrounds – 33% – which we aim to achieve by the end of 2025. We are also publishing our Disability and LGBTQ+ pay gaps for the first time alongside our Gender and Ethnicity pay gaps.

DI Ray is a compelling ITV crime thriller created by Maya Sondhi and featuring Parminder Nagra as the lead

ITV Able, our Disability colleague network, held its first Able Month in 2022 with a series of events showcasing ITV's disability inclusion progress

UK workforce diversity data

		ITV Overall			Diamond	
Characteristic	2022 Target	All colleagues (2022)	Managers (2022)	Senior Leadership Team (2022)[1]	On-screen (Diamond Fifth Cut, 2020-21)[2]	Off-screen (Diamond Fifth Cut, 2020-21)[2]
Age 50+	–	15.5%	18.5%	40.2%	21.9%	23.1%
d/Deaf, disabled or neurodiverse	12%	11.4%	9.5%	9.3%	9.6%	4.5%
People of Colour	15%	14.9%	9.7%	13.0%	17.5%	14.2%
Lesbian, gay, bisexual, trans, queer and more (LGBTQ+)[3]	7%	9.3%	9.7%	4.5%	18.3%	21.3%
Women	50%	53.7%	49.0%	46.2%	49.6%	46.9%
Working class socio-economic background [4]	–	30.2%	30.8%	28.9%	–[4]	–[4]

Figures include UK permanent and PAYE fixed-term employees only (it does not include freelance, contingent or agency workers) and are based on the number of employees who chose to share diversity data.

1. The SLT is a defined group of senior leaders which includes the Management Board. This table includes the 184 SLT members based in the UK.
2. On-screen and off-screen representation is measured using Diamond, an industry-wide data collection system for monitoring and reporting diversity in broadcasting. This data is from the latest Fifth Cut report, the Sixth Cut report is due to be published in 2023. More information about Diamond can be found on the Creative Diversity Network website: www.creativediversitynetwork.com/diamond.
3. Our LGBTQ+ target combines sexual orientation and gender identity. We measure these separately and combine these categories.
4. When analysing our class data, we excluded responses from people who answered 'don't know', 'not applicable', 'prefer not to say' etc. This enables us to compare our main question with national benchmarks. This method is slightly different to how we analyse other diversity characteristics (based on all colleagues who share data, including those who respond 'prefer not to say') as those questions do not have a 'don't know' option. We followed expert advice on how to analyse and interpret this information. Socio-economic background is not measured on-screen and off-screen through Diamond yet, so our 33% target for 2025 applies to our workforce including senior colleagues.

Note: Under the Companies Act 2006, we are required to report on the gender breakdown of our senior managers – this statutory definition is broader than our definition of members of the global SLT (a defined group of 350 senior leaders within the business). Of our global workforce of 7,272 who disclosed their gender (3,268 men, 4,004 women), 410 were senior managers (227 men, 132 women), which includes members of the SLT and directors on the Boards of undertakings of the Group (to the extent there are additional individuals), but exclude individuals who sit as directors on the Board of the Company.

ITV has published its Gender, Ethnicity, Disability and LGBTQ+ Pay Gap Report: www.itvplc.com/investors/governance

For more information on our Diversity Acceleration Plan, refer to: www.itv.com/inclusion/articles/diversity-acceleration-plan

We have a global workforce and welcome colleagues of all nationalities. Within our UK workforce, we have colleague representation from over 45 nationalities. While our D&I initiatives and data have mainly covered our UK workforce so far, in 2022 we started rolling out our D&I strategy globally across ITV Studios and will continue this in 2023.

In the UK, our data led us to prioritise initiatives for People of Colour, d/Deaf, disabled or neurodiverse people, and people from working class backgrounds. 17 colleagues participated in Amplify, our senior leadership programme for People of Colour. Each participant was sponsored by a member of the Management Board or PLC Board. 17 young people on Universal Credit joined ITV on six-month Kickstart placements and were sponsored by our Amplify participants. After completing their placements, 14 Kickstarters had their contracts extended or found new roles, including 11 at ITV. We also successfully renewed ITV's status as a Disability Confident Leader, demonstrating our continued work in this area. For instance, five out of 12 places on our News Traineeship scheme were ring fenced for d/Deaf, disabled and neurodiverse candidates in 2021 to 2022.

We take an intersectional approach and published our intersectional data for the first time in 2022. For instance, looking at gender and age and building on our menopause policy launched in 2021, we continued to change the way people think and talk about the menopause with our This Morning Takes On The Menopause campaign and the Menopause Bus. This visited Manchester and Southend; these campaigns brought support to nearly half of the women in the UK that are currently experiencing symptoms. Our colleague networks continue to play a critical role in connecting colleagues and pushing for change. We have seen fantastic engagement and growth across Able (our disability network), Balance (our work-life network), Embrace (our Black, Asian and Minority Ethnic network), Pride (our LGBTQ+ network) and our Women's Network. Our networks run various events and campaigns. For example, our Embrace network celebrated various different religious holidays throughout the year and marked Islamophobia Awareness Month and other key dates related to race, ethnicity and nationality. See our Social Purpose report and Diversity Acceleration Plan report for more information.

Targets for 2025

Improve representation in ITV's workforce, on-screen and off-screen by the end of 2025.

Disability

12%
d/Deaf, disabled, neurodiverse, or with a long-term health condition

Class

33%
from working class socio-economic backgrounds

Ethnicity

20%
People of Colour at the 'All colleagues' level at ITV

15%
People of Colour at senior levels

Gender

50%
Women

LGBTQ+

7%
Lesbian, gay, bisexual, trans, queer and more

We are pleased to have met or surpassed most of our 2022 workforce targets at the 'All colleagues' level. However, we did not meet multiple targets at Manager and SLT levels so we are strengthening our focus on senior representation, particularly for d/Deaf, disabled and neurodiverse colleagues (12%) and People of Colour (15%). We are disappointed that despite improvements, we did not meet our disability targets, including in production and on-screen, and we are prioritising more interventions to address this. We have renewed our targets for 2025 while considering census results and our progress so far. As we reached 14.9% People of Colour overall at ITV, we are increasing this target at the 'All colleagues' level to 20% by 2025. As we meet targets, we will continue to review and update them. Our new 33% working class target only applies to ITV colleagues as this data is not collected by Diamond (the system for monitoring diversity in broadcasting). We will continue to work to drive positive change and we will monitor and publish our progress annually.

Our People

Our people are at the heart of our success; from the cobbles of Coronation Street to developing the technology to power ITVX (our new streaming service) our development offering is designed to build the skills and capabilities to enable ITV to deliver on it's strategic ambitions, drive inclusion and enable everyone to deliver their best work and thrive.

Composition of our workforce

Our workforce is made up of permanent and fixed term employees, freelancers (individuals who provide their services on a specific project or programme for a finite period of time); and contractors (companies or suppliers who provide a service to ITV). At ITV we call these our colleagues.

Investing in and rewarding our people

We are committed to investing in and building a high performing, creative and diverse workforce. We continue to adopt a comprehensive and inclusive approach to investing in and rewarding our workforce.

In 2022 we welcomed 17 colleagues from the underrepresented groups through the Government Scheme, Kickstart. The programme is aimed at 16-24 year olds on Universal Credit who have had difficulties finding long term employment. These 17 had the opportunity to join ITV on a 6 month placement gaining experience and guidance on developing skills and knowledge to enable them to progress into long term employment following their time with us.

We continue to invest in the development of our workforce through a range of online, on demand and in person workshops, as well as access to our online development portal 'My Academy'.

Through the workshops and access to My Academy, we continue to build leadership and line manager capability and support personal skills development, wellbeing and resilience for all employees.

1. In line with our digital transformation we have focused development opportunities on building digital and data capabilities through the hiring of new talent and providing development for current employees ensuring we have the skills to deliver our strategic priorities.
2. Aligned with ITV behaviours, our Agile principles continue to be leveraged across the organisation with the newly formed Transformation Operations Director's Office (TODO) ensuring they are deployed across all our large scale transformation projects. This is supported with toolkits and materials to enable newly formed teams to work effectively in an agile way.
3. We continue to equip leaders, managers and colleagues with the tools and resources to manage a hybrid environment through our Smart working approach including:
   - Workshops to support understanding of the key principles of Smart Working
   - An online, self service toolkit to equip everyone to have ongoing Smart Working conversations
   - Facilitated clinics with teams/ individuals to identify and remove potential blockers
4. Our performance management approach focuses on having regular, quality performance management conversations, with objectives set and performance reviewed against these. Our performance management approach is based on up to 4 performance reviews with additional check-ins over a 12 month period with particular focus on:
   - Setting goals/ objectives/ outcomes
   - Discussing personal development goals
   - Career and development planning
   - Reviewing performance and applying lessons learnt
5. 2022 saw the introduction of the annual career conversations, in addition to Talking Performance, to ensure robust career and development conversations are taking place across ITV. Line Manager support has been provided through:
   - An email series with curated articles, bite sized learning, podcasts, tools and resources to equip managers in having great career conversations
   - Coaching Circles launched to build manager confidence in talking about careers.

The ITV Way

The ITV Ways of working are embedded across all of our people's processes from recruitment and selection, to development and performance management. They enable all employees to understand our ways of working and what we expect from colleagues, leaders and managers at ITV in order to be commercially successful. Our ITV Ways covers:

Make it brilliant:
Creativity for everyone

Make it new:
Openness to change, without barriers

Make it together:
Collaborating and embracing differences

Aligned with the ITV Way, we have a set of behavioural expectations for leaders, managers and colleagues. Our ITV behaviours provide a framework for colleagues, leaders and managers to understand what's expected of them in terms of how they deliver as well as what they deliver in their roles. The behaviours underpin how we manage performance and support career and development conversations.

Company Culture: Make Your Mark

Attracting and retaining talent is critical to delivering phase two of our More Than TV strategy and our digital transformation. To ensure we are able to hire and retain the best people, we launched a Digital Skills Programme in Q4 2021 to address shorter-term resourcing gaps as well as build up digital capabilities we need for the next 3-5 years, across technology, product & data. In 2022 the work has focused on the following areas;

- Recruiting new digital skills required
- Building team and leadership capability to support agile delivery of our key transformation projects
- Developing existing talent and retaining skills we need for the future

Along with the on-going focus on attracting and developing creative talent, the delivery of this programme of work is key to attracting and retaining the talent we need now and for the future. Our approach to attracting and retaining talent through pay, and information on the Remuneration Committee's consideration of workforce remuneration and related policies, are set out on pages 141 and 142. Our successful and popular Save As You Earn scheme gives our workforce the opportunity to engage with and celebrate ITV's success, and encourages voluntary investment in ITV shares.

Building an inclusive culture

Driving an inclusive environment where everyone can be their authentic self and thrive is critical to the delivery of our strategic priorities. We value the creativity that diversity brings to our business and continue to provide support and development for leaders and managers to build inclusive teams through a series of programmes which we expect them to attend; inclusive hiring and inclusive leader; as well as two specific programmes on Race Fluency and Creating Disability Inclusion.

Our colleagues in Signpost are also providing Deaf Awareness Training, which is a programme open to all colleagues and is designed to give those attending more confidence working and communicating with a deaf member of staff or client. The training is delivered by a Deaf trainer and offers a safe space for hearing participants to ask questions and gain knowledge about deafness and how it can benefit them and their department.

We continue to work with colleagues who participated in ITV Rise (our 12 month culture change programme), to build race confidence and support people of colour move into a manager role with alumni events to help them understand more about their personal style as well as career opportunities. 57% of participants still at ITV have had a change in job title (promotion measurement).

ITV Colleague Networks

itv Balance. The Work-life Network

itv Women's Network. Inspire, Develop and Connect

itv Pride. The LGBT+ Network

itv Embrace. The Black, Asian, Minority Ethnic Network

itv Able. The Disability Network

Our People: A True Partnership

The ITV Amplify programme was launched to support senior people of colour, make them a peer group, enhance their leadership skills and build their profile both internally and externally. 17 Amplifiers were all matched with a management board or Plc member as a sponsor as well as becoming sponsors themselves to the 17 Kickstarters. More information on this can be found on page 53.

More information on Diversity, Equality and Inclusion aims and workforce initiatives to support these can be found in our Diversity and Inclusion Report on pages 51 to 53.

In January 2022 we held an Accessibility Summit for our Leaders and Managers to look at how we could embed Accessibility across the business. Alongside this the Access Champions programme was relaunched – this supports anyone within the business who has a passion to drive cultural change around accessibility at ITV. We have a range of champions from right across the company working to raise awareness of accessibility within their teams and helping to embed accessibility into everything we do.

ITV Able Month launched in 2022, showcasing ITV's Disability inclusion progress, with a variety of events including;

- ITV Able Away Day, attended by our chairman and members of the management board, featuring talks from our D&I team and an Inclusive Careers panel encouraging network members and leaders to take action
- As well as supporting the ITV News Traineeships for Disabled journalists, ITV News held a panel discussing inclusion and future goals
- Deaf Awareness Week highlighted Deaf culture through real-life stories and we held two Accessibility Summits, the second on ITVX accessibility

In 2023, we'll keep discussing Disability and encouraging everyone to get involved.

We have continued to position ITV as an inclusive employer of choice by strengthening and broadening our talent attraction strategy, including:

- New Employer Branding , aligned to our digital skills programme of work
- Refreshed ITVJobs.com and career pages to bring our culture to life and provide a clearer and more engaging proposition for potential candidates looking to build their career at ITV
- Use of a talent mapping tool to enable targeted campaigns & gather improved insights of the candidate market
- Bespoke campaigns & enhanced use of job boards across Product, Data, Technology as well as Finance & Legal
- We have partnered with BLG Mind, a charitable organisation who partners with the NHS to support people with mental health issues get into employment. They promote our opportunities to their communities and help us to attract more under-represented groups into ITV
- We invited 20 people from the Blind in Business school to learn more about ITV and the opportunities we offer, plus how we support colleagues who declare a disability

Digital First: Driving change throughout our business

Big ambitions: An ever-evolving cultural impact

- We continue to partner with external organisations, who can support us in attracting a broader range of potential candidates to ITV including: Creative Access, Evenbreak and The Care Leaver Covenant
- ITV won Best Diversity, Equity and Inclusion at the DataIQ Awards 2022. The award honours the best individuals, teams and developments in the data world and recognises ITV's commitment to diversity and inclusion, and reflects viewer diversity on and off screen. This was as a result of the data resourcing team re-examining the recruitment process which has led to female diversity reaching 52% and People of Colour reaching 33% across all levels as the team has quadrupled in size in nine months

ITV has a continued commitment to recruiting, retaining and developing disabled people with the Department for Work and Pensions renewing our Disability Confident Leader accreditation. Through this we commit to giving full and fair consideration to the employment of people with a disability or health condition, and guarantee an interview to candidates with a disability who meets the minimum requirement for a role.

We continue to work with specialist providers who advise and support colleagues and managers regarding workplace adjustments as well as any adjustments candidates need through the application and hiring process. We are committed to ensuring that all training, career development and promotion opportunities are accessible and inclusive to all colleagues with a disability and that they have equal career opportunities for growth and progression. For example, we introduced Disability Access Passports in 2021 and have embedded these through the induction process for all colleagues as well as through the Creating Disability Inclusion training for leaders and managers. The passports were created to support disabled colleagues discuss the adjustments and personalisations they need with their line managers. This tool is designed as a conversation starter and can be used and updated at any time in your journey at ITV.

We continue to be members of the 'Valuable 500,' the global business collective made up of 500 CEO's and their organisations innovating together for disability inclusion. We are also taking part in their Generation Valuable leadership programme where one disabled colleague from ITV will be part of their global leadership programme and will be mentored by our CEO.

Engagement

Colleague engagement is a key way of monitoring and assessing our culture. A key opportunity identified in the 2021 Engagement Survey was career and development and we completed a pulse survey in 2022 to give us a deeper understanding of what this means for ITV colleagues and what's most important to them in terms of career and development now. There was a participation rate of 69% for ITV overall. 70% think that "ITV is a great company for you to make a contribution to your development" and 56% think "There are good career opportunities for me at ITV". These two scores are broadly in line with other companies. We are now working with each business area to deliver relevant actions.

Mental health, wellbeing and duty of care

Supporting the mental and physical health of colleagues remains a key priority, particularly in light of the changing ways of working. The move to a hybrid working environment has been supported with the use of specific online workshops and curation of resources each focused on building personal resilience, psychological fitness and managing high performing teams in a hybrid world. Additionally, our ITV Feel Good offering continues to provide advice, support and tools for inspiring and enabling colleagues to look after their own wellbeing and have a balanced and healthy working lifestyle.

The Mental Health Advisory Group (MHAG) has continued to meet regularly over the past year. By providing support, guidance and challenge it ensures that ITV's commitment to the mental health and wellbeing of colleagues, production staff and freelancers, programme participants and the viewing public remains industry-leading.

Chaired by Baroness Ruth Davidson the MHAG includes experts from leading mental health charities including Mind, YoungMinds, SAMH, independent advisors, and representatives from across ITV, ITV Studios and STV. In 2022 the MHAG discussed a wide range of subjects, including; post-pandemic working practices, the role of leaders in managing change, best practice for ensuring comprehensive duty of care across all our shows, ITV's role as a convenor of mental health conversations, and mental health trends and industry challenges for 2023. Such conversations have informed our social purpose campaigns, including the award-winning Britain Get Talking, which so far has resulted in over 100 million actions being taken by the public to support better mental health. The MHAG will continue to meet throughout 2023 and is set to explore a number of important issues, such as cost-of-living pressures and continue to empower ITV to use our powerful platform to make a difference in areas that really matter.

Additionally our Duty of Care Operating Board ensures that ITV's duty of care processes continue to evolve with a focus on the international ITV Studios labels producing non-scripted programmes in 2022. Further information about the role of the Board and the activity undertaken in 2022 can be found on page 13.

All colleagues, including freelancers, are able to raise concerns through our Speaking Up framework (please see pages 117 and 133).

For further information on how the Board and management engage with the workforce, please see pages 112 to 113.

Alternative Performance Measures

The Annual Report and Accounts includes both statutory and adjusted measures (Alternative Performance Measures or APMs), the latter of which, in management's view, reflect the underlying performance of the business and provide a more meaningful comparison of how the business is managed and measured on a day-to-day basis.

Our APMs and KPIs are aligned with our strategy and business segments and together are used to measure the performance of our business and form the basis of the performance measures for remuneration. Adjusted results exclude certain items because, if included, they could distort the understanding of our performance for the period and the comparability between periods. APMs are not defined terms under IFRS and may not be comparable with similarly titled measures reported by other companies.

As adjusted results exclude certain items (such as significant legal, major restructuring and transaction items), they should not be regarded as a complete picture of the Group's financial performance. The exclusion of adjusting items may result in adjusted earnings being materially higher or lower than statutory earnings. In particular, when significant impairments, restructuring charges and legal costs are excluded, adjusted earnings will be higher than statutory earnings.

The Audit and Risk Committee has oversight of ITV's APMs and actively reviews, challenges, revises and approves the policy for classifying adjustments and exceptional items. Further detail is included in the following section.

Key adjustments for EBITA, adjusted EBITA, adjusted EBITDA, profit before tax and EPS

EBITA is calculated by adjusting operating profit for operating exceptional items and amortisation and impairment.

Adjusted EBITA is calculated by adding back high-end production tax credits to EBITA. Further adjustments, which include the gain/loss on the sale of non-current assets, amortisation and impairment of assets acquired through business combinations and investments, and certain net financing costs, are made to remove their effect from adjusted profit before tax and adjusted EPS. The tax effects of all these adjustments are reflected in the adjusted tax charge. These adjustments are detailed below.

Adjusted EBITDA, which is used to calculate the Group's leverage, is calculated by adding back depreciation to adjusted EBITA.

Production tax credits

The ability to access tax credits, which are rebates based on production spend, is fundamental to our ITV Studios business across the world when assessing the viability of investment decisions, especially with regards to drama and comedy. ITV reports tax credits generated in the US and other countries (e.g. Italy, Canada and Spain) within cost of sales, whereas in the UK tax credits for high-end drama must be classified as a corporation tax item. However, in our view all tax credits relate directly to the production of programmes. Therefore, to align treatment, regardless of production location, and to reflect the way the business is managed and measured on a day-to-day basis, these are recognised in adjusted EBITA. Our cash measures, including profit to cash conversion and free cash flow are also adjusted for the impact of production tax credits.

Exceptional items

These items are excluded to reflect performance in a consistent manner and in line with how the business is managed and measured on a day-to-day basis. They are typically material amounts related to costs, gains or losses arising from events that are not considered part of the core operations of the business, though they may cross several accounting periods. These include, but are not limited to, costs directly related to acquisitions, costs related to major reorganisation and restructuring programmes, material onerous contracts, significant impairments, employee-related tax provisions and other items such as non-routine legal costs (e.g. legal costs related to items which are themselves considered to be exceptional items). We also adjust for the tax effect of these items. Further detail is included in note 2.2 to the financial information.

Acquisition-related costs

We structure our acquisitions with earnouts or put and call options, to allow part of the consideration to be based on the future performance of the business as well as to lock in and incentivise creative talent. Where consideration paid or contingent consideration payable in the future is employment-linked, it is treated as an expense (under accounting rules) and therefore part of our statutory results. However, we exclude all consideration of this type from adjusted EBITA, adjusted profit after tax and adjusted EPS as, in our view, these items are part of the capital transaction and do not form part of the Group's core operations. The Finance Review explains this further. Acquisition-related costs, including legal and advisory fees on completed deals or significant deals that do not complete, are also treated as an expense (under accounting rules) and therefore on a statutory basis form part of our statutory results. In our view, these items also form part of the capital transaction or are one-off and material in nature and are therefore excluded from our adjusted measures.

Restructuring and reorganisation costs

Where there has been a material change in the organisational structure of a business area or a material initiative, these costs are highlighted and are excluded from our adjusted measures. These costs arise from significant initiatives to reduce the ongoing cost base and improve efficiency in the business to enable the delivery of our strategic priorities. We consider each project individually to determine whether its size and nature warrant separate disclosure.

Material onerous contracts

A contract is considered onerous when the unavoidable costs of the contract exceed the revenues associated with it. In 2020 and 2021, we had exceptional charges for material onerous transmission contract provisions relating to committed costs of transmission capacity on satellite transponders that are no longer used in the M&E business. There are no revenues associated with this capacity as there are no channels on the relevant satellite transponders. This provision remains in 2022, however there were no exceptional charges in the period.

Reconciliation between statutory and adjusted results

Twelve months to 31 December	**2022 Statutory £m**	**2022 Adjustments £m**	**2022 Adjusted £m**	2021 Statutory £m	2021 Adjustments £m	2021 Adjusted £m
EBITA[1]	**668**	**49**	**717**	784	29	813
Exceptional items (operating)[2]	**(65)**	**65**	**–**	(196)	196	–
Amortisation and impairment[3]	**(84)**	**57**	**(27)**	(69)	49	(20)
Operating profit	**519**	**171**	**690**	519	274	793
Net financing costs[4]	**(26)**	**–**	**(26)**	(50)	19	(31)
Share of profits on JVs and associates	**8**	**–**	**8**	12	–	12
(Loss)/Gain on sale of non-current assets, subsidiaries and investments	**–**	**–**	**–**	(1)	1	–
Profit before tax	**501**	**171**	**672**	480	294	774
Tax[5]	**(66)**	**(69)**	**(135)**	(92)	(61)	(153)
Profit after tax	**435**	**102**	**537**	388	233	621
Non-controlling interests	**(7)**	**–**	**(7)**	(10)	–	(10)
Earnings	**428**	**102**	**530**	378	233	611
Shares (million), weighted average	**4,010**	**–**	**4,010**	4,005	–	4,005
EPS (p)	**10.7p**	**–**	**13.2p**	9.4p	–	15.3p
Diluted EPS (p)[6]	**10.6p**	**–**	**13.1p**	9.3p	–	15.1p

1. £49 million (2021: £29 million) adjustment relates to production tax credits which we consider to be a contribution to production costs and working capital in nature rather than a corporate tax item. EBITA is not a statutory measure but is presented on the Consolidated Income Statement as an additional performance measure and is therefore reconciled to adjusted EBITA in the table above
2. Exceptional items of £65 million (2021: £196 million) largely relate to restructuring, transformation and property costs of £52 million. Refer to the Finance Review.
3. £57 million (2021: £49 million) adjustment relates to amortisation and impairment of assets acquired through business combinations and investments. We include only amortisation on purchased intangibles, such as software, within adjusted profit before tax.
4. £19 million adjustment in 2021 is non-cash interest cost; the adjustment in 2022 is £nil. This provides a more meaningful comparison of how the business is managed and funded on a day-to-day basis.
5. Tax adjustments are the tax effects of the adjustments made to reconcile profit before tax and adjusted profit before tax. A full reconciliation is included in the Finance Review.
6. Weighted average diluted number of shares in the period was 4,046 million (2021: 4,051 million).

Adjusted EBITDA (used to calculate the Group's leverage) for the year is £770 million (2021: £872 million), calculated by adding back depreciation of £53 million (2021: £59 million) to adjusted EBITA (which is shown in the table above).

Amortisation and impairment

Amortisation and any initial impairment of assets acquired through business combinations and investments are not included within adjusted earnings. As these costs are acquisition-related, and in line with our treatment of other acquisition-related costs, we consider them to be capital in nature as they do not reflect the underlying trading performance of the Group. Amortisation of software licences and development is included within our adjusted profit before tax as management consider these assets to be core to supporting the operations of the business.

Net financing costs

Net financing costs are adjusted to reflect the underlying cash cost of interest for the business, providing a more meaningful comparison of how the business is managed and funded on a day-to-day basis. The adjustments made remove the impact of mark-to-market gains or losses on swaps and foreign exchange, one-off fees and premiums relating to the buyback of bonds, exceptional interest on acquisitions, imputed pension interest and other financial gains and losses that do not reflect the relevant interest cash cost to the business and are not yet realised balances.

Other Alternative Performance Measures

Total revenue

As a vertically integrated producer broadcaster and streamer, we look at the total revenue generated by the business including internal revenue, which is the sale of ITV Studios programmes to M&E. ITV Studios selling programmes to the M&E business is an important part of our strategy as a vertically integrated business and it ensures we own all the rights to the content.

A reconciliation between external revenue and total revenue is provided below.

Twelve months to 31 December	2022 £m	2021 £m
External revenue (Statutory)	**3,728**	3,453
Internal supply	**617**	589
Total revenue (Adjusted)	**4,345**	4,042

Net pension surplus/deficit

This is our defined benefit pension scheme surplus or deficit under IAS 19 adjusted for other pension assets, mainly gilts, which are held by the Group as security for future unfunded pension payments for four Granada executives and over which the unfunded pension scheme holds a charge. See note 3.7 to the Financial Statements.

Profit to cash conversion

This is the measure of our effectiveness at working capital management. It is calculated as our adjusted cash flow as a proportion of adjusted EBITA. Adjusted cash flow, which reflects the cash generation of our underlying business, is calculated on our statutory cash generated from operations and adjusted for exceptional items, net of capex on property, plant and equipment and intangible assets, and including the cash impact of high-end production tax credits.

Adjusted free cash flow

This is our measure of adjusted free cash flow after we have met our financial obligations. It takes our adjusted cash flow and removes the impact of net interest, adjusted cash tax (which is the total tax paid adjusted to exclude the receipt of production tax credits) and pension funding. A full reconciliation is included in the Finance Review.

Covenant net debt, covenant liquidity and covenant adjusted EBITDA

Covenant net debt is our leverage as defined in our Revolving Credit Facility (RCF) agreement. This calculation is materially different to how net debt is defined and is relevant in demonstrating we have met the required RCF financial covenants at our reporting date.

Covenant adjusted EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) is used to calculate our covenant compliance and our leverage, and is defined in our RCF agreement. The calculation of covenant adjusted EBITDA, covenant net debt and covenant liquidity are detailed in the tables below:

	31 December 2022 £m	31 December 2021 £m
Operating profit	**519**	519
Exceptional items	**65**	196
Amortisation and impairment	**84**	69
EBITA	**668**	784
Depreciation	**53**	59
Right of use assets depreciation	**(25)**	(25)
Interest charged on lease liabilities	**(4)**	(3)
Covenant adjusted EBITDA	**692**	815

	31 December 2022 £m	31 December 2021 £m
Net debt (including IFRS 16 lease liabilities)	**(623)**	(414)
Impact of IFRS 16 lease liabilities	**132**	92
Long-term trade payables	**(17)**	(18)
Other pension asset	**47**	62
Covenant net debt	**(461)**	(278)
Covenant net debt to adjusted EBITDA*	**0.7x**	0.3x
Cash and cash equivalents	**348**	736
Undrawn RCF	**450**	630
Undrawn CDS facility	**300**	148
Covenant liquidity**	**1,098**	1,514

* Covenant adjusted EBITDA is defined per the facility agreement. The Finance Review includes further detail on our covenant ratios.

** Covenant liquidity is defined as cash and cash equivalents (including restricted cash) plus undrawn committed facilities.

Finance Review

This Finance Review focuses on the more technical aspects of our financial results while the operating and financial performance of the Group, M&E and ITV Studios has been discussed within the Operating and Financial Performance Review. Our Alternative Performance Measures (APMs) section, explains the adjustments we make to our statutory results. This enables focus on the key measures that we report on and use as KPIs across the business. See earlier sections for further detail.

Group financial performance

Twelve months to 31 December	2022 £m	2021 £m	Change £m	Change %
ITV Studios total revenue	**2,096**	1,760	336	19
Total advertising revenue	**1,931**	1,957	(26)	(1)
M&E non-advertising revenue	**318**	325	(7)	(2)
M&E total revenue	**2,249**	2,282	(33)	(1)
Total non-advertising revenue	**2,414**	2,085	329	16
Total Group revenue	**4,345**	4,042	303	7
Internal supply	**(617)**	(589)	(28)	(5)
Group external revenue	**3,728**	3,453	275	8
Group adjusted EBITA	**717**	813	(96)	(12)
Group adjusted EBITA margin	**19%**	24%		
Operating profit	**519**	519	–	–
Adjusted EPS (p)	**13.2p**	15.3p	(2.1p)	(14)
Statutory EPS (p)	**10.7p**	9.4p	1.3p	14
Dividend per share (p)	**5.0p**	3.3p	1.7p	52
Net debt as at 31 December	**(623)**	(414)	(209)	(50)

Chris Kennedy
Group CFO and COO

Exceptional items

Twelve months to 31 December	2022 £m	2021 £m
Acquisition-related expenses	**(4)**	(109)
Restructuring and reorganisation costs	**(28)**	(8)
Property costs	**(24)**	(8)
Costs relating to the passing of Her Majesty Queen Elizabeth II	**(16)**	–
Sports rights impairment reversal /(impairment)	**5**	(1)
Pension-related costs	**(4)**	(21)
Transponder onerous contract	**–**	(16)
Employee-related tax provision	**(10)**	(22)
Insured trade receivable	**23**	–
Other costs	**(7)**	(11)
Operating exceptional items	**(65)**	(196)
Exceptional finance costs	**–**	(10)
Total exceptional items	**(65)**	(206)

Total exceptional items in the period were £65 million (2021: £206 million). Acquisition-related expenses of £4 million are predominantly integration costs and professional fees, mainly financial due diligence and legal costs incurred on current period acquisitions. Also included are performance based, employment-linked consideration to former owners, with the final determination of the second earnout on the Talpa acquisition accounting for the majority of the amount charged in 2021.

Restructuring and reorganisation costs of £28 million relate to one-off restructuring projects stemming from the Group-wide commitment to reduce the overhead cost base and reorganisation costs to deliver the strategy. In 2022 these costs largely relate to business transformation projects.

£24 million of property costs relate to the London office move to Broadcast Centre and the impairment of assets following the decision to reduce our property footprint in the US.

Following the passing of Her Majesty Queen Elizabeth II in September 2022, the M&E business incurred significant additional costs related to news coverage over and above normal day-to-day costs. The business has also written off the remaining Spitting Image episodes featuring the Queen, as they could not be effectively edited and so it is highly unlikely they will ever be screened. In total the business has incurred £16 million of costs in relation to this which is considered exceptional.

The impact of the COVID-19 pandemic on the planned sporting schedule and the consequential impact on (TAR), along with changing forecasts of audience mix and revenues for certain sporting events, resulted in the recognition of a £23 million provision for impairment of specific sports rights in 2020. It is not possible to split this impairment between that caused by the pandemic and underlying market movements. In 2022 the remaining sports events that this provision related to were cancelled by the relevant governing body and a refund is expected to be received. The remaining £5 million provision is no longer required and has therefore been released.

Pension-related costs in 2022 relate to a one-off pension insurance risk premium payable on the completion of the buyout of Section C of the ITV Pension Scheme. The exceptional costs in 2021 represent an increase in the Box Clever provision. There has been no change to the provision in 2022 and the total exceptional provision held is £52 million. Further detail is included in note 3.7 to the Financial Statements.

Employee-related tax provisions of £10 million reflects an increase in the provision for potential employment taxes due to HMRC in relation to the employment status of individuals contracted by the Group for periods prior to 2022. Further detail is included in note 2.2 to the Financial Statements.

In 2017, the Group recorded a bad debt provision of US$41 million related to trade receivables for The Voice of China. As the Directors anticipated recovering the amount either from the counterparty or from trade credit insurance, US$37 million was treated as an exceptional cost and the insurance excess of US$4 million treated as an operating cost. All balances were held in US dollars.

US$34 million of cash received in 2018 and 2019 on behalf of the debtor was placed under review and the bad debt provision remained in place. This review is now complete and the cash received accepted, and has reduced the bad debt provision. As such, the corresponding bad debt provision has been released with US$31 million treated as an exceptional credit and US$3 million treated as an operating credit, consistent with the treatment of the original expense. This results in a £23 million credit to exceptional items in 2022.

Other costs include legal costs in respect of legal matters which are considered to be outside the normal course of business, including Box Clever, The Voice of Holland and the UK Competition and Markets Authority (CMA) investigation.

Exceptional finance costs of £10 million in 2021 was principally interest accrued on exceptional acquisition-related expenses.

Net financing costs

Twelve months to 31 December	2022 £m	2021 £m
Financing costs directly attributable to loans and bonds	(26)	(26)
Cash-related net financing costs	1	(4)
Amortisation on bonds and gilts	(1)	(1)
Adjusted financing costs	**(26)**	**(31)**
Exceptional interest	–	(10)
Other net financial losses and unrealised foreign exchange	–	(9)
Statutory net financing costs	**(26)**	**(50)**

Adjusted financing costs were down £5 million year-on-year at £26 million (2021: £31 million) reflecting lower levels of gross debt in the year. Net financing costs were £26 million, which was down £24 million year-on-year (2021: £50 million), largely due to interest payable on exceptional earnout costs relating to acquisition-related expenses in the prior year.

JVs and associates

Our share of profits from JVs and associates in the period was £8 million (2021: £12 million). This was our share of the net profit arising from our investments, such as BritBox International, Bedrock Entertainment and Blumhouse Television. This reflects the investment we are making in BritBox International, in content and marketing, as we drive international subscriptions.

Profit before tax

Statutory profit before tax increased year-on-year to £501 million (2021: £480 million). Production tax credits increased to £49 million (2021: £29 million). Adjusted profit before tax was down 13% to £672 million (2021: £774 million).

Profit before tax (PBT)

Twelve months to 31 December	2022 £m	2021 £m
Statutory profit before tax	**501**	480
Production tax credits	49	29
Exceptional items (excluding exceptional finance costs)	65	196
Loss/(Gain) on sale of non-current assets	–	1
Amortisation and impairment*	57	49
Adjustments to net financing costs	–	19
Adjusted profit before tax	**672**	774

* In respect of assets arising from business combinations and investments.

Tax

Tax charge

The total adjusted tax charge for the period was £135 million (2021: £153 million), corresponding to an effective tax rate on adjusted PBT of 20.1% (2021: 19.9%), which is higher than the standard UK corporation tax rate of 19% (2021: 19%). We expect the adjusted effective tax rate to be around 23.5% in 2023, and then move to around 25% over the medium term as a result of the increase in the UK statutory rate to 25% from April 2023.

On a statutory basis, the tax charge is £66 million (2021: £92 million) and corresponds to an effective tax rate of 13.2% (2021: 19.2%). This rate in 2022 is lower than the previous year due to the non-tax deductible exceptional Talpa earnout cost in 2021 impacting the rate and is lower than the statutory rate primarily due to the production tax credits received in 2022. The adjustments made to reconcile the tax charge with the adjusted tax charge are the tax effects of the adjustments made to reconcile PBT and adjusted PBT, as detailed in the table below.

Twelve months to 31 December	2022 £m	2022 Effective tax rate	2021 £m	2021 Effective tax rate
Statutory tax charge	66	13.2%	92	19.2%
Production tax credits	49	100%	29	100%
Charge for exceptional items	8	12.3%	16	8.2%
Charge in respect of amortisation and impairment*	12	21.1%	12	24.5%
Charge in respect of adjustments to net financing costs	–	–	4	21.1%
Adjusted tax charge**	**135**	**20.1%**	153	19.9%

* In respect of intangible assets arising from business combinations and investments. Also reflects the cash tax benefit of tax deductions for US goodwill.

** As a percentage of adjusted profit before tax.

Cash tax

Cash tax paid in the period was £55 million (2021: £119 million) and is net of £31 million of production tax credits received (2021: £13 million). The majority of the cash tax payments were made in the UK. The temporary differences recognised through deferred tax include a £27 million movement as a result of the restructure of the pension scheme and a £19 million movement on US tax losses being utilised in the year*. The cash tax paid is lower compared to the previous year due to the current tax clawback of £33 million from the restructuring of the defined benefit pension scheme. A reconciliation between the tax charge for the year and the cash tax paid in the year is shown below.

Twelve months to 31 December	2022 £m	2021 £m
Tax charge (statutory)	**(66)**	(92)
Temporary differences recognised through deferred tax*	**44**	(12)
Prior year adjustments to current tax	**(9)**	7
Current tax, current year	**(31)**	(97)
Phasing of tax payments (including in respect of pension contribution benefits)	**(6)**	(6)
Production tax credits – timing of receipt	**(18)**	(16)
Cash tax paid (statutory)	**(55)**	(119)

* Further detail is included within note 2.3 to the Financial Statements

Tax strategy

ITV is a responsible business, and we take a responsible attitude to tax, recognising that it affects all of our stakeholders. To allow those stakeholders to understand our approach to tax, we have published our Global Tax Strategy, which is available on our corporate website.

www.itvplc.com/investors/governance/policies

We have four key strategic tax objectives:

1. Engage with tax authorities in an open and transparent way to minimise uncertainty
2. Proactively partner with the business to provide clear, timely, relevant and business focused advice across all aspects of tax
3. Take an appropriate and balanced approach when considering how to structure tax sensitive transactions
4. Manage ITV's tax risk by operating effective tax governance and understanding our tax control framework with a view to continuously adjusting our approach to be compliant with our tax obligations

Our tax strategy is aligned with that of the business and its commercial activities and establishes a clear Group-wide approach based on openness and transparency in all aspects of tax reporting and compliance, wherever the Company and its subsidiaries operate. The strategy confirms that ITV does not engage in or condone tax evasion or the facilitation of tax evasion in any form and that we have in place reasonable procedures to prevent the facilitation of tax evasion. Within our overall governance structure, the governance of tax and tax risk is given a high priority by the Board and Audit and Risk Committee (ARC). The ITV Global Tax Strategy, approved by the Board and ARC in September 2022, and as published on the ITV plc website, is compliant with the UK tax strategy publication requirement set out in Part 2 Schedule 19 of the Finance Act 2016.

EPS – adjusted and statutory

Overall, adjusted profit after tax was down 14% to £537 million (2021: £621 million). Non-controlling interest was a share of profit of £7 million (2021: £10 million) which is the net result from the non-ITV owned share in entities, such as Tomorrow Studios, Cattleya, Tetra Media and BritBox UK.

Adjusted basic EPS was down 14% to 13.2p in the year (2021: 15.3p). The weighted average number of shares increased to 4,010 million (2021: 4,005 million). Diluted adjusted EPS was 13.1p (2021: 15.1p) reflecting a weighted average diluted number of shares of 4,046 million (2021: 4,051 million).

Statutory EPS increased by 14% to 10.7p (2021: 9.4p) due to higher operating exceptional costs in 2021.

A full reconciliation between statutory and adjusted EPS is included within the Alternative Performance Measures section.

Dividend per share

Reflecting ITV's strong operational and financial performance in the year, and in line with previous guidance, the Board intends to propose a final dividend of 3.3p, giving a full year dividend of 5.0p per share (2021: 3.3p). The Board intends to pay a full year ordinary dividend of at least 5.0p for 2023 which it expects to grow over time whilst balancing further investment to support our strategy and our commitment to investment grade metrics over the medium term.

Dividends are distributed based on the realised distributable reserves (within retained earnings) of ITV plc (the Company) and not based on the Group's retained earnings. The 2022 final dividend will be paid on 25 May 2023.

Acquisitions

Since 2012, we have acquired a number of content businesses in the UK, US and locations across Europe, developing a strong portfolio of programmes that return and travel. As we have grown in size and expanded our network relationships and distribution capability, this has helped to renew and strengthen our creative talent and build our reputation as a leading global creator, producer and distributor.

On 1 July 2022 ITV plc completed the acquisition of a majority shareholding of 79.5% in Plimsoll Productions (through its holding company Escapade Bidco Limited), the largest independent producer of natural history programmes in the world and a growing premium factual producer, for a cash consideration of approximately £103.5 million (£20.5 million consideration for shares, and £83 million repayment of debt). Put and call options are in place over the remaining shareholding. This acquisition is a further milestone in ITV's strategy of expanding its international content business. It further diversifies ITV Studios production base and will enable ITV to take advantage of the strong demand for content across the ever-popular natural history and factual genres. Plimsoll Productions has a strong network with all of the global streamers and this acquisition will strengthen and deepen ITV Studios relationships with the streamers.

On 31 October 2022, ITV plc completed the acquisition of Lingo Pictures Pty Limited, a multi-award winning Australian production company. Lingo Pictures is the Group's first Australian scripted label.

As part of our strategy, we will consider selective value-creating M&A and talent deals in both scripted and unscripted to obtain further creative talent and IP.

We have strict criteria for evaluating potential acquisitions. Financially, we assess ownership of IP, earnings growth and valuation based on return on capital employed and discounted cash flow. Strategically, we ensure an acquisition target has a strong creative track record and pipeline in content genres that return and travel, namely drama, entertainment and factual, as well as retention and succession planning for key individuals in the business.

We generally structure our deals with earnouts or with put and call options in place for the remainder of the equity, capping the maximum consideration payable by basing a significant part of the consideration on future performance. In this way, not only can we lock in creative talent and ensure our incentives are aligned, but we also reduce our risk by only paying for the actual, not expected, performance delivered over time. We believe this is the right way to structure our deals as we should not pay upfront for future performance and should incentivise and reward delivery by the business over time.

Acquisitions – between 2012 and 2022 (undiscounted)

Company	Geography	Genre	Initial consideration £m	Additional consideration paid £m	Expected future payments* £m	Total expected consideration** £m	Expected payment period***
Total for 2012–2022	**Various**	**Content & Broadcast TV**	**1,067**	**502**	**89**	**1,658**	**2019-2028**

* Undiscounted and adjusted for foreign exchange. All future payments are performance related.
** Undiscounted and adjusted for foreign exchange, including the initial cash consideration and excluding working capital adjustments. Total maximum consideration which was potentially payable at the time of acquisition was £2.6 billion.
*** £10 million is expected to be paid in 2023.

The majority of earnouts or put and call options are dependent on the seller remaining within the business. Where future payments are directly related to the seller remaining with the business, these payments are treated as employment costs and, therefore, are part of our statutory results. However, we exclude these payments from adjusted profits and adjusted EPS as an exceptional item, as in our view, for the reasons set out above, these items are part of the capital consideration reflecting how we structure our transactions and do not form part of the core operations.

The table above sets out the initial consideration payable on our acquisitions, additional consideration subsequently paid, our expected future payments based on our current view of performance and the total expected consideration payable, which is only payable if exceptional compound earnings growth is delivered.

Acquisition-related liabilities or performance-based employment-linked earnouts are amounts estimated to be payable to previous owners. The estimated future payments of £89 million are sensitive to forecast profits as they are based on a multiple of earnings. The range of reasonably possible outcomes for the liability is between £74 million and £177 million. The estimated future payments, treated as employment costs, are accrued over the period the sellers are required to remain with the business, and those not linked to employment are recognised at acquisition at their time discounted value.

We closely monitor the forecast performance of each acquisition and, where there has been a change in expectations, we adjust our view of potential future commitments. Expected future payments of £89 million have increased by £10 million since 31 December 2021. This is the net of an increase in future payments associated with the Plimsoll and Lingo acquisitions in 2022 and the payment made on the acquisition of an additional 19% in Cattleya Srl.

As at 31 December 2022, £47 million of expected future payments had been recorded on the balance sheet, with the balance of £42 million to be accrued over the period in which the sellers are required to remain with the business.

Cash generation

Profit to cash conversion

Twelve months to 31 December	2022 £m	2021 £m
Adjusted EBITA	**717**	813
Working capital movement	**(150)**	(141)
Adjustment for The Voice of China cash received*	**23**	–
Adjustment for production tax credits	**(18)**	(16)
Depreciation	**53**	59
Share-based compensation	**19**	12
Acquisition of property, plant and equipment and intangible assets**	**(78)**	(45)
Lease liability payments (including lease interest)	**(26)**	(29)
Adjusted cash flow	**540**	653
Profit to cash ratio	**75%**	80%

* Cash received in 2018 and 2019 for The Voice of China was placed under review and treated as an exceptional cash receipt and excluded from the profit to cash conversion calculation. In 2022, the review completed and the cash was released. This adjustment shows the conversion of exceptional cash to operation cash.
** Except where disclosed, management views the acquisition of property, plant and equipment and intangibles as business as usual capex, necessary to the ongoing investment in the business.

Cash generated from operations is reconciled to the adjusted cash flow as follows:

Twelve months to 31 December	2022 £m	2021 £m
Cash generated from operations	**537**	407
Cash outflow from exceptional items	**53**	307
Cash generated from operations excluding exceptional items	**590**	714
Adjustment for production tax credits	**31**	13
Adjustment for The Voice of China cash received	**23**	–
Acquisition of property, plant and equipment and intangible assets	**(78)**	(45)
Lease liability payments (including lease interest)	**(26)**	(29)
Adjusted cash flow	**540**	653

One of ITV's strengths is its cash generation reflecting our ongoing tight management of working capital balances. We manage risk when making all investment decisions, particularly in scripted content and ITVX, through having a disciplined approach to cash and costs. Remaining focused on cash and costs means we are in a good position to continue to invest across the business in line with our strategic priorities, an important focus of which going forward includes a further step up in our content investment for ITVX.

In the year, we generated £540 million of operational cash (2021: £653 million) from £717 million of adjusted EBITA (2021: £813 million), resulting in a profit to cash ratio of 75% (2021: 80%). While we continue to manage our working capital tightly, profit to cash conversion was lower in 2022. This is as a result of our growing Studios business and the timing of deliveries. In addition, it reflects the increased commissions for ITVX where we have taken delivery of programmes but not yet made them available on the platform. This was partly offset by our strong TAR revenues in 2022 and tight working capital management.

Free cash flow

Twelve months to 31 December	2022 £m	2021 £m
Adjusted cash flow	**540**	653
Net interest paid (excluding lease interest)	**(37)**	(40)
Adjusted cash tax*	**(86)**	(132)
Pension funding	**(137)**	(74)
Free cash flow	**280**	407

* Adjusted cash tax of £86 million is total cash tax paid of £55 million plus receipt of production tax credits of £31 million, which are included within adjusted cash flow from operations, as these production tax credits relate directly to the production of programmes.

Our free cash flow after payments for interest, cash tax and pension funding was £280 million (2021: £407 million).

Funding and liquidity

Debt structure and liquidity

The Group's financing policy is to manage its liquidity and funding risk to maintain an investment grade credit rating for the medium to long term. ITV uses debt instruments with a range of maturities and has access to appropriate short-term borrowing facilities and a policy to maintain a minimum of £250 million of cash and undrawn committed facilities available at all times. As at 31 December 2022, we had two committed facilities in place to maintain our financial flexibility – a £500 million Revolving Credit Facility (RCF) and a £300 million bilateral financing facility. The RCF was originally due to mature in January 2027 with the opportunity to renew for one or two years from the expiry date. A one year extension was negotiated that came into effect in January 2023, and therefore maturity is currently extended to 2028 but a further extension opportunity may allow for funding until 2029. The financial covenants in the new RCF remain unchanged (refer to APMs for further detail), requiring us to maintain a covenant net debt to adjusted EBITDA ratio of below 3.5x and interest cover (adjusted EBITDA to net finance charges) above 3.0x. The new RCF is also linked to the delivery of ITV's science-based carbon emissions targets. Under the terms, ITV will benefit from a lower interest rate if it delivers emissions reductions in line with its Net Zero roadmap, which will be assessed on an annual basis and verified through independent assurance.

As at 31 December 2022, ITV's financial position was well within its covenants.

The bilateral financing facility is free of financial covenants and matures on 30 June 2026.

These two committed facilities provides us with sufficient liquidity to meet the requirements of the business in the short to medium term under a variety of scenarios, including a severe but plausible downside scenario. At 31 December 2022, £50 million of the £500 million RCF was drawn and the £300 million bilateral facility was fully available, which with cash and cash equivalents of £348 million provided total liquidity of £1,098 million (31 December 2021: £1,514 million).

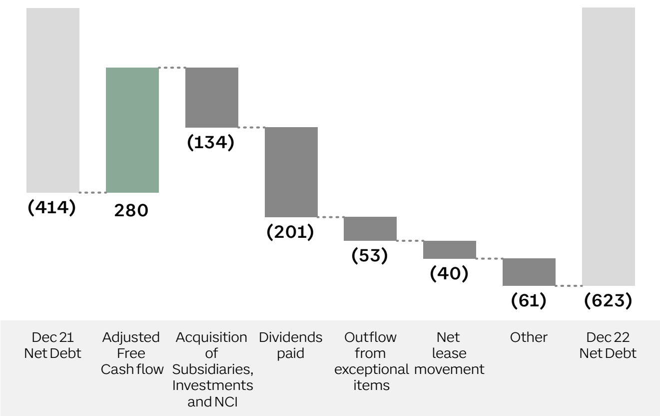
After acquisitions and acquisition-related costs, pension and tax payments, 2022 net debt was £623 million (31 December 2021: £414 million).

Net debt

At 31 December	2022 £m	2021 £m
Gross cash*	**348**	736
Gross debt (including IFRS 16 lease liabilities)	**(971)**	(1,150)
Net debt	**(623)**	(414)

* Gross cash in 2021 includes £50 million of restricted cash in relation to the LTVC Pension Funding Partnership. This was nil at 31 December 2022 as the restriction has now been removed and the cash replaced with a surety bond.

Reported Net Debt Tracker



* Other includes £23 million in relation to The Voice of China cash which has been released in the year following review. £19 million in relation to debt acquired with Plimsoll Productions and Lingo Pictures and £19 million in relation to the revaluation of bonds.

Financing – gross debt

We are financed using debt instruments and facilities with a range of maturities. Borrowings at 31 December 2022 were repayable as follows:

Amount repayable as at 31 December 2022	£m	Maturity
£500 million Revolving Credit Facility*	**50**	Jan 2023
€600 million Eurobond**	**539**	Sep 2026
€259 million Eurobond***	**230**	Dec 2023
Other loans	**20**	Various
Total debt repayable on maturity****	**839**	–

* Whilst the debt matures in Jan 2023, the facility matures in Jan 2028.
** Includes £8 million currency component of swaps held against euro denominated bond.
*** Includes £1 million currency component of forwards and swaps held against euro denominated bond.
**** Excludes £132 million of IFRS 16 Lease Liabilities.

The intention is to re-finance the Eurobond maturing in December 2023, rather than repay from our cash resources. We are currently exploring medium to long-term refinancing options and have full availability under the £500 million RCF and £300 million CDS facilities should we need to utilise these.

Capital allocation and leverage

Our objective is to run an efficient balance sheet and manage our financial metrics appropriately, consistent with our commitment to investment grade metrics over the medium term. At 31 December 2022 our leverage, or net debt to adjusted EBITDA was 0.8x (31 December 2021: 0.5x). Our priorities remain as follows: to invest organically in our key assets and value drivers in line with our strategic priorities; maintain an investment-grade balance sheet; sustain a regular ordinary dividend that can grow over the medium term; continue to consider value creating inorganic investment against strict financial and strategic criteria, and any surplus capital will be returned to shareholders.

Credit ratings

We continue to be rated investment grade by two ratings agencies. Our current ratings are BBB- (stable outlook) by Standard and Poor's and Baa3 (stable outlook) by Moody's Investor Services. The factors that are taken into account in assessing our credit rating include our degree of operational gearing and exposure to the economic cycle, as well as business and geographical diversity.

Foreign exchange

As ITV continues to grow internationally, we are increasingly exposed to foreign exchange on our overseas operations. We do not hedge our exposure to revenues and profits generated overseas, as this is seen as an inherent risk. We may elect to hedge our overseas net assets, where material.

ITV is also exposed to foreign exchange risk on transactions we undertake in a foreign currency. Our policy is to hedge a portion of any known or forecast transaction where there is an underlying cash exposure for the full tenor of that exposure, to a maximum of five years forward, where the portion hedged depends on the level of certainty we have on the final size of the transaction.

Finally, ITV is exposed to foreign exchange risk on the retranslation of foreign currency loans and deposits. Our policy is to keep these balances to a minimum and hedge such exposures where there is an expectation that any changes in the value of these items will result in a realised cash movement over the short to medium term. The foreign exchange and interest rate hedging strategy is set out in our Treasury policies which are approved by the ITV plc Board.

Production work in progress, contract assets and liabilities

In 2022, production work in progress increased by £133 million, contract assets decreased by £4 million and contract liabilities increased by £13 million compared to 31 December 2021. These increases were predominantly driven by ITV Studios, where production work in progress rose by £133 million reflecting higher production volumes during the year.

Programme rights and other inventory

Programme rights and other inventory has increased by £64 million to £377 million (£2021: £313 million) as a result of the launch of ITVX. Inventory levels have increased due to the wider variety of programmes available on ITVX and a change in accounting policy to allocate programme rights to both linear and streaming based on expected patterns of viewing. The change in accounting policy did not have a material impact on 2021 figures and therefore do not require restatement. See note 3.1 to the Financial Statements for further detail.

Pensions

The net pension surplus for the defined benefit schemes at 31 December 2022 was £192 million (31 December 2021: £8 million deficit). The surplus in the year was principally due to the Scheme's liabilities reducing in the year from higher bond yields and deficit funding contributions which were partly offset by an increase in inflation assumptions.

The net pension assets include £47 million of gilts, which are held by the Group as security for future unfunded pension payments to four former Granada executives, the liabilities of which are included in our pension obligations. A full reconciliation is included within note 3.7 to the Financial Statements.

Actuarial valuation

The 31 December 2019 actuarial valuation of the main section of the ITV Pension Scheme was agreed during the year. The deficit as at 31 December 2019 amounted to £252 million, down from £489 million at 1 January 2017. The Group has revised the existing deficit reduction contribution plan in order to eliminate the deficit of £252 million.

Deficit funding contributions

The deficit funding contributions are driven by the actuarial deficit valuation, and not the accounting (IAS 19) valuation. The Group's deficit funding contributions in 2022 were £137 million, with £40 million following the agreement of the triennial valuation of the main section of the Scheme, £83 million relating to the extension of the SDN pension funding partnership (see below) and £11 million and £3 million annual payments under the existing SDN and London Television Centre pension funding partnerships respectively. Further details are included within note 3.7 to the Financial Statements. Deficit contributions for 2023 to 2025 consist of contributions agreed with the Trustees following the triennial valuation (£43 million, £48 million and £28 million respectively) and the annual payments under the SDN PFP and London Television Centre PFP (£16 million and £3 million respectively). Therefore total deficit contributions for 2023 to 2025 will be £62 million, £67 million and £47 million.

SDN pension funding partnership

In 2010, ITV established a Pension Funding Partnership (PFP) with the Trustees backed by SDN, which was subsequently extended in 2011. The PFP addressed £200 million of the funding deficit in Section A of the defined benefit pension scheme and under the original agreement, a payment of up to £200 million was due in 2022. The existing PFP agreement has been amended and extended to 2031. As a result of this agreement, an upfront payment of £80 million was paid to the pension scheme in the period and an additional deficit contribution of £3 million was paid for the period between the end of the original agreement and the date the extension agreement was signed. In 2022, ITV has made a total payment under the SDN PFP arrangement of £94 million as there was a payment of £11 million in respect of the final income payment under the original arrangement. The Group is committed to up to nine annual payments of £16 million from 2023. The partnership's interest in SDN provides collateral for these payments. The Group retains day-to-day operational control of SDN and SDN's revenues, profits and cash flows continue to be consolidated in the Group's accounts. On completion of the final payment in 2031, the Scheme's partnership interest will have been repaid in full and it will have no right to any further payments.

Planning assumptions for full year 2023

Profit and Loss impact

- Total content costs are expected to be around £1.3 billion, rather than £1.35 billion as previously guided, largely due to a reduction in 2023 content amortisation to reflect the windowing of content between linear and streaming
- Permanent overhead cost savings are expected to be around £15 million in 2023. This is part of the £50 million of permanent cost savings to be delivered by 2026, as previously guided
- Adjusted financing costs are expected to be around £30 million
- The adjusted effective tax rate is expected to be around 23.5% in 2023, and then move to around 25% over the medium term due to the increase in the UK statutory tax rate to 25% in April 2023
- Exceptional items are expected to be around £40 million, mainly due to costs associated with our digital transformation and London property move

Cash impact

- Total capex is expected to be around £75 million as we further invest in our digital capabilities
- The cash cost of exceptional items is expected to be around £35 million, largely relating to costs associated with our digital transformation and London property move
- Profit to cash conversion is expected to be around 70% and 75%, reflecting increases in working capital as we continue to grow ITV Studios and invest in ITVX
- Total pension deficit funding contribution for 2023 is £62 million, made up of £43 million relating to the main section of the Scheme, £16 million relating to the SDN PFP arrangement and £3 million relating to the LTVC PFP
- The Board has proposed a final dividend of 3.3p, giving a 2022 full year dividend of 5.0p per share. The final dividend will be paid in May 2023. Going forward, the Board intends to pay a full year ordinary dividend of at least 5.0p which it expects to grow over time

CMA investigation

As reported in our interim financial statements, 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 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.

The Voice of Holland

In early 2022 allegations of inappropriate behaviour on the set of The Voice of Holland were made public, resulting in a mid-season suspension of series 12. A provision was made in 2021 to cover the committed costs relating to the series in production, impairment of the carrying value of work in progress and other costs. An external investigation of the allegations is currently ongoing.
While unquantifiable at present, there may be further financial impact on the Group.

Foreign exchange sensitivity

The following table highlights ITV Studios sensitivity, on a full year basis (using internal forecasts), to translation resulting from a 10% appreciation/depreciation in sterling against the US dollar and euro, assuming all other variables are held constant. An appreciation in sterling has a negative effect on revenue and adjusted EBITA; a depreciation has a positive effect.

Currency	Revenue £m	Adjusted EBITA £m
US dollar	±57-70	±6-7
Euro	±42-51	±8-9

Chris Kennedy
Group Chief Finance Officer & Chief Operating Officer

Our Commitment to Section 172(1)

The Directors consider that they have acted, in good faith, in a way that is most likely to promote the success of the Company for the benefit of its members and stakeholders as a whole, having regard (among other matters) to the matters set out in section 172(1)(a-f) of the Companies Act 2006. As the Chairman makes clear in his introduction, the Board regularly considers stakeholder groups and their most significant issues, views and interests as well as the financial and long-term impact of key actions throughout its decision-making process. The Board also undertakes a formal assessment on an annual basis of whether the key stakeholders identified remain appropriate.

Examples of some of the key strategic issues considered and decisions made by the Board during the year and an explanation of how the Board has had regard to the matters in section 172(1) (a-f) in reaching decisions are set out in the table below.

See pages 105 to 111 to read more on Stakeholder Engagement

See pages 112 to 113 to read more on Workforce Engagement

See pages 44 to 53 to read more on Social Purpose

See pages 54 to 56 to read more on Our People

See pages 6 and 7 to read the Chairman's Statement

Long-term impact	Interests of colleagues	Fostering business relationships	Impact on community and environment	Maintaining reputation for high standards of business conduct	Acting fairly between members

The launch of ITV's new integrated ad-funded or subscription streaming platform ITVX

Directors' consideration of key factors set out in section 172(1)	Outcomes of Board decision-making and other key strategic decisions
Long-term impact: The Board believes that supercharging ITV's streaming strategy to grow digital viewing and revenues ensure that ITV's offering to viewers better reflects and serves shifting viewing habits in the longer term and accelerates delivery of ITV's strategic priorities and long-term value. Digital viewing continues to grow at the expense of live linear viewing. In order to adapt to these changes, we evolved our M&E strategy to be streaming led. In 2022, we launched ITVX, our new ad-funded streaming platform. To reach its conclusion, the Board considered in detail the impact on viewing, overall proposition across linear and streaming, and revenues, taking into account both ad-funded and subscription streaming tiers.	• The Board identified the importance of transforming our M&E strategy to be ad-funded streaming led, to reach our 5-year plan targets (in particular digital revenues) and the need for an evolution of our content strategy to significantly grow engagement with ITV's streaming service • Following careful analysis and modelling, the Board concluded that the launch of the ITVX platform would be in the long-term interests of the Company (and therefore all stakeholders, including shareholders) • ITVX has been launched at a time when there is a particularly strong demand for free and new content • ITV Customer Segmentation identified a large segment of viewers that primarily watch VOD (vs. live) and are 'light viewers' of ITV. The launch of ITVX provides an opportunity to deepen engagement with this commercially attractive group of viewers who are more easily attainable given their pre-existing relationship with ITV • An ad-funded streaming model complements our core Broadcast advertising offering • An integrated ad-funded streaming or subscription streaming model provides ITV with greater flexibility to address the varied and constantly evolving needs and expectations of viewers • ITV continues to invest in product, content, distribution, data, tech and analytics to supercharge its streaming proposition and remain in line with its competitors

The launch of ITV's new integrated Ad-funded or subscription streaming platform ITVX continued

Shareholders: The Board remains mindful of shareholders' concerns regarding the level of investment in the streaming strategy, and the impact on ITV's financial performance. The Board believes that the acceleration of ITV's existing digital strategy is a critical component of the supercharged streaming strategy. The Board continues to give shareholders the opportunity to further understand the Studios and M&E business, and the impact the streaming strategy will have on their investments.	• Having discussed in detail the impact of the proposals on the investment case, including discussions with the Company's financial advisers and brokers, the Board felt that the strategic and long-term financial benefits of ITV's streaming strategy were in the best interests of shareholders • Shareholders' potential concerns around the scale of investment for ITVX were considered and discussed by the Board and the required level of investment challenged. The Board is confident that our strategy is the right long-term plan for ITV and our robust financial position enables us to invest in our digital acceleration and deliver returns to shareholders • The Board discussed that the significant investment in ITVX was likely to negatively impact the share price. The Board therefore recognised the importance of clearly communicating that the strategy was the right one given the industry backdrop and ITV's competitive strengths and assets and how the ITVX strategy would create value over the medium term • In March 2022, an investor seminar on the M&E business and the launch of ITVX provided detailed insight into ITV's streaming ambitions • Regular meetings have taken place with investors to facilitate their understanding of the streaming investment and to help them understand the long-term benefit to ITVX
Regulators and legislators: An important consideration for ITV's future strategic direction is ITV's status as a PSB. ITV continues to engage with Ofcom and the government to seek reform of the PSB framework in which it operates. The Board was briefed on the implications for ITV and the accelerated streaming strategy in light of a range of scenarios arising from the PSB review and the government's Media White Paper.	• Ongoing appraisal of ITV's commercial and strategic interests in remaining a PSB in the context of the deadline to apply for renewal of ITV's PSB licences in 2023 • The Board continues to be updated on progress as the government follows up on its Media White Paper. The Chairman, Chief Executive and Group Director of Strategy and Policy met with the Ofcom Chair and Chief Executive on a wide range of policy and regulatory issues and the Chief Executive also regularly meets with Department for Digital, Culture, Media & Sport (DCMS) ministers and officials and the Chief Executive of Ofcom on matters, including the future of PSB, and other key issues of concern to the TV industry, including the proposed new Media Bill • Successful completion of the renewal of DTT Multiplex licence and publication of the Media White Paper
Colleagues: The Board monitored the impact of the launch of ITVX on colleagues, notably the new teams and additional capabilities needed to deliver the service, through an assessment of the business's current bench strength, capabilities and skills with particular focus on the Technology and Product teams. There was also a need to continue to transform internal systems, processes and behaviours to support an increasingly streaming-focused business. It was recognised that ITV's culture is key in having the right mindset and ways of working to achieve this strategy at pace. The Board also considered the people impact of re-prioritising resources across the business to refocus resources on the delivery of ITV's streaming ambitions.	• 'M&E Upload' internal event to communicate our strategy to the wider company and allow colleagues the chance to ask questions around the strategy • Internal roadshows in Leeds, Gateshead, Manchester, London, the US and Netherlands to aid understanding of ITVX and colleagues role in delivering the ambitious plans • Deep dive session for Audit and Risk Committee members on the ITV Together programme • Board's endorsement of investment in additional resource to ensure the business has the required skills to deliver ITVX • The Board recognised the additional pressure on colleagues due to the very tight timetable and therefore put in place support and Board regularly challenged management on capacity of workforce to cope with all of the change programmes and ITVX development in such a short period of time
Partners, customers and business relationships: The Board was briefed regularly on the continued dialogue with our strategic partners who were fully engaged during the launch of ITVX. The delivery of ITVX required close collaboration with platform owners, distribution partners, technology partners and other PSBs (for content). Maintaining high standards of business conduct with these partners is critical to the successful delivery of Phase Two of our More Than TV strategy. The strategy has provided advertisers with a more targeted offering at scale through both a compelling streaming service and Planet V. Strengthening our streaming proposition has provided viewers with a seamless experience, with a much stronger content offering. The Board assessed how the supercharged streaming proposition would be structured for consumers and how the proposition would be positioned and received within the streaming market, as well as other aspects of the strategy such as consumer branding.	• The Board continues to review the technology and product plans for the continued rollout of ITVX, including the role that ITV's distribution partners will play • ITV Palooza event focused on the commercial advantages both ITV and our customers will gain through the launch of ITVX • Attendance at the Edinburgh TV Festival to showcase new ITVX content • Chief Executive engagement with Studios clients whilst in the United States in October • Increased engagement with partners, customers and business relationships to ensure they understand what ITVX will mean for both parties and the new opportunities now possible through the streaming platform • Audiences team's analysis of attitudes and perceptions of advertising on ITV Hub, to gain better insight and to optimise viewer ad experience while driving commercial revenue on ITVX • Increased focus on further diversifying our content offering for ITVX • Board approval for the expansion of Studios through talent acquisitions and M&A strategies has grown ITVX's access to high-quality streaming content

Launching of the ITV Together Programme, a hugely significant global programme for our business and transforming how we all work

Directors' consideration of key factors set out in section 172(1)	Outcomes of Board decision-making and other key strategic decisions
Long-term impact: The Board believes that in order to deliver our More Than TV Strategy, we need to become more digitally mature. The ITV Together programme will underpin our digital transformation by improving how we organise ourselves, our processes, our systems and our culture. Specifically, the programme will redesign how we work and interact through our people, HR, finance and production finance processes. ITV Together will bring modern, simple and connected ways of working and technology to our evolving global business.	• Following these analyses, the Board concluded that launching the ITV Together programme would be in the long-term interests of the Company introducing modern fit for purpose tools and systems, simple processes and collaborative and connected ways of working which will collectively lead our digital transformation and evolving business • Improvements to how we manage our people, costs and revenue in a modern digital world. Modern simple and connected ways of working and technology to evolve global business, supporting our digital transformation through the More Than TV strategy and ITV Fast Forward initiative • Rigorous and thorough processes to understand the needs of users and to determine the system and service providers selected • Ongoing monitoring of the ITV Together programme via comprehensive programme governance and regular Board updates
Shareholders: The programme evolves the way we work, to ensure we're better connected. This will mean our financial and people processes are streamlined and efficient and more able to cost effectively support other digital transformation initiatives.	• Having discussed in detail the impact of the proposals on the investment case, the Board felt that the strategic and long-term financial benefits of ITV the Together Programme were in the best interests of shareholders • The systems allow deeper and more meaningful analysis and understanding of committed and planned spend and revenue forecasts
Colleagues: The Board believes the investment in new and improved systems is in the best interest of colleagues as a collective group. ITV Together will bring modern, simple, connected and evolving ways of working, and technology, to our global business. How we organise our services, our processes, our systems and our culture. Directors took account of the impact on their colleagues and reviewed potential impact of migrating to different systems, however improved digital ways of working were favoured. In considering this decision, the Directors were taken through an in depth review of the programme and encouraged management to ensure that there was sufficient change management support including training and communication of the programme and its benefits to colleagues.	• The Directors feel that the new system will support flexible, self-service ways of working, enabling employees to access the system from anywhere and from any device. This will enable every day tasks such as submitting expenses to be completed more easily and provide instant and direct access to data to manage teams and improve decision making • The Directors are kept apprised of management's communication and engagement plans to help colleagues with this change to their systems • Colleague feedback has been sought to improve functionality • Ongoing two-way communication between the Ambassador Network and Board, through the Workforce Engagement Director and usual communication channels • Consideration has been given to the fact that there may be a reduction in employees as a result and current employees would need to learn new ways of working
Partners, customers and business relationships: The Board believes that the new systems will improve the ITV ways of working with our suppliers	• Two new systems will be integrated – Oracle, Fusion to cover our core people, HR and Finance activities and eTribez a specialist system for production finance to cover production scheduling, budgeting, cost management, forecasting and reporting • Long term suppliers will have a dedicated route into the system where they'll be able to directly input their data and review transactions

Non-Financial and Sustainability Information Statement

The table below, and the information it refers to, sets out our compliance with the non-financial reporting requirements in accordance with sections 414CA and 414CB of the Companies Act 2006.

The description of Our Business Model can be found on pages 22 and 23

Environment

Policies	Due diligence and implementation	Outcomes of policies and related KPIs	Related principal risks (pages 71 to 84)
• Our Environmental Management Policy sets out our commitment to reaching our Science Based Targets on carbon emissions by 2030. In addition, we are part of the Business Ambition for 1.5 degrees, setting additional 2050 goals for 90% carbon emissions reduction across all Scopes • We are a signatory to the Task Force on Climate-related Financial Disclosures (TCFD), which provides a framework for assessing our exposure to climate-related risks and processes to mitigate against these risks • ITV's commitment to climate action has been assessed by CDP (Carbon Disclosure Project) and given an A rating, putting ITV in the top 2% of disclosing companies for leadership in transparency and corporate reporting • Our Supplier Code of Conduct sets out our expectation of our suppliers to align with our 2030 environmental targets	• We evaluate and monitor climate change risks and progress against our environmental targets through our governance structure, which includes the Climate Action Delivery Group, and is referenced in further detail in our TCFD report (see pages 85 to 92) • Progress against our environmental targets are reported to the Studios, Media & Entertainment, and Management Boards up to four times a year, and annually to the Board. The Audit and Risk Committee also has oversight of environmental matters (see page 134) • All colleagues are required to complete mandatory training on climate action	• Climate Action is one of the priorities of ITV's Social Purpose strategy (see pages 47 to 50) • Refer to page 48 for our greenhouse gas emissions data • We are members of the albert directorate and consortium, and committed to reducing the impact of production emissions by ensuring all the programmes produced or commissioned in the UK are albert certified	• Climate change is not currently recognised as a principal risk, but is categorised as an emerging risk and kept under regular review through our risk management framework. In 2022 we performed climate scenario analysis in order to identify specific climate risks for ITV. The result of this assessment is detailed in our TCFD report on pages 85 to 92

Colleagues

Policies	Due diligence and implementation	Outcomes of policies and related KPIs	Related principal risks (pages 71 to 84)
• Our Code of Ethics and Conduct (Our Code) promotes the highest standards of ethical business, underpinning our values and corporate culture • Adherence is a key requirement of our overall compliance framework • Our Diversity and Inclusion strategy is aligned with and supports our business strategy • Our employment and recruitment policies are based on equal opportunities and non-discrimination, and set out our commitment to an open and inclusive culture • ITV's Duty of Care Charter sets out our commitment to the physical and mental health and safety of employees, participants and others we work with • ITV has a 'Speaking Up' framework for anyone working for or with ITV to raise concerns and grievances in confidence (and if they wish anonymously), as well as a freelancer complaints procedure • We also have policies on bullying, harassment and dignity at work, and grievances	• All colleagues complete annual mandatory training aligned with Our Code, which Board members also completed in 2022 • Our Code is reviewed regularly • Our Inclusion and Diversity Council, chaired by the Chief Executive, drives the organisation's diversity and inclusion agenda (see pages 51 to 53) • Progress against our diversity targets are reported to the Studios and Media & Entertainment Boards biannually, the Management Board four times a year, the Nominations Committee regularly, and to the Board annually • The Audit and Risk Committee reviews the Group's health and safety procedures at least annually, and receives regular reports from the Duty of Care Operating Board, the meetings of which the Chair of the Audit and Risk Committee attends • Our Speaking Up framework is monitored and reviewed by the Audit and Risk Committee biannually. Statistics on concerns raised are reviewed at each Board meeting	• The Speaking Up framework remains in place, with a recent promotion of this channel to all employees in November, making it easier to raise concerns and enhance ITV's open culture (see page 117) • Diversity and Inclusion is one of the four priorities of ITV's Social Purpose strategy (see pages 44 to 53) • In 2021 we published our Diversity Acceleration Plan Report, two years on from the launch of the Diversity Acceleration Plan. This reported on our successes and new areas of focus, which aligns with and supports our business strategy (see pages 51 to 53). ITV has exceeded its external benchmarks. ITV is currently ranked 5th in the FTSE 100 by Hampton Alexander and is one of 42 companies to exceed the Parker review benchmarks	• Non-compliance with laws and regulation is recognised as a principal risk with which the Board has zero tolerance for known and deliberate non-compliance. We regularly assess potential risks associated with employee conduct and ethics as part of our compliance processes • Failure to deliver our Diversity Acceleration Plan is not recognised as a standalone principal risk but is recognised as an important factor within the recruitment and retention of talent principal risk and remains under review, monitored by the Nominations Committee • Failure to create the right organisational culture, which allows colleagues to speak up and deliver the strategy (Risk), and failure to extend an adequate duty of care or a major health and safety incident (Risk) are recognised as principal risks

Social impact

Policies	Due diligence and implementation	Outcomes of policies and related KPIs	Related principal risks (pages 71 to 84)
• Social Purpose is a core enabler in delivering ITV's overall strategy. We use ITV's scale and creativity to shape culture for good (not just within ITV but across the UK and other markets that we might impact). We have set and published ambitious targets which align to the United Nations Sustainable Development Goals (UN SDGs)	• We evaluate and monitor all our Social Purpose campaigns and progress against our goals. 2022 carbon emissions data will be independently verified by a third party • ITV's Mental Health Advisory Group, chaired by Ruth Davidson SMP, comprises external expert advisers and ITV representatives, and provides guidance on best practice for looking after the welfare of people, productions and campaigns • Led by Dr Matthew Gould at ITV, and developed in partnership with the BBC and the British Psychological Society, we launched a TV psychologists professional development programme • ITV is a member of the Responsible Media Forum • Progress against our targets and the impact of our campaigns are reported to the Management Board four times a year, monthly in social purpose papers and annually to the Board	• Our Social Purpose strategy has four priorities relating to Better Health, Diversity and Inclusion, Climate Action and Giving Back (see pages 44to 53) • The Social Purpose strategy is aligned to the UN SDGs. ITV has identified SDGs 3, 5, 7, 10, 12, 13 as those where it can have the most impact	• Social impact matters are not considered to be a standalone principal risk, however social impact matters which influence other principal risks are detailed in our Risks and Uncertainties report on pages 71 to 84

Human rights

Policies	Due diligence and implementation	Outcomes of policies and related KPIs	Related principal risks (pages 71 to 84)
• ITV is fully committed to ensuring that we do not participate in the violation of human rights and expects the same of our suppliers. We are a founding member of the TV Industry and Human Rights Forum set up to identify and proactively address labour rights issues in the television industry and raise awareness beyond it • ITV's Modern Slavery Statement sets out the steps taken to identify, address and prevent modern slavery and human trafficking in our business and supply chain • Our Supplier Code of Conduct sets out our expectation of suppliers to protect human rights of workers and communities impacted by operations and supply chains	• Ultimate oversight belongs to the Board • ITV's Modern Slavery Steering Group is responsible for overseeing modern slavery risk management for ITV in a manner that places concerns for potential victims at the centre. It agrees strategies for addressing key risks identified and raises awareness among ITV's decision-makers of labour rights considerations and seeks their support for appropriate initiatives • Our Modern Slavery Statement is reviewed by the Board on an annual basis. Our Modern Slavery Statement can be found in our Governance section of our ITV plc website.	• No incidences of human rights abuse or modern slavery have been identified • Our Code of Ethics and Conduct explains ITV's aim to address and identify risks of modern slavery. We also continued developing our procurement process and Supplier Code of Conduct which include expectations of suppliers in regards to human rights and labour. Suppliers are required to understand and address the risk of modern slavery in their operations and supply chains	• Legal and regulatory non-compliance (including labour rights issues) is recognised as a principal risk (Risk 12) with the Board having zero tolerance for known and deliberate non-compliance. We have a compliance and risk management framework in place to identify potential risks and mitigate these

Anti-corruption and anti-bribery

Policies	Due diligence and implementation	Outcomes of policies and related KPIs	Related principal risks (pages 71 to 84)
• Our Code of Ethics and Conduct (Our Code) promotes the highest standards of ethical business and reinforces the importance of awareness of compliance requirements and maintaining high ethical standards • Our Anti-Bribery Policy sets out our responsibilities and provides information and guidance on what bribery is and how to deal with bribery and corruption issues. Those working for or with us must observe and uphold the Policy • Our Sanctions Policy ensures that the business complies with all relevant international and financial sanctions in force at the time by the US, UN, EU or UK government • Our Supplier Code of Conduct sets out our expectation of our suppliers to comply with all anti-bribery laws	• All colleagues are required to complete annual mandatory training aligned with Our Code, and systems are in place through the Speaking Up framework to enable employees to identify and raise issues, including suspected wrongdoing, fraud or malpractice in the workplace • Bespoke training on the Anti-Bribery Policy is provided to employees working in roles or territories at higher risk of bribery and corruption issues • Compliance with the Anti-Bribery Policy is kept under review and reported to the Management Board and Audit and Risk Committee biannually • Bribery and corruption risks are reviewed annually by the Audit and Risk Committee, as is wider policy compliance	• We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, as well as implementing and enforcing effective systems to counter bribery and corruption	• Legal and regulatory non-compliance (including with the Bribery Act 2010) is recognised as a principal risk (Risk 12). We have a compliance programme in place to mitigate the risk of bribery, which is articulated in our Anti-Bribery Policy

Risks and Uncertainties

Our risk landscape

Our business is changing and so is our risk landscape. The increasing pace of change in the industry and the continued impact of the macroeconomic environment means we must, more than ever, manage our risks effectively to achieve our vision, deliver our strategy and create sustainable shareholder value.

Risk culture

We recognise that our long-term success depends to a significant extent on how we identify and address the current and emerging risks we face as a business. To reflect this, risk is embedded as an integral part of our culture and forms the foundation of our Code of Ethics and Conduct, as well as being actively promoted by the Management Board and plc Board.

Risk management framework

Our approach to risk management is simple and consistent across the whole of ITV. It forms the foundation of how we empower our people to make intelligent decisions at the right time to achieve our business objectives rather than it being seen as a process that stifles creativity. Importantly, it acts as the guardrails to shape the day-to-day interactions between our Central Teams and the business.

To keep pace with the change, we continue to evolve our approach to risk management to deliver a proportionate approach to managing risk across ITV. Our focus in 2022 has been on optimising the practices and behaviours of the 2nd line of defence to introduce more collaboration and structure. This allows us to provide clarity to the business on expectations around managing the risks we face. To achieve this, we have established a consistent approach to better understand our key risk categories and drive standardisation and operational effectiveness across ITV.

Risk category

Appetite	How much risk are we **willing to take** in the pursuit of our strategy
Policies	Our primary documents for communicating ITV's **principles and rules**
Standards	We **support the application** of the principles and rules by providing clarity to colleagues on **how** we expect them to act – defining 'minimum requirements'
Comms & Training	The mechanism for ensuring principles, expectations and minimum requirements are **disseminated** and **understood**
Monitoring & Assurance	How we get **comfort** that our risks are being managed

Risk oversight and governance

The Board has overall responsibility for ensuring that ITV is appropriately identifying and managing the risks the business is exposed to. We have enhanced our risk oversight and governance structure during 2022 to assist the Board in overseeing the management of risk across ITV. In particular, we have focused on building on the interrelationship between ITV Studios Board and the M&E Board with the Management Board.

Board

Has ultimate accountability for:
- Setting strategic objectives
- Reviewing and evaluating principal risks and uncertainties
- Setting our strategy on risk and establishing tolerance levels and risk appetite
- Ensuring the effective operation of the risk management framework and internal control systems

Management Board

Has responsibility for the development and operation of the risk management framework and systems of internal control, including:
- Reviewing and monitoring the effectiveness of internal controls and putting in place remedial plans where required. Serious control weaknesses (if any) are reported to the Board and action is taken as appropriate
- Routinely identifying and challenging risks, risk assessment ratings and mitigations, including relevant reports or other performance indicators
- Continuously reviewing risk exposure and ensuring that decisions taken are in line with the risk appetite set by the Board and within the defined tolerance levels
- Reviewing emerging risks

Risk & Compliance Steering Committee (New)

Established to support the Management Board:
- Embed a centralised and consistent approach to risk management practices
- Drive the second line of defence (2LOD) operational efficiency
- Ensure robust oversight of risk management across ITV

Has responsibility for:
- Collating risk and compliance data from the Divisions and Central Functions to identify themes and trends and enable a consistent and coordinated response
- Establishing a clear route to escalate risks from and across the Divisions and Central teams
- Reviewing and challenging crisis preparedness to respond to major risks

Divisional Boards and Central Functions

Have responsibility for ensuring appropriate risk management and internal controls practices are operating within their business area, including:
- Routinely reviewing and challenging risks and mitigations, including relevant reports or other performance indicators
- Reviewing local policies and monitoring the local implementation of key group policies and procedures and risk appetite
- Reviewing emerging risks identified through the risk management framework
- Ensuring risk has been considered as part of new strategic initiatives and projects

Group Risk Function

Has responsibility for:
- Developing and maintaining the risk management framework, systems and processes and supporting management in its adoption and embedding
- Coordinating all risk identification, reporting and governance forum activity, ensuring consistency in approach
- Developing risk capability and culture in the business
- Supporting and advising the business on the development of risk management solutions

Audit and Risk Committee

Has responsibility for:
- Overseeing and advising the Board on risk exposures and future mitigation strategy
- Reviewing the effectiveness of the risk management framework and associated policies
- Monitoring operation of the internal control systems
- Conducting in-depth reviews of high-risk business areas or processes
- Setting the internal audit plan to gain assurance of the effectiveness of key risk controls and mitigations
- Reviewing implementation of internal audit actions
- Overseeing and monitoring the business's compliance with the risk appetite set by the Board
- Reviewing the risk capacity in relation to liquidity, capital and investor value

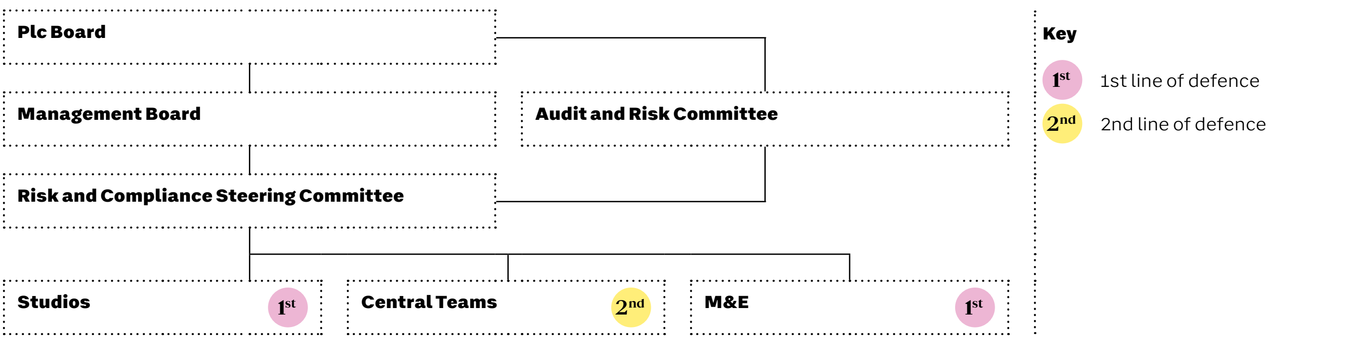
Key

Direction and Management

Reporting and Escalation

Advice and Oversight

Risk Governance Structure



Risk appetite

The Board has developed statements that define our risk appetite for each of our risk categories, to better focus risk management activities and help the business strike the right balance between risk taking and risk mitigation. This includes, but is not limited to, third parties and supply chain, cyber security, data privacy, liquidity, and people. Our risk appetite reflects ITV's willingness to be innovative and open to new ideas as we pursue our strategy, whilst maintaining our low tolerance in operational areas, such as compliance, duty of care, cyber and data protection.

During 2022, we enhanced our articulation of risk appetite and the associated tolerances to ensure that this represented the greatest areas of risk to our business in the fulfilment of our strategic goals. As we move into 2023, we will continue to build on our risk appetite statements by providing further direction to the business on how to apply them in decision-making. Additionally, we intend to enhance risk appetite reporting to better support the Board's role in monitoring compliance against risk appetite.

Principal risks

As part of our risk management framework, we have a process to oversee all risks which may threaten ITV, with particular Board scrutiny over our principal and emerging risks. Each principal risk is owned by a member of the Management Board, who is responsible for monitoring and implementing mitigation on an ongoing basis.

The risk owner is also responsible for identifying any potential opportunities associated with the risk and capitalising on those as appropriate. The principal risks are reviewed on an ongoing basis by senior management, subject to periodic deep dives at the Board, Audit and Risk Committee, Management Board and Divisional Boards, and are formally assessed by the Board twice a year.

Macroeconomic

We continue to monitor the impact of the broader macroeconomic environment on ITV, in particular inflation and geo-political issues.

With further economic challenges predicted for 2023, there remains uncertainty as to the impact this will have on our principal risks. Where relevant, we have provided commentary in each of our principal risks below.

Emerging risks

We define emerging risks as uncertainties which originate from known or previously unconsidered sources, and which are not clearly understood, visible or possible to fully assess. These risks have the potential to significantly impact our business model and/or operations at some time in the future (beyond the period considered in respect of our principal risks).

The Board and Management are responsible for identifying emerging risks and ITV's Group Risk team supports this by undertaking horizon scanning, maintaining ongoing dialogue with the business and keeping up to date with wider market developments. Emerging risks are tracked and escalated through the risk oversight and governance structure and are formally assessed by the Board twice a year.

Our key emerging risks fall into the Environmental, Social and Governance categories. In addition, we closely monitor the technological environment to understand how disruptive technology creates emerging risk and opportunity for our business.

Environmental, Social and Governance (ESG) issues

ESG matters underpin everything we do and are core to our Social Purpose strategy. We understand that purpose driven organisations are more resilient to external threats and therefore we need to have strong risk management processes around emerging ESG-related issues.

Environmental
We recognise the climate crisis and the risks and opportunities it poses for ITV. In 2022, we significantly increased our focus on environmental risks and opportunities as part of our Task Force on Climate-related Financial Disclosure (TCFD) report. This included performing climate scenario analysis to assess the resilience of our strategy against the risks posed by climate and environmental change. As we move into 2023, we will continue to assess and track this emerging risk to further understand the longer-term impact it could have on ITV. Further detail on the risks and opportunities specifically related to climate change are provided in our TCFD report on page 85.

Social
As a public company, ITV is particularly exposed to societal risks. Conversely, we are uniquely positioned to use our scale and visibility to increase awareness around social issues. Failure to recognise and respond to social issues may impact the relevance of our content and, in turn, our viewing. In addition, failure to implement processes to address social inequality within our business may result in ITV being perceived as a less attractive employer and impact our ability to attract and retain talent. Our Social Purpose strategy and internal values are centred around using our platform to educate viewers, our colleagues and the general public on social issues. Please refer to page 44 for further information on the work we are doing as part of our Social Purpose.

Governance
ITV is committed to implementing the highest standards of corporate governance, in order to provide transparency to our shareholders and wider stakeholders and to ensure we remain compliant with laws and regulations. We recognise failure to implement adequate corporate governance standards may result in failure to attract investment and impact how our business is valued. For further information, please refer to our Corporate Governance report at page 102.

Overall, whilst we do not categorise ESG as a standalone principal risk, which could materially threaten our viability or strategy, we recognise that ESG matters need to be considered as part of our everyday activities and are intrinsically linked to many of our risks. These risks are identified and managed through our existing bottom-up risk process, with escalation through the risk oversight and governance structure as required. Importantly, all these emerging risks also present opportunities for our business, therefore we manage them in a way to enhance our brand and perception in the market. Where relevant, we have provided ESG commentary on each of our principal risks below.

Principal risks and mitigations

Link to strategy	Risk direction of travel (after current mitigations)	Principal and emerging risks	
Expand Studios globally	Risk is increasing	Indicates where there are macroeconomic related factors, which may influence the risk.	Indicates where there are ESG related factors, which may influence the risk.
Supercharge Streaming	Risk is reducing		
Optimise Broadcast	Risk remains static		

N.B. – Risks are grouped by category and are not disclosed in order of importance or significance

Strategic/Financial, External risks

External business environment risks that may impact ITV's financial position or delivery of strategic vision

1. Changing viewing habits

Link to strategy: Supercharge Streaming, Optimise Broadcast

Management Board owner: Kevin Lygo

Description	Context	Mitigating activities	Risk direction
A failure to anticipate or respond to fast changing viewer habits and behaviours, may impact total viewing and the success of our channels/ services.	• Viewing habits continue to evolve with the shift towards digital viewing • The options available to audiences around how they consume content is also increasing • The change in habits and increased competition in the market is having a direct impact on the linear audiences • Our advertising revenue and continued success is dependent on being able to retain viewers and increase the volume of content they consume on our services **Changes in direction of travel** These trends are continuing to be observed amongst all demographics. The growing level of competition for viewer attention, coupled with the acceleration of video on demand viewing (even amongst traditionally linear-skewed viewers) has resulted in this risk continuing to trend upwards.	Our strategy is focused on enabling our audiences to access our content wherever, whenever and however they choose to watch. This involves continuing to broadcast great content on our channels to encourage mass simultaneous reach and focus on strengthening our Streaming proposition, to better serve evolving audience preferences, which we will seek to do through ITVX which launched in December 2022. As we move into 2023, we will continue to focus on the growth of ITVX, focusing on understanding viewer habits to optimise the relationship between linear and streaming to help drive the way we commission content for ITVX to grow our overall reach. Our strategy also involves investing in alternative media products to more effectively compete for non-viewing time and allow viewers to engage with the ITV brands and formats in different ways. **Board oversight** • Regular updates on viewing figures and evolving viewer behaviours at the Board (including briefings from external informed commentators)	**2022** Increasing 2021 Increasing

2. Advertising market changes

Link to strategy

Management Board owner: Kelly Williams

Description	Context	Mitigating activities	Risk direction
Continued changes in the advertising market may result in reduced demand for ITV's advertising products and a longer term decline in advertising revenue.	• The macroeconomic environment creates a challenging backdrop. • Competition from large streamers through their introduction of new advertising tiers • The number of diverse participants entering the advertising and ad-tech market continues to grow • The decline of linear viewing is driving price inflation for TV advertising • An increasing proportion of advertising budgets is being spent on digital offerings and with media owners with advanced features, such as audience attribution All of these pose a threat to the volume, our market share and the value we are able to realise from our advertising. We also continue to monitor the potential impact associated with actual or potential advertising restrictions. Including (but not limited to) gambling, food & drink and high carbon emitting products & services. **Changes in direction of travel** Continued increase in competition and the economic downturn is contributing to this risk trending upwards.	We also continue to monitor the potential impact associated with actual or potential advertising restrictions including (but not limited to) gambling, food and drink, and high carbon emitting productions and services. Our Commercial strategy is focused on demonstrating the benefits of advertising on ITV, whilst seeking to increase awareness within growing sectors. We continue to innovate our solutions to compete with digital offerings, including by investing in enhanced addressability. Our Planet V platform is seen as a UK TV market leading video on demand advertising proposition that provides advertisers an easy to use, self-service platform to deliver highly targeted ads on our Streaming products. ITVX seeks to deliver a more compelling proposition for advertisers seeking to reach an addressable audience at scale. We continue to monitor the regulatory landscape and engage with parliamentarians and the UK government to make the case for evidence based regulation of advertising to ensure that any restrictions are both proportionate and justifiable. Specifically, in relation to the intended pre-9pm. ban on TV advertising for high fat, sugar and salt products (to be introduced from 1 October 2025) we are assessing the potential financial impact and identifying approaches to mitigate the loss of revenue while we wait for further details on the scope of the ban. We have also been actively participating in the government's consultation on the future of gambling regulation in the UK, drawing particular attention to trends in TV viewing, declining advertising exposure and rigorous regulation. More broadly, we seek to use our content to educate our viewers on social issues, such as healthy foods and the environment as a more effective way of changing behaviour. **Board oversight** • Strategy session with the Board on our Commercial strategy, in light of this risk (July 2022) and an update on the outcome of an independent expert review of our commercial strategy (December 2022)	**2022** ↑ 2021 ↑

3. Evolving demand in the content markets

Link to strategy

Management Board owner: Julian Bellamy

Description	Context	Mitigating activities	Risk direction
Fundamental changes in the content market may result in reduced opportunities, non-renewal of premium programmes, and/or impact the profitability of ITV Studios content.	• The demand for content globally remains high, in particular from streaming platforms seeking to grow their subscriber base and advertising reach • However, as streaming platforms grow, there is a risk that the larger streamers may seek to make more content in-house impacting demand for ITV content • There continues to be uncertainty as to the impact the intensifying competition in the free-to-air and streaming market will have on price & distribution rights deals – which could negatively impact margin • Ongoing costs associated with general inflation, new ways of working and competition for a limited pool of production resources, continues to drive up the cost of production • Costs associated with carbon offsetting and new technologies to reduce the environmental impact of our productions may also impact margins in the future • There also continues to be some uncertainty around the longer-term qualification of UK made content as European Works for the purposes of EU TV and streaming quotas, which could at some stage in the future result in reduced demand for UK made content • The government is also reviewing the threshold for High-end Television (HETV) tax credits in the UK and depending on the nature of the changes, this could affect some of the lower budget HETV projects. There may be other changes arising from the government's review, for instance around increases in the percentage of expenditure that qualifies for the tax credit and the percentage of the credit itself which could affect other dramas **Changes in direction of travel** The global demand for content remains good and the overall market continues to grow. Regulatory review and ongoing general inflation are greater risks, however we are able to use our scale to support us in how we manage the risk associated with the rising cost of production, resulting in this risk remaining static.	We continue to invest in developing, attracting and retaining world class creative talent to ensure we can create quality content globally. We are also growing and maintaining relationships with a diversified set of local and global customers, with varied business models, including streaming platforms. In 2022, we significantly increased the volume of drama hours we produce and increasingly worked with streaming customers. From a cost perspective, we are also continually implementing new processes to drive efficiency in our production and project margins. These include robust procurement procedures, maximisation of tax credits and technological approaches to optimise filming. We believe that by taking action now to reduce the environmental impact of our productions, we are mitigating against longer-term increases in costs e.g. arising from carbon taxation or higher prices of fossil fuel. We are assessing the implications in relation to the qualification of UK made content as European Works as well as undertaking targeted advocacy, research and coalition building, whilst we await further detail on developments (if any). We are actively engaged in helping lead an industry coalition on the HETV review including advocacy in public and with government. ITV was also actively involved in the development of industry wide production protocols to support the industry return to work following the COVID-19 pandemic. These protocols were rolled out across our productions internationally to support our production resilience and to ensure that contingency plans are in place in the event of further production pauses/stoppages. **Board oversight** • Strategy sessions focused on ITV Studios, and response to risks and changes in the market	**2022** 2021

4. Partnership relationships risk

Link to strategy

Management Board owner: Chris Kennedy

Description	Context	Mitigating activities	Risk direction
An inability to develop and maintain adequate relationships with major platform and distribution providers may result in reduced brand prominence, viewers being unable to find our content and not achieving fair value for our content.	• Video content is viewed across a very wide variety of platforms and devices and ITV needs to work with these platform providers to ensure viewers can continue to find ITV content whenever and wherever they choose to watch. However, commercial relationships with the owners of these platforms are increasingly complex and multi-faceted, particularly as these owners are commonly also customers, suppliers and partners in co-creation activities • As a Public Service Broadcaster (PSB), we are guaranteed prominence in the UK within the linear Electronic Program Guide (EPG) grid. However, this prominence is not guaranteed for on demand viewing and other ways viewers now or will choose to consume ITV content • The PSB ecology is integral to the broader society in the UK and a lack of regulatory intervention to protect this ecology may threaten this wider societal benefit. There is a risk that global platforms may use their scale and influence to limit the visibility and prominence of PSB content and/or the value PSBs are able to take from the content PSBs distribute on their platforms • In the absence of regulatory protections, we must form strong distribution relationships with major platform providers and under mutually favourable terms, to allow viewers to continue to easily find our content and in order to fully monetise that content • As we continue to develop ITVX, we must ensure the distribution is built into our deals with platforms to ensure the product is available as widely as possible **Changes in direction of travel** Negotiating deals with our partners/competitors is becoming increasingly complex resulting in this risk trending upwards.	Our aim is to allow viewers to access our content, wherever, whenever and however they choose to watch and this is underpinned by a defined partnership and distribution strategy, which has been further developed throughout 2022. We continue to focus on this as a priority as we deliver our enhanced Streaming strategy. We have a growing dedicated team that has developed relationships and commercial arrangements with all the major distribution providers and TV platform/device manufacturers in the UK. This team is also responsible for inputting into product and commercial decision-making, to ensure ITV remains an attractive proposition from a distribution perspective. We are therefore in a position to negotiate the prominence and monetisation of ITV's content on their platform/devices. We also continue to actively participate in dialogue with Ofcom and the UK government regarding the modernisation of the PSB regulatory regime and make the case for addressing the key areas of inclusion, prominence and fair value in new legislation. The government has committed to bringing forward a Media Bill to modernise this regulation but the date of its introduction to Parliament is still to be confirmed. Following the decision not to privatise Channel 4, the Labour Party is now supportive of bringing forward the Media Bill too. **Board oversight** • Ad-hoc updates on partnership and platform developments	**2022** ↑ 2021 ↑

5. Pension deficit increase

Link to strategy

Management Board owner: Chris Kennedy

Description	Context	Mitigating activities	Risk direction
A financial crisis or macroeconomic change could impact the value of pension scheme investments and liabilities and increase the deficit.	• Changes in credit spreads or UK government bond yields could result in material movements in the Group's defined benefit pension scheme liabilities • A major change in longevity, investment values or in the discount rate affecting the value of liabilities could have a material impact on the net pension liability. ITV may need to respond in such an event by increasing future contributions **Changes in direction of travel** The pension scheme trustees' investment strategy has continued to evolve focusing on limiting the impact of market volatility on the scheme, resulting in this risk remaining static.	The pension scheme assets are invested in a diversified portfolio, with a significant proportion held in lower risk bonds, with interest rate and inflation hedging in place, designed to match the cash outflows of the scheme liabilities as far as possible. Appropriate levels of collateral are maintained to support the strategy. We have worked with the pension trustees to manage contributions to the pension schemes through a series of asset backed arrangements. **Board oversight** • Annual pension process and controls review at the Audit and Risk Committee (December 2022)	**2022** ↔ 2021 ↔

6. Regulatory and policy changes

Link to strategy

Management Board owner: Magnus Brooke

Description	Context	Mitigating activities	Risk direction
Changes to policy and regulation, or a failure by the UK government to regulate, may have a negative impact on the future of public service broadcasting, our business model and/or the cost of operations.	• There remains uncertainty around the precise timing of the Media Bill being enacted and how Public Service Broadcasting (PSB) regulation will be reformed to respond to changes in viewer behaviours and the increasing scale of digital media companies • Changes in advertising regulation for certain sectors may have a negative impact on the revenue we are able to generate from these sectors • There also continues to be some uncertainty around the longer-term qualification of UK made content as European Works for EU TV and streaming quotas, which could result in reduced demand for UK content • The government's current review of the UK's High-end Television (HETV) tax credit regime may result in some lower budget comedy and drama programming no longer qualifying for the credit. The consultation is not yet concluded and we are actively engaged and supported by much of the industry • Other areas of regulation and policy which could have an impact on our business include sustainability and child protection • An emerging consideration for ITV is the potentiality for unregulated TV platform relationships to result in a loss of value for ITV. The passing of the Media Bill is very important for mitigation of this risk **Changes in direction of travel** Reform of the PSB regime remains a significant uncertainty and critical component to the ongoing health of the PSB ecology. The lack of movement results in this risk remaining static.	We have an experienced Policy and Regulatory Affairs team that monitors for potential policy, legal and regulatory developments. We have a systematic approach to analysing the impact of potential changes and are proactive in putting forward our position during the development of new policies, legislation and regulation. We continue to engage with the government and regulators on the PSB regime and many other topics affecting our industry. This includes actively participating in consultations on areas which may impact ITV and collaborating with other organisations in the industry, where appropriate in line with our competition law obligations. Our Social Purpose team works alongside the Policy and Regulatory Affairs team to identify regulatory changes related to the environment/sustainability and to support the business in how to implement processes in order to comply. This has included advising the business on requirements for TCFD, of which we were an early signatory. **Board oversight** • Regular reports to the Board on PSB reform • Deep dive by the Board in January 2023 on the 'continuation of ITV as a PSB' • Regular updates on emerging regulatory and policy issues	**2022** ↔ 2021 ↑

Strategic, Internal/Change risks

Internal risks, including culture and capability, that may impede the achievement of strategic and/or operational change goals

7. Content pipeline risk

Link to strategy

Management Board owner: Kevin Lygo

Description	Context	Mitigating activities	Risk direction
Failure to sustain a diversified commissioning and content strategy that is both resilient and financially viable, may reduce profitability.	• Rising production costs and increased competition in the market continues to drive the cost of content up • Viewer preferences continue to change and the content pipeline must reflect this. In particular, the need to commission programmes with a broad appeal that attract younger audiences • The public response to the Black Lives Matter movement has further highlighted the need to respond to increasing scrutiny of on-screen diversity • The environmental impact of our programming and how environmental behaviours are presented in our content is becoming more important • Our Streaming strategy requires us to invest in more content and we must balance these rising costs with the need to grow number of viewers and total viewing time **Changes in direction of travel** 2022 has seen an evolution in our content strategy and resulting content pipeline which has resulted in this risk staying static.	We are evolving how we commission and acquire content to broaden our offering and grow our overall reach and scale. Focus remains on better understanding audience preferences and the success of programmes. ITVX launched in Q4 2022 with over 19,000 hours of content. To ensure this remains fresh and attractive to the consumer, we will need to ensure that we continue to strengthen our content offering including weekly exclusive content drops Within our Broadcast business unit, our commissioning focus remains on live mass simultaneous reach and identifying programmes and formats which have national appeal, led by our experienced Commissioning team. In order to increase the resilience of our pipeline and reduce our reliance on historically successful programmes, we continue to invest in new premium formats, live sports and high-end drama. A content approach has been developed as part of the launch of ITVX, and will focus on implementing the content strategy needed to attract and retain viewers on ITVX, including content acquisitions, original commissions and content windowing approaches. We also have dedicated Research and Data teams, who provide insight on audience preferences and report on the success of programmes. We use this insight to adapt our commissioning strategy. We have a Diversity Acceleration Plan which aims to improve our on-screen diversity, develop a representative talent pipeline and better represent all communities in our programmes. We are also committed to reducing our environmental impact and communicating the need to respond to climate change to our viewers. In 2022, we updated our commitment in the 'Climate Content Pledge', which outlines principles that we will commit to in order to help our audiences engage with this topic. **Board oversight** • Sessions on content strategy in light of this risk (January 2023) and regular updates on ITVX	**2022** ↔ 2021 ↑

8. Insufficient growth in our Streaming products

Link to strategy

Management Board owner: Rufus Radcliffe

Description	Context	Mitigating activities	Risk direction
ITVX does not grow at the pace required to deliver the desired strategic or financial outcomes.	• The video streaming market is a highly competitive market, both in the UK and internationally. In order to deliver against our streaming growth ambition, we have developed and launched ITVX • The success of the advertiser funded element of ITVX is dependent on maximising the number of viewers on the product (reach) and then maximising the volume of content they view (viewing hours). If we are unable to drive both reach and consumption, this will impact the amount of advertising revenue we are able to generate from ITVX • The subscription streaming market continues to grow. As ITVX grows, we need to capitalise on this opportunity and provide the opportunity for viewers to convert to paying customers (and retaining them) • Maintain strong relationships with platforms and distributors is key to maximising the availability and reach of all our streaming products **Changes in direction of travel** ITV is pursuing a streaming growth strategy in a competitive market and recent mergers in this market have intensified competition, resulting in this risk trending upwards.	We have significantly invested in supercharging our streaming strategy and delivered our free, ad-funded streaming service, ITVX, to the market in Q4 2022. In addition, ITVX has a compelling premium proposition. ITVX aims to drive viewing amongst lighter and harder to reach viewers that may not otherwise engage with ITV content. We will invest heavily in content through both acquisitions and original commissions for streaming. Our service offering for streaming also includes creative ways to deliver this content, including curated collections, fast channels, streaming exclusive premieres and simulcast/live viewing. We have developed a product and technology workstream, to deliver a compelling user experience and functionality. In addition, we continue to invest in data to improve the user experience, drive viewing and maximise revenues. In order to extend our reach, we have developed distribution deals to make our products available on a growing number of major platforms and devices. We have also aligned our commercial and streaming strategies to ensure improvements for advertisers are a central part of the strategy. We have revised KPIs to track and evaluate the performance of our streaming strategy and will both monitor these internally and report them externally. We continue to monitor the external market to assess if there are any developments, which will require a pivot or change in our approach. **Board oversight** • Board strategy sessions on streaming	**2022** ↑ 2021 ↔

9. Strategic and digital transformation risk

Link to strategy

Management Board owner: Chris Kennedy

Description	Context	Mitigating activities	Risk direction
Failure to successfully deliver key components of our strategy and digital transformation, due to the speed and extent of change required, may negatively impact our business.	• Digital transformation underpins all elements of our strategy and is a key enabler for increasing operational efficiency. Failure to articulate the digital strategy, identify the most important digital projects and effectively manage the implementation of these projects could impact ITV's ability to keep pace with changes in the market and ultimately future growth • Our culture needs to support agility, collaboration and openness to new initiatives, in order to allow us to continually evolve and deliver our strategy • As we digitally transform the business, our exposure to cyber security and data privacy risk increases. We need to manage these risks in order to protect our viewer and staff data and protect our operations. For further detail on these risks and mitigations, refer to the cyber security and data breach risk and the legal and regulatory non-compliance risk below **Changes in direction of travel** The Transformation Operations Director's Office (TODO) has driven up standards across our strategic and digital change transformation programmes and therefore this risk is static.	Our strategy is articulated through defined strategic initiatives. Each initiative is sponsored by a Management Board member and led day-to-day by a member of the ITV Executive Leadership Team. We have formal processes in place, led by the Group strategy team, to report monthly on the performance of each of these initiatives to the CEO and Group CFO & COO. The Transformation Operations Director's Office (TODO) was formed in June 2022 to bring a strong focus on operational issues and to reduce risk involved in transformation activities. It is responsible for supporting transformation and monitoring the associated delivery risks across the business. Underpinning this, we have Management Board sponsors for each of the transformation programmes and run a monthly Transformation Steering Group (TSG) which is responsible for tracking the overall portfolio delivery, programme dependencies and setting expectations for effective risk management. A Group Design Authority (GDA) and Group Investment Committee (GIC) have been formed to drive holistic thinking and better manage technical design and investment across the portfolio. The TODO continue to focus on increasing the efficiency and managing the dependencies of the transformation portfolio. **Board oversight** • Deep dive session with the Board on execution and delivery risks associated with the strategy and transformation agenda (October 2022)	**2022** ↔ 2021 ↑

Operational risks

Risks that could impact our operational and business as usual activities

10. Duty of care and health & safety incident

Link to strategy

Management Board owner: Carolyn McCall

Description	Context	Mitigating activities	Risk direction
Failure to extend an adequate duty of care or the occurrence of a major health and safety incident could result in physical and mental harm, loss of human life and reputational damage.	• We have a responsibility to maintain adequate duty of care (DoC) to our staff, cast, crew, programme participants and the general public. General expectations with regards to mental health and duty of care continue to intensify, meaning more is expected of ITV as an employer and content maker/broadcaster • As we continue to increase production hours, our risks in relation to Health and Safety (H&S) continue to increase. We need to consider the DoC across all aspects of productions, taking into account the physical health and safety risks and broader aspects of mental wellbeing **Changes in direction of travel** Whilst this area remains a topic of high interest and scrutiny from the public, media and regulators, we have enhanced our processes and oversight and therefore this risk remains static.	We have a central team with responsibility for implementing controls and processes for DoC and H&S which covers both physical and mental health and safety for staff, cast, crew and programme participants. This includes our participant aftercare programme. We have enhanced our existing DoC processes, which encompass procedures relating to both physical and mental health and safety. This has included engaging two medical professionals (a former Chief Medical Officer and a clinical psychologist) on an advisory basis, to provide ongoing support and challenge to our DoC activities. Particular focus in 2022 has been on improving processes with regards to participant aftercare and clinical support. We have a Duty of Care Operating Board (DoC Board) in place, with responsibility for monitoring implementation and continuous improvement of our DoC framework and policies. This DoC Board is chaired by the Chief Executive (CEO) and includes senior representation from our Studios, Media & Entertainment, Legal, HR and Risk areas of the business. The DoC Board meetings are also attended by the Chair of the Audit and Risk Committee on behalf of the Board. **Board oversight** • Deep dive on DoC risk with the Audit and Risk Committee	**2022** ↔ 2021 ↑

11. Legal and regulatory non-compliance

Link to strategy

Management Board owner: Kyla Mullins

Description	Context	Mitigating activities	Risk direction
Failure to comply with applicable laws and regulation could result in reputational damage, financial penalties or suspension of our licences to operate.	• We are a global business and are therefore subject to multiple local and international legal and regulatory regimes. These cover a range of areas including: broadcasting and media regulations; anti-trust and competition law; anti-bribery and corruption; data privacy; and health and safety • As we develop our data and digital strategy, and evolve the way we use personal data to deliver transformation in our Media & Entertainment business, we need to demonstrate compliance with data protection and privacy regulation at all times **Changes in direction of travel** Significant work has taken place during 2022 to establish improved and robust foundations for managing our compliance obligations. However, the constantly changing external regulatory environment and increasing external expectations result in this risk trending upwards.	We have a Group Legal and Business Affairs team in place, which consists of subject matter experts who oversee, and are responsible for, ensuring business compliance with all elements of regulatory and legal requirements. Where appropriate, we also engage specialist external legal advisers to support. We operate a compliance programme which is embedded across ITV. Internal policies are owned by business leaders and regularly reviewed with high risk policies being approved by the Management Board and the Audit and Risk Committee. The Group Legal and Business Affairs team works with the business to support the adoption and implementation of these compliance policies. Training is a key component of ITV's compliance programme and its content is kept under review. In 2022, ITV's Code of Ethics & Conduct training module (which covers topics such as anti-bribery and corruption, anti-money laundering) was updated to incorporate an introduction to competition law compliance. Certain business areas in both M&E and Studios also undertook additional bespoke workshop-style competition law training in 2022 designed to apply legal requirements to practical business scenarios. Further, ITV's mandatory training programme has been reviewed in 2022 to include additional modules on Competition law compliance, ABAC and Economic Crime to be delivered in 2023. During 2022, the Data Protection team has enhanced the Group's data protection framework, which has included working closely with the Chief Data Officer to implement effective data mitigations to ensure ITV is able to leverage data in an appropriate way when delivering its data strategy. A key enhancement by the team has been to embed data privacy and cyber specialists into the data transformation programme, to support designing privacy and security into new processes and activities from the outset. We also have a suite of mandatory compliance training and learning in place, which helps drive positive attitudes to compliance across the whole business. **Board oversight** • Deep dives on compliance framework and data protections with the Audit and Risk Committee (February and July 2022)	**2022** ↑ 2021 ↑

12. Cyber attack or data breach incident

Link to strategy

Management Board owner: Mark Smith

Description	Context	Mitigating activities	Risk direction
A cyber attack may result in major operational disruption, critical system outage or loss of IP, customer or business data and potentially lead to material financial fines/ penalties and reputational damage.	• Cyber security threats continue to trend upwards. We operate in a highly public environment and, due to our reputation and the industry we operate in, we are at greater risk of attack (than the norm) from well organised threat groups • As technology becomes increasingly more complex and we transition to a digitally led business, we are required to evolve our cyber security procedures in order to effectively protect against and respond to evolving cyber threats • As we continue to grow our digital product offerings, we work increasingly with third-party partners and suppliers. A failure by these partners to implement suitable security processes may result in increased risk to ITV **Changes in direction of travel** The increasing threat of malicious activity, our enhanced digital strategy and the increases in the level of technological change in the business and dependency on certain third parties, results in this risk continuing to increase.	We have implemented a robust cyber security risk management framework across the organisation to address the evolving nature of the cyber security threats. Our framework incorporates a variety of technical preventative and detective measures to mitigate the risk of an incident, as well as an extensive training and awareness programme. We have strengthened and accelerated enhancements to our controls and technical measures in response to the increased risk caused by remote working and adoption of digital tools. We actively manage cyber and data security in our supply chain and undertake due diligence assessments on key suppliers as part of procurement activities. We also have an incident response and notification process in place, which is to be followed in the event a cyber or data breach incident occurs. In the event that ITV is subject to a ransomware attack, we have insurance provisions in place to cover the costs associated with restoring our systems. The strength of our control environment is tested on an ongoing basis by independent security experts and recommendations are implemented in a prioritised manner. We also work with our security partners to undertake cyber simulation exercises at all levels of the organisation to continuously improve our response to cyber or data attacks. **Board oversight** • Update on cyber risk with the Board and Audit and Risk Committee (January, April & September 2022)	**2022** 2021

13. Recruitment and retention of talent risk

Link to strategy

Management Board owner: David Osborn

Description	Context	Mitigating activities	Risk direction
An inability to attract, develop and retain key creative, commercial, technical and managerial talent could adversely affect our business.	• The market for talent continues to be extremely competitive, with salary expectations materially increasing in areas of key talent (e.g. technology, data and streaming) • Our success depends on being able to attract, develop and retain the best creative, technological, commercial and managerial talent in order to successfully grow our business • There is increasing scrutiny in relation to diversity and inclusion. We must commit to improving inclusivity and diversity across our business (across all aspects, including race, gender and disability) through both our recruitment and retention processes **Changes in direction of travel** Activity in the job market has increased, however, our overall attrition rate is below the national average. We are still experiencing challenges in sourcing skilled technologists and our inability to offer remuneration packages that are comparable with certain of our global competitors, has resulted in this risk increasing.	There is a deep understanding of the skills and capability required to deliver our strategic objectives and our HR department works closely with the business to ensure those needs are met. We also continue to strengthen our existing capability, through a combination of learning, development and performance. The Board Nominations Committee is responsible for reviewing the skills and capability of senior leadership and the whole Board joins a Committee meeting annually to undertake a deep dive on senior management succession planning and bench strength. We have developed a Diversity Acceleration Plan, which aims to improve diversity and inclusion within the ITV workforce, through a combination of development, training and recruitment initiatives. We have also implemented a new People Strategy which aims to supercharge our capabilities across the business and manage overall business costs during the economic downturn. Whilst a certain level of attrition is inevitable, we evaluate root causes through exit interviews and declared reasons for leaving. Furthermore, succession plans have been developed and implemented for business critical and management roles (which includes nominated deputies). **Board oversight** • Ongoing updates to and succession planning reviews with the Nominations Committee	**2022** 2021

Task Force on Climate-related Financial Disclosures (TCFD)

Our commitment to Climate Action

We recognise the harsh reality of the climate crisis and the impact it may have on both the wider world and the success of our business. We believe that unmitigated climate-related risks will pose a significant threat to society, the global economy and to ITV over the coming decades. We believe it is the responsibility of all businesses to take meaningful action to reduce their carbon footprint to mitigate and prevent further climate change.

We remain committed to playing our part in tackling climate change by reducing the impact of our business on the environment; this is demonstrated by the climate action targets we have set. We have recently fortified our emission reduction targets to align with SBTi's new definition of Net Zero by submitting additional targets for 2050 to SBTi. In addition, we continue to report on the progress we are making to meet these targets. For further detail on our climate action targets, please see the Climate Action section.

In November 2022, we published our Climate Content Pledge Commitments which aim to integrate climate and sustainability considerations across ITV's output, inspiring audiences to make greener choices by embedding climate content on-screen across all our genres. Through ITV's internal Climate Content Tracker, we continue to monitor data on all on-screen mentions of climate and sustainability related topics. This allows us to track our performance against our Climate Content Pledge but also highlight areas of focus for new content.

We are also committed to providing greater transparency to our investors and other stakeholders regarding ITV's exposure to climate-related risk, the mitigating actions we are taking against these risks and the potential to take advantage of climate-related opportunities. This TCFD report has undergone review and challenge by the Audit and Risk Committee and our external auditor and has also been subject to review by our external advisers, EcoAct, prior to publication. Our disclosure meets the minimum requirements outlined within the Task Force on Climate-related Financial Disclosures (TCFD) framework and from next year we intend to build on this disclosure, including developing and publishing our Climate Transition Plan and ensuring its alignment to the Transition Plan Taskforce Disclosure Framework.

TCFD Summary Disclosure

The table below summarises how ITV has aligned our climate-related risk management processes with the four TCFD pillars and signposts where the information can be found in the report.

Key

● (green) Disclosure consistent with the recommended disclosures.	● (yellow) Disclosure consistent with the recommended disclosure, further improvement opportunities for FY23.	● (pink) Disclosure not consistent with the recommended disclosure.

TCFD Pillar		TCFD recommended disclosures	Relevant section within this report
Governance Disclose the organisation's governance around climate-related issues and opportunities.	● (green)	Describe the Board's oversight of climate-related risks and opportunities.	· Board oversight of climate-related risks and opportunities
	● (green)	Describe the management's role in assessing and managing climate-related risks and opportunities.	· Assessing and managing climate-related risks and opportunities
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material.	● (green)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	· Detailed Risks · Detailed Opportunities
	● (yellow)	Describe the impact of climate-related risks and opportunities on the organisation's business strategy and financial planning.	· Detailed Risks · Detailed Opportunities
	● (yellow)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	· Resilience
Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks.	● (green)	Describe the organisation's processes for identifying and assessing climate-related risks.	· Our approach to identifying, assessing, managing and monitoring climate-related risks and opportunities
	● (green)	Describe the organisation's process for managing climate-related risks.	· Our approach to identifying, assessing, managing and monitoring climate-related risks and opportunities
	● (green)	Describe how processes for identifying and managing climate-related risks are integrated into the organisation's overall risk management.	· Our approach to identifying, assessing, managing and monitoring climate-related risks and opportunities
Metrics and Targets Disclose the metrics used to assess and manage relevant climate-related risks and opportunities where such information is material.	● (yellow)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	· Detailed Risks · Detailed Opportunities · Emerging metrics
	● (green)	Disclose Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks.	· Following best practice in setting our Net Zero ambition Also see the Climate Action section.
	● (yellow)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	· Detailed Risks · Detailed Opportunities · Emerging metrics

TCFD progress roadmap

ITV has made disclosures aligned with the TCFD recommendations since 2019. We have built on this throughout 2022, making significant improvements in how we manage our environmental targets and climate-related risks and opportunities and have achieved the milestones set for 2022 in our 2021 TCFD report.

2021	2022	Coming in 2023
• Obtained SBTi[1] validation for environmental targets • Launched new global environmental data platform • Achieved an 'A-' CDP rating • Completed first stage of climate scenario analysis on key areas of our business • Signed the Climate Content Pledge • Signed Business Ambition for 1.5 degrees committing to making 2050 targets in addition to 2030 ones • Entered into new Revolving Credit Facility, with terms linked to the delivery of emissions reduction targets	• Aligned our environmental targets to new SBTi Net Zero standard • Linked Management Board remuneration to environmental targets (emission reduction performance on Scope 1, 2 and 3) • Obtained independent limited assurance of our emissions data • Built on our Climate Scenario Analysis • Continued to develop emissions reduction plans • Continued to develop further relevant internal climate-related metrics • Published editorial commitments to increase on-air content on the climate crisis and how to address it • Joined the CDP Supply Chain programme and invited our high risk suppliers to engage • Achieved an 'A' CDP rating.	• Develop and publish Climate Transition Plan (CTP) following the Transition Plan Taskforce Framework • Consider wider business impacts on nature and biodiversity and explore an approach for ITV. • Enhance the monitoring of risks and opportunities through the development of new indicators • Review approach to assurance of legal and regulatory obligations • Enhance integration of climate-related risks and opportunities into financial planning and strategic decision-making processes. • Embed CDP engagement as a key consideration in sourcing decisions • Identify critical information and data in our ESG and TCFD reports and develop a roadmap for transitioning to gaining reasonable assurance over this critical information and data.

1. Science Based Targets Initiative

Governance

ITV has developed a robust governance structure, which includes appropriate processes and controls at the most appropriate levels within the organisation to effectively manage the climate risks we face. We believe that our governance is proportional to the nature, complexity and scale of our business operations, allowing the Board, committees and senior management to ensure that climate change is integrated into our strategy, and informs our decision-making and business processes.

To support us in meeting TCFD best practices, we worked with external advisers EcoAct to conduct a gap analysis based on the requirements of the TCFD framework and the FCA. They provided us with recommendations on the management changes that we should implement to align our activity to the framework, and reviewed our final disclosure. EcoAct also conducted the qualitative Climate Scenario Analysis that feeds into the strategy section of this report.

Our climate governance structure, as well as roles and responsibilities are detailed in the sections below.

Climate Action Governance structure

PLC Board

Cadence
Annual consideration of (i) climate-related targets and (ii) climate risks and opps.

Audit and Risk Committee

Cadence
Annual scrutiny of TCFD and other climate-related reporting.

Management Board and Divisional Boards

Cadence
Twice yearly consideration of (i) climate-related targets and (ii) climate risks and opps.

Climate Action Delivery Group

Cadence
Quarterly meetings focused on (i) climate-related targets and (ii) climate risks and opps.

Green Teams

Cadence
Monthly to quarterly meetings led by Green Leads in all business units, supporting the development of the CADG objectives and implementation.

Board oversight of climate-related risks and opportunities

To successfully evaluate and respond to the challenges and opportunities posed by climate change, we must embed an understanding and awareness of climate change issues across the business, supported by effective governance.

In 2020 we implemented our Climate Action Governance Structure, which is aligned to our broader business and risk management governance structures.

Within this governance structure, the Board has ultimate accountability for all risks, including climate-related risks and opportunities, and the delivery of our environmental targets. The Board fulfils this accountability through ongoing review of principal and emerging risks, and through specific sessions on climate-related topics. 'Environmental' has been identified by the Board and Management as one of ITV's key emerging risks (see page 71) and is considered as an underlying priority of our strategy.

The Board is supported by the Audit and Risk Committee (ARC) in ensuring the business is adequately assessing and responding to climate and environmental risks. It also helps guide the business in developing effective processes to mitigate against these risks and complying with all relevant regulations and disclosure requirements. It plays an important role in ensuring the integrity and reliability of ITV's information related to climate and environmental risks and helps to ensure that ITV is prepared for the long-term impacts of climate change and will be appropriately reflecting the potential implications in its business plans and financial statements.

The management sponsor and climate risk owner is the Group Chief Financial Officer/ Chief Operating Officer (CFO/COO). In 2020, we established ITV's Climate Action Delivery Group (CADG), chaired by the CFO/COO and consisting of senior management representation across the business, including Finance, Technology, ITV Studios, Media & Entertainment, Procurement, Risk and Social Purpose teams. The Board delegates authority to the Climate Action Delivery Group (CADG) which oversees our climate strategy, programme and actions. The day-to-day delivery of the climate strategy is coordinated by the Social Purpose/Sustainability team with support from Green Leads and Green Teams who drive the implementation of action plans.

Assessing and managing climate-related risks and opportunities

The CADG is responsible for the day-to-day delivery of the climate action agenda and environmental targets. It ensures business activities and decisions align to our climate action agenda and implementation strategies address our climate-related risks and opportunities.

In the quarterly CADG meetings we monitor the status of climate-related risk and opportunities, through a combination of ongoing updates of activities from the Group Risk function and the business representatives. The CADG also reviews quarterly data to monitor progress against our environmental targets and considers what improvements are required both in terms of data quality and management changes. These reviews cover data and progress by business areas that is then reported to the Divisional and Management Boards.

The table above illustrates the key activities undertaken during 2022 by the roles within the Climate Action Governance structure.

Throughout 2022, we continued to build awareness and knowledge of climate-related issues and opportunities across the Group, including receiving updates from external parties on broader environmental issues, such as Biodiversity and the upcoming requirements related to the disclosure of Climate Transition Plans.

Remuneration Incentives

In 2022, ITV made the decision to include emissions reduction targets in Management Board bonuses, and ensure that all senior management bonuses included ESG objectives. This was proposed by members of the CADG, and ratified by the Remuneration Committee. All colleagues are encouraged to consider their contribution to ITV's Climate Action and ESG targets in their Talking Performance reviews and through a yearly mandatory training module.

Climate Action Governance

Role	Activities undertaken in 2022
Plc Board	Annual review of Climate Action progress within broader review of ITV's Social Purpose/ESG goals.
Audit and Risk Committee	Annual review and scrutiny of the TCFD disclosure and other climate-related reporting.
Management and Divisional Boards	Quarterly review of Climate Action goals and carbon emissions data across Scopes 1, 2 and 3 (business travel)[2]. Annual review of goals and carbon emissions data for all other Scope 3 categories. The Management Board has an annual discussion on Social Purpose/ESG targets and progress, including Climate Action.
CADG	Quarterly review of Climate Action data and progress by business area. In 2022 each area of the business developed a Climate Action Plan, describing how that area contributes to ITV's Climate Action goals, and what deliverables will be achieved each quarter to get there. These are shared and reviewed by the Group on a quarterly basis. The Group also reviews and drives decisions related to our disclosure, assurance and compliance requirements.
Green Leads	Each member of the CADG is supported by Green Leads or Green Teams covering all relevant business units. They lead the implementation of the action plans and report on progress to the CADG members. They work closely with the Sustainability team to ensure coherence of activity and alignment with our targets.
Sustainability team	Ongoing coordination of climate action and broader sustainability activity. The team is responsible for setting targets; ensuring compliance with reporting requirements; supporting business units in developing action plans and appropriate metrics; training and upskilling; pan-industry collaboration.

2 Our methodology for calculating Scope 3 emissions is included alongside the SECR table on page 48 of ITV's Annual Report and Accounts. Additional information is also detailed in ITV's Basis for Reporting document (available at www.itvplc.com/socialpurpose/downloads)

Strategy

Our approach focuses on the associated cumulative impact of transition, physical and regulatory risks and opportunities.

Our methodology and assumptions

Our 2021 Climate Scenario analysis assessment identified three key risk themes, which have been subject during 2022 to further modelling to understand whether the potential impact is material to our financial position and strategy. These included:

1. Changes in the Advertising sector
2. Increased costs in the transition to a low carbon world
3. Resilience of productions to extreme weather events

We have also expanded this approach to include consideration of the cumulative impacts of physical and transition climate-related risks on ITV and delve deeper into the opportunities to capitalise on the transition to Net Zero.

For each of the three key risk themes, we conducted quantitative modelling and qualitative assessment of the potential impact both physical and transitional risks may have on our business in a 1.5°C, 2°C and 3+°C warming scenario, as at 2030. The modelling assumed that our business model and activities remain the same as today.

Our overall assessment of the risks, although based on a number of key assumptions (e.g. advertising restrictions are placed on high-emitting products and industries), indicates that as a business ITV is not significantly exposed to physical or transition climate risks in our operations and our Group business strategy remains relevant even in light of evolving climate risks. The risks (individually or collectively) do not represent a threat to our long-term viability, liquidity or ability to operate and no risks were identified which suggested we need to impair balance sheet assets. The Detailed Risks sections on the following page describes the risks we have considered to arrive at this conclusion.

Given the evolving nature of climate change and the future policy changes governments globally are considering, there remains a number of uncertainties in our modelling. We will continue to review our risks and opportunities to understand what adjustments need to be made to our mitigation measures or strategy and we intend to continue building on this climate scenario analysis by modelling further risks and opportunities, as they are identified.

In the tables on the following pages, we have applied an indicative RAG to articulate our assessment of ITV's exposure to the climate-related risks and opportunities that correspond with the key themes identified. The indicative RAG is an amalgamation of the financial impacts/ benefits of the operational risks and opportunities which were identified within each theme. The RAG has been applied to the Network for Greening the Financial Systems (NGFS) 'Current Policies' scenario model and the International Energy Agency (IEA) 'Net Zero Emission by 2050' scenario model to articulate the opposing positions of 'action' and 'no action' in response to climate change.

Detailed risks

We considered the following scenarios when assessing our risks.

Climate scenarios		
NGFS[3] Current Policies model ('business as usual'/3°C+/ RCP 6.0) This scenario assumes that no new climate policies are introduced, therefore setting the path for a global warming of **3°C+**. This is where **physical impacts** of climate change are likely to be most impactful, for example with higher sea level rise, higher **temperatures** and **extreme weather events**.	**IEA[4] Sustainable Development Scenario (SDS) ('acceptable limit'/2°C/ RCP 2.6)** This is where the impacts of transitioning to a low carbon economy are likely to be observed as governments worldwide commit to driving down emissions; this could be manifested as **higher carbon prices, increased costs of transition** and **greater regulation.**	**IEA Net Zero Emissions (NZE) by 2050 ('net zero transition'/1.5°C/RCP 1.9)** ITV has committed to targets to reduce emissions in line with a 1.5°C science-based emission scenario. This scenario would require significant investment on the part of governments and industry globally to achieve and is where the **impacts of transitioning to a low carbon economy are likely to be most impactful.**

Impact time horizon[5]	From (years)	To (years)	Aligned to
Short term	0	1	ITV annual reporting period
Medium term	1	3	ITV long-term viability assessment period and strategic planning cycle
Long term	3	10+	ITV science-based and Net Zero targets *This has been extended to align with our additional 2050 emissions commitments

3 Network for Greening the Financial System
4 International Energy Agency

5 The time horizons included in this report are different to our wider risk time horizons. This is due to the nature of the climate risks and our ongoing climate targets. In the future, we will work towards aligning our approach beyond 2030

Key – Risks

Minimal impact	Moderate impact	Significant impact

1. Changes in the advertising sector

Context	Current policies (3°C+) (High carbon scenario impact)	SDS (2°C+) (Low carbon scenario impact)	NZE by 2050 (1.5°C+) (Very low carbon scenario impact)
The advertising market may continue to shift to the promotion of low carbon products and sustainable communications with mounting pressure from governments, regulators, as well as from agencies and brands from within the industry. Similar to the proposed limits on advertising of high content sugar products, carbon insensitive brands and products (such as travel, cars, fast fashion, utilities and energy) may be subject to stricter advertising regulations or even outright bans. We may be impacted by changing regulations and major advertising brands which fail to evolve and are not resilient to change may not survive or will shrink, impacting their demand for TV advertising. As an opportunity, this could also lead to spend being moved to lower carbon/more sustainable advertising channels. **Time horizon** Medium – Long term **Impact area** Revenue loss	**Revenue loss – minimal** Based on wider industry research, we have assumed that advertising regulators will continue to look unfavourably at greenwashing in advertising and companies with a high carbon footprint. Therefore, we may need to consider the reputational impacts of the adverts we broadcast and advertisers we work with.	**Revenue loss – minimal** We have assumed that limited categories of advertising clients that are considered carbon-insensitive or environmentally damaging will be subject to bans on advertising of their products or services. However, we are able to replace a portion of this revenue through clients advertising low carbon alternative products.	**Revenue loss – moderate** We have assumed that governments will introduce strict policies to influence consumption behaviours and a higher proportion of our high emitting advertising clients are subject to restrictions (including travel, cars, fast fashion and some retail brands) and we are unable to show their advertising. However, we are able to replace a portion of this revenue through clients advertising low carbon alternative products.

How are we responding	Metrics	Targets
There remains uncertainty around the timing and impact of advertising restrictions. In order to anticipate and prepare for the potential changes, we are: • Continuing to monitor the regulatory landscape and engage with Parliamentarians and the UK government to make the case for evidence based regulation of advertising to ensure that any restrictions are both proportionate and justifiable • Continuing to work with advertisers to seek out alternative options to replace potential lost revenue • Developing a framework to measure the share of our advertising revenue that is aligned with our climate targets • Measuring the revenue generated through green initiatives like Home Planet • Working closely with Ad Net Zero and the advertising sector to support the development of industry wide approaches to the Net Zero transition In 2022, we partnered with eBay to become our main sponsor of Love Island to promote the importance of a shift from fast fashion to sustainable fashion. We will continue to seek out opportunities to work with brands that support our climate action efforts. **Link to existing principal risk** Advertising market changes	Monitoring metrics in respect of this risk are still in development.	We do not currently have any specific targets in respect of this risk, and will reassess the need for specific action once we have a better understanding of the relevant indicators.

2. Increased costs in the transition to a low carbon world

Context	Current policies (3°C+) (High carbon scenario impact)	SDS (2°C+) (Low carbon scenario impact)	NZE by 2050 (1.5°C+) (Very low carbon scenario impact)
All businesses will face costs associated with the transition to Net Zero and a low carbon economy. Carbon emissions taxation is being imposed by more nations worldwide to limit and reduce carbon intensive activities causing climate change. As a result, we may be exposed to increased costs of operating all areas of our business. This may come from a variety of avenues, including increased environmental regulation, carbon pricing or emissions taxation, investment in low carbon technologies as well as throughout our supply chain. However, the cumulative impact of these costs is likely to be greater than an individual risk. **Time horizon** Medium **Impact area** Expenditure increase	**Expenditure increase – minimal** The Current Policies' scenario assumes that no carbon pricing is introduced and therefore the increased costs are limited as it stays business as usual.	**Expenditure increase – moderate** Increased costs may be felt from the wider transition to a low carbon economy. However, the SDS scenario does not provide an indication of how government or regulation may intervene in this area.	**Expenditure increase – moderate** Increased costs may be felt from wider transitions to a low carbon economy. Highest impact expected in terms of increased costs passed on through the supply chain.

How are we responding	Metrics	Targets
By committing to our Net Zero carbon target, we are actively seeking to limit the amount of carbon we emit in our business, including in our direct operations, through the suppliers we work with and through our activities such as travel. As we reduce our carbon emissions and increase our use of renewable energy to deliver against this target, our exposure to this risk will be reduced. We are managing increased price in our energy spend and exposure through our supply chain by existing targets such as: • Reduce Scope 1 and 2 footprints through energy efficiency measures and reduced reliance on fossil fuel-based energy. • Increased engagement with suppliers to align with our targets The sustainability of our buildings is now a key consideration when making decisions on office moves and closures. In 2022, we started consolidating our London offices, initiating a process that will see us moving from three sites to two, and which will be completed in 2023. We anticipate a significant reduction in our Scope 1 and 2 footprint as a result. **Link to existing principal risk** Not currently linked to a principal risk. However, it is linked to our Environmental emerging risk.	• Scope 1, 2 and 3 footprint • Percentage of our electricity coming from a renewable energy tariff • Number of key suppliers aligned with our targets	• 46% reduction of Scope 1 and 2 by 2030; 28% reduction of Scope 3 by 2030 • 100% of our electricity coming from renewable tariff by 2025 • 100% of our key suppliers aligned with our targets by 2025

3. Resilience of productions to extreme weather events

Context	Current policies (3°C+) (High carbon scenario impact)	SDS (2°C+) (Low carbon scenario impact)	NZE by 2050 (1.5°C+) (Very low carbon scenario impact)
If governments and organisations fail to adequately respond to climate change, we are likely to see an increase in physical climate risks, such as extreme weather events causing floods, wildfires and acute heat waves. Extreme weather events have the capacity to significantly impact ITV productions. This may result in operational interruption resulting in delay in delivering content, meeting consumer contracts and unforeseen costs. **Time horizon** Medium **Impact area** Expenditure increase	**Expenditure increase – minimal** We have assumed there is an increase in the frequency and severity of extreme weather events. However, as our production operations are globally diversified and we are able to make choices around where and how we film, travel and maintain business operations, this impact is minimal. We also continue to evolve our resilience and continuity plans to ensure they remain up to date and can respond to extreme weather events.	**Expenditure increase – minimal** As the world is already experiencing the impacts of extreme weather events globally, the increase in frequency and severity of these events under this scenario is assumed to be manageable within ITV's existing business continuity procedures.	**Expenditure increase – minimal** As the world is already experiencing the impacts of extreme weather events globally, the increase in frequency and severity of these events in this scenario is assumed to be manageable within ITV's existing business continuity procedures.

How are we responding	Metrics in development	Targets
Within the international Studios business, the environment and potential weather events are key consideration when making decisions on filming locations. Should a situation arise, we would respond on a case-by-case basis, supported by our existing business continuity measures, which include insurance, evacuation protocols to ensure we keep talent and crew safe, and sourcing alternative filming locations. This resilience and agility continue to be tested. **Link to existing principal risk** N/A	We are exploring ways to understand our exposure to this risk that can be used to mitigate the impact.	Targets being developed.

Detailed opportunities

Our More Than TV strategy, and our history of being a climate leader in our sector, put us in a good position to benefit from the opportunities that exist as we transition to a sustainable world. We see a number of opportunities taking shape which are linked to our relationship with audiences and advertisers, and to the operational changes we are making. While these opportunities are not significant to our financial success, we believe it is important to capitalise on these in order to ensure ITV continues shaping culture for good; remains attractive to talent, customers and partners; retains its reputation for social care; and is resilient to risk.

Key – Opportunities		
Significant benefit	Moderate benefit	Minimal benefit

1. Audiences (reputational benefits)

Context	Opportunity impact	How we are capitalising	Benefit
Our social purpose agenda of shaping culture for good is core to ITV's strategy. We have a strong track record in using our brand, reach, talent and programming to engage a mass audience on climate-related themes and solutions. By reflecting the challenges that people are facing in modern Britain, we can remain relevant and attractive to a mass audience, supporting brand perceptions and helping to maintain our reach in the market. **Time horizon** Short – Medium term	**Alignment to corporate strategy – high** **Importance to social purpose of shaping culture for good – high** **Potential increase in audience/viewership – minimal/moderate**	While it is difficult to attribute positive perception of the ITV brand to our environmental activity, we approach this in a number of ways: • We run a monthly audience survey to monitor how the ITV brand is perceived, which includes questions on our environmental credentials • We track the impact of campaigns and their effect on the perception of the ITV brand, such as the impact of the Love Island and eBay partnership, which indicated that more than two-thirds of viewers were driven to act, with an estimated three million people having a more positive opinion of shopping sustainably as a result of the initial partnership in the summer of 2022	Moderate

Metrics in development	Targets
ITV brand perception; bespoke indicators relating to specific campaigns	N/A – We do not currently set specific targets in this area.

2. Commercial: Growing our revenue from Net Zero aligned brands, products and services

Context	Opportunity impact	How we are capitalising	Benefit
We expect to see growth in the volume of advertising for brands, products and services aligned to the Net Zero transition over the coming years. By establishing ourselves as a reputable and trusted environment for advertisers to showcase their sustainability credentials, we can grow the volume of advertising with existing clients and new low carbon businesses. **Time horizon** Short – Medium term	**Alignment to corporate strategy – high** **Commercial opportunity – moderate**	'ITV Home Planet', an initiative led by the ITV Commercial team provides a platform for advertisers to communicate their sustainable message in partnership with ITV, helping increase environmentally conscious purchasing among consumers and helping grow our advertising revenue with sustainable brands.	Moderate

Metrics in development	Targets
The metrics in this area are still in development.	We do not currently have targets in this area, as we are still exploring the appropriate methodology for developing indicators, and their integration into our existing activity.

3. Operational: Cost reductions and wider benefits of innovations

Context	Opportunity impact	How we are responding	Benefit
By developing targets to reduce emissions involved in the production of our content, we have an opportunity to develop innovative and more efficient ways to produce and deliver our content. Beyond the reduction of our footprint, these changes can improve our resilience and reduce costs, as well as opening new creative opportunities and redefining what is possible. **Time horizon** Short – Longer term	**Alignment to corporate strategy – high** **Cost saving – minimal/ moderate**	Remote production technology is increasingly used in Sport (UEFA Euros) or in Entertainment (Love Island) formats, and we are currently testing virtual XR technology for scripted productions. Cloud based editing also reduces travel and post production energy use to be reduced. We continue to monitor clean mobile power solutions that are coming to market. These innovations can reduce the number of people who need to travel to filming locations and we are looking to upscale the number of programmes produced in this way.	

Metrics in development	Targets
We are driving a range of actions and innovative practices to reduce our production emissions. It is challenging to track them separately as they become embedded into our ways of working but we are tracking overall reduction in emissions. We will explore setting new indicators, for instance around the share of our productions using remote production technologies, virtual sets, or any other key practices, if they prove helpful in our transition.	We do not currently have targets in place in this area, as we are still developing the indicators that are most relevant.

Resilience

ITV's core business strategy was updated in 2022 and contains targets for up to 2026, including expanding our Studios business, increasing digital viewing and revenue in M&E and maintaining our share of commercial viewing.

Key climate-related considerations include our ability to deliver on our expansion targets for the Studios activities and managing the increase in viewership on our streaming platform while reducing emissions in line with our targets, as well as maximising our advertising revenue from linear and streaming services in a changing advertising market.

We are building resilience by developing new metrics and improving our data quality in these areas, as well as ensuring alignment with the objectives and action plans for all relevant business units, including upskilling teams and engagement with the industry.

As we continue to evolve our climate scenario analysis, this will help to improve ITV's overall resilience and preparedness to mitigate against climate risks in varying degrees of potential outcomes. ITV's strategy remains flexible and will be annually reviewed to make sure that it remains resilient in the face of ITV's risks.

Risk management

Our approach to identifying, assessing, managing and monitoring climate-related risks and opportunities

At ITV we take a practical, robust and consistent approach to risk management which is embedded in the organisation through our risk management framework. The framework supports the Board in identifying, assessing, managing, monitoring and reporting on the key risks which the organisation is or could be exposed to, including climate-related risks. Further detail on how the Board utilises the risk management framework to inform its decision-making is set out on page 71.

Climate change is not currently categorised by the Board as a Group 'Principal Risk' as it is unlikely to have a substantial financial impact in the next three years. It has however been identified as a key 'Emerging Risk' (within the 'Environmental' category) to ITV which has the potential to impact the way we do business in the medium to long term. We continue to assess our classification of the risks regarding climate change with management and the Board to ensure they remain appropriate and up to date.

Focus remains on the day-to-day management of our climate risks. Ownership and accountability is assigned to all risks with mitigations and progress against action plans reviewed and challenged by the Climate Action Delivery Group (CADG).

In 2022, ITV performed a qualitative climate scenario analysis building on the quantitative modelling that was completed in 2021. The focus was on considering the updated IEA and NGFS models and scenarios that were recommended in the TCFD guidance in conjunction with the existing IPCC scenarios (that informed our 2021 disclosure). This activity was supported by the Group Risk team and EcoAct. This started with a detailed identification of climate-related risks and opportunities in the short, medium and long term[6] in 1.5°C, 2°C and 3°C+ warming scenarios.

Members of divisional senior leadership teams and business subject matter experts performed an initial assessment of the existing climate-related risks and opportunities, using the Group risk framework assessment methodology. The focus of this initial assessment was to determine whether the risks and opportunities were still relevant since the last assessment and representative of the key climate-related impacts to our business. While new risks and opportunities were identified, we continue to believe that those identified in Detailed Risks and Detailed Opportunities above could pose the greatest impact to the business should they materialise.

The primary factors considered to assess the risks were the likelihood of the risk materialising and the potential significance across the following impact categories:

- **Strategic, external** – reputational impact
- **Strategic, internal** – strategic change impact; revenue and expenditure impact
- **Operational** – operational impact; balance sheet impact

6 Definitions for 'short term', 'medium term' and 'long term' can be found within the Detailed Risks section of this report.

When reviewing the opportunities, we assessed the alignment and relevance to our corporate strategy of commercial opportunity, cost savings and importance to our Social Purpose priority to shape culture for good.

Ownership is a key component of the overall risk management process, and Executive Leadership Team owners were assigned to each climate risk and opportunity identified as part of this process. Risk owners have responsibility for actively monitoring the risks and opportunities, including defining and implementing appropriate management strategies with support and advice provided by the Risk and Social Purpose teams.

ITV's principal risks with the potential to be most impacted by climate change are *Duty of care or health & safety incident, Advertising market changes, Evolving demand in the content market and Content Pipeline*. We are taking action now through our Social Purpose goals to mitigate and manage their impacts both today and in the future. Through these actions, we continue to build resilience to climate-related physical and transition risks.

Metrics and Targets

Our journey to date

Setting ambitious targets, capturing quality data and reporting on our progress transparently are critical to our successful sustainability transition. While we are still working on improving the accuracy of our Scope 3 data, our approach to monitoring our environmental performance is now well established. We are now in the process of developing new indicators to better navigate and monitor the climate-related risks and opportunities as well as our transition planning.

Following best practice in setting our Net Zero ambition

Our emissions reduction targets have been updated this year to align with the Net Zero definition of the Science Based Target initiative (SBTi). We submitted additional 2050 targets to reduce all of our emissions by 90%-95% by 2050. Our 2030 targets, which were validated by SBTi in 2020, remain unchanged.

ITV emissions reduction targets

Emission reduction: 2030	
46.2% Scope 1 and 2	28% Scope 3

Emission reduction: 2050
90–95% Scope 1, 2 and 3

See the Climate Action section on page 47 for more detail on these and on the supporting targets and activities driving our decarbonisation efforts.

Our 2019 baseline footprint was recalculated following changes in boundaries and changes in methodology in our Scope 3 calculations that were both implemented in 2021, as well as the acquisition of a new production company (Plimsoll Productions) in 2022. This new baseline was used in the submission of our long-term target to SBTi. Subsequently, we changed the methodology for Scope 3 calculations again in 2022 by incorporating company-level data for 22 suppliers, representing 4.6% of our overall spend.

All details relating to our methodology, changes compared to previous years, re-baselining policy and assumptions used in the calculation of our 2022 footprint can be found in our Basis of Reporting.

ERM CVS provided limited assurance of our full carbon footprint in 2022 following ISAE3000 methodology. The assurance process was completed ahead of publication of this report and the assurance statement can be found on our Social Purpose website.

Explanation of trends in line with targets

Our Scope 1 and 2 footprint continue to reduce year-on-year, ahead of our SBTi trajectory. Main drivers include a shift to renewable electricity tariffs across a majority of our sites, a transition to low emission fleet vehicles, and ongoing modernisation of our sites. Business travel emissions continue to rise post Covid but remain firmly ahead of our targets. The most material Scope 3 category is Purchased Goods and Services, which has decreased in 2022 by 8% compared to 2019, in line with our targeted trajectory. Given that we are still working on improving the data quality of this category, with plans to increase the share of company level data in the short term, we are focusing on our supplier engagement and decarbonisation efforts as a priority until we can gain increased confidence in the accuracy of these figures.

Emerging metrics

Transition metrics: As our roadmaps towards Net Zero are becoming more reliable, we are starting to monitor a wider set of indicators, for which we do not currently have formal targets. For instance, we track the percentage of our fleet that is shifting to hybrid or electric vehicles, the number of our suppliers with science-based targets and reporting into the CDP Climate Change questionnaire, or the carbon emissions from business travel across all divisions. We are also starting to put in place processes to ensure that we can track the costs and savings involved in the implementation of each division's climate action plans. We aim to formalise and publish these metrics as part of our Climate Transition Plan disclosure in 2023.

Risks and opportunities metrics: We are developing new metrics and approaches to help us manage our climate-related risks and opportunities. We are currently testing many of these and using them internally to ensure they are appropriate. These will also be reflected in our Climate Transition Plan in 2023. Our current progress can be found within the description of the risks and opportunities.

Content metrics: As part of our Content Climate Pledge commitment, we have developed a content tracker to monitor the mentions of climate-related topics across all our TV genres. The insights gained are analysed internally on a quarterly basis by the Commissioning Green Team, and help us to ensure we are delivering on our editorial ambition. We are also working with a collaborative group of broadcasters to explore ways to measure the impact that our content has on the audience, but no metrics or targets have been formally set.

Long-term Viability Disclosure

How we assess prospects and risks	How we assess viability
The Board continually assesses ITV's prospects and risks at its meetings, including the following: • Holding 'Strategy Days' twice a year, to oversee the delivery of the Strategy and consider changes to, or new, initiatives to further improve the ITV Strategy • Considering ad hoc topics on aspects of the strategy at Board meetings • Performing a full review of the principal and emerging risks twice a year • Performing periodic deep dives on specific risk areas, to further scrutinise the effectiveness of risk mitigation approaches and confirm operation within risk appetite As part of the assessment of prospects and risks the Board and management routinely consider topics related to changing audience behaviours, new market entrants and competitor strategies, and broader advertising and studios market developments globally. The Board has also received specific briefing sessions on the evolving Streaming strategy and how that supports our longer term prospects; the global content market and ITV Studios longer term prospects and position within this market; business resilience to environmental and climate-related risks; technological advancements in the areas of addressable advertising and how the ITV Strategy responds to these; and sessions led by external analysts on the market perception of the ITV business. Underpinning this the Board and management continued to closely scrutinise the impact of the current macroeconomic climate on the business. This included identifying cost interventions/mitigations to respond to severe downside scenarios; and increasing the focus and detail provided in financial performance reviews and reforecasting to track performance.	When assessing the longer-term viability of ITV, we considered (i) ITV's strategy and business plan (page 20); (ii) the principal risks and uncertainties (page 71); (iii) the Group's financing facilities including covenant clauses and future funding plans (page 60); (iv) the long range financial plan and cash forecast; and (v) other sensitivity factors or risks which have the potential to materially impact liquidity in the assessment period. Based on this review a set of hypothetical and severe but plausible scenarios were developed. We then modelled these scenarios against the first three years of the long range financial plan and cash forecast both individually and in parallel, in order to assess viability. Whilst all principal risks identified could have an impact on ITV's performance, the scenarios reflect the specific risks which could potentially most likely impact the Group's financial position and long-term viability. The output from this work was reviewed by the Audit and Risk Committee in detail, with a report from the Committee to the Board to support the Board's review and approval. In reaching its view, the Board and Committee also considered external views, including analyst and other industry commentary, to understand the wider market views on the Group's future prospects, and the external auditor's findings and conclusions on this matter.

Assessment period for viability

The Board reviewed the long range financial and strategic planning horizon and is of the view that a three year assessment period (this year, to 31 December 2025) continues to be most appropriate. The factors the Board considered in adopting this time frame were as follows:

- Visibility over ITV's advertising business is relatively short term. Advertising remains cyclical and closely linked to the UK and global economic growth, which may continue to be impacted by uncertainties in the UK macroeconomic climate
- The commissioning process and life cycle of programming gives the ITV Studios division a more medium-term outlook. However, while non-returning brands are replaced with new commissions, over time there is less visibility as programmes can experience changes in viewer demand or come to a natural expiration
- Technology and innovation in the media industry continues to rapidly change the demand for content and also how it is consumed
- Pension funding, which is one of ITV's key funding obligations, is agreed triennially with the Trustees of the pension schemes
- ITV's business model does not necessitate investment in long-term capital projects that would require a longer-term horizon assessment or returns

Assumptions applied

For the LTVS scenario, we have assumed:

- EBITA impacts from LTVS scenarios flow through to cash in full except for tax savings, with the exception of settlement impacts (in scenarios 4 and 5) which are assumed to be disallowable for tax purposes
- Any Box Clever or other major litigation settlement will be treated as an exceptional item
- Any ICO fine pertaining to a cyber breach will be treated as an exceptional item
- That no acquisitions are made (consistent with 'Base case')
- £200 million annual dividends are continued to be paid throughout the period (consistent with 'Base case')

We have also assumed the revolving credit facility of £500 million and the Credit Suisse CDS facility of £300 million are available throughout the period, and that the remaining Eurobond is to be re-financed (and not repaid from cash).

Taking into account current operational and financial performance, the Board has in particular analysed the impact of following hypothetical scenarios. These scenarios were assessed in isolation, as combinations of two or three risks and all simultaneously to further stress test viability:

Link to Principal risks or Accounting judgements and estimates within the Financial Statements

Scenario 1

Scenario modelled	Principal risks
A significant and sustained downturn in advertising revenue from 2023, as a result of audience and/or market decline, driven by macroeconomic factors or increased competition/challenge from large streamers. In this scenario we also fail to replace the advertising revenue lost as a result of the confirmed restrictions on HFSS and potential restrictions on other advertising categories (e.g. gambling and high carbon products). Advertising revenues (2023 vs 2022 – (2%); 2024 vs 2023 – (9%); 2025 vs 2024 – 12%) **Business area impacted:** Media & Entertainment	**Changing viewing habits**: A failure to anticipate or respond to fast changing viewer habits and behaviours may impact total viewing and the success of our channels. **Advertising market changes**: Continued changes in the advertising market may result in reduced demand for ITV's advertising products and a longer term decline in advertising revenue. **Policy and regulatory changes**: Changes to policy and regulation or a failure by the government to regulate may have a negative impact on the future of public service broadcast, our business model and/or the cost of operation. **Partnership relationships**: An inability to develop and maintain adequate relationships with major platform and distribution providers may result in reduced brand prominence, viewers being unable to find our content and lack of fair value for that content. Further detail of how we are mitigating these risks is provided in the principal risk and uncertainties section

Scenario 2

Scenario modelled	Principal risks
Our Streaming strategy fails to fully deliver the expected consumption hours (for the ad-funded streaming element) or subscriber growth (for the subscription streaming element), impacting revenue. This scenario assumes we under-deliver against our viewing and subscriber growth plans for ITVX (resulting in EBITA reductions of £2 million in 2023, £7 million in 2024 and £31 million in 2025). **Business area impacted:** Media & Entertainment	**Insufficient Streaming growth**: Our Streaming products do not grow at the pace required to deliver the desired strategic or financial outcomes. **Changing viewing habits**: A failure to anticipate or respond to fast changing viewer habits and behaviours may impact total viewing and the success of our channels. Further detail of how we are mitigating these risks is provided in the principal risk and uncertainties section

Scenario 3

Scenario modelled	Principal risks
A number of key programme brands within the ITV Studios division are not recommissioned and new format growth does not materialise. The scenario assumes key shows come to an end from 2023 (2023 impact: c. £39 million; 2024 impact c. £57 million and 2025 impact: c. £83 million). **Business area impacted:** Studios	**Content pipeline**: Fundamental changes in the content market and/or failure to sustain a diversified commissioning pipeline that is both resilient and commercially viable, may result in reduced opportunities and/or profitability. Further detail of how we are mitigating these risks is provided in the principal risk and uncertainties section

Scenario 4

Scenario modelled	Accounting judgements and estimates
Settlements for ongoing litigation are significantly higher than estimated, resulting in large one-off cash payments. This scenario assumes a higher than provisioned cash outflow in 2024 in respect of settlements for ongoing litigation. Given the current status of the various claims, management do not expect there to be any cash outflow in respect of litigation during the viability period. However, a cash outflow has been modelled as a potential severe downside scenario. **Business area impacted:** Group	The complexity and potential scale of the ongoing litigation settlements and earnout negotiations, results in a lack of certainty in the final liabilities and payments. Further detail of the accounting judgements and estimates applied to ongoing litigation and earnouts are provided in Section 1 to the Financial Statements. An overview the assessments performed by the Audit and Risk Committee with respect to these accounting judgements is provided within the Audit and Risk Committee report from page 125

Scenario 5

Scenario modelled	Principal risks
ITV is subject to a cyber attack which results in a major operational disruption, critical system outage or loss of intellectual property (IP), customer or business data. This scenario assumes that a class action is filed against ITV which requires a substantial compensation payment and results in a fine from the Information Commissioner's Office (ICO). **Business area impacted:** Group	**Cyber Security and Data Breach** Further detail of how we are mitigating this risk is provided in the principal risk and uncertainties section

Scenario 6

Scenario modelled	Principal risks
A combination of scenarios 1 to 3 above occurring simultaneously. This scenario materialising is deemed unlikely (resulting in EBITA impact of £79 million in 2023, £241 million in 2024 and £348 million in 2025). Importantly in this scenario, no covenants are breached at any time during the assessment period. **Business area impacted:** Group	**Changing viewing habits** **Advertising market changes** **Policy and regulatory changes** **Partnership relationships** **Insufficient Streaming growth** **Content pipeline** **Please see risks 1-3 for more detail.** Further detail of how we are mitigating this risk is provided in the principal risk and uncertainties section

We have considered the impact of climate change risks and do not believe they would have a significant financial impact on the business in the assessment period. Please refer to our TCFD report for further detail.

Viability assessment

Our balance sheet and liquidity position remains strong. Our liquidity at 28 February 2023 is £1,113 million, comprising cash of £313 million, the undrawn Revolving Credit Facility of £500 million (expiring January 2028) and the undrawn bilateral facility/CDS of £300 million (expiring June 2026).

During the viability period, the Group's €259 million Eurobond maturing in December 2023 is assumed to be refinanced.

We have considered both the individual scenarios and various combinations of the scenarios in order to assess viability. If any of the above scenarios were to occur in isolation we would maintain sufficient liquidity and, considering our RCF mechanism which allows us to increase our leverage covenant to 4.0x, would only marginally breach this banking covenant in 2025. £4.5 million of EBITA mitigation in year would bring ITV in line with this banking covenant.

Management and the Board are of the view that the likelihood of all the above scenarios and sensitivities occurring concurrently is very remote. We have developed mitigations for each of the above risks which are detailed in the principal risks and uncertainties section. If all the above scenarios were to occur in combination and no action was taken to mitigate the financial losses sustained, ITV would maintain sufficient liquidity but would risk breaching the net debt/EBITDA covenant for the RCF in 2025 (the RCF interest cover covenant is not breached at any point in the assessment period). However, if action were taken to increase the threshold for breaching the covenant to 4.0x, then £4.5 million of EBITA mitigations in 2025, would bring us in line with this banking covenant.

Potential mitigations

In the unlikely event that all scenarios were to impact ITV concurrently and in order to avoid breaching our covenants, we could deploy various mitigations in 2025. ITV has a mechanism in relation to its RCF which allows a one-time adjustment to the RCF Net Debt/EBITDA covenant up to 4.0x from the baseline of 3.5x for up to two consecutive half-yearly financial periods. Deploying this mechanism in 2025 would lead to a marginal breach, as the Net Debt/EBITDA ratio of ITV will be 4.07x in 2025, in the unlikely event each scenario were to occur. £4.5 million of EBITA increase, which could be delivered through revisions to the 2025 bonus plan, would bring ITV below the revised 4.0x covenant threshold. It should be noted that ITV benefits from a highly supportive banking group and benefited from covenant waivers, which were taken as a precautionary measure, during the peak of the COVID-19 pandemic.

Viability statement

Based on the above, the Board has a reasonable expectation that ITV will remain viable and be able to continue operations and meet its liabilities as they fall due over the three year period ending 31 December 2025. The assessment has been made with reference to ITV's strategy and the current position and prospects and risks.

The Strategic Report was approved by the Board and signed on its behalf by:

Chris Kennedy
Group Chief Finance Officer & Chief Operating Officer
2 March 2023

Chairman's Governance Statement

Andrew Cosslett CBE
Chair

Dear Shareholder

I am pleased to present our Corporate Governance Report for 2022.

Year in review

The Board remains committed to maintaining effective corporate governance and integrity, enabling us to deliver our strategy for the long-term benefit of all our stakeholders.

Though the worst of COVID-19 pandemic seems to be behind us, we continue to monitor and mitigate the risks ensuring that we keep our people safe and protect the business for the future. Physical Board meetings have continued throughout the year facilitating effective communication, guidance and support between the Board, its Committees and the Management team.

Throughout the year, ITV was focused on delivering its strategic priorities, with the executive team investing in a dynamic programme of digital modernisation. The Board has been kept well informed of Management's plans, particularly the launch of ITVX and our vision for streaming and content. We held a Board Strategy day in June to review the Strategy and a second in December to hear an update on progress and consider the rapidly changing environment.

Diversity

We fully recognise the importance of diversity and inclusion at all levels from the Board and through the entire organisation. We are encouraged by the significant progress against the core initiatives of ITV's Diversity Acceleration Plan, launched in July 2020. It's encouraging to see management's commitment and achievements receive public recognition (see page 51). We are pleased with our gender and ethnic diversity representation on the Board – 41.67% and 16.7% respectively, exceeding the Hampton-Alexander and Parker targets. For more detail you can refer to our UK workforce diversity data in the Diversity and Inclusion report.

Engaging with our stakeholders, including our workforce

As a Board we focus on how we engage with our stakeholders and how we deliver a positive impact for them. Relationships with our stakeholders in the UK and internationally are vital to building a successful and sustainable business. My statement in the Strategic Report (on pages 6 and 7) sets out the ways in which we engaged with stakeholders during 2022.

Shareholder feedback is regularly considered during Board meetings and is an important factor in decision making. We meet regularly with shareholders, through one-to-one meetings, conferences and at the Annual General Meeting. In March we hosted an investor seminar to enable a deeper understanding of our strategy for the Media and Entertainment division and the launch of ITVX, giving an opportunity for investors to raise questions directly with management and the divisional team. The 2022 Annual General Meeting was live streamed, with the opportunity for shareholders to ask questions remotely before and during the meeting.

The health and well-being of our colleagues is a significant priority. As part of the open two-way dialogue with colleagues, Edward Bonham Carter, our Senior Independent Director and Workforce Engagement Director, continues to work closely with the colleague Ambassador network and regularly provides feedback to the Board. For further information on Edward's role and work, and the Board's workforce engagement activities, please see pages 112 to 113.

The Board sought to balance the interests of all stakeholders throughout the year. Please see page 104 for examples of key strategic issues considered and Board decisions taken in 2022, and pages 66 to 68 for an explanation of how the Board has had regard to the section 172 matters (including certain key stakeholder considerations).

Culture

Good performance relies on the Company's culture being aligned with its purpose, values and strategy. As ITV continues to become an increasingly digital business and adopts new ways of working to drive agility, the Board recognises the importance of continuing to foster and monitor the culture across the organisation. Please see pages 114 to 117 for the key ways in which the Board and Committees monitored culture during 2022.

Changes on the Board
Through the Nominations Committee, we focus on Board succession and composition to ensure we have the appropriate balance of skills, independence, experience and diversity.

I joined the Board in June as Chair Designate, attending the June Strategy Day and working with Peter Bazalgette to ensure a smooth transition until he stepped down as Chair in September. In July we appointed another Non-executive Director, Gidon Katz.

In May 2023, Mary Harris will step down as a Non-executive Director after nine years outstanding service to the Board.

2023 Annual General Meeting
The 2023 AGM will be held on Thursday 4 May, at 11.00. This will be a physical AGM and further details of, and any required changes in, the meeting arrangements will be published on the Company's website.

I would like to take this opportunity to thank my fellow Board members, the Management team and our colleagues in the wider workforce, who served during another challenging year for the Group. As we go through 2023, the Board will continue to work with management to deliver on our strategic initiatives, and to ensure the wellbeing of our colleagues and build a successful and sustainable business for all stakeholders.

Andrew Cosslett CBE
Chair
2 March 2023

The 2018 UK Corporate Governance Code (the Code)

During 2022, the Company fully complied with all the provisions of the Code, with the exception of provisions 15 (Executive Director Non-executive Directorships) and 38 (Executive Director pension alignment). We have provided a full explanation regarding these departures. Please see page 121 for an explanation of the limited time for which the Chief Executive held two listed non-executive directorships (provision 15) and, page 143 for detail on the alignment of the incumbent Executive Director pension contributions to those available to the workforce (provision 38) which came into full effect from 1 January 2023. The Code (July 2018), issued by the Financial Reporting Council (FRC), and associated guidance are available on the FRC website at www.frc.org.uk.

Taking each of the main headings of the Code:

Board Leadership and Company Purpose

The Board's ultimate objective is the long-term sustainable success of the Company. Read more about our strategy in the Strategic Report and how the Board achieves this through, amongst other things, stakeholder and workforce engagement (pages 112 to 113) and establishing a clear and aligned Company purpose, strategy and values. Please also see pages 114 to 117 for how the Board assesses and monitors culture.

Division of Responsibilities

The Board consists of two Executive Directors, nine independent Non-executive Directors and the Non-executive Chairman, who was considered independent on appointment to the Board. For Board meeting attendance, please see page 103. Additional external appointments of Board members during 2022 received prior Board approval. The Directors' other time commitments are in line with the key institutional investor and investor body guidelines, except that, for a limited period of time, the Chief Executive held two listed non-executive directorship, as explained on page 121.

Composition, Succession and Evaluation

The Nominations Committee Report (pages 122 to 124) sets out its activities and areas of focus during 2022, including Chairman, Board and management level succession planning and recruitment, Board composition and skills, and Board and Company diversity progress updates. Read more about the external Board evaluation which took place during the year on pages 118 and 119.

Audit, Risk and Internal Control

The Audit and Risk Committee Report (pages 125 to 136) describes the work of the Committee and how it discharges its roles and responsibilities. The Committee reviewed the enterprise risk management framework, as well as assessing management's review and strengthening of the Group's internal controls, increasing its focus on IT general controls. The Committee also monitored the effectiveness of the external auditor, the new internal auditor and the quality of audit. The Company's disclosures regarding risk management and internal controls are on pages 131 to 133, and details of how the Committee focussed on audit quality are set out on pages 135 and 136.

Remuneration

The Remuneration Report (pages 137 to 157) describes the work of the Remuneration Committee and sets out how executive remuneration is aligned to the Company's purpose, values and strategy. It also describes how the Committee considered workforce remuneration and related policies in its decision-making regarding executive remuneration.

Board of Directors

Committee membership

- A Audit and Risk
- N Nominations
- R Remuneration

Terms of engagement for the Non-executive Directors and written responsibilities for the Chair, Chief Executive and Senior Independent Director are available on our website: www.itvplc.com/investors/governance

Andrew Cosslett CBE

R N

Chair, Chair of the Nominations Committee

Appointed to the Board on 1 June 2022 and as Chair on 29 September 2022

Key areas of expertise: Business transformation, Media and Media IP, Strategy, Remuneration, People and Talent

Key skills and experience: Andrew is an experienced chair who has spent his career in a range of consumer facing sectors. His early career was with Unilever in a variety of branding and marketing roles. He then spent 14 years at Cadbury Schweppes in senior international roles before becoming Chief Executive Officer (CEO) for InterContinental Hotels Group (IHG). Andrew was at IHG for six years, creating value by leveraging the power of its brands alongside executing a programme of significant transformational and cultural change. He served as CEO for Fitness First, where he was instrumental in successfully repositioning the business and brand. Andrew served as a non-executive director of the Rugby Football Union (RFU) from 2012, where he was appointed chair from 2016 until 2021. Andrew received a CBE for services to the RFU in the 2022 New Year's Honours List.

Current external appointments: Chair, Kingfisher plc

Carolyn McCall

Chief Executive

Appointed Chief Executive and to the Board on 8 January 2018

Key areas of expertise: Business transformation, Creative Industry, Digital, Media and Media IP, Regulation and Public Policy, Strategy, People and Talent

Key skills and experience: Carolyn has an impressive track record in media and experience of leading digital transformational change both in an international and regulated environment. She has clear strategic acumen and a strong record of driving operational excellence and delivering value to shareholders. Carolyn created the More Than TV strategy when she joined in 2018. Carolyn has been instrumental in accelerating the strategy into Phase Two, having successfully executed Phase One. She continues to execute the strategy effectively through her strong leadership of the Company ensuring ITV's transformation into a successful digitally led media and entertainment company. Previously she was Chief Executive of easyJet plc for seven years and spent over 20 years at the Guardian Media Group holding a number of senior roles, including CEO of Guardian News and Media and then four years as Chief Executive of Guardian Media Group. She has previously served as a Non-executive Director of Lloyds TSB, Tesco plc and New Look Group plc. In 2008, Carolyn was awarded an OBE for her services to women in business and in 2016 a Damehood for her services to the aviation industry.

Current external appointments: Non-executive Director, Bridgepoint Group plc; Trustee of the Development Board of the Royal Academy of Arts.

Please see page 121 for further information on Carolyn's external time commitments.

Salman Amin

R N

Independent Non-executive Director

Appointed to the Board on 9 January 2017

Key areas of expertise: Business transformation, Digital, Media and Media IP, Strategy, Remuneration, People and Talent, Sustainability and ESG

Key skills and experience: Salman brings to the Board a wealth of experience in global businesses having worked for over 30 years managing global brand advertising and media spend. Previously he was COO, Global Commercial Division at SC Johnson & Son, and has held positions at Procter & Gamble and PepsiCo.

Current external appointments: Chief Executive Officer, Pladis.

Chris Kennedy

Group CFO and COO

Appointed as Group CFO on 21 February 2019 and as Group CFO and COO on 2 December 2021

Key areas of expertise: Business transformation, Creative Industry, Digital, Finance and Treasury, Audit, Sustainability and ESG, Media and Media IP, Strategy, Technology and Data

Key skills and experience: Chris has a strong media background, holding senior management positions over a 17-year career at EMI. Chris' experience in executing and driving strategy has played a key role in ITV's digital acceleration into Phase Two of the More Than TV strategy, and ensuring ITV's transformation into a successful digitally led media and entertainment company, as well as driving a rationalisation/cost savings initiative. He was previously Chief Financial Officer of Micro Focus International plc, ARM Holdings and easyJet plc where he spent five years and was voted FTSE 100 CFO in 2015. As the business continues to evolve and develop, he took on the broader role of Chief Finance Officer and Chief Operating Officer in December 2021.

Current external appointments: Non-executive Director, Chair of the Audit Committee and member of the Nomination Committee, Whitbread plc; Non-executive Director of the Great Ormond Street Hospital for Children NHS Foundation Trust; Trustee of the EMI Group Archive Trust.

Edward Bonham Carter

A N

Senior Independent Director and Workforce Engagement Director

Appointed to the Board on 11 October 2018

Key areas of expertise: Business transformation, Finance and Treasury, Sustainability and ESG, Strategy, People and Talent, Audit, Remuneration

Key skills and experience: Edward brings to the Board a wide range of City experience and invaluable insight in the understanding of stock markets and investor expectations. He was previously Director of Stewardship and Corporate Responsibility at Jupiter Asset Management until 2022, and Vice Chair of Jupiter Fund Management plc until 2014. He joined Jupiter in 1994 as a UK fund manager and held the position of Chief Investment Officer from 1999 to 2010 and Group Chief Executive until 2014. He started his career at Schroders as an investment analyst before moving to Electra Investment Trust where he was a fund manager.

Current external appointments: Senior Independent Director, Land Securities Group plc; Trustee and Chair of the Investment Committee, The Esmee Fairbairn Foundation; Member of the Strategic Advisory Board, Livingbridge; Chair, Netwealth Investments Ltd.

Margaret Ewing

A

Independent Non-executive Director, Chair of the Audit and Risk Committee

Appointed to the Board on 31 October 2017

Key areas of expertise: Business transformation, Finance and Treasury, Audit, Sustainability and ESG, Strategy, Regulation and Public Policy
Key skills and experience: Margaret has extensive experience in financial accounting, corporate finance, strategic and corporate planning having served as a Managing Partner of Deloitte LLP and Chief Financial Officer of BAA plc and Trinity Mirror plc. Margaret also held Non-executive Director and Audit Committee positions with Standard Chartered plc and Whitbread plc and was an external member of the Audit and Risk Committee of the John Lewis Partnership. Margaret's skills and experience give her substantial insight into the Company's reporting and risk management processes.
Current external appointments: Non-executive Director and Chair of the Audit and Compliance Committee and member of the Nominations Committee of International Consolidated Airlines Group, S.A.; Senior Independent Director, Chair of the Audit and Risk Committee and member of the Nominations Committee of ConvaTec Group plc.

Sharmila Nebhrajani

R

Independent Non-executive Director, Chair of the Remuneration Committee

Appointed to the Board on 10 December 2020

Key areas of expertise: Business transformation, Digital, Finance and Treasury, Audit, Sustainability and ESG, Media and Media IP, Regulation and Public Policy, Strategy, Remuneration, People and Talent
Key skills and experience: Sharmila has strong public sector, commercial, government and non-profit experience across a wide range of sectors, including utilities, financial services, media, global health and medical research. Earlier in her career, she held the post of Chief Operating Officer at BBC Future Media & Technology, where she managed the business functions of bbc.co.uk, including the launch of the iPlayer. Sharmila studied medicine at the University of Oxford, is a Chartered Accountant and was awarded an OBE in 2014 for services to medical research.
Current external appointments: Non-executive Director, Chair of the Remuneration Committee, Severn Trent plc; Non-executive Director, Halma plc; Non-executive Director and Chair of the Audit and Risk Committee, Coutts & Co; Chair of the National Institute for Health and Care Excellence.

Please see page 121 for further information on Sharmila's external time commitments.

Mary Harris

A N

Independent Non-executive Director

Appointed to the Board on 28 July 2014

Key areas of expertise: Business transformation, Digital, Sustainability and ESG, Media and Media IP, Strategy, Remuneration, People and Talent
Key skills and experience: Mary brings to the Board extensive experience in executive remuneration, business strategy consulting, sales and marketing, mergers and acquisitions, media, television and interactive media investments and digital rights management. She is a former partner at McKinsey & Company, where she worked primarily with retail and consumer clients in China, South East Asia and Europe.
Current external appointments: Non-executive Director, Reckitt Benckiser PLC; Supervisory Board member, HAL Holding NV; Member of the Remuneration Committee, St Hilda's College, Oxford University.

Anna Manz

A R

Independent Non-executive Director

Appointed to the Board on 1 February 2016

Key areas of expertise: Business transformation, Digital, Finance and Treasury, Audit, Sustainability and ESG, Strategy, Technology and Data, Remuneration, People and Talent
Key skills and experience: Anna brings over 20 years' consumer, financial and strategic experience to her role on the Board and the Committees on which she sits. Previously she held the role of Group Finance Director at Johnson Matthey plc and before that Anna held senior strategy and financial roles at Diageo plc, both in the UK and internationally.
Current external appointments: Chief Financial Officer, The London Stock Exchange Group plc.

Duncan Painter

R

Independent Non-executive Director

Appointed to the Board on 1 May 2018

Key areas of expertise: Business transformation, Digital, Media and Media IP, Strategy, Technology and Data, Remuneration, People and Talent, Creative Industry
Key skills and experience: Duncan brings to the Board a broad range of experience particularly in digital media, consumer intelligence systems and targeted advertising. Previously he was an executive at BSkyB and Global Product Leader at Experian plc following its acquisition of ClarityBlue, a consumer intelligence company which he founded.
Current external appointments: Chief Executive Officer, Ascential plc, Non-executive Director at Cognitive Logic inc

Graham Cooke

A

Independent Non-executive Director

Appointed to the Board on 1 May 2020

Key areas of expertise: Business transformation, Digital, Media and Media IP, Strategy, Technology and Data
Key skills and experience: Graham has extensive technical and digital experience, a focus in user-centric product design, coupled with in-depth knowledge of the e-commerce, technology trends and digital sectors. He was the founder of Qubit, the leading provider of e-commerce personalisation technology which was sold to Coveo Solutions in October 2021 shortly before going public on the Toronto Stock Exchange (TSX). Prior to founding Qubit, he spent five years working at Google. His most recent role there was as global leader on Google's strategy for conversion rate improvement. He is currently focused on a number of web3 projects in music publishing, real-time blockchain data mining and asset management.
Current external appointments: Director, Qubit Digital; SVP, Commerce Strategy, Coveo Solutions Inc.

Gidon Katz

Independent Non-executive Director

Appointed to the Board on 17 July 2022

Key areas of expertise: Creative Solutions, Digital, Media and Media IP, Strategy, Technology and Data
Key skills and experience: Gidon has extensive digital and streaming services experience, along with in-depth knowledge of tech product and platform businesses having been responsible for the transformation of NOW TV in the UK and the development and highly successful launch of Peacock TV LLC. He joined Roku in 2022 as Senior Vice President of Consumer Experience, prior to joining Roku he was President of Direct to Consumer for NBCU, launching Peacock in the US. Before moving to the US, Gidon led Sky's streaming service 'NOW' for six years, having previously launched Virgin Media's VOD service. He holds a BA/MA from the University of Cambridge and an MSc in International Relations from The London School of Economics and Political Science.
Current external appointments: President of Consumer Experience, Roku

Management Board

Julian Bellamy
Managing Director, ITV Studios

Appointed: February 2016

Experience: Julian joined ITV in 2014 as Managing Director of ITV Studios in the UK. He was promoted to Managing Director of ITV Studios and appointed to the Management Board in February 2016. He has responsibility for running ITV's global production and distribution business that creates, produces and sells finished programmes and formats in the UK and internationally.

Julian's previous roles include Creative Director and Head of Commissioning at Discovery Networks International, Head of Programming at Channel 4 and prior to that he ran BBC3 and E4. He also spent time as Channel 4's Head of Factual Entertainment and was a commissioning editor of Channel 4 News and Current Affairs.

David Osborn
Chief People Officer

Appointed: October 2014

Experience: David joined ITV as the HR Director for ITV Studios in 2011, leading the HR agenda for the ITV Studios Division through the early stages of transformation.

In 2014 he was promoted to Group Human Resources Director and appointed to the Management Board. To reflect an increased portfolio, in 2022 David became Chief People Officer and is responsible for the People Strategy for ITV globally, ensuring People decisions are central to everything we do at ITV. He has responsibility for Health, Safety, Security and Duty of Care for all who work at ITV, behind the scenes and in front of the camera. In addition, he leads the Human Resources, Workplace Services and Pensions teams.

Prior to joining ITV, David has worked across a number of different industries and sectors including Marks & Spencers Plc, Mars Inc., Visa International, Vodafone and EMI Music.

Carolyn McCall
Chief Executive

Appointed: January 2018

Experience: Biography on page 98.

Kevin Lygo
Managing Director, Media & Entertainment

Appointed: August 2010

Experience: Kevin joined ITV as Managing Director of ITV Studios and a member of the Management Board in 2010. He became Director of Television in February 2016 and in October 2020 he was appointed Managing Director of the newly created Media & Entertainment Division.

As well as having overall responsibility for the Media & Entertainment Division, Kevin continues to run the Broadcast business unit (one of the two business units making up the Division) and to oversee the commissioning of popular programming delivering ITV's USP of mass simultaneous reach.

Kevin's previous roles included Director of Television and Content at Channel 4, Director of Programmes at Channel 5 and a number of positions at the BBC, including Head of Independent Commissioning for Entertainment.

Rufus Radcliffe
Managing Director, Streaming, Interactive and Data

Appointed: April 2017

Experience: Rufus joined ITV as Group Marketing and Research Director in 2011. He was promoted to Chief Marketing Officer and appointed to the Management Board in 2017. In 2019 he took on additional responsibility for the Direct to Consumer division as Chief Marketing Officer and Director of Direct to Consumer. In October 2020 he was appointed Managing Director of On Demand, one of the two business units making up the newly created Media & Entertainment Division.

Rufus now leads our streaming, interactive and data teams. In December 2022, our ITV Hub and BritBox streaming services were integrated into ITVX, a new free, ad funded streaming proposition, which also includes a premium subscription tier.

Before joining ITV, Rufus spent ten years at Channel 4, and prior to that held various positions at McCann Erickson and JWT.

Chris Kennedy
Group CFO and COO

Appointed: February 2019

Experience: Biography on page 98.

Kelly Williams
Managing Director, Commercial

Appointed: December 2014

Experience: Kelly joined ITV in 2011 as Group Commercial Director. He was promoted to Managing Director Commercial and appointed to the Management Board in 2014.

He is the Chair of the Board of Thinkbox, the marketing body for commercial TV in the UK, a member of the BARB Strategy Board and sits on the RTL AdAliance International Board.

He has responsibility for all commercial advertising deals across the ITV family of channels.

Prior to joining ITV, Kelly was the Sales Director at Channel 5 and prior to that held various positions at UKTV, Sky and Thames Television.

Mark Smith
Group Chief Information Officer

Appointed: September 2018

Experience: Mark joined ITV in 2011 as a member of the technology management team. He was promoted to Chief Technology Officer in 2015 and joined the Management Board in 2018. Mark took the role of Group Chief Information Officer in June.

He has responsibility for Technology strategy and investment across the group and also leads on Cyber.

Prior to joining ITV, Mark held senior technology positions at the BBC, BBC Worldwide and Sky. Over the past 15 years Mark has specialised in digital transformation and has led the design, build and delivery of industry leading streaming platforms. Mark started his career as a software engineer at BT.

Kyla Mullins
General Counsel and Company Secretary

Appointed: January 2019

Experience: Kyla joined ITV as General Counsel and Company Secretary and member of the Management Board in 2019.

She has responsibility for legal, company secretariat, compliance and regulatory matters across the ITV Group.

Prior to joining ITV, Kyla held senior legal positions in the media, entertainment, strategic outsourcing and aviation sectors. She was General Counsel and Company Secretary at easyJet plc and Mitie Group plc; Global General Counsel of EMI Music; and Group Legal Director at ITV plc and Granada Media. Kyla is currently Chair of Independent Television News (ITN) and is also a Non-executive Director on the Board of Northern Ballet.

Paul Moore
Group Communications and Corporate Affairs Director

Appointed: July 2018

Experience: Paul joined ITV as Group Communications and Corporate Affairs Director and a member of the Management Board in 2018.

He has responsibility for all Group communications, including corporate and internal communications, public affairs, programme publicity and the Social Purpose strategy.

Prior to joining ITV, Paul was the Communications and Public Affairs Director at easyJet plc for eight years and before this worked for FirstGroup and Virgin Atlantic Airways where he was Director of Corporate Affairs for ten years. Paul first started his career as a civil servant and worked for the Department of Transport.

Ade Rawcliffe
Group Director of Diversity and Inclusion

Appointed: September 2020

Experience: Ade joined ITV as Head of Diversity Commissioning in 2017. She was promoted to Director of Creative Diversity, before taking on the role of Group Director of Diversity and Inclusion and joining the Management Board in 2020.

Ade has responsibility for all diversity and inclusion related matters across the Group, including leading, developing and growing ITV's Diversity and Inclusion strategy on and off-screen and within ITV's workforce.

Prior to joining ITV, she spent over 10 years at Channel 4, most recently leading the Creative Diversity team, where she supported and nurtured the careers of diverse creative talent and sought out and commissioned a slate of developments which encouraged diversity, risk-taking and innovation.

Ade is currently a Trustee of BAFTA, Chair of BAFTA's Learning Inclusion and Talent Committee, and a Trustee of the National Trust.

Magnus Brooke
Director of Strategy, Policy and Regulation

Appointed: February 2021

Experience: Magnus joined ITV in 2006 and was promoted to the Management Board in February 2021. He has Board responsibility for ITV's strategy, policy and regulatory teams, which includes overseeing ITV's corporate strategy development and leading on interaction with UK and European regulators, government and parliamentary committees.

From 2014 to 2019 Magnus was Chairman of the Board of the Brussels based Association of Commercial Television in Europe, which represents Europe's commercial broadcasters to the EU institutions. Magnus is a Director and Chair of the Remuneration Committee of Everyone TV (formerly DUK) which runs the Freeview and Freesat platforms and he was a Non-executive Director of the news provider ITN for three years from 2019 to 2022.

Prior to joining ITV Magnus was Head of the BBC Director General's Office. He began his career as a solicitor specialising in regulatory and competition law at City of London law firm Ashurst, where he also trained.

Corporate Governance

The written responsibilities of the Chairman, Senior Independent Director and Chief Executive are available on the ITV plc website: www.itvplc.com

Our governance structure

The PLC Board

Responsible for providing leadership to the Group's business, including setting the Group's purpose, strategy and values and promoting its long-term sustainable success.

PLC Board Committees

The terms of reference for each Committee are documented and agreed by the PLC Board. These terms of reference are reviewed annually and are available on our website: www.itvplc.com/investors/governance/terms-of-reference.

Nominations Committee

See the Nominations Committee Report on pages 122 to 124.

Remuneration Committee

See the Remuneration Report on pages 137 to 157.

Audit and Risk Committee

See the Audit and Risk Committee Report on pages 125 to 136.

Duty of Care Operating Board

Consisting of key Management Board members, including the Chief Executive, and the Independent Chief Psychological Officer, the Operating Board oversees the Group's duty of care processes on screen and across ITV, monitors and assesses the processes in place to ensure they continue to be effective and evolve as necessary. The Audit and Risk Committee Chair also attends meetings on behalf of the Board.

Disclosure Committee

Consists of the Chair of the Board, Chief Executive, Audit and Risk Committee Chair, Group CFO & COO, and General Counsel and Company Secretary. The Director of Investor Relations also attends meetings. The Committee assists the Company in meeting its disclosure obligations, and reviews and approves regulatory and other announcements before publication, but post the Board's approval given subject to final agreed changes

Our Ambassador Network

Discusses and inputs into significant proposals and initiatives impacting our colleagues.

Our designated Workforce Engagement Director reports back to the Board on its activities. See pages 112 and 113 for engagement in this area.

Chief Executive

Responsible for the day-to-day running of the Group's business and performance, the development and implementation of strategy and promoting our culture and standards.

Management Board

Led by the Chief Executive, the Management Board members are collectively responsible for overseeing and driving the overarching Group financial and operational performance and executing on the strategic initiatives required to deliver the Group's strategy set by the Board. The Management Board balances the needs and resources of the business divisions to make decisions based on what's best for ITV as a whole.

Studios Board

Responsible for developing and implementing strategic objectives and operational plans for the ITV Studios business, monitoring operational and financial performance, and assessing and managing risk, in line with the Group's risk management framework.

Media & Entertainment Board

Responsible for developing and implementing strategic objectives for the Media & Entertainment business (Broadcast, Commercial, Streaming (ITVX), Interactive and Data, and BritBox business units), monitoring operational and financial performance, and assessing and managing risk, in line with the Group's risk management framework.

PLC Board and Committee membership and attendance

PLC Board and Committee membership and attendance at scheduled meetings in 2022 is set out below.

	Attendance at Scheduled meetings				
Committee members	PLC Board[1]	Audit and Risk	Remuneration	Nominations[7]	Disclosure
Andrew Cosslett (Chairman)[2]	5/8	2*	3/5	2/4	1/1
Peter Bazalgette (former Chairman)[3]	6/8	5*	3/5	3/4	3/3
Salman Amin	8/8	–	5/5	4/4	–
Edward Bonham Carter	8/8	6/6	–	4/4	–
Graham Cooke	8/8	6/6	–	1*	–
Margaret Ewing[4]	8/8	6/6	–	2*	3/4
Mary Harris[5]	8/8	6/6	3/5	4/4	–
Gidon Katz[6]	4/8	–	–	1*	–
Chris Kennedy	8/8	6*	5*	1*	4/4
Anna Manz	8/8	6/6	5/5	1*	–
Carolyn McCall	8/8	–	1*	4/4	4/4
Sharmila Nebhrajani	8/8	–	5/5	1*	–
Duncan Painter	8/8	–	5/5	1*	–

* Indicates where a Director has attended all or part of a PLC Board or Committee meeting by invitation (i.e. when not a member or prior to being a Director). The Executive Directors did not attend parts of any Committee meetings where to do so would result in a conflict of interest. A number of ad hoc meetings were held during 2022 though these are not reflected in this table.

1. In June a series of PLC Board meetings were held over a two-day strategy session. For the purposes of this table these two days are counted as one meeting. In addition, a half-day strategy session was held in December, with a scheduled Board meeting held on the same day. Together these are included in the table as one meeting.
2. Andrew Cosslett was appointed Chair Designate on 1 June 2022. He was appointed Chair of the Board and a member of the Remuneration Committee from 29 September. He has attended five of the Board and Committee meetings held from the date of his appointment in June.
3. Peter Bazalgette stepped down from the Board on 29 September 2022. He attended six of the meetings before he resigned.
4. Margaret Ewing was chairing an IAG ARC meeting at the time of the Disclosure Committee and therefore unable to attend.
5. Mary Harris stepped down from the Remuneration Committee in May 2022.
6. Gidon Katz was appointed on 1 July 2022 and has attended four of the Board meetings held following his appointment.
7. All PLC Board members were invited to a Nominations Committee meeting for a senior management succession planning session.

In addition, the Non-executive Directors met without the Chairman or management during the year to discuss the Chairman's performance, and also on an informal basis to discuss matters relevant to the Group. The Non-executive Directors met with the Chief Executive to discuss Management Board talent and succession.

Board composition

Gender

- Men 7
- Women 5

Ethnicity

- People of Colour 2
- White 10

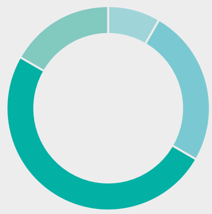
Disability

- Disability or long-term health condition 2
- No disability or long-term health condition 10

Board tenure

- 0–2 years 2
- 2–5 years 5
- 5–9 years 5

Age



- 36–45 1
- 46–55 3
- 56–65 6
- 66–75 2

Skills and experience

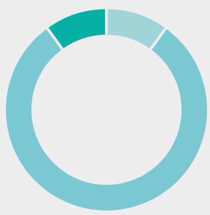
Business transformation	11
Creative industry	4
Digital	9
Finance and Treasury	5
Audit	5
Sustainability and ESG	7
Media and Media IP	9
Regulation and Public Policy	3
Strategy	12
Technology and Data	5
Remuneration	7
People and Talent	7

Management Board composition*

Gender

- Men 8
- Women 2

Ethnicity



- People of Colour 1
- White 8
- Prefer not to say 1

Disability

- Disability or long-term health condition 1
- No disability or long-term health condition 9

* Carolyn McCall and Chris Kennedy are not included in these tables. They are included in the Board composition numbers above.

Key strategic matters considered by the Board in 2022

Stakeholder groups

S Shareholders (including debt providers)	C Colleagues	P Partners
CZ Citizens	PP Programme participants	VC Viewers and subscribers
CT Customers (including advertisers)	LR Legislators and regulators	

Performance	Link to principal risks	Link to key stakeholders
Reviews of capital structure, liquidity, investor proposition and valuation	• Principal risks 1, 2, 3, 4, 5, 6, 7, 8, 9 and 15	S LR
Review of the five year plan	• All principal risks	S C P PP VC CT LR
Consideration of pensions, dividend and share buybacks	• Principal risk 5	S C
Programme of cost and complexity reduction	• Principal risk 9	S C P VC CT
Evaluation of merger and acquisition opportunities	• Principal risks 2, 3, 4, 9	S P
Principal risks deep dive and emerging risks	• All principal risks	S C P CT LR
ITV Together programme improving ways of working for the business	• Principal risk 9, 10	C VC CT
Investor engagement and insight	N/A	S C LR

Supercharge Streaming		
Evolving the ITV strategy and the vision for an integrated ad-funded/subscription streaming platform for the ITVX launch	Principal risks 1 , 2, 3, 4, 7, 8, 9	S C P VC CT LR
Developing a data strategy to enable ITV to extract value from its data, supporting delivery of ITV's overall strategic initiatives	Principal risks 1, 2, 3, 4, 7, 8, 9 and 12	P VC CT
Recruitment and Retention of talent to promote the ITVX strategy	Principal risk 13	
Digital content strategy and investment	Principal risks 1, 2, 7, 8, 9	S P VC CT

Optimise Broadcast		
Commercial strategy – Planet V and linear addressable, video on demand and linear integration	• Principal risks 1, 2, 3, 7	S P VC CT
A review of the Commercial trading model	• Principal risks 2	S CT LR

Expand Studios Globally		
Evolution of Studios strategy – continued international expansion, new streamer markets and changing rights models, monetisation of the Global Entertainment and Distribution divisions	• Principal risks 3, 9, 13	P VC CT

Regulation		
Regulation – continued focus on key policy and regulatory issues, including Brexit, CRR and advertising restrictions (e.g. gambling and HFSS) the PSB review and proposed Media Bill. These continue to be kept under close review along with other issues that could have a potential short, medium and long-term impact on the business	• Principal risks 6 and 11	S C LR
Focus on changing governance regulation e.g. BEIS	• Principal risks 6 and 11	S LR

Other		
Speaking Up policies and procedures and improved duty of care processes	• Principal risk 10	C CZ PP VC
Social Purpose strategy – delivery of strategy, including environmental targets and mental health and 'giving back' campaigns	• Principal risks 1 and 10	S C CZ VC CT
Climate-related risks and short to medium-term impacts, reporting on ESG matters	• Principal risks 1, 6, 9	S C CZ VC CT
Diversity Acceleration Plan, how this aligns and supports the ITV Strategy (ensuring accurate Gender/People of Colour reporting to facilitate our diversity acceleration plans)	• Principal risks 9, 10 and 11	S C CZ VC
Cyber Security	• Principal risk 12	S C P CZ PP VC CT LR

For further information on principal risks please see pages 71 to 84.

Stakeholder Engagement

Complying with the 2018 Corporate Governance Code, we ensure that we engage with our stakeholders as it is fundamental to the successful delivery of our strategy. The Board's clear understanding of stakeholders' issues, expectations and perspectives ensures that stakeholder views are carefully considered during decision-making processes.

The Board both directly engages with relevant stakeholders and assesses details provided by management and other colleagues to allow the Directors to understand how organisational decisions have taken stakeholder interests into account and also to influence future decision-making. The General Counsel and Company Secretary supports the Board in ensuring that due consideration is given to stakeholder issues and papers submitted to the Board detail the impact of proposals on key stakeholder groups. At least once a year, the Board identifies its key stakeholders, reviews the issues that matter to them most and discusses potential enhancements to engagement with them. The Board also has the opportunity to give feedback on areas needing more focus as part of our external Board evaluation (see pages 118 to 119). Our Section 172 statement on pages 66 to 68 includes examples of how the Board and its Committees had regard for stakeholder interests through its discussions and decision-making during the year.

The table below sets out the key stakeholders which the Board has identified as being important to ITV's success and some of the key engagement mechanisms used in 2022.

Viewers and Subscribers

Description	Link to strategic priorities
Through regular engagement, the Board recognises the evolution of ITV's relationship with viewers, which has been pivotal in shaping the Company's strategy.	Optimise Broadcast; Supercharge Streaming: see Our Strategy (from page 20 to 21)

Forms of engagement	Outcomes and impact on principal decisions
Meetings and presentations • AGM live stream with questions **Board and Committee reviews and assessments** • Analysis of target audiences and viewing habits, as part of Board strategy sessions, particularly with the focus of increasing reach for our ITVX product • Regular Chief Executive reports to the Board on viewing and subscription figures • Review of the impact of ITV's data strategy on viewers and subscribers • Board session on viewer performance, including subscriber trends as well as marketing updates regarding new viewers and subscribers experiences on the ITVX platform • Comprehensive proposition testing with viewers • Reviews by Management and Divisional Boards, on which Executive Directors sit, of viewer sentiment, concerns and/or data through internal research studies; monitoring of linear viewing figures; compliance reports and Ofcom reports • Reviews by members of the Management Board and senior ITV employees of feedback from viewer services (which serves as a conduit for viewers to channel their comments and/or concerns)	• Growing, enhancing and integrating our ad-funded (ITVX) and subscription streaming (ITVX, ITV Hub+, BritBox UK, BritBox International) propositions, through investment in product, content, distribution, data, tech and analytics • Decision to define one content budget for the M&E Division as a whole to enable the business to optimise its content (including its windowing) strategy and enhance its experience for viewers • Decision to make changes to schedules to enhance viewing performance • Endorsement of a new data strategy. Board discussions on this topic benefited from Graham Cooke and Duncan Painter's technical, digital and commercial expertise • Endorsement of a new digital strategy. The Board also benefited from Gidon Katz's knowledge regarding ITV's strategy to become a leading streaming service with ITVX

Key issues or priorities identified	Read more
• Changing viewer habits (a principal risk – see page 75) • Ongoing need to respond on a timely basis to viewer/subscriber complaints and issues • Driving awareness, through programming and campaigns, of key social, environmental and topical issues with ITV playing an important role as a trustworthy and accurate source of information • Authentic representation of the diversity of modern Britain on-screen	Our Business Model (from page 22) Key Performance Indicators (from page 24) Social Purpose strategy (from page 44) Risks and Uncertainties (from page 71)

Customers (including advertisers)

Description	Link to strategic priorities
Customers (including sponsorship and advertiser relationships) are integral to monetising our content and delivering on our strategy.	Expand Studios Globally; Supercharge Streaming: see Our Strategy (from page 20)

Forms of engagement	Outcomes and impact on principal decisions
Meetings and presentations • Attendance by Board members at the ITV 2022 Palooza event on 15 November, giving advertisers and agencies the opportunity to see the plans for ITVX • Meetings between the Executive Directors and their industry counterparts (many of whom are also buyers of ITV Studios content) • The M&E Division held a content Showcase for around 60 journalists for upcoming dramas on ITVX • Regular engagement by the Chief Executive and various members of the Management Board with advertisers and agencies through key ITV and industry events • Meetings between members of the Management Board and senior ITV employees with potential buyers of Studios content • LEK/Frontier Economics provided an update on our commercial trading model • Chief Executive attended the Speakers House Event – to celebrate Emmerdale's 59th and Coronation Street's 60th anniversaries **Board and Committee reviews and assessments** • Review of the impact of Phase Two of the strategy on the advertising market and content spend • Board strategy sessions on: the evolving commercial strategy to address TV advertising clients' needs; video on demand and linear addressable advertising to support ITV's streaming ambitions, including feedback from clients, subscription streaming market growth and impact on Studios, including analysis of major subscription streaming buyers across territories as well as an in-depth briefing by LEK and Frontier Economics, regular ITVX's launch updates • Regular Board updates on key relationships and developments in the advertising market, including ITV's engagement and relationship initiatives with its advertisers and agencies, and potential growth opportunities for the Studios business • Regular reports on Commercial and Studios performance by the Chief Executive to the rest of the Board	• Strengthened customer proposition and priorities for the supercharged streaming strategy. Board discussions benefited from Gidon Katz' streaming knowledge and expertise • Board support for the progression of, and investment in, innovative, addressable advertising initiatives. Board discussions on this topic benefited from Graham Cooke and Duncan Painter's digital and commercial expertise • Endorsement of: innovative initiatives in response to advertisers' and agencies' desired outcomes, assessments and recommendations to deliver growth in Studios; and recommendations to manage risk and opportunities associated with the growing subscription streaming market • Support for data initiatives to develop internal capabilities to deliver commercial and data ambitions over the next five years • Investment in ITV AdVentures Media for Equity initiative, offering TV advertising to potential leading, high-growth, digital-first companies in the UK in return for equity • Investment in, and creation of, new Studios labels to cater to growing markets and customer base • Global Producers Retreat in May 2022 to allow feedback about learning, collaboration and sharing of creative ideas

Key issues or priorities identified	Read more
• Promoting the ITVX (subscription funded) platform for the content investments made during the year • The risk of detrimental advertising market changes (a principal risk – see page 76) • Maintaining commercial broadcaster relationships and further developing scripted talent (a priority for streamers in some markets) • The need to continue to educate our customers on the effectiveness of TV advertising (including impact of TV advertising versus online advertising) • Delivering audience profile and size to enable advertising sales • Further creation and exploitation of IP to drive viewing and enhance IP monetisation opportunities	Our Business Model (from page 22) Key Performance Indicators (from page 24) Risks and Uncertainties (from page 71)

Partners (including Suppliers, other Broadcasters and Platform Owners)

Description	Link to strategic priorities
Strong relationships with our partners are fundamental to our business and operating model, and to ensure we meet the high standards of conduct that we set ourselves.	Optimise Broadcast: see Our Strategy (from page 20)

Forms of engagement	Outcomes and impact on principal decisions
Meetings and presentations • Executive Directors' engagements (meetings, conferences) with key suppliers and partners (including distribution partners) • Executive Directors sit on the BritBox Partnership Board with their BBC counterparts and other senior managers, and regular Chief Executive counterpart meetings take place with other key partners • Chief Executive presented at the Marketing Society • Chief Executive and Executive Directors held a Commercial Clients event at the Palooza in November **Board and Committee reviews and assessments** • Strategy sessions on the impact of the supercharged streaming strategy on third parties (including PSBs, suppliers and platform owners) • Board approval of significant contracts with suppliers or partners • Board update on engagement with third-party suppliers, including supplier management policies, processes and controls • Chief Executive reports on key/strategic partner relationships and Group CFO & COO reports on important negotiations with key partnerships, at every Board meeting • Board review of ITV's Modern Slavery Statement in February, including report on steps taken to identify, address and prevent modern slavery in our operations and supply chains • Audit and Risk Committee review of the Group's supplier payment practices and the procedures in place to safeguard both ITV and suppliers from fraud (see page 128)	• Updates to all long-term commercial partnerships to cover ITVX • Development of ITV's Partnership strategy to deliver Phase Two of the strategy • Consideration of key themes/risks across supplier stakeholder groups and how they are being addressed by management • Strengthened creative talent through new partnerships and strong development slates • Further collaboration with streaming platforms to drive reach and consumption • Board support for targeted engagement with distribution partners to define approach to the supercharged streaming strategy • Endorsement of partnership initiatives to develop commercial addressable propositions and support ITV's data strategy

Citizens

Description	Link to strategic priorities
As a public service broadcaster, we strive to reflect, remain in touch with, and shape public sentiment and national conversations. Our engagement in this stakeholder category is an integral part of our Social Purpose strategy.	Social Purpose: see our Social Purpose strategy (from page 44)

Forms of engagement	Outcomes and impact on principal decisions
Meetings and presentations • Chief Executive met with other broadcaster CEOs to agree further collaboration on our shared Climate Content Pledge, announced at COP26 • Chief Executive attended an evening with Princes Trust Event • Chief Executive was interviewed by the Times on ITV's approach to mental health initiatives • Chief Executive participated in a Women Supporting Women event for the Prince's Trust, ahead of ITV's broadcast of the prince's trust awards this year • Chief Executive and Chairman's participation in interviews to help shape Financial Reporting Council's review of Corporate Culture • Chief Executive's participation/engagement at the Royal Television Society Cambridge convention, with the theme of reshaping Britishness on the global stage **Board and Committee reviews and assessments** • Group CFO & COO's overall responsibility for ITV's climate action agenda and leadership of ITV's Climate Action Delivery Group • Board receipt of annual updates on Social Purpose, the Group's climate-related agenda, including risk, opportunities and targets, and Diversity and Inclusion (including progress against ITV's Diversity Acceleration Plan) • Training undertaken by Board and Management Board members on ESG and corporate purpose • Board session on environmental risk, including analysis of key risks for ITV, their potential impact, ITV's resilience and opportunities for improvement • Audit and Risk Committee monitoring of compliance with and integrity of, and progress on climate change reporting targets and reported metrics, particularly with regards to TCFD; reports to the Board on its outcome (see from page 85) • The Management Board receives a monthly update on ESG (as part of standard Board reports) and a quarterly review of climate action data and progress. M&E and Studios Boards will now be discussing Climate Action Plans twice each year. In 2023 we are working on a Climate Transition Plan, to be published in 2024	• ESG scorecard for Executive Directors and Management Board in 2022 annual bonus targets – aligned to the achievement of ITV's longer-term Social Purpose goals • Board discussion and support for environmental initiatives to use ITV's brand to educate and inform audiences on actions they can take to transition to a Net Zero world • Deepened understanding and awareness of ESG and factors influencing ITV's corporate purpose, to inform Board decisions • The Climate Action Delivery Group meets quarterly, chaired by the Group CFO/COO to review ITV's quarterly carbon emissions data across scopes 1,2 and 3 (business travel) and to bring a leadership team together to update on their divisional goals and progress. This year all critical areas of ITV have developed their own climate Action plan that they are reporting against, working with Green teams to deliver their plans • Investment in management training on diversity and inclusion, including the roll-out of race fluency and disability inclusion training to the whole business • Establishment of ITV's Cultural Advisory Council, which Chief Executive and Management Board members attend, comprising a group of independent external advisers from a range of different industries and specialisms who advise, challenge and counsel ITV on its diversity and inclusion activities • Commitment to The Climate Content Pledge (with other major broadcasters) to promote climate story-telling on-screen • Delivery of outcomes is supported by Board members' active consumption of our national and regional news services, with follow-up discussions and liaisons on future plans with Management Board members and senior leaders

Key issues or priorities identified	Read more
• Harnessing our unique mass-reach platform and the power of our programmes to raise awareness and action on issues that are important and help shape culture for good, with particular emphasis on mental and physical health • Our sustainability and commitment to climate action targets and initiatives • Our contribution to wider society in other ways, including charitable giving through Soccer Aid for UNICEF and volunteering • Our focus and commitment to increasing on and off-screen diversity through our Diversity Acceleration Plan (see from page 51)	Task Force on Climate-related Financial Disclosures (from page 85) Our Climate Action targets (pages 47) Social Purpose strategy (from page 44)

Legislators and Regulators

Description	Link to strategic priorities
The Board is committed to its responsibility as a public service broadcaster (PSB) and conducting business in line with the appropriate laws and regulation, to ensure we operate in an ethical and responsible way.	Availability of viewer content: see Our Strategy (from page 20)

Forms of engagement	Outcomes and impact on principal decisions
Meetings and presentations • Meetings with government ministers and officials on key issues of concern, initiatives or consultation. This includes meetings between the Chief Executive and the Secretary of State for Department for Digital, Culture, Media and Sports (DCMS), and regular meetings between the Chief Executive and the Minister of State for Media and Data • Counterpart meetings with Ofcom on a wide range of policy and regulatory issues (which included Chairs' and regular Chief Executives' meetings) • Regular engagement with the Audit and Risk Committee Chair in relevant stakeholder forums (including with leaders from BEIS, FRC, Audit Committee Chairs Independent Forum, 100 Group and Big 4 audit firms) regarding the Business, Energy & Industrial (BEIS) response to the consultation White Paper on corporate governance and audit reform, published in May 2022 • Participation by the Chief Executive as a member of the Prime Ministers Build Back Better Business Council • Periodic engagement by senior ITV employees with other regulators including the CMA, ICO and the European Commission • Chief Executive participation at the ITV All Party Parliamentary Group • Received an update from Goldman Sachs on the UK economy **Board and Committee reviews and assessments** • Updates from the Chief Executive on policy and regulation at every Board meeting • Regular reports to the Board and Audit and Risk Committee on compliance and significant litigation matters • Board briefings on ITV's PSB strategy, Cabinet reshuffle and ministerial meetings • Updates to the Audit and Risk Committee from the Committee Chair and external auditor regarding FRC developments and proposed regulatory changes • Audit and Risk Committee session on the BEIS consultation on audit and corporate governance reform, and circulation of related materials to the Board	• Collaboration and focus on important societal issues such as social mobility and diversity • Securing the long-term renewal of TV Multiplex licences • Delay to the implementation of the pre-9 p.m. ban on HFSS food and drink advertising • Extensive interaction with government, Ofcom and Parliament in relation to ITV's PSB licences and the renewal process, securing endorsement of need for Media Bill in government White Paper on broadcasting

Key issues or priorities identified	Read more
• HFSS advertising ban and other possible advertising restrictions • Media Bill • PSB regulation and the PSB Licence renewal process • Legal and regulatory compliance (including tax) – (non-compliance is a principal risk – see page 83) • Regulatory policy changes (a principal risk – see page 79)	Our Business Model (from page 22) Social Purpose strategy (from page 44) Risks and Uncertainties (from page 71)

Programme participants

Description	Link to strategic priorities
The safety of participants is of paramount importance to the Board. The Board takes its duty of care to them very seriously, and obtains regular assurance over the support and processes in place to safeguard their physical and mental health and wellbeing.	Expand Studios globally: see Our Strategy (from page 20)

Forms of engagement	Outcomes and impact on principal decisions
Meetings and presentations • Chief Executive attendance at two Mental Health Advisory Group (MHAG) meetings, which three other Management Board members regularly attend (two of whom are members of the Advisory Group) (see page 56 for more detail on the MHAG) throughout the year. Conducted an international review of duty of care findings and recommendations across our ITVS international labels producing non-scripted programmes to help protect programme participants • Conducted a review of UK non-scripted labels • Develop a clear ITV Duty of Care Guidelines to help International labels to handle issues within legal and privacy regulation boundaries in their country **Board and Committee reviews and assessments** • Regular Board updates on duty of care processes and issues, and on the Duty of Care Operating Board's discussions and activities (including feedback from ITV's Mental Health Advisory Group and updates on the ITV2/CALM partnership), through updates from the Audit and Risk Committee Chair, who is a standing attendee of the Duty of Care Operating Board • Appointment of an Independent Chief Medical Adviser to ITV • Board review of progress against ITV's Diversity Acceleration Plan to accelerate change in diversity and inclusion on-screen • Board updates on any challenges relating to, or publicity surrounding, duty of care processes relating to any programmes produced or broadcast by ITV • Annual Audit and Risk Committee reviews of duty of care and health and safety processes, including duty of care risks and mitigations • Board review of minutes from the Duty of Care Operating Board meetings, as well as updates to the operating model, cadence of meetings and Duty of Care Charter	• The Participant Aftercare Program (PAP) service was introduced in December 2021 to non-scripted productions. It has since been extended to offer support to people under 18, and News, Daytime, Scripted, and Continuing Drama productions • Industry Media Psychologist Development Programme • ITV signed a memorandum of understanding with the BBC to develop a Professional Development Programme for Media Practitioner Psychologists. An industry first, this course has been approved by the British Psychological Society (BPS) for the purposes of Continuing Professional Development (CPD). The course will serve to increase the pool of psychologists available to support productions • Participant Crisis Care Stabilisation Pathway • Past incidents of risk involving programme participants suggested ITV might require rapid access to specialist psychiatric advice and inpatient hospital care for stabilisation and risk management • In September 2022 Consultant Clinical Psychologist advised the ITV Duty of Care Operating Board that ITV would benefit from establishing a 'call off' contract with the Nightingale Hospital (a leading private psychiatric hospital in London) to address this gap in care provision for participants. Proposal was actioned and a Memorandum of Understanding has been drafted to set out the principal terms and conditions for referrals from ITV to Nightingale Hospital for individuals requiring inpatient admission • Out of Hours Welfare Helpline • A gap in out of hours service was identified in the current PAP service (Mon-Fri 8 a.m. – 7 p.m. and Sat 9 a.m. – 1 p.m.). ITV insurance broker, sourced a 24/7 service from Health Assured, and will be trialed from January 2023 • Following the international review a Monthly Duty of Care/Welfare Team Network was established in Q4 2022 for UK and International ITV Studios Labels. ITV Studios Labels recognise the benefits of being part of a global ITV production community for sharing best practice and mental welfare incidents • The Duty of Care team continues to extend our global vetted list for mental health advisers. Our Clinical Consultant is due to co-chair an ITV committee for a Duty of Care symposium for mental health professionals in Q1 2023. Mental health adviser forums continue to be chaired quarterly for clinicians working on high risk productions • In September 2022 The Duty of Care Operating Board approved the development of an Online Training Module to raise awareness of the importance of Duty of Care and its priority to ITV, and to assist and empower Production teams in identifying the key mental health risk factors in their productions. Roll-out Q1 2023

Key issues or priorities identified	Read more
• Duty of care to participants (a principal risk – see page 82) • Mental health and wellbeing of our participants • Effective Speaking Up procedures • ITV's commitment to diversity and inclusion (see pages 51 to 53)	Our Business Model (from page 22) Risks and Uncertainties (from page 71) Social Purpose strategy (from page 44) Our People (from page 54)

Shareholders (Individual and Institutional), Bond Holders and other Providers of Debt and Analysts

Description	Link to strategic priorities
Delivering for our investors (equity and debt) and understanding their views and interests ensures the business continues to be successful in the long term and therefore can deliver for all our stakeholders.	Deliver value for shareholders: see Our Strategy (from page 20)

Forms of engagement

Meetings and presentations
- Executive Directors, the Chairman and the Remuneration Committee Chair held meetings with institutional investors
- The Senior Independent Director met with Threadneedle, UBS and Redwheel investors
- The Executive Directors held meetings with investors representing around half of the Company's share capital, as well as potential investors across the UK, US and parts of Europe
- With the help of brokers held non-holder roadshows, meetings and investor dinners for new long-term shareholders
- M&E Investor Seminar held in March to present our new streaming proposition
- External Shareholder roadshow and an internal roadshow in the UK, the Netherlands and US
- Chief Executive, Group CFO & COO, and members of senior leadership teams attended a number of key investor conferences (such as the Morgan Stanley TMT conference)
- Attendance by senior management at Citi, UBS, JP Morgan, Barclays and Morgan Stanley conferences
- Chief Executive attended the JP Morgan Best of British Conference and held a fireside chat with investors/analysts
- Chief Executive spoke at Citi's TMT Conference 2022 for investors and shareholders in March 2022
- Chief Executive, Chairman and CFO held a fund managers' dinner in November
- Chief Executive and Group CFO & COO held meetings with equity sales teams and analysts
- AGM live stream with opportunity for shareholders to ask questions in real time
- Regular dialogue throughout 2022 between the Group CFO & COO and Director of Tax & Treasury and the Rating Agencies and the Core Banking Group

Board and Committee reviews and assessments
- Market considerations of ITV's streaming ambitions, as part of Board strategy sessions
- Board review and discussion of Environmental, Social and Governance (ESG) indices, reporting, and feedback from analysts, brokers and shareholders on ITV's ESG approach
- Group CFO & COO reports on the outcome of the broker review and on key shareholder engagement activities undertaken by the Executive Directors and Investor Relations team
- Board updates from the Company's brokers and advisers on market performance, bid defence and capital structure, and on shareholder sentiment regarding ITV's performance, strategy and dividend policy including an in-depth briefing on the UK economy from Goldman Sachs
- Board members' careful scrutiny of analyst reports throughout the year
- Audit and Risk Committee review and discussion of a report from the Director of Investor Relations on investors' and analysts' views in relation to ITV's accounting policies, risks and disclosures

Outcomes and impact on principal decisions
- Announcement of the Board's intention to reinstate the ordinary dividend and propose a final dividend of 5.0p for the full year 2022
- Consideration of feedback to inform, amongst other things, ITV's long-term strategy, five year plan, dividend policy, capital structure and approach to ESG and other governance issues
- Board discussion on investor sentiment and action for management to conduct further analysis of ITV's existing and prospective investor base with the evolution of the equity story
- Assurance over ITV's ESG ratings (including indices and reporting framework). For 2022 assurance of our Climate Action data has been increased and will mean our 2022 emissions data as published in 2023 will have been assured by an independent party
- Inclusion of Social Purpose update in quarterly reporting to the market
- Linking ESG with finance and remuneration, including Remuneration Committee decision to include ESG in performance targets and annual bonus metrics and commitment of ESG KPIs in relation to debt financing

Key issues or priorities identified
- Strategy, investment priorities and delivery against strategic and financial targets and KPIs
- Ongoing impact of COVID-19 pandemic on financial and operating performance
- Share price performance
- Dividend policy and leverage
- ESG data and performance
- Strategic delivery (a principal risk – see page 82)
- Potential reaction of investors and wider market to ITV's streaming strategy

Read more

Our Business Model (from page 22)
Investor Proposition (page 14)
Social Purpose strategy (from page 44)
Task Force on Climate-related Financial Disclosures (from page 85)

Colleagues

Description	Link to strategic priorities
The workforce is integral to the day-to-day operations and the practical execution of strategy. Effective engagement mechanisms provide the Board with important insights and priorities, as well as ensuring the workforce voice is considered in the Board's decision-making.	Delivery of strategy: see Our Strategy (from page 20)

Forms of engagement	Outcomes and impact on principal decisions
Meetings and presentations • Workforce Engagement Director's meetings and activities with colleagues (see pages 112 and 113 for further details) • Formal workforce advisory panel (our Ambassador network) activities with colleagues, the Workforce Engagement Director and regular participation by Management Board members at Ambassador meetings • Chairman participation on the Chief Executive's vodcast to discuss regulatory challenges for ITV • Held an internal 'M&E Upload' to communicate our strategy to the wider company, to allow colleagues to ask questions and improve engagement • Board members engaged directly with senior management and colleagues from across the business • Career and development pulse survey **Board and Committee reviews and assessments** • Regular Workforce Engagement Director updates to the Board • Employee engagement included as part of Chief Executive report at every Board meeting • Board receipt of vodcasts from the Chief Executive to colleagues • Board and Management Board receipt of feedback from ITV's staff networks, through regular updates on Social Purpose and Diversity and Inclusion • Board update on the London property, including the impact on ways of working and communications to colleagues • Board attendance at Nominations Committee session on talent and succession planning	• Board discussions benefited from Edward Bonham Carter's direct insight into workforce sentiment and topics that matter most to colleagues • Consideration of feedback to inform, amongst other things, communication with colleagues, development opportunities and action planning by the Management Board and Senior Leadership Team, and localised planning by line managers across the business • Ongoing engagement, feedback and discussion with colleagues regarding their views on the successful delivery of the Diversity Acceleration Plan • Opportunity for Board members to talk to employees openly and transparently about the Remuneration Committee's approach to reward at ITV and gain insight into priorities for colleagues through the Ambassador Q&A and discussion session on remuneration • Celebrated our diverse and inclusive workforce with our ITV Pride Day in June • ITV Fast Forward events with insightful topics and speakers • Staff Roadshows were held with colleagues in Manchester, Leeds and Gateshead. The following departments; News, Marketing and Streaming, Interactive and Data received a showcase on ITV strategy • Board review of feedback and results from the 2022 career and development pulse survey • Investment in people initiatives, including diversity and inclusion training, and ways of working • Investment in mental health and wellbeing support for colleagues • Assurance over ITV's bench strength and succession pipeline and continued progress to broaden diversity across the business and endorsement of our 2023 people priorities • Assessment of bench strength, capabilities and skills within the Technology team led to the Board's endorsement of investment in additional resource to ensure the business had the required skills to deliver the supercharged streaming strategy

Key issues or priorities identified	Read more
• Transparent and honest culture and ethos • Flexible and digital ways of working • Mental health and wellbeing support • Progress on our Diversity Acceleration Plan commitments (from page 51) • Retention and recruitment of talent (a principal risk – see page 84) • Internal cultural change (a principal risk – see page 80)	Risks and Uncertainties (from page 71) Our Climate Action targets (from page 47) Social Purpose strategy (from page 44) Engaging with our Workforce (from page 112)

Engaging with our workforce

The Board ensures effective engagement with the workforce using two of the methods stipulated under the Code: a designated Workforce Engagement Director (Edward Bonham Carter, our Senior Independent Director) and a formal workforce advisory panel (our Ambassador network).

The Board recognises the benefits of personal interaction and informal discussion to both learn more about day-to-day operations and the practical execution of strategy, as well as gather direct insights into workforce sentiment. Colleagues have direct contact with the Chief Executive through her Ask Carolyn email address and the Chairman has regular meetings with Management Board members and Divisional heads, who feed back to him on workforce issues. The Committee Chairs also have individual meetings with employees in relation to the business of their Committee meetings.

For other key instances of the direct and indirect engagement the Board members have had with our colleagues, refer to page 111, and for the cultural insights gained through engagement (including other ways in which the Board has monitored and assessed culture), refer to pages 114 to 117. For a definition of our workforce see page 54.

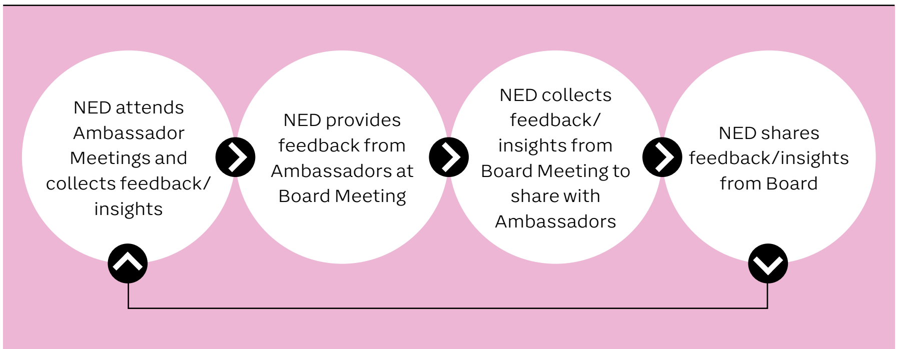
Our Ambassador network

Our Ambassador network represents all parts of the business and was established in 2015 to represent employee interests, share information and help inform our culture by giving our employees a voice.

- Each Ambassador usually represents approximately 50 colleagues from their business area, called their constituency
- There are approximately 100 Ambassador constituencies which are organised into five UK regional groups and c.20 of these Ambassadors represent our international groups
- The Ambassadors meet in their groups four times a year and in 2022 the Ambassadors have been engaged in a range of programmes and topics including:
  - More Than TV strategy and ITVX
  - ITV Together (our new Finance and HR system)
  - Events for colleagues that would attract them back to the office (targeting those who were working from home throughout the pandemic)
  - Career and Development pulse survey
  - 2023 Annual Pay Review

This year has seen high levels of engagement from our Ambassadors with meetings starting online and moving to being primarily in person by Q4 2022. Refer to designated NED in table below and references to NED throughout this section.

Ambassador feedback loop



Q&A

with our designated Workforce Engagement Director, Edward Bonham Carter

What were your activities during 2022?

In total there have been 22 Ambassador meetings (16 UK Ambassador meetings covering London West, London Central, Leeds and Manchester) and eight international Ambassador meetings (representing all ITV territories), of which I attended 19. Attending these meetings allows me to be a key observer, participant and conduit to bring the Plc Board perspective and ensure a clear flow from the workforce to the Boardroom.

How often do you report to the Board on engagement activities?

During 2022, I gave five verbal updates to the Board on activities and presented one formal paper on the insights gained from engagements and on outcomes and proposed recommendations that have arisen. This ensures that Ambassadors have a voice at the Board. These regular updates help to raise the profile of the ITV Ambassador network. I also use my insight to ensure the employee voice is considered during Board and committee decision-making and discussions, and to raise the profile of the issues raised to me by colleagues.

What are the benefits of having this designated role on the Board?

Through active two-way dialogue, attendance at Ambassador meetings has given me the opportunity to share insights into external factors affecting ITV which the Ambassadors then share with their constituents. I'm also able to feed back to the Board on employee topics and issues of interest and/or concern.

Attending both UK and International Ambassador meetings gives me a broader perspective of company culture and priorities for colleagues, including the impact of operational changes, and I am able to give feedback to the Board on cultural alignment across offices and internationally. Also, in hearing feedback first hand regarding management's approach to, and understanding of, employee issues, I can provide the Board with assurance that management are clearly attuned to company morale and workforce issues and that colleagues have effective wellbeing and mental health support.

What were your takeaways from Ambassador meetings during 2022?

This year, attending the Ambassador meetings has been invaluable to my understanding of colleague sentiment. 2022 has again been a year of change for colleagues, with an ongoing focus on digital, organisational and strategic transformation. The Ambassadors heard about the data strategy with a focus on building data confidence at ITV. They were introduced to a new training opportunity which helps colleagues across the business access and understand data by building confidence and unlocking the opportunities which understanding data can bring. The training covered opportunities and blockers to harnessing data across the business/activities to work with, question and clarify data. The idea is that ultimately everyone will feel confident to join in discussions around data and unlocking the value of data in their role/business area. They were invited to participate in the course so they could provide feedback before it was rolled out across marketing.

With regards to the 'More Than TV strategy' and launch of ITVX, the Ambassadors were asked to share feedback from their constituents on how the strategy and ITVX was being perceived in their constituencies. Throughout the year the Ambassadors have been updated on the More Than TV strategy and design and proposed roll-out of ITVX, as this was a key strategic focus for the M&E business.

Working environments have also changed with return to office working, yet part-time remote working is now here to stay. The feedback received from the Ambassadors about the return to the office has helped inform some of the activities that are proposed for making the office engaging and where people feel connected to each other and the ITV brand. Ambassadors were asked to support local social activities through joining a social committee and offer up ideas for getting people together.

Throughout the year, the Ambassadors have been updated on the ITV Together programme (our new Finance and HR system) and given an early view of the engagement plan. They were also invited to volunteer to be ITV Together Reps. They were shown the 'myITV' page which provided a clear and detailed outline of the ITV Together programme and its proposed roll-out, and were asked to encourage their constituents to visit the update videos.

I have had feedback from individual Ambassadors that they have found my participation to be valuable, particularly in relation to having Board representation at meetings and receiving business as well as strategic updates. I enjoy giving updates on the Board's perspective on issues and opportunities facing ITV.

Furthermore, the ever-changing macro-environment and the impact of the cost of living crisis has been a key focus of my discussions with colleagues to date, ensuring that support both financially and emotionally is available to those who need it. The UK Ambassadors were invited to a one-off virtual meeting where the pay offer was shared with them and they were asked to give their reactions to it together with any questions they had. Their engagement and feedback was greatly appreciated. Once the pay offer was shared with colleagues, they were asked to gather and share any feedback, both good and bad. The Ambassadors were given an insight into ITV's approach to the pay review process and the different factors that are considered.

The Ambassadors were given an overview of the Career and Development pulse survey and mandatory training and were asked to encourage their constituents to complete both the survey and the mandatory training. The Ambassadors were updated on the timelines and importance of mandatory training and were asked to work with local managers to ensure full completion in their areas. The results from the pulse survey were shared with the Ambassadors and they gave their initial reactions. HR would like to work with the Ambassadors to collate their ideas and help roll them out to the business.

I have also been able to develop better awareness and understanding of colleague initiatives and policies, for example on Climate Action targets, Speaking Up policy and ITV Fast Forward through receiving presentations from employees.

I also enjoyed sharing the Board's views on key 2022 topics with colleagues and discussing important issues. In 2022, this included sharing the Board's views on the launch of ITVX, the cost of living crisis, changing media and regulatory landscape (subscription streaming market growth, HFSS advertising ban, PSB regulation, changes in viewer habits and the advertising market) and how this has affected ITV.

Attendance at the meetings also highlighted to me the extent and effectiveness of management's communication and engagement with colleagues. Direct engagement has harnessed culture whereby colleagues can be their authentic self at work, feel supported by their managers and are proud to work for ITV.

Have you faced any challenges during the year?

With the worst of the COVID-19 pandemic behind us, I've been able to return-to-face to face meetings with my colleagues both formally and informally which again has facilitated open discussions and eased the challenges that we faced last year.

What are your key areas of focus for engagement in 2023?

I am looking forward to continuing to meet with colleagues in person more regularly. Following changes to the Company's business structure and operating model over the past two years it is as important as ever to gather direct colleague sentiment and build relationships with the workforce. I will also continue to engage with Ambassadors on important topics, such as diversity and inclusion, ESG, and wellbeing and mental health support, which continue to be a focus in 2023.

Have Ambassadors found engagement to be effective?

I have had feedback from individual Ambassadors that they have found my participation to be valuable, particularly in relation to having Board representation at meetings and receiving business as well as strategic updates. I enjoy giving updates on the Board's perspective on issues and opportunities facing ITV. Part of my role is to listen to any and all feedback that Ambassadors or their constituents want to share with me, even if the issues are at a local level.

Values in Action – Understanding and Monitoring our Culture

Continuing to build and promote a culture of openness and integrity, with inclusion and diversity at the heart are critical to our success as well as supporting long-term value for our stakeholders.

The Board recognises that ITV's culture is a key enabler of ITV's digital transformation, and therefore understands the importance of monitoring and fostering it. Aligning our values and purpose with our strategy is critical to our success. Our business model is regularly reviewed by the Board to ensure it continues to deliver our strategy and is aligned with our purpose.

To allow ITV to deliver on our strategic priorities and become a truly digitally-led business, our culture needs to continue evolving, aligning at all stages in our development with our purpose and values. We hold regular leader and manager briefings to provide updates on our strategic priorities and build understanding of our vision and purpose.

> We entertain and connect with millions of people globally, reflecting and shaping culture with brilliant content and creativity.

The Board considers culture formally on an annual basis through ongoing work during the year and is able to satisfy itself that the policies, practices and behaviours within the Group are aligned with ITV's purposes (including its Social Purpose), vision, values and strategy. Through the Board's discussion of relevant topics, as well as the Chief Executive's focus on people and culture in her Board reports, and the methods listed in the table below, culture is considered, whether implicitly or explicitly, at each Board meeting.

We continually look for opportunities to enhance ITV's approach to monitoring culture and as a result of the recommendations from the Internal Audit review in 2021, we have focused on specific areas;

- Formal feedback on new cultural initiatives is being developed
- The plc Board has been provided with frequent reports on identified cultural initiatives and updates in the Engagement Survey Benchmarks as well as an update on the actions in July and September 2022. Additionally, we provided an update on our Smart Working approach in September 2022
- Ongoing engagement with the international offices demonstrates the alignment with the overall ITV culture and values (Engagement Survey, Mandatory training, International Ambassadors and Inclusion activity)
- All freelancers complete our mandatory training module on our code of ethics and conduct, giving them an understanding of the expectations of ITV colleagues as they relate to our ITV values and culture
- Introduction of the anti-bullying, harassment and discrimination app called 'Call It!' across our productions, enabling both freelancers and ITV employees to report incidents of bullying, harassment and discrimination quickly and anonymously

Our ITV values

Our ITV values underpin the culture at ITV and these are embedded through our Code of Conduct:

Creativity
From everyone, for everyone, every day

Collaboration
Working together at pace

Inclusion
Respecting and embracing differences

Integrity & judgement
If something doesn't feel right, speak up

The ITV Way

The ITV Way encapsulates the values that underpin the culture at ITV:

Make it Brilliant
Creativity for everyone

Make it New
Openness to change, with no barriers

Make it Together
Collaborating and embracing differences

Key highlights

89% Completion rate of Code of Ethics and Conduct annual training	**9.26%** Resignation Index
57% of employees through the ITV Rise programme have stayed on at ITV and had a job title change (promotion)	**22** Ambassador meetings during 2022
6x Speaking Up reports reviewed by the Board in 2022	**70%** think ITV is a great company for you to make a contribution to your development
17 colleagues joined from underrepresented groups through the government scheme, Kickstart	**56%** think there are good career opportunities at ITV

The table below sets out the framework of policies and practices which underpin our culture and explains key ways in which the Board and/or Committees monitor culture, and how these contributed to delivering insights into ITV's culture.

Engagement and feedback channels

How the Board monitors culture	Cultural insight gained
Review assessments of the Company's culture through the 2022 pulse survey, measurements of organisational culture benchmarked against peers, and how ITV's values link to its purpose and behaviour.	Understanding strengths (see findings above) and opportunities (see pages 114 to 117) in ITV's culture, and that ITV's values and stated purpose authentically reflect its culture and behaviours.
Outcome	
The Board continue to monitor insights gained from the engagement survey conducted in 2021, through updates from the Chief Executive. Through assessments and updates, the Board received assurance that ITV's culture is aligned to its purpose and values, while recognising the cultural evolution required to deliver strategy as ITV becomes increasingly digital. The Board, through the Audit Committee, gets feedback from external and internal auditors on culture and alignment to purpose and values across the organisation, as observed whilst undertaking audits and engaging with management.	
How the Board monitors culture	**Cultural insight gained**
Interactions with and feedback from Board members through: (i) the Chief Executive (including access to the regular Chief Executive's vodcast and Q&A and her updates on people priorities and communications at every meeting); and (ii) engaging regularly (directly and indirectly) with colleagues through numerous engagement mechanisms (see page 112 to 113 for details regarding the Board's workforce engagement, including the Workforce Engagement Director and Ambassador Network).	A better understanding of day-to-day operations, the practical execution of strategy and the cultural context in which employees work. Further, insight into how colleagues have been supported in the return to office working and following operational changes in the M&E Division. The Chief Executive's vodcast Q&A sessions provide the Board with insight about colleague morale and important topics for colleagues, for example ITV's commitment to diversity and inclusion and hybrid ways of working.
Outcome	
Vodcast viewing figures and feedback are shared with the Chief Executive and used to shape vodcasts and ensure content is what colleagues want to hear.	

Policies and Practices

How the Board monitors culture	Cultural insight gained
Regular Board updates and relevant Committee updates on a broad range of risk and business integrity matters, including fraud, compliance, bribery, corruption and modern slavery, and standard supplier protocols and procedures. This is done through review of internal audit reports, Speaking Up data, compliance questionnaires, compliance reports, risk deep dives, incident reports and policies and training.	A broad understanding of practices and behaviours and how these align with the purpose, values and strategy of the Group, including an understanding of the Group's approach to supply chain partners and the culture of risk ownership in the business.
Outcome	
The Board and its Committees provide appropriate scrutiny and challenge of management and receive assurance over ITV's approaches to managing risk and business integrity matters.	
How the Board monitors culture	**Cultural insight gained**
As part of the Board's culture assessment, review of **ITV's values** as set out in ITV's Code of Ethics and Conduct.	How the Code of Ethics and Conduct promotes the highest standards of ethical business underpinning ITV's values and corporate culture.
Outcome	
The Board was satisfied that ITV's Code of Ethics and Conduct embodies ITV's values and culture and will continue to review this code annually to ensure it remains aligned to ITV's purpose (including its Social Purpose), vision, values and strategy and that there is appropriate compliance across the Group.	
How the Board monitors culture	**Cultural insight gained**
Completion of **mandatory training** modules for colleagues by all Board members on the Code of Ethics and Conduct, cyber security, data protection and privacy and climate action. Subsequent review of the understanding and embedding of the Code of Ethics and Conduct and related policies and standards through this training.	A deeper understanding of how ITV's values and standards are communicated and how colleagues are kept safe and secure and act in a compliant way.
Outcome	
All members of the Board will continue to undertake training on an annual basis, to ensure their understanding of how colleagues are kept safe and secure and act in a compliant way remains current.	

Recruitment and Retention

How the Board monitors culture	Cultural insight gained
Annual review session by the Nominations Committee of **senior management talent and succession planning** (which all Board members were invited to attend to ask questions) and led by our Chief Executive Carolyn McCall.	As well as a review of succession plans, this session also provided the Board with opportunity to understand how we had delivered the 2022 ITV people priorities, with focus on our key people processes as well as how we are managing the people challenges and risks as we lean into our digital transformation and phase two of the More Than TV strategy.

Outcome

The session was led by Carolyn McCall, with a robust conversation on senior level succession planning as well as enabling the Nominations Committee to ask questions and challenge the strength of the succession plans. Additionally the pre-read set out the delivery and our success in executing in 2022 people plan across our key people processes including; selection and hiring of key talent, performance management, learning & development and engagement in the paper also outlined any areas of risk as it relates to our people, and how this is being mitigated.

Safety, Wellbeing and Mental Health

How the Board monitors culture	Cultural insight gained
Review by Audit and Risk Committee of risk management processes and systems in place to drive **health and safety** behaviours in the areas of operational security, business continuity and duty of care. This includes the systems in place for our stakeholders to identify and raise health and safety issues, including duty of care and Speaking Up concerns. A restructuring of the risk function took place in 2022 which was presented to the Board.	Insight into the safety behaviours across all business areas (international and UK), including the culture of ownership of risk.

Outcome

Through regular Board updates from the Chief Executive and from the Audit and Risk Committee, the Board will continue to ensure the right processes and procedures are in place for the safety of our colleagues, suppliers, programme participants and viewers, and that ITV continues to uphold high standards of duty of care.

How the Board monitors culture	Cultural insight gained
Audit and Risk Committee review of ITV's **duty of care** processes and updates from the Duty of Care Operating Board (also reported to the Board), on the processes and standards in place for colleague and other relevant stakeholders wellbeing. Feedback from the Ambassador and Network groups, and Mental Health Advisory Group (external experts) which included guidance and support on ITV's approach to mental health and wellbeing with colleagues, production teams, participants in our programmes and viewers.	How the mental wellbeing processes and support for colleagues and stakeholders continue to enhance ITV's culture where social inclusion is embraced and mental health issues are understood, accepted and safeguarded.

Outcome

The Board, through the Chief Executive and Duty of Care Operating Board continues to regularly monitor colleague wellbeing and mental health and the efficacy of initiatives on culture. In 2022 there was an internal audit on the delivery of the Diversity and Inclusion acceleration plan – which was overall positive and key recommendations are now being operationalised.

Social Purpose, Diversity and Inclusion

How the Board monitors culture	Cultural insight gained
Annual review of ITV's **Social Purpose** strategy, performance and plans.	How ITV's Social Purpose campaigns influence culture internally as well as externally.

Outcome

The Board will continue to monitor key priorities and initiatives in pursuit of ITV's Social Purpose strategy. See pages 44 to 53 for outcomes related to Social Purpose.

How the Board monitors culture	Cultural insight gained
Annual review session of **Diversity and Inclusion**. Regular updates on progress on ITV's Diversity Acceleration Plan and feedback from ITV's inclusion networks. Regular monitoring by Nominations Committee of progress against diversity targets, with diversity on the Board agenda at least annually. Chief Executive attendance at ITV's Cultural Advisory Council, comprising a group of independent external advisers from a range of different industries and specialisms who advise, challenge and counsel ITV on its diversity and inclusion activities.	The impact the Diversity Acceleration Plan is having on colleague sentiment and ITV's reputation as having an inclusive culture, and the latter's appeal to future employees. How ITV's culture is enabling progress to be accelerated through Group-wide diversity initiatives.

Outcome

The Nominations Committee will continue to monitor progress being made to meet diversity targets to ensure recruitment and succession initiatives support ITV's Diversity and Inclusion strategy. See pages 51 and 53 for outcomes related to Diversity and Inclusion.

Speaking Up

How the Board monitors culture	Cultural insight gained
Report detailing new Speaking Up concerns (if any) produced for every Board meeting. Review and monitoring by the Audit and Risk Committee of the effectiveness of the Speaking Up policy, processes and framework annually and Speaking Up reports at least twice a year. Feedback is given to the Board. See page 133 for the Speaking Up framework's implementation in 2022. Review conducted by the internal audit function of the effectiveness of the Speaking Up process	A perspective on the nature of colleague concerns and trends in the behaviours of colleagues generally. Insight into how concerns are handled by ITV and indications of how the alternative routes for raising all risk concerns are being utilised.

Outcome

The Audit and Risk Committee will continue to monitor the effectiveness of the Speaking Up framework, and feed back to the Board on how this has supported the openness of ITV's culture.

Remuneration

How the Board monitors culture	Cultural insight gained
Review by the Remuneration Committee of the wider employee reward framework, including gender and ethnicity pay gaps, CEO pay ratios and alignment of directors' pension contribution to the workforce. Integration of ESG measures into incentive targets. Live Q&A and remuneration discussion for Ambassadors hosted by the Remuneration Committee Chair, which was reported back to the Committee.	Insight into the role that remuneration, and setting performance goals, has on promoting the right behaviours and the extent to which incentives and rewards are aligned with culture.

Outcome

The Remuneration Committee will continue to report to the Board on colleague sentiment in relation to retention and reward initiatives.

Board Evaluation

An evaluation of the Board and its Committees is carried out annually and externally facilitated every three years, with an external review conducted this year.

Board evaluation cycle

Year 1 (2022)

Independent, externally facilitated review of:
- Performance against targets set for 2022
- An external evaluation carried out by the advisory firm No 4
- Areas of focus identified for 2023

Year 2 (2023)

Year 2 (2023) internal review focused on year 1 issues and any new issues arising. The process for internal review is determined on a year-on-year basis.

Year 3 (2024)

Year 2 progress reviewed internally, and any areas of focus identified ahead of the external evaluation in 2025.

In 2022, the Board undertook an externally facilitated evaluation, following the last external review in 2019. The review was conducted by No 4, an independent advisory firm. No 4 has no other connection with the Company or individual directors. No 4 has previously facilitated the Company's Board review in 2019.

No 4 evaluated the performance of ITV's Board and Committees through formal and rigorous review of its composition, diversity and members' contribution, both individually and together, and through the assessment of the Board's effectiveness in meeting its strategic objectives and leading the business. The evaluation found that the Board and its Committees continue to operate to a high standard. The Directors work effectively together and value each other's contributions at Board and Committee meetings. The process, outcomes and follow-up actions are described in more detail below, all of which was agreed with No 4. In 2021, the Board undertook an internally facilitated evaluation using bespoke online questionnaires.

2022 External Evaluation process:
Phase 1 – Selection – No 4 was selected to conduct the evaluation through a process overseen by the Nominations Committee. The General Counsel and Company Secretary proposed a potential external evaluator that was endorsed by the Nominations Committee, and interviewed by the Chair, Senior Independent Director, and General Counsel and Company Secretary. The appointment of No 4 as the external evaluator was approved by the Nominations Committee in July 2022.

Phase 2 – Planning – The Chair and the General Counsel and Company Secretary met with No 4 in advance to agree the objectives and scope of the evaluation. The areas of focus were also agreed.

Phase 3 – Insight – The General Counsel and Company Secretary coordinated the evaluation and provided No 4 with the necessary access and resources, including recent Board and Committee papers, and other relevant information to enable No 4 to undertake a thorough review of the Board and its Committees. No 4 held face-to-face confidential interviews with each Director and the General Counsel and Company Secretary, as well as certain other Management Board members. ITV's remuneration advisers and the external auditor were also interviewed to seek their views on the Board and its Committees effectiveness. No 4 also gathered insight into the Board's dynamics, culture, leadership and individual director contribution through observing Board and Committee meetings in November 2022.

Phase 4 – Findings – The findings of the evaluation were presented to the Board in January 2023, and the Board discussed the points raised by the review and recommendations on follow-up actions. The Board further discussed the evaluation at the Board meeting in February 2023 and reviewed and endorsed the action plan proposed by the General Counsel and Company Secretary.

2022 External evaluation outcomes and actions

Areas of focus identified:	Our key follow up actions:	
An increased focus on and a request to gain deeper insight into the development of strategy and related topics identified in the Board Evaluation.	The Chairman held one-to-one sessions with the Non-executive Directors to establish the degree of alignment and identify any gaps in current strategy/KPIs/narrative. The Chairman fed the findings back to the Management team and then the Board with the recommendations for review. This included the time spent on strategy in Board meetings, specific issues for deeper discussion and how to manage reporting of progress (e.g. in Board packs)	The General Counsel and Company Secretary is responsible for driving the actions forward. She compiled an action plan listing specific actions to address the findings of the evaluation and further enhance the Board's effectiveness. The Board will monitor the implementation of the follow-up actions and No 4 is due to come back to the Board later in 2023 to review progress against the recommendations.
Board composition and succession planning The Board currently has good diversity of both background and thought and effective succession planning is in place. The Board agreed there was a need to consider the future demands on the business and how to ensure that the Board is equipped to support the business and the Management team.	The Chairman will consider the composition of the Board. A detailed review of succession planning for the Management Board and its direct reports to be conducted with the Chief Executive in addition to the scheduled annual session at the November Nominations Committee meeting.	

Progress against 2021 actions

Action	Outcome
To ensure effective succession planning for Executive Directors.	The Nominations Committee has an effective and orderly succession mapping process in place for the Executive Directors. It receives regular updates during the year, and continues to keep this under review.
To provide visibility of potential successors for the Management Board.	Members of the ELT and Board attended a dinner in December and this is now a part of the regular cycle of events with Summer drinks and a dinner planned for 2023. All Board members were invited to the Nominations Committee annual senior management talent/succession planning session held in November. Throughout 2022, members of the ELT ran training and deep dive sessions for the Board on topics identified in the evaluation. These sessions were run by members of the ELT rather than Management Board in order to give the Board greater visibility of senior management.
Continue to offer Board development and training on topics identified in the Board evaluation.	During 2022 the Board were provided with a number of briefings, presentations, deep dives and teach-ins. These included sessions on the production model and process; competitor/digital trends; technology and digital; debt, treasury and financial planning. There were also regular updates on the execution of the phase two of the More Than TV strategy in advance of the launch of ITVX.

Directors' Ongoing Development and Time Commitments

Ongoing training and development

The ongoing development of Board members is crucial to ensure that they remain well-informed of changes to the business environment in which ITV operates (including on legal, regulatory, compliance and governance matters), and effective in providing challenge on a wide range of topics. The Chairman, with the support of the General Counsel and Company Secretary, keeps the training and development needs of Directors under review.

During the year, all Directors were provided with briefings, presentations, deep dives, teach-ins and guest speakers on a range of subjects, including a deep dive on the proposed governance and audit reform proposals. The Directors' development and training programme covered topics identified in the 2021 Board evaluation, as areas on which Directors felt they could benefit from additional training or support. The programme included:

- Receiving foundational information ahead of Board strategy sessions regarding, e.g., the delivery of ITVX, the UK streaming market and competitor overview, and the global market review for the Studios business
- Attending a session on advertising and future commercial strategy presented by LEK and Frontier Economics
- Attending a session on the future media landscape presented by Mathew Horsman from Mediatique
- Joining an investor seminar, providing an overview of the Media & Entertainment business and streaming strategy
- Participating in a UK economy discussion with Goldman Sachs
- Completing the refreshed mandatory training for colleagues (on ITV's Code of Ethics and Conduct, Cyber Security, Data Protection and Privacy, and Climate Action).

Directors are encouraged to ask for any support they need and are reminded that there is always an open line to management on any topic. Non-executive Directors also have access to relevant professional technical briefings from the audit firms, including the Deloitte Academy Director updates. In addition, each Director may obtain independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities.

Tailored induction for new Directors

The General Counsel and Company Secretary assists the Chairman in designing and facilitating an induction programme for new Directors and their ongoing training.

Each newly appointed Director receives a comprehensive induction programme designed to give them a thorough overview and understanding of the business covering the Company's core purpose and values, strategy, key business areas and operations, and corporate governance structure. This is tailored to take into account a Director's previous experience and their responsibilities. Directors are also briefed on their roles and responsibilities as directors of a listed company. For Non-executive Directors, specific Committee responsibilities relevant to their Committee memberships are covered, to enable them to function effectively as quickly as possible.

During 2022, there were two new appointments to the Board, Andrew Cosslett as the Chairman of the Board and Gidon Katz as a Non-executive Director. For both Directors the induction programme included the following elements:

- one-to-one meetings with both Executive and each of the Non-executive Directors;
- briefing from the Chief Executive on the Group's strategy, and from the Chief Executive and Group CFO and COO on operational matters;
- briefing from the Group CFO and COO on financial matters;
- briefings from the General Counsel and Company Secretary and the Director of Investor Relations on legal and governance matters and shareholder relationships, which were followed up by sessions with the Group's brokers and external advisers;
- briefings from senior executives and managers across our key business areas and operations, including Studios, Media & Entertainment, Commercial, Policy and Regulatory Affairs, Investor Relations, Diversity and Inclusion, Social Purpose, Reward and Remuneration, Communications and Technology; and
- access to a library of reference materials, including key information on our governance framework, recent financial data and the policies supporting our business practices, including our share dealing policies, conflicts of interest procedure and gifts and hospitality policy.

In addition, Andrew and Gidon's inductions covered deep dives relevant to their new roles at ITV, their background and experience.

For Andrew as Chair Designate this was a wide ranging induction to ensure that he was well informed when he took over as Chairman in September. This included deep dives into each part of the business including strategy, a detailed review of the strategic decisions around the launch of ITVX, a detailed analysis of the Budget and five year plan. He also had meetings with the regulator, government and key investors.

For Gidon this included a detailed session on the ITVX programme (given his streaming and distribution experience), and increased focus on listed company governance and regulation (as he was assuming his first role as director of a listed company).

Both Directors also requested and received additional follow-up sessions on areas where they wanted to further their knowledge, or felt they could support management with their experience.

Time commitments

The Directors have demonstrated a strong commitment to their roles on our Board and Committees with full attendance at Board and Committee meetings in 2022, see page 103. The Directors have all given careful consideration to their external time commitments to ensure that they are able to devote an appropriate amount of time to their roles at ITV. For each Director, the Board considers that the external time commitments that he or she is required to devote do not compromise their commitment to their roles (on the ITV Board, Committees and otherwise). The Nominations Committee reviews, on an ongoing basis, Directors' time commitments against the recommended guidance from investor bodies and ITV's top shareholders, to anticipate any perception of 'overboarding' at the forthcoming AGM. The Committee was able to confirm that it was fully satisfied with the amount of time each Director devoted to the business.

During 2022, the Board considered changes in the time commitments of the Directors mentioned hereafter in particular.

The Board considered Carolyn McCall's appointments as a Non-Executive Director of Bridgepoint Group plc and as a Board member at Burberry Group plc. The Board noted that Carolyn stepped down from her role at Burberry on 2 April 2022. The Board therefore noted that it was never the intention for Carolyn to serve on two listed company boards and were satisfied that Carolyn's appointments would not compromise her ability to fulfil her commitments and discharge her responsibilities to ITV.

During the year the Board considered and approved some changes to Sharmila Nebhrajani's portfolio. In May 2022, Sharmila Nebhrajani took on the role of Chair of the Remuneration Committee at ITV. In January 2023 she also took on the role of Chair of the Remuneration Committee at Severn Trent plc. She has given careful consideration to her external time commitments across these and her other roles, taking into account that she stepped down from her role on the NS&I Advisory Board in June 2022 and considers that she is able to continue to devote appropriate time to her role at ITV. The Board is satisfied that Sharmila's ability to fulfil her responsibility and commitment is not compromised.

In December 2022, Edward Bonham Carter stepped down from his role at Jupiter Asset Management.

Nominations Committee Report

Andrew Cosslett CBE
Chair

In this report

The purpose of this report is to highlight the role that the Nominations Committee plays in ensuring that the Board has the appropriate balance of skills, experience, knowledge and background to provide the breadth, depth, diversity of thinking and perspective needed to effectively deliver long-term sustainable success.

Who is on the Committee

The Committee is composed entirely of Non-executive Directors (NEDs)

The current members are:
- Andrew Cosslett (Chair)
- Salman Amin
- Edward Bonham Carter
- Mary Harris

Full details of attendance at Committee meetings can be found on the table on page 103

Detailed biographies can be found on pages 98 and 99

Our role

Following each meeting, the Committee communicates its main discussion points and findings to the Board.

The Committee's terms of reference can be accessed on our website.

www.itvplc.com/investors/governance

The main role of the Committee is to:
- Regularly review Board composition and the balance of skills, knowledge, experience and diversity
- Determine when appointments and retirements are appropriate, and lead on any Director searches
- Give full consideration to succession planning and oversee the development of a diverse pipeline for succession, at Board and senior management levels
- Set measurable objectives on Board diversity and monitor progress on these objectives, as well as review Company-wide targets

Meetings in 2022

In addition to Committee members, the Chief People Officer and General Counsel and Company Secretary regularly attended meetings of the Committee.

January
- Plc Board Chairman search
- Identification of need for a content NED with streaming/ distribution experience
- Review of Board Diversity Policy
- Internal annual evaluation outcomes and actions
- Director time commitments and 'overboarding' considerations
- Re-election of Directors at the AGM
- Chairman and executive succession planning
- Review of draft Nominations Committee Report in Annual Report
- Proposed 2022 committee schedule

April
- Board composition and succession planning
- Recruitment of content NED with streaming/distribution experience
- Annual review of register of interests

July
- Indicative timeline and process for external board evaluation
- Annual review of terms of reference
- Company diversity progress update

November
- all members of the Board were invited to attend the meeting
- People strategy review (including review of executive succession plans)
- Company diversity progress update

The Committee also held a number of ad hoc meetings in relation to the Chair and Non-executive Director searches including discussions on candidate specifications, longlists and approval of shortlists, and discussions on the candidates following the interview.

Annual review

An annual review of the performance of the Committee is conducted each year.

In 2022, an externally facilitated Board evaluation was undertaken, which included a review of the Committee. The results are summarised on page 119.

Overall, the evaluation concluded that the Committee is working effectively and responding appropriately to its terms of reference.

As part of the Committee's succession planning agenda, the key priorities identified for 2023 were to continue its focus on Executive and Non-executive succession planning, as well as senior management talent retention and succession.

Board composition and succession planning

Composition

During the year, the Committee undertook an analytical review of Board composition, assessing the range and balance of skills, experience, diversity, knowledge and independence to identify any gaps and inform the Non-executive Director searches. A breakdown of the Board's skills, experience and certain diversity measures are set out on page 103. The review concluded that although the representation of Board diversity was strong and the Directors as a whole had the right skills, knowledge and experience to enable ITV to execute its strategy the upcoming launch of ITVX meant there was a requirement for specialised streaming and distribution experience. This resulted in the appointment of Gidon Katz as detailed below.

With the departure of Peter Bazalgette in 2022, the Committee was aware that the Board would now benefit from more creative industry skills and experience, and this would be a requisite for the next Non-executive Director appointment.

Non-executive Director succession planning

Following the successful conclusion of the search for a new Chair, the Committee also reviewed succession planning for each of the Senior Independent Director, Committee Chair and Workforce Engagement Director roles, and identified whether there are appropriate internal candidates, or an external search may be needed, both for emergency and longer-term succession.

Executive Director and Management Board succession planning

During the year, the Chief Executive and Chief People Officer reported on the succession planning measures in place for the Management Board (including the Executive Directors), as well as the direct reports to Management Board members. This included Management Board and Executive Leadership Team bench strength analysis for each role identifying short and medium-term successors and the diversity of the pipeline. The Committee was satisfied that the Company has effective executive succession planning processes in place, including appropriate development plans for key individuals, and was able to understand the areas where external candidates may need to be considered. The Committee also had a session on improving the strength, depth and diversity of our talent. All of the Board members were invited to attend the Committee meeting on this topic.

Board searches

During the year, the Committee oversaw the appointment of a new Company Chairman and commenced and concluded the appointment of a new Non-executive Director, Gidon Katz.

Chair search

In 2022 the incumbent Chairman, Peter Bazalgette, reached the end of a nine year tenure. With this in mind, in 2020 the Committee had begun its initial evaluations regarding the search for a new Chairman of the Board and appointed Spencer Stuart to commence the search.

As the Chair of the Board is also the Chair of the Nominations Committee, a separate Chairman Succession Committee was established led by the Senior Independent Director and comprised the Nominations Committee members (other than the Committee Chair) plus the Audit and Risk Committee Chair. The incumbent Chairman did not participate in the process.

The Chair Succession Committee worked with Spencer Stuart to refine the role description, and specified that the long list (and short list) must include candidates of diverse backgrounds, gender and race. Spencer Stuart then undertook a comprehensive search for prospective candidates who met the profile. Other than the provision of search services, Spencer Stuart does not have any other connection with the Company or any individual director, and has previously supported the recruitment of both Executive and Non-executive Directors to the Board. Given the importance of the appointment, the search process was thorough and detailed, with all Board members being consulted as part of the shortlisting process. The search concluded in March 2022 and we announced that Andrew Cosslett would be appointed as Chair Designate from June 2022, before being appointed as Chairman from 29 September 2022 following an orderly transition from the incumbent, Peter Bazalgette.

Non-executive Director search

During the year the Committee also oversaw the search process for a new Non-executive Director with streaming and distribution experience.

The Committee approved the appointment of Egon Zehnder for the search. Other than the provision of search services, Egon Zehnder doesn't have any other connection with the Company or any individual director, and has previously supported the recruitment of Non-executive Directors to the Board.

The specification for the candidate set out the agreed key skills and character profile being sought to fit with the current balance, membership and dynamics of the Board and was discussed with the Committee. As in prior years, the Committee focused on diversity as part of the selection criteria, selecting the highest calibre candidates for appointment to the Board, based on merit and objective criteria.

A shortlist of candidates were interviewed by all the members of the Nominations Committee (led by the Chair), the Chief Executive and Group CFO and COO. Following this, the Committee recommended the appointment of Gidon Katz which the Board subsequently approved.

Both the new Chairman and Non-executive Director undertook comprehensive induction programmes. See page 120 for further information.

The Committee is satisfied that these appointments further strengthen the mix of expertise on the Board. Andrew Cosslett is an experienced chairman with a wealth of consumer facing experience and a strong track record in strategic business transformation. Gidon Katz brings streaming strategy and technology experience to the Board which has been particularly important for supporting management with the accelerated digital transformation and launch of ITVX.

Board diversity policy

Our objective to drive the benefits of a diverse senior management team and wider workforce is underpinned by our Board Diversity Policy.

Our belief is that diversity at all levels is incredibly important as it allows the organisation to harness the benefit of differences in skills, experience, culture, personality, background and work-style. We are proud of our commitment to driving further diversity on a Group-wide basis. Please refer to pages 51 and 53 for further information on our Group-wide diversity plan and targets.

Set out below are the objectives of our Board Diversity Policy and our assessment of performance against them. These objectives ensure that both appointments and succession planning support developing a diverse pipeline.

Board diversity

41.67%
female Board representation

In line with Parker Review and Hampton Alexander Review recommendations

16.7%
People of Colour Board representation

Ensure ITV has a development pipeline of high calibre senior executive candidates and encourage senior executives to obtain external board experience

The ongoing development of senior leaders, to ensure we retain the best talent to broaden their skill sets and experience to prepare them for future senior roles, is important to us. ITV runs a high potential leadership programme, building a pipeline of diverse talent for senior level roles. The Rise Programme launched in 2020 continues to promote People of Colour talent progression at the manager level by providing People of Colour colleagues greater visibility with senior leaders through networking and sponsorship, alongside career coaching. The programme also works with managers and Senior Leadership Team advocates to build race confidence and accelerate an inclusive culture change at ITV.

Bespoke development initiatives are in place for senior executives who have been identified as potential successors, based on particular development needs. These include:

- External executive coaching, with clear coaching objectives (including 360 degrees feedback where relevant)
- Psychometric testing, such as the Hogan Leadership series that identifies leadership strengths, derailers and values
- Mentoring by a Non-executive Director
- Business School executive education programmes
- Non-executive Director and trustee appointments where there is a suitable match and development support for those interested in these opportunities

Maintain at least 30% female Directors on the Board over the short to medium term

As at 31 December 2022, the Board had 41.67% female representation, including one Executive Director and two Committee Chairs; we have therefore exceeded both the target of 30% as well as the Hampton-Alexander target of 33% female representation. Whilst the Board recognises that an effective Board with broad strategic perspective requires diversity, ultimately the Board appoints candidates based on merit and assesses potential Directors against measurable, objective criteria.

The Board notes the listing rule requirement on Diversity and Inclusion that will come into effect shortly setting a new obligation for 40% female representation on Boards. The Board notes that the resignation of Mary Harris in June 2023 means that the female representation on the ITV Board will fall below this target. This will be a primary consideration when appointing the next Non-executive Director appointment.

Our principles for Board diversity also apply to our Management Board and senior management below this level. We are therefore pleased to be ranked fifth in the Hampton-Alexander 2023 review for female representation on the Combined Executive Committee and Direct Reports, with female representation of 52.3%.

Maintain at least 10% Directors who are People of Colour on the Board over the short to medium term

As at 31 December 2022, the Board had 16.7% representation of People of Colour with two Directors representations on the Board. We therefore also comply with the recommendation of the Parker Review to have at least one director of colour on the Board by 2022.

Use search firms who have signed up to the Voluntary Code of Conduct on gender diversity

The Board supports the provisions of the Voluntary Code of Conduct for Executive Search Firms which addresses gender diversity on corporate boards and best practice for related search processes. Both executive search agencies used in 2021 and 2022 for our Chair search and in 2022 for our search for a Non-executive Director are signatories to the Code.

Ensure the Non-executive Director search pool is sufficiently wide and covers candidates who are People of Colour and candidates with a wide range of expertise, skills and backgrounds, and that shortlists include at least 50% female candidates

When conducting a Non-executive Director search, the Committee works closely with the executive search agency to compile a long and shortlist of candidates made up of at least 50% female candidates as well as candidates from various backgrounds and industries, including People of Colour. Candidates were identified and interviewed and their skills and qualities were assessed against measurable, objective criteria.

A copy of the Board Diversity policy can be found on our website

www.itvplc.com/investors/governance/directors

Andrew Cosslett CBE
Chair
2 March 2023

Audit and Risk Committee Report

Margaret Ewing
Chair

Who is on the Committee

Composition

The current members of the Committee are:

- Margaret Ewing (Chair)
- Edward Bonham Carter
- Graham Cooke
- Mary Harris
- Anna Manz

Full details of attendance at Committee meetings can be found on the table on page 103.

Detailed biographies can be found on pages 98 and 99.

The Committee is composed entirely of independent Non-executive Directors and the membership remained consistent during the year.

The Committee members have, between them, a wide range of relevant sector and financial experience, enabling the Committee to fulfil its terms of reference. This includes providing independent and robust challenge to management and our internal and external auditors, to ensure there are effective and high-quality controls in place and appropriate judgements are taken. For the purposes of the Code, the Board considers that Margaret Ewing and Anna Manz have recent and relevant financial experience.

Dear Shareholder

On behalf of the Board, I am pleased to present the 2022 Audit and Risk Committee Report. This report is intended to provide shareholders with an insight into key areas considered by the Audit and Risk Committee (the Committee), together with how the Committee has discharged its responsibilities and provided assurance on the integrity of the 2022 Annual Report and Financial Statements (2022 Annual Report). This has included ensuring the 2022 Annual Report is aligned with the latest requirements and guidance from regulators, that it is fair, balanced and understandable and that all matters disclosed and reported upon meet the rapidly evolving needs of our stakeholders. In addition, the Committee has focused on its fundamental priorities, which include ensuring the quality and effectiveness of the external and internal audit processes and monitoring the management of the principal risks of the business. The Committee's report sets out the key areas of focus during 2022 (since our 2021 report) and to the date of this report.

As the Group has focused during 2022 on accelerating its programme of digital modernisation, developing and launching ITVX and progressing the various transformation programmes, including ITV Together, ITV colleagues have risen to the challenge and delivered positively. In this environment, the Committee has increased its focus on risk management, internal controls and the restructuring, financial and accounting implications of the strategy implementation.

As the Group and the Committee returned throughout 2022 to a hybrid working model, I have maintained regular dialogue with other members of the Committee, the Group CFO & COO, and other members of management, including meeting with 'agenda topic owners' prior to Committee meetings, ensuring the Committee would be provided with the necessary information to enable it to guide, challenge and advise and, when required, make informed decisions. I also met privately throughout the year with the lead partner of our external auditor, PwC, and lead partner at EY, ITV's provider of outsourced internal audit, as part of my ongoing review of their effectiveness. I also met with ITV's legal advisers in respect of ongoing litigation and other legal matters.

In 2021, the external auditor, PwC, and internal auditor, Deloitte, drew Management and the Committee's attention to a considerable number of internal control weaknesses, particularly in respect of IT general controls (ITGC). Management's response was to put in place a detailed programme of remediation and enhancement to address the weaknesses highlighted by the auditors. A key area of focus in 2022 has been the monitoring of the execution of the remediation programme. Supported by the findings from PwC audit reviews during 2022, the Committee recognises that Management has continued to take positive action to remediate and strengthen the Group's internal controls and good progress has been made in this area.

The Committee has spent considerable time reviewing and scrutinising the Group's financial results, requesting additional items on its meeting agendas to ensure it had clear oversight of the evolving impact of the Group's strategy on the business and its financial affairs plus emerging risks. This included monitoring progress in respect of the development and implementation of ITVX and its financial implications for 2022. PwC provided management with robust and valuable challenge to the development of new accounting policies in respect of the treatment of relevant costs and revenue related to ITVX. In addition, as an example of the Committee's responsiveness to new or emerging risks, the Committee requested, supported by the Board, Internal Audit reviews at various stages in the development of the ITVX platform. Details of the significant financial reporting issues we considered can be found on pages 128 and 129.

Other key activities during the year included continuing the review and contributing to the enhanced frameworks for fraud risk and Enterprise Risk Management (ERM), monitoring the progress of 'ITV Together' (the HR and Finance transformation programme) and TCFD compliance and reporting enhancements. Deep dive risk sessions were held relating to cyber, data governance and privacy, and fraud (see page 131). A number of the Committee's priorities for 2023 follow on from the Committee's key activities in 2022 and are set out below.

Information regarding the Board's stakeholder engagement is set out on pages 105 to 111, which also indicates where the Committee took account of the views of the Company's key stakeholders and considered their interests in its discussions and decision-making. Following the issue by BEIS in May of its response to the White Paper consultation on restoring trust in audit and corporate governance, the Committee has been regularly informed of developments and announcements from BEIS[1] and the FRC and briefings from various relevant stakeholder groups, including audit and law firms, on the intended timetable and consequences of BEIS's response. We received briefings from Management on the plans for implementation of relevant aspects of the proposals. Whilst we believe the business is making good progress in strengthening its internal controls environment and has robust plans in place that will put the Company in a strong position to comply with each of the potential requirements, it was agreed that this continues to be a key area of focus and will be closely monitored by the Committee through 2023.

1 Now the Department for Business and Trade

In October, ITV received a letter from the FRC's Corporate Reporting Review Team regarding the FRC's review (acknowledging its inherent limitations in scope of review) of ITV's 2021 Annual Report, seeking information in respect of two specific aspects of the financial statements, plus a number of observations. The Committee and management welcomed the FRC's drive for continuous improvement in the quality of financial reporting and responded by providing the FRC with clarification and indicating enhancements to disclosures (that have been reflected in the 2022 Annual Report) where appropriate. The FRC subsequently acknowledged that it had concluded its consideration of the 2021 Annual Report.

The quality of ITV's corporate and financial reporting was further acknowledged by the FRC in November, when extracts from our 2021 Annual Report were included in the FRC's 2022 'What Makes a Good Annual Report and Accounts' publication as examples of better disclosures and practice.

Finally, we were delighted to receive the 2022 PwC Building Public Trust award for Reporting in the FTSE 350. This is an award that celebrates organisations who lead the way in open, authentic and accessible reporting. ITV was also highly commended for the 2022 Corporate Governance Reporting award. These awards are not only judged by a panel of subject matter experts but also consider opinions sought from members of the general public to understand what they want businesses to communicate in order to build and retain trust. We strive to ensure we maintain clear and coherent reporting that provides a clear link from purpose to strategy to operations, and were delighted to be recognised in this way.

These acknowledgements of the robustness of ITV's corporate and financial reporting by the FRC and PwC are a clear recognition of the quality of ITV's finance resource, processes, approach and transparency in its communications with the external and internal auditors and the Committee. I personally want to thank all ITV personnel involved in the Group's corporate and financial reporting for their immense effort, fortitude and loyalty during 2022 – a year that has delivered very significant change and improvement within ITV in a very short time frame.

I hope that you find this report informative and can continue to take assurance from the work undertaken by the Committee this year. We seek to respond to stakeholders' expectations in our reporting and, as always, welcome any feedback from shareholders or other stakeholders.

Margaret Ewing
Chair, Audit and Risk Committee
2 March 2023

2022 Key Matters

Matters considered at the meetings are set out on the pages that follow.

Meetings in 2022

The Committee held six meetings during the year.

In addition to Committee members, the Chairman of the Board, Group CFO and COO, Director of Finance, Group Finance Controller, General Counsel and Company Secretary, Director of Tax and Treasury, Head of Enterprise Risk Management, Head of Internal Audit (EY) and External Audit lead partner (PwC) regularly attend meetings. There were regular sessions during the year when the Committee met the External Audit lead partner and, separately, the Head of Internal Audit without executives present.

Our role

The Committee's terms of reference, reviewed annually and last updated in September 2022, can be accessed on our website.

The Committee's principal responsibility is to oversee and provide assurance to the Board on the integrity and quality of financial reporting, effectiveness of audit arrangements and robustness and effective operation of internal controls, compliance and risk management processes. The Committee meeting agendas are tailored to ensure emerging topics are included and to allow for ad-hoc discussion and reviews. A summary of the Committee's activities during 2022 (from the date of our 2021 report) and until the date of this report is detailed on the following pages.

Annual Review

An annual review of the performance of the Board is conducted every year. In 2022, an externally facilitated evaluation was undertaken which included a review of the Committee.

The results are summarised on page 119. Overall, the evaluation concluded that the Committee continues to work effectively and is responding appropriately to its terms of reference.

Although the evaluation did not identify any concerns, the Committee has agreed that the areas it will focus on in 2023 will include readiness for compliance with the BEIS[1] (and FRC) reforms to corporate governance (in particular internal controls, fraud and risk management improvements); processes, controls and assurance regarding TCFD and other ESG related disclosures, metrics and reporting; and the implementation of ITV Together (the finance and HR transformation programme).

Financial reporting

Our role	Reviewed
• Monitor the integrity of published financial information and review and challenge significant financial reporting issues, estimates and judgements • Review the appropriateness of accounting policies and practices • Provide advice to the Board on whether the Annual Report and Accounts are fair, balanced and understandable and the appropriateness of the going concern statement and the longer-term viability statement • Provide advice to the Remuneration Committee on financial reporting matters and related judgements as they affect executive remuneration performance objectives	• Quarterly, interim and full year results statements, prior to recommendation to Board for approval, together with supporting reports from the Group CFO and COO highlighting all key judgements and estimates • External auditor reports, including progress updates, to the Committee regarding interim review and full year audit • Final draft 2022 Annual Report, prior to recommendation to Board for approval, including review of Principal and Emerging Risks disclosure and assessment that the Annual Report is fair, balanced and understandable • Assessment of appropriateness of going concern and viability statements, including management reports on all key judgements, scenario assumptions, supporting analysis/evidence, reporting and disclosures • Litigation updates, including status reports in respect of Box Clever, the Voice of Holland and CMA matters • Accounting judgements in respect of the acquisition of Plimsoll Productions and the development and implementation of ITVX • Reports on potential acquisition and earnout liabilities and performance against acquisition business case criteria • Pension matters, including pension deficit and update on projects • Regular tax updates and recommendation of updated tax strategy to Board for approval having ensured that the Group's relationship with tax authorities, particularly HMRC in the UK, is collaborative, open and transparent and aligns to the tax strategy • Treasury policies, updates and funding strategy • Exceptional items policy and assessment of appropriateness of identification and classification of exceptional items • Share plan anticipated performance outcomes for FY22 • Developments in financial and corporate reporting, including the BEIS white paper on audit and corporate governance reform • Finance team structure and resourcing, including strategy and implementation plans for finance transformation as part of the ITV Together programme

Significant audit risks and accounting judgements

In planning its agenda and reviewing the audit plans of the internal and external auditors, the Committee has considered significant operational and financial issues and risks which may have had an impact on the Company's financial statements, internal controls and/or the delivery and execution of the Company's strategy (including changes in the nature and significance of some of the Group's Principal Risks).

The Committee focused on assessing whether management had made appropriate judgements and estimates in preparing the Company's financial statements, particularly with regard to the significant issues listed below. These issues were subject to robust challenge and debate between management, the external auditor and the Committee. The Committee also reviewed detailed external auditor reports outlining work performed and any issues identified in respect of key judgements and estimates – see the Independent Auditor's Report on pages 166 to 171. The Committee concluded there was no significant disagreement or unresolved issue that required referral to the Board.

Accounting for ITVX

Issue	Action taken by the Committee	Outcome/future actions
In the lead up to the launch of ITVX in late 2022, management undertook a review of accounting matters relevant to the Streaming business. This included reviewing accounting policies for revenue recognition, programme rights and capitalisation of development expenditure.	The Committee reviewed management's report on the various accounting matters. The judgements taken in arriving at the accounting policies and the methodologies for allocating cost were discussed with management and the external auditor and considered appropriate.	The Committee considered that a robust process had been undertaken to identify the relevant accounting issues resulting from the launch of ITVX and agreed with management's updated accounting policies, judgements and methodologies for allocating cost.

Risk of fraud (particularly in revenue recognition)

Issue	Action taken by the Committee	Outcome/future actions
The nature of ITV's business, including advertising and production, means that there are potential risks of revenue recognition and other fraud, including collusion with advertisers, facilitation payments, fraudulent payments to suppliers or employees and manipulating profits or hiding fraud by use of accounting journals.	The Committee reviewed management's report on ITV's fraud prevention framework and the key controls in place at the Business Service Centre (BSC) and in its international businesses designed to prevent and detect fraud, as well as actions during 2022 and future plans for enhancement of the relevant controls. Following the Committee's challenge of management in 2021 on the robustness of the controls and whether there was sufficient focus on high-risk and material areas, such as supplier related fraud, Deloitte were engaged during 2022 to perform an initial Fraud Risk Assessment across ITV's high-risk areas – Commercial, Finance and Studios. Workshops were undertaken to understand and measure the key fraud risks within each business area. These were captured into a formal fraud risk register, including mapping the top ten risks to mitigating controls where present. Any fraud risks that were identified pertaining to the Finance area have been incorporated into the Finance Fraud Prevention Framework. The Committee discussed the steps taken to better understand the broader risk landscape, ensuring that as a business ITV assessed both financial and non-financial fraud risk. In addition, the Committee reviewed PwC's audit procedures, including the results of their data auditing techniques for advertising revenue and journals as well as their conclusions relating to fraud risk in revenue recognition, with a particular focus on ensuring appropriate cut-off of revenue transactions close to the year end.	The Committee agreed with management's assessment that the overall control framework remained effective and, with a focus on high-risk and material areas, additional controls introduced had mitigated risk. The Committee concluded that the Group's revenue recognition processes included a robust control framework to effectively mitigate the risk of material fraud and was satisfied with the work undertaken by PwC in also reaching this conclusion. The Committee supported management's 2023 plans to continue developing the fraud prevention framework.

Exceptional items including Alternative Performance Measures

Issue	Action taken by the Committee	Outcome/future actions
During 2022, management proposed a number of matters to consider classifying as exceptional items. (See note 2.2 to the financial statements for a summary of exceptional items in 2022.) (See an explanation of the exceptional items policy on page 57.)	The Committee continued its increased scrutiny of the application of the Group's policy on exceptional items, spending considerable time reviewing and challenging management's proposed classification. The Committee scrutinised in particular those exceptional items that recur over a number of years such as restructuring, transformation and property costs and considered the views of the external auditor.	Following management's response to the Committee's challenges, the Committee was able to conclude that management's approach to exceptional items was appropriate and consistent with the approach taken in the prior year when the application of the Group's policy was strengthened. The Committee also recognised that management had continued to challenge itself and exercise discipline on the categorisation of costs as exceptional items, ensuring that the policy had been applied in a consistent and disciplined way and the amounts were clearly disclosed in the Annual Report. The Committee noted that it would continue to review the exceptional items policy and definitions regularly, considering evolving regulatory scrutiny.

Review of legal cases

Issue	Action taken by the Committee	Outcome/future actions
ITV is subject to ongoing legal disputes where the outcome is not certain, including the quantum of liability in respect of the Box Clever pension scheme deficit and the UK Competitions and Markets Authority ('CMA') investigation that commenced in July 2022.	Throughout 2022, the Committee reviewed updates on the Box Clever case and potential liability from the General Counsel and Company Secretary and Group CFO & COO. In addition, the Committee Chair met with the external legal advisers and actuaries supporting ITV to understand their perspectives on the dispute. The Committee considered the response of and management's interactions with the Pensions Regulator, views of external actuarial and legal advisers and the level of provision for the case, noting that it would be important to make full disclosure of the high level of uncertainty of the final outcome and the legal process, which could continue for a number of years. The Committee also received regular updates on the CMA investigation from management and considered the contingent liability disclosure proposed by management for the year end. The Committee noted and agreed with management's conclusion that it is not possible to reliably quantify any liability that might result from the investigation.	Following considerable discussion and input from the external auditor, the Committee agreed that the best estimate provision and disclosure had been made in respect of Box Clever, supported by the advice of the Company's actuarial and legal advisers, and based on the IAS 19 valuation as well as the latest available information regarding the pension scheme (received by the Company during 2021), and most likely outcomes. See note 3.7 to the financial statements. The Committee also agreed that the contingent liability disclosure proposed by management in relation to the CMA investigation was appropriate and that due to the early stage of the investigation, it was not possible to reliably quantify any liability that might result from the investigation. The Committee also considered other ongoing legal matters including Voice of Holland. It considered management's position and related disclosures and agreed that it would continue to receive updates on a regular basis.

Other significant issues

Acquisitions

Issue	Action taken by the Committee	Outcome/future actions
The Group acquired majority stakes in Plimsoll Productions in the UK and Lingo Pictures in Australia during the year. These acquisitions were structured with put and call options over the remaining minority shareholdings.	The Committee reviewed management's report on the acquisitions including assessment of control, accounting for non-controlling interests and put and call options. The Committee also reviewed management's summary of the provisional purchase price allocation and resulting goodwill for Plimsoll Productions and noted the external auditor's conclusions, including understanding the nature of their audit of the accounting for acquisitions.	The Committee agreed with management's assessment of control and considered the provisional purchase price allocation and related accounting to be appropriate.

Pensions risk management

Issue	Action taken by the Committee	Outcome/future actions
Managing the impact of economic turbulence in the year on the investment strategy of the ITV Pension Scheme and the valuation of pension assets and liabilities	In December the Committee received a briefing from management on the impact of the UK economic events on the status of the pension net deficit, in particular its levels of liquidity and tolerance to increases in UK Government Bond yields. The Committee was assured that the ITV pensions schemes are exposed to a very low level of risk (compared to the vast majority of pension schemes), however, supported management working with the Pension Trustees to ensure strong risk management and maintaining the risk exposure in balance are seen as fundamental objectives.	The Committee noted the updates and were happy that the actions taken meant that the risks identified continued to be managed and maintained as previously agreed with the Committee. The new investment risk had been successfully managed and further actions to mitigate it identified and implemented.

Treasury and financial risk management

Issue	Action taken by the Committee	Outcome/future actions
Managing the impact on financial risk management of volatility in the market place due to economic and geo-political uncertainty.	The Committee considered updates from management on the impact of the changing economic environment. This included a review of the Group's treasury policies with a particular focus on a strategy for the management of foreign exchange risk; a review of the debt refinancing requirements to mitigate foreign exchange risk; a review of hedging arrangements to manage market volatility; and a review of counterparty limits to manage cash exposure across the banking group.	The Committee considered, supported and approved management's proposed policy changes and the actions taken to mitigate future financial risk.

IR35

Issue	Action taken by the Committee	Outcome/future actions
From April 2021 the responsibility for undertaking IR35 employment status assessments, and where necessary withholding PAYE and paying NICs, passed to the employer, rather than remaining with individuals and their personal service companies. ITV has been in continuous discussion with HMRC on this matter throughout 2022.	The Committee considered updates from management on developments in the application of IR35 and HMRC's position as regards the tax status and treatment of 'front of camera' presenters who were not employees. The Committee reviewed the status of discussions with HMRC at the half year and supported the provision of £37 million to cover historical liabilities. During the latter part of 2022, including during the year end process, the Committee considered further updates demonstrating the hardening of HMRC's position, following the outcome of certain non-ITV related tribunal cases, since the half year. Given the developments, management proposed a significant increase in the provision for these liabilities by £20 million to £57 million, of which £9 million related to 2022 and £11 million related to prior years. Management proposed to classify those amounts related to prior years as exceptional costs given their materiality and nature.	The Committee considered and supported management's proposed increased provision and proposed accounting treatment, taking into account the external auditor's views. The Committee noted that the outcome of ITV's negotiations with HMRC and the implications for the relevant 'front of camera' individuals and the Company would be kept under review.

Going concern and viability assessments

Issue	Action taken by the Committee	Outcome/future actions
In light of the continuing uncertainty in the economic environment, the Committee felt it was important to again apply enhanced scrutiny to management's assumptions, stress testing and scenario analyses supporting the going concern and viability statements as well as seeking impartial external views on ITV's viability.	The Committee reviewed and challenged management's process and assessment of going concern, longer-term prospects and viability by considering forecast cash flows, base case and downside scenario analysis, the results of further testing of those scenarios, and other principal risks, including continuing uncertainty in the economic recovery. In reaching its view, the Committee also considered: (i) analyst and other expert commentary to understand the wider market views on the Group's future financial performance and viability; (ii) Board approved financial forecasts; (iii) the Group's financing facilities including covenant tests and future funding plans; and (iv) the external auditor's findings and conclusions on this matter. Accepting management's responses to the challenge, the Committee agreed that the three year period selected for the viability outlook was the appropriate time period. The Committee also considered the adequacy and accuracy of the disclosures in the 2022 Annual Report in respect of the Group's ability to continue as a going concern and its future viability.	Following this thorough assessment, the Committee considered the extent of the assessment made by management to be appropriate and recommended the draft viability statement and related disclosures (for inclusion in the 2022 Annual Report) for approval by the Board. The Committee also concluded that it remained appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements and that the disclosure in the Annual Report, in respect of the Group's ability to continue as a going concern, was appropriate. See pages 178 and 179. Given the uncertain economic outlook, and its potential implications for ITV, the Committee will continue to monitor the Group's going concern basis and viability assessment.

Impairment assessment

Issue	Action taken by the Committee	Outcome/future actions
The continued uncertainty in the economic environment with increasing costs, inflation and interest rates.	The Committee reviewed management's assessment of the level of aggregation of assets for cash-generating units (CGUs) and agreed that no changes were required. The Committee also reviewed the basis for calculating the discount rate for each CGU, sought the external auditor's views on the methodology applied and outcome, and consequently agreed that the increases were considered appropriate in the current economic environment. The Committee challenged management's assessment which incorporated the cash flows used to assess going concern and noted that no impairment was required in either the base case scenario or scenarios adjusted for sensitivities.	Having received the views of the external auditor following their detailed audit of the impaired assessment by management, the Committee agreed that management's assessment that no impairment of CGUs is required was appropriate.

Risk management and internal controls

Our role	Items covered
• Assist the Board to establish and articulate overall risk appetite and oversee and advise the Board on specific strategic risk exposures and mitigations • Review the risk identification and mitigation processes and undertake deep dives into high-risk business areas or processes • Review the effectiveness of the internal control and risk management processes • Oversee appropriate speaking up and fraud prevention arrangements	• Biannually, principal and emerging risks and uncertainties and associated mitigations • Progress in implementing the enhanced ERM framework, including enhancements to the risk governance structure • Progress to improve operational risk management capability for security, duty of care, and crisis management areas including consideration of the structural changes made to operational risk management • Insurance arrangements and policies, including how those support mitigation of principal and other financial risks • Progress in implementing the financial controls framework and effectiveness review, including update on ITV Together programme • Ongoing programme of improvements to technology and IT related controls and governance environment • Mapping of the internal audit plan to key principal and operational risk areas to understand assurance coverage • Outcome of the work of internal audit • Enhancements to the Speaking Up policy and report on actions taken to strengthen Speaking Up processes and further increase awareness across the organisation, including the result of the internal audit of the effectiveness of the processes • Data privacy and governance update • Biannually, compliance framework and monitoring • Group Approvals Framework and M&A approvals process and approved amendments Undertook deep dives on the following key principal and operational risks to understand and challenge the related governance, risk management, mitigation, controls and compliance with risk appetite around those risks: • Review of the Compliance Framework • Internal Financial Controls • Internal Technology Controls • Pensions risk management • Data privacy, security and strategy related risks, • Resilience, including cyber and crisis management • Fraud risk and fraud prevention, detection and controls framework • Transformation Programme updates

Risk management

During 2022, the Committee continued to consider the process for identifying and managing risk within the business and assisted the Board in relation to compliance with the UK Code and FRC guidance. Recognising the evolving nature of the risk landscape, due to the increasing pace of change in the industry, the continued impact of the macroeconomic environment and global instability, more than ever, ITV needs to manage risks smartly to achieve its vision, deliver strategy and create sustainable shareholder value. The focus for 2022 has been on optimising the practices and behaviours of the second line of defence to introduce more collaboration and structure. Embedding the enterprise risk management framework and assessing management's response to the material risks to ITV continues to be an area of focus with the Committee providing challenge and direction as appropriate. The Committee Chair also regularly met with management and the Group Risk team to further understand progress and provide guidance on the implementation of enhancements. ITV's risk management framework continues to evolve. Further information on ITV's risk management approach, including details of our principal risks and our processes for identifying and responding to principal and emerging risks, are set out on pages 71 to 84.

Internal controls

The Board has overall responsibility for overseeing and reviewing the effectiveness of the Group's framework for financial, compliance and operating internal controls. The Governance Report within this 2022 Annual Report provides many examples of how the Board monitors the effectiveness of the internal operating controls – for example, please see the Non-Financial and Sustainability Information Statement on pages 69 and 70.

Throughout 2022, on behalf of the Board, the Committee has continued to review the Group's compliance policies, procedures, global monitoring activities, business risk assessment plans and results. For example, the Committee received updates on the financial and IT control environments, fraud risk effectiveness, cyber security, data privacy, compliance programme and crisis management and business continuity.

The Committee also supports the Board in assessing the effectiveness of the framework in respect of financial controls. The primary responsibility for the operation of the framework for internal control is delegated to management. The framework can only provide reasonable and not absolute assurance against material misstatement or loss. Key control procedures are designed to manage rather than eliminate risk.

The Committee is satisfied that the Group's internal financial controls operated effectively throughout the year. This was principally based on a programme of internal audit reviews, monthly Group review of subsidiary balance sheets, and independent review of monthly management self-assessments submitted by subsidiary companies. During 2022 the Committee was also presented with observations following second line reviews conducted by the Financial Governance and Compliance team across a sample of Studios, Labels and Business Service Centre ('BSC') controls, with a particular focus on fraud controls. This new management reporting capability provided the Committee the opportunity to increase scope of its own review and obtain additional visibility over the effectiveness of internal controls during the year, particularly those not covered in the Internal Audit plan. In addition, the Committee was able to take into consideration the results of a suite of automated analytics that enable monitoring of financial transactions across Group systems and monthly exceptions management.

The updates to the fraud prevention framework were presented to the Committee to reflect the ongoing improvements to the processes and controls within the BSC, and their increasing use of third-party tools and data analytics to proactively monitor fraud risk. Plans to further develop the fraud risk management framework across the Group were also discussed and guided by the Committee.

Given the key risks and impact that significant change programmes continue to have on ITV's control environment, the Committee has received regular updates from management and assurance from specific internal audits on key projects. The Committee was pleased that the Transformation Operations Director's Office (TODO) was set up in June 2022, bringing a focus on operational issues and reducing risk involved in a number of significant and costly transformation activities across the Group. The programmes being monitored by TODO include Content Supply transformation to enable delivery of an efficient, effective and future-proofed supply chain to manage content and data from source to screen; ITV Enterprise, combining work streams for ITV Together, Rights Transformation and Content and Sales transformation; the launch of ITVX; and Commercial Transformation, evolving our video on demand and linear advertising sales systems and process. Given the global scope and magnitude of these programmes, the Committee has provided strong governance and robust challenge to support management in their delivery. In 2023, the Committee intends to continue with focused bi-annual sessions with the programme sponsors and leadership team.

Internal Financial Controls

In 2021 the Committee oversaw the design and implementation of improvements to ITV's financial reporting controls framework. The core components of the controls operating model include performing annual scoping and risk assessments (define), design and implementation of the financial reporting controls framework and associated policies (optimise), delivery of focused training sessions and communications to further enhance the risk and controls culture (embed) and finally leveraging technology to facilitate real-time monitoring and testing (assure). In 2022 the focus was on completion of the embed and assure stage by strengthening ITV's monitoring and testing approach to financial controls. This has resulted in a significant increase in opportunities to introduce control automation as part of the ITV Together programme.

The plan is to continue to deliver ITV's controls operating model and evolve its monitoring and testing capabilities using data-driven approaches and scaling analytics. As the internationals and UK labels are brought onto the Oracle Fusion solution through ITV Together, management will drive efficiencies in their testing approach, through standard processes and controls, alongside access to the relevant testing data in standardised formats from Oracle Fusion, together with the reliance on automation due to the Global Design.

The Committee Chair met regularly with management and the Financial Governance and Compliance team to receive more detailed updates on the control operating model implementation and to ensure that the Committee's key concerns were being appropriately addressed. The Committee also received a deep-dive session on progress and future plans and was pleased with the progress made by management and the plans to continue enhancing the financial controls across the Group, which the Committee will closely monitor during 2023.

Internal Technology Controls

As part of the onboarding process in 2021, the Committee asked PwC to undertake a review of a number of financial systems that highlighted considerable technology control gaps. A Head of Technology GRC was appointed in early 2022 and together with her team (a newly created function and team) was given responsibility for reviewing the IT Risk and Controls framework covering core IT areas – change management, access management, incident and problem management, computer operations, information and network security and third-party management.

During 2022 the Committee received regular in-depth reports on the steps being taken to improve and mature the internal control environment, the plans to build an IT General Controls capability in ITV and mature the internal control environment across our IT estate, which should result in a more proactive approach being adopted to identifying and managing IT risks.

The Committee understands that the IT estate is vast and complex, thereby supporting the risk-based approach that is being taken, starting with key UK finance and critical digital systems, such as ITVX and Planet V, and then moving to other global areas of the Group. The aim is to continuously and consistently identify, collate and assess technology risks and ensure there are adequate mitigations in place for each in line with risk appetite. The Committee was pleased to note that the IT GRC team had engaged with major transformational programmes, such as ITV Together and ITVX from the outset of these programmes, to proactively identify risks and incorporate controls effectively.

The Committee was pleased with the progress made and supportive of the defined target control maturity level 3 for the Group, taking into account the industry, size and culture, organisation's assets, and type of data handled. As technology control activities ramp up, the team has demonstrated the importance of establishing a clear GRC strategy with well-defined accountabilities and responsibilities, roadmap and approach for each area – including the incorporation of internal control reporting requirements. Through regular updates in 2023 the Committee will continue to monitor this area to ensure it aligns fully with the emerging requirements from the BEIS consultation.

Cyber security

Cyber threats are continuing to increase in both number and sophistication with state actors and criminal organisations teaming up to deliver attacks aimed at disruption, extortion and manipulation of behaviours. The Committee is aware that ITV has a unique range of factors that impact how management focuses on cyber and enables the future business strategy whilst managing the immediate risks by reducing dependence on legacy systems, build security into the delivery of ITV's More Than TV strategy and create a cyber culture that provides consistent defence over a devolved organisation.

With the increased focus on IT Controls and on making sure development is focused in the areas of greatest risk, management is seeking to baseline the Group's capability and identify areas for targeted further improvement to assess the maturity of ITV's cyber controls. This includes the continuous evaluation of strengths and weaknesses of the cyber processes, and their ability to consistently and continuously manage the cyber risk and contribute to the ITV Strategy. The Committee has received regular updates and is pleased with the progress being made by the Cyber team.

The Committee notes the aim to agree a target maturity level that ensures ITV is well placed within its sector and that aligns with the recent cloud governance activity, the data strategy, and supports future investment activity. The Group has adopted the internationally recognised NIST cybersecurity maturity framework and the Committee is supportive of the cyber team using this internationally recognised standard in the development of ITV's approach.

Speaking Up

The Committee received updates on the continuing programme to drive awareness and communications on Speaking Up. The Board received regular detailed reports on issues raised during 2022 via Safecall, the independent whistleblowing facility, and other complaint notification channels available within ITV, with the Committee receiving an overview summary for the year, which included an assessment of any identified trends in complaints, the nature of any noteworthy allegations, the corrective measures implemented to address substantiated complaints, and the process applied to triage and correctly investigate complaints. The Committee also considered the actions taken by management as a result of the investigations' conclusions and recommended additional actions where appropriate, overseeing the investigation of all significant issues reported.

The Committee received updates on the status of ITV's awareness campaign that launched in September 2022, alongside an internal audit, the results of which highlight the need to drive continued awareness and focused training in this area to ensure that communications are effective.

Taking into consideration the Committee's recommendations, during 2023 there will be a more targeted approach to training for different parts of the business.

Climate-related governance

Our role	Items covered
Review of ITV's global environmental and climate risk mitigation strategy, targets, progress and reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD) and other environmental reporting requirements. Assessing the integrity of the targets and data included in the reporting and obtaining appropriate assurance on its completeness, reasonableness and accuracy.	Reviewed: • Methodology and internal quality assurance processes over Greenhouse Gas (GHG) emissions reporting • Progress towards reporting against the TCFD framework, including ITV climate scenario analysis and consequential risks and impact (including financial) • Roadmap to achieve Net Zero and other environmental commitments and targets

Climate-related governance

The Committee plays a key role in the governance of climate-related risks and opportunities and the Group's compliance with environmental and climate risk related regulatory reporting requirements. During 2022 the Committee discussed progress in respect of the Group's strategy for enhanced compliance with TCFD. Management briefed the Committee on progress in further embedding climate action, risks and opportunities into the running of the business, providing a base for the planned development of a robust Climate Transition Plan in 2023 and the steps taken to enhance ITV's alignment to the TCFD criteria and related disclosures. This included appointing EcoAct as ITV's sustainability partner to advise and undertake a gap analysis assessment of ITV's 2021 report against the TCFD recommendations and best practice and, in reviewing the FRC's TCFD guidance published in July, highlighted areas for improvement.

The Committee noted the significant improvements in the management of environmental targets and climate-related risks and opportunities and the progress made to enhance the approach and to strengthen the quality of reporting.

The Committee also reviewed the methodology and internal quality assurance processes over GHG emissions reporting, following the implementation of a new environmental reporting system across ITV, and the results of the independent limited assurance provided over carbon footprint data.

The Committee is encouraged by the significant progress made by management to meet the minimum requirements for TCFD disclosures, and in starting to deliver against ITV's ambitious environmental targets. The Committee will continue to monitor progress to enhance TCFD and all related environmental reporting and ensure that robust plans and roadmaps are in place to meet the commitments and targets provided. A key area of focus for the Committee during 2023 will be ensuring the Company continues to respond appropriately to the rapidly changing and new regulations and reporting requirements, extending the limited assurance to a wider set of indicators and agreeing with management a timeline for upgrading to reasonable assurance.

Internal audit

Our role	Items covered
• Monitor and review the effectiveness and independence of the internal audit function • Review and approve the internal audit plan and monitor its implementation, approving any amendments to the plan • Review the continued appropriateness of the outsourcing of the internal audit function, oversee the tendering of the internal audit contract and approve the appointment of the internal auditor and the remuneration and terms of engagement	• Oversaw the transition from Deloitte to EY as internal auditor from 1 April 2022 • Performed an assessment of internal audit independence and effectiveness • Approved the 2022 and 2023 internal audit plan • Review of reports from the internal auditor, including a review of activity, key conclusions and recommendations arising from audits, status reports on action plans and regulatory and programme compliance • Annual review of risk acceptance of audit findings • Meeting regularly with the internal auditor in the absence of management

Our internal auditor

As Deloitte had been ITV's internal auditor for a number of years a competitive tender process for internal audit services was undertaken in 2021 resulting in the appointment by the Committee of EY from April 2022. A focus for the Committee in 2022 has been the successful transition from Deloitte to EY as the internal audit provider, to ensure continued confidence in an effective internal audit service; completion of the 2022 internal audit plan, adapted to reflect new areas of concern or risk (e.g. audit of ITVX development and implementation plans and progress); and that independence and objectivity is retained along with the development of an appropriate audit plan for 2023.

The Committee continues to support ITV's current model of a fully outsourced internal audit function, which allows best practice in terms of risk-based approach and auditing techniques, continuous robust and independent challenge, and the use of specialists in high-risk areas and across the various geographies. The Committee kept under review the internal audit relationship with Deloitte for the first quarter and EY for the remainder of 2022, and the procedures to ensure that appropriate independence of the internal audit function is maintained.

The effectiveness of the internal audit is assessed over the year using a number of measures, including the Committee's private sessions with the internal audit partners, reports from internal audit on the development and delivery of the internal audit plan, communication of results of reviews performed and the completion of agreed actions arising from reviews. The Committee also undertook a focused review of the effectiveness of EY as internal auditor, which included a private discussion between the Committee members and Group CFO & COO (who also represented management's views on the quality of the internal audit provision). The discussion was guided by a series of questions circulated by the Committee Chair, which included internal auditor independence and objectivity, resourcing, involvement in business discussions on risk, and communications between the internal auditor and the Committee. Having carefully considered the findings arising from the deliberations and measures described above, the Committee concluded that overall it was pleased with the quality and insight provided by the internal audits completed, particularly the specialist audits, however, noted a need to ensure greater consistency in the quality of all audits; recommendations are practical and pragmatic; and improve timeliness in closing-out audits and reporting findings to management and the Committee. In reaching this conclusion the Committee acknowledged that EY were still familiarising itself with the various businesses of the Group and that the auditor was independent of management.

Prior to the start of the year, the Committee considered and approved the 2022 internal audit plan for operational, financial and technology controls, which was structured to align with ITV's strategic drivers and principal risks. During 2022, 15 internal audits were carried out (with nine completed and six that were reported to the Committee in February 2023) covering, amongst other areas and controls; certain aspects of addressable advertising and the Planet V multi broadcaster platform; two audits covering pre-launch progress and potential risks of ITVX development; operational readiness for the Qatar World Cup broadcasting; Data Centre migration, design and operating effectiveness of certain Diversity and Inclusion policies and practices, including compliance risk. The internal audits performed provided assurance over areas deemed to be of greater risk and relative importance to the Group in 2022. The internal auditor also provides the Committee (and therefore the Board) with valuable insight on the culture across the Group and the reflection of the Group's values by management and other employees. A cultural assessment is routinely incorporated in audit ratings.

The Committee is satisfied that, during 2022, delivery of the approved internal audit strategy and plan provided timely and appropriate assurance on the effectiveness of controls in place to successfully manage relevant Group principal risks. The 2023 audit plan includes audits related to enterprise resilience and crisis management, child safeguarding, data strategy progress, the technology operating model and the TODO and dependency management.

External auditor

Our role	Items covered
• Oversee the relationship with the external auditor • Review the quality and effectiveness of the external audit, including approval of the annual audit plan, and the procedures and controls designed to ensure auditor independence and objectiveness • Review and make recommendations to the Board on the tendering of the external audit contract, and the appointment, remuneration and terms of engagement of the external auditor	• Meeting with the external auditor in the absence of management • PwC's reports on the H1 review and FY22 audit progress, conclusions and findings • Auditor opinion on FY22 financial statements • Recommendation to reappoint PwC at 2023 AGM • Approval of non-audit services policy • Approval of 2022 audit fee proposal • Review, challenge and subsequent approval of H1 review and FY22 audit strategy/plans • Consideration of the ongoing independence of the external auditor and the evidence of quality and effectiveness in the delivery of the audit • Review outcome for 2021 external audit quality indicators (AQIs), setting of the 2022 AQI measures and subsequent consideration and monitoring of performance against these, including post the FY22 audit

External audit effectiveness and quality

The Committee is cognisant of the fact that assessing external audit quality is a key responsibility within its remit which stakeholders look to the Committee to discharge. Set out below are the specific areas which the Committee focused on in assessing audit quality, including relevant outcomes:

- **Identification of Audit Quality Indicators (AQIs):** In 2021, the FRC invited the Committee to participate in a project to pilot engagement level audit quality indicators (AQIs). Through the pilot with PwC, ten AQIs were identified (and submitted to the FRC) that contributed most to our overall assessment of external audit effectiveness. The outcome of these AQIs for 2021 was assessed in May, providing the Committee with additional assurance regarding the effectiveness and quality of the 2021 external audit and agreement with management and PwC that the adoption of AQIs was a meaningful and valuable tool for all parties concerned. From the ten 2021 AQIs, five were selected that the Committee agreed were most useful in the assessment of audit quality, a priority for the Committee. Using these AQIs, a number of milestones were agreed with PwC for the 2022 audit that would enable the Committee to assess that the process was on track and identify when disruptions had occurred. We received regular updates from PwC on progress against these milestones, understanding why certain milestones had not been met, and were pleased with the progress made. A final review of the performance of the AQIs against the target for 2022 will be undertaken in May 2023, in light of the final stages of the 2022 audit.
- **Audit plan and strategy:** The Committee discussed PwC's detailed audit plan and strategy, including the intended scope of the audit, identification of significant and elevated audit risks, the level of materiality proposed and the principles of PwC's centrally directed audit approach. Many elements of the audit plan approach remained consistent with the 2021 audit, and the Committee welcomed the plan to enhance the focus on utilising data-enabled auditing approaches to maximise efficiencies and insight from the auditor's testing.

Following discussion and challenge, the Committee agreed the methodology adopted for determining materiality and the scope of the audit, including the Plimsoll acquisition and the additional risks arising from the changing macro-environment. Following discussion and challenge, the Committee agreed the methodology behind the additional audit scope required as a consequence of ISA 315.

- **Auditor's reporting (written and verbal) to the Committee:** The Committee reviewed the effectiveness of the audit throughout the year, taking into account (amongst other things) the delivery of the approved audit strategy, approach to adjusting the audit to reflect changes in risk assessment during the year and insight and robust challenge around the key accounting judgements and in dealing with management.
- **Interaction with auditor:** The numerous interactions with the auditor provided the Committee with an insight into the quality of the audit process and the audit leadership team, and with the opportunity to assess the auditor's challenge of management's views.

The Committee noted that PwC challenged management robustly on key judgements and estimates, accounting treatments and disclosures, for example in relation to accounting policies to be applied to different aspects of ITVX costs and revenues, treatment of exceptional costs related to the passing of Her Majesty Queen Elizabeth II and the Box Clever provision.

- The Committee also reviewed PwC's 2022 transparency report, particularly to assess and understand firm-wide mechanisms to support quality assurance and AQIs to determine whether the firm's culture and ethos supports the appropriate focus on audit quality.
- **Internal evaluation session:** Drawing the above assessments together, and key to the determination of a high-quality audit, was an internal assessment session attended by the Committee members and the Group CFO & COO regarding the external auditor. It was felt a confidential and structured discussion, rather than a questionnaire survey, would enable a more open evaluation. This session was informed by circulating in advance the themes to be covered in the meeting, which included the audit's planning and strategy, execution of the agreed process and conclusion, team performance and communications, firm-wide procedures (including resources, support and culture), and insights and reporting PwC shared with the Committee. The Group CFO & COO's input to this session was informed by a prior meeting with relevant members of the finance team, and other teams, to ensure that feedback was obtained from all levels and divisions of the Group that interacted with PwC. The Committee spent time discussing the degree of challenge and robustness of approach to the audit.

The assessments above enabled the Committee to conclude in its evaluation session that PwC has continued to provide a high-quality audit, which it conducted with great rigour and effective and constructive challenge, including questioning key accounting issues, and exercising professional scepticism in its challenge of management's assumptions, judgements and assertions. The Committee appreciated in particular the quality of communications between the auditor and both management and the Committee, the detailed risk-based planning (with clear explanations for any subsequent deviations) and the structured, pragmatic approach to finding the right solution, supported by the effective use of PwC internal experts and specialists. Following the Committee's assessment session, the Committee Chair and Group CFO & COO informed the PwC lead audit partner of the findings of the assessment and further opportunities to enhance the external audit process for 2023.

Audit tender and rotation

PwC were appointed the external auditor for ITV effective from 1 January 2021, following a formal competitive tender process, including seeking investor views and agreement. The current PwC lead audit partner, Jonathan Lambert, has led the audit since the beginning of PwC's tenure at ITV. The Company will put the external audit contract out to public tender at least every ten years and will seek the rotation of the audit partner in line with regulation and professional and ethical guidance.

The Company confirms that it has complied with the provisions of the CMA's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

Independence and objectivity

In addition to the above assessment of the effectiveness and quality of the audit, the Committee seeks to assess and ensure the objectivity and independence of the external auditor through:

- Focus on the assignment and rotation of key personnel
- The adequacy of audit resource
- The Policy on the Independence and Objectivity of External Auditors (updated in February 2023), which includes restrictions on the provision of non-audit services and the hiring of former external auditor employees. This policy is available on the governance section of ITV's website: www.itvplc.com/investors/governance/policies

Non-audit services

In accordance with the Independence and Objectivity of External Auditors policy, in 2022, the Company incurred fees for non-audit services of approximately £155,000 (2021: £155,000) which related principally to the review of the interim financial information. For information on audit fees see note 2.1 to the financial statements.

Committee conclusions and confirmations

Fair, balanced and understandable

The Board is required to provide its opinion on whether it considers that the Company's 2022 Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Committee discussed the preparation of the Company's 2022 Annual Report and Accounts with the Board. To support the Board in providing its opinion, the Committee considered the assigned responsibilities for content and overall cohesion and clarity of the Annual Report and Accounts and assessed the quality of reporting through discussion with management and the external auditor. This included ensuring that feedback from stakeholders and other individuals had been addressed and that examples of best practice had carefully been considered in the context of the Group. Specific areas of challenge included the presentation of exceptional items, the equal prominence of GAAP and non GAAP financial measures within the front half of the Annual Report and Accounts and the description of going concern and viability statement assumptions.

The process included considering each of the elements (fair, balanced and understandable) on an individual basis to ensure ITV's reporting was comprehensive in a clear and consistent way, and in compliance with accounting standards and regulatory and legal requirements and guidelines. The reviews carried out by internal functions within the Company and independent reviewers were undertaken with a view to ensuring that all material matters have been reflected in the Company's 2022 Annual Report and Accounts, and that they correctly reflect:

- The Company's position and performance as described on pages 28 to 43
- The Company's business model as described on pages 22 and 23
- The Company's strategy, as described on pages 20 and 21

Following its review, the Committee advised the Board that the Company's Annual Report and Accounts for the year ended 31 December 2022 were fair, balanced and understandable.

Remuneration Report

Sharmila Nebhrajani
Chair, Remuneration Committee

In this report

The purpose of this report is to set out for shareholders the principles and policy we apply to remuneration for our Directors and to update you on how we have applied these for the financial year ended 31 December 2022. The report also aims to demonstrate how our current approach and our Remuneration Policy align with our strategy, support the retention of key talent and reward them for strong performance.

Read more

Remuneration overview (from page 139)

Remuneration across the Company (from page 141)

Annual Report on Remuneration (from page 143)

Remuneration Policy application in 2022 (from page 143)

Remuneration Policy application in 2023 (from page 147)

Other disclosures (from page 152)

Dear Shareholder

The Company delivered a robust set of results for 2022, despite challenging economic headwinds and exceptional levels of inflation. The business has sought to take a measured and thoughtful approach to pay across the organisation in this context, maintaining the performance link for executive remuneration whilst establishing special targeted actions and initiatives for employees, including two cost of living payments and enhanced wider workforce salary increases for 2023. Further details are set out below.

Performance in the year

At the start of the year there was considerable uncertainty regarding market conditions for 2022. The evolving geo-political environment, forecasts of a global recession and the potential impact on the advertising market meant that there were significant downside risks for performance in the year and challenging year on year comparatives given record advertising revenues in the prior year.

Despite these risks, Group revenues were £3,728 million in 2022, up £275 million from 2021. ITV also achieved adjusted EBITA of £717 million, which significantly exceeded expectations at the start of the year. Although down 12% on the prior year, this outcome was delivered alongside increased investment in content and the launch of ITVX towards the end of the year. The business also delivered strong revenue performance in our two growth engines – Studios and Media & Entertainment delivering digital revenue growth of 19% and 18% respectively.

During the year we completed the acquisition of two highly acclaimed production businesses and, in Q4, launched ITVX, an all new streaming service to combine ITV Hub, ITV Hub+ and BritBox UK with ad-funded and ad-free tiers.

The integration of the Studios acquisitions has been smooth and the early performance of ITVX highly encouraging. These strategic moves will bolster ITV's global reputation in production, build our already powerful distribution arm and, via ITVX, give advertisers more reason to direct UK media investment to ITV.

Recognising the importance of the ordinary dividend for shareholders, the Board has proposed a final dividend of 3.3 pence, giving a full year dividend of 5.0 pence per share for 2022.

A responsible approach to pay

Over many years, the Remuneration Committee has sought to take a measured approach to executive pay. This was evident in our proactive response to the COVID-19 pandemic in 2020, when the Management Board voluntarily cancelled the bonus entirely and the plc and Management Boards voluntarily reduced salary and fees by 20% for seven months. The Committee has also exercised discretion to scale back incentives on multiple occasions. As Chair, I will continue to advocate for remuneration decisions that are reflective of the stakeholder context and attentive to commercial needs.

The economic backdrop has created a challenge for many of our employees. The exceptional levels of inflation observed in the UK during 2022 has disproportionately impacted the lowest paid. During the year, the Committee was pleased to see the business prioritised supporting our workforce through this incredibly difficult economic environment. Further details are provided on page 141. The Committee was pleased to see a payment of £2,000 to low and middle-earning employees, payable in two tranches in October 2022 and January 2023.

Like many businesses, we have budgeted higher than normal employee salary increases for 2023, reflecting both the inflationary environment and talent market trends. Salary increases are scaled based on seniority and pay levels, so that higher increases of 6% were awarded to employees at lower pay levels, while increases for the most senior employees were capped at 4%.

ITV remains committed to ensuring all colleagues earn at least the real Living Wage and following the early announcement of new rates in 2022, we passed these increases on to employees from the following month.

On a combined basis, the financial value of the support provided was equivalent to up to 20% of an employee's salary, helping with the undoubted pressure many households are currently facing.

In addition to its gender pay gap data, ITV has voluntarily published its ethnicity pay gap information since 2018, one of only a small number of FTSE companies to do so. The Company has also been calculating its disability and LGBTQ+ pay gaps since 2020, and is voluntarily publishing this information for the first time in 2023 in the spirit of greater transparency.

Incentive outcomes for 2022

The 2022 annual bonus was based on adjusted EBITA (60%), cash conversion (10%), personal and strategic targets (20%), as well as a scorecard of ESG priorities (10%).

The adjusted EBITA and cash conversion target ranges were set to be realistic but highly stretching, considering forecasts of significant downside risks for the advertising market and planned strategic investments at the outset of the year.

As noted above, in 2022 the business significantly outperformed expectations. The delivery of streaming and digital revenues of £411 million and ITV Studios revenue £2,096 million, as well as a continued focus on cost savings, meant the adjusted EBITA result of £717 million was towards the upper-end of the target range. Despite delivery of free cash flow of £280 million, the stretching cash conversion target set at the start of the year was not achieved, meaning that this element of the bonus did not pay out. This was largely due to the timing of delivery of shows in the US and increased investment in ITVX.

For 2022, we introduced an ESG scorecard for the bonus, with targets linked to our carbon footprint, the sustainability of our UK productions and commissions and progress towards our diversity goals. We were pleased to see good progress against these objectives. Similarly, the successful execution of a number of strategic objectives in the year also contributed to good performance against the Chief Executive's and Group CFO & COO's individual objectives.

The Committee therefore awarded a bonus of 81.72% of maximum to both directors. The Committee considered this outcome by reviewing the performance and progress made against the Group's strategic priorities during the year. The Committee also noted that profit targets were achieved, whilst the business also opted to make sizeable, unbudgeted payments to support our workforce.

Full details on the targets set and performance achieved are included on pages 144 to 145. One-third of the bonus will be deferred into shares further strengthening management's alignment with shareholders.

The 2020 LTIP award was based on total non-advertising revenues (40%), relative Total Shareholder Return (TSR) against FTSE 350 UK-focused companies (20%), adjusted EPS (20%), ITV Family Share of Viewing (SOV) (10%) and Online Viewing (10%). It was noted that the financial targets for this award were broadly agreed before the onset of the pandemic. Based on performance against targets set at the start of the three year period, the overall vesting for this award was 38.96% of maximum.

The 2020 LTIP award was granted when there was considerable volatility in the market. The Committee was mindful of 'windfall gains' and used the 30-day average share price as the basis on which awards were granted. This effectively resulted in a 17% reduction to the face value of awards. Given the upfront adjustment, and recent share price performance, the Committee concluded that no further adjustment is necessary. The vested award is subject to a two year holding period. The 2020 award marks the final award made under the legacy LTIP plan, which was replaced by our Restricted Shares model in 2021.

The Committee is also pleased to note that the directors have sizeable interests in ITV shares in excess of their required holding. As a result, both have direct and personal financial exposure to the movement in the share price. While share price movements in recent weeks have been positive, the Board remain conscious of the longer-term trend, shared with many other advertising-focused media businesses. The Board remain committed to the More Than TV strategy, which recognises the value of our operating model integrating a high value, international Studios business with the UK's leading commercial broadcast platform, including our new ITVX streaming service. While there will inevitably be a period of transition, we remain optimistic that the long-term share price has significant upside which will better reflect the underlying value of the business.

2022 AGM

Although the Company received positive voting recommendations from the most influential proxy voting agencies ahead of the 2022 AGM, there was a notable minority of investors who did not support the advisory vote on the Remuneration Report. It was apparent that concerns mainly related to the structure of the Restricted Share Plan that was approved by 92% of investors at the AGM in 2021.

Over recent years the Remuneration Committee has engaged with investors and often adapted our approach in response to investor feedback. We recognise that executive pay can attract divergent views but we remain committed to continued dialogue with our investors, seeking to explain our proposals and identify consensus where possible.

Looking ahead to 2023

No major changes to our approach to executive pay are proposed for the coming year. As noted above, salary increases were weighted towards colleagues in lower paying roles. The Committee has approved a 4% salary increase for the Chief Executive and Group CFO & COO for 2023, which is aligned with other senior executives, but is lower than the 5% or 6% increase awarded to the majority of employees.

The performance measures and weightings for the 2023 annual bonus will be unchanged from 2022. The targets that will apply for the 2023 annual bonus are commercially sensitive and will be retrospectively disclosed in next year's report. As in prior years, the targets have been set taking into account internal and external forecasts for company and market performance and continued strategic investments planned for 2023.

In 2023, we will also be reviewing our Remuneration Policy ahead of seeking renewal of the policy at the 2024 AGM under the normal three year renewal cycle. As part of this review process, we will be reviewing the effectiveness of the policy approved by shareholders in 2021, and we also intend to consult with major shareholders to ensure that their views are taken into account when formulating our approach to pay. I look forward to meeting with our shareholders and listening to these views in due course.

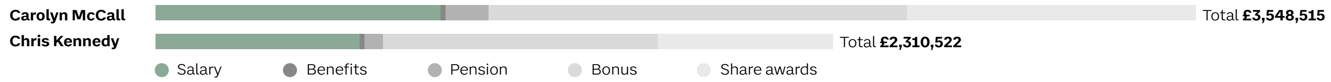
As a Committee, we remain resolute in taking a measured approach to pay and hope this report provides clear and transparent disclosure of our decision-making. We hope that you will therefore support the remuneration resolution at the upcoming AGM.

Sharmila Nebhrajani
Chair, Remuneration Committee
2 March 2023

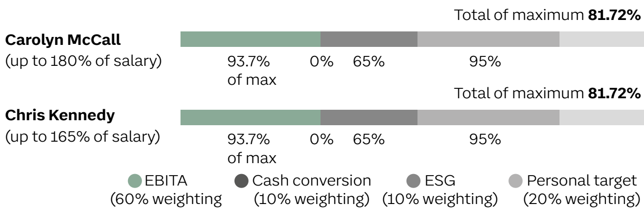
Overview of Remuneration Policy 2022

What did Executive Directors earn during 2022?

Single figure remuneration at a glance



Annual bonus Outcomes



Outcomes

Carolyn McCall

147%

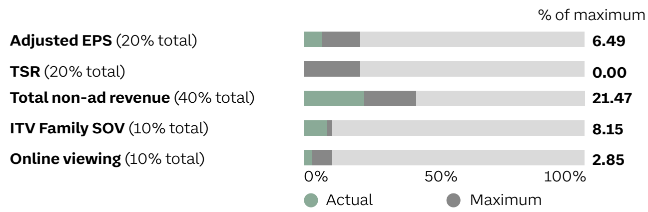
of salary

Chris Kennedy

135%

of salary

2020 LTIP Outcome – legacy plan



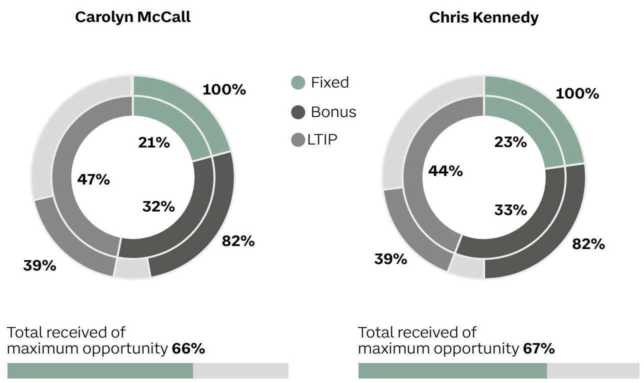
Vesting outcome

38.96%

of maximum

The award is subject to a two year holding period

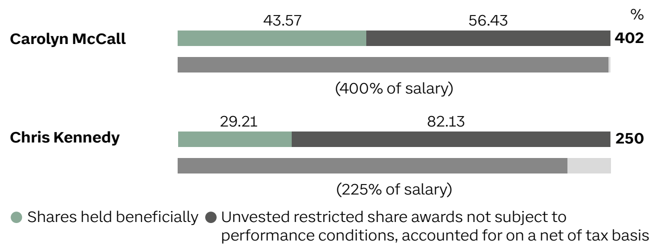
Percentage of total opportunity



Alignment with shareholders

Share ownership

Shareholding is a means by which the interests of the Executive Directors are aligned with those of shareholders. As at 31 December 2022 both directors had holdings in ITV that exceeded their respective shareholding policy requirements – 400% of salary for Carolyn McCall and 225% of salary for Chris Kennedy.



Wider Workforce in 2022

Salary	All employee bonus opportunity	Cost of Living payments	Pension	Broad benefits programme
3% increase	**£2,000** opportunity increased from £1,750	**£1,000** in October 2022 Paid to all employees earning up to £75,000	Company contribution of up to **9%**	See page 142

Overview of Remuneration Policy 2023

How will executives be paid in 2023?

Fixed Pay

CEO salary:
£1,010,416

Group CFO & COO salary:
£722,900

- Salary increase of 4%. Increases for employees range from 4% to 6%.
- Benefits package remains unchanged – includes private medical insurance and car-related benefit.
- Pension contributions of 9% to align with the workforce pension contributions.

Annual bonus

Cash element 2/3 total bonus

Deferral into shares for three years 1/3 total bonus

- **Cash element Chief Executive**: up to 120% of salary; Group CFO & COO: up to 110% of salary
- **Deferred shares** Chief Executive: up to 60% of salary; Group CFO & COO: up to 55% of salary
- Both bonus elements subject to malus and clawback

2023 bonus metrics – measure and support execution of the strategy

- **Expand** Studios globally
- **Optimise** Broadcast
- **Supercharge** Streaming

- 60% **Adjusted EBITA:** Profitability of underlying business
- 10% **Cash conversion:** Effective cash generation
- 10% **ESG scorecard**
- 20% **Individual strategic:** Deliver strategic priorities

Restricted shares

Released after five years

- **Annual grant:** Chief Executive: up to 132.5% of salary; Group CFO & COO: up to 112.5% of salary – 50% discount to previous LTIP award level
- **Release of shares subject to performance underpin:** assessed after year three – ability for Remuneration Committee to scale back awards if the underpins are not met
- **Awards subject to malus and clawback**

Successful execution of strategy ultimately reflected in the share price

- Simple structure – aligns with strategy and shareholders over the long term
- Retains key talent – aligned to global talent market and peer practices
- Rewards strategic investment – delivery of long-term sustainable performance, rather than short-term gain
- Reflective of dynamic and cyclical nature of sector and viewer behaviours, where business needs to remain agile and adapt
- Focus on long-term stewardship of the brand

Shareholding guidelines

Guidelines apply in post, and extend beyond tenure

- **In-post guideline –** Chief Executive: 400% of salary/Group CFO & COO: 225% of salary
- **Applies for two years following departure –** Chief Executive: 265% of salary and Group CFO & COO: 225% of salary

Wider Workforce in 2023

Salary	All employee bonus opportunity	Cost of living payments	Pension	Broad benefits programme
up to **6%** increase	**£2,000**	**£1,000** in January 2023 Paid to all employees earning up to £75,000	Company contribution of up to **9%**	See page 142

Remuneration across the Company

During the year the business was mindful of the impact of the macroeconomic environment on our employees. The high levels of inflation in the UK had a disproportionate impact on the lowest paid, and the business took this into account when making key decisions relating to pay.

Supporting our employees in 2022
Continued to hold Living Wage accreditation – ITV has been accredited since 2014, being the first broadcaster to attain this accreditation
Made two separate cost of living payments to lower earning employees – an initial payment of £1,000 in October followed by a further payment of £1,000 in January 2023
Applied salary increases of up to 6% for 2023. Salary increases ranged from 4-6%, scaled based on seniority, with the higher increases focussed on employees at lower pay levels
Continued to offer a broad benefits programme
Continued to provide a pension with contributions from ITV of up to 9%
Paid a bonus of £2,000 to all employees who do not participate in the management bonus schemes

We have responded to the challenges facing our employees in relation to rising costs and inflation by providing support through our overall approach to workforce remuneration, with a particular focus on those lower earners in the business. We have taken a number of steps for our employees in the UK, including two cost of living payments of £1,000 each, which were paid to over 80% of employees, and an annual pay review increase in January 2023 of up to 6% based on salary level. Following the early announcement of the new voluntary Living Wage rates on 22 September 2022, we also passed these increases on to colleagues from 1 October. On a combined basis, the financial value of this support was equivalent to up to 20% of an employee's salary, as shown in the table below. Outside of the UK, any support was provided on a country-by-country basis, depending on the local situation.

Combined impact of Living Wage, Cost of Living payments & Annual Pay Review

Employee on UK Living Wage	20.4%
Employee on London Living Wage	17.4%
Employee with £30k FTE salary	12.7%
Employee with £45k FTE salary	9.4%
Employee with £60k FTE salary	8.3%

Incentive arrangements across the Company are tailored based on the nature of the role. Bonuses operate on a wide basis across the Company and long-term share awards are offered to senior management. Being a great place to work is key to developing our culture. Pay is just one factor used to attract, retain and develop a talented and diverse workforce. More information on ITV's commitment to investing in and building a productive, creative and diverse workforce can be found on pages 51 to 53.

For 2022, a maximum bonus of £2,000 was paid to all employees who do not participate in the management bonus scheme. The cost of living support payments were unbudgeted for 2022. Therefore positive discretion was exercised in relation to the all employee bonus, to ensure that colleagues were not penalised by management's decision to take positive action in supporting the workforce.

The Committee has responsibility for ensuring effective engagement and alignment with the workforce in relation to remuneration and related policies and practices. When setting the policy for Directors' remuneration, the Committee considers the pay and employment conditions of employees to ensure fairness across the organisation. Although it does not consult directly with employees in respect of determining the Directors' Remuneration Policy, it receives general feedback from employees via the HR function as part of the output from the employee engagement survey and receives a report on employment practices across the Company. Edward Bonham Carter, as our designated Workforce Engagement Director, regularly attends Ambassador meetings in order to understand any views and concerns colleagues may have on these matters and is responsible for sharing these with the Committee – more information on this can be found on page 112. In December, the Chief People Officer participated in the annual Ambassador Q&A session to engage directly with employees on how the Committee's approach to executive remuneration aligns with wider Company pay practices. The members of the Ambassador network were invited to ask their own questions and also any from the employees they represent. Subjects discussed included the Company's approach to executive reward and also employee reward in general at ITV including, the 2023 pay review, Carolyn McCall's pension payments and the use of ESG targets for reward. A recording of the session was sent to all of the Ambassadors to share with their employee constituencies.

The approach to determining the compensation for employees globally follows the same principles as for our Executive Directors. The Committee considers data on pay trends and practices, such as gender and ethnicity pay gap information, and the Chief Executive to worker pay ratio. We offer competitive pay and career opportunities in order to attract the best talent. When determining compensation, local managers consider how the employee's pay compares to the local market alongside other factors, such as experience and sustained performance.

Cascade of remuneration through the organisation

The table below summarises how remuneration compares across the different groups of employees throughout the company.

Employees at all levels

Element of pay	Description
Base salary	Salaries are reviewed annually, with Executive Directors normally receiving a salary increase in line with that received by the wider workforce. In 2022 there was an increase of 3% across ITV globally. In 2023 there was a tiered approach to the annual pay review based on salary level. Lower earners in the business received 6%, higher earners including the Executive Directors and Management Board received 4%, and all other employees received 5%. To help our employees manage with rising costs and inflation in the UK, we made two cost of living payments of £1,000 each, the first in October 2022 and the second in January 2023. Over 80% of UK employees received these payments. International support was provided on a country-by-country basis to reflect the local context. ITV has held the Living Wage accreditation since 2014 and was the first broadcaster to do so. We pay the London Living Wage in London and the Living Wage outside of London. This means that we pay everyone, from employees and apprentices to contractors and temporary workers, at least the hourly rate set independently and updated annually by the Living Wage Foundation, which is higher than the government's National Minimum Wage and National Living Wage rates. The new Living Wage rates were announced earlier than usual in September 2022. Although employers have until May 2023 to implement the new rates, we did so from 1 October for employees, third-party contractors and all new freelancer contracts to support our colleagues with the rising cost of living.
Flexible benefits	A range of benefits are available to all employees, providing financial security, encouraging a healthy and balanced lifestyle, and helping individuals make their pay go further. All employees receive the following benefits: • Five weeks holiday each year, plus bank holidays, and an extra two days after five years' service • Enhanced Company sick pay and family friendly policies, including maternity, paternity, adoption and shared parental leave • Income protection cover of 50% of salary • Life assurance cover at four times annual basic salary • Wellbeing benefits, including an annual wellbeing day, a range of digital health services and an Employee Assistance Programme (EAP) providing a confidential helpline and additional support There are also voluntary benefits available for employees to choose from, including the opportunity to buy up to six weeks' extra holiday, a Cycle to Work scheme, a salary sacrifice car benefit, gym membership, private healthcare and a health cash plan, which includes optional hospital treatment insurance. We continually look for opportunities to evolve our employee benefits in cost effective ways that support both the needs of the business and our diverse workforce.
Pension	Employees at all levels can participate in our pension arrangements. Eligible employees are invited to join the Defined Contribution Plan and can choose to make a core contribution between 3–6% of their pensionable earnings, which ITV will match and in addition pay a further 3% (i.e. up to 9% in total). A small number of senior executives have pension contributions paid into their personal pension or receive a cash allowance in lieu of contributions. Eligible employees are invited to join Jars, a voluntary benefit that helps employees to build up an emergency savings pot that they can access at any time. The savings account is linked to their ITV pension, so once they've reached their savings target, their monthly savings switch to be paid into their pensions as an extra contribution – or they can choose to increase their savings target.
Save As You Earn	All eligible UK employees have the opportunity to benefit from ITV's long-term performance and share price growth by participating in the Save As You Earn plan. They can save up to £500 per month over a three or five year period to acquire shares in the Company at a 20% discount to the share price at the start of the savings period.
Annual bonus – cash	All ITV employees have an annual bonus opportunity which is based on a % of salary for senior roles and those in Sales, or the same maximum monetary value for all other employees. In 2022 the employee bonus opportunity was increased from £1,750 to £2,000, with the 2022 bonus paying out at £2,000. It was also decided to top up the 2021 bonus payment from £1,750 to the new maximum of £2,000.

Senior Executives

Element	Summary of policy
Deferred Share Award Plan	Senior Executives are required to defer one-third of their bonus into ITV shares for three years.
Executive Share Plan	Share-based awards are granted to selected senior leaders across the business which vest on the third anniversary of grant subject to the Committee's assessment of the underlying business underpin. Grant levels are generally expressed as a % of salary, with award levels linked to role and seniority. The detailed terms of operation vary by jurisdiction to reflect local market, legal and tax considerations. For Executive Directors any vested awards are subject to an additional two year holding period.
Shareholding guidelines	The Executive Directors and other members of the Management Board, are subject to shareholding guidelines that align their interests with those of shareholders. The Executive Directors are also subject to post-cessation shareholding guidelines, aligning their interests to shareholders for two years after their employment with ITV ceases – see page 154.

Annual Report on Remuneration

The sections of the Annual Report on Remuneration that have been audited by PwC are the Executive Directors' single total figure of remuneration; the Non-executive Directors' remuneration; LTIP awards made in 2022; Outstanding interests in share plans; Payments to Past Directors; Payments for Loss of Office; and Directors' interests.

Remuneration Policy application in 2022

The following section provides details of how the current Remuneration Policy was implemented in 2022.

Executive Directors

The table below sets out in a single figure the total remuneration for both Executive Directors for the financial year.

		Carolyn McCall		Chris Kennedy	
	Notes	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Salary		**971**	943	**695**	675
Taxable benefits		**18**	17	**18**	17
Pension		**146**	142	**62**	61
Total fixed remuneration		**1,135**	1,102	**775**	753
Annual Incentive (Bonus – cash and shares)	1	**1,429**	1,636	**937**	1,059
Long Term Incentive awards	2, 3	**984**	569	**598**	346
Total variable remuneration		**2,413**	2,205	**1,535**	1,405
Total		**3,548**	3,307	**2,310**	2,158

1. Two-thirds of the annual bonus is settled in cash and one-third is deferred into shares awarded under the ITV Deferred Share Award plan which automatically release on the third anniversary of the award, subject to continued employment.
2. The 2020 LTIP awards were subject to performance conditions measured to 31 December 2022. The amount shown is the indicative vesting value using the average share price in Q4 of 2022 (70.67 pence). The awards will vest in April 2023. Following a two year holding period, they will become exercisable from April 2025. These awards were granted based on a share price of 69.91 pence. The actual price on the date of grant was 58.66 pence. Based on the price used to determine awards, the amount that is attributable to share price growth is £10,587 for the Chief Executive and £6,431 for the Group CFO & COO.
3. In the 2021 Annual Remuneration Report, the amount shown for share awards for both Executive Directors was the indicative vesting value of the 2019 LTIP award that was subject to performance conditions measured to 31 December 2021 using the average share price in Q4 2021 (110.48 pence). The figure shown in the table above represents the subsequent value received on the vesting date of 28 March 2022 using the share price on that date (82.12 pence). These awards are subject to a two year holding period.

The aggregate emoluments for all Directors as required under Schedule 5 (SI 2008/410), is the total remuneration shown in the table above less share awards but including gains on exercise of options and amounts receivable under LTIPs, plus the total emolument figures for Non-executive Directors shown on page 146.

Further information in relation to each of the elements of remuneration for 2022 set out in the table above is detailed below. An explanation for 2021 is set out in detail in our 2021 Annual Report and Accounts which can be found on our website.

www.itvplc.com/investors

The Single Figure outcome has increased for the Chief Executive from £3,307k to £3,548k, while for the Group COO & CFO it has increased from £2,158k to £2,310k. Largely this is a result of the restatement of the 2021 single figure following the final vesting of the 2019 LTIP.

Salary

As disclosed in last year's report, both Carolyn McCall and Chris Kennedy received a 3% salary increase for 2022 in line with the wider workforce. Carolyn McCall's salary was £971,554 and Chris Kennedy's salary was £695,096.

Taxable benefits and pension

The benefits provided to the Executive Directors are the cost of private medical insurance and car-related benefits.

The Executive Directors were not part of an ITV pension scheme but receive a cash allowance in lieu of pension. ITV was a first mover in reducing executive pension levels. In 2017, the level for the Chief Executive was reduced from 25% of salary to 15% of salary (prior to the 2018 Corporate Governance Code (the Code) coming into force). In accordance with the Code the Committee determined that directors joining from 1 January 2019 would receive pension contributions in line with the wider employee group, therefore Chris Kennedy received a cash allowance in lieu of pension of 9% of salary. This is aligned with the maximum matching percentage amount payable to employees in the ITV Defined Contribution Pension plan, which is the pension scheme offered to the majority of Group employees. To bring Carolyn McCall in line with the policy and the wider employee group, her cash allowance was reduced to 9% from 1 January 2023.

Annual Incentive – Bonus (cash and shares)

Annual incentives are provided to Executive Directors through the bonus, with one-third of any award deferred into shares under the Deferred Share Award Plan (DSA).

The performance measures and weightings for 2022 bonuses were broadly similar to previous years but with the addition of an element linked to ESG performance. For 2022, 10% of the bonus pay out was assessed against a scorecard of ESG measures linked to our carbon footprint, the sustainability of our UK productions and commissions and progress towards our diversity goals. The balance of the award was linked to EBITA (60%), cash conversion (10%) and individual personal and strategic targets (20%).

The majority of the 2022 bonus (70%) was based on the achievement of corporate and financial targets, with bonus outcomes determined in accordance with pre-set target ranges. In line with the principles applied in previous years, the financial outcomes used for the bonus are adjusted (both positively and negatively) for certain items, such as acquisitions and currency movements to ensure a fair like-for-like comparison with the targets set at the start of the year.

As part of the assessment of performance, the Committee also undertook a holistic review of overall performance, to ensure that outcomes were a fair reflection of the underlying business performance.

The corporate and financial targets applied for 2022, together with performance against those targets and the resulting level of bonus, are set out in the table below.

The adjusted EBITA targets set at the start of the year reflected considerable uncertainty in the market. During the previous year, the business had delivered a record result for advertising revenue; however the evolving geo-political landscape resulted in many external commentators forecasting an economic downturn and a potentially significant contraction in the wider advertising market. The target ranges therefore needed to reflect these forecasts. The Company had also budgeted increased investment in both content and technology. In recognition of the external headwinds, the Committee deliberately set a broad profit range, with targets at the upper-end requiring significant outperformance of expectations.

		Performance required					
Performance measure	Weighting	20%	50%	80%	100%	Performance achieved	Pay-out level (% of maximum)
ITV adjusted EBITA[1]	60%	£578m	£628m	£678m	£718m	**£705m**	**93.7**
ITV cash conversion	10%	76%	80%	–	85%	**75%**	**0**

1. The ITV EBITA outcome was adjusted for translational currency movements and acquisitions not accounted for in the original target, without these adjustments, the unadjusted EBITA outcome was £717 million which would have resulted in a 99.5% pay-out against this element.
2. For the all-employee bonus, outcomes were adjusted to exclude the impact of the unbudgeted cost of living payments. This adjustment was not applied in relation to executive directors.

The annual ESG targets applied for 2022, together with performance against those targets are set out below.

Social purpose goal	Scorecard objectives	Achievement
Net zero carbon emissions[1]	Reduce absolute scope 1 and 2 GHG emissions controlled by ITV by 12.6% by the end of 2022 from a 2019 base year Reduce absolute scope 3 GHG emissions controlled by ITV by 7.5% by the end of 2022 from a 2019 base year	The Scope 1 and 2 GHG emissions have reduced by 36% from 2019 to the end of 2022. See page 47 for more information. The scope 3 GHG emissions have reduced by 13% from 2019 to the end of 2022. See page 47 for more information.
100% albert certified[2]	100% certification for new programmes produced and commissioned in the UK (excluding acquisitions of finished programmes and repeats). Certification includes programme makers taking part in albert's Creative Offsets initiative or approved equivalent to make their production carbon neutral.	In 2022 94% of the programmes produced by ITV Studios had albert certification, up from 84% in 2021. 42% of the shows commissioned by ITV had albert certification. There was good progress made in this area and the business continues to work with the albert team and wider production community to achieve our 100% aspiration, while recognising the challenges we are still facing in engaging producers. See page 47 for more information on delivery of climate related targets.
Increase diversity on and off-screen by the end of 2022	To hit the following targets for representation on the senior leadership team, managers, all employees and those on screen: • 50% Women • 15% People of Colour • 12% d/Deaf, disabled or neurodiverse • 7% LGBTQ+	In 2022 good progress was made towards our all employee and on-screen targets, exceeding or close to hitting targets for all characteristics – exceeding targets for LGBTQ+ colleagues and women, and increasing representation to 14.9% for People of Colour (from 12.1% in 2019) and 11.4% d/Deaf, disabled and neurodiverse colleagues (from 7.0% in 2019). Although we did not meet all of the stretching targets for Manager and Senior Leadership levels, the Committee noted the continuing work in this area to achieve the remaining targets.

1. ITV emissions reduction targets and performance are validated and published as part of the Science Based Targets initiative (SBTi). Further information on ITV's Climate Action targets and scope can be found at itvplc.com/social purpose and in the Social Purpose section on page 47.
2. albert certification is an externally audited process that recognises programmes that have embedded sustainability not only within the production process but also through considering sustainability messaging included in programmes.
3. On-screen diversity is measured via Diamond, a single online system delivered through the Creative Diversity Network (CDN) and used by UK broadcasters to obtain consistent diversity data on UK-originated productions they commission (https://creativediversitynetwork.com/diamond/).

The annual ESG targets goals set out on the website www.itvplc.com.

The Committee noted the progress that had been made against our ESG targets in 2022 and agreed that based on holistic assessment against the balanced scorecard this element should deliver an outcome of 65% of maximum.

The remainder of the bonus (20%) was based upon the Committee's assessment of the contribution each Executive Director made to the overall strategy through the delivery of specific targets. The Committee applies suitable judgement when assessing performance in this regard.

	Area of focus	Achievement
Shared objectives	Lead the continued evolution and execution of the More Than TV strategy with emphasis on diversification of revenue streams, maximising digital and streaming revenues to deliver the 5 year plan	A very strong performance in 2022 with significant progress made in the second phase of the More Than TV Strategy. Achievements included: • Further strengthening of ITV Studios creatively, including completing the acquisition of two highly acclaimed production businesses • Delivering strong ITV Studios revenue growth of 19% • Successful launch of ITVX, including a 55% increase in streaming hours in the month of launch versus the prior year • Second highest total advertising revenues in ITV history • Increased digital revenues by 18% • On track to deliver at least £750 million of digital revenues by 2026
	Refine the equity story to increase shareholders appreciation of the full ITV portfolio	Together with the Divisional Management teams, the Directors actively engaged with investors throughout the year, focussing on the markets' understanding of strategy, in particular the value of the global Studios business and the future value of ITVX
	Deliver 2022 cost savings	Delivery of £23m of cost savings, ahead of the £17m target for 2022. In total £106m of cost savings have now been delivered since 2018, against a target to deliver £150m by 2026
Chief Executive objectives	Drive ITV's digital transformation strategy to facilitate transition to an agile ad funded streaming service led digital Media & Entertainment business	Led a reorganisation of the M&E division to develop a digital first content led streaming strategy culminating in the successful launch of ITVX within an accelerated timeframe
	Deliver the Targeted Advertising Strategy to maximise revenues across linear and on-demand platforms	Further developed data-driven and ad tech capabilities, with over 90% of all ITV's digital advertising inventory now sold through Planet V, the second largest video-ad tech platform in the UK. Between the launch of Planet V in 2020 and the end of 2022, targeted digital advertising revenue has grown by 60% and attracted over 600 new advertisers to ITV. Digital advertising revenue in 2022 was up 17% on 2021
	Deliver phase two of the diversity and inclusion acceleration plan	Continued delivery against the ITV Diversity Plan, meeting all-colleague and onscreen performance targets (see page 55)
Group CFO & COO objectives	Maximise pay and distribution TV revenues and profits in line with 2022 targets from the 5 year plan, by engaging and expanding existing partnerships	Increased subscription revenue in 2022 by 29%, driven by good growth in BritBox UK, ITV Hub+ and ITVX Premium subscriptions. Close collaboration with key strategic partners to ensure the successful delivery of ITVX – this included platform owners, distribution partners, technology partners and other PSBs for content.
	Provide strategic leadership to the Group Technology functions to deliver the digital transformation strategy, targeted advertising strategy and ITVX	Restructured Group Technology to create and embed a new operating model that aligned teams within each business area to ensure the successful delivery of the key strategic priorities – ITV Together, ITVX and Planet V
	Deliver wave 1 of the ITV Together transformation programme	On track to deliver wave 1 of ITV Together in April 2023, underpinning the digital transformation of ITV's back office functions

As noted above, there was strong achievement against the objectives set at the start of the year. The Committee therefore agreed that this element should deliver an outcome of 95% of maximum for the Chief Executive and 95% of maximum for the Group CFO & COO.

Consistent with the requirements of the Code, the Committee considers wider performance before approving the formulaic outcomes from incentive plans. Where appropriate the Committee has scope to apply judgement and discretion. To assist the Committee with determining whether adjustments are required, the Committee applies a framework which considers performance from multiple perspectives, including the underlying strength of results, the execution of strategic priorities, performance indicators which do not form part of the formulaic assessment, and non-financial factors, such as culture and our focus on duty of care. The Committee has a track record of adjusting outcomes where appropriate, with negative discretion applied in both 2018 and 2019, and the cancellation of the bonus for 2020.

In 2022, ITV demonstrated its resilience in a year with both economic and geo-political uncertainty. Although the advertising market proved to be more buoyant than forecast at the start of the year, ITV significantly outperformed all external expectations regarding performance with the year end adjusted EBITA of £717 million representing a 12% increase on 2021. This outstanding financial performance was coupled with the continued investment in a number of strategic priorities which would support the ongoing transformation of the business. Following a holistic review of performance, the Committee was fully satisfied that the outstanding performance in the year fully justified bonus outcomes towards the upper end of the pay-out range.

	Outcome (% of maximum)	Total value	Value delivered in shares under the DSA	Value paid in cash
Carolyn McCall	81.72	£1,429,156	£476,385	£952,771
Chris Kennedy	81.72	£937,233	£312,411	£624,822

The value delivered in shares under the DSA is deferred for three years and released on the third anniversary of the award subject to continued employment. In line with the Remuneration Policy, bonus awards (including deferred elements) remain subject to malus and clawback provisions which seek to safeguard against payments for failure.

Long Term Incentive awards

The LTIP awards made in 2020 were subject to performance measured to 31 December 2022. The indicative value of these awards is set out below.

	Number of shares awarded	Value at award date £	Number of shares vesting[1]	Value at 31 December 2022[2] £
Carolyn McCall	3,575,495	2,499,628	1,393,013	984,442
Chris Kennedy	2,171,954	1,518,413	846,193	598,005

1. The vesting figures shown in the table above reflect the 38.96% of the total award that met performance conditions on 31 December 2022. The vesting shares will become exercisable after a two year holding period on 6 April 2025.
2. The share price used to value the shares at 31 December 2022 is the average share price for the final quarter of 2022 (70.67 pence). The share price used to calculate the number of shares under award was 69.91 pence (the trading day average of the share prices on the 30 days before grant, 6 April 2020).

The targets for the 2020 awards were largely approved prior to the onset of the pandemic and were therefore set in the context of a different economic outlook. Details of performance against the targets set are shown in the table below. The strong recovery in profitability in 2022, enabled partial vesting of the EPS component despite the impact of the pandemic. Total non-advertising revenue grew in 2022, enabling vesting of 54%. While Family SOV performance was strong, growth in online viewing fell short of the extremely challenging targets that were set at the start of the performance period. Overall, the Remuneration Committee is satisfied that the final vesting outcome is supported by overall performance over the period.

	Weightings	Threshold (20% vesting)	Maximum (100% vesting)	Performance achieved	Pay-out level (%)
Adjusted EPS	20%	12.5p	17p	13.2p	6.49
TSR [1]	20%	Median	Upper quartile	Below median	0
Total non-advertising revenue	40%	3% growth pa	6.5% growth pa	4.5%	21.47
Viewing health:					
– ITV Family SOV [2]	10%	21.2%	23.5%	22.5%	8.15
– Online viewing	10%	+250m hours growth	+500m hours growth	276.9m	2.85

1. TSR was assessed against a comparator group of FTSE 350 companies that predominantly derive their revenues in the UK (excluding financial services and extractive industries)
2. For SOV an interim vesting point was applied between threshold and maximum: 22.4% (80%). For all other targets a straight line vesting applies between the threshold, and maximum vesting points.

When the 2020 LTIP award was granted in April 2020 share prices fell sharply across the market. In response to this market volatility and to mitigate the risk of perceived windfall gains, the number of shares under awards was determined based on a higher 30 day average share price (69.91 pence) rather than the normal three-day average (58.04 pence). This approach had the effect of reducing the number of shares under award by c.17%. Taking into account this proactive adjustment and the current share price trend, the Committee is currently proposing no further adjustments to this award to reflect share price volatility.

Chairman and Non-executive Directors

The table below sets out in a single figure the total remuneration for Non-executive Directors for the financial year. The annual fee for the Chair is £400k. The level of fees paid to the remaining Non-executive Directors were unchanged in 2022, for further details see page 148.

		Fees		Taxable benefits[1]		Total	
	Notes	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Andrew Cosslett (Chair)	2	**124**	–	**–**	–	**124**	–
Salman Amin		**70**	70	**1**	–	**71**	70
Peter Bazalgette (former Chair)	3	**336**	450	**6**	2	**342**	452
Edward Bonham Carter		**95**	95	**1**	–	**96**	95
Graham Cooke	4	**70**	66	**1**	–	**71**	66
Margaret Ewing		**85**	85	**1**	–	**86**	85
Mary Harris	5	**77**	90	**4**	2	**81**	92
Gidon Katz	6	**30**	–	**23**	–	**53**	–
Anna Manz		**76**	76	**1**	–	**77**	76
Sharmila Nebhrajani	7	**80**	70	**1**	–	**81**	70
Duncan Painter		**70**	70	**1**	–	**71**	70
		1,113	1,072	**40**	4	**1,153**	1,076

1. The amounts disclosed in the table above relate to the reimbursement of taxable relevant travel and accommodation expenses (and associated taxes) for attending Board meetings and related business. In addition, Peter Bazalgette received private healthcare for the time he served as a director.
2. Andrew Cosslett joined the Board on 1 June 2022 as a Non-executive Director. He was appointed the Chairman of the Board on 29 September 2022. He received the basic NED fee up until his appointment at Chairman. Following his appointment as Chairman his annual fee is £400,000.
3. Peter Bazalgette stepped down from the Board on 29 September 2022.
4. Graham Cooke joined the Board on 1 May 2020 and the Audit and Risk Committee on 1 November 2021.
5. Mary Harris stepped down as Chair of the Remuneration Committee on 29 April 2022.
6. Gidon Katz joined the Board on 18 July 2022.
7. Sharmila Nebhrajani was appointed Chair of the Remuneration Committee on 29 April 2022.

Restricted Share awards made in 2022

On 28 March 2022 awards were made under the ITV plc Executive Share Plan (the ITV ESP) to Carolyn McCall and Chris Kennedy as set out below.

Performance measure	% salary awarded	Number of share options (nil cost)[1]	Value at award date	Vesting period ends	Holding period	Release date
Carolyn McCall	132.5	1,338,577	£1,287,309	28 March 2025	2 years	28 March 2027
Chris Kennedy	112.5	813,126	£781,983	28 March 2025	2 years	28 March 2027

1 Awards were granted based on the average share price on the 30 trading days preceding the award which was 96.17 pence. The closing share price on the date of grant was 81.04 pence.

The ITV ESP was approved by shareholders at the 2021 AGM. The awards are over restricted shares with grant levels reduced by 50% compared to the annual LTIP awards granted in previous years.

Awards will normally vest after three years following the date of award subject to the satisfaction of a performance underpin. Any vested awards would then be subject to a two year holding period.

For the awards granted in 2022, the Remuneration Committee will retain the ability to reduce vesting of the Restricted Shares (including to nil) where:

- Adjusted Return on Capital Employed is below the Company's cost of capital; and/or
- There is a material weakness in the underlying financial health or sustainability of the business

When assessing the latter, the Committee will consider all factors deemed relevant at the time, including for example, progress against execution of the strategy, performance against financial and non-financial KPIs and the nature of the wider trading environment. In line with best practice, the Remuneration Committee will retain the discretion to adjust any incentive awards where vesting outcomes are considered to be inappropriate. Further detail on the assessment of the performance underpin will be disclosed at the time of vesting in 2025.

As a further safeguard malus and clawback provisions may be operated at the discretion of the Committee in respect of any element of these awards. Under malus, unvested share awards (including any portion of the award subject to a post-vesting holding period) can be reduced (down to zero if considered appropriate) or be made subject to additional conditions. Clawback allows for repayment of shares previously received following vesting or release from a holding period if applicable. Malus/clawback can be operated up to six years from the relevant date of grant for Restricted Share awards. The circumstances in which the operation of these provisions would be applied may be considered from time to time but currently include material misstatement of financial results, gross misconduct or fraud and material reputational damage. The Committee maintains sufficient scope in the ITV ESP rules to exercise discretion and judgement in line with the spirit of the Code.

Remuneration Policy application in 2023

Executive Directors

The following section provides details of how the Policy will be implemented in 2023.

Salary

Salaries are paid in line with the Policy. In line with the wider employee group both Executive Directors received an increase of 4% from 1 January 2023. When considering salary increases for the wider workforce, the overall aim was to provide all employees with a meaningful increase to their base salary which reflected the broader economic context. While the high inflationary environment was impacting all employees, it was recognised that lower paid employees were being impacted more acutely. Salary increases for the more senior roles were reduced to help fund more meaningful increases for employees at lower pay levels.

The salary increases were scaled from 6% for lower paid employees, 5% for mid-tier roles and 4% for the more senior executives. Salary increases for the Executive Directors have been set at 4% to align with the lower rate applied to senior executive across the Group.

	2023 Salary
Carolyn McCall	£1,010,416
Chris Kennedy	£722,900

Taxable benefits and pension

These are provided in line with the Policy. Both Executive Directors receive private medical cover, car-related benefits, and a cash allowance in lieu of participation in any ITV pension scheme.

As advised in last year's report, in 2020 the Company undertook a review of its pension policy for the wider employee base. Following the completion of this review, the Committee has agreed that the contribution rate for Carolyn McCall will be reduced to 9% from 1 January 2023, fully aligning both Executive Directors with the wider employee group.

Both Executive Directors will receive a cash allowance in lieu of pension of 9% of salary.

Annual Incentive – Bonus (cash and shares)

The maximum bonus opportunity for 2023 remains unchanged: Carolyn McCall – 180% of salary; and Chris Kennedy – 165% of salary. Awards made to Executive Directors through the bonus will be paid two-thirds in cash and one-third deferred into shares under the DSA.

The targets that will apply for the 2023 annual bonus have been set taking into account internal and external forecasts for company and market performance and continued strategic investments. The Board considers the actual targets for 2023 to be commercially sensitive at this time, however, envisage providing retrospective disclosure of these targets in next year's report.

The Committee may adjust bonus targets or outcomes to reflect significant one-off events (e.g. major transactions), foreign exchange movements or material changes to assumed plan conditions to ensure that the plan continues to reward performance fairly.

The Committee may amend the bonus pay-out should any formulaic assessment of performance not reflect overall performance in the year.

Restricted Share awards

Awards in 2023 will be made to the Executive Directors with a value of 132.5% of salary for Carolyn McCall and 112.5% of salary for Chris Kennedy. These levels remain unchanged from the awards made in 2022.

Awards will normally vest after three years following the date of award subject to the satisfaction of a performance underpin. Any vested awards would then be subject to a two year holding period.

For 2023 awards, in line with the performance underpin that applied to awards made in 2022, the Remuneration Committee will retain the ability to reduce vesting of the Restricted Shares (including to nil) where:

- Adjusted Return on Capital Employed is below the Company's cost of capital; and/or
- There is a material weakness in the underlying financial health or sustainability of the business

When assessing the latter, the Committee will consider all factors deemed relevant at the time, including for example, progress against execution of the strategy, performance against financial and non-financial KPIs and the nature of the wider trading environment. In line with best practice, the Remuneration Committee will retain the discretion to adjust any incentive awards where vesting outcomes are considered to be inappropriate. Further detail on the assessment of the financial underpin will be disclosed at the time of vesting.

Malus and clawback: Malus and clawback provisions may be operated at the discretion of the Committee in respect of any cash and deferred share elements of the bonus and Restricted Share awards. Under malus, unvested share awards (including any Restricted Share awards subject to a post-vesting holding period) can be reduced (down to zero if considered appropriate) or be made subject to additional conditions. Clawback allows for repayment of bonuses previously paid and/or shares previously received following vesting or release from a holding period if applicable. Malus/clawback can be operated up to four years following the start of the relevant bonus year for bonuses (for cash and shares), and up to six years from the relevant date of grant for Restricted Share awards. The circumstances in which the operation of these provisions would be applied may be considered from time to time but currently include material misstatement of financial results, gross misconduct or fraud and material reputational damage. The Committee maintains sufficient scope in the ITV plc Executive Share Plan rules to exercise discretion and judgement in line with the spirit of the Code.

Non-executive Directors

In line with the Executive Directors the Non-executive Directors received a 4% increase to the Board fee in 2023, while all other fees remained the same. This is the first increase to fees paid to Non-executive Directors since 2016.

Current fees are as set out below.

	1 January 2023 £	1 January 2022 £	% Change
Chairman[1]	**400,000**	450,000	(12.5)
Board fee	**67,656**	65,054	4.0
Additional fees for:			
Senior Independent Director	**25,000**	25,000	–
Audit and Risk Committee Chair	**20,000**	20,000	–
Audit and Risk Committee member	**5,371**	5,371	–
Remuneration Committee Chair	**20,000**	20,000	–
Remuneration Committee member	**5,371**	5,371	–

1. Peter Bazalgette stepped down as Chair on 29 September 2022. The fee payable to the new Chair, Andy Cosslett is £400k.

Details of Committee membership can be found on page 151.

Comparison of Directors to wider employees

In line with the requirements in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, which implement Articles 9a and 9b of European Directive 2017/828/EC1 (commonly known as the Revised Shareholder Rights Directive or SRD), the table below provides details of the percentage change in the base salary, benefits and bonus of the Directors between 31 December 2019 and 31 December 2022 compared with the average percentage change for other employees.

The figures for all Directors are calculated based on remuneration received in the relevant year as set out in the tables on pages 143 and 146. For base salary/fees, part year figures have been pro-rated for the purposes of this disclosure. In addition, the figures below reflect the voluntary decision taken by members of the Board to take a 20% cut in salary/fees for the period from April to October 2020. There was also no global salary review in 2021 and no annual bonus payments paid for 2020 to the Executive Directors and wider workforce.

		2021-2022			2020-2021			2019-2020		
	Notes	**Salary/fee % change**	**Benefits % change**	**Bonus % change**	Salary/fee % change	Benefits % change	Bonus % change	Salary/fee % change	Benefits % change	Bonus % change
Average employee	1	**3.70**	**2.86**	**(11.19)**	3.58	5.18	–	4.26	5.86	–
Salman Amin	2	–	**51.3**	–	13.2	139.5	–	(11.7)	(81.4)	–
Peter Bazalgette (former Chair)	2, 5	–	**49.5**	–	13.2	24.4	–	(11.7)	(17.7)	–
Edward Bonham Carter	2	–	**51.3**	–	13.2	139.5	–	(11.7)	(92.0)	–
Graham Cooke	2, 6	**6.36**	**51.3**	–	14.8	–	–	–	–	–
Andrew Cosslett (Chair)	2, 7	–	–	–	–	–	–	–	–	–
Margaret Ewing	2	–	–	–	13.2	–	–	(11.7)	(91.8)	–
Mary Harris	2, 8	**(17.65)**	**62.8**	–	13.2	154.5	–	(11.7)	(84.3)	–
Gidon Katz	2, 9	–	–	–	–	–	–	–	–	–
Chris Kennedy (Group CFO & COO)	3, 4	**3.0**	**2.65**	**(11.51)**	13.2	11.9	–	(9.68)	(9.24)	–
Anna Manz	2	–	**51.3**	–	13.2	139.5	–	(11.7)	(88.3)	–
Carolyn McCall (Chief Executive)	3, 4	**3.0**	**2.65**	**(12.66)**	13.2	11.9	–	(9.68)	(9.24)	–
Sharmila Nebhrajani	2,10	**12.35**	**78.3**	–	13.2	–	–	–	–	–
Duncan Painter	2	–	**51.3**	–	13.2	139.5	–	(11.1)	(88.3)	–

1. The percentage change in benefits is the average change for all UK employees (excluding the Chief Executive and Group CFO & COO) with any of the same benefits as the Chief Executive and Group CFO & COO.
2. Calculated using the fees and taxable benefits disclosed under the Non-executive Directors' remuneration in the table on page 146. Taxable benefits for Non-executive Directors comprise expense reimbursements relating to attendance at Board meetings rather than conventional employee benefits. The increases seen in the period 2020-2021 are primarily due to the ability for Directors to attend some meetings in person during 2021, against the majority of meetings being held on a virtual basis during 2020. The increases seen in the period 2021-2022 are primarily due to the attendance at two board dinners in the year, against one dinner in 2021. In addition, Peter Bazalgette received private healthcare for the period he served as a director.
3. Calculated using the data from the single figure table on page 143. Benefits include the cost of medical insurance and car-related benefits.
4. The Executive Directors are the only employees of the parent company, and therefore there is no comparator data for this sample. In the interests of transparency, the percentage change in pay for all UK employees has been disclosed on a voluntary basis. As the majority of employees are based in the UK and share the same benefits as the Executive Directors, overseas employees have not been included.
5. Peter Bazalgette left the Board in September 2022 and received fees up to this point only. To enable a comparison for the purposes of this disclosure, his 2022 fees have been pro-rated up.
6. Graham Cooke joined the Board in May 2020 and the Audit and Risk Committee on 1 November 2021. To enable a comparison for the purposes of this disclosure, his 2020 fees have been pro-rated up.
7. Andrew Cosslett joined the Board in June 2022 and therefore no comparison has been provided to 2021.
8. Mary Harris stepped down as Chair of the Remuneration Committee in May 2022.
9. Gidon Katz joined the Board in July 2022 and therefore no comparison has been provided to 2021.
10. Sharmila Nebhrajani joined the Board In December 2020 and received fees for this month only in 2020, and there were no benefits paid in 2020. To enable a comparison for the purposes of this disclosure, her 2020 fees have been pro-rated. She was appointed as Chair of the Remuneration Committee in May 2022.

CEO pay ratio

Year	Methodology	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option A	89:1	66:1	48:1
2021	Option A	92:1	68:1	49:1
2020	Option A	33:1	24:1	18:1
2019	Option A	89:1	66:1	49:1

The employee at the 25th percentile, median and 75th percentile was determined based on the single figure of total remuneration for every UK employee, Option A in the Reporting Regulations. This method is the most statistically accurate approach and aligned with majority practice in the FTSE 350.

Our 2021 ratios have been updated to reflect the final actual 2021 remuneration values for the CEO and all other employees. Our 2022 pay ratios are based on the current CEO single figure and the indicative value of share awards that were subject to performance measured to 31 December, based on the average share price over the final quarter of the year. The 2022 ratios will be restated in the 2023 Remuneration Report to reflect the updated CEO single figure and the actual value of shares on the vesting date.

The total remuneration of each comparator employee has been calculated using the actual values received in respect of the full financial year and in accordance with the methodology used to calculate the single figure of remuneration for the CEO. We have not omitted any component from their pay and benefits and no adjustments have been made to their actual remuneration.

The full-time equivalent remuneration values for the individuals in the table above are as follows:

2022

	CEO	25th percentile	Median	75th percentile
Salary	£971,554	£31,502	£46,891	£64,771
Total remuneration	£3,548,515	£39,849	£53,485	£73,558

2021

	CEO	25th percentile	Median	75th percentile
Salary	£943,256	£28,845	£40,385	£56,000
Total remuneration	£3,307,301	£35,925	£48,604	£67,246

The median pay ratio for 2022 is considered to be consistent with the pay, reward and progression policies during the year for the Company's UK employees taken as a whole. Our UK headcount and the total remuneration values for the comparator employees have both increased year-on-year. We implemented a Company-wide pay increase of 3% in January 2022, and we remain committed to ensuring colleagues earn at least the real Living Wage or higher.

An annual bonus arrangement extends to all employees who don't participate in the management bonus schemes and is paid in March each year. The 2022 employee bonus opportunity was up to £2,000, and the Company topped-up the 2022 bonus payment to the full amount to recognise the contribution employees made to ITV's achievements during the year. To help our employees manage with the rising cost of living in the UK, in October 2022 over 80% of UK employees also received an additional payment of £1,000 each. All comparator employees identified in the pay ratio calculations were eligible for the employee bonus and the cost of living payment while employed.

The reduction in our 2022 pay ratios is attributable to the total remuneration values for the comparator employees increasing by a higher percentage year-on-year than the total remuneration figure for the CEO. A significant proportion of the remuneration for the CEO is performance related and the level of actual performance outcomes has a corresponding effect on the CEO pay ratios.

Remuneration Committee

Who is on the Committee

The Committee is composed of independent Non-executive Directors.

The current members are:
- Sharmila Nebhrajani (Chair)
- Salman Amin
- Andrew Cosslett – independent on appointment
- Anna Manz
- Duncan Painter

Mary Harris and Peter Bazalgette stepped down as members of the Committee in the year

Full details of attendance at Committee meetings can be found in the table on page 103

Detailed biographies can be found on page 98 and 99

Our role

Following each meeting, the Committee communicates its main discussion points and findings to the Board.

The Committee's terms of reference can be accessed on our website

The main role of the Committee is to:
- Review the ongoing appropriateness, relevance and effectiveness of the Remuneration Policy, including in relation to retention and development, whilst taking into account workforce remuneration and related policies, and the alignment of incentives and reward
- Propose to shareholders changes to the Remuneration Policy as appropriate
- Approve the implementation of remuneration arrangements for the Chair, Executive Directors, Management Board and other senior executives (together the Senior Executive Group) considering arrangements for the wider employee group. Details on employee remuneration can be found on pages 141 and 142
- Approve the design of the Company's annual bonus arrangements and long-term incentive plans, including the performance criteria that apply for the Senior Executive Group
- Determine the award levels for the Senior Executive Group based on performance against annual bonus targets and long-term incentive conditions

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Meetings in 2022

In addition to Committee members, the Executive Directors, Group HR Director, General Counsel and Company Secretary, Director of Reward and Pensions and independent adviser Deloitte attend meetings as required.

Attendees do not take part in decisions relating to their own remuneration and potential conflicts are suitably mitigated.

January
- Indicative LTIP and PSP performance
- Post-cessation shareholding mechanisms for Executive Directors
- Annual review of the Chairman's fees
- Gender and ethnicity pay gap reporting and CEO pay ratios
- Workforce engagement update
- Compliance with shareholding guidelines

February
- Bonus outcomes for 2021
- Performance outcomes for 2019 LTIP and PSP awards
- Bonus targets for 2022
- Financial underpin target for 2022 ESP awards
- Remuneration Report and compliance against the Remuneration Policy
- Review of the Senior Executive Group
- Adviser independence

March
- Indicative performance of inflight awards under the Executive plans
- 2022 awards under the executive and SAYE plans

September
- Financial performance update
- ITV Studios talent deals principles
- Employee reward framework including review of remuneration and related policies and remuneration trends
- 2022 AGM season update
- Committee terms of reference review

November
- Review of 2022 bonus performance
- 2023 Bonus framework
- Notice periods for the Management Board
- Renewal of the SAYE scheme rules for shareholder approval in 2023

December
- Bonus framework and targets for 2023
- Annual pay review
- Governance updates

Annual review

A review of the performance of the Committee is conducted each year.

In 2022 an externally facilitated Board evaluation was undertaken, which included a review of the Committee. The results are summarised on pages 118 to 119

Overall, the evaluation concluded that the Committee is working effectively and responding appropriately to its terms of reference

Other Disclosures

Directors' Remuneration Policy summary

The table below summarises the key elements of the ITV policy on remuneration for Executive Directors. The full Policy was approved by shareholders at the AGM on 29 April 2021 and can be found in the 2020 Annual Report and Accounts which is available on our website at www.itvplc.com.

Executive Director Remuneration Policy Table

Fixed Pay

Element	Summary of policy	2023 approach
Base salary	**Purpose:** To reflect the skills, responsibility and experience and support the recruitment and retention of Executive Directors of the calibre required to deliver the business strategy within the competitive media market. **Operation:** Reviewed annually with consideration given to personal and company performance, pay levels in relevant market and the wider employee pay review.	**Carolyn McCall:** £1,010,416 (+4%) **Chris Kennedy:** £722,900 (+4%) See page 141 for further detail on increases for broader employees
Provision for an income in retirement	**Purpose:** To provide competitive post-retirement benefits or cash allowance as a framework to save for retirement. **Operation:** The maximum contribution or cash allowance will be capped at a level comparable to the benefit available to the wider employee base. This is currently 9% of salary.	**Carolyn McCall:** 9% of salary (reducing from 15% in 2022) **Chris Kennedy:** 9% of salary
Benefits	**Purpose:** To ensure the overall package is competitive and provide financial protection for employees and their families. **Operation:** The Company provides a range of market competitive benefits, including travel-related benefits, private medical insurance and other insurance benefits. These are set at a level which the Committee considers to be appropriately positioned considering typical market levels for comparable roles, individual circumstances and the overall cost to the business.	In line with policy

Variable performance-related pay

Element	Summary of policy	2023 approach
Annual Incentive: Bonus – Cash and Deferred Share Award (DSA)	**Purpose:** Incentivises executives and employees to achieve key strategic outcomes on an annual basis. Focus on key financial metrics and objectives to deliver the business strategy. The element of the bonus compulsorily deferred into shares rewards delivery of sustained long-term performance, provides alignment with the shareholder experience and supports the retention of executives. **Operation:** The maximum opportunity will not exceed 200% of salary. Performance measures and targets are set by the Committee each year based on corporate objectives closely linked to strategic priorities of the business. The majority of the bonus opportunity will be based on corporate and financial measures. The remainder of the bonus will be based on performance against individual and/or strategic objectives. Not more than two-thirds of the bonus is delivered in cash with the balance deferred into shares under the DSA normally for a period of three years. Subject to malus and clawback.	**Maximum bonus opportunity** **Carolyn McCall:** 180% of salary **Chris Kennedy:** 165% of salary **Performance measures** (see page 148)
Restricted Shares awarded under the Executive Share Plan (ESP)	**Purpose:** Incentivises Executive Directors to deliver the business strategy and align with the longer-term Company performance and the shareholder experience. Acts as a retention tool to retain the executives required to deliver the business strategy. **Operation:** The maximum award level that may be granted in any financial year is 175% of salary. Awards will be granted annually with vesting after three years, subject to satisfaction of a performance underpin. Awards will be required to be held for an additional two year holding period so that the award is released after five years. Subject to malus and clawback.	**2023 ESP grant levels** **Carolyn McCall:** 132.5% of salary **Chris Kennedy:** 112.5% of salary **Financial underpin measure** (see page 148)
Legacy awards (LTIP)	Under the previous Remuneration Policy share awards granted under the ITV Long Term Incentive Plan. Awards to Executive Directors were subject to a three year performance period and a two year holding period. The single figure for 2022 includes values relating to the 2020 grant under this plan. The 2020 award is the final award granted to Executive Directors under the LTIP.	No further awards to be granted

Shareholder views

The Committee maintains regular and transparent communication with shareholders. We believe that it is important to regularly meet with our key shareholders to understand their views on our remuneration arrangements and what they would like to see going forward. We welcome feedback from shareholders at any time during the year.

Where we are proposing to make any significant changes to the remuneration framework or the manner in which the framework is operated we would seek major shareholders' views and take these into account. In recent years, the Committee has consulted with major shareholders regarding both the design and operation of the policy.

We intend to maintain a dialogue with our shareholders in future years, particularly when the Committee anticipates any substantial change to the remuneration framework.

Compliance with the 2018 Corporate Governance Code

The table below shows how the Committee addressed the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture when determining the Directors' remuneration policy.

Impact of the 2018 Corporate Governance Code

Clarity

Code provision: Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	• The presentation of the Remuneration Report is intended to provide clarity on the Company's approach • The aim to be completely transparent about our remuneration policy and arrangements and comply with certain disclosure requirements ahead of when we are required to do so for openness and transparency • Great importance placed on engaging with our stakeholders, particularly with shareholders and the workforce on remuneration. The Group HR Director attends all Committee meetings and our Workforce Engagement Director, Edward Bonham Carter, provides regular feedback. Employees also have the opportunity to comment through the Ambassador network and employee surveys. This ensures the views of employees are considered during Committee deliberations.

Simplicity

Code provision: Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The Company operates an approach to remuneration that is simple to understand and familiar to key stakeholders and has three key elements: • Fixed element: comprising base salary, taxable benefits and a pension allowance • Short-term element: an annual performance-related bonus with a selection of financial and non-financial targets measured over the financial year, two-thirds paid in cash and one-third in shares deferred for a three year period • Restricted share element: normally released after five years subject to achievement of a performance underpin

Risk

Code provision: Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that might arise from target-based incentive plans, are identified and mitigated.	A combination of capped reward for short and long-term incentives with the majority delivered in shares encourages Executive Directors to deliver long-term sustainable shareholder returns, discouraging decision-making that only focuses on the short term. The Committee retains flexibility to adjust payments through malus and clawback provisions, and an overriding discretion to depart from formulaic outcomes where behaviours may be viewed as inappropriate or criteria on which the award was based do not reflect the underlying performance of the Company.

Predictability

Code provision: The range of possible values of awards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.	Shareholders are kept fully informed and consulted on the values that can be earned under the incentive plans for different levels of performance. The Remuneration Policy provides estimates of potential future reward in different performance scenarios.

Proportionality

Code provision: The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	The Restricted Share awards reward the creation of shareholder value, which ultimately focuses on the long-term achievement of strategic deliverables. Performance measures and personal objectives in the bonus are designed to align with strategy and financial performance and provide for a range of pay out levels which are dependent on and linked to Company performance. Deferral periods and holding periods (including in the bonus) help to further align incentive outcomes for executives to the shareholder experience in the long term. The Committee has overriding discretion over eventual outcomes when they do not reflect business performance, and/or shareholder experience, and ensures that poor performance would not be rewarded.

Alignment to culture

Code provision: Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	When considering the alignment of incentive plans and culture the Committee considers the following: • **Metrics –** ensuring that performance targets are aligned to culture and do not drive the wrong behaviours. • **Governance –** ensuring adoption of best practice through a robust malus and clawback policy with a substantial list of relevant trigger events, such as corporate failure and reputational damage. The Committee also retains discretion under the plan rules to override formulaic vesting outcomes and to extend holding periods. These initiatives enable the Committee to satisfy itself that the right steps have been taken to ensure executive remuneration is appropriate from a cultural context. • **Engagement –** understanding remuneration for the wider workforce and ensuring that pay decisions are aligned across the Group and wider engagement with our stakeholders, including our employees. Further details can be found on pages 141 to 142.

Payments to past Directors

There were no payments made to past Directors in 2022.

Payments for loss of office

There were no payments made to Directors for loss of office in 2022.

Directors' share interests and post-cessation shareholding

The Committee continues to recognise the importance of Directors being shareholders so as to align their interests with other shareholders.

Shareholding guidelines are in place, which encourage Executive Directors to build up a holding of ITV plc shares based on a percentage of base salary. Normally, 50% of the requirement must be obtained within three years of appointment and the remainder within five years.

Where the value of shares required to be held increases as a result of a salary increase (or an increase in the relevant percentage), the Executive Directors will have three years from such increase to achieve compliance. The Committee may change the guidelines so long as they are not, overall, in the view of the Committee, less onerous.

Non-executive Directors are required to build and then maintain a holding of 100% of their base fee over the six years from the date of appointment to the Board (unless for some reason they are unable to retain their fees).

Interests in share awards following departure enable departing Executive Directors to remain aligned with the interest of shareholders for an extended period after leaving the Company. Deferred Share Awards, legacy LTIP and ESP awards subject to a holding period will normally vest (and be released from their holding periods) at the normal time. This means that Executive Directors may retain a significant interest in shares for up to five years following departure from the Company. Following adoption of the policy in 2021, Executive Directors will normally be required to retain an interest equivalent to two times their annual ESP grant (265% for the Chief Executive and 225% for the Group CFO & COO) for two years following departure. In order to enforce this requirement, on vesting relevant shares are automatically transferred to a secure nominee arrangement until the appropriate level of interest has been achieved. The shares will be retained in this arrangement until the end of the two year period.

The figures set out below represent shareholdings in the ordinary share capital of ITV plc beneficially owned by Directors and their family interests at 31 December 2022. To show alignment with the shareholding guidelines the net number of unvested share awards not subject to performance conditions are included for the Executive Directors. The Committee continues to keep both the shareholding guidelines and actual Director shareholdings under review and will take appropriate action should they feel it necessary.

		Interests in shares				
	Notes	**Unconditional shares held at 31 December 2022[1]**	**Restricted shares held at 31 December 2022[2]**	**% shareholding guidelines met[3]**	Unconditional shares held at 31 December 2021	% of salary/fees required to be held under shareholding guidelines
Executive Directors						
Carolyn McCall		**1,277,456**	**2,372,389**	**100**	868,131	400
Chris Kennedy[4]		**458,368**	**1,389,603**	**100**	266,466	225
Non-executive Directors						
Salman Amin		**50,674**	**–**	**100**	50,674	100
Peter Bazalgette	5	**–**	**–**	**–**	357,245	100
Edward Bonham Carter		**100,000**	**–**	**100**	50,000	100
Graham Cooke	6	**–**	**–**	**–**	–	100
Andrew Cosslett		**621,242**	**–**	**100**	–	100
Margaret Ewing		**57,700**	**–**	**100**	37,700	100
Mary Harris		**90,517**	**–**	**100**	70,627	100
Gidon Katz	7	**75,000**	**–**	**87**	–	100
Anna Manz		**46,312**	**–**	**100**	33,665	100
Sharmila Nebhrajani	8	**10,000**	**–**	**14**	3,000	100
Duncan Painter		**82,087**	**–**	**100**	82,078	100

1. Shares beneficially held by Directors and family interests.
2. Unvested restricted share awards (under the DSA, LTIP or ESP) not subject to performance conditions, accounted for on a net of tax basis.
3. In order to reflect economic exposure, shareholding guidelines are assessed on the greater of the share price on 31 December 2022 (75.16 pence) and the value at acquisition/grant.
4. The number of shares for 2021 has been restated to take account of an overstatement of 540 shares in the prior year.
5. Peter Bazalgette stepped down from the Board on 29 September 2022.
6. Graham Cooke was appointed to the Board on 1 May 2020 and has until 2026 to meet his shareholding guideline.
7. Gidon Katz was appointed to the Board on 18 July 2022 and has until 2028 to meeting his shareholding guideline.
8. Sharmila Nebhrajani was appointed to the Board on 10 December 2020 and has until 2026 to meet her shareholding guideline.

Outstanding interests under share plans

The following tables provide details of the Executive Directors' interests in outstanding share awards.

	Notes	At 1 January 2022	Awarded in year	Vested in year	Exercised in year	Lapsed in year	**At 31 December 2022**	Share price used for award (pence)	Share option price (pence)	Share price at exercise (pence)	Vesting date	Holding period ends
Carolyn McCall												
LTIP												
28 March 2018	1	144,989	–	–	–	–	**144,989**	145.25	–	–	28 March 2021	28 March 2023
28 March 2019	1	1,934,498	–	692,937	–	1,241,561	**692,937**	126.37	–	–	28 March 2022	28 March 2024
6 April 2020	1	3,575,495	–	–	–	–	**3,575,495**	69.91	–	–	6 April 2023	6 April 2025
ESP												
13 May 2021	2	1,013,062	–	–	–	–	**1,013,062**	123.37	–	–	13 May 2024	13 May 2026
28 March 2022	2	–	1,338,577	–	–	–	**1,338,577**	96.17	–	–	28 March 2025	28 March 2027
DSA[3]												
28 March 2019	4	309,860	–	309,860	309,860	–	**–**	126.37	–	82.118	28 March 2022	
6 April 2020		692,767	–	–	–	–	**692,767**	69.91	–	–	6 April 2023	
28 March 2022		–	567,177	–	–	–	**567,177**	96.17	–	–	28 March 2025	
Chris Kennedy												
LTIP												
28 March 2019	1	1,175,121	–	420,928	–	754,193	**420,928**	126.37	–	–	28 March 2022	28 March 2024
6 April 2020	1	2,171,954	–	–	–	–	**2,171,954**	69.91	–	–	6 April 2023	6 April 2025
ESP												
13 May 2021	2	615,390	–	–	–	–	**615,390**	123.37	–	–	13 May 2024	13 May 2026
28 March 2022	2	–	813,126	–	–	–	**813,126**	96.17	–	–	28 March 2025	28 March 2027
DSA[3]												
6 April 2020		389,111	–	–	–	–	**389,111**	69.91	–	–	6 April 2023	
28 March 2022		–	367,120	–	–	–	**367,120**	96.17	–	–	28 March 2025	
SAYE												
7 April 2020		24,426	–	–	–	–	**24,426**	92.11	73.69	–	1 June 2023	

1. Awards under the LTIP are subject to performance over a three year period. Any proportion of the award that meets the performance conditions will become exercisable after a two year holding period. The performance conditions that apply to the unvested awards under the 2020 LTIP are summarised on page 146.
2. Awards under the ESP vest after three years subject to a financial underpin condition being met. The award will then become exercisable after a two year holding period. The face value of awards granted in the financial year to Carolyn McCall under the ESP was £1,287,309 and to Chris Kennedy was £781,983.
3. There were no DSA awards made in 2021 for 2020 performance.
4. For awards released during the year, sufficient shares were sold to cover income tax and national insurance liabilities, with the balance of shares retained by the Executive Director. The shares are included in the balance of unconditional shares in the table on page 154.

External directorships

With specific approval of the Board, Executive Directors may undertake external appointments as a non-executive director of other publicly quoted companies and retain any related fees paid to them. During the year, the Executive Directors retained fees for the directorships set out below.

	Company	2022 £000
Carolyn McCall	Burberry Group plc[1]	25
	Bridgepoint Group plc	75
Chris Kennedy	Whitbread plc	85

1. Carolyn McCall stepped down from her appointment to Burberry Group plc on 2 April 2022, the fee shown in the table is for the period of time she served as a director.

The Board and Committee are satisfied that these commitments do not compromise their duties as Executive Directors of ITV plc.

Service contracts

The Directors' service contracts and letters of appointment are available for inspection at the Company's registered office.

Executive Directors: Executive Directors have rolling service contracts that provide for 12 months' notice on either side. There are no special provisions that apply in the event of a change of control.

	Date of appointment	Nature of contract	Notice period from Company	Notice period from Director	Compensation for early termination
Carolyn McCall	8 January 2018	Rolling	12 months	12 months	None
Chris Kennedy	21 February 2019	Rolling	12 months	12 months	None

Non-executive Directors: Each Non-executive Director, including the Chairman, has a contract of service with the Company. Non-executive Directors will serve for an initial term of three years, subject to election and then annual re-election by shareholders, unless otherwise terminated earlier by and at the discretion of either party upon one month's written notice (12 months for the current Chairman). After the initial three year term, reappointment is on an annual basis.

All Non-executive Directors are subject to re-election at the AGM in 2023. Details of appointment and tenure are set out in the table on page 98 to 99.

Committee membership and advisers

The Directors who were members of the Committee when matters relating to the Executive Directors' remuneration for the year were considered are set out on page 151.

The Committee obtains advice from various sources in order to ensure it makes informed decisions. The Executive Directors are invited to attend Committee meetings as appropriate. No individual is involved in decisions relating to their own remuneration.

The Chief People Officer is the main internal adviser and provides updates on remuneration, employee relations and human resource issues.

Deloitte LLP was appointed by the Committee as the independent adviser on remuneration policy and the external remuneration environment with effect from September 2017 following a review of other advisers in the market place. Total fees for advice provided to the Committee during the year amounted to £66,500 on a time/material basis (exclusive of VAT and expenses). Deloitte are members of the Remuneration Consultants Group and abide by its Code of Conduct in relation to remuneration consulting in the UK.

The Committee regularly reviews the quality and objectivity of the advice it receives from Deloitte in private sessions and this is challenged as a part of the Board evaluation process. It is satisfied that the advice it has received has been objective and independent, and that any conflicts have been appropriately managed. The Committee is satisfied that the Deloitte LLP engagement partner and advisory team that provide remuneration advice to the Committee, do not have any connections with the Company or individual directors that may impair their independence.

The wider UK Deloitte firm provided ITV with a number of other services during the year relating to risk and internal audit (until April 2022), tax, financial advice and consultancy. The members of the executive remuneration consulting team are not incentivised to cross-sell non-related services to ITV.

Relative importance of spend on pay

The table below shows pay for all employees compared with other key financial indicators.

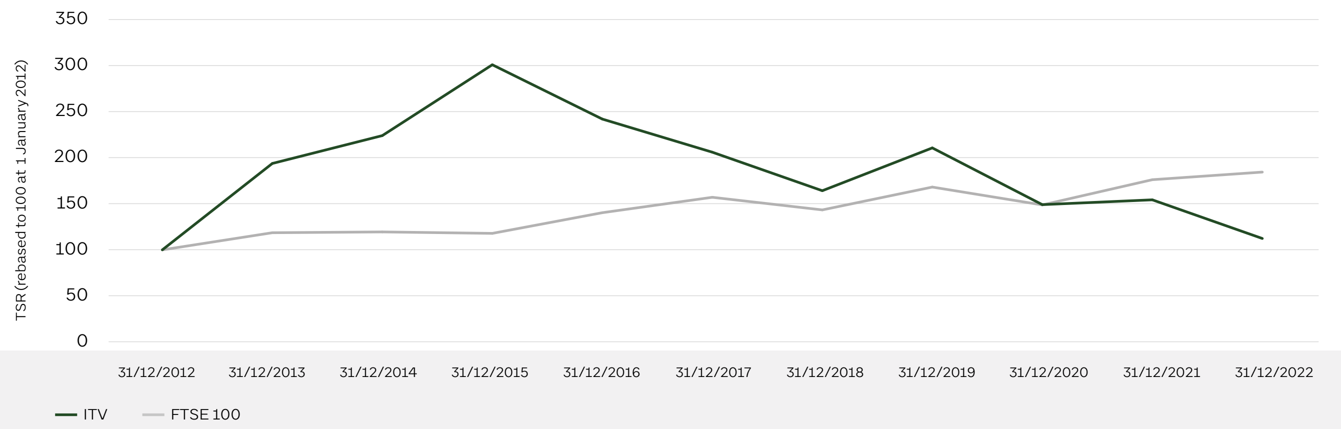
	2022 £m	2021 £m	% Change
Employee pay[1]	**631**	553	14.1
Ordinary dividend	**200**	0	–
Employee headcount[2]	**6,677**	6,315	5.7

1. Employee pay is the total remuneration paid to all employees across ITV on a full-time equivalent basis. More detail is set out in note 2.1 of the Financial Statements.
2. Employee headcount is the monthly average number of employees across ITV on a full-time equivalent basis. More detail is set out in note 2.1 of the Financial Statements. This number is included to contextualise the employee pay figure.

There were no share buybacks during either year.

Historical performance

The graph below shows the TSR performance of the Company against the FTSE 100 index over the ten year period to 31 December 2022. The FTSE 100 was chosen as ITV has been a member of the FTSE 100 during the ten year period.



Source: Thomson Reuters Datastream

Chief Executive remuneration

The table below provides a summary of the total remuneration received by the Chief Executive over the last ten years, including details of the annual bonus pay-out and long-term incentive award vesting level in each year.

		Total remuneration £000	Bonus % of maximum	Long-term incentive award vesting % of maximum
2022	Carolyn McCall	3,548	81.72	38.96
2021	Carolyn McCall	3,307	96.38	35.82
2020	Carolyn McCall	1,150	–	8.83
2019	Carolyn McCall	3,122	87.5	62.35
2018	Carolyn McCall	3,695	73.6	–
2017	Peter Bazalgette (for the six-month period served as Executive Chairman)	225	–	–
	Adam Crozier (for the six-month period served)	2,050	97.9	63
2016	Adam Crozier	3,632	40	80
2015	Adam Crozier	3,881	96	75
2014	Adam Crozier	4,842	94	75
2013	Adam Crozier	8,399	93	87

The long-term incentive award vesting percentage relates to the proportion of the award that met performance conditions in the relevant financial year.

Shareholder voting

At the 2022 AGM, the majority of investors and mainstream proxy voting agencies were supportive of the Remuneration Report. However it is recognised that there was a degree of pushback from a minority of investors. Based on engagement with major shareholders there was not a consistent basis for this pushback. Selected shareholders retained reservations regarding the remuneration policy approved by 92% of shareholders at the 2021 AGM, whereas other shareholders had voted against in response to the market reaction to the strategy announcements made in March 2022. The Board continues to maintain dialogue with investors, and the Remuneration Committee has engaged with investors on numerous occasions over recent years. In many cases remuneration proposals have been adapted in direct response to investor feedback. While there is a recognition that there are differing viewpoints amongst our major investors on matters relating to pay, we will continue to constructively engage with investors on matters and take into account their feedback as we make key executive pay decisions.

Votes cast by proxy and at the meeting by poll in respect of the Executive Directors' remuneration were as follows:

Resolution	Number of shares	Voting for %	Number of shares	Voting against %	Total votes cast	Votes withheld
Remuneration Policy (2021 AGM)	2,708,902,059	92.23	228,270,767	7.77	2,937,172,826	250,200,490
Annual Report on Remuneration (2022 AGM)	2,659,738,737	81.32	611,109,771	18.68	3,270,848,508	4,122,172

This Remuneration Report was approved by the Board on 2 March 2023 and has been signed on behalf of the Directors by

Sharmila Nebhrajani
Chair, Remuneration Committee
2 March 2023

Directors' Report

The Directors present their Annual Report and the audited consolidated and parent company financial statements for the year ended 31 December 2022. The Directors' Report comprises this report and the entire Governance section including the Chairman's Governance Statement. In accordance with the Financial Conduct Authority's Listing Rules, the information to be included in the 2022 Annual Report and Accounts, where applicable, under LR 9.8.4, is set out in this Directors' Report. Other information that is relevant to this report, and which is incorporated by reference, can be located as follows:

Information	Page number
Carbon and greenhouse gas emissions	See page 48
Corporate Governance Report	See pages 102 to 121
Culture	See pages 114 to 117
Directors' service contracts	See page 156
Employee engagement and involvement	See pages 112 to 113
Employee equality, diversity, reward, investment and inclusion	See pages 51 to 53
Future developments of the business of the Group	See pages 20 to 21
Membership of the Board during the 2022 financial year	See page 103
Research and development	See pages 20 to 21
Stakeholder engagement and Company's business relationships	See pages 105 to 111

Corporate

Articles of Association: The Articles of Association may only be amended by special resolution of the shareholders. The current Articles were adopted as the Articles of Association of the Company at the conclusion of the 2022 AGM and are available on our website.

www.itvplc.com/investors/governance

Auditor: The external auditor for the 2022 financial year was PricewaterhouseCoopers LLP. The Independent Auditor's Report starting on page 164 sets out the information contained in the Annual Report which has been audited by the external auditor.

The Audit and Risk Committee considered the performance and audit fees of the external auditor, and the level of non-audit work undertaken. It recommended to the Board that a resolution for the reappointment of PricewaterhouseCoopers LLP for a further year as the Company's auditor be proposed to shareholders at the AGM on 4 May 2023.

Change of control: No person holds securities in the Company carrying special rights with regard to control of the Company. All of the Company's share schemes contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions and proration for time where appropriate.

Certain of the Group's debt and derivative instruments have change of control clauses whereby the counterparty can require ITV to repay or redeem the instruments in the event of a change of control (although in some cases only if it is accompanied by a credit rating downgrade to sub investment grade). The Company is not aware of any other significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company.

Other agreements: The Company does not have any agreements with any Director or employee that would provide compensation for loss of office or employment resulting from change of control following a takeover bid.

Dividends: The Board has proposed a final dividend of 3.3 pence for the year ended 31 December 2022 subject to shareholder approval at the AGM on 4 May 2023. The final dividend will be paid on 25 May 2023 to shareholders on the register on 14 April 2023 (the record date). The ex-dividend date is 13 April 2023. For more information please refer to page 7.

Political contributions: It is the Company's policy not to make cash contributions to any political party. However, within the normal activities of the Company's national and regional news-gathering operations, there may be occasions when an activity might fall within the broader definition of 'political expenditure' contained within the Companies Act 2006. Shareholder authority for such expenditure was given at the 2022 AGM. During 2022 there were no payments made by the Group falling within this definition (2021: nil). The Directors will seek to renew this authority at the 2023 AGM.

Branches: Branches of the Group outside the United Kingdom are indicated in the Subsidiary undertakings and investments section on pages 256 to 259.

Directors

Appointments: A table showing Directors who served in the year and to the date of this report can be found on page 103. Biographies for Directors currently in office can be found on pages 98 and 99 and on our website.

www.itvplc.com/about/board-of-directors

The appointment and replacement of Directors is governed by the Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. The Directors may from time to time appoint one or more Directors. Any such Director shall hold office only until the next AGM and shall then be eligible for appointment by the Company's shareholders in accordance with the Corporate Governance Code. Subject to annual shareholder approval, Non-executive Directors are appointed for an initial three year period and annually thereafter. Each Director will retire and submit themselves for election at the forthcoming AGM.

Conflicts of interest: The Board has delegated the authorisation of any conflicts to the Nominations Committee and has adopted a Conflicts of Interest Policy. The Board has considered in detail the current external appointments of the Directors that may give rise to a situational conflict and has authorised potential conflicts where appropriate. This authorisation can be reviewed at any time but will always be subject to annual review.

Powers including in relation to issuing or buying back shares: Subject to applicable law and the Company's Articles of Association, the Directors may exercise all powers of the Company, including the power to authorise the issue and/or market purchase of the Company's shares (subject to an appropriate authority being given to the Directors by shareholders in a general meeting and any conditions attaching to such authority). The Articles and a schedule of Matters Reserved for the Board can be found on our website (below).

At the 2022 AGM, the Directors were given the following authority:
- To allot a maximum of 1.34 billion shares, representing approximately one-third of the Company's issued share capital, extending to 2.68 billion if used for a rights issue
- To allot a maximum of 402.5 million shares, without first offering them to existing shareholders in proportion to their holdings, representing approximately 10% of the Company's issued share capital
- To purchase in the market a maximum of 402.5 million shares, representing up to approximately 10% of the Company's issued share capital

No shares were allotted or bought back under these authorities during the 2022 financial year and up to the date of this report. These standard authorities will expire on 29 July 2023 or at the conclusion of the 2023 AGM, whichever is earlier. The Directors will seek to renew the authorities at the AGM in 2023.

Insurance and indemnities: The Company maintains liability insurance for its Directors and officers that is renewed on an annual basis. The Company has also entered into deeds of indemnity with its Directors and certain directors of associated companies. A copy of the indemnity can be found on our website. The indemnity, which constitutes a qualifying third-party indemnity as defined in Section 234 of the Companies Act 2006, was in force during the 2022 financial year.

www.itvplc.com/investors/governance

Disclosures

Listing Rule 9.8.4 disclosures: There are no disclosures to be made under Listing Rule 9.8.4, other than that the Trustee of the Employees' Benefit Trust (EBT) waived its rights to receive dividends on shares it holds which do not relate to restricted shares held under the ITV Deferred Share Award Plan. See note 4.8.

Financial risk management: The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including in relation to its business model, future performance, solvency and liquidity. Details of our principal risks and associated mitigations, together with details of our approach to risk management, are set out on pages 71 to 84. Note 4.2 to the financial statements gives details of the Group's financial risk management policies and related exposures. Note 4.2 is incorporated by reference and deemed to form part of this report.

Going concern: The going concern statement is set out on page 178. The statement is incorporated by reference and deemed to form part of this report.

Data: As a part of our business activity, ITV processes large amounts of personal data. ITV recognises that to enable this use of personal data to transform our business and to meet the expectations of our viewers, advertisers and colleagues, it is critical that we continue to build on our approach to applying privacy in a lawful and ethical way. A programme of work to support this has been led by our Global Data Protection Officer. The work includes making improvements to our data governance framework and delivering our data privacy function to protect rights, engender trust and make data available for commercial purposes. ITV has a number of policies, procedures and tools in place to support this, including our Privacy and Data Protection Policy and an Information Security Policy that governs the processing and security of data. Compliance with these policies is mandatory and forms part of the Code of Ethics and Compliance. All colleagues undergo regular training to remind them of their responsibilities under these policies. Privacy and data protection is kept under review by the Audit and Risk Committee.

Subsequent events

There were no post balance sheet events to report.

Pensions

The Company operates a number of pension arrangements which provide retirement and death benefits for colleagues.

ITV Pension Scheme (the Scheme): The Scheme is predominantly a Defined Benefit (DB) scheme, which is closed to future accrual, but also includes a small Defined Contribution (DC) section closed to future contributions.

ITV Pension Scheme Limited (a wholly owned subsidiary of ITV plc) is a corporate Trustee and manages the Scheme under a trust which is separate from the Company. Members of the trustee board are formally appointed as directors of ITV Pension Scheme Limited. There are six directors including the Chair – four appointed by the Company and two nominated by the members. The Company appointed Trustee directors include the Chair and two professional independent Trustees.

Currently, the Trustee has two committees: Investment, and Corporate Affairs. The Corporate Affairs Committee is convened as and when appropriate for dealing with any corporate activities that may arise. The Trustee board and each committee hold regular meetings throughout the year at which key issues and more routine business matters are dealt with. A budget is agreed each year. The Trustee board manages risk through its meeting agendas and has a conflicts of interest policy and maintains a register of interests for each Trustee Director, which are reviewed regularly. It is the responsibility of the Trustee to have in place appropriate training for its directors and effective committee structures. The Trustee directors receive regular training throughout the year and also have the support of various professional advisers. The Group pensions department helps identify training opportunities. Training is delivered both by attendance at external courses and with targeted training to support specific agenda items at the start of the relevant trustee board meeting. Where appropriate, longer training sessions are organised. Comprehensive records are kept of all training completed by each Trustee director. The trustee board completes regular assessments of its advisers.

The Chair confirms in an annual statement that the Trustee meets its legal duties in relation to the DC section as required under the Pensions Regulator's Code of Practice 13.

Full valuations are carried out every three years. The latest actuarial valuation of the main DB scheme is due as at 1 January 2023 with the exercises expected to be completed within the statutory deadline of 31 March 2022.

ITV Defined Contribution Plan (the Plan): The trust based Plan was established to accept contributions from 1 March 2017 for ex-DB members and DC members who transferred from the Scheme. Eligible fixed term and permanent employees are invited to join the Plan after completing the required time in the Company's Auto-Enrolment (AE) arrangement – the AE Section of the Plan, which was set up on 1 April 2020. These individuals are given the opportunity to transfer funds from the AE plan and make backdated contributions within permitted levels.

ITV DC Trustee Limited (a wholly owned subsidiary of ITV plc) is a corporate Trustee and manages the DC assets, which are held under trust separately from the Company. Members of the trustee board are formally appointed as directors of ITV DC Trustee Limited. There are five directors including the Chair — three appointed by the Company and two nominated by the members. It is the responsibility of the Trustee to have in place appropriate training for its directors. The governance framework for managing the Plan and developing the board is in line with that in place for the ITV Pension Scheme.

The Chair confirms in an annual statement that the Trustee meets its legal duties in relation to the DC Plan as required under the Pensions Regulator's Code of Practice 13.

Ulster Television Pension and Assurance Scheme (the UTV Scheme): The UTV Scheme provides DB benefits. It closed to future accrual with effect from 31 March 2019.

UTV Pension Scheme Limited (a wholly owned subsidiary of ITV plc) is a corporate Trustee and manages the DB assets, which are held under trust separately from the Company. Members of the trustee board are formally appointed as directors of UTV Pension Scheme Limited. There are five directors including the Chair — three appointed by the Company (including a professional Trustee as chairman) and two nominated by the members. It is the responsibility of the Trustee to have in place appropriate training for its directors. The governance framework for managing the UTV Scheme and developing the board is in line with that in place for the ITV Pension Scheme.

Full valuations are carried out every three years. The latest actuarial valuation of the UTV scheme is due as at 1 July 2023 with the exercise expected to be completed within the statutory deadline of 30 September 2024.

The People's Pension: Since 2013, employers within the Group have been required to enrol all eligible individuals into a pension scheme automatically (auto-enrolment). This applies to all eligible individuals who are contracted to work for us, regardless of their contract type or tax status (i.e. it applies to workers and not simply employees). For freelancers and employees not eligible to join the DC Plan, the auto-enrolment plan is provided by a company called The People's Pension under a master trust which is run by an independent board of trustee directors and eligible individuals are enrolled into this arrangement.

Pension Scheme indemnities: Qualifying pension scheme indemnity provisions, as defined in Section 235 of the Companies Act 2006, were in force for the financial year ended 31 December 2022 and remain in force for the benefit of each of the directors of ITV Pension Scheme Limited, ITV DC Trustee Limited and UTV Pension Scheme Limited. These indemnity provisions cover, to the extent permitted by law, certain losses or liabilities incurred as a director or officer of ITV Pension Scheme Limited, ITV DC Trustee Limited and UTV Pension Scheme Limited.

Shares

Issued share capital: At the date of this report, there were 4,025,409,194 ordinary shares of 10 pence each in issue, all of which are fully paid up and quoted on the London Stock Exchange.

Rights: The rights attaching to the Company's ordinary shares are set out in the Articles of Association. There are no securities carrying special rights.

Restrictions: There are no restrictions on the transfer of ordinary shares in the capital of the Company other than those which may be imposed by law from time to time. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights. With regard to the deadline for exercising voting rights, votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy or, in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. However, when calculating the 48-hour period, the Directors can, and have, decided not to take account of any part of a day that is not a working day. In accordance with the Disclosure Guidance and Transparency Rules (DTRs), Persons Discharging Managerial Responsibility are required to seek approval to deal in ITV shares. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

Share schemes: Details of employee share schemes are set out in note 4.8 of the Financial Statements. The Company has an Employees' Benefit Trust (EBT) funded by loans to acquire shares for the potential benefit of employees. Details of shares held by the EBT as at 31 December 2022 are set out in note 4.8. During the year, shares have been released from the EBT in respect of share schemes for employees. The Trustee of the EBT has the power to exercise all voting rights in relation to any investment (including ordinary shares) held within the EBT. From 2023, awards granted under the Company's Save As You Earn Scheme and the Executive Share Plan will be met by the issue of new shares when the options are exercised. Awards under the Deferred Share Award Plan will continue to be met by market purchase shares. The Company will monitor the number of shares issued under these schemes and the impact on dilution limits.

Substantial shareholders: Information regarding interests in voting rights provided to the Company pursuant to the DTRs is published on a Regulatory Information Service and on the Company's website.

As at 1 March 2023, the information in the table below had been received, in accordance with DTR5, from holders of notifiable interests (voting rights) in the Company's issued share capital. However, these holdings are likely to have changed since notified to the Company; notification of any change is not required until the next applicable threshold is crossed.

The number of shares is based on announcements made by each relevant shareholder using the Company's issued share capital at that date.

	% of direct interest in shares	% of indirect interest in shares	Total % held	Total number of shares as notified
Ameriprise Financial, Inc and its group	5.08	0.05	5.12	206,179,898
Artemis Investment Management LLP	5.14	–	5.14	206,764,435
BlackRock, Inc	4.98	0.48	5.46	219,734,242
Liberty Global Incorporated Limited	9.90	–	9.90	398,515,510
RWC Asset Management LLP	5.67	–	5.67	228,339,000
Schroders plc	5.22	0.01	5.23	210,615,274

Statement of Directors' Responsibilities

The Directors consider that the Annual Report and Accounts and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors section on pages 98 to 99 confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the group
- The Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company
- The Strategic Report contained on pages 2 to 95 includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Chris Kennedy
Group CFO & COO
2 March 2023
ITV plc
Registered Number: 4967001

Financial Statements

In this section

The financial statements have been presented in a style that attempts to make them less complex and more relevant to shareholders and other stakeholders. We have grouped the note disclosures into five sections: 'Basis of Preparation', 'Results for the Year', 'Operating Assets and Liabilities', 'Capital Structure and Financing Costs' and 'Other Notes'. Each section sets out the accounting policies applied in producing the relevant notes, along with details of any key judgements and estimates used. The purpose of this format is to provide readers with a clearer understanding of what drives financial performance of the Group. The aim of the text in boxes is to provide commentary on each section, or note, in plain English.

Keeping it simple

Notes to the financial statements provide information required by statute, accounting standards or Listing Rules to explain a particular feature of the financial statements. The notes are a part of the financial statements and will also provide explanations and additional disclosure to assist readers' understanding and interpretation of the Annual Report and the financial statements.

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Independent Auditors' Report to the members of ITV plc

Report on the audit of the financial statements

Opinion

In our opinion:

- ITV plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2022; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 2.1 'Profit Before Tax', we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We performed full scope audit procedures over nine components, covering components in the UK, USA and The Netherlands.
- Additionally, we performed a financial statement line item audit over the Box Clever provision in one component, and specified procedures over the deferred revenue and production WIP balances in one further component.
- Taken together, the entities over which audit work was performed accounted for 83% of the Group's revenue and 88% of the Group's profit before tax and operating exceptional items.

Key audit matters

- Valuation of gross defined benefit pension scheme obligations (Group)
- Valuation of complex pension scheme assets (Group)
- Presentation of exceptional items, including valuation of the Box Clever provision (Group)
- Recoverability of amounts owed by subsidiary undertakings (Company)

Materiality

- Overall Group materiality: £28.2 million (2021: £28 million) based on 5% of the Group's consolidated profit before tax and operating exceptional items.
- Overall Company materiality: £64.9 million (2021: £84.7 million) based on 1% of total assets. For the purposes of the Group audit, we applied a lower materiality of £13.4 million (2021: £18 million) to Company balances and transactions, other than those which were eliminated on consolidation in the Group financial statements.
- Performance materiality: £21.1 million (2021: £21 million) (Group) and £48.6 million (2021: £63.5 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Recoverability of amounts owed by subsidiary undertakings (Company) is a new key audit matter this year. Recoverability of investments in subsidiary undertakings (Company), which was a key audit matter last year, is no longer included because of there being limited judgement in the impairment assessment as a result of the significant headroom that exists. Otherwise, the key audit matters below are consistent with last year.

Valuation of gross defined benefit pension scheme obligations (Group)

Key audit matter	How our audit addressed the key audit matter
Refer to note 3.7 in the financial statements. The Group had gross defined benefit scheme obligations of £2,292 million (2021: £3,943 million) recognised at 31 December 2022, which are significant in the context of the overall Group balance sheet. The valuation of defined benefit pension scheme obligations involves the exercise of judgement and technical expertise in choosing appropriate actuarial assumptions such as the discount rate, inflation, and mortality rates. Management engaged external actuarial experts to assist them in selecting appropriate assumptions and to calculate the schemes' liabilities. The methodologies and assumptions utilised are judgemental and could significantly impact the magnitude of the obligations recognised.	We utilised our in-house actuarial experts to evaluate whether the assumptions and methodology used in calculating the defined benefit obligations were reasonable by: • Assessing whether the mortality rate and other demographic assumptions were reasonable based on the consideration of the specifics of each plan and industry benchmarks; • Evaluating the appropriateness of the discount and inflation rate assumptions by assessing the methodology used to set them and comparing the assumptions with our internally developed benchmarks based on national data; • Reviewing the methodology and actuarial models used by external actuaries to assess their appropriateness and testing the balance sheet liabilities and movements over the year by performing a roll-forward of the liabilities. Based on our procedures, we concluded that the key assumptions utilised lay within acceptable ranges, the methodology used to calculate the liability was appropriate, and that the liability calculation had not been materially misstated. In addition, we engaged our pension experts to consider the buyout of ITV's Section C pension scheme, including review of the contract and associated legal note to ensure the buyout had occurred on the specified date. We concluded that it was appropriate to derecognise the related pension liabilities. We assessed the related disclosures included in the Group financial statements and consider them to be appropriate.

Independent Auditors' Report to the members of ITV plc continued

Valuation of complex pension scheme assets (Group)

Key audit matter	How our audit addressed the key audit matter
Refer to note 3.7 in the financial statements. The Group had gross defined benefit scheme assets of £2,437 million (2021: £3,873 million) recognised at 31 December 2022, which are significant in the context of the overall balance sheet of the Group. The valuations of complex pension scheme assets such as Pooled Investment Vehicles (PIVs), property investments and longevity swaps are inherently subjective. As such, there is judgement in determining the fair value of the assets including the selection of appropriate valuation methodologies and other assumptions. Given the judgement and the quantum of these assets, this is a heightened area of audit risk.	We obtained independent confirmations from the investment managers to confirm the valuation of the scheme assets at the balance sheet date. We understood management's processes and controls for monitoring and review of complex asset valuations. We specifically instructed our in-house valuations experts to consider whether the assumptions and methodology used in valuing the assets were reasonable in relation to the longevity swap contract. For complex PIVs, we also requested and reviewed where available; third-party investment manager controls reports, details of any transactions close to the year end, and details of the latest audited financial statements, to determine whether there were any inconsistencies with the year end values being attributed. Based on the procedures performed, we noted no material issues arising from our work.

Presentation of exceptional items, including valuation of the Box Clever provision (Group)

Key audit matter	How our audit addressed the key audit matter
Refer to notes 2.2 and 3.6 in the financial statements. The Group recorded significant exceptional items of £65 million (2021: £196 million) which were included on the face of the consolidated income statement and disclosed within the Annual Report. The presentation of items as exceptional can be judgemental and have a significant impact on the readers of the financial statements. Due to the quantum and number of exceptional items in the year, we focused on the presentation of these items to ensure they were treated consistently with the Group's accounting policy. The Group had recorded a provision of £52 million (2021: £52 million) for the liability that might arise as a result of the Box Clever Financial Support Directions issued by the Pensions Regulator, which is unchanged since the prior year. There is continued uncertainty as to the quantum of the amount for which ITV may be liable.	We substantiated a sample of exceptional items to corroborating evidence. We assessed management's rationale for the designation of certain items as exceptional against the Group's policy, considering the nature and value of these items and whether they were non-underlying in nature. We assessed the appropriateness and completeness of the disclosures included in the Group financial statements and assessed the levels of equal prominence of GAAP and Non-GAAP measures within the Annual Report. Specifically, with respect to the Box Clever provision, we enquired of management and their external legal counsel on the latest status of the dispute and their views as to the most likely outcome, including the form of any potential settlement. We assessed the basis for management's estimate of the provision, and utilised our in-house actuarial experts to evaluate whether the assumptions and methodology used in estimating the deficit amounts were reasonable. We noted that consistent assumptions were used for the ITV pension arrangements, all of which were in our acceptable ranges. We noted that there remained a significant amount of uncertainty related to this matter including the timing, amount and form of settlement. We therefore reviewed the disclosures to ensure they provide appropriate details on the developments and the range of possible outcomes. Based on our procedures, we were satisfied that the treatment and classification of exceptional items was consistent with the Group's policy, and the Annual Report disclosures, including the Box Clever matter, were appropriate.

Recoverability of amounts owed by subsidiary undertakings (Company)

Key audit matter	How our audit addressed the key audit matter
Refer to note iv in the Company financial statements. The Company had £3,050 million (2021: £4,804 million) of amounts due from subsidiary undertakings at 31 December 2022. There is a risk that the financial condition and future performance of the subsidiary undertakings are not sufficient to support the recoverability of the amounts due and the assets may be impaired, which involves judgement.	We evaluated management's expected credit loss assessment under IFRS 9 and the £192 million loss recognised. The balances were primarily repayable on demand and disclosed as amounts due within one year and due after more than one year based on the Company's intention to recall the debt. We considered whether the counterparties had sufficient highly liquid assets to repay the amounts due and then considered their expected manner of recovery to assess whether any expected credit losses should be recognised. Based on the procedures performed, we noted no material issues arising from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group is organised and managed across three divisions: Media & Entertainment (M&E), Studios and Central Services. Within the M&E and Studios divisions, given the shared systems and controls environment in the UK, we identified each individual UK business as a component. Outside of this, we identified each component at an individual entity level.

Based on our risk and materiality assessments, we determined which components required an audit of their complete financial information having consideration to the relative significance of each component to the Group, and the overall coverage obtained over each material line item in the consolidated financial statements.

Due to their high concentration of the Group's overall absolute profit before tax and operating exceptional items, we identified two financially significant components, M&E and UK Studios (for those entities which sat within the Group's shared systems and controls environment in the UK), which, in our view, required an audit of their complete financial information. We identified an additional seven components (inclusive of the Company) as requiring a complete audit in order to achieve the required coverage in respect of each material line item in the financial statements. To further supplement this coverage, an audit over specific line items was performed in one additional component which held the balance in relation to the Box Clever provision, and specified procedures over deferred revenue and production WIP were performed at one component, due to their overall size and in order to achieve the required coverage over these specific financial statement line items.

Audit work over the UK components and the specified procedures were performed by the UK Group engagement team in addition to central procedures over tax, treasury, legal claims, defined benefit pension schemes, pension assets, impairment assessments, going concern and consolidation adjustments. Audit procedures over three components were performed by other PwC network firms in The Netherlands and USA.

Where the work was performed by component audit teams, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. Our oversight procedures included the issuance of formal, written instructions to component auditors setting out the work to be performed and regular communication throughout the audit cycle including regular component calls and a site visit to the component team in The Netherlands, review of component auditor work papers and participation in audit clearance meetings.

Taken together, the components where we performed our audit work accounted for 83% of consolidated revenue, and 88% of consolidated profit before tax and operating exceptional items. This was before considering the contribution to our audit evidence from performing audit work at the Group level, including disaggregated analytical review procedures, which covers a significant portion of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

Our audit of the Company financial statements included substantive procedures over all material balances and transactions.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand their process to assess the extent of the potential impact of climate change risks on the Group and its financial statements. The Group explains the impact of climate change on its business within the 'Task Force on Climate-related Financial Disclosures (TCFD)' section of the Strategic Report. Management's assessment considered the climate-related risks disclosed in the Annual Report including the impact of changes in the advertising sector, increased costs in the transition to a low carbon world and the resilience of productions to extreme weather events.

As disclosed within the basis of preparation section of the financial statements, management considered that the impact of climate change does not give rise to a material financial statement impact.

In response, we used our understanding of the Group to evaluate management's assessment; in particular, we considered how climate change risks, both physical and transitional, would impact the assumptions made in the forecasts prepared by management used in their impairment analyses and in their going concern and viability assessments. While auditing forecast cash flows, we ensured management had reflected the impact of climate change and any climate change related commitments in the forecasts. We did not identify any matters as part of this work which were inconsistent with the disclosures in the Annual Report or led to any material adjustments to the accounts.

We also read the disclosures made in relation to climate change in the other information within the Annual Report, and considered their consistency with the financial statements and our knowledge from our audit. Our responsibility over other information is further described in the 'Reporting on other information' section of our report.

Independent Auditors' Report to the members of ITV plc continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – parent company
Overall materiality	£28.2 million (2021: £28 million).	£64.9 million (2021: £84.7 million).
How we determined it	5% of the Group's consolidated profit before tax and operating exceptional items	Materiality for the Company financial statements was based on 1% of total assets. Our lower materiality of £13.4 million (2021: £18 million) for the balances and transactions which do not eliminate upon consolidation in the Group financial statements was based on our calculation and allocation of component materiality for the Group audit.
Rationale for benchmark applied	We considered the most appropriate benchmark on which to calculate materiality was the Group's adjusted profit before tax and operating exceptional items, in order to reflect the underlying profitability of the business over time, and since it is a key measure used by shareholders in assessing the performance of the Group. In the prior year, we had calculated materiality based on a three year average of the Group's adjusted profit before tax and operating exceptional items, primarily as a result of the impact of COVID-19 on the business. We considered the use of a single year benchmark in the current year to be appropriate given the Group's return to more normalised profits following the recovery from the effects of the pandemic.	Balances and transactions that eliminate upon consolidation were audited to a higher materiality. We considered a total asset measure to reflect the nature of the parent Company, which primarily acts as a holding Company for the Group's investments.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £4.5 million and £25 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £21.1 million (2021: £21 million) for the Group financial statements and £48.6 million (2021: £63.5 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £1.4 million (Group and Company audits) (2021: £1.4 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- A critical assessment of management's base case and downside scenarios, challenging and obtaining corroborating evidence for the key assumptions, and verifying that the forecasts have been subject to board review and approval;
- Examining the Group's available financing, including related covenants, and maturity profile to assess liquidity through the assessment period;
- Reviewing the key inputs into the model management used to develop their scenarios to ensure that these were consistent with our understanding and the inputs used in other key accounting judgements in the financial statements such as impairment;
- Assessing the historical reliability of management forecasting by comparing budgeted results to actual performance;
- Performing our own independent sensitivity analysis to assess appropriate downside scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and

Independent Auditors' Report to the members of ITV plc continued

- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:
- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations, anti-bribery and corruption laws, competition laws, tax legislation, data privacy, broadcasting and media regulations, and UK Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial performance of the Group and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:
- Enquiry of management, those charged with governance and the Group's legal counsel around actual and potential fraud and non-compliance with laws and regulations;
- Discussion with external lawyers regarding significant legal matters;
- Enquiry of tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Challenging assumptions made by management in determining their significant judgements and accounting estimates (refer to key audit matters);
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations; and
- Reviewing financial statement disclosures and testing to supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 29 April 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 31 December 2021 to 31 December 2022.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard (ESEF RTS). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Jonathan Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

2 March 2023

Consolidated Income Statement

For the year ended 31 December	Note	2022 £m	2021 £m
Revenue	2.1	**3,728**	3,453
Operating costs	2.1	**(3,209)**	(2,934)
Operating profit		**519**	519
Presented as:			
Earnings before interest, tax and amortisation (EBITA) before exceptional items	2.1	**668**	784
Operating exceptional items	2.2	**(65)**	(196)
Amortisation and impairment	3.3, 3.5	**(84)**	(69)
Operating profit		**519**	519
Financing income	4.4	**13**	8
Financing costs	4.4	**(39)**	(58)
Net financing costs		**(26)**	(50)
Share of profits after tax of joint ventures and associated undertakings	3.5	**8**	12
Loss on sale of subsidiaries and investments		**–**	(1)
Profit before tax		**501**	480
Taxation	2.3	**(66)**	(92)
Profit for the year		**435**	388
Profit attributable to:			
Owners of the Company		**428**	378
Non-controlling interests	4.7.6	**7**	10
Profit for the year		**435**	388
Earnings per share			
Basic earnings per share	2.4	**10.7p**	9.4p
Diluted earnings per share	2.4	**10.6p**	9.3p

Consolidated Statement of Comprehensive Income

For the year ended 31 December	Note	2022 £m	Re-presented* 2021 £m
Profit for the year		**435**	388
Other comprehensive (expense)/income:			
Items that are or may be reclassified to profit or loss			
Revaluation of financial assets	4.7.4	**(19)**	–
Net (loss)/gain on cash flow hedges and costs of hedging	4.7.3	**(2)**	15
Exchange differences on translation of foreign operations (net of hedging)	4.7.3	**75**	16
Income tax credit/(charge) on items that may be reclassified to profit or loss*	2.3	**6**	(6)
Items that will never be reclassified to profit or loss			
Remeasurement gains/(losses) on defined benefit pension schemes	3.7	**80**	(58)
Income tax (charge)/credit on items that will never be reclassified to profit or loss*	2.3	**(23)**	9
Other comprehensive expense for the year, net of income tax		**117**	(24)
Total comprehensive income for the year		**552**	364
Total comprehensive income attributable to:			
Owners of the Company		**537**	355
Non-controlling interests	4.7.6	**15**	9
Total comprehensive income for the year		**552**	364

* Income tax (charge)/credit has been re-presented on the Consolidated Statement of Comprehensive Income to differentiate between tax on items that are or may be reclassified to profit or loss and tax on items that will never be reclassified to profit or loss. In 2021, the income tax credit was not disaggregated.

Consolidated Statement of Financial Position

	Note	31 December 2022 £m	Re-presented* 31 December 2021 £m
Non-current assets			
Property, plant and equipment	3.2	**286**	254
Intangible assets	3.3	**1,609**	1,478
Investments in joint ventures, associates and equity investments	3.5	**130**	98
Derivative financial instruments	4.3	**2**	–
Distribution rights	3.1.2	**17**	21
Contract assets	3.1.6	**–**	6
Defined benefit pension surplus	3.7	**172**	26
Other pension asset	3.7	**47**	62
Deferred tax asset	2.3	**19**	37
		2,282	1,982
Current assets			
Programme rights and other inventory	3.1.1	**377**	313
Trade and other receivables due within one year	3.1.3	**692**	589
Trade and other receivables due after more than one year	3.1.3	**44**	42
Trade and other receivables		**736**	631
Contract assets	3.1.6	**185**	183
Production work in progress	3.1.7	**493**	360
Current tax receivable	2.3	**52**	32
Derivative financial instruments	4.3	**2**	3
Restricted cash	4.1	**–**	50
Cash and cash equivalents	4.1	**348**	686
		2,193	2,258
Current liabilities			
Borrowings	4.1, 4.2	**(289)**	(290)
Lease liabilities	4.6	**(21)**	(21)
Derivative financial instruments	4.3	**(7)**	(5)
Trade and other payables due within one year	3.1.4	**(901)**	(849)
Trade payables due after more than one year	3.1.5	**(17)**	(18)
Trade and other payables		**(918)**	(867)
Contract liabilities	3.1.6	**(372)**	(359)
Current tax liabilities	2.3	**(7)**	(20)
Provisions	3.6	**(139)**	(120)
		(1,753)	(1,682)
Net current assets		**440**	576
Non-current liabilities			
Borrowings	4.1, 4.2	**(541)**	(732)
Lease liabilities	4.6	**(111)**	(71)
Derivative financial instruments	4.3	**(8)**	(37)
Defined benefit pension deficit	3.7	**(27)**	(96)
Deferred tax liabilities	2.3	**(57)**	(12)
Other payables	3.1.5	**(72)**	(67)
Provisions	3.6	**(30)**	(25)
		(846)	(1,040)
Net assets		**1,876**	1,518
Attributable to equity shareholders of the parent company			
Share capital	4.7.1	**403**	403
Share premium	4.7.1	**174**	174
Merger and other reserves	4.7.2	**211**	215
Translation reserve	4.7.3	**107**	41
Fair value reserve	4.7.4	**(1)**	13
Retained earnings	4.7.5	**928**	634
Total equity attributable to equity shareholders of the parent company		**1,822**	1,480
Non-controlling interests	4.7.6	**54**	38
Total equity		**1,876**	1,518

* Production work in progress has been re-presented on the face of the Consolidated Statement of Financial Position. The balance was previously included within Contract Assets and separately disclosed in the Notes to the Accounts.

The financial statements on pages 172 to 258 were approved by the Board of Directors on 2 March 2023 and were signed on its behalf by:

Chris Kennedy
Group CFO and COO

Consolidated Statement of Changes in Equity

		Attributable to equity shareholders of the parent company								
	Note	Share capital £m	Share premium £m	Merger and other reserves £m	Translation reserve* £m	Fair value reserve £m	Retained earnings £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 1 January 2022	4.7	**403**	**174**	**215**	**41**	**13**	**634**	**1,480**	**38**	**1,518**
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	428	428	7	**435**
Other comprehensive (expense)/income										
Revaluation of financial assets	4.7.4	–	–	–	–	(19)	–	(19)	–	**(19)**
Net loss on cash flow hedges and costs of hedging	4.7.3	–	–	–	(2)	–	–	(2)	–	**(2)**
Exchange differences on translation of foreign operations (net of hedging)	4.7.3	–	–	–	67	–	–	67	8	**75**
Remeasurement gain on defined benefit pension schemes	3.7	–	–	–	–	–	80	80	–	**80**
Income tax credit/(charge) on other comprehensive income/(expense)	2.3	–	–	–	1	5	(23)	(17)	–	**(17)**
Total other comprehensive income/(expense)		–	–	–	66	(14)	57	109	**8**	**117**
Total comprehensive income/(expense) for the year		**–**	**–**	**–**	**66**	**(14)**	**485**	**537**	**15**	**552**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Equity dividends		–	–	–	–	–	(201)	(201)	(3)	**(204)**
Movements due to share-based compensation	4.8	–	–	–	–	–	19	19	–	**19**
Movements in the employee benefit trust		–	–	–	–	–	(2)	(2)	–	**(2)**
Tax on items taken directly to equity	2.3	–	–	–	–	–	(7)	(7)	–	**(7)**
Total transactions with owners		**–**	**–**	**–**	**–**	**–**	**(191)**	**(191)**	**(3)**	**(194)**
Changes in non-controlling interests	4.7.6	**–**	**–**	**(4)**	**–**	**–**	**–**	**(4)**	**4**	**–**
Balance at 31 December 2022	4.7	**403**	**174**	**211**	**107**	**(1)**	**928**	**1,822**	**54**	**1,876**

* See note 4.3 for further breakdown of Translation Reserve, including Hedging Reserve and Cost of Hedging Reserve.

Consolidated Statement of Changes in Equity continued

	Note	Attributable to equity shareholders of the parent company								
		Share capital £m	Share premium £m	Merger and other reserves £m	Translation reserve* £m	Fair value reserve £m	Retained earnings £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 1 January 2021	4.7	**403**	**174**	**224**	**7**	**18**	**296**	**1,122**	**29**	**1,151**
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	378	378	10	**388**
Other comprehensive (expense)/income										
Net gain on cash flow hedges and costs of hedging	4.7.3	–	–	–	15	–	–	15	–	**15**
Exchange differences on translation of foreign operations (net of hedging)	4.7.3	–	–	–	17	–	–	17	(1)	**16**
Remeasurement losses on defined benefit pension schemes	3.7	–	–	–	–	–	(58)	(58)	–	**(58)**
Income tax (charge)/credit reclass**		–	–	–	7	(4)	(3)	–	–	**–**
Income tax (charge)/credit on other comprehensive income/(expense)	2.3	–	–	–	(5)	(1)	9	3	–	**3**
Total other comprehensive income/(expense)		–	–	–	34	(5)	(52)	(23)	(1)	**(24)**
Total comprehensive income/(expense) for the year		**–**	**–**	**–**	**34**	**(5)**	**326**	**355**	**9**	**364**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Equity dividends		–	–	–	–	–	–	–	(1)	**(1)**
Movements due to share-based compensation	4.8	–	–	–	–	–	12	12	–	**12**
Tax on items taken directly to equity	2.3	–	–	–	–	–	1	1	–	**1**
Total transactions with owners		**–**	**–**	**–**	**–**	**–**	**13**	**13**	**(1)**	**12**
Changes in non-controlling interests	4.7.6	**–**	**–**	**(9)**	**–**	**–**	**(1)**	**(10)**	**1**	**(9)**
Balance at 31 December 2021	4.7	**403**	**174**	**215**	**41**	**13**	**634**	**1,480**	**38**	**1,518**

* See note 4.3 for further breakdown of Translation Reserve, including Hedging Reserve and Cost of Hedging Reserve.

** Income tax on other comprehensive income has been reallocated to the relevant reserves from Retained Earnings in 2021.

Consolidated Statement of Cash Flows

For the year ended 31 December	Note	2022 £m	2022 £m	2021 £m	2021 £m
Cash flows from operating activities					
Cash generated from operations before exceptional items	2.1		**590**		714
Cash flow relating to operating exceptional items:					
Operating exceptional items	2.2	**(65)**		(196)	
Increase/(decrease) in exceptional payables		**12**		(111)	
Cash outflow from exceptional items			**(53)**		(307)
Cash generated from operations			**537**		407
Defined benefit pension deficit funding		**(137)**		(74)	
Interest received		**15**		10	
Interest paid*		**(56)**		(53)	
Net taxation paid		**(55)**		(119)	
			(233)		(236)
Net cash inflow from operating activities			**304**		171
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(34)**		(22)	
Acquisition of intangible assets		**(44)**		(23)	
Acquisition of subsidiary undertakings, net of cash acquired		**(96)**		–	
Acquisition of investments		**(13)**		(19)	
Loans granted to associates and joint ventures		**(13)**		(5)	
Loans repaid by associates and joint ventures		**4**		4	
Net cash outflow from investing activities			**(196)**		(65)
Cash flows from financing activities					
Bank and other loans – amounts repaid		**(539)**		(18)	
Bank and other loans – amounts raised		**282**		21	
Release of restricted cash		**50**		–	
Payment of lease liabilities**		**(22)**		(26)	
Acquisition of non-controlling interests		**(25)**		(11)	
Dividends paid to non-controlling interests		**(3)**		(1)	
Equity dividends paid		**(201)**		–	
Net cash outflow from financing activities			**(458)**		(35)
Net (decrease)/increase in cash and cash equivalents			**(350)**		71
Cash and cash equivalents at 1 January	4.1		**686**		618
Effects of exchange rate changes and fair value movements			**12**		(3)
Cash and cash equivalents at 31 December	4.1		**348**		686

* Interest paid includes interest on bank, other loans, derivative financial instruments and lease liabilities.

** Net cash flow on lease liabilities in note 4.1 of £26 million (2021: £29 million) includes interest on lease liabilities included in interest paid of £4 million (2021: £3 million).

Notes to the Financial Statements
Section 1: Basis of Preparation

In this section

This section sets out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. This section also shows new UK-adopted accounting standards, amendments and interpretations, and whether they are effective in 2022 or later years. We explain how these changes are expected to impact the financial position and performance of the Group.

The financial statements consolidate those of ITV plc ('the Company') and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and jointly controlled entities. The Company is registered in England and Wales.

These Group financial statements were prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The accounting policies have been applied consistently in the financial years presented, other than where new policies have been adopted.

The financial statements are principally prepared on the basis of historical cost. Where other bases are applied, these are identified in the relevant accounting policy.

The parent company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

The notes form part of the financial statements.

Going concern

As at 31 December 2022, the Group was in a net debt position of £623 million (2021: £414 million), including gross borrowings of £971 million (2021: £1,150 million) offset by unrestricted cash of £348 million (2021: £686 million) and restricted cash of £nil (2021: £50 million).

In addition to £348 million of unrestricted cash (31 December 2021: £686 million), the Group has a syndicated £500 million Revolving Credit Facility entered into during 2022 and expiring in January 2028, of which £50 million was drawn at 31 December 2022. This facility replaces the £630 million Revolving Credit Facility held as at 31 December 2021 which was due to expire in December 2023. The Group also has a £300 million committed and undrawn bilateral facility expiring in June 2026 (of which £152 million was drawn at 31 December 2021), providing £1,098 million (31 December 2021: £1,464 million) of liquidity.

The €335 million Eurobond maturing in September 2022 was repaid using available cash. There are no financial covenants in relation to bonds in issue, although there are cross default provisions.

The RCF is subject to leverage and interest cover semi-annual covenant tests that require the Group to maintain a leverage ratio of below 3.5x and interest cover above 3.0x (as defined in the RCF documentation). In addition, there are ESG targets linked to the delivery of ITV's science-based carbon emissions targets. As at 31 December 2022, the Group had covenant net debt of £461 million (31 December 2021: £278 million) and its financial position was well within its covenants. The leverage and interest cover tests will be tested again on 30 June 2023.

The Revolving Credit Facility (RCF) contains Scope 1, 2 and 3 greenhouse gas emissions targets which align to ITV's stated objective to have Net Zero carbon emissions by 2030. These targets are measured at the end of each financial year and independently verified in July following the relevant December year end. Scope 1 and 2 emissions are measured separately to Scope 3 emissions. The margin on the facility reduces by 2.5bps if Scope 1, 2 and 3 targets are met, by 1.25bps if either Scope 1 and 2 targets are met or Scope 3 targets are met, and increases by 2.5bps if neither target is met. Failing to meet targets does not impact the availability of the RCF. The Group met Scope 1, 2 and 3 targets for 2021, 2022 emissions will not be verified until July 2023. Over the life of the facility, it may be necessary to recalibrate the baseline emissions level set in 2019, particularly in relation to Scope 3 emissions and there is a mechanism in the RCF documentation that allows for this.

The Directors have prepared forecasts for three cash flow scenarios (mid, high and low cases), for the period of three years from 1 January 2023 (in line with the viability assessment period). The mid case scenario is the basis for the 2023 Board approved budget. The key assumptions in the scenarios relate to fluctuations in the advertising market due to audience and/or market decline and the evolving demand in the content market, specifically relating to content pipeline. The former assumption relates to the Group's advertising revenue while the latter impacts the scale and timing of productions for ITV Studios. All scenarios have embedded inflationary impacts with increased production costs in the short to medium term as well as continued structural changes in the advertising market and viewing habits with increased focus on streaming. The Directors have also considered a number of sensitivities to the mid case scenario to arrive at a severe but plausible downside scenario that has been used to assess the appropriateness of preparing these consolidated financial statements using the going concern basis. These sensitivities include settlements in respect of ongoing litigation, lost and/or delayed Studios productions, a failure to deliver the expected consumption hours or subscriber growth for Streaming, a decline in advertising revenue in comparison to 2021 and a cyber security breach. In addition, as an equivalent of a reverse stress test, consideration has been given to all scenarios impacting simultaneously. In this highly unlikely (possibly not plausible) downside scenario the Group experiences significant loss of profit and cash outflows but remains able to operate within its financial covenants and has sufficient liquidity during the going concern period to 30 June 2024.

The Directors propose a final dividend of 3.3 pence per share, which equates to a full year dividend of 5.0 pence per share, subject to approval by shareholders at the AGM on 4 May 2023 (2021: 3.3 pence). The Directors intend to at least maintain this dividend over the medium term (this was included in all scenarios modelled). The Directors will continue to balance shareholder returns with a commitment to maintain investment grade credit metrics over the medium term and to continue to invest in the Group's strategy.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these consolidated financial statements and therefore have prepared the consolidated financial statements on a going concern basis.

Subsidiaries, joint ventures, associates and investments

Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists where the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

A joint venture is a joint arrangement in which the Group holds an interest under a contractual arrangement where the Group and one or more other parties undertake an economic activity that is subject to joint control. The Group accounts for its interests in joint ventures using the equity method. Under the equity method, the investment in the entity is stated as one line item at cost plus the investor's share of retained post-acquisition profits or losses, less any dividends received and other changes in net assets.

An associate is an entity, other than a subsidiary or joint venture, over which the Group has significant influence. Significant influence is the power to participate in, but not control or jointly control, the financial and operating decisions of an entity. These investments are also accounted for using the equity method.

Investments are entities where the Group concludes it does not have significant influence and are held at fair value unless the investment is a start-up business, in which case it is valued initially at cost as a proxy for fair value.

Current/non-current distinction

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or use in, the course of the Group's operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Classification of financial instruments

The financial assets and liabilities of the Group are classified into the following financial statement captions in the Consolidated Statement of Financial Position in accordance with IFRS 9 'Financial Instruments':

- Financial assets/liabilities at fair value through OCI – measured at fair value through other comprehensive income – separately disclosed as financial assets/liabilities in current and non-current assets and liabilities or equity investments in non-current assets
- Financial assets/liabilities at fair value through profit or loss – separately disclosed as derivative financial instruments in current and non-current assets and liabilities and included in other payables (put option liabilities and contingent consideration) or convertible loan receivable within other receivables
- Financial assets measured at amortised cost – separately disclosed as cash and cash equivalents and trade and other receivables
- Financial liabilities measured at amortised cost – separately disclosed as borrowings and trade and other payables

Judgement is required when determining the appropriate classification of the Group's financial instruments, requiring assessment of contractual provisions that do or may change the timing or amount of contractual cash flows. Details of the accounting policies for measurement of the above instruments are set out in the relevant note. Where unconditional rights to set off financial instruments exist, the Group presents the relevant instruments net in the Consolidated Statement of Financial Position.

Recognition and derecognition of financial assets and liabilities

The Group recognises a financial asset or liability when it becomes a party to the contract. Financial instruments are no longer recognised in the Consolidated Statement of Financial Position when the contractual cash flows expire or when the Group no longer retains control of substantially all the risks and rewards under the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of less than or equal to three months from the date of acquisition. The carrying value of cash and cash equivalents is considered to approximate fair value.

Notes to the Financial Statements
Section 1: Basis of Preparation continued

Foreign currencies
The primary economic environment in which the Group operates is the UK and therefore the consolidated financial statements are presented in pounds sterling ('£').

Where Group companies based in the UK transact in foreign currencies, these transactions are translated into pounds sterling at the exchange rate on the transaction date. Foreign currency monetary assets and liabilities are translated into pounds sterling at the year end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year end, a foreign exchange gain or loss is recognised in the Consolidated Income Statement. Non-monetary assets and liabilities measured at historical cost are translated into pounds sterling at the exchange rate on the date of the transaction.

The assets and liabilities of Group companies outside of the UK are translated into pounds sterling at the year end exchange rate. The revenue, expenses and other comprehensive income of these companies are translated into pounds sterling at the average monthly exchange rate during the year. Where differences arise between these rates, they are recognised in the translation reserve within other comprehensive income.

The Group's net investments in companies outside the UK may be hedged where the currency exposure is considered to be material. Hedge accounting is implemented on certain foreign currency firm commitments, for which the effective portion of any foreign exchange gains or losses is recognised in other comprehensive income (note 4.3).

Exchange differences arising on the translation of the Group's interests in joint ventures and associates are recognised in the translation reserve within other comprehensive income.

On disposal of a foreign subsidiary, an interest in a joint venture or an associate, the related translation reserve is released to the Consolidated Income Statement as part of the gain or loss on disposal.

Where a forward currency contract is used to manage foreign exchange risk and hedge accounting is not applied, any impact of movements in currency for both the forward currency contracts and the assets and liabilities is taken to the Consolidated Income Statement.

Accounting judgements and estimates
The preparation of financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The current macroeconomic environment has caused greater estimation and judgement to be applied, particularly in respect of pension obligations and discount rates used for impairment reviews.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving material judgement or complexity are set out below. Additional detail on the judgements and sources of estimation uncertainty applied by management are set out in the accounting policies section of the relevant notes:

Area	Key judgements	Key sources of estimation uncertainty
Exceptional items (See note 2.2)	The classification of income or expenses as exceptional items	
Defined benefit pension (See note 3.7)		Estimates of the assumptions for valuing the defined benefit obligation
Provisions related to Box Clever (see note 3.6)	The basis for calculating the provision	Estimates of the amount required to settle the potential liability
Employee-related provisions (See note 3.6)	The individuals who are included in the calculation	Estimates of the amounts required to settle the liability
Acquisition-related liabilities (See note 3.1.4 and 3.1.5)	Whether future amounts payable are linked to employment	Estimates of cash-flow forecasts to support the calculation of the future liabilities
Transmission commitments (See note 3.1.1)	Whether the transponder contracts should be classified as leases in accordance with IFRS 16	

In addition to the above, there are a number of areas which involve a high degree of estimation and are significant to the financial statements but are not expected to have a material impact on them in the next 12 months. The key areas underlying estimation uncertainty include the reviews of onerous contracts and impairment provisions in relation to sports rights, allocation of programme rights to ITVX, impairment of intangible assets, purchase price allocation in business combinations and taxation. More detail on each of these items is given in the relevant notes.

The Directors recognise the climate crisis and the potential impact it may have on both the wider world and the success of ITV. The threat continues to evolve and businesses globally have a responsibility to take meaningful action to mitigate and prevent further climate change. The Directors are committed to reducing the impact of ITV on the environment. Climate-related risks have been identified as an emerging business risk; however, the Directors do not view them as a source of material estimation uncertainty for the Group. For further detail, see the Risks and Uncertainties section of the Strategic Report.

New or amended accounting standards

The following new standards and/or amendments are effective 1 January 2022, but have not had a significant impact on the Group's results or Consolidated Statement of Financial Position.

Accounting standard	Requirement	Impact on financial statements
Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before intended use	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.	No material change to the Group's financial position or performance.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Onerous Contracts – Cost of Fulfilling a Contract	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	No material change to the Group's financial position or performance.
Annual Improvements to IFRS Standards 2018-2020	The following improvements were finalised in May 2020: • IFRS 9 'Financial Instruments' – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 'Leases' – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.	No material change to the Group's financial position or performance.
Amendments to IFRS 3 'Business Combinations' – Reference to the Conceptual Framework	Minor amendments were made to IFRS 3 'Business Combinations' to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 21 'Levies'. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	No material change to the Group's financial position or performance.

Accounting standards effective in future periods

The Directors have considered the impact on the Group of new and revised accounting standards, interpretations or amendments that are not yet effective and do not expect them to have a significant impact on the Group's results and Consolidated Statement of Financial Position.

Notes to the Financial Statements
Section 2: Results for the Year

In this section

This section focuses on the results and performance of the Group. On the following pages, you will find disclosures explaining the Group's results for the year, segmental information, exceptional items, taxation and earnings per share.

2.1 Profit before tax

Keeping it simple

This section analyses the Group's profit before tax by reference to the activities performed by the Group and an analysis of key operating costs.

Total revenue and adjusted earnings before interest, tax and amortisation (adjusted EBITA) (both as defined in the APMs) are the Group's key performance and profit indicators. They reflect the way the business is managed and how the Directors assess the performance of the Group. This section therefore also shows each division's contribution to total revenue and adjusted EBITA.

Accounting policies

Revenue measurement and recognition

The Group derives revenue from the transfer of goods and services. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

Customer contracts can have a wide variety of performance obligations, from production contracts to format licences and distribution activities. For these contracts, each performance obligation is identified and evaluated. Under IFRS 15 the Group needs to evaluate if a format or licence represents a right to access the content (revenue recognised over time) or represents a right to use the content (revenue recognised at a point in time). The Group has determined that most format and licence revenues are satisfied at a point in time due to there being limited ongoing involvement in the use of the licence following its transfer to the customer.

The transaction price, being the amount to which the Group expects to be entitled and has rights to under the contract is allocated to the identified performance obligations. The transaction price will also include an estimate of any variable consideration where the Group's performance may result in additional revenues. Variable consideration is estimated based on the achievement of agreed targets, such as audience targets. Variable consideration is recognised only to the extent that it is highly probable that a significant reversal of revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue is stated exclusive of VAT and equivalent sales taxes.

Complexity in advertising revenue measurement and recognition is driven by a combination of automated and manual processes involved in measuring the value delivered to the customer and therefore the value of variable consideration due.

In assessing the transaction price, any non-cash consideration received from a customer is included. Non-cash consideration is measured at fair value. It takes into account the value of what the Group is receiving rather than the value of what the Group is giving up.

Complex one-off contracts in all classes of revenue are assessed individually and judgement is exercised in identifying performance obligations and allocating a price to them. Timing of revenue recognition is another area of judgement particularly in respect of contracts in the ITV Studios division to assess whether revenue should be recognised at a point in time or over time.

Revenue recognition criteria for the Group's key classes of revenue are as follows:

Segment	Major classes of revenue and revenue recognition policy	Payment terms
ITV Studios		
Programme production	• Revenue generated from the programmes produced for broadcasters and streaming platforms in the UK, US and internationally is recognised at the point of delivery of an episode and acceptance by the customer. Revenue from producer for hire contracts, where in an event of cancellation, cost is recovered plus a margin, is recognised over time, over the term of the contract	• Payment term is over the term of the contract
Format licences	• A licence is granted for the exploitation of a format in a stated territory, media and period. Licence revenue is recognised when the licence period has commenced (point in time)	• Payment term is over the term of the contract
Programme distribution rights	• A licence is granted for the transmission of a programme in a stated territory, media and period and revenue is recognised at the point when the contract is signed, the content is available for download and the licence period has started (point in time)	• Payment term is over the term of the contract

Segment	Major classes of revenue and revenue recognition policy	Payment terms
Media & Entertainment		
Total advertising revenue	• Net advertising revenue is generated from selling spot airtime on linear TV and is recognised at the point of transmission • Online advertising revenue from video on demand is generated from selling advertising on ITVX (ITV Hub before the launch of ITVX) and is recognised at the point of delivery • Revenue from the sponsorship of programmes across ITV linear channels and online is recognised over the period of transmission	• Received in the month after transmission • Received in the month after campaign is delivered • Received prior to transmission
Subscriptions	• Revenue from subscription services is recognised over the subscription period	• Payment term is over the term of the contract or subscription period
SDN	• Revenue is generated from the carriage fee or capacity of the digital multiplex and is recognised over the term of the contract	• Payment term is over the term of the contract
Partnerships and other revenue	• Revenue from platforms such as Sky and Virgin Media O2, and third-party commissions. Revenue related to performance obligations delivered over time (e.g. provision of HD and SD channels and updated library content) are recognised over the term of the contract while revenues related to one-time provision of content are recognised on delivery of the content (point in time) • Interactive revenue is earned from entries to competitions and is recognised as the event occurs (point in time) • Minorities revenue is the revenue received from Channel 3 licencees that are not part of the ITV Group. The performance obligations are delivered as programming is delivered to the licensee and revenue is recognised over the term of the contract (over time) • Other categories of revenues within 'Partnerships and other revenue' are individually immaterial	• Payment term is over the term of the contract • Payment term is within two months of the competition being aired • Payment term is over the term of the contract

Notes to the Financial Statements
Section 2: Results for the Year continued

The results for the year aggregate these classes of revenue into the following categories:

	2022 £m	2022 % of total	2021 £m	2021 % of total
ITV Studios UK	**822**		683	
ITV Studios US	**467**		372	
ITV Studios International	**465**		407	
Global Formats and Distribution	**342**		298	
Total ITV Studios*	**2,096**	**48%**	1,760	44%
Total advertising revenue (TAR)	**1,931**	**44%**	1,957	48%
Subscriptions	**54**		42	
SDN	**55**		70	
Partnerships and other revenue	**209**		213	
Media & Entertainment	**2,249**	**52%**	2,282	56%
Total revenue**	**4,345**		4,042	

* ITV Studios UK, ITV Studios US and Studios International revenues are mainly programme production. Global Formats and Distribution revenue is from programme distribution rights, format licences and gaming, live events and merchandising.

** Includes internal supply as discussed in the APMs (page 59).

Digital revenues of £411 million (2021: £347 million) include digital advertising revenue and subscription revenue, digital sponsorship and partnership revenue, ITV Win and other revenues from digital business ventures.

Segmental information

Operating segments, which have not been aggregated, are determined in a manner that is consistent with how the business is managed and reported to the Management Board. The Management Board is regarded as the chief operating decision-maker and considers the business, primarily from an operating activity perspective.

The Groups' segments are Media & Entertainment and ITV Studios, the results of which are outlined in the following tables:

	ITV Studios[1] 2022 £m	Media & Entertainment 2022 £m	Consolidated 2022 £m
Total segment revenue	**2,096**	**2,249**	**4,345**
Intersegment revenue	**(611)**	**(6)**	**(617)**
Revenue from external customers	**1,485**	**2,243**	**3,728**
Adjusted EBITA[2]	**259**	**464**	**723**
Unrealised profit in stock adjustment			**(6)**
Group adjusted EBITA[3]			**717**

	Restated ITV Studios[1,4] 2021 £m	Media & Entertainment 2021 £m	Restated Consolidated[4] 2021 £m
Total segment revenue	1,760	2,282	4,042
Intersegment revenue	(583)	(6)	(589)
Revenue from external customers	1,177	2,276	3,453
Adjusted EBITA[2]	213	598	811
Unrealised profit in stock adjustment			2
Group adjusted EBITA[3]			813

1 Intersegment revenue originates mainly in the UK.
2 Adjusted EBITA is EBITA adjusted to exclude exceptional items and includes the benefit of production tax credits. It is stated after the elimination of intersegment revenue and costs.
3 Group adjusted EBITA removes the profit recorded in the ITV Studios business related to content sold to the Media & Entertainment business but unutilised and held on the balance sheet at the year end.
4 ITV Studios Adjusted EBITA for 2021 has been restated to remove the unrealised profit in stock adjustment as this is an adjustment required on consolidation only. The launch of ITVX in the M&E segment is likely to increase the levels of content held on the Statement of Financial Position, potentially requiring a larger profit in stock adjustment and therefore management believes the adjustment should be recorded at a consolidated level only.

The Group's principal operations are in the United Kingdom. Revenue from external customers in the United Kingdom is £2,376 million (2021: £2,365 million) and revenue from external customers in other countries is £1,352 million (2021: £1,088 million), of which revenue of £655 million (2021: £485 million) was generated in the US during the year. The Operating and Financial Performance Review provides further detail on ITV's international revenues.

Intersegment revenue, which is earned on arm's length terms, is mainly generated from the supply of ITV Studios programmes to Media & Entertainment for transmission primarily on the ITV network. This revenue stream is a measure that informs the Group's strategic priority of building a strong international content business, as producing and retaining rights to the shows broadcast on the ITV network benefits the Group further from subsequent international content and format sales.

In preparing the segmental information, centrally managed costs have been allocated between reportable segments on a methodology driven principally by revenue, headcount or building occupancy of each segment. This is consistent with the basis of reporting to the Board of Directors.

There are two media buying agencies (2021: two) acting on behalf of a number of advertisers that represent the Group's major customers. These agencies are the only customers that individually represent over 10% of the Group's revenue, with £548 million (2021: £593 million) and £355 million (2021: £353 million) respectively, revenue derived from these customers. This revenue is attributable to the Media & Entertainment segment.

The following table shows the total of non-current assets other than financial instruments, deferred tax assets, and pension assets broken down by location of the assets:

	2022 £m	2021 £m
UK	**1,415**	1,242
US	**472**	421
Rest of the world	**155**	187
Total non-current assets	**2,042**	1,850

Timing of revenue recognition

The following table includes classes of revenue from contracts disaggregated by the timing of recognition:

	2022 £m	2021 £m	2022 £m	2021 £m
	Products and services transferred at a point in time		Products and services transferred over time	
Total advertising revenue, subscriptions, SDN and other M&E	**1,902**	1,952	**341**	324
Programme production, programme distribution rights	**1,169**	914	**236**	184
Format licences	**76**	74	**4**	5
Total external revenue	**3,147**	2,940	**581**	513

Forward bookings

The following table includes revenue from contracts signed before the reporting date that is to be recognised in periods after the reporting date (i.e. the performance obligations remain unsatisfied or partially unsatisfied at the reporting date):

	2023 £m	2024 £m	2025 £m	Beyond £m
Media & Entertainment	143	80	59	50
ITV Studios	206	98	40	–
Total revenue	**349**	**178**	**99**	**50**
Internal supply	**(82)**	**(26)**	–	–
Total external revenue	**267**	**152**	**99**	**50**

The Group applies the practical expedients in IFRS 15 and, therefore, does not disclose information about remaining performance obligations that have original expected durations of less than one year or where the price is not yet known (e.g. net advertising revenue (NAR)).

ITV Studios

ITV Studios is the Group's international content business, creating and producing programmes and formats that return and travel, namely drama, entertainment and factual entertainment.

ITV Studios UK is the largest commercial producer in the UK and produces programming for the Group's own channels, accounting for 65% of ITV main channel spend on commissioned programming (2021: 70%). Programming is also sold to other UK broadcasters, networks and streaming platforms.

ITV Studios US is the leading unscripted independent producer of content in the US and is growing its scripted presence by increasing investment in high-profile dramas.

ITV Studios also operates in ten other international locations, together called ITV Studios International, being Australia, Germany, France, Italy, Spain, the Netherlands, Sweden, Norway, Finland and Denmark where content is produced for local and international broadcasters, networks and streaming platforms. This content is either locally created IP or formats that have been created elsewhere by ITV, primarily in the UK, the Netherlands and in Israel.

ITV Studios Global Formats and Distribution division operates three centres of excellence – The Creative Network, Global Distribution and Global Entertainment. This enables the Group to create more hits, to build better brands and formats internationally and to monetise them effectively. Global Formats and Distribution license ITV's finished programmes, formats and third-party content internationally. Within this business, the Group also finances productions both on and off ITV to acquire global distribution rights.

Notes to the Financial Statements
Section 2: Results for the Year continued

Media & Entertainment
Media & Entertainment (M&E) operates two business streams – Broadcast and Streaming. The Broadcast business is the home of ITV main channel, ITV3 and ITV4 channels, and continues to deliver ITV's USP of mass simultaneous reach. The Streaming business focuses on driving digital viewing by providing content that appeals to audiences who do most or all of their viewing on demand, and serving it to them in whatever way they want to access it. It includes our advertiser funded channels of ITVX, ITV2, ITVBe and CITV and subscription streaming service through ITVX Premium and BritBox.

Group adjusted EBITA
The Directors assess the performance of the reportable segments based on a measure of adjusted EBITA. The Directors use this non-IFRS measurement basis as it excludes the effect of transactions that could distort the understanding of the Group's performance for the year and comparability between periods. See the Operating and Financial Performance Review on pages 28 to 65 for the detailed explanation of the Group's use of adjusted performance measures. A reconciliation of Group adjusted EBITA to statutory profit before tax is provided as follows:

	Note	2022 £m	2021 £m
Group adjusted EBITA		**717**	813
Production tax credits		**(49)**	(29)
EBITA before exceptional items		**668**	784
Operating exceptional items	2.2	**(65)**	(196)
Amortisation and impairment		**(84)**	(69)
Net financing costs	4.4	**(26)**	(50)
Share of profits of joint ventures and associated undertakings		**8**	12
Loss on sale of subsidiaries and investments		**–**	(1)
Profit before tax		**501**	480

Cash generated from operations
A reconciliation from profit before tax to cash generated from operations before exceptional items is as follows:

	Note	2022 £m	2021 £m
Cash flows from operating activities			
Profit before tax		**501**	480
Add back:			
Loss on sale of subsidiaries and investments (exceptional items)		**–**	1
Share of profits of joint ventures and associated undertakings		**(8)**	(12)
Net financing costs	4.4	**26**	50
Operating exceptional items	2.2	**65**	196
Depreciation of property, plant and equipment (net of exceptional items)	3.2	**53**	59
Amortisation and impairment		**84**	69
Share-based compensation	4.8	**19**	12
Increase in programme rights and distribution rights		**(70)**	(6)
Increase in receivables and contract assets		**(133)**	(270)
Increase in payables and contract liabilities		**53**	135
Movement in working capital		**(150)**	(141)
Cash generated from operations before exceptional items		**590**	714

Operating costs
The major components of operating costs of £3,209 million (2021: £2,934 million) are content costs of £1,216 million (2021: £1,154 million), other net costs of production of £1,444 million (2021: £1,124 million), staff costs of £347 million (2021: £332 million), depreciation, amortisation and impairment of £137 million (2021: £128 million) and operating exceptional items of £65 million (2021: £196 million).

Following the launch of ITVX, the content costs above include network schedule costs and the content costs previously allocated to BritBox UK. The comparatives above have been re-presented to reflect this change.

Staff costs
Staff costs can be analysed as follows:

	2022 £m	2021 £m
Wages and salaries	**497**	441
Social security and other costs	**80**	69
Share-based compensation (see note 4.8)	**19**	12
Pension costs	**35**	31
Total staff costs*	**631**	553
Less: staff costs allocated to productions, exceptional items or capitalised	**(284)**	(221)
Net staff costs	**347**	332

* Staff costs includes the management board including two executive directors but excludes the non-executives and the Chairman.

Full-time equivalent employees (FTEE) include those FTEEs that are allocated to the cost of productions during the year; however, they exclude short-term contractors and freelancers who are engaged on productions. The weighted average FTEE over the year is:

	2022	2021
ITV Studios	4,042	3,816
Media & Entertainment	2,635	2,499
	6,677	6,315

The monthly average number of people employed over the year is:

	2022	2021
ITV Studios	4,144	4,109
Media & Entertainment	2,681	2,509
	6,825	6,618

The increase in headcount is due to the investment in digital and technical expertise to drive our digital revenue primarily on ITVX as well as converting freelance contractors to fixed term or permanent employees.

Depreciation

Depreciation in the year was £53 million (2021: £59 million), of which £33 million (2021: £39 million) relates to ITV Studios and £20 million (2021: £20 million) to Media & Entertainment. A further £8 million in respect of accelerated depreciation following a change in useful life of the related assets in relation to the move to a new London site has been included in exceptional items. See notes 2.2 and 3.2 for further details.

Audit fees

The Group's auditor is PwC LLP. The Group may engage PwC on assignments additional to its statutory audit duties where its expertise and experience with the Group are important and are in line with Group's policy on auditor independence. In 2022, no non-audit fees, other than in respect of audit-related assurance services (being the review of the interim results for the six months to 30 June 2022) were paid to PwC (2021: PwC: £nil). Fees paid to PwC and its associates during the year are set out below:

	PWC 2022 £m	PWC 2021 £m
For the audit of the Group's annual financial statements	1.8	1.8
For the audit of subsidiaries of the Group	1.3	1.5
Audit-related assurance services	0.2	0.2
Total audit and audit-related assurance services	**3.3**	3.5
Other assurance services	–	–
Total non-audit services*	**–**	–
Total fees paid to auditor	**3.3**	3.5

* See details of non-audit services policy in the Audit and Risk Committee Report on page 136.

There were no fees payable in 2022 or 2021 to PwC or their associates for the auditing of financial statements of any associate or pension scheme of the Group, internal audit, and services relating to corporate finance transactions entered into or proposed to be entered into, by or on behalf of the Group or any of its associates.

Notes to the Financial Statements

Section 2: Results for the Year continued

2.2 Exceptional items

Keeping it simple

Exceptional items are excluded from management's assessment of profit because by their size or nature they could distort the Group's underlying quality of earnings. They are typically gains or losses arising from events that are not considered part of the core operations of the business. These items are excluded to reflect performance in a consistent manner and are in line with how the business is managed and measured on a day-to-day basis.

Accounting policies

Exceptional items as described above are highlighted on the face of the Consolidated Income Statement. See the Operating and Financial Performance Review on pages 28 to 65 for the detailed explanation of the Group's use of adjusted performance measures. Gains or losses on disposal of non-core assets are also considered exceptional due to their nature and impact on the Group's underlying quality of earnings.

Exceptional items

Operating and non-operating exceptional items are analysed as follows:

(Charge)/credit	Ref.	2022 £m	2021 £m
Operating exceptional items:			
Acquisition-related expenses	A	**(4)**	(109)
Restructuring and transformation costs	B	**(28)**	(8)
Property costs	C	**(24)**	(8)
Pension related costs	D	**(4)**	(21)
Costs related to the passing of Her Majesty Queen Elizabeth II	E	**(16)**	–
Sports rights	F	**5**	(1)
Transponder onerous contract	G	**–**	(16)
Employee-related tax provision	H	**(10)**	(22)
Insured trade receivable provision	I	**23**	–
Other	J	**(7)**	(11)
Total operating exceptional items		**(65)**	(196)
Tax on operating exceptional items		**8**	16
Total operating exceptional items net of tax		**(57)**	(180)
Non-operating exceptional items:			
Financing exceptional item: acquisition-related	K	**–**	(10)
Total non-operating exceptional items			(10)
Tax on non-operating exceptional items		**–**	–
Total exceptional items net of tax		**(57)**	(190)

A. Acquisition-related expenses

Acquisition-related expenses of £4 million (2021: £109 million) relate primarily to integration costs and professional fees, mainly financial due diligence and legal costs incurred on current period acquisitions. Also included are performance-based, employment-linked expected payments to former owners, with the final determination of the second earnout on the Talpa acquisition accounting for the majority of the amount charged in 2021.

B. Restructuring and transformation costs

Restructuring and transformation costs of £28 million (2021: £8 million) relate to one-off significant restructuring and transformation programmes of the business. Significant programmes in the year include the ITV Together programme which includes the implementation of a new cloud-based ERP solution, a software as a service (SaaS) solution where the implementation costs are expensed as incurred. The implementation of the programme commenced in 2021 and will continue into 2023 and 2024. Additional exceptional costs related to the ITV Together programme of between £8 million and £10 million are expected to be incurred to complete the foundational stage of the programme.

C. Property costs

Following the decision to move to Broadcast Centre in early 2022, £17 million (2021: £8 million) of property costs and move related costs have been recognised as exceptional, including accelerated depreciation following a change in useful life of the related assets. Additional exceptional costs related to the property move of £10 million is expected to be incurred in 2023. An additional £7 million impairment on leasehold improvements and right of use asset has been provided following the decision to vacate our New York office and reduce our property footprint in the US.

D. Pension related costs

The Box Clever provision was increased by £21 million in 2021 reflecting an increase in management's estimate of the provision required. The treatment of this increase as exceptional is consistent with the recognition of the £31 million provision in 2020 as an exceptional charge. There has been no change to the provision in 2022. See 3.6 for further details.

In April 2022, the Pension Trustee completed a buyout of Section C of the ITV Pension Scheme, which in practical terms split the bulk annuity policy into individual annuity policies for each scheme member. £4 million (2021: £nil) which related to the risk premium of Section C was paid. Further details are provided in note 3.7.

E. Costs related to the passing of Her Majesty Queen Elizabeth II

Following the passing of Her Majesty Queen Elizabeth II in September 2022, the M&E business incurred significant additional cost related to news coverage associated with the reporting of the death of the Queen and the funeral. These costs were over and above normal day-to-day cost and do not include any financial impact of the advertising blackout in force during this period. The business has also written off remaining Spitting Image episodes featuring the Queen as it is highly unlikely they will ever be screened and are unable to be effectively edited. In total the business has incurred £16 million of cost which is considered exceptional.

F. Sports rights

The impact of COVID-19 on the planned sporting schedule and the consequential impact on TAR, along with changing forecasts of audience mix and revenues for certain sporting events, resulted in the recognition of a £23 million provision for impairment of specific sports rights in 2020. It is not possible to split this impairment between that caused by the COVID-19 pandemic and underlying market movements. In 2022 the remaining sports events that this provision related to were cancelled by the relevant governing body and the related provision held of £5 million was released as a refund is expected.

G. Transponder onerous contract

In 2021 we provided £16 million for an onerous contract for a second transponder. This followed a review of our transponder capacity usage in the second half of 2020 and early 2021.

H. Employee-related tax provisions

The determination of the employment tax status of some individuals contracted by the Group is complex. In March 2021, HMRC issued an initial assessment on several individuals engaged by the Group during the tax year 2016/17 as employed for tax purposes. In June 2021, HMRC updated guidance on factors determining the employment tax status of TV and Radio presenters.

Landmark court cases were heard by the Court of Appeal in early 2022. Whilst the Group was not involved in these cases, judgements handed down impact how employment tax status is being determined for TV and Radio presenters generally. These judgements will therefore have a bearing on how much tax might be payable by the Group.

In 2021, we provided £22 million for periods up to 31 December 2020. During 2022, we have further increased the provision by £20 million, of which £10 million relates to periods up to 31 December 2021, and is therefore considered exceptional. The increase largely relates to where the Group believes the case for self-employment has weakened in light of recent case law and HMRC's hardening stance.

Due to ongoing reviews by HMRC and court cases on this matter, the final amount payable could be significantly different to amounts currently provided. See note 3.6 for further details.

I. Insured trade receivable provision

In 2017, the Group recorded a bad debt provision of US$41 million related to trade receivables for The Voice of China. As the Directors anticipated recovering the amount either from the counterparty or from trade credit insurance, US$37 million was treated as an exceptional cost and the insurance excess of US$4 million treated as an operating cost. All balances were held in US dollars.

US$34 million of cash received in 2018 and 2019 on behalf of the debtor was placed under review and the bad debt provision remained in place. This review is now complete and the cash received accepted and has reduced the bad debt provision. As such, the corresponding bad debt provision has been released with US$31 million treated as an exceptional credit and US$3 million treated as an operating credit, consistent with the treatment of the original expense. This results in a £23 million credit to exceptional items in 2022.

J. Other

Included in other are legal costs in relation to litigation outside the normal course of business, including Box Clever, The Voice of Holland and the CMA investigation, offset by income received on a COVID-19 insurance claim for costs that were treated as exceptional.

K. Acquisition-related (financing exceptional item)

In 2021, exceptional finance costs of £10 million related principally to interest accrued on exceptional acquisition-related expenses.

Notes to the Financial Statements
Section 2: Results for the Year continued

2.3 Taxation

Keeping it simple

This section sets out the Group's tax accounting policies, the current and deferred tax charges or credits in the year (which together make up the total tax charge or credit in the Consolidated Income Statement), a reconciliation of profit before tax to the tax charge for the period and the movements in deferred tax assets and liabilities.

Accounting policies
The tax charge for the year is recognised in the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income and directly in equity, according to the accounting treatment of the related transactions. The tax charge comprises both current and deferred tax. The calculation of the Group's tax charge involves estimation and judgement in respect of certain items whose tax treatment cannot be fully determined until a resolution has been reached by the relevant tax authority.

Current tax
Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment in respect of previous years.

The Group recognises liabilities for anticipated tax issues based on estimates and judgement of the additional taxes that are likely to become due. Amounts are accrued based on management's interpretation of specific tax law and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Deferred tax
Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes.

The following temporary differences are not provided for:
- The initial recognition of goodwill
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred tax is calculated using tax rates that are enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference. Recognition of deferred tax assets, therefore, involves judgement regarding the timing and level of future taxable income.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set-off.

Taxation – Consolidated Income Statement
The total taxation charge in the Consolidated Income Statement is analysed as follows:

	2022 £m	2021 £m
Current tax:		
Current tax charge on profit before exceptional items	**(38)**	(108)
Current tax credit on exceptional items	**7**	11
	(31)	(97)
Adjustments related to prior periods	**9**	(7)
	(22)	(104)
Deferred tax:		
Origination and reversal of temporary differences	**(34)**	1
Deferred tax credit on exceptional items	**1**	5
Impact of changes to statutory tax rates	**(6)**	(4)
	(39)	2
Adjustments related to prior periods	**(5)**	10
	(44)	12
Total taxation charge in the Consolidated Income Statement	**(66)**	(92)

In order to understand how, in the Consolidated Income Statement, a tax charge of £66 million (2021: £92 million) arises on a profit before tax of £501 million (2021: £480 million), the taxation charge that would arise at the standard rate of UK corporation tax is reconciled to the actual tax charge as follows:

	2022 £m	2021 £m
Profit before tax	**501**	480
Notional taxation charge at UK corporation tax rate of 19% (2021: 19%) on profit before tax	**(95)**	(91)
Non-taxable income/non-deductible expenses	**(15)**	(9)
Overseas non-deductible exceptional expenses	**–**	(26)
Prior year adjustments	**4**	3
Other taxes	**(8)**	(7)
Current year losses not recognised	**(8)**	(1)
Impact of overseas tax rates	**(1)**	10
Impact of changes in tax rates	**(6)**	(4)
Movement on tax provisions	**(1)**	(5)
Production tax credits	**64**	38
Statutory taxation charge in the Consolidated Income Statement	**(66)**	(92)

Non-deductible expenses are expenses that are not expected to be allowable for tax purposes. Similarly, non-taxable income is income that is not expected to be taxable.

Adjustments to prior periods primarily arise where an outcome is obtained on certain tax matters, which differs from expectations held when the related provision was made. Where the outcome is more favourable than the provision made, the difference is released, lowering the current year tax charge. Where the outcome is less favourable than our provision, an additional charge to current year tax will occur. The current tax charge includes a £9 million credit (2021: £7 million charge) relating to prior years, and the deferred tax charge includes a £5 million charge (2021: £10 million credit) relating to prior years. This adjustment has arisen following changes in estimates of taxes that have already become due, or will become due in the future.

Other taxes of £8 million charge (2021: £7 million charge) includes state taxes of £4 million in the US, local taxes of £2 million in Germany, Italy and France plus £2 million of irrecoverable withholding tax in the UK.

The impact of overseas tax rates reflects the fact that some of our profits are earned in territories other than the UK and taxed at rates different from the UK corporation tax rate. In 2022, the total impact is £1 million charge (2021: £10 million credit) due to profits arising in higher tax jurisdictions.

The increase in the UK corporation tax rate from 19% to 25%, which is effective from 1 April 2023, will increase the Group's future current tax charge. A deferred tax liability has been calculated and the current year movement on the change in the tax rate is a £6 million charge through the Consolidated Income Statement and a £5 million charge through other comprehensive income or equity.

In line with our accounting policy on current tax, provisions are held on the balance sheet within current tax liabilities in respect of uncertain tax positions where management believes that it is probable that future payments of tax will be required.

The production tax credits included within the reconciliation above are UK High-End Television (HETV) tax credits and Children's Television tax credits, which are part of a group of incentives provided to support the creative industries in the UK. The ability to access these tax credits is fundamental when assessing the viability of investment decisions in the production of high-end drama and children's programmes. Under IFRS, these production tax credits are reported within the total taxation charge in the Consolidated Income Statement. However, ITV considers them to be a contribution to production costs, and therefore working capital in nature, and excludes them from its adjusted tax charge, including them instead within Adjusted EBITA.

The effective tax rate is 13.2% (2021: 19.2%), and is the statutory tax charge on the face of the Consolidated Income Statement expressed as a percentage of the profit before tax. The tax rate is lower than in 2021 primarily due to the exceptional earnout charge in relation to the Talpa BV acquisition, which was not deductible for tax purposes and impacted the tax rate and an increase in production tax credits in the year. As explained in the Finance Review, the Group uses an adjusted tax rate to show how tax impacts total adjusted earnings in a way that is more aligned with the Group's cash tax position. The adjusted tax rate is 20.1% (2021: 19.9%).

In 2022, the current year movement recognised in the Consolidated Income Statement on origination and reversal of temporary differences (excluding exceptional items) is a charge of £34 million, compared with a credit of £1 million in 2021.

Notes to the Financial Statements
Section 2: Results for the Year continued

Taxation – Other comprehensive income (OCI) and equity
As analysed in the table below a deferred tax charge of £23 million (2021: £2 million charge) has been recognised on actuarial movements on pensions. Other temporary differences recognised in other comprehensive income include, a deferred tax credit of £5 million (2021: charge of £1 million) on gilts, £1 million deferred tax credit on derivatives (2021: £4 million charge) and no deferred tax movement on the cost of hedging (2021: £2 million credit). A deferred tax charge of £7 million (2021: £2 million credit) has been recognised in equity in respect of share-based payments.

There has been no current tax recognised in other comprehensive income in the current period on foreign exchange movements net of hedging (2021: £3 million charge) or on pensions (2021: £11 million credit). There has been no current tax recognised in equity in the current period in relation to share-based compensation (2021: £nil).

Taxation – Consolidated Statement of Financial Position
The table below outlines the deferred tax assets/(liabilities) that are recognised in the Consolidated Statement of Financial Position, together with their movements in the year:

	At 1 January 2022 £m	Recognised in the income statement £m	Recognised in OCI and equity £m	Other* £m	Foreign exchange £m	**At 31 December 2022 £m**
Tangible assets	4	(3)	–	–	–	**1**
Intangible assets	(45)	1	–	(3)	(2)	**(49)**
Pension scheme	(6)	(27)	(23)	–	–	**(56)**
Tax losses	32	(8)	–	–	3	**27**
Share-based compensation	11	5	(7)	–	–	**9**
Other temporary differences	29	(12)	6	4	3	**30**
	25	(44)	(24)	1	4	**(38)**

* £3 million of the movement in Other relates to business acquisitions

	At 1 January 2021 £m	Recognised in the income statement £m	Recognised in OCI and equity £m	Foreign exchange £m	At 31 December 2021 £m
Tangible assets	8	(3)	–	(1)	4
Intangible assets	(41)	(5)	–	1	(45)
Pension scheme	(5)	1	(2)	–	(6)
Tax losses	35	(3)	–	–	32
Share-based compensation	8	1	2	–	11
Other temporary differences	9	23	(3)	–	29
	14	14	(3)	–	25

At 31 December 2022, the net deferred tax liability position is £38 million (2021: £25 million asset), consisting of total deferred tax assets of £133 million (2021: £134 million) and total deferred tax liabilities of £171 million (2021: £109 million). The Consolidated Statement of Financial Position presents deferred tax after netting off balances within countries – a deferred tax asset of £19 million and a deferred tax liability of £57 million (2021: deferred tax asset of £37 million and a deferred tax liability of £12 million).

The deferred tax balances relate to:
- Property, plant and equipment temporary differences arising on assets qualifying for tax depreciation
- Temporary differences on intangible assets, including those arising on business combinations
- Programme rights – temporary differences on intercompany profits on stock
- Pension scheme temporary differences on the IAS 19 pension surplus and SDN and LTVC pension funding partnerships
- Temporary differences arising from the timing of the use of tax losses
- Share-based compensation temporary differences on share schemes
- Other temporary differences on provisions and financial instruments

The deferred tax balance associated with the pension surplus reflects the current tax benefit obtained in 2022 following the employer contributions to the Group's defined benefit pension scheme. The adjustment in other comprehensive income to the deferred tax balances relates to the actuarial gain recognised in the year.

A deferred tax asset of £27 million (2021: £32 million) has been recognised for tax losses where a full recovery is expected based on forecasted taxable profits. A deferred tax asset of £558 million (2021: £559 million) in respect of capital losses of £2,231 million (2021: £2,237 million) has not been recognised due to uncertainties as to whether capital gains will arise in the appropriate form and relevant territories against which such losses could be utilised. The decrease in the deferred tax asset in respect of the capital losses compared to the prior year is due to the dissolution of two companies that held capital losses. Due to uncertainty over the timing and extent of their utilisation, the Group has not recognised deferred tax assets of £13 million (2021: £12 million) in respect of UK losses of £53 million (2021: £48 million), £19 million (2021: £15 million) in respect of overseas losses of £84 million (2021: £67 million) including £3 million in respect of losses that expire between 2023 and 2027 and £5 million (2021: £nil) in respect of other overseas short-term timing differences of £16 million.

Subsidiaries of ITV PLC Group have undistributed earnings of £26 million (2021: £16 million) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as ITV PLC Group is able to control the timing of the distributions from these subsidiaries and is not expected to distribute these profits in the foreseeable future.

During 2021, the OECD published a framework for the introduction of a global minimum effective tax rate of 15%, applicable to large multinational groups. HM Treasury has published draft legislation to implement these 'Pillar Two' rules for accounting periods starting on or after 31 December 2023. The Group is reviewing these draft rules, which have not been substantively enacted, to understand any potential impacts.

On 17th November 2022, the UK government announced plans to reform the current system of AV tax credits and has opened a consultation on its proposals to merge the four existing AV schemes (film, high-end TV, children's TV and animation) into a single scheme and modernise the criteria for the high-end TV scheme. In addition, the government is proposing reform of the entire system, changing it from a system of tax relief to expenditure credits. The outcome of the consultation may change the economic value of high-end TV tax credits to ITV and the way they are claimed and accounted for. ITV has responded to the consultation and will continue to monitor future developments.

2.4 Earnings per share

Keeping it simple

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

Basic EPS is calculated on the Group profit for the year attributable to equity shareholders of £428 million (2021: £378 million) divided by 4,010 million (2021: 4,005 million), being the weighted average number of shares in issue during the year, which excludes EBT shares held in trust (see note 4.8).

Diluted EPS reflects any commitments made by the Group to issue shares in the future and so it includes the impact of share options.

Adjusted EPS is presented in order to show the business performance of the Group in a consistent manner and reflect how the business is managed and measured on a day-to-day basis. Adjusted EPS reflects the impact of operating and non-operating exceptional items on Basic EPS. Other items excluded from Adjusted EPS are amortisation and impairment of intangible assets acquired through business combinations; net financing cost adjustments; and the tax adjustments relating to these items. Each of these adjustments is explained in detail in the section below.

The calculation of Basic EPS and Adjusted EPS, together with the diluted impact on each, is set out below:

Basic earnings per share

	2022	2021
Profit for the year attributable to equity shareholders of ITV plc (£m)	**428**	378
Weighted average number of ordinary shares in issue – million	**4,010**	4,005
Basic earnings per ordinary share	**10.7p**	9.4p

Diluted earnings per share

	2022	2021
Profit for the year attributable to equity shareholders of ITV plc (£m)	**428**	378
Weighted average number of ordinary shares in issue – million	**4,010**	4,005
Dilution due to share options	**36**	46
Total weighted average number of ordinary shares in issue – million	**4,046**	4,051
Diluted earnings per ordinary share	**10.6p**	9.3p

Notes to the Financial Statements

Section 2: Results for the Year continued

Adjusted earnings per share

	Ref.	2022 £m	2021 £m
Profit for the year attributable to equity shareholders of ITV plc		**428**	378
Exceptional items (net of tax)	A	**57**	180
Profit for the year before exceptional items		**485**	558
Amortisation and impairment of acquired intangible assets	B	**45**	37
Loss on sale of subsidiaries and investments	C	**–**	1
Adjustments to net financing costs	D	**–**	15
Adjusted profit		**530**	611
Total weighted average number of ordinary shares in issue – million		**4,010**	4,005
Adjusted earnings per ordinary share		**13.2p**	15.3p

Diluted adjusted earnings per share

	2022	2021
Adjusted profit (£m)	**530**	611
Weighted average number of ordinary shares in issue – million	**4,010**	4,005
Dilution due to share options	**36**	46
Total weighted average number of ordinary shares in issue – million	**4,046**	4,051
Diluted adjusted earnings per ordinary share	**13.1p**	15.1p

Details of the adjustments to earnings are as follows:

A. Exceptional items (net of tax) £57 million (2021: £180 million)
Exceptional items of £65 million (2021: £196 million), net of related tax credit of £8 million (2021: £16 million). The exceptional items have been taxed in accordance with the tax treatment of the underlying transaction at the tax rate of the jurisdiction to which they relate. The £65 million exceptional charge comprises exceptional costs of £91 million and an exceptional credit of £26 million. £13 million of the exceptional costs were disallowed for tax purposes and so there is no associated tax credit. The £23 million exceptional credit related to the insured trade receivable provision held in the Netherlands released in the year for The Voice of China, which is taxed at 26%, and results in a tax charge of £6 million. The majority of the remaining net exceptional costs of £75 million were taxed at the UK tax rate of 19%, giving a tax credit of £14 million. See note 2.2 for the detailed composition of exceptional items

B. Amortisation and impairment of acquired intangible assets of £45 million (2021: £37 million)
Amortisation and impairment of assets acquired through business combinations and investments of £84 million (2021: £69 million), excluding amortisation of software licences and development of £27 million (2021: £20 million), net of related tax credit of £12 million (2021: £12 million)

C. Loss on sale of non-current assets and investments of £nil (2021: £1 million)
Loss on sale of investments of £nil (2021: £1 million), net of related tax credit of £nil (2021: related tax charge of £nil)

D. Adjustments to net financing costs £nil (2021: £15 million)
Adjustments to net financing costs includes exceptional finance costs of £nil (2021: £10 million) relating principally to interest accrued on exceptional acquisition-related expenses; foreign exchange, pension interest charges and the unwind of discounting on acquisition related liabilities of £nil (2021: £9 million), net of related tax credit of £nil (2021: £4 million)

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities

In this section

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. On the following pages, there are notes covering working capital, non-current assets and liabilities, acquisitions and disposals, provisions and pensions.

Liabilities relating to the Group's financing activities are addressed in section 4. Deferred tax assets and liabilities are shown in note 2.3.

3.1 Working capital

Keeping it simple

Working capital represents the assets and liabilities the Group generates through its trading activity. The Group therefore defines working capital as distribution rights, programme rights, trade and other receivables, trade and other payables, contract assets and liabilities and production work in progress.

Careful management of working capital ensures that the Group can meet its trading and financing obligations within its ordinary operating cycle.

Working capital is a driver of the profit to cash conversion ratio, a key performance indicator for the Group. For those subsidiaries acquired during the year, working capital at the date of acquisition is excluded from the profit to cash calculation so that only subsequent working capital movements in the period controlled by ITV are reflected in this metric.

In the following note, you will find further information regarding working capital management and analysis of the elements of working capital.

3.1.1 Programme rights and commitments

Accounting policies

Rights are recognised when the Group controls the respective rights and the risks and rewards associated with them.

Programme rights not yet utilised are included in the Consolidated Statement of Financial Position at the lower of cost and net realisable value. In assessing net realisable value for programmes in production, judgement is required when considering the contracted sales price and estimated costs to complete.

Programme rights

ITVX, our new, free, ad-funded streaming service (with a premium subscription proposition) launched in December 2022, combining ITV Hub, ITV Hub+ and BritBox UK. In preparation for the launch, the Group reviewed its policies around programme rights as ITVX has a wider variety of programming compared to the ITV Hub service. The policies reviewed included how the programme rights are allocated to linear and ITVX, when programme rights are recognised in the Consolidated Statement of Financial Position; when these costs are released to the Consolidated Income Statement; and the impairment review of the carrying values of programme rights held.

In order to establish the new policies, the Group set out to understand the pattern in which the programme right is expected to be consumed on linear and the new streaming platform. The Group then established a method to allocate the programme right asset between streaming and linear based on a pattern of viewing. Consumption of content varies based on the type of programme right as well as the type of platform it is transmitted on. Programme rights are expensed through operating costs reflecting the pattern in which management expects the right to be consumed.

Type of programme	Streaming policy	Linear policy
Acquired content	Cost charged to the Consolidated Income Statement on a declining-balance method over the licence period.	Cost charged to the Consolidated Income Statement over a number of linear transmissions (episodic).
Commissioned content	Cost charged to the Consolidated Income Statement on a declining-balance method over the licence period	Cost charged to the Consolidated Income Statement on first linear transmission (episodic).
Sports rights	Cost charged to the Consolidated Income Statement on first transmission.	Cost charged to the Consolidated Income Statement on first linear transmission.
Current affairs, live events, soaps	Cost charged to the Consolidated Income Statement on first transmission.	Cost charged to the Consolidated Income Statement on first linear transmission.
Library of content (ITVX only)	Straight-line amortisation over licence windows.	

Acquired programme rights are purchased for the primary purpose of broadcasting on the ITV family of channels, including ad-funded streaming service and subscription streaming service platforms. These are recognised within current assets the earlier of when payments are made or when the rights are ready for exploitation.

Commissions, which primarily comprise programmes purchased, based on editorial specification and over which the Group has some control, are recognised in current assets as payments are made.

The net realisable value assessment for acquired and commissioned rights (excluding sports rights) is based on estimated airtime value. The net realisable value is assessed on a portfolio basis unless specific indicators of impairment are identified.

The net realisable value assessment for sports rights is based on the estimated airtime value on the transmission date of the sporting event.

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities continued

Programme rights and other inventory at the year end are shown in the table below:

	2022 £m	2021 £m
Acquired programme rights	**225**	177
Commissions	**103**	78
Sports rights	**49**	58
	377	313

£6 million relates to programme rights and other inventory that will be transmitted in 2024 and beyond (2021: £13 million transmitted in 2023 and beyond)

Included within programme rights and other inventory is £49 million (2021: £58 million) relating to programme rights that have been paid for but that are not yet in licence. These amounts are considered to be prepayments but are included within programme rights and other inventory as it is more useful to the reader to show all such rights together.

Following the passing of Her Majesty Queen Elizabeth II in September 2022, the business has written off remaining Spitting Image episodes featuring the Queen (£9 million) as it is highly unlikely they will ever be screened and are unable to be effectively edited.

Programme and transmission commitments
Transmission commitments are the contracted future payments under transmission supply agreements that require the use of transponder capacity for a period of up to ten years with payments increasing over time, limited by specific RPI caps. The application of IFRS 16 'Leases' requires judgement regarding the classification of transmission commitments. The Group has concluded that these contracts do not constitute leases as defined in IFRS 16 as the Group does not control these assets due to the nature of the operation of the assets and the rights retained by the supplier under the contracts.

Programming commitments are transactions entered into in the ordinary course of business with programme suppliers, sports organisations and film distributors in respect of rights to broadcast on the ITV network including ITVX and on BritBox UK.

The Group has onerous contract provisions of £34 million (2021: £32 million) in respect of transponder capacity usage and sports rights commitments. See note 3.6 for further details.

Commitments in respect of these transactions, which are not reflected in the Consolidated Statement of Financial Position, are due for payment as follows:

2022	Transmission £m	Programme £m	Total £m
Within one year	**25**	**466**	**491**
Later than one year and not more than five years	**19**	**349**	**368**
	44	**815**	**859**

2021	Transmission £m	Programme £m	Total £m
Within one year	25	552	577
Later than one year and not more than five years	43	488	531
	68	1,040	1,108

3.1.2 Distribution rights
Accounting policies
Distribution rights are programme rights the Group buys from producers to derive future revenue, principally through licensing to other broadcasters. These are classified as non-current assets as these rights are used to derive long-term economic benefit for the Group.

Distribution rights are recognised initially at cost and charged through operating costs in the Consolidated Income Statement over a period not exceeding five years, reflecting the value and pattern in which the right is consumed. Advances paid for the acquisition of distribution rights are disclosed as distribution rights as soon as they are contracted. These advances are not expensed until the programme is available for distribution. Up to that point, they are assessed annually for impairment through the reassessment of the future sales expected to be earned from that title.

The net book value of distribution rights at the year end is as follows:

	2022 £m	2021 £m
Distribution rights	**17**	21

During the year, £25 million was charged to the Consolidated Income Statement (2021: £46 million).

3.1.3 Trade and other receivables

Accounting policies

Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost). Where payments are not due for more than one year, they are shown in the financial statements at their net present value to reflect the economic cost of delayed payment. The Group provides goods and services to substantially all of its customers on credit terms.

The credit risk management practices of the Group include internal review and reporting of the ageing of trade and other receivables by days past due. The Group applies the IFRS 9 simplified approach in measuring expected credit losses, which use a lifetime expected credit loss allowance for all trade receivables.

To measure expected credit losses, trade receivables and contract assets have been grouped by shared credit risk characteristics and days past due. As part of the expected credit losses, the Group may make additional provisions for the receivables of particular customers if the deterioration of financial position was observed.

The carrying value of trade receivables is considered to approximate fair value. Trade and other receivables can be analysed as follows:

	2022 £m	2021 £m
Due within one year:		
Trade receivables	**476**	434
Other receivables	**162**	107
Prepayments	**54**	48
	692	589
Due after more than one year:		
Trade receivables	**24**	33
Other receivables	**20**	9
	44	42
Total trade and other receivables	**736**	631

£500 million (2021: £467 million) of total trade receivables, stated net of provisions for impairment, are aged as follows:

	2022 £m	2021 £m
Current	**437**	427
Up to 30 days overdue	**34**	26
Between 30 and 90 days overdue	**20**	10
Over 90 days overdue	**9**	4
	500	467

Movements in the Group's provision for impairment of trade receivables and contract assets can be shown as follows:

	2022 £m	2021 £m
At 1 January	**43**	46
Charged during the year	**14**	6
Unused amounts reversed	**(33)**	(9)
At 31 December*	**24**	43

* £8 million (2021: £7 million) of the provision relates to contract assets and is included in the balance disclosed in note 3.1.6.

Of the provision total, £22 million relates to balances overdue by more than 90 days (2021: £41 million) and less than £1 million relates to current balances (2021: less than £2 million).

£5 million (2021: £30 million) of the provision relates to the overdue receivable for The Voice of China. During the year, the review of cash received in 2018 and 2019 was completed and the provision unwound with a credit in exceptional items, consistent with the original treatment (see note 2.2). For the remaining amount, discussions with the credit insurers remain in progress, as a result the Group is not yet able to demonstrate sufficient certainty to be able to recognise a receivable at 31 December 2022.

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities continued

3.1.4 Trade and other payables due within one year

Accounting policies

Trade payables are recognised at the value of the invoice received from a supplier. The carrying value of current and non-current trade payables is considered to approximate fair value. Trade and other payables due within one year can be analysed as follows:

	2022 £m	2021 £m
Trade payables	**141**	91
VAT and social security	**38**	60
Other payables	**146**	122
Acquisition-related liabilities – employment-linked contingent consideration	**2**	3
Acquisition-related liabilities – payable to sellers under put options agreed on acquisition	**1**	22
Accruals	**573**	551
	901	849

3.1.5 Trade and other payables due after more than one year

Trade and other payables due after more than one year can be analysed as follows:

	2022 £m	2021 £m
Trade payables	**17**	18
Other payables	**28**	28
Acquisition-related liabilities – employment-linked contingent consideration	**6**	6
Acquisition-related liabilities – payable to sellers under put options agreed on acquisition	**38**	33
	72	67
Total trade and other payables due after more than one year	**89**	85

Trade payables due after more than one year relates primarily to royalties in both 2022 and 2021. Other payables due after more than one year relates primarily to film creditors of £22 million (2021: £17 million).

Acquisition-related liabilities or performance-based employment-linked earnouts are the estimated amounts payable to previous owners. The estimated future payments that are accrued over the period the sellers are required to remain with the business are treated as exceptional costs (see note 2.2). Those amounts not linked to employment are estimated and recognised at acquisition at their time discounted value, with the unwind of the discount recorded as part of finance costs.

Acquisition related liabilities at 31 December 2022 were £47 million (2021: £64 million) which represents the amount accrued to date at their time discounted value. The total undiscounted estimated future payments of £89 million (2021: £79 million) are sensitive to forecast profits as they are based on a multiple of earnings. The range of reasonably possible outcomes for the undiscounted liability is between £74 million and £177 million. The liabilities due after more than one year are expected to be settled between 2024 and 2028.

All earnouts are sensitive to forecast profits as they are based on a multiple of earnings and judgement is required where there may be adjustments to forecasted profits or when earnouts are negotiated, hence the reason for the range noted above.

3.1.6 Contract assets and liabilities

Contract assets (accrued income) primarily relate to the Group's right to consideration for work unbilled at the reporting date. Many of the programmes the Studios division produces are sold internationally and also used within the ITV network.

Contract liabilities (deferred income) primarily relate to the consideration received from customers in advance of transferring a good or service. The following table provides movements in contract assets and liabilities in the period:

	2022		2021	
	Contract assets £m	**Contract liabilities £m**	Re-presented[1] Contract assets £m	Contract liabilities £m
Balance at 1 January	**189**	**(359)**	155	(271)
Decrease due to balance transferred to trade receivables	**(180)**	**–**	(140)	–
Increases as a result of the changes in the measure of progress	**170**	**–**	174	–
Decreases due to revenue recognised in the period	**–**	**405**	–	260
Increase due to cash received	**–**	**(383)**	–	(348)
Acquisitions	**6**	**(35)**	–	–
Balance at 31 December[2]	**185**	**(372)**	189	(359)

1 Production work in progress has been re-presented on the face of the Consolidated Statement of Financial Position. The balance was previously included within contract assets in 2021.

2 Contract assets is stated net of provisions for impairment of £8 million (2021: £7 million) which have been included in the reconciliation in note 3.1.3. Non-current contract assets of £nil (2021: £6 million) is included in the above reconciliation.

3.1.7 Production work in progress

Production work in progress relates to costs capitalised by ITV Studios in the course of fulfilling production contracts. These costs are capitalised when they relate directly to a contract or to a specifically identifiable anticipated contract, the costs generate or enhance the resources of the entity that will be used in satisfying or continuing to satisfy performance obligations in the future, and the costs are expected to be recovered.

These costs are presented as production work in progress assets and represent actual costs incurred on the production. The asset is amortised as the performance obligations are satisfied. Production work in progress was previously included within contract assets; however, has been re-presented separately due to its differing nature to contract assets.

Production work in progress at the year end is detailed below:

	2022 £m	2021 £m
Production work in progress	**493**	360

During the year, £368 million was charged to the Consolidated Income Statement for completed productions delivered (2021: £264 million).

3.1.8 Working capital management

Cash and working capital management has been a critical area of focus during 2022 and 2021. During the year, the cash outflow from working capital was £150 million (2021: outflow of £141 million) derived as follows:

	2022 £m	2021 £m
Increase in programme rights and distribution rights	**(70)**	(6)
Increase in receivables and contract assets	**(133)**	(270)
Increase in payables and contract liabilities	**53**	135
Working capital outflow	**(150)**	(141)

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities continued

3.2 Property, plant and equipment

Keeping it simple

The following note shows the physical assets used by the Group to operate the business, generating revenues and profits. These assets include office buildings and studios, as well as equipment used in broadcast transmission, programme production and support activities.

The cost of these assets is the amount initially paid for them or for right of use assets, the discounted future lease payments. A depreciation expense is charged to the Consolidated Income Statement to reflect annual wear and tear and the reduced value of the asset over time. Depreciation is calculated by estimating the number of years the Group expects the asset to be used (useful economic life). If there has been a technological change or decline in business performance, the Directors review the value of the assets to the business to ensure they have not fallen below their depreciated value. If an asset's value falls below its depreciated value, an additional impairment charge is made against profit.

This note also explains the accounting policies followed by ITV and the specific estimates made in arriving at the net book value of these assets.

Accounting policies

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Certain items of property, plant and equipment that were revalued to fair value prior to 1 January 2004 (the date of transition to IFRS) are measured on the basis of deemed cost, being the revalued amount less depreciation up to the date of transition.

Right of use assets

A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. These assets are called right of use assets and have been included on the Consolidated Statement of Financial Position at a value equal to the discounted future lease payments. For leases recognised on transition to IFRS 16 'Leases' the value is also adjusted by any prepayments or lease incentives recognised immediately before the date of initial application.

Depreciation

Depreciation is provided to write off the cost of property, plant and equipment less estimated residual value, on a straight-line basis over their estimated useful lives. The annual depreciation charge is sensitive to the estimated useful life of each asset and the expected residual value at the end of its life. The major categories of property, plant and equipment are depreciated as follows:

Asset class	Depreciation policy
Freehold land	not depreciated
Freehold buildings	up to 60 years
Leasehold improvements	shorter of residual lease term or estimated useful life
Vehicles, equipment and fittings*	3 to 20 years
Right of use assets	over the term of the lease

* Equipment includes studio production and technology assets.

Assets under construction are not depreciated until the point at which the asset comes into use by the Group.

Impairment of assets

Property, plant and equipment that is subject to depreciation is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include changes in technology and business.

Property, plant and equipment

Property, plant and equipment can be analysed as follows:

	Freehold land and buildings £m	Improvements to leasehold land and buildings Long £m	Improvements to leasehold land and buildings Short £m	Vehicles, equipment and fittings Owned £m	Right of use assets £m	**Total £m**
Cost						
At 1 January 2021	12	80	28	222	147	489
Additions	1	8	–	12	13	34
Reclassifications	–	–	(2)	5	–	3
Foreign exchange	–	–	–	(1)	(1)	(2)
Disposals and retirements	(1)	(1)	–	(3)	(5)	(10)
At 31 December 2021	12	87	26	235	154	514
Additions	–	2	–	33	57	92
Additions from acquisitions	–	–	–	4	1	5
Foreign exchange	–	2	–	4	6	12
Disposals and retirements	–	(6)	–	(62)	(10)	(78)
At 31 December 2022	**12**	**85**	**26**	**214**	**208**	**545**
Depreciation						
At 1 January 2021	2	22	16	117	47	204
Charge for the year	–	4	1	37	25	67
Reclassifications	(2)	–	2	–	–	–
Foreign exchange	–	–	–	–	(1)	(1)
Disposals and retirements	–	(1)	–	(2)	(7)	(10)
At 31 December 2021	–	25	19	152	64	260
Charge for the year	1	3	1	31	25	61
Foreign exchange	–	–	–	3	2	5
Disposals and retirements	–	(1)	–	(62)	(4)	(67)
At 31 December 2022	**1**	**27**	**20**	**124**	**87**	**259**
Net book value						
At 31 December 2022	**11**	**58**	**6**	**90**	**121**	**286**
At 31 December 2021	12	62	7	83	90	254

Included within property, plant and equipment are assets in the course of construction of £34 million (2021: £17 million).

Included within the depreciation charge for the year of £61 million (2021: £67 million) is £8 million (2021: £8 million) in respect of accelerated depreciation following a change in useful life of the related assets in relation to the move to a new London site. This depreciation has been included in exceptional items. See note 2.2 for further details.

Included in net book value of right of use assets is £121 million (2021: £89 million) related to properties and £nil (2021: £1 million) relating to vehicles, equipment and fittings.

Capital commitments

The Group has capital commitments of £11 million at 31 December 2022 (2021: £6 million). In 2021, the Group reported capital commitments of £45 million for the right of use assets for lease agreements on the move to Broadcast Centre. This commitment has been recognised as an addition to right of use assets during the year.

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities continued

3.3 Intangible assets

Keeping it simple

The following note identifies the non-physical assets used by the Group to generate revenue and profits.

These assets include formats and brands, customer contracts and relationships, contractual arrangements, licences, software development, film libraries and goodwill. The cost of these assets is the amount that the Group has paid or, where there has been a business combination, the fair value of the specific intangible assets that could be sold separately or which arise from legal rights. In the case of goodwill, its cost is the amount the Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired. The value of goodwill is the 'intangible' value that comes from, for example, a uniquely strong market position and the outstanding productivity of its employees.

The value of intangible assets, with the exception of goodwill, reduces over the number of years the Group expects to use the asset, the useful economic life, via an annual amortisation charge to the Consolidated Income Statement. Where there has been a technological change or decline in business performance, the Directors review the value of assets, including goodwill, to ensure they have not fallen below their amortised value. Should an asset's value fall below its amortised value, an additional impairment charge is made against profit.

This note explains the accounting policies applied and the specific judgements and estimates made by the Directors in arriving at the net book value of these assets.

Accounting policies

Goodwill

Goodwill represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised. Goodwill is stated at its recoverable amount being cost less any accumulated impairment losses and is allocated to the business to which it relates.

All business combinations that have occurred since 1 January 2009 were accounted for using the acquisition method. Under this method, goodwill is measured as the fair value of the consideration transferred (including the recognition of any part of the business not yet owned (non-controlling interests)), less the fair value of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. The identification of acquired assets and liabilities and the allocation of the purchase price to them is considered a key judgement and is based on the Group's understanding and experience of the media business. Any contingent consideration expected to be transferred in the future is recognised at fair value at the acquisition date and recognised within other payables. Contingent consideration classified as an asset or liability that is a financial instrument is measured at fair value with changes in fair value recognised in the Consolidated Income Statement. The determination of fair value is based on an estimate of discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount rate.

Where less than 100% of a subsidiary is acquired, and call and put options are granted over the remaining interest, a non-controlling interest is initially recognised in equity at fair value, which is established based on the value of the put option. A call option is recognised as a derivative financial instrument, carried at fair value. The put option is recognised as a liability within other payables, carried at the present value of the put option exercise price, and a corresponding charge is included in merger and other reserves. Any subsequent remeasurement of the put option liability is recognised within finance income or cost.

Subsequent adjustments to the fair value of net assets acquired can only be made within 12 months of the acquisition date, and only if fair values were determined provisionally at an earlier reporting date. These adjustments are accounted for from the date of acquisition.

Acquisitions of non-controlling interests are accounted for as transactions with owners and therefore no goodwill is recognised as a result of such transactions. Transaction costs incurred in connection with those business combinations, such as legal fees, due diligence fees and other professional fees, are expensed as incurred. The Directors consider these costs to reflect the cost of acquisition and to form a part of the capital transaction, and highlight them separately as exceptional items.

Other intangible assets

Intangible assets other than goodwill are those that are distinct and can be sold separately or which arise from legal rights.

The main intangible assets the Group has valued are formats, brands, licences, contractual arrangements, customer contracts and relationships and libraries.

Within ITV, there are two types of other intangible assets: those assets directly purchased by the Group for day-to-day operational purposes (such as software licences and development) and intangible assets identified as part of an acquisition of a business.

Intangible assets acquired directly by the Group are stated at cost less accumulated amortisation. Those separately identified intangible assets acquired as part of an acquisition or business combination are shown at fair value at the date of acquisition less accumulated amortisation.

Each class of intangible assets' valuation method on initial recognition, amortisation method and estimated useful life is set out in the table below:

Class of intangible asset	Amortisation method	Estimated useful life	Valuation method
Brands	Straight-line	8 to 14 years	Applying a royalty rate to the expected future revenue over the life of the brand
Formats	Straight-line	up to 8 years	Expected future cash flows from those assets existing at the date of acquisition are estimated. If applicable, a contributory charge is deducted for the use of other assets needed to exploit the cash flow. The net cash flow is then discounted back to present value
Customer contracts	Straight-line or reducing balance as appropriate	up to 6 years	
Customer relationships	Straight-line	5 to 10 years	
Contractual arrangements	Straight-line	up to 13 years depending on the contract terms	Expected future cash flows from those contracts existing at the date of acquisition are estimated. If applicable, a contributory charge is deducted for the use of other assets needed to exploit the cash flow. The net cash flow is then discounted back to present value
Licences	Straight-line	11 to 29 years depending on term of licence	Start-up basis of expected future cash flows existing at the date of acquisition. If applicable, a contributory charge is deducted for the use of other assets needed to exploit the cash flow. The net cash flow is then discounted back to present value. Public service broadcasting (PSB) licences are valued as a start-up business with only the licence in place
Libraries and other	Sum of digits or straight-line as appropriate	up to 20 years	Initially at cost and subsequently at cost less accumulated amortisation
Software licences and development	Straight-line	1 to 10 years	Initially at cost and subsequently at cost less accumulated amortisation

Cloud computing arrangements

Cloud computing arrangements are reviewed to determine if they are within the scope of IAS 38 'Intangible Assets', IFRS 16 'Leases', or a service contract. This is to determine if the Group has control of the software intangible asset. Control is assumed if the Group has the right to take possession of the software and run it on its own or a third-party's computer infrastructure or if the Group has exclusive rights to use the software whereby the supplier cannot make the software available to other customers.

Configuration of the software involves the setting of various flags or switches within the application software or defining values to set up the software's existing code to function in a specified way. Customisation involves modifying the software code in the application or writing additional code. Customisation generally changes or creates additional functionalities within the software. In both situations, the Group also needs to assess if there is a separate intangible asset. If no separate intangible asset is identified, then these costs are expensed when incurred. If an asset is identified, it is capitalised and amortised over the life of the asset.

Fair value on acquisition

Determining the fair value of the purchase consideration allocated to intangible assets arising on acquisition requires judgement. The Directors make estimates regarding the timing and amount of future cash flows derived from exploiting the assets being acquired. The Directors then estimate an appropriate discount rate to apply to the forecast cash flows. Such estimates are based on current budgets and forecasts, extrapolated for an appropriate period taking into account growth rates, operating costs and the expected useful lives of assets. Judgements are also made regarding whether, and for how long, licences will be renewed; this drives our amortisation policy for those assets.

The Directors estimate the appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the assets or businesses being acquired.

Amortisation

Amortisation is charged to the Consolidated Income Statement over the estimated useful lives of intangible assets unless such lives are judged to be indefinite. Indefinite life assets, such as goodwill, are not amortised but are tested for impairment at each year end.

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities continued

Impairment
Goodwill is not subject to amortisation and is tested annually for impairment and when circumstances indicate that the carrying value may be impaired.

Other intangible assets are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the amount carried in the Consolidated Statement of Financial Position is less than its recoverable amount.

Determining whether the carrying amount of intangible assets has any indication of impairment requires judgement. Any impairment is recognised in the Consolidated Income Statement.

An impairment test is performed by assessing the recoverable amount of each asset, or for goodwill the cash-generating unit (CGU), or group of CGUs, related to the goodwill. Total assets (which include goodwill) are grouped at the lowest levels for which there are separately identifiable cash flows. The identification of the relevant CGUs for assessing impairment of goodwill is considered a key judgement. The Directors have identified three CGUs, ITV Studios, Media & Entertainment and SDN.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is based on the present value of the future cash flows expected to arise from the asset.

In testing for impairment, estimates are used in deriving cash flows, long-term growth rates and the discount rates. Such estimates reflect current market assessments of the risks specific to the asset and the time value of money. The estimation process is complex due to the inherent risks and uncertainties associated with long-term forecasting. If different estimates of the projected future cash flows or a different selection of an appropriate discount rate or long-term growth rate were made, these changes could materially alter the projected value of the cash flows of the asset, and as a consequence materially different amounts would be reported in the financial statements.

Impairment losses in respect of goodwill cannot be reversed. In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

There is a wide range of potential outcomes regarding the possible future performance of each of ITV Group's cash-generating units, ITV Studios, Media & Entertainment and SDN. In the impairment review the Directors used the scenarios utilised for the viability statement. The Directors, however, do not consider that any reasonably possible changes in the key assumptions would cause the recoverable amount of the Group's cash-generating units to fall below their carrying values and therefore they are not considered key sources of estimation uncertainty.

Intangible assets

Intangible assets can be analysed as follows:

	Goodwill £m	Formats and brands £m	Customer contracts and relationships £m	Contractual arrangements £m	Licences £m	Libraries and other £m	Software licences and development £m	**Total £m**
Cost								
At 1 January 2021	3,895	547	441	11	176	103	228	5,401
Additions	–	–	–	–	–	–	15	15
Acquisitions	1	–	1	–	–	–	–	2
Reclassifications	–	–	–	–	–	–	(3)	(3)
Foreign exchange	(3)	(20)	(1)	–	–	1	–	(23)
At 31 December 2021	3,893	527	441	11	176	104	240	5,392
Additions	–	–	–	–	–	–	44	44
Acquisitions	107	1	13	–	–	–	–	121
Disposals	–	–	–	–	–	–	(5)	(5)
Foreign exchange	37	21	8	–	–	2	1	69
At 31 December 2022	**4,037**	**549**	**462**	**11**	**176**	**106**	**280**	**5,621**
Amortisation and impairment								
At 1 January 2021	2,654	435	427	11	124	91	114	3,856
Charge for the year	–	41	5	–	5	1	20	72
Reclassifications	–	–	–	–	–	–	–	–
Foreign exchange	–	(16)	1	–	–	1	–	(14)
At 31 December 2021	2,654	460	433	11	129	93	134	3,914
Charge for the year	–	41	6	–	2	–	27	76
Disposals	–	–	–	–	–	–	(5)	(5)
Foreign exchange	–	19	7	–	–	–	1	27
At 31 December 2022	**2,654**	**520**	**446**	**11**	**131**	**93**	**157**	**4,012**
Net book value								
At 31 December 2022	**1,383**	**29**	**16**	**–**	**45**	**13**	**123**	**1,609**
At 31 December 2021	1,239	67	8	–	47	11	106	1,478

Goodwill impairment tests

The carrying amount of goodwill for each CGU is represented as follows:

	2022 £m	2021 £m
ITV Studios	**921**	777
Media & Entertainment	**386**	386
SDN	**76**	76
	1,383	1,239

There has been no impairment charge for any CGU during the year (2021: £nil).

When assessing impairment, the recoverable amount of each CGU is based on value in use calculations. These calculations require the use of estimates, specifically: pre-tax cash flow projections; long-term growth rates; and a pre-tax market discount rate. Cash flow projections are based on the Group's current long-term plan. Beyond the plan, these projections are extrapolated using an estimated nominal long-term growth rate of 1.5% (2021: 2%). The growth rate used is consistent with the long-term average growth rates for both the industry and the countries in which the CGUs are located and is appropriate because these are long-term businesses.

The discount rate has been updated for each CGU to reflect the latest market assumptions for the risk-free rate, the equity risk premium and the net cost of debt. There is currently no reasonably possible change in discount rate that would reduce the headroom in any CGU to zero.

Notes to the Financial Statements

Section 3: Operating Assets and Liabilities continued

ITV Studios

The goodwill for ITV Studios has arisen as a result of the acquisition of production businesses since 1999. Significant balances were created from the acquisition by Granada of United News and Media's production businesses in 2000 and the merger of Granada and Carlton in 2004 to form ITV plc. ITV Studios goodwill also includes the goodwill arising from acquisitions since 2012, with the largest acquisitions being Leftfield in 2014, followed by Talpa in 2015 and Plimsoll in 2022.

The key assumptions on which the forecast cash flows for the whole CGU were based (as represented by the approved financial budget for 2023 and forecast to 2025) include revenue (including international revenue and the ITV Studios share of ITV output, growth in commissions and hours produced), margins and the pre-tax market discount rate. These assumptions have been determined by using a combination of extrapolation of historical trends within the business, industry estimates and in-house estimates of growth rates in all markets. No impairment was identified.

A pre-tax discount rate of 10.5% (2021: 8.4%) has been used in discounting the projected cash flows. No reasonably possible change in assumptions or discount rate would lead to an impairment.

Media & Entertainment

The goodwill in this CGU arose as a result of the acquisition of broadcasting businesses since 1999, the largest of which was the merger of Carlton and Granada in 2004 to form ITV plc, which was treated as an acquisition of Carlton for accounting purposes. Media & Entertainment goodwill also includes the goodwill arising on acquisition of UTV Limited in February 2016.

The main assumptions on which the forecast cash flow projections for this CGU are based (as represented by the approved financial budget for 2023 and forecast to 2025) include: the performance and share of the television advertising market; share of commercial impacts; programme and other costs; and the pre-tax market discount rate.

The key assumption in assessing the recoverable amount of Media & Entertainment goodwill is the size of the television and streaming advertising market. In forming its assumptions about the television and streaming advertising market, the Group has used a combination of long-term trends, industry forecasts and in-house estimates, which place greater emphasis on recent experience. No impairment was identified.

An impairment charge of £2,309 million was recognised in the Media & Entertainment CGU in 2008, as a result of the downturn in the short-term outlook for the advertising market. The current year impairment review, set out above, results in significant headroom in excess of the 2008 impaired amount. Even though the advertising market has improved since then and the impaired assets are still owned and operated by the Group, due to accounting rules the impairment cannot be reversed.

A pre-tax discount rate of 10.4% (2021: 8.4%) has been used in discounting the projected cash flows. No reasonably possible change in assumptions or discount rate would lead to an impairment.

SDN

Goodwill was recognised when the Group acquired SDN (the licence operator for DTT Multiplex A) in 2005. It represented the wider strategic benefits of the acquisition specific to the Group, principally the enhanced ability to promote Freeview as a platform, business relationships with the channels which are on Multiplex A and additional capacity available from 2010. SDN's multiplex licence was renewed during 2022 and expires in 2034.

The main assumptions on which the forecast cash flows are based (as represented by the approved financial budget for 2023 and forecast to 2025) are: income to be earned from renewals of medium-term contracts; the market price of available multiplex video streams; and the pre-tax market discount rate. These assumptions have been determined by using a combination of current contract terms, recent market transactions and in-house estimates of video stream availability and pricing. No impairment was identified.

A pre-tax discount rate of 9.4% (2021: 11.7%) has been used in discounting the projected cash flows. No reasonably possible change in assumptions or discount rate would lead to an impairment.

3.4 Acquisitions

Keeping it simple

The following section outlines what the Group has acquired in the year.

Most of the deals are structured so that a large part of the payment made to the sellers ('consideration') is determined based on future performance. This is done so that the Group can both align incentives for growth, while reducing risk so that total consideration reflects actual performance, not expected.

The Group considers the income statement impact of all consideration to be capital in nature and so excludes it from adjusted profit. Therefore, for each acquisition below, the distinction between the types of consideration has been explained in detail.

Accounting policies

The Group measures the cost of the acquisition at the fair value of the consideration paid; allocates that cost to the acquired identifiable assets and liabilities based on their fair values; and allocates the rest of the cost to goodwill. The Group also recognises any excess of acquired assets and liabilities over the consideration paid in the Consolidated Income Statement immediately.

IFRS accounting standards require that when consideration is based on future performance, some of this consideration is to be included in the purchase price used in determining goodwill ('contingent consideration'). Examples of contingent consideration include top-up payments and recoupable performance adjustments. Any remaining consideration is recognised as a liability or expense outside of acquisition accounting (put option liabilities and employment-linked contingent payments known as 'earnout' payments).

Where a payment is employment-linked, it is treated as a cash-settled share based payment. The liability is measured at fair value taking into account the terms and conditions of the arrangement and the extent to which employees have rendered service to date. The liability is remeasured at each reporting date with changes in the carrying value recognised in the Consolidated Income Statement for the period.

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The valuation choice is made on an acquisition by acquisition basis.

Acquisitions in the current year

The Group made two acquisitions in the current period. Consideration including net cash and debt acquired was £115 million for these businesses, which are now reported within the ITV Studios operating segment. The businesses fit with the strategy of strengthening the Group's existing position as a producer and global distributor of world-class content. Details of the acquisitions are included below:

Escapade Bidco Limited (Plimsoll Productions)

On 1 July 2022, the Group completed an acquisition of a majority shareholding of Plimsoll Productions (through its holding company Escapade Bidco Limited), the largest independent producer of natural history programmes in the world and a growing premium factual producer. This acquisition is a further milestone in ITV's strategy of expanding its international content business. It further diversifies ITV Studios production base and will enable ITV to take advantage of the strong demand for content across the ever-popular natural history and factual genres. Plimsoll Productions has a strong network with all of the global streamers and this acquisition will strengthen and deepen ITV Studios relationships with the streamers.

Key terms:

At acquisition, the Group made a total payment of £103 million for the purchase of Plimsoll Productions. The total payment was split between an acquisition of shares from the vendors of £20 million and a subscription for new shares of £83 million. The cash generated from the share subscription was used to repay £65 million of loan notes held by the vendors and external debt of £18 million.

Under IFRS 3 'Business Combinations', only the amount paid to the vendors for shares acquisition (£20 million) is treated as consideration. However, as the debt has been repaid as part of the acquisition agreement, the entire cash outflow of £103 million is treated as cost of acquisition in the cash flow statement.

Based on the assessment of non-controlling interest, the Group has control over 93.07% of the business acquired and a non-controlling interest of £4 million has been recognised. Put and call options are in place over the remaining shareholding, with an exercise price based on a multiple of the average EBITA for the years 2023 to 2027.

The maximum total potential consideration, including the initial payment and the additional subscription of shares, is £183 million (undiscounted). This includes put and call options over the non-controlling interests and earnouts. These additional earnout payments are dependent on future performance of the business and linked to ongoing employment, therefore are accounted for as expense. The Group considers these payments as capital in nature, and therefore expenses in relation to these payments are excluded from adjusted profits as exceptional items.

Acquisition accounting:

The Group is still completing its valuation of the intangible and tangible assets acquired with the business. Provisional amounts have been recognised in the Group results and Statement of Financial Position at 31 December 2022 with the surplus of consideration over the current fair value of the share of net assets acquired allocated to goodwill. The Group expects to complete the valuation of intangible assets and other acquired assets and liabilities in the first half of 2023.

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities continued

The value of goodwill will be adjusted by a corresponding amount for the value of intangible assets identified and the difference between the market and book values of the assets and liabilities. Provisional intangible assets, being the value placed on formats, brands, customer contracts, non-compete arrangements and libraries, of £13 million were identified and goodwill was valued at £103 million. Goodwill represents the value placed on the opportunity to diversify and grow the content.

The Group recognised the non-controlling interests at fair value with a put liability of £4 million being recognised at acquisition. Performance-based employment-linked earnouts will be accrued over the period the sellers are required to remain with the business and will be treated as exceptional costs.

Effect of acquisition
The provisional amounts recognised in respect of the estimated fair value of identifiable assets and liabilities have been included below:

	2022 Total £m
Consideration transferred:	
Initial consideration	20
Total consideration	20
Provisional fair value of net assets acquired:	
Cash	11
Intangible assets	13
Deferred tax liabilities	(2)
Property, plant and equipment	4
Deferred tax assets	1
Production work in progress	20
Trade and other receivables	16
Contract assets	3
Trade and other payables	(17)
Lease liabilities	(3)
Contract liabilities	(27)
Borrowings	(98)
Fair value of net liabilities acquired	(79)
Non-controlling interest measured at fair value	4
Goodwill	103
Purchase consideration – cash outflow	
Cash consideration	20
Additional cash invested to repay loans on acquisition	83
Total cash paid on acquisition	103
Cash acquired	(11)
Net cash outflow – investing activities	92
Other information	
Present value of the expected liability on put options	4
Contributions to the Group's performance:	
From date of acquisition	
Revenue	32
EBITA before exceptional items	3
Operating profit	3
Proforma – January to December	
Revenue	48
EBITA before exceptional items	3
Operating profit	3

Acquisition costs charged to operating exceptional items in the Consolidated Income Statement amounted to £4 million for financial due diligence and legal costs.

Lingo Pictures Pty Limited (Lingo Pictures)
On 31 October 2022, the Group completed an acquisition of a majority shareholding (51%) of Lingo Pictures Pty Limited, a multi-award winning Australian production company. Lingo Pictures is the Groups' first Australian scripted label. The Group paid £6 million cash consideration for £2 million net cash and net assets of £nil. Based on the assessment of non-controlling interest, the Group has control over 100% of the business acquired. Performance-based employment-linked earnouts will be accrued over the period the sellers are required to remain with the business and will be treated as exceptional costs. Provisional amounts have been recognised in these financial statements, resulting in goodwill recognition of £4 million. The acquisition accounting is expected to be finalised in the first half of 2023.

3.5 Investments

Keeping it simple

The Group holds non-controlling interests in a number of different entities. Accounting for these investments, and the Group's share of any profits and losses, depends on the level of control or influence the Group is granted via its interest. The three principal types of non-consolidated investments are joint arrangements (joint ventures or joint operations), associates, and equity investments.

A joint arrangement is an investment where the Group has joint control, with one or more third parties. An associate is an entity over which the Group has significant influence (i.e. power to participate in the investee's financial and operating decisions). Any other investment is an equity investment.

Accounting policies

For joint ventures and associates, the Group applies equity accounting. Under this method, it recognises the investment in the entity at cost and subsequently adjusts this for its share of profits or losses, which are recognised in the Consolidated Income Statement within non-operating items and included in adjusted profit.

Where the Group has invested in associates by acquiring preference shares or convertible debt instruments, the share of profit recognised is usually £nil as no equity interest exists.

Equity investments are held at fair value unless the investment is a start-up business, in which case it is valued initially at cost as a proxy for fair value.

The carrying amount of each category of our investments is represented as follows:

	Joint ventures £m	Associates £m	Equity investments £m	**Total £m**
At 1 January 2021	24	52	1	77
Additions	4	8	3	15
Share of profits/(losses)	14	(2)	–	12
Impairments/fair value adjustments	–	(7)	–	(7)
Foreign exchange	1	–	–	1
At 31 December 2021	43	51	4	98
Additions	5	6	7	18
Share of profits	7	1	–	8
Impairments/fair value adjustments	–	(4)	–	(4)
Foreign exchange	4	6	–	10
At 31 December 2022	**59**	**60**	**11**	**130**

Significant investments in joint ventures include £48 million (2021: £34 million) invested in BritBox LLC in the US. The Group's associates include £38 million (2021: £31 million) relating to a 45% investment in Blumhouse TV Holdings LLC, a film and television production company in the US. The equity investments relate primarily to Group's Media for Equity programme. BritBox LLC is the only investment which is considered material to the Group.

The following table provides summarised unaudited financial information for BritBox LLC aligned to the ITV Group's 31 December year end, prepared by BritBox LLC management. BritBox LLC has a financial year ending on 31 March.

Summarised balance sheet: BritBox LLC	**2022 £m**	2021 £m
Current assets		
Cash and cash equivalents	**55**	37
Other current assets	**146**	58
Total current assets	**201**	95
Non-current assets	**6**	4
Total assets	**207**	99
Current liabilities		
Other current liabilities	**(109)**	(28)
Total current liabilities	**(109)**	(28)
Non-current liabilities		
Other non-current liabilities	**(5)**	(5)
Total non-current liabilities	**(5)**	(5)
Total liabilities	**(114)**	(33)
Net assets	**93**	66

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities continued

Reconciliation to carrying amounts:	2022 £m	2021 £m
Opening net assets 1 January	**66**	31
Profit for the period	**18**	34
Foreign exchange impact	**9**	1
Closing net assets	**93**	66
Group's share in %	**50%**	50%
Group's share in £m	**47**	33
Goodwill	**1**	1
Carrying amount	**48**	34

Summarised statement of comprehensive income: BritBox LLC	2022 £m	2021 £m
Revenue	**126**	86
Depreciation and amortisation	**(2)**	(1)
Income tax expense*	**(1)**	(1)
Profit from continuing operations	**18**	34
Profit for the period	**18**	34

* Income tax expense relates to state taxes only. The joint venture partners separately account for and pay their share of income taxes on their share of profits.

Please refer to page 255 for the list of principal investments held at 31 December 2022.

3.6 Provisions

Keeping it simple

A provision is recognised by the Group where an obligation exists relating to events in the past and it is probable that cash will be paid to settle it.

A provision is made where the Group is not certain how much cash will be required to settle a liability, so an estimate is required. The main estimates relate to the cost of holding properties that are no longer in use by the Group, the likelihood of settling legal claims and contracts the Group has entered into that are now unprofitable.

Accounting policies
A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation arising from past events, it is probable cash will be paid to settle it and the amount can be estimated reliably. Provisions are determined by discounting the expected future cash flows by a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a financing cost in the Consolidated Income Statement. The value of the provision is determined based on assumptions and estimates in relation to the amount and timing of actual cash flows, which are dependent on future events.

Provisions
The movements in provisions during the year are as follows:

	Contract provisions £m	Property provisions £m	Legal and other provisions £m	**Total £m**
At 1 January 2022	32	6	107	145
Additions	17	4	20	41
Utilised	(10)	(1)	(2)	(13)
Released	(5)	–	–	(5)
Foreign exchange	–	–	1	1
At 31 December 2022	**34**	**9**	**126**	**169**
Analysed between:				
Current	16	–	123	139
Non-current	18	9	3	30

Provisions of £139 million are classified as current liabilities (2021: £120 million). Unwind of the discount is £nil in 2022 and 2021.

Contract provisions £34 million (2021: £32 million)
Contract provisions represent liabilities in respect of onerous contracts in relation to individual sports rights of £17 million (2021: £5 million) and transmission capacity supply contracts of £17 million (2021: £27 million).

Sports rights
The Group recognises provisions for onerous contracts for individual sports rights when estimated revenues for individual sports rights are less than the value of the rights held. The provision is sensitive to the changes in the sporting schedule and consequential impact on TAR. In calculating the onerous contract provision for sports rights, management has made estimates and used assumptions in determining the nature, amount and timing of potential outflows, including the commercial impacts of the target audience that will be generated by those rights, scheduling of the events and revenue forecasts.

The provision held at 31 December 2022 is £17 million (2021: £5 million). The provision was increased by £17 million in the year (2021: £1 million). £nil (2021: £14 million) has been utilised during the year and £5 million (2021: £nil) was released due to certain sporting events being cancelled and a refund issued to the Group. The remaining provision is expected to be utilised between 2023 and 2025.

Transponders

In 2020 and 2021, the Group reviewed the efficiency of its transponder capacity usage with a view to reducing capacity requirements. This has allowed the Group to reorganise channels over fewer transponders with the result that all channels have been cleared from two transponders. They are no longer utilised and are therefore not generating revenues. Management has applied judgement in its assessment that the individual element of the contract is separable from the remaining elements of the contract, which are not considered onerous. The contracted future commitment to October 2024 was therefore recognised as a provision in 2020 and 2021 as there are no future economic benefits expected.

The provision for onerous contracts at 31 December 2022 is £17 million (2021: £27 million). £10 million of the provision was utilised during the year (2021: £7 million).

Property provisions £9 million (2021: £6 million)

These provisions primarily relate to expected dilapidation costs at the Group's rental properties.

Legal and other provisions £126 million (2021: £107 million)

Represents provisions for potential liabilities and their related legal costs. These include £52 million (31 December 2021: £52 million) for the potential liability that may arise as a result of the Box Clever Financial Support Directions (FSDs) issued by the Pensions Regulator (tPR), employee-related tax and other provisions of £59 million (2021: £39 million) and other legal and related costs, including provisions related to The Voice of Holland.

Box Clever Pension Scheme

The Box Clever Pension Scheme (the Scheme) was managed from its establishment by an independent Trustee and the Group has not had any commercial connection with the Box Clever business since it went into administrative receivership in 2003. After proceedings in the Upper Tribunal and Court of Appeal were dismissed, certain companies within ITV were issued with FSDs by tPR on 17 March 2020. An FSD does not set out what form any financial support should take, nor its amount, and those issues have not yet been resolved as part of the legal process.

The legislation provides that any contribution that ITV may make must be considered reasonable. If an agreement is reached with tPR there may not be an immediate cash flow impact. If an agreement cannot be reached, then settlement may be protracted and subject to further legal proceedings which could take several years to resolve.

At 31 December 2003, the Scheme was estimated to have had a deficit on a buyout basis of £25 million. An estimate of the deficit in the Box Clever Group Pension Scheme was calculated at £110 million as at 30 April 2020. This estimate was calculated on a buyout basis, using membership data and benefits currently being provided in that Scheme, and based on membership data as of February 2020. This estimate has been updated based on 31 December 2022 market conditions and has reduced to £80 million primarily due to the increase in gilt yields and recent changes in inflation. All of these valuations were of the whole Scheme, encompassing liabilities in respect of former employees of Granada's joint venture partner, Thorn, as well as former employees of the Group.

As reported in the interim statement, the Group received a warning notice from tPR that it was considering exercising its power to issue a contribution notice for the amount of £133 million which is based on a buyout estimate as at 31 March 2021 provided by the Scheme's actuarial adviser, plus a prudent margin. The Group responded to the warning notice on 31 October 2022.

There remains a significant number of undecided issues as to the quantum and form of financial support and the Directors continue to believe there are many important factors which need to be taken into account in any decision, and therefore there remains uncertainty around the financial support to be provided. The provision remains at £52 million, and represents the offer made to settle the matter and is based on an IAS 19 valuation to transfer certain liabilities into the existing ITV pension scheme, which we consider to be the most likely form of settlement. We remain willing to engage with tPR to resolve the matter.

Employee-related

The determination of the employment tax status of some individuals contracted by the Group is complex. In March 2021, HMRC issued an initial assessment on several individuals engaged by the Group during the tax year 2016/17 as employed for tax purposes. In June 2021, HMRC updated guidance on factors determining the employment tax status of TV and Radio presenters. Landmark court cases were heard by the Court of Appeal in early 2022. Whilst the Group was not involved in these cases, judgements handed down impact how employment tax status is being determined for TV and Radio presenters generally. These judgements will therefore have a bearing on how much tax might be payable by the Group.

During 2022, we have further reviewed the provision, which has resulted in an increase in the provision of £20 million, of which £10 million relates to periods up to 31 December 2021 and is therefore considered exceptional. The increase largely relates to where the Group believes the case for self-employment has weakened in light of recent case law and HMRC's hardening stance.

Due to ongoing reviews by HMRC and court cases on this matter, the final amount payable could be significantly different to the £56 million currently provided (2021: £36 million). It is difficult to provide a range for the expected final amount payable as case law is continually evolving on this matter, particularly in relation to Front of Camera presenters. Very few cases have reached the higher courts and fact patterns can be very different in individual cases, so determination of employment status for tax purposes remains very subjective.

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities continued

A further £3 million (2021: £3 million) is provided in relation to other employment related matters.

The Voice of Holland
In early 2022 allegations of inappropriate behaviour on the set of The Voice of Holland were made public, resulting in a mid-season suspension of series 12. A provision has been made to cover the committed costs relating to the series in production and other costs. An external investigation of the allegations is currently ongoing. While unquantifiable at present, there may be further financial impact on the Group.

Other
Other provisions relate to historical environmental provisions in relation to our production sites, closure costs and provision for legal fees for other ongoing litigation.

3.7 Pensions

Keeping it simple

In this note, we explain the accounting policies governing the Group's pension schemes, followed by analysis of the components of the net defined benefit pension surplus or deficit, including assumptions made, and where the related movements have been recognised in the financial statements. In addition, we have placed text boxes to explain some of the technical terms used in the disclosure.

What are the Group's pension schemes?
There are two types of pension schemes. A 'Defined Contribution' scheme that is open to ITV employees, and a number of 'Defined Benefit' schemes that have been closed to new members since 2006 and closed to future accrual in 2017. In 2016, on acquisition of UTV Limited, the Group took over the UTV Defined Benefit Scheme, which closed to future accrual at the end of March 2019.

What is a Defined Contribution scheme?
The Defined Contribution scheme is where the Group makes fixed payments into a separate fund on behalf of those employees participating in saving for their retirement. ITV has no further obligation to the participating employee and the risks and rewards associated with this type of scheme are assumed by the members rather than the Group. Although the Trustee of the scheme makes available a range of investment options, it is the members' responsibility to make investment decisions relating to their retirement benefits.

What is a Defined Benefit scheme?
In a Defined Benefit scheme, members receive payments during retirement, the value of which is dependent on factors such as salary and length of service. The Group makes contributions to the scheme, a separate Trustee-administered fund that is not consolidated in these financial statements, but is reflected on the defined benefit pension surplus or deficit line in the Consolidated Statement of Financial Position.

The Trustee, appointed according to the terms of the Schemes' documentation, is required to act in the best interest of the beneficiaries and is responsible for managing and investing the assets of the Scheme and its funding position.

Schemes can be funded, where regular cash contributions are made by the employer into a fund which is invested. In the event of poor investment returns or increases in liabilities, the Group may need to address this through increased levels of contribution. Alternatively, schemes can be unfunded, where no regular money or assets are required to be put aside to cover future payments but in some cases security is required.

The accounting defined benefit pension surplus or deficit (IAS 19) is different from the actuarial valuation surplus or deficit as they are calculated on the basis of different assumptions, such as discount rate. The accounting defined benefit pension surplus or deficit (IAS 19) figure is calculated as at the balance sheet date, and the actuarial surplus or deficit (which drives cash funding requirements) was calculated for the last triennial valuation as of 31 December 2019 for Section A of the ITV Pension Scheme, 1 January 2020 for Section C of the ITV Pension Scheme and 30 June 2020 for the UTV Pension Scheme.

Accounting policies
Defined contribution scheme
Obligations under the Group's defined contribution schemes are recognised as an operating cost in the Consolidated Income Statement as incurred. For 2022, total contributions expensed were £29 million (2021: £26 million).

Defined benefit scheme
The Group's obligation in respect of the Defined Benefit Scheme is calculated by estimating the amount of future retirement benefit that eligible employees ('beneficiaries') have earned during their services. That benefit payable in the future is discounted to today's value and then the fair value of scheme assets is deducted to measure the defined benefit pension position.

Unless otherwise stated, references to Defined Benefit Schemes ('the Schemes') within this note refer to the ITV Pension Scheme, the Unfunded Scheme and the UTV Pension Scheme combined. Details on each scheme are provided below.

The liabilities of the Schemes are measured by discounting the best estimate of future cash flows to be paid using the 'projected unit' method. These calculations are complex and are performed by a qualified actuary. There are many judgements and estimates necessary to calculate the Group's estimated liabilities, the main assumptions are set out later in this note. Movements in assumptions during the year are called 'actuarial gains and losses' and these are recognised in the period in which they arise through the Consolidated Statement of Comprehensive Income.

The accounting defined benefit pension surplus or deficit (IAS 19) is different from the actuarial valuation surplus or deficit as they are calculated on the basis of different assumptions, such as discount rate. The accounting defined benefit pension surplus or deficit (IAS 19) figure is calculated as at the balance sheet date, and the actuarial valuation surplus or deficit (or funding surplus or deficit) is calculated per the last triennial valuation.

The latest triennial valuation of Section A of the ITV Pension Scheme was undertaken as at 31 December 2019 by an independent actuary appointed by the Trustee of the Scheme and agreed in early 2022. The funding deficit of Section A of the ITV Pension Scheme as at 31 December 2019 amounted to £252 million, down from £489 million at 1 January 2017. The Group has revised the existing deficit reduction contributions to eliminate the deficit.

The IAS 19 surplus or deficit does not drive the deficit funding contribution. Following the latest triennial valuation of Section A of the ITV Pensions Scheme, ITV paid deficit reduction contributions of £40 million in 2022, and expects the deficit reduction contributions to be £43 million in 2023, £48 million in 2024 and £28 million in 2025. The next triennial valuation will be as at 31 December 2022. This will determine subsequent contribution rates.

An unfunded scheme in relation to former beneficiaries who accrued benefits in excess of the maximum allowed for tax purposes is accounted for under IAS 19 and the Group is responsible for meeting the pension obligations as they fall due. For the four former Granada executives within the unfunded scheme, there is additional security in the form of a charge over £47 million (2021: £62 million) of securitised gilts held by the Group, which are classified as other pension assets to reflect the Group's net pension surplus or deficit.

Due to the size of the UTV Pension Scheme, the Directors present the results and position of the UTV Pension Scheme within this note combined with the existing ITV Schemes. In November 2021, the triennial valuation of the UTV Pension Scheme at 30 June 2020 was completed. The Scheme had assets of £140 million as at the valuation date and £136 million of liabilities resulting in an agreed Technical Provisions funding surplus of £4 million and hence there are no deficit contributions payable. The next triennial valuation will be as at 30 June 2023.

The principal employer of the ITV Pension Scheme and the Unfunded Scheme is ITV Services Limited, the Granada supplementary scheme is Granada Group Limited and the UTV Pension Scheme is UTV Limited.

The defined benefit pension surplus/(deficit) (under IAS 19)

Net pension surplus of £192 million at 31 December 2022 (2021: net pension deficit of £8 million) is stated after including the unfunded scheme security asset of £47 million (2021: £62 million). The totals recognised in 2022 and 2021 are:

	2022 £m	2021 £m
Total defined benefit scheme obligations	**(2,292)**	(3,943)
Total defined benefit scheme assets	**2,437**	3,873
Defined benefit pension surplus/(deficit) (IAS 19)	**145**	(70)
Presented as:		
Defined benefit pension surplus*	**172**	26
Defined benefit pension deficit	**(27)**	(96)
Defined benefit pension surplus/(deficit) (IAS 19)	**145**	(70)
Other pension asset	**47**	62
Net pension surplus/(deficit)	**192**	(8)

* Included within the defined benefit pension surplus is the UTV Scheme. The defined benefit scheme assets in the UTV Scheme were valued at £94 million as at 31 December 2022 (2021: £142 million) and the defined benefit scheme obligations were £85 million (2021: £116 million).

The following notes provide further detail on the value of the Schemes' assets and liabilities, how these are accounted for and their impact on the financial statements.

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities continued

Defined benefit scheme obligations

Keeping it simple

What causes movements in the defined benefit pension obligations?
The areas that impact the defined benefit obligation (the pension scheme liabilities) position at the year end are as follows:

- **Past service cost** – is a change in present value of the benefits built up by the beneficiaries in the prior periods; can be positive or negative resulting from changes to the existing plan as a result of an agreement between ITV and employees or legislative change (including legal rulings) or as a result of significant reduction by ITV in the number of employees covered by the plan (curtailment)
- **Interest cost** – the pension obligations payable in the future are discounted to the present value at year end. A discount factor is used to determine the current value today of the future cost. The interest cost is the unwinding of one year's movement in the present value of the obligation. It is broadly determined by multiplying the discount rate at the beginning of the period by the updated present value of the obligation during the period. The discount rate is a key assumption explained later in this note. This interest cost is recognised through net financing costs in the Consolidated Income Statement (see note 4.4)
- **Actuarial gains or losses** – there are broadly two causes of actuarial movements: 'experience' adjustments, which arise when comparing assumptions made when estimating the liabilities and what has actually occurred, and adjustments resulting from changes in actuarial assumptions e.g. movements in corporate bond yields or change in mortality. Key assumptions are explained in detail later in this note. Actuarial gains or losses are recognised through other comprehensive income
- **Benefits paid** – any cash benefits paid out by the Scheme will reduce the obligation

The movement in the present value of the Group's defined benefit obligation is analysed below:

	2022 £m	2021 £m
Defined benefit obligation at 1 January	**3,943**	4,120
Interest cost	**63**	54
Actuarial gain	**(1,119)**	(44)
Settlement payments from plan assets – buyout of Section C	**(439)**	–
Benefits paid	**(156)**	(187)
Defined benefit obligation at 31 December	**2,292**	3,943

Of the above total defined benefit obligation at 31 December 2022, £40 million relates to the unfunded schemes (2021: £60 million).

In November 2018, the Pension Trustee entered into a bulk annuity insurance contract in respect of the benefits of two Sections of the ITV Pension Scheme. This type of deal is also known as a 'Buy-in'. A buy-in is where the Trustee purchases an insurance policy, which is effectively a Scheme asset, which pays the members benefits. The ultimate obligation to pay the members benefits remains with the scheme.

In April 2022, the Trustee completed a buyout of Section C, which in practical terms split the bulk annuity policy into individual annuity policies for each scheme member. At that time, the relevant scheme assets were transferred to the insurance company, which became responsible for paying the pensions and therefore it removed those liabilities from the pension scheme, represented by 'settlement payments from plan assets – buyout of Section C' in the table above. The value of the assets and liabilities settled was equal and therefore the settlement cost was £nil. The buyout represents a full and definitive settlement of the liabilities insured, which as at 31 December 2021 represented around 13% of ITV's total defined benefit obligation on the IAS 19 accounting basis.

Assumptions used to estimate the Scheme obligations

Keeping it simple

What are the main assumptions used to estimate the Scheme obligations?
The main assumptions are:

- An estimate of increases in pension payments and the effect of inflation
- The life expectancy of beneficiaries
- The discount rate used to estimate the present day fair value of these obligations

How do we determine the appropriate assumptions?
The Group takes independent actuarial advice relating to the appropriateness of the assumptions used.

IFRS requires that we estimate a discount rate by reference to high quality fixed income investments in the UK that match the estimated term of the pension obligations.

The inflation assumption has been set by looking at the difference between the yields on fixed and index-linked government bonds. The inflation assumption is used as a basis for the remaining financial assumptions, except where caps have been implemented.

The discount rate has therefore been obtained using the yields available on AA rated corporate bonds, which match projected cash flows. The Group's estimate of the weighted average term of the liabilities is 12 years (2021: 15 years).

The principal assumptions used in the Schemes' valuations at the year end were:

	2022	2021
Discount rate	**5.05%**	1.80%
Inflation assumption (RPI)	**3.15%**	3.40%
	Deferred/ Pensioner	Deferred/ Pensioner
Rate of increase in pension payment (LPI* 5% pension increases)	**2.80%/3.00%**	2.90%/3.35%
Rate of increase to deferred pensions (CPI)	**2.50%**	2.90%

* Limited Price Index.

From February 2030 onwards, increases in the RPI will be aligned with those under the Consumer Prices Index ('CPI'). For Defined Benefit schemes, it means that members with RPI-linked pension increases will see future retirement benefits increase more slowly from 2030 than they otherwise would. The Group's approach to setting RPI and CPI inflation assumptions is as follows:

- The Group continued to set RPI inflation in line with the market break-even expectations for inflation less an inflation risk premium of 0.3%
- The assumptions linked to RPI and CPI as at 31 December 2022 have been determined by weighting the cash flows to which the link applies

The table below reflects published mortality investigation data in conjunction with the results of investigations into the mortality experience of Scheme beneficiaries. The assumed life expectations on retirement for Section A are:

	2022	2022	2021	2021
Retiring today at age	**60**	**65**	60	65
Males	**26.2**	**21.6**	26.3	21.7
Females	**28.9**	**24.1**	29.0	24.1
Retiring in 20 years at age	**60**	**65**	60	65
Males	**27.5**	**22.7**	27.6	22.8
Females	**30.4**	**25.5**	30.4	25.5

The net pension surplus/(deficit) is sensitive to changes in assumptions. These are disclosed further in this note.

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities continued

Total defined benefit scheme assets

Keeping it simple

The Scheme holds assets across a number of different classes, which are managed by the Trustee, who consults with the Group on changes to its investment policy.

What are the Pension Scheme assets?
At 31 December 2022, the Schemes' assets were invested in a diversified portfolio that consisted primarily of debt securities, infrastructure, property and insurance policies matching the pensions due to certain beneficiaries. The tables below set out the major categories of assets.

Financial instruments are in place in order to provide protection against changes in market factors (interest rates and inflation), which could act to increase the net pension surplus/deficit.

One such instrument is the longevity swap, which the Scheme transacted in 2011 to obtain protection against the effect of increases in the life expectancy of the majority of pensioner beneficiaries at that date. Under the swap, the Trustee agreed to make pre-determined payments in return for payments to meet the specified pension obligations as they fall due, irrespective of how long the beneficiaries and their dependants live. The difference in the present values of these two streams of payments is reflected in the Scheme assets. The swap had a nil valuation at inception and, using market-based assumptions, is subsequently adjusted for changes in the market life expectancy and market discount rates, in line with its fair value.

How do we measure the pension Scheme assets?
Defined benefit scheme assets are measured at their fair value and can change due to the following:

- Interest income on scheme assets – this is determined by multiplying the fair value of the Scheme assets by the discount rate, both taken as of the beginning of the year. This is recognised through net financing costs in the Consolidated Income Statement
- Return on assets arise from differences between the actual return and interest income on Scheme assets and are recognised in the Consolidated Statement of Other Comprehensive Income
- Employer's contributions are paid into the Scheme to be managed and invested, and
- Benefits and administrative expenses paid out by the Schemes will lower the fair value of the Schemes' assets

The movement in the fair value of the defined benefit schemes' assets is analysed below:

	2022 £m	2021 £m
Fair value of Scheme assets at 1 January	**3,873**	4,032
Interest income on Scheme assets	**63**	54
Loss on assets, excluding interest income	**(1,039)**	(102)
Employer contributions	**145**	82
Settlement payments from plan assets – buyout of Section C	**(439)**	–
Benefits paid	**(156)**	(187)
Administrative expenses paid	**(6)**	(6)
Pension insurance risk premium – buyout of Section C	**(4)**	–
Fair value of Scheme assets at 31 December	**2,437**	3,873

The pension insurance risk premium is a one-off cost that was payable on the completion of the buyout of Section C of the ITV Pension Scheme. See above for further details on the buyout.

How are the Schemes' assets invested?

At 31 December 2022, the Schemes' assets were invested in a diversified portfolio that consisted primarily of debt securities, infrastructure, property and insurance policies matching pensions due to certain beneficiaries. The Trustee is responsible for deciding the investment strategy for the Schemes' assets, although changes in investment policies require consultation with the Group. The assets are invested in different classes to hedge against unfavourable movements in the funding obligation. When selecting the mix of assets to hold, and considering their related risks and returns, the Trustee will weigh up the variability of returns against the target long-term rate of return on the overall portfolio.

The fair value of the Schemes' assets is shown in the following table by major category:

	Market value 2022 £m	**Quoted 2022 £m**	**Market value 2022 %**	Market value 2021 £m	Quoted 2021 £m	Market value 2021 %
Liability hedging assets						
Fixed interest gilts	**365**	**365**		514	514	
Index-linked interest gilts	**788**	**786**		1,139	1,127	
Interest rate and inflation hedging derivatives (swaps and repos)	**(375)**	**(401)**		60	25	
	778	**750**	**32%**	1,713	1,666	44%
Other bonds	**1,447**	**58**	**59%**	1,767	75	46%
Return seeking investments						
Infrastructure	**174**			168		
Property	**171**			148		
Hedge funds/alternatives	**–**			1		
	345		**14%**	317		8%
Other investments						
Cash and cash equivalents	**121**			134		
Insurance policies	**17**			530		
Longevity swap fair value	**(271)**			(588)		
	(133)		**(5)%**	76		2%
Total Scheme assets	**2,437**	**808**	**100%**	3,873	1,741	100%

Included in the above are overseas assets of £315 million (2021: £257 million). None of these assets are quoted.

Following the completion of the buyout (see details above), the assets were removed from the pension scheme. The assets in respect of the buy-in are included in the insurance policies listed above as at 31 December 2021.

The Trustee entered into a longevity swap in 2011, which hedges the risk of increasing life expectancy over the next 70 years for 11,700 current pensioners at inception covering £1.7 billion of the pension obligation. The fair value of the longevity swap is negative due to declining mortality assumptions and equals the discounted value of the projected net cash flows resulting from the contract. The fair value loss has reduced in 2022 due to a rise in gilt yields used to value the swap.

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities continued

Defined pension deficit sensitivities

Keeping it simple

Which assumptions have the biggest impact on the Scheme?
It is important to note that comparatively small changes in the assumptions used may have a significant effect on the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position. This 'sensitivity' to change is analysed below to demonstrate how small changes in assumptions can have a large impact on the estimation of the defined benefit pension obligation. The Trustee manages the investment, mortality and inflation risks to ensure the pension obligations are met as they fall due.

The investment strategy is aimed at the Trustee's actuarial valuation liabilities rather than IAS 19 defined pension liabilities. As such, the effectiveness of the risk hedging strategies on a valuation basis will not be the same as on an accounting basis. Those hedging strategies have significant impact on the movement in the net pension deficit as assumptions change, offsetting the impacts on the obligation disclosed below.

In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). Changes in the assumptions may occur at the same time as changes in the market value of Scheme assets, which may or may not offset the changes in assumptions.

Changes in assumptions have a different level of impact as the value of the net pension surplus or deficit fluctuates, because the relationship between them is not linear.

The analysis below considers the impact of a single change in principal assumptions on the defined benefit obligation while keeping the other assumptions unchanged and does not take into account any risk hedging strategies:

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase by 0.1%	Decrease by £25 million
	Decrease by 0.1%	Increase by £25 million
	Increase by 0.5%	Decrease by £115 million
	Decrease by 0.5%	Increase by £125 million
Rate of inflation (Retail Price Index)	Increase by 0.1%	Increase by £10 million
	Decrease by 0.1%	Decrease by £10 million
Rate of inflation (Consumer Price Index)	Increase by 0.1%	Increase by £5 million
	Decrease by 0.1%	Decrease by £5 million
Life expectancies	Increase by one year	Increase by £75 million

The sensitivity analysis has been determined by extrapolating the impact on the defined benefit obligation at the year end with changes in key assumptions that might reasonably occur.

While the Schemes' risk hedging strategy is aimed at a valuation basis, the Directors estimate that on an accounting basis any change in asset values would significantly offset the above impact on the defined benefit obligation.

In particular, while an increase in assumption of life expectancies by one year would increase the defined benefit obligation by £75 million, the assets would benefit from an estimated increase of the value of the longevity swap by £60 million, resulting in a net increase in the defined pension deficit of £15 million.

Further, the ITV Pension Scheme invests in UK government bonds and interest rate and inflation swap contracts and therefore movements in the defined benefit obligation are typically offset, to an extent, by asset movements.

Keeping it simple

What was the impact of movements on the Schemes' assets and liabilities?
The notes above describe how the Scheme obligations and assets are comprised and measured. The following note sets out the impact of various movements and expenses on the Scheme on the Group's financial statements.

Amounts recognised through the Consolidated Income Statement

Amounts recognised through the Consolidated Income Statement are as follows:

	2022 £m	2021 £m
Amount charged to operating costs:		
Scheme administration expenses	**(6)**	(6)
	(6)	(6)
Amount charged to exceptional costs:		
Pension insurance risk premium – buyout of Section C	**(4)**	–
Total charged in the Consolidated Income Statement	**(10)**	(6)

Amounts recognised through the Consolidated Statement of Comprehensive Income

The amounts recognised through the Consolidated Statement of Comprehensive Income are:

	2022 £m	2021 £m
Remeasurement (losses)/gains		
Loss on scheme assets excluding interest income	**(1,039)**	(102)
Actuarial gains/(losses) on liabilities arising from change in:		
– experience adjustments	**(119)**	(8)
– financial assumptions	**1,228**	88
– demographic assumptions	**10**	(36)
	1,119	44
Total recognised in the Consolidated Statement of Comprehensive Income	**80**	(58)

The £1,119 million actuarial gain on the Schemes' liabilities was principally due to the increase in bond yields and to a lesser extent by the decrease in market implied inflation and slightly shorter assumed life expectancies. The actuarial gain on the Schemes' liabilities has been partially offset by the impact of high actual inflation over 2022, which would lead to benefits being increased by more than assumed and has been recognised as an experience adjustment.

The £1,039 million loss on the Schemes' assets follows an increase in the gilts yields and to a lesser extent the decrease in the value of the inflation-linked assets. The actuarial loss on the Schemes' assets has been partially offset by an increase in the fair value loss of the longevity swap.

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities continued

Addressing the defined benefit pension deficit

Keeping it simple

The Group works closely with the Trustee to agree appropriate levels of funding for the Scheme. This involves agreeing a Schedule of Contributions at each triennial valuation, which specifies the contribution rates for the employer and, where relevant, scheme beneficiaries and the date these contributions are due. A recovery plan setting out the steps that will be taken to address a funding shortfall is also agreed.

In the event that the Group's defined benefit scheme is in a net liability position, the Directors must take steps to manage the size of the deficit. Apart from the funding agreements mentioned above, this could involve pledging additional assets to the Scheme, as was the case in the SDN and London Television Centre pension funding partnerships.

The levels of ongoing contributions to the Scheme are based on the expected future cash flows of the Scheme. Contributions in 2022 for administration expenses are £6 million (2021: £6 million).

The Group has two asset-backed pension funding agreements with the Trustee – the SDN pension funding partnership and the London Television Centre pension funding partnership which were set up in 2010 and 2014 respectively to address the pension deficit.

SDN Pension Funding Partnership
In 2010, ITV established a Pension Funding Partnership (PFP) with the Trustees backed by SDN, which was subsequently extended in 2011. The PFP addressed £200 million of the funding deficit in Section A of the defined benefit pension scheme and under the original agreement; annual payments of £11 million for 12 years from 2011 were made with the final annual payment in 2022. In addition, a bullet payment of up to £200 million was due in 2022. During 2022, the existing PFP agreement was amended and extended to 2031. As a result of this agreement, an upfront payment of £80 million was paid to the pension scheme in the period and an additional deficit contribution of £3 million was paid for the period between the end of the original agreement and the date the extension agreement was signed. The Group is committed to up to nine annual payments of £16 million from 2023 and the PFP's interest in SDN provides collateral for these payments. On completion of the final payment in 2031, the Scheme's partnership interest will have been repaid in full and it will have no right to any further payments. The letter of credit which was previously used to provide additional collateral to support the original value of the structure (31 December 2021: £152 million) has been released.

London Television Centre Pension Funding Partnership
In 2014, ITV established a Pension Funding Partnership with the Trustees backed by the London Television Centre which resulted in the assets of Section A of the defined benefit pension scheme being increased by £50 million. In November 2019 the London Television Centre was sold. £50 million of the proceeds was previously held in a restricted bank account as a replacement asset in the pension funding arrangement. In 2022 this security was replaced with a surety bond and the cash was released to the Group. This structure continues to be reviewed.

The Scheme's interest in these Partnerships reduces the deficit on a funding basis but does not impact the deficit on an IAS 19 basis as the Scheme's interest is not a transferrable financial instrument.

The total deficit funding contribution for 2022 was £137 million (31 December 2021: £74 million). This includes £15 million deferred from 2020 and £25 million of deficit contributions agreed as part of the triennial valuation, £80 million one-off payment following the extension of the SDN PFP, a £3 million payment on the SDN PFP for the bridging period between the end date of the original agreement and the date of the extension, and £11 million and £3 million annual payments due under the SDN and London Television Centre PFPs respectively.

Deficit contributions for 2023 to 2025 consist of contributions agreed with the Trustees following the triennial valuation (£43 million, £48 million and £28 million respectively) and the annual payments under the SDN PFP and London Television Centre PFP (£16 million and £3 million respectively). Therefore total deficit contributions for 2023 to 2025 will be £62 million, £67 million and £47 million.

IFRIC 14 clarifies how the asset ceiling rules should be applied if the Schemes are expected to be in surplus, for example as a result of deficit funding agreements. The Group has determined that it has an unconditional right to a refund of any surplus assets if the Schemes are run off until the last member dies. On this basis, IFRIC 14 rules do not cause any change in the pension deficit accounting or disclosures.

Notes to the Financial Statements
Section 4: Capital Structure and Financing Costs

In this section

This section outlines how the Group manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets.

The Directors determine the appropriate capital structure of ITV; specifically how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities both now and in the future. Maintaining capital discipline and balance sheet efficiency remains important to the Group. Any potential courses of action in relation to this will take into account the Group's liquidity needs, flexibility to invest in the business, pension deficit initiatives and impact on credit ratings.

The Directors consider the Group's capital structure and dividend policy at least twice a year ahead of announcing results. The Directors take into account the available realised distributable reserves from which a dividend would be paid in addition to liquidity and solvency of the Group. The Directors also consider the capital structure and dividend policy in the context of the Group's ability to continue as a going concern, to execute the strategy and to invest in opportunities to grow the business and enhance shareholder value. The ITV plc Board oversees governance and approves tax and treasury related policies and procedures.

4.1 Net debt

Keeping it simple

Net debt is the Group's key measure used to evaluate total cash resources net of the current outstanding debt, including our discounted lease liabilities. A full analysis and discussion of net debt and covenant net debt is included in the Operating and Performance Review.

The tables below analyse movements in the components of net debt during the year:

	1 January 2022 £m	Acquisitions** £m	Net cash flow £m	Currency and non-cash movements £m	**31 December 2022 £m**
Loans and facilities due within one year	(290)	(19)	257	(237)	**(289)**
Loans and facilities due after one year	(732)	–	–	191	**(541)**
Total loans and facilities	(1,022)	(19)	257	(46)	**(830)**
Currency component of swaps held against euro denominated bonds	(36)	–	–	27	**(9)**
Lease liabilities	(92)	–	26	(66)	**(132)**
Total debt	(1,150)	(19)	283	(85)	**(971)**
Restricted cash*	50	–	(50)	–	**–**
Cash	246	–	5	6	**257**
Cash equivalents	440	–	(355)	6	**91**
Total cash and cash equivalents*	686	–	(350)	12	**348**
Net debt	(414)	(19)	(117)	(73)	**(623)**

* On 1 January 2022 £50 million of cash was presented as restricted in favour of the commitments under the asset-backed pension agreements. This balance is £nil at 31 December 2022 given the restriction has now been removed and the cash has been replaced with a surety bond.

** Loans on acquisition include £98 million for Plimsoll Productions and £4 million for Lingo Pictures. The Plimsoll Productions loan has been reduced by £83 million which was repaid as part of the acquisition using cash raised from the Group's subscription for new shares. This £83 million has been treated as a cash outflow on acquisition rather than a repayment of debt.

Notes to the Financial Statements
Section 4: Capital Structure and Financing Costs continued

	1 January 2021 £m	Net cash flow £m	Currency and non-cash movements £m	31 December 2021 £m
Loans and facilities due within one year	(7)	(21)	(262)	(290)
Loans and facilities due after one year	(1,078)	18	328	(732)
Total loans and facilities	(1,085)	(3)	66	(1,022)
Currency component of swaps held against euro denominated bonds	(23)	–	(13)	(36)
Lease liabilities	(105)	29	(16)	(92)
Total debt	(1,213)	26	37	(1,150)
Restricted cash	50	–	–	50
Cash	296	(50)	–	246
Cash equivalents	322	121	(3)	440
Total cash and cash equivalents*	618	71	(3)	686
Net debt	(545)	97	34	(414)

Loans and facilities due within one year
In January 2022, the Group entered into a new syndicated £500 million Revolving Credit Facility (RCF) to meet short-term funding requirements of which £50 million was drawn at 31 December 2022. The original terms of the RCF ran until January 2027, however ITV took the opportunity to give notice to extend for one year, pushing current expiry out to January 2028. There is a further extension opportunity in 2024 which means that facility could potentially provide funding out to 2029. The financial covenants in the new RCF are the same as those that applied to the previous RCF, which was terminated. In addition, there are ESG targets linked to the delivery of ITV's science-based carbon emissions targets.

The €335 million Eurobond was repaid in September 2022.

The €259 million Eurobond at a fixed coupon of 2.0%, matures in December 2023 (the principal and final interest payment having been fully hedged with FX forward rate agreements).

Loans and loan notes due after one year
The Group has the following Eurobond in issue:
- €600 million at a fixed coupon of 1.375%, which matures in September 2026 and has been swapped back to sterling (£533 million) using a number of cross-currency interest rate swaps. The resulting fixed rate payable in sterling is c.2.9%.

Available facilities
The Group has good access to liquidity:
- The Group has a £300 million bilateral loan facility which matures on 30 June 2026. Utilisation requests are subject to the lender's ability to source ITV Credit Default Swaps (CDS) in the market at the time the utilisation request is made. The facility remains free of financial covenants. At 31 December 2021 £152 million of the facility was utilised as a letter of credit to support the Group's asset-backed pension scheme arrangement in respect of the defined benefit pension scheme. This pension scheme arrangement has been renewed in the period and the letter of credit has been released. The facility is currently undrawn. See section 3.7 for details.
- As noted above, the Group has £500 million of committed funding through a RCF with a group of relationship banks which is currently available until January 2028. At 31 December 2022, £50 million of the facility was utilised (31 December 2021: £nil). The RCF documentation defines a leverage covenant (which has to be maintained at less than 3.5x) and an interest cover covenant (which has to be maintained at greater than 3.0x). Both are tested at 30 June and 31 December each year. All financial covenants were met and the facility remains available at 31 December 2022. The Revolving Credit Facility (RCF) contains Scope 1, 2 and 3 greenhouse gas emissions targets which align to ITV's stated objective to have Net Zero carbon emissions by 2030. These targets are measured at the end of each financial year and independently verified in July following the relevant December year end. Scope 1 and 2 emissions are measured separately to Scope 3 emissions. The margin on the facility reduces by 2.5bps if Scope 1, 2 and 3 targets are met, by 1.25bps if either Scope 1 and 2 targets are met or Scope 3 targets are met, and increases by 2.5bps if neither target is met. Failing to meet targets does not impact the availability of the RCF. The Group met Scope 1, 2 and 3 targets for 2021, 2022 emissions will not be verified until July 2023. Over the life of the facility, it may be necessary to recalibrate the baseline emissions level set in 2019, particularly in relation to Scope 3 emissions and there is a mechanism in the RCF documentation that allows for this.

4.2 Borrowings

Keeping it simple

The Group borrows money from financial institutions in the form of bonds, bank facilities and other financial instruments. The interest payable on these instruments is shown in the net financing costs note (note 4.4).

There are Board-approved policies in place to manage the Group's financial risks. Macroeconomic market risks, which impact currency transactions and interest rates, are discussed in note 4.3. Credit and liquidity risks are set out below.

- Credit risk: the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations and
- Liquidity risk: the risk that the Group will not be able to meet its financial obligations as they fall due

The Group is required to disclose the fair value of its debt instruments. The fair value is the amount the Group would pay a third party to transfer the liability. This estimation of fair value is consistent with instruments valued under level 1 in note 4.5.

Accounting policies

Borrowings

Borrowings are recognised initially at fair value less directly attributable transaction costs, with subsequent measurement at amortised cost using the effective interest rate method. Under the amortised cost method, the difference between the amount initially recognised and the redemption value is recorded in the Consolidated Income Statement over the period of the borrowing on an effective interest rate basis.

Managing credit and liquidity risk

Credit risk

The Group's maximum exposure to credit risk is represented by the carrying amount of derivative financial assets (see note 4.3), trade receivables (see note 3.1.3), contract assets (see note 3.1.6) and cash and cash equivalents (see note 4.1).

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The majority of trade receivables relate to airtime sales contracts with advertising agencies and advertisers. Credit insurance has been taken out against these companies to minimise the impact on the Group in the event of a possible default. The Group also reviews other significant receivables and will seek to take out credit insurance on an individual basis where appropriate. Credit risk over contract assets is monitored proactively using daily reports from an external credit risk company. These reports are used to determine contractual obligations, monitor risk and amend terms where required.

Cash and cash equivalents and derivative financial instruments

The Group operates investment guidelines with respect to surplus cash that emphasise preservation of capital. The guidelines set out procedures and limits on counterparty risk and maturity profile of cash placed. Counterparty limits for cash deposits are largely based upon long-term ratings published by the major credit rating agencies. Cash and cash equivalents include money market funds valued at fair value through profit and loss.

Cash and cash equivalents and derivative financial instruments exposure is limited to high credit quality financial institutions rated by two of the key rating agencies used by the Group. Counterparty credit limits are set in relation to these ratings, in order to limit the concentration of exposure to individual counterparties based on their credit quality. As such, investments are sufficiently spread across high credit quality rated counterparties.

Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Audit & Risk Committee. Investment exposure with external counterparties is made only with Board approved counterparties and within credit limits assigned to each counterparty. The credit quality of financial counterparties and the outstanding exposure is monitored throughout the year by the Group's Treasury function in accordance with the Group's policy.

Borrowings

ITV is rated as investment grade by Moody's and S&P. ITV's credit ratings, which in turn are affected by key metrics, such as leverage, the cost of credit default swap hedging, and the absolute level of interest rates are key determinants in the cost of new borrowings for ITV.

Notes to the Financial Statements
Section 4: Capital Structure and Financing Costs continued

Liquidity risk
The Group's financing policy is to fund itself for the medium to long-term by using debt instruments with a range of maturities and to ensure access to appropriate short-term borrowing facilities with a minimum of £250 million of undrawn facilities available at all times.

Long-term funding comes from the UK and European capital markets, while any short to medium-term debt requirements were provided during 2022 through bank credit facilities totalling £800 million (see below). Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn bank facilities and cash and cash equivalents) on the basis of expected cash flows. This monitoring includes financial ratios to assess any possible future impact on credit ratings and headroom and takes into account the accessibility of cash and cash equivalents.

The Group had a £500 million Revolving Credit Facility with a group of relationship banks in 2022 (£630 million in 2021).

The new £500 million Revolving Credit Facility is available until January 2028 (with the opportunity to extend for one further year from the expiry date, potentially providing funding out to 2029). This facility replaces the previous £630 million facility, which was due to mature in 2023. The financial covenants in the new Revolving Credit Facility remain unchanged to those in the previous facility. There are ESG targets linked to the delivery of ITV's science-based carbon emissions targets. In addition, the Group has £300 million of financial covenant free financing, which is available until June 2026.

The intention is to re-finance the €259 million Eurobond maturing in December 2023, rather than repay from our cash resources. We are currently exploring medium to long term refinancing options and have full availability under the £500 million RCF and £300 million CDS facilities should we need to utilise these.

Fair value versus book value
The tables below provide fair value information for the Group's borrowings:

		Book value		Fair value	
	Maturity	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Loans due within one year					
€335 (previously €600) million Eurobond	Sept 2022	**–**	281	**–**	284
€259 (previously €500) million Eurobond	Dec 2023	**229**	–	**227**	–
Revolving credit facility*	Jan 2023	**50**	–	**50**	–
Other short-term loans	Various	**10**	9	**10**	9
		289	290	**287**	293
Loans due in more than one year					
€259 (previously €500) million Eurobond	Dec 2023	**–**	218	**–**	225
€600 million Eurobond	Sept 2026	**531**	504	**480**	518
Other long-term loans	Various	**10**	10	**10**	10
		541	732	**490**	753
		830	1,022	**777**	1,046

* The Revolving Credit Facility matures in January 2028.

4.3 Managing market risks: derivative financial instruments

Keeping it simple

What is a derivative?
A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to underlying variables, such as exchange rates or interest rates and is entered into for a fixed period. A hedge is where a derivative is used to manage exposure in an underlying variable.

The Group is exposed to certain market risks. In accordance with Board-approved policies, which are set out in this note, the Group manages these risks by using derivative financial instruments to hedge the underlying exposures.

Why do we need them?
The key market risks facing the Group are:

- Currency risk arising from:

i. Translation risk, that is the risk in the period of adverse currency fluctuations in the translation of foreign currency profits, assets and liabilities ('balance sheet risk') and non-functional currency monetary assets and liabilities ('income statement risk') and
ii. Transaction risk, that is the risk that currency fluctuations will have a negative effect on the value of the Group's non-functional currency trading cash flows. A non-functional currency transaction is a transaction in any currency other than the reporting currency of the subsidiary

- Interest rate risk to the Group arises from significant changes in interest rates on borrowings issued at or swapped to floating rates

How do we use them?
The Group mainly employs three types of derivative financial instruments when managing its currency and interest rate risk:

- Foreign exchange swap contracts are derivative instruments used to hedge income statement translation risk arising from short-term intercompany loans denominated in a foreign currency
- Forward foreign exchange contracts are derivative instruments used to hedge transaction risk so they enable the sale or purchase of foreign currency at a known fixed rate on an agreed future date and
- Cross-currency interest rate swaps are derivative instruments used to exchange the principal and interest coupons in a debt instrument from one currency to another

Analysis of the derivatives used by the Group to hedge its exposure and the various methods used to calculate their respective fair values are detailed in this section.

Accounting policies

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value with the movement recorded in the Consolidated Income Statement, except where derivatives qualify for cash flow hedge accounting. In this case, the effective portion of a cash flow hedge is recognised in other comprehensive income and presented in the hedging reserve within equity. The cumulative gain or loss is later reclassified to the Consolidated Income Statement in the same period as the relevant hedged transaction is realised. Derivatives with positive fair values are recorded as assets and negative fair values as liabilities.

Notes to the Financial Statements

Section 4: Capital Structure and Financing Costs continued

Determining fair value

The fair value of forward foreign exchange contracts is determined by the change in price between the contracted rates and the market rates at the reporting date. The contracted cash flows are then discounted by the time remaining to the settlement date of the contract, with a discount curve that incorporates credit risk. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to exit the swap at the reporting date, taking into account current interest rates and the Group's current creditworthiness, as well as that of the swap counterparties.

Third-party valuations are used to fair value the Group's cross currency interest rate derivatives. The valuation techniques use inputs, such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

How do we manage our currency and interest rate risk?

Currency risk

As the Group expands its international operations, the performance of the business becomes increasingly sensitive to movements in foreign exchange rates, primarily with respect to the US dollar and the euro.

The Group's foreign exchange policy is to use forward foreign exchange contracts to hedge material non-functional currency denominated costs or revenue for up to five years forward.

The Group ensures that its net exposure to foreign currency denominated cash balances is kept to a minimal level, where necessary using foreign currency swaps to exchange balances back into sterling or by buying or selling foreign currencies at spot rates.

The Group also utilises foreign exchange swaps and cross-currency interest rate swaps both to manage foreign currency cash flow timing differences and to hedge foreign currency denominated monetary items.

During the year, the Board approved the hedging of the €335 million 2022 and €259 million 2023 Eurobond cash outflows. Given the perfect match, these hedging instruments were set up in separate hedge accounting relationships with the hedged bonds to manage foreign exchange volatility until repayment. This required the cessation of the net investment hedge where these Eurobond borrowings, along with other monetary assets and liabilities, were in a hedge accounting arrangement with the Group's euro-denominated net assets. This change in policy provided an opportunity to consider the remaining euro denominated monetary items in isolation on a net basis and therefore manage the remaining foreign exchange volatility in a more efficient way.

The following table highlights the Group's exposure to foreign currency risk resulting from a 10% strengthening/weakening in sterling against the US dollar, euro and Australian dollar, assuming all other variables are held constant:

	Impact on profit before tax 2022 £m	Impact on profit before tax 2021 £m	**Impact on Equity 2022 £m**	Impact on Equity 2021 £m
US dollar – increase 10%	**(9)**	(3)	**6**	4
US dollar – decrease 10%	**9**	3	**(8)**	(4)
Euro – increase 10%*	**(4)**	(1)	**(3)**	15
Euro – decrease 10%*	**5**	2	**4**	(19)
Australian dollar – increase 10%	**(1)**	–	**(4)**	–
Australian dollar – decrease 10%	**1**	–	**4**	–

* Equity impact is offset by the euro net assets in the translation reserve using the net investment hedge in 2021.

Interest rate risk

The Group's interest rate policy is to allow fixed rate gross debt to vary between 20% and 100% of total gross debt to accommodate floating rate borrowings under the Revolving Credit Facility.

For financial assets and liabilities classified at fair value through profit or loss, the movements in the year relating to changes in fair value and interest are not separated.

At 31 December 2022, the Group's fixed rate debt represented 93.8% of total gross debt (2021: 99.8%), therefore with the majority of debt issued at fixed interest rates, changes in the floating rates of interest do not significantly affect the Group's net interest charge. There are no other material floating interest rate financial instruments.

What is the value of our derivative financial instruments?

The following table shows the fair value of derivative financial instruments analysed by type of contract. Interest rate swap fair values exclude accrued interest.

At 31 December 2022	Assets £m	Liabilities £m
Current		
Foreign exchange forward contracts and swaps – cash flow hedges	**2**	**(6)**
Foreign exchange forward contracts and swaps – fair value through profit or loss	**–**	**(1)**
Non-current		
Cross-currency interest swaps – cash flow hedges	**–**	**(8)**
Foreign exchange forward contracts and swaps – cash flow hedges	**2**	**–**
	4	**(15)**

At 31 December 2021	Assets £m	Liabilities £m
Current		
Foreign exchange forward contracts and swaps – cash flow hedges	1	(2)
Foreign exchange forward contracts and swaps – fair value through profit or loss	2	(3)
Non-current		
Cross-currency interest swaps – cash flow hedges	–	(36)
Foreign exchange forward contracts and swaps – cash flow hedges	–	(1)
	3	(42)

Cash flow hedges

The Group applies hedge accounting for certain foreign currency firm commitments and highly probable cash flows where the underlying cash flows are payable within the next five years. In order to fix the sterling cash outflows associated with the commitments and interest payments – which are mainly denominated in US dollars or euros – the Group has taken out forward foreign exchange contracts and cross-currency interest rate swaps for the same foreign currency amount and maturity date as the expected foreign currency outflow.

There is an economic relationship between the hedged items (being between 60% to 100% of the total exposure) and the hedging instruments as the terms of the foreign exchange forward contracts and cross-currency interest rate swaps match the terms of the expected highly probable forecast transactions or firm commitments (i.e. % notional amount and expected receipt or payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange forward contracts are identical to the hedged risk components.

Sources of ineffectiveness include:
- Different interest rate curve applied to discounting the hedged items and hedging instruments
- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items and
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group uses the hedge relationship, credit risk and hedge ratio to measure the hedge effectiveness.

The amount recognised in other comprehensive income during the period all relates to the effective portion of the revaluation loss associated with these contracts. There was £3 million (2021: less than £1 million) of ineffectiveness taken to the Consolidated Income Statement and £33 million of cumulative gain (2021: £30 million of cumulative loss*) was recycled to the Consolidated Income Statement in the year, with £7 million transferred to work in progress.

Under IFRS 9, the Group has adopted the 'cost of hedging' approach which allows the recognition of the value of the currency basis at inception of the hedge to be recorded on the Consolidated Statement of Financial Position and amortised through net financing costs in the Consolidated Income Statement over the life of the bond. Any mark-to-market change in fair value of the currency basis is recognised in 'cost of hedging' in the Consolidated Statement of Comprehensive Income.

Net investment hedges

The Group ceased net investment hedging using euro denominated debt to hedge against the change in the sterling value of its euro denominated net assets due to movements in foreign exchange rates. A change to the risk management objective meant that the remaining euro denominated monetary items on the Consolidated Statement of Financial Position could be considered in isolation on a net basis and therefore manage the remaining foreign exchange volatility in a more efficient way. A foreign exchange gain of less than £1 million (2021: gain of £13 million) relating to the net investment hedges remains within exchange differences related to translation of foreign operations as presented on the Consolidated Statement of Comprehensive Income.

* 2021 has been updated from prior year to better reflect the amounts reclassified from the Consolidated Statement of Comprehensive Income to the Consolidated Income Statement.

Notes to the Financial Statements
Section 4: Capital Structure and Financing Costs continued

Undiscounted financial liabilities

Keeping it simple

The Group is required to disclose the expected timings of cash outflows for each of its financial liabilities (including derivatives). The amounts disclosed in the table are the contractual undiscounted cash flows (including interest), so will not always reconcile with the amounts disclosed on the Statement of Financial Position.

At 31 December 2022	Carrying value £m	Total contractual cash flows £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Non-derivative financial liabilities						
Borrowings	**(830)**	**(865)**	**(302)**	**(8)**	**(550)**	**(5)**
Lease liabilities	**(132)**	**(149)**	**(21)**	**(26)**	**(37)**	**(65)**
Trade and other payables	**(915)**	**(915)**	**(898)**	**(14)**	**(3)**	**–**
Contract liabilities	**(372)**	**(372)**	**(372)**	**–**	**–**	**–**
Other payables – non-current	**(28)**	**(28)**	**–**	**(25)**	**(3)**	**–**
Other payables – commitments on acquisitions	**(47)**	**(89)***	**(8)**	**(26)**	**(33)**	**(22)**
Derivative financial instruments						
Foreign exchange forward contracts and swaps – cash flow hedges						
Inflow	**4**	**480**	**401**	**63**	**16**	**–**
Outflow	**(6)**	**(486)**	**(409)**	**(61)**	**(16)**	**–**
Cross-currency swaps – cash flow hedges						
Inflow	**–**	**560**	**7**	**7**	**546**	**–**
Outflow	**(8)**	**(596)**	**(16)**	**(16)**	**(564)**	**–**
Foreign exchange forward contracts and swaps – fair value through profit or loss						
Inflow	**–**	**51**	**45**	**6**	**–**	**–**
Outflow	**(1)**	**(52)**	**(46)**	**(6)**	**–**	**–**
	(2,335)	**(2,461)**	**(1,619)**	**(106)**	**(644)**	**(92)**

At 31 December 2021	Carrying value £m	Total contractual cash flows £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Non-derivative financial liabilities						
Borrowings	(1,022)	(1,071)	(308)	(229)	(528)	(6)
Lease liabilities	(92)	(103)	(21)	(19)	(33)	(30)
Trade and other payables	(841)	(841)	(824)	(17)	–	–
Contract liabilities	(359)	(359)	(359)	–	–	–
Other payables – non-current	(28)	(28)	–	(23)	(5)	–
Other payables – commitments on acquisitions	(64)	(79)*	(26)	(1)	(52)	–
Derivative financial instruments						
Foreign exchange forward contracts and swaps – cash flow hedges						
Inflow	1	193	147	46	–	–
Outflow	(3)	(196)	(149)	(47)	–	–
Cross-currency swaps – cash flow hedges						
Inflow	–	539	7	7	525	–
Outflow	(36)	(612)	(16)	(16)	(580)	–
Foreign exchange forward contracts and swaps – fair value through profit or loss						
Inflow	2	312	308	4	–	–
Outflow	(3)	(311)	(307)	(4)	–	–
	(2,445)	(2,556)	(1,548)	(299)	(673)	(36)

* Undiscounted expected future payments depending on performance of acquisitions; the total maximum consideration is discussed in the Finance Review.

Timing profile of hedging instrument

Keeping it simple

The Group is required to provide a breakdown that discloses a profile of the timing of the nominal amount of the hedging instrument and if applicable, the average price or rate (for example strike or forward prices etc.) of the hedging instrument.

The Group is holding the following foreign exchange and cross-currency interest rate swap contracts:

At 31 December 2022	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Greater than 5 years	Total
Foreign exchange forward contracts and swaps					
Notional amount (£m)	**(5)**	**–**	**–**	**–**	**(5)**
Average forward rate (AUD/EUR)	**1.5688**	**–**	**–**	**–**	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	**(4)**	**(12)**	**(16)**	**–**	**(32)**
Average forward rate (AUD/GBP)	**1.7205**	**1.7967**	**1.7909**	**–**	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	**7**	**3**	**–**	**–**	**10**
Average forward rate (CAD/GBP)	**1.7155**	**1.6446**	**–**	**–**	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	**(2)**	**–**	**–**	**–**	**(2)**
Average forward rate (CAD/USD)	**1.2400**	**–**	**–**	**–**	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	**(1)**	**–**	**–**	**–**	**(1)**
Average forward rate (DKK/GBP)	**8.3506**	**–**	**–**	**–**	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	**(241)**	**(14)**	**–**	**–**	**(255)**
Average forward rate (EUR/GBP)	**1.1097**	**1.1485**	**–**	**–**	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	**(6)**	**–**	**–**	**–**	**(6)**
Average forward rate (EUR/USD)	**0.8859**	**–**	**–**	**–**	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	**8**	**–**	**–**	**–**	**8**
Average forward rate (NOK/GBP)	**12.0018**	**–**	**–**	**–**	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	**(4)**	**–**	**–**	**–**	**(4)**
Average forward rate (ZAR/AUD)	**11.7780**	**–**	**–**	**–**	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	**67**	**16**	**–**	**–**	**83**
Average forward rate (USD/GBP)	**1.2627**	**1.1389**	**–**	**–**	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	**(1)**	**–**	**–**	**–**	**(1)**
Average forward rate (ZAR/GBP)	**20.8998**	**–**	**–**	**–**	
Cross-currency interest rate swaps					
Notional amount (£m)	**–**	**–**	**539**	**–**	**539**
Average hedge rate (EUR/GBP)	**–**	**–**	**1.1253**	**–**	

Notes to the Financial Statements

Section 4: Capital Structure and Financing Costs continued

At 31 December 2021	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Greater than 5 years	Total
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(11)	5	–	–	(6)
Average forward rate (AUD/GBP)	2.0825	1.8311	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	2	–	–	–	2
Average forward rate (CAD/GBP)	1.7302	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(35)	(1)	–	–	(36)
Average forward rate (CAD/USD)	1.2375	1.2400	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	1	–	–	–	1
Average forward rate (DKK/GBP)	8.6956	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(187)	(19)	–	–	(206)
Average forward rate (EUR/GBP)	1.1658	1.1152	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	6	–	–	–	6
Average forward rate (NOK/GBP)	11.9988	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	1	–	–	–	1
Average forward rate (SEK/GBP)	12.0070	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	103	10	–	–	113
Average forward rate (USD/GBP)	1.3370	1.3387	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	–	–	511	–	511
Average forward rate (EUR/GBP)	–	–	1.1253	–	

Impact of hedged items on Consolidated Statement of Financial Position, Consolidated Statement of Other Comprehensive Income and Consolidated Statement of Changes in Equity

Keeping it simple

This table provides the following details in relation to cash flow hedge and net investment hedge:

- The change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period
- The balances in the cash flow hedge reserve and the foreign currency translation reserve for continuing hedges and
- The balances remaining in the cash flow hedge reserve and the foreign currency translation reserve from any hedging relationships for which hedge accounting is no longer applied

The impact of hedged items on the Consolidated Statement of Financial Position is as follows:

Cash flow hedge

At 31 December	**2022** Change in fair value used for measuring ineffectiveness £m	**2022** Pre-tax closing cash flow hedge reserve £m	**2022** Pre-tax closing cost of hedging reserve £m	2021 Change in fair value used for measuring ineffectiveness £m	2021 Pre-tax closing cash flow hedge reserve £m	2021 Pre-tax closing cost of hedging reserve £m
Highly probable/firm commitment forecast transactions	**3**	**2**	**(1)**	(4)	(1)	(1)
Borrowings	**(5)**	**(4)**	**(8)**	19	1	(8)

Net investment hedge

At 31 December	**2022** Change in fair value used for measuring ineffectiveness	**2022** Foreign currency translation reserve	2021 Change in fair value used for measuring ineffectiveness	2021 Foreign currency translation reserve
Net investment in foreign subsidiaries	**–**	**–**	13	13

The amount in the translation reserve relating to continuing hedges up until May 2022 is a gain of less than £1 million (2021: £13 million gain). The net investment hedge ceased in May 2022 and the amount relating to discontinued hedges is a loss of £19 million (2021: £19 million loss).

The hedging gain recognised in the Consolidated Statement of Changes in Equity before tax is equal to the change in fair value used for measuring effectiveness. There is £3 million of ineffectiveness recognised in the Consolidated Income Statement.

Keeping it simple

This table details the effect of the cash flow hedge in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income.

The effect of the cash flow hedge in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income is as follows:

At 31 December 2022	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in Income Statement	Line item in the Income Statement	Cost of hedging recognised in OCI	Amounts reclassified from OCI to Income Statement	Line item in the Income Statement
Highly probable/firm commitment forecast transactions	**3**	**–**		**(4)**	**11**	**Overheads/ Work in progress**
Borrowing	**(5)**	**3**	**Net financing cost**	**4**	**(37)**	**Net financing cost**

At 31 December 2021	Total hedging gain/(loss) recognised in OCI*	Ineffectiveness recognised in Income Statement	Line item in the Income Statement	Cost of hedging recognised in OCI	Amounts reclassified from OCI to Income Statement	Line item in the Income Statement
Highly probable/firm commitment forecast transactions	(4)	–		1	(2)	Overheads/ Cost of Sales
Borrowing	19	(1)	Net financing cost	(1)	32**	Net financing cost

* 2021 has been updated from prior year to show periodic movement.
** 2021 has been updated from prior year to better reflect the amounts reclassified from the Consolidated Statement of Comprehensive Income to the Consolidated Income Statement.

Notes to the Financial Statements

Section 4: Capital Structure and Financing Costs continued

Keeping it simple

This table provides a reconciliation of each component of the translation reserve reported within equity and an analysis of other comprehensive income in accordance with IAS 1.

Set out below is the reconciliation of each component of the translation reserve reported in the Consolidated Statement of Changes in Equity and the analysis of other comprehensive income:

	Cash flow hedge reserve £m	Cost of hedge reserve £m	Foreign currency reserve £m	Translation reserve £m
As at 1 January 2021	(15)	(9)	31	7
Effective portion of changes in fair value arising from:				
Foreign exchange forward contracts	(2)	1	–	(1)
Cross-currency interest rate swaps – borrowings:				
• Change in fair value from the effective hedge instrument	(13)	(1)	–	(14)
Amount reclassified to Income Statement				
• FX forward reclassified to cost of sales/overheads	(2)	–	–	(2)
• CCIRS reclassified to finance costs	32	–	–	32
Net gain on cash flow hedges and cost of hedging	15	–	–	15
Foreign currency revaluation of the EUR borrowing	–	–	13	13
Foreign currency revaluation of the net foreign operations	–	–	4	4
Exchange differences on translation of foreign operations (net of hedging)	–	–	17	17
Income tax (charge)/credit reclass*	7	–	–	7
Income tax (charge)/credit on other comprehensive income/(expense)	(4)	2	(3)	(5)
As at 31 December 2021	3	(7)	45	41
Effective portion of changes in fair value arising from:				
Foreign exchange forward contracts	(1)	(4)	–	(5)
Cross-currency interest rate swaps – borrowings:				
• Change in fair value from the effective hedge instrument	25	4	–	29
Amount reclassified to Income Statement				
• FX forward reclassified to cost of sales/overheads	4	–	–	4
• FX forward and swaps reclassified to finance costs	(10)	–	–	(10)
• Amounts reclassified to work in progress	7	–	–	7
• CCIRS reclassified to finance costs	(27)	–	–	(27)
Net loss on cash flow hedges and cost of hedging	(2)	–	–	(2)
Foreign currency revaluation of the net foreign operations	–	–	67	67
Exchange differences on translation of foreign operations (net of hedging)	–	–	67	67
Income tax credit on other comprehensive income/(expense)	1	–	–	1
As at 31 December 2022	**2**	**(7)**	**112**	**107**

* Income tax on other comprehensive income has been reallocated to the relevant reserves from Retained Earnings in the prior year.

Netting arrangements of financial instruments

Keeping it simple

This section details the Group's financial assets and financial liabilities that are subject to netting and set-off arrangements. Financial assets and liabilities that are subject to set-off arrangements and disclosed on a net basis in the Group's Statement of Financial Position relate to cash pooling arrangements. Amounts which do not meet the criteria for offsetting on the Consolidated Statement of Financial Position but could be settled net in certain circumstances principally relate to derivative transactions executed under ISDA agreements where each party has the option to settle amounts on a net basis in the event of default of the other party.

At 31 December 2022	**Gross financial assets/ liabilities £m**	**Gross collateral assets/liabilities set-off £m**	**Net financial assets/liabilities per balance sheet £m**	**Related amounts not set-off in the balance sheet £m**	**Net £m**
Assets					
Derivative financial instruments	**4**	**–**	**4**	**(4)**	**–**
Cash and cash equivalents	**348**	**–**	**348**	**–**	**348**
Liabilities					
Derivative financial instruments	**(15)**	**–**	**(15)**	**4**	**(11)**
Loans and facilities	**(830)**	**–**	**(830)**	**–**	**(830)**

At 31 December 2021	Gross financial assets/liabilities £m	Gross collateral assets/liabilities set-off £m	Net financial assets/liabilities per balance sheet £m	Related amounts not set-off in the balance sheet £m	Net £m
Assets					
Derivative financial instruments	3	–	3	(3)	–
Restricted cash	50	–	50	–	50
Cash and cash equivalents	686	–	686	–	686
Liabilities					
Derivative financial instruments	(42)	–	(42)	3	(39)
Loans and facilities	(1,022)	–	(1,022)	–	(1,022)

Notes to the Financial Statements
Section 4: Capital Structure and Financing Costs continued

4.4 Net financing costs

Keeping it simple

This section details the interest income generated on the Group's cash and other financial assets and the interest expense incurred on borrowings and other financial liabilities.

In reporting 'adjusted profit', the Group adjusts net financing costs to exclude unrealised mark-to-market movements on interest rate and foreign exchange derivatives, gains/losses on bond buybacks, net pension interest, interest and fair value movements in acquisition-related liabilities and other financing costs.

Our rationale for adjustments made to financing costs is set out in the Finance Review.

Accounting policies

Net financing costs comprise interest income on funds invested, gains/losses on the disposal of financial instruments, changes in the fair value of financial instruments, interest expense on borrowings, unwinding of the discount on provisions, unwinding of the discount on liabilities to non-controlling interest, foreign exchange gain/losses, and imputed interest on pension assets and liabilities. Interest income and expense is recognised as it accrues in profit or loss, using the effective interest method.

Net financing costs

Net financing costs can be analysed as follows:

	2022 £m	2021 £m
Financing income		
Interest income	**9**	4
Foreign exchange gain	**3**	4
Other finance income	**1**	–
	13	8
Financing costs		
Interest expense on financial liabilities measured at amortised cost	**(18)**	(18)
Foreign exchange loss	**(1)**	–
Other finance expense*	**(20)**	(30)
Financing exceptional item: acquisition-related	**–**	(10)
	(39)	(58)
Net financing costs	**(26)**	(50)

* Interest incurred on the cross-currency interest rate swaps in the year is included within other finance expense. In 2021, this interest cost was included within Interest expense on financial liabilities measured at amortised cost. £8 million has been reclassified to other finance expense for 2021 in the table above.

Other finance expense includes lease interest payments, interest on acquisition-related contingent liabilities (not included within the exceptional financing item) and bank charges.

Exceptional finance costs of £10 million in 2021 principally relates to interest accrued on exceptional acquisition-related expenses.

4.5 Fair value hierarchy

Keeping it simple

The financial instruments included in the Consolidated Statement of Financial Position are measured at either fair value or amortised cost. The measurement of this fair value can in some cases be subjective, and can depend on the inputs used in the calculations. The Group generally uses external valuations using market inputs or market values (e.g. external share prices). The different valuation methods are called 'hierarchies' and are described below.

Level 1
Fair values are measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2
Fair values are measured using inputs, other than quoted prices included within Level 1, which are observable for the asset or liability either directly or indirectly.

Interest rate swaps and options are accounted for at their fair value based upon exit prices at the current reporting period. Forward foreign exchange contracts are accounted for at the difference between the contract exchange rate and the quoted forward exchange rate at the reporting date.

Level 3
Fair values are measured using inputs for the asset or liability that are not based on observable market data.

The tables below set out the financial instruments included on the Consolidated Statement of Financial Position at fair value:

	Fair value 31 December 2022 £m	Level 1 31 December 2022 £m	Level 2 31 December 2022 £m	Level 3 31 December 2022 £m
Assets measured at fair value				
Financial instruments at fair value through reserves				
Other pension assets – gilts (see note 3.7)	47	47	–	–
Financial instruments at fair value through profit or loss				
Money market funds	91	91	–	–
Equity investments (see note 3.5)	11	–	–	11
Financial assets at fair value through profit or loss				
Convertible loan receivable	3	–	–	3
Financial assets at fair value through reserves				
Cash flow hedges	4	–	4	–
	156	138	4	14

	Fair value 31 December 2022 £m	Level 1 31 December 2022 £m	Level 2 31 December 2022 £m	Level 3 31 December 2022 £m
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts and swaps	(1)	–	(1)	–
Acquisition-related liabilities – payable to sellers under put options agreed on acquisition (see notes 3.1.4 and 3.1.5)	(39)	–	–	(39)
Financial liabilities at fair value through reserves				
Cash flow hedges	(14)	–	(14)	–
	(54)	–	(15)	(39)

There have been no changes in the classification of assets and liabilities and there have been no movements within levels. Information on the fair value measurements of level 3 assets and liabilities is detailed in the relevant notes referenced above.

Notes to the Financial Statements
Section 4: Capital Structure and Financing Costs continued

	Fair value 31 December 2021 £m	Level 1 31 December 2021 £m	Level 2 31 December 2021 £m	Level 3 31 December 2021 £m
Assets measured at fair value				
Financial instruments at fair value through reserves				
Other pension assets – gilts (see note 3.7)	62	62	–	–
Financial instruments at fair value through profit or loss				
Money market funds	440	440	–	–
Equity investments (see note 3.5)	4	–	–	4
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts and swaps	2	–	2	–
Convertible loan receivable	2	–	–	2
Financial assets at fair value through reserves				
Cash flow hedges	1	–	1	–
	511	502	3	6

	Fair value 31 December 2021 £m	Level 1 31 December 2021 £m	Level 2 31 December 2021 £m	Level 3 31 December 2021 £m
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts and swaps	(3)	–	(3)	–
Acquisition-related liabilities – payable to sellers under put options agreed on acquisition (see notes 3.1.4 and 3.1.5)	(55)	–	–	(55)
Financial liabilities at fair value through reserves				
Cash flow hedges	(39)	–	(39)	–
	(97)	–	(42)	(55)

Refer to note 4.3 for how we value interest rate swaps and forward foreign currency contracts.

4.6 Lease liabilities

Keeping it simple

From 1 January 2019, the Group accounts for operating leases under IFRS 16 'Leases'. Lease liabilities representing the discounted future lease payments and right of use assets are recognised in the Consolidated Statement of Financial Position. Lease costs such as property rent are now recognised in the form of depreciation and interest in the Consolidated Income Statement.

Accounting policies

Lease liabilities represent the discounted future lease payments. Discount rates are calculated for similar assets, in similar economic environments, taking into account the length of the lease. The unwinding of the discounting is recognised in net financing costs in the Consolidated Income Statement. The following table outlines the maturity analysis of the lease liabilities:

	2022 £m	2021 £m
Contractual discounted cash flows		
Less than one year	**21**	21
Two to five years	**55**	46
More than five years	**56**	25
Lease liabilities at 31 December	**132**	92

	1 January 2022 £m	Net cash flow £m	Currency and non-cash movements £m	31 December 2022 £m
Lease liabilities	(92)	26	(66)	**(132)**
Total lease liabilities	(92)	26	(66)	**(132)**

The following amounts have been included in the Consolidated Income Statement:

	2022 £m	2021 £m
Interest expense on lease liabilities	**(4)**	(3)
Amounts recognised in the Consolidated Income Statement	**(4)**	(3)

The Group has elected not to recognise right of use assets and lease liabilities for short-term leases (i.e. lease term less than 12 months) or low-value assets (i.e. under £5,000). The Group will continue to expense the lease payments associated with these leases on a straight-line basis over the lease term. At 31 December 2022, this was less than £1 million (2021: less than £1 million).

Variable lease payments that depend on an index or a rate are also less than £1 million (2021: less than £1 million).

Some property leases contain extension options beyond the non-cancellable period. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The lease liability at 31 December 2022 includes one such extension which resulted in an increase in the lease liability of £1 million. There are no other significant extension options.

Notes to the Financial Statements
Section 4: Capital Structure and Financing Costs continued

4.7 Equity

Keeping it simple

This section explains material movements recorded in shareholders' equity, presented in the Consolidated Statement of Changes in Equity, which are not explained elsewhere in the financial statements.

Accounting policies

Fair value reserve

Financial assets are stated at fair value, with any gain or loss recognised directly in the fair value reserve in equity, unless the loss is a permanent impairment, when it is then recorded in the Consolidated Income Statement.

Dividends

Dividends are recognised through equity on the earlier of their approval by the Company's shareholders or their payment. Dividends are distributed based on the realised distributable reserves (within retained earnings) of ITV plc (the Company) and not based on the Group's retained earnings.

4.7.1 Share capital and share premium

The Group's share capital at 31 December 2022 of £403 million (2021: £403 million) and share premium of £174 million (2021: £174 million) is the same as that of ITV plc. Details of this are given in the ITV plc Company financial statements section of this Annual Report.

4.7.2 Merger and other reserves

Merger and other reserves at 31 December include the following reserves:

	2022 £m	2021 £m
Merger reserves	**95**	95
Capital reserves	**112**	112
Capital redemption reserves	**36**	36
Revaluation reserves	**2**	2
Put option liabilities arising on acquisition of subsidiaries	**(34)**	(30)
Total	**211**	215

Merger reserves, Capital reserves and Capital redemption reserves relate primarily to balances arising on previous mergers and acquisitions, including the merger of Granada and Carlton in 2003. Put option liabilities arising on acquisition of subsidiaries relates to options and forwards contracts over shares relating to non-controlling interests. The movement in the current year relates to the fair value of the put liability over the non-controlling interests in Escapade Bidco Limited (Plimsoll Productions).

4.7.3 Translation reserve

The translation reserve comprises:

- All foreign exchange differences arising on the translation of the accounts of, and investments in, foreign operations
- The gains or losses on the portion of cash flow hedges that have been deemed effective and costs of hedging under IFRS 9 (see note 4.3)
- The net movement in the cash flow hedge reserve was a loss of £2 million (2021: gain of £18 million). The loss on cash flow hedges in the period was £2 million (2021: gain of £15 million) and had a related tax charge of £nil million (2021: £4 million).
- There was no net movement in the cost of hedging reserve (2021: no net movement)

4.7.4 Fair value reserve

The fair value reserve comprises all movements arising on the revaluation of gilts accounted for at fair value through OCI financial instruments. The movement in 2022 is a £19 million loss on revaluation (2021: less than £1 million) and a related tax credit of £5 million (2021: £1 million charge). See notes 2.3 and 3.7.

4.7.5 Retained earnings

The retained earnings reserve comprises profit for the year attributable to owners of the Company of £428 million (2021: £378 million) and other items recognised directly through equity as presented in the Consolidated Statement of Changes in Equity. Other items include the credit for the Group's share-based compensation schemes, which are described in note 4.8.

Reflecting ITV's strong operational and financial performance in the year, and in line with previous guidance, the Board proposes a final dividend of 3.3p, giving a full year dividend of 5.0p per share. £201 million of dividends were paid (2021: £nil), representing a final 2021 dividend of 3.3p per share and an interim 2022 dividend of 1.7p per share.

4.7.6 Non-controlling interests

Non-controlling interest (NCI) represents the share of non-wholly owned subsidiaries' net assets that are not directly attributable to the shareholders of ITV. The movement for 2022 comprises:

- The share of profit attributable to NCI of £7 million (2021: share of profit attributable to NCI of £10 million)
- Foreign exchange gains of £8 million (2021: losses of £1 million)
- The distributions made to NCI of £3 million (2021: £1 million)
- The share of net assets attributable to NCI relating to subsidiaries acquired, disposed or changes in ownership interest in 2022 of £4 million (2021: £1 million)

4.8 Share-based compensation

Keeping it simple

The Group utilises share award schemes as part of its employee remuneration packages, and therefore operates a number of share-based compensation schemes, namely the Deferred Share Award (DSA), Executive Share Plan (ESP), Performance Share Plan (PSP), Long Term Incentive Plan (LTIP) and Save As You Earn (SAYE) schemes. The share-based compensation is not pensionable.

A transaction will be classed as share-based compensation where the Group receives services from employees and pays for these in shares or similar equity instruments. If the Group incurs a liability linked to the price or value of the Group's shares, this will also fall under a share-based transaction.

Accounting policies

For each of the Group's share-based compensation schemes, the fair value of the equity instrument granted is measured at grant date and spread over the vesting period via a charge to the Consolidated Income Statement with a corresponding increase in equity.

The fair value of the share options and awards is measured using either market price at grant date or, for the SAYE scheme, a Black–Scholes model, taking into account the terms and conditions of the individual scheme. Expected volatility is based on the historical volatility of ITV plc shares over a three or five year period, based on the life of the options.

Vesting conditions are limited to service conditions and performance conditions. For performance-based schemes, the relevant Group performance measures are projected to the end of the performance period in order to determine the number of options expected to vest. This estimate of the performance measures is used to determine the option fair value, discounted to present value. The Group revises the number of options that are expected to vest, including an estimate of forfeitures at each reporting date based on forecast performance measures. The impact of the revision to original estimates, if any, is recognised in the Consolidated Income Statement, with a corresponding adjustment to equity.

Exercises of share options granted to employees can be satisfied by market purchase or issue of new shares. No new shares may be issued to satisfy exercises under the terms of the DSA. During the year, all exercises were satisfied by using shares purchased in the market and held in the ITV Employees' Benefit Trust.

Share-based compensation charges totalled £19 million in 2022 (2021: £12 million).

Share options outstanding

The table below summarises the movements in the number of share options outstanding for the Group and their weighted average exercise price:

	2022 Number of options ('000)	**2022 Weighted average exercise price (pence)**	2021 Number of options ('000)	2021 Weighted average exercise price (pence)
Outstanding at 1 January	**98,934**	**24.98**	106,303	24.25
Granted during the year – nil priced	**17,238**	**–**	9,075	–
Granted during the year – other	**13,814**	**62.85**	3,665	96.37
Forfeited during the year	**(3,095)**	**56.49**	(2,158)	48.56
Exercised during the year – nil priced	**(6,201)**	**–**	(4,905)	–
Exercised during the year – other	**(110)**	**50.61**	(457)	72.34
Expired during the year	**(15,851)**	**35.87**	(12,589)	25.51
Outstanding at 31 December	**104,729**	**24.74**	98,934	24.98
Exercisable at 31 December	**4,383**	**30.63**	877	69.35

The average share price during 2022 was 78.32 pence (2021: 116.48 pence).

Notes to the Financial Statements
Section 4: Capital Structure and Financing Costs continued

Of the options still outstanding, the range of exercise prices and weighted average remaining contractual life of these options can be analysed as follows:

Range of exercise prices (pence)	**2022 Weighted average exercise price (pence)**	**2022 Number of options ('000)**	**2022 Weighted average remaining contractual life (years)**	2021 Weighted average exercise price (pence)	2021 Number of options ('000)	2021 Weighted average remaining contractual life (years)
Nil	**–**	**59,056**	**0.29**	–	57,336	1.12
20.00 – 49.99	**49.17**	**29,225**	**1.81**	49.17	31,601	2.80
50.00 – 69.99	**61.73**	**10,878**	**3.44**	–	–	–
70.00 – 99.99	**85.22**	**5,351**	**1.35**	86.31	8,420	1.17
100.00 – 109.99	**105.98**	**90**	**1.46**	105.98	846	1.13
110.00 – 119.99	**–**	**–**	**–**	–	–	–
120.00 – 149.99	**130.61**	**129**	**0.94**	133.44	596	0.78
150.00 – 199.99	**–**	**–**	**–**	162.55	135	0.77

Assumptions
DSA, LTIP and PSP options are valued directly by reference to the share price at date of grant.

The options granted in the current and prior years for the HMRC approved SAYE scheme, are valued using the Black-Scholes model, using the assumptions below:

Scheme name	Date of grant	Share price at grant (pence)	Exercise price (pence)	Expected volatility %	Expected life (years)	Gross dividend yield %	Risk-free rate %	Fair value (pence)
3 Year	13 April 2021	122.90	97.95	41.73	3.25	–	0.16	46.48
5 Year	13 April 2021	122.90	97.95	38.12	5.25	–	0.39	51.80
3 Year	6 September 2021	117.10	93.86	42.04	3.25	–	0.23	44.30
5 Year	6 September 2021	117.10	93.86	36.09	5.25	–	0.36	47.33
3 Year	12 April 2022	79.08	67.72	47.00	3.25	–	1.55	21.19
5 Year	12 April 2022	79.08	67.72	40.05	5.25	–	1.58	18.45
3 Year	5 September 2022	62.74	57.73	47.80	3.25	–	2.97	14.95
5 Year	5 September 2022	62.74	57.73	41.03	5.25	–	2.85	12.63

Employees' Benefit Trust
The Group has investments in its own shares as a result of shares purchased by the ITV Employees' Benefit Trust (EBT). Transactions with the Group-sponsored EBT are included in these financial statements and primarily consist of the EBT's purchases of shares in ITV plc, which is accounted for as a reduction to retained earnings.

The table below shows the number of ITV plc shares held in the EBT at 31 December 2021 and the releases from the EBT made in the year to satisfy awards under the Group's share schemes:

Scheme	Shares held at	Number of shares (released)/purchased	Nominal value £
	1 January 2022	18,478,248	1,847,825
LTIP releases		–	
DSA releases		(1,121,039)	
ESP releases		(11,856)	
PSP releases		(2,650,771)	
SAYE releases		(107,203)	
Shares purchased		–	
	31 December 2022	**14,587,379**	**1,458,738**

The total number of shares held by the EBT at 31 December 2022 represents 0.36% (2021: 0.46%) of ITV's issued share capital. The market value of own shares held at 31 December 2022 is £11 million (2021: £20 million).

The shares will be held in the EBT until such time as they may be transferred to participants of the various Group share schemes. Rights to dividends have been waived by the EBT in respect of shares held that do not relate to restricted shares under the DSA. In accordance with the Trust Deed, the Trustees of the EBT have the power to exercise all voting rights in relation to any investment (including shares) held within that trust. The Trust is accounted for as a separate entity and therefore is only accounted for in the consolidated financial statements and not included in the ITV plc Company financial statements.

Notes to the Financial Statements
Section 5: Other Notes

5.1 Related party transactions

Keeping it simple

The related parties identified by the Directors include joint ventures, associated undertakings, fixed asset investments and key management personnel.

To enable users of our financial statements to form a view about the effects of related party relationships on the Group, we disclose the Group's transactions with those related parties during the year and any associated year end trading balances.

Transactions with joint ventures and associated undertakings

Transactions with joint ventures and associated undertakings during the year were:

	2022 £m	2021 £m
Sales to joint ventures	41	24
Sales to associated undertakings	16	11
Purchases from joint ventures	33	32
Purchases from associated undertakings	77	65

The transactions with joint ventures primarily relate to sales and purchases of digital multiplex services with Digital 3&4 Limited and distribution revenue from BritBox LLC, BritBox International Limited and BritBox Australia Management Pty Limited. Sales to associated undertakings include airtime sales to DTV Services Limited. Purchases from associated undertakings primarily relate to the purchase of news services from ITN Limited.

All transactions with associated undertakings and joint ventures arise in the normal course of business on an arm's length basis. The amounts owed by and to these related parties at 31 December were:

	2022 £m	2021 £m
Amounts owed by joint ventures	12	11
Amounts owed by associated undertakings	19	10
Amounts owed to joint ventures	5	1
Amounts owed to associated undertakings	17	9

None of the balances are secured.

Amounts owed by joint ventures primarily relate to trading with BritBox LLC and BritBox Australia Management Pty Limited. Balances owed by associated undertakings largely relate to Bedrock Entertainment LLC and Southrock Productions LLC. Balances owed to associated undertakings primarily relate to trading with ITN Limited and amounts owed to Bedrock Entertainment LLC.

Amounts paid to the Group's retirement benefit plans are set out in note 3.7.

Transactions with key management personnel

Key management consists of ITV plc Executive and Non-executive Directors and the other members of the ITV Management Board. Key management personnel compensation is as follows:

	2022 £m	2021 £m
Short-term employee benefits	11	13
Share-based compensation	6	4
	17	17

Notes to the Financial Statements
Section 5: Other Notes continued

5.2 Contingent assets and liabilities

Keeping it simple

A contingent asset or liability is a liability that is not sufficiently certain to qualify for recognition as an asset or provision where uncertainty may exist regarding the outcome of future events.

Contingent liabilities

As reported in our interim financial statements, 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 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.

There are contingent liabilities in respect of certain litigation and guarantees, broadcasting issues, and in respect of warranties given in connection with certain disposals of businesses. None of these items are expected to have a material effect on the Group's results or financial position.

5.3 Subsidiaries exempt from audit

Keeping it simple

Certain subsidiaries of the Group can take an exemption from having an audit. Strict criteria must be met for this exemption to be taken, and it must be agreed by the Directors of that subsidiary entity.

Listed below are subsidiaries controlled and consolidated by the Group, where the Directors have taken the exemption from having an audit of its financial statements. This exemption is taken in accordance with the Companies Act 2006 s479A.

Company number	Company name	Company number	Company name
04195187	12 Yard Productions (Investments) Limited	SC375274	ITV (Scotland) Limited
04145307	12 Yard Productions Limited	11516620	ITV 112 Limited
10058419	Back Productions Limited	12956892	ITV AdVentures Limited
13813181	Big Talk (NEWCO1) Limited	13087805	ITV Alder Limited
13087812	Big Talk Alone Limited	14047839	ITV Archie Limited
10496857	Big Talk Cold Feet Limited	11667230	ITV Barking Limited
12092620	Big Talk Friday Limited	02578005	ITV Breakfast Limited
11109596	Big Talk Goes Wrong Limited	13087759	ITV Duneen Limited
13087733	Big Talk Horseface Limited	10494684	ITV Enterprises Limited
13087735	Big Talk I Hate You Limited	14133299	ITV Grace Limited
07037447	Big Talk Investments Limited	04159210	ITV Holdings Limited
10528952	Big Talk Living the Dream Limited	04159213	ITV International Channels Limited
11723899	Big Talk Offenders Limited	SC473179	ITV LTVC (Scotland) Limited
11109572	Big Talk Peacock Limited	13989147	ITV Maternal Limited
02897434	Big Talk Pictures Limited	00603893	ITV Network Limited
06567813	Big Talk Productions Limited	11723842	ITV Nightingale Limited
02936337	Boom Cymru TV Ltd	00603471	ITV Pension Scheme Limited
07922831	Boom Pictures Limited	14461569	ITV POS Limited
03866274	Box Clever Technology Limited	01565625	ITV Properties (Developments) Limited
01891539	Broad Street Films Limited		ITV Properties (Jersey) Limited
11434722	Button Hall Productions	13087782	ITV Ralph and Katie Limited
02285229	Campania Limited	14460328	ITV RE Limited
04159249	Carlton Content Holdings Limited	08554937	ITV Shetland Limited
00301188	Carlton Film Distributors Limited	11723826	ITV Spy Limited
01692483	Carlton Finance Limited	09498877	ITV TFG Holdings Limited
03984490	Carlton Food Network Limited	11107934	ITV The Bay Limited
03053908	Carlton Programmes Development Limited	13087693	ITV The Reckoning Limited
03210452	Carlton Screen Advertising (Holdings) Limited	12368504	ITV TLC Limited
03210363	Carltonco Ninety-Six	09498177	ITV Top Class Limited
02280048	Castlefield Properties Limited	14048049	ITV Venturer Limited
06409013	Cat's on the Roof Media Limited	03089273	ITV Ventures Limited
04257248	Channel Television Holdings Limited	11107431	ITV Vera Limited
08195508	Cirkus Limited	14460676	ITV WKOW Limited
10240192	Cloth Cat LBB Limited	13087699	ITV Y&M Limited
02852812	Cosgrove Hall Films Limited	05518785	Juice Music UK Limited
09366309	Crook Productions Limited	12368661	Mammoth Screen (BHR) Limited
05421502	Cynhyrchiadau Boomerang Cyfyngedig	09355455	Mammoth Screen (End) Limited
08479545	Double Double Limited	08546227	Mammoth Screen (End2) Limited
07821062	EQ Pictures Limited	11109917	Mammoth Screen (End6) Limited
09366308	Gameface Productions Limited	11908267	Mammoth Screen (End7) Limited
05946785	Gorilla TV Group Limited	12368766	Mammoth Screen (End8) Limited
03776018	Gorilla TV Limited	10528827	Mammoth Screen (End9)Limited
00290076	Granada Group Limited	13087685	Mammoth Screen (Evans) Limited
03962410	Granada Limited	13989267	Mammoth Screen (GK) Limited
03106798	Granada Media Limited	11995990	Mammoth Screen (MD) Limited
05344772	Granada Screen (2005) Limited	12735978	Mammoth Screen (MD2) Limited
00733063	Granada Television Overseas Limited	13989179	Mammoth Screen (MIE) Limited
00250311	Granada UK Rental and Retail Limited	11062257	Mammoth Screen (NC) Limited
10094508	Harlots Limited	09660486	Mammoth Screen (Pol2) Limited
04842712	Interactive Telephony Limited	10031005	Mammoth Screen (Pol3) Limited
00608490	ITC Entertainment Group Limited	10528763	Mammoth Screen (Pol4) Limited

Notes to the Financial Statements
Section 5: Other Notes continued

Company number	Company name	Company number	Company name
11108289	Mammoth Screen (Pol5) Limited	13714204	QSP Nolly Limited
08799982	Mammoth Screen (Poldark) Limited	14460933	QSP PD Limited
09646520	Mammoth Screen (QV) Limited	14048037	QSP SO limited
11108327	Mammoth Screen (Serpent) Limited	14460663	QSP TRK Limited
11204836	Mammoth Screen (SG) Limited	12350991	Second Act (Grace) Limited
NI678277	Mammoth Screen (TJ) Limited	09366311	Second Act Productions Limited
13087656	Mammoth Screen (Tower) Limited	07714999	Sightseers Film Limited
10528702	Mammoth Screen (VF) Limited	03991026	So Television Limited
11108322	Mammoth Screen (Vic3) Limited	07155077	The Garden Productions Limited
11108320	Mammoth Screen (WOF) Limited	02351132	TwoFour Broadcast Limited
NI687412	Mammoth Screen (WOF2) Limited	08602993	TwoFour Group Holdings Limited
10973979	Mammoth Screen (WOTW) Limited	05493388	TwoFour Group Limited
05976348	Mammoth Screen Ltd	11109744	WP Anne Limited
13412337	Metavision Limited	10796122	WP Bodyguard Limited
09477931	Monumental Television Limited	14360979	WP Delia Limited
04201477	Morning TV Limited	12368643	WP Diplomat Limited
12180134	MT Ghosts 2 Limited	11109437	WP Vigil Limited
12368748	MT Ghosts Limited	13988864	WP Fifteen Limited
13989060	MT Maryland Limited	12116627	WP Karen Pirie Limited
13813329	MT Mrs Sidhu Limited	11109287	WP LOD5 Limited
13087117	MT Murder in Provence Limited	12116457	WP LOD6 Limited
13506403	Planet Woo Limited	13087865	WP Malpractice Limited
14163547	QSP ATF Limited	12116461	WP Pembrokeshire Limited
14163654	QSP FMO Limited	13087860	WP RM Limited
14460916	QSP Ghosted Limited	11109929	WP Save Me 2 Limited
14496123	QSP Men Up Limited	12368475	WP Showtrial Limited
14458573	QSP MU Limited	12368477	WP The Suspect Limited
14462220	QSP MY Limited		

ITV Properties (Jersey) Limited is exempt from audit under article 113 of the Companies Act (Jersey) Law 1991

ITV plc Company Financial Statements

Statement of Financial Position

As at 31 December	Note	2022 £m	2021 £m
Non-current assets			
Investments in subsidiary undertakings	iii	**3,224**	3,080
Derivative financial instruments	vi	**2**	1
Deferred tax asset		**3**	3
		3,229	3,084
Current assets			
Amounts owed by subsidiary undertakings due within one year	iv	**2,954**	4,277
Amounts owed by subsidiary undertakings due after more than one year	iv	**96**	527
Amounts owed by subsidiary undertakings	iv	**3,050**	4,804
Derivative financial instruments	vi	**7**	7
Other receivables		**17**	8
Cash and cash equivalents		**197**	549
		3,271	5,368
Borrowings	v	**(279)**	(281)
Amounts owed to subsidiary undertakings	iv	**(2,681)**	(5,026)
Accruals		**(8)**	(10)
Derivative financial instruments	vi	**(8)**	(8)
Current liabilities		**(2,976)**	(5,325)
Net current assets		**295**	43
Borrowings	v	**(531)**	(722)
Derivative financial instruments	vi	**(10)**	(37)
Non-current liabilities		**(541)**	(759)
Net assets		**2,983**	2,368
Share capital	vii	**403**	403
Share premium	viii	**174**	174
Other reserves	viii	**29**	31
Retained earnings	viii	**2,377**	1,760
Total shareholders' equity		**2,983**	2,368

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company Income Statement. The Company's profit for the year was £800 million (2021: profit of £150 million).

The financial statements on pages 245 to 258 were approved by the Board of Directors on 2 March 2023 and signed on its behalf by

Chris Kennedy
Director

ITV plc Company Financial Statements continued

Company Statement of Changes in Equity

	Note	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	**Total £m**
Balance at 1 January 2022		403	174	31	1,760	2,368
Total comprehensive income for the year						
Profit for the year		–	–	–	800	800
Net loss on cash flow hedges and cost of hedging		–	–	(2)	–	(2)
Total comprehensive income for the year		**–**	**–**	**(2)**	**800**	798
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Equity dividends		–	–	–	(201)	(201)
Movements due to share-based compensation		–	–	–	19	19
Tax on items taken directly to equity		–	–	–	(1)	(1)
Total transactions with owners		–	–	–	(183)	(183)
Balance at 31 December 2022	vii/viii	**403**	**174**	**29**	**2,377**	**2,983**

	Note	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	**Total £m**
Balance at 1 January 2021		403	174	10	1,596	2,183
Total comprehensive income for the year						
Profit for the year		–	–	–	150	150
Net gain on cash flow hedges and cost of hedging		–	–	19	–	19
Income tax charge on other comprehensive income*				2	1	3
Total comprehensive income for the year		–	–	21	151	172
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Equity dividends		–	–	–	–	–
Movements due to share-based compensation		–	–	–	12	12
Tax on items taken directly to equity		–	–	–	1	1
Total transactions with owners		–	–	–	13	13
Balance at 31 December 2021	vii/viii	403	174	31	1,760	2,368

* Income tax on other comprehensive income has been reallocated to the relevant reserves from Retained Earnings in the prior year.

Notes to the ITV plc Company Financial Statements

Note i Accounting policies

In this section

This section sets out the notes to the ITV plc Company only financial statements. Those statements form the basis of the dividend decisions made by the Directors, as explained in detail in note viii below. The notes form part of the financial statements.

Basis of preparation

The Company is a qualifying entity as it is a member of the ITV plc Group where ITV plc, the ultimate parent prepares publicly available consolidated financial statements. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). The Company is registered in England and Wales.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Exemptions applied

- Presentation of a Statement of Cash Flows and related notes
- Disclosure in respect of capital management
- Disclosure of related party transactions between wholly-owned subsidiaries and parents within a group
- Disclosures required under IFRS 2 'Share-based payment' in respect of group settled share based payments
- Disclosures required by IFRS 7 'Financial instruments: Disclosure'
- Certain disclosures required under IFRS 13 'Fair Value Measurement'
- Disclosure of information in relation to new standards not yet applied

The Company proposes to continue to apply the reduced disclosure framework of FRS 101 in its next financial statements.

The financial statements have been prepared on a going concern basis.

Changes in accounting policy

New accounting standards, interpretations and amendments that are effective from 1 January 2022 have not had significant impact on the Company's results or Statement of Financial Position.

Accounting standards effective in future periods

The Directors have considered the impact on the Company of new and revised accounting standards, interpretations or amendments that are not yet effective and do not expect them to have a significant impact on the Company's results and Statement of Financial Position.

Accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Expected credit losses on amounts due from subsidiary undertakings is considered a key source of estimation uncertainty.

Subsidiaries

Subsidiaries are entities that are directly or indirectly controlled by the Company. Control exists where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The investment in the Company's subsidiaries is recorded at cost.

Foreign currency transactions

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Foreign currency monetary assets and liabilities at the balance sheet date are translated into sterling at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities measured at historical cost are translated into sterling at the rate of exchange on the date of the transaction.

Borrowings

Borrowings are recognised initially at fair value including directly attributable transaction costs, with subsequent measurement at amortised cost using the effective interest rate method. The difference between initial fair value and the redemption value is recorded in the profit and loss account over the period of the liability on an effective interest basis.

Notes to the ITV plc Company Financial Statements continued

Derivatives and other financial instruments

The Company uses a limited number of derivative financial instruments to hedge its exposure to fluctuations in interest and other foreign exchange rates. The Company does not hold or issue derivative instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value with the movement recorded in the profit and loss account within net financing costs, except where derivatives qualify for cash flow hedge accounting. In this case, the effective portion of cash flow hedge is recognised in other reserves within equity. The cumulative gain or loss is later reclassified to the profit and loss account in the same period as the relevant hedged transaction is realised. Derivatives with positive fair values are recorded as assets and negative fair values as liabilities.

The fair value of foreign currency forward contracts is determined by using the difference between the contract exchange rate and the quoted forward exchange rate at the balance sheet date.

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of swap counterparties.

Third-party valuations are used to fair value the Company's derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs. For financial assets and liabilities classified at fair value through profit or loss, the fair value change and interest income/expense are not separated.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment in respect of previous years.

The Company recognises liabilities for anticipated tax issues based on estimates of the additional taxes that are likely to become due, which requires judgement. Amounts are accrued based on management's interpretation of specific tax law and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Deferred tax

The tax charge for the period is recognised in the Income Statement or directly in equity according to the accounting treatment of the related transaction.

Deferred tax arises due to certain temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and those for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference. Recognition of deferred tax assets therefore involves judgement regarding timing and level of future taxable income.

Share-based compensation

The Company utilises share award schemes as part of its employee remuneration packages, and therefore operates a number of share-based compensation schemes, namely the Deferred Share Award (DSA), Performance Share Plan (PSP), Long Term Incentive Plan (LTIP) and Save As You Earn (SAYE) schemes.

A transaction will be classed as share-based compensation where the Company receives services from employees and pays for these in shares or similar equity instruments. If the Company incurs a liability based on the price or value of the shares, this will also fall under a share-based transaction. The Company recognises the retained earnings impact of the share-based compensation for the Group as awards are settled in ITV plc shares. The cost of providing those awards is recognised as a cost of investment to the subsidiaries that receive the service from employees.

The fair value of the equity instrument granted is measured at grant date and spread over the vesting period via a charge to the Income Statement with a corresponding increase in equity. The fair value of the share options and awards is measured using either market price at grant date or, for the SAYE scheme, a Black-Scholes model, taking into account the terms and conditions of the individual scheme.

Vesting conditions are limited to service conditions and performance conditions. For performance-based schemes, the relevant performance measures are projected to the end of the performance period in order to determine the number of options expected to vest. The estimate is then used to determine the option fair value, discounted to present value. The Company revises its estimates of the number of options that are expected to vest, including an estimate of forfeitures at each reporting date. The impact of the revision to original estimates, if any, is recognised in the Income Statement, with a corresponding adjustment to equity.

Exercises of share options granted to employees can be satisfied by market purchase or issue of new shares. No new shares may be issued to satisfy exercises under the terms of the DSA. During the year, all exercises were satisfied by using shares held in the ITV Employees' Benefit Trust. The Trust is accounted for as a separate entity and therefore is only accounted for in the consolidated financial statements.

Dividends to shareholders

Dividends payable to shareholders are recognised through equity on the earlier of their approval by the Company's shareholders or their payment. Dividends are distributed based on the realised distributable reserves (within retained earnings) of ITV plc (Company) and not based on the Group's retained earnings.

Note ii Employees and share-based payments

Two (2021: two) Directors of ITV plc (i.e. the Executive Directors) were employees of the Company during the year, both of whom remain employed at the year end. The costs relating to these Directors are disclosed in the Remuneration Report.

Share-based payments

The weighted average share price of share options exercised during the year was 50.6 pence (2021: 72.3 pence) (excluding nil priced share options). The options outstanding at the year end have an exercise price in the range of nil to 130.61 pence (2021: nil to 162.55 pence) and a weighted average contractual life of two years (2021: two years) for all the schemes in place for the Group.

Note iii Investments in subsidiary undertakings

The carrying value at 31 December 2022 was £3,224 million (2021: £3,080 million). The increase in investments in subsidiary undertakings by £144 million is due to the Company capitalising a loan due from another Group company.

The carrying value of the Company's investments in subsidiary undertakings is assessed for impairment on an annual basis. Determining whether the carrying amount has any indication of impairment requires judgement. In testing for impairment, estimates are used in deriving cash flows and the discount rates. The estimation process is complex due to the inherent risks and uncertainties associated with long-term forecasting. The outcome of the value in use calculation including borrowings supports the carrying value of the investment in subsidiary undertakings and net amounts owed from subsidiary undertakings with headroom of over £3 billion (2021: £5 billion).

Due to the significant headroom, there is no reasonably possible scenario that would result in a material adjustment to the amounts reported in the financial statements.

The Company's review resulted in no impairment for 2022 (2021: no impairment).

The principal subsidiary undertakings are listed on page 255.

Note iv Amounts owed (to)/from subsidiary undertakings

The Company operates an intra-group cash pool policy with certain 100% owned UK subsidiaries. The pool applies to bank accounts where there is an unconditional right of set off and involves the daily closing cash position for participating subsidiaries whether positive or negative, being cleared to £nil via daily bank transfers to/from ITV plc. These daily transactions create a corresponding intercompany creditor or debtor, which can result in significant movements in amounts owed to and from subsidiary undertakings in the Company balance sheet. Interest is payable on intra-group cash pool balances at 0.5% above base rate per annum and the balances are repayable on demand. Other loans to subsidiary undertakings are repayable according to contractual terms. The classification of balances as due after more than one year is based on the intention of when the balances are expected to be settled rather than the contractual terms.

The credit risk management practices of the Company include internal review and reporting of the historical credit losses and forward-looking data. The Company applies the IFRS 9 simplified approach in measuring expected credit losses, which use a lifetime expected credit loss allowance for amounts due from subsidiary undertakings, and other receivables.

To measure expected credit losses, amounts due from subsidiary undertakings, and other receivables have been grouped by shared credit risk characteristics. In addition to the expected credit losses, the Company may make additional provisions for particular receivables if deterioration of the financial position is observed.

During the year, the Company provided for £192 million (2021: £17 million) of doubtful debts for amounts owed by its subsidiary undertakings. £11 million was written back to the Income Statement for provisions of doubtful debts no longer required.

The recoverability of the amounts owed by subsidiary undertakings is assessed on an annual basis or more frequently when an indication of impairment exists. Determining whether there is an indication of impairment requires judgement as the assessment is based on either net assets of the undertaking or forecast future performance.

Notes to the ITV plc Company Financial Statements continued

Note v Net debt

Keeping it simple

The Directors manage the Group's capital structure as disclosed in section 4 to the consolidated financial statements. Borrowings, cash and derivative financial instruments are mainly held by ITV plc and disclosed in these Company financial statements.

Cash and cash equivalents

At 31 December 2022, the Company has a cash position of £197 million (2021: £549 million).

Loans and facilities due within one year

In January 2022, the Company entered into a new syndicated £500 million Revolving Credit Facility ('RCF') to meet short-term funding requirements, of which £50 million was drawn at 31 December 2022. The original terms of the RCF ran until January 2027; however, ITV plc took the opportunity to give notice to extend for one year, pushing current expiry out to 2028. (There is a further extension opportunity in 2024, which means that facility could potentially provide funding out to 2029). The financial covenants in the new RCF are the same as those that applied to the previous RCF. In addition, there are ESG targets linked to the delivery of ITV's science-based carbon emissions targets.

The €335 million Eurobond was repaid in September 2022.

The €259 million Eurobond, at a fixed coupon of 2.0%, matures in December 2023 (the principal and final interest payment having been fully hedged with FX forward rate agreements).

Loans and loan notes due after one year

The Company has the following Eurobond in issue:

- €600 million at a fixed coupon of 1.375%, which matures in September 2026 has been swapped back to sterling (£533 million) using a number of cross-currency interest rate swaps. The resulting fixed rate payable in sterling is c.2.9%.

See section 4.1 of the Group Notes for further details of borrowings and available facilities.

Note vi Managing market risks: derivative financial instruments

What is the value of our derivative financial instruments?

	Assets 2022 £m	Liabilities 2022 £m
Current		
Foreign exchange forward contracts and swaps – fair value through profit or loss	**7**	**(7)**
Foreign exchange forward contracts and swaps – cash flow hedges	**–**	**(1)**
Non-current		
Cross-currency interest swaps – cash flow hedges	**–**	**(8)**
Foreign exchange forward contracts and swaps – fair value through profit or loss	**2**	**(2)**
	9	**(18)**

	Assets 2021 £m	Liabilities 2021 £m
Current		
Foreign exchange forward contracts and swaps – fair value through profit or loss*	7	(8)
Non-current		
Cross-currency interest swaps – cash flow hedges	–	(36)
Foreign exchange forward contracts and swaps – fair value through profit or loss	1	(1)
	8	(45)

* 2021 has been updated from prior year to better reflect the foreign exchange forward contracts and swaps between the Company and its subsidiaries

The Company employs cross-currency interest rate swaps to exchange the principal and interest coupons in a debt instrument from one currency to another.

Currency risk

The Company's foreign exchange policy is to use forward foreign exchange contracts and cross-currency interest rate swaps both to manage foreign currency cash flow timing differences and to hedge foreign currency denominated monetary items.

Cash flow hedges

In order to fix the sterling cash outflows associated with the commitments and interest payments – which are mainly denominated in euros – the Company has taken out forward foreign exchange contracts and cross-currency interest rate swaps for the same foreign currency amount and maturity date as the expected foreign currency outflow.

The amount recognised in other comprehensive income during the period all relates to the effective portion of the revaluation loss associated with these contracts. There was less than £3 million (2021: less than £1 million) ineffectiveness taken to the Income Statement and £37 million cumulative gain (2021: £32 million cumulative loss*) recycled to the Income Statement in the year.

Under IFRS 9, the Company has adopted the 'cost of hedging' approach which allows the recognition of the value of the currency basis at inception of the hedge to be recorded on the Statement of Financial Position and amortised through net financing costs in the Income Statement over the life of the bond. Any mark-to-market change in fair value of the currency basis is recognised in 'cost of hedging' in the Statement of Comprehensive Income.

* 2021 has been updated from prior year to better reflect the amounts reclassified from the Consolidated Statement of Comprehensive Income to the Consolidated Income Statement

Notes to the ITV plc Company Financial Statements continued

Undiscounted financial liabilities

The Company is required to disclose the expected timings of cash outflows for each of its derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest), so will not always reconcile with the amounts disclosed on the Statement of Financial Position.

At 31 December 2022*	Carrying value £m	Total contractual cash flows £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Non-current and current						
Foreign exchange forward contracts and swaps – cash flow hedges						
Inflow	–	233	233	–	–	–
Outflow	(1)	(236)	(236)	–	–	–
Cross-currency swaps – cash flow hedges						
Inflow	–	560	7	7	546	–
Outflow	(8)	(596)	(16)	(16)	(564)	–
Foreign exchange forward contracts and swaps – fair value through profit or loss						
Inflow	9	570	403	136	31	–
Outflow	(9)	(570)	(403)	(136)	(31)	–
	(9)	(39)	(12)	(9)	(18)	–

At 31 December 2021*	Carrying value £m	Total contractual cash flows £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Non-current and current						
Cross-currency swaps – cash flow hedges						
Inflow	–	539	7	7	525	–
Outflow	(36)	(612)	(16)	(16)	(580)	–
Foreign exchange forward contracts and swaps – fair value through profit or loss **						
Inflow	8	667	569	98	–	–
Outflow	(9)	(666)	(568)	(98)	–	–
	(37)	(72)	(8)	(9)	(55)	–

* The Company is jointly and severally liable for VAT at 31 December 2022 of £35 million (31 December 2021: £53 million)

** 2021 has been updated from prior year to better reflect the foreign exchange forward contracts and swaps between the Company and its subsidiaries

Note vii Share capital

	Allotted, issued and fully paid 2022 & 2021 £m
Allotted, issued and fully paid ordinary shares of 10 pence each	403
Total	**403**

The Company's ordinary shares give shareholders equal rights to vote, receive dividends and to the repayment of capital.

Note viii Equity and dividends

Keeping it simple

ITV plc is a non-trading investment holding company and derives its profits from dividends paid by subsidiary companies.

The Directors consider the Company's capital structure and dividend policy at least twice a year ahead of announcing results and do so in the context of its ability to continue as a going concern, to execute the strategy and to invest in opportunities to grow the business and enhance shareholder value.

The dividend policy is influenced by a number of the principal risks as identified on pages 75 to 84 that could have a negative impact on the performance of the Company.

In determining the level of dividend in any year, the Directors follow the dividend policy and also consider a number of other factors that influence the proposed dividend and dividend policy, including:

- The level of retained distributable reserves in ITV plc the Company
- Availability of cash resources (as disclosed in note 4.1 to the consolidated financial statements) and
- Future cash commitments and investment plans, to deliver the Company's long-term strategic plan
- Consideration of the factors underlying the Directors' viability assessment and
- The future availability of funds required to meet longer-term obligations including pension commitments.

Equity

The retained earnings reserve includes profit after tax for the year of £800 million (2021: £150 million), which includes dividends of £980 million from subsidiaries in 2022 (2021: £200 million).

During the year, the Company provided for £192 million (2021: £17 million) of doubtful debts for amounts owed by its subsidiary undertakings. £11 million was written back to the Income Statement for provisions of doubtful debts no longer required.

The recoverability of the amounts owed by subsidiary undertakings is assessed on an annual basis or more frequently when an indication of impairment exist. Determining whether there is an indication of impairment requires judgement as the assessment is based on either net assets of the undertaking or forecast future performance.

The share premium of £174 million remains unchanged in the year. Other reserves of £29 million (2021: £31 million) comprises Merger reserves of £36 million (2021: £36 million) which relate to share buybacks in prior periods and Translation reserves with net losses of £7 million (net losses of £5 million) which relate to cash flow hedges and cost of hedging.

Dividends

Reflecting ITV's strong operational and financial performance in the year, and in line with previous guidance, the Board proposes a final dividend of 3.3p, giving a full year dividend of 5.0p per share. In 2022, £201 million of dividends were paid (2021: £nil), representing a final 2021 dividend of 3.3p per share and an interim 2022 dividend of 1.7p per share.

Note ix Contingent liabilities

Keeping it simple

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision where uncertainty may exist regarding the outcome of future events.

As reported in our interim financial statements, 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 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.

Under a Group registration, the Company is jointly and severally liable for VAT at 31 December 2022 of £35 million (31 December 2021: £53 million). The Company has guaranteed certain performance and financial obligations of subsidiary undertakings.

Notes to the ITV plc Company Financial Statements continued

Note x Capital and other commitments

There are contingent liabilities in respect of certain litigation and guarantees, broadcasting issues, and in respect of warranties given in connection with certain disposals of businesses. None of these items is expected to have a material effect on the Company's results or financial position.

The Company enters into guarantee contract to guarantee the performance and/or financial obligations of other companies within the Group. In this respect, the Company treats these guarantee contracts as a contingent liability until it becomes probable that the Company will be required to make a payment under the relevant guarantee.

The Company has a £300 million bilateral loan facility which matures on 30 June 2026. Utilisation requests are subject to the lender's ability to source ITV Credit Default Swaps (CDS) in the market at the time the utilisation request is made. The facility remains free of financial covenants. At 31 December 2021 £152 million of the facility was utilised as a letter of credit to support the Group's asset-backed pension scheme arrangement in respect of the defined benefit pension scheme. This pension scheme arrangement has been renewed in the period and the letter of credit has been released. At 31 December 2022, the facility was undrawn.

There are no capital commitments at 31 December 2022 (2021: none).

Note xi Related party transactions

Keeping it simple

The related parties identified by the Directors include amounts owed to and from subsidiary undertakings that are not wholly owned within the Group as well as transactions with key management. The Company is a holding company with no commercial activity.

To enable the users of the financial statements to form a view about the effects of related party relationships on the Company, we disclose the Company's transactions with those during the year.

Transactions with subsidiary undertakings that are not wholly owned

The amounts owed by and to these related parties at the year end were:

	2022 £m	2021* £m
Amounts owed by subsidiary undertakings that are not wholly owned	**55**	191
Amounts owed to subsidiary undertakings that are not wholly owned	**(4)**	(8)

Amounts owed by subsidiary undertakings that are not wholly owned relate mainly to funding provided to production companies in our Studios division.

Amounts owed to subsidiary undertakings that are not wholly owned, relate mainly to amounts owed to 3sixtymedia Limited and ITV Studios France S.A.S.

* 2021 has been updated as follows, Amounts owed by subsidiary undertakings that are not wholly owned was previously £164 million and amounts owed to subsidiary undertakings that are not wholly owned was previously £3 million.

Transactions with key management personnel

Key management consists of ITV plc Executive Directors.

Key management personnel compensation, on an accounting basis, is as follows:

	2022 £m	2021 £m
Short-term employee benefits	**3**	4
Share-based compensation	**3**	2
	6	6

Total emoluments and gains on share options received by key management personnel in the year were:

	2022 £m	2021 £m
Emoluments	**3**	2
Gains on exercise of share options	**–**	2
	3	4

Subsidiary undertakings and investments

Principal subsidiary undertakings

The principal subsidiary undertakings of the Company at 31 December 2022, all of which are wholly owned (directly or indirectly) and incorporated and registered where stated.

Company Name	Country	Principal Business Activity	% Holding
Carlton Communications Limited* (1)(a)(d)	UK	Holding company	100
ITV Broadcasting Limited (1)(a)	UK	Broadcast of television programmes	100
ITV Consumer Limited (1)(a)	UK	Development of platforms, broadband, transactional and mobile services	100
ITV Digital Channels Limited (1)(a)	UK	Operation of digital television channels	100
ITV Studios Global Distribution Limited (1)(a)	UK	Rights ownership and distribution of television programmes and films	100
ITV Network Limited (1)(i)	UK	Scheduling and commissioning of television programmes	100
ITV Rights Limited (1)(a)	UK	Rights ownership	100
ITV Services Limited (1)(a)(e)	UK	Provision of services for other companies within the Group	100
ITV Studios Limited (1)(a)	UK	Production of television programmes	100
ITV2 Limited (1)(a)	UK	Operation of digital television channels	100
SDN Limited (1)(a)	UK	Operation of Freeview Multiplex A	100
ITV Studios Holding B.V. (41)(a)	Netherlands	Production of television programmes	100
ITV America Inc. (30)(j)	USA	Production of television programmes	100
ITV Global Entertainment, Inc. (30)(j)	USA	Rights ownership and distribution of television programmes and films	100
Southbank Studios Inc. (30)(j)	USA	Production of television programmes	100

Wholly-owned subsidiary undertakings

Company Name	Country	% Holding
12 Yard Productions (Investments) Limited (1)(a)	UK	100
12 Yard Productions Limited (1)(a)	UK	100
A.C.E. (1988) Limited (1)(a)	UK	100
Back Productions Limited (7)(a)	UK	100
Big Talk Alone Limited (1)(a)	UK	100
Big Talk Cold Feet Limited (1)(a)	UK	100
Big Talk Friday Limited (1)(a)	UK	100
Big Talk Goes Wrong Limited (1)(a)	UK	100
Big Talk Horseface Limited (1)(a)	UK	100
Big Talk I Hate You Limited (1)(a)	UK	100
Big Talk Investments Limited (1)(a)	UK	100
Big Talk Living the Dream Limited (1)(a)	UK	100
Big Talk Offenders Limited (1)(a)	UK	100
Big Talk Peacock Limited (1)(a)	UK	100
Big Talk Pictures Limited (1)(a)	UK	100
Big Talk Productions Limited (1)(a)	UK	100
Boom Cymru TV Ltd (5)(a)	UK	100
Boom Pictures Limited (1)(a)	UK	100
Box Clever Technology Limited (1)(a)	UK	100
Box Clever Trustees Limited (83)(a)	UK	100
Broad Street Films Limited (1)(a)	UK	100
Button Hall Productions (1)(a)	UK	100
Campania Limited (1)(a)(k)	UK	100
Carbon Media Limited (1)(a)	UK	100
Carlton Active Limited (1)(a)	UK	100
Carlton Cinema Limited (1)(a)	UK	100
Carlton Content Holdings Limited (1)(a)	UK	100
Carlton Film Distributors Limited (1)(a)	UK	100
Carlton Finance Limited (1)(a)	UK	100
Carlton Food Network Limited (1)(a)	UK	100
Carlton Programmes Development Limited (1)(a)	UK	100
Carlton Screen Advertising (Holdings) Limited (1)(a)	UK	100
Carltonco 99 Limited (1)(a)	UK	100
Carltonco Eighty-One Limited (1)(a)(b)	UK	100
Carltonco Fifty Limited (1)(a)(k)	UK	100
Carltonco Forty-Five Limited (1)(a)	UK	100
Carltonco Ninety-Six (1)(a)(f)	UK	100
Carltonco Seventeen Limited (1)(a)	UK	100
Castlefield Properties Limited (1)(a)	UK	100
Cat's on the Roof Media Limited (1)(a)	UK	100
Central Television Limited (1)(a)	UK	100
Channel Television Holdings Limited (1)(a)	UK	100
Cirkus Limited (10)(a)	UK	100
Cloth Cat LBB Limited (5)(a)	UK	100
Cosgrove Hall Films Limited (1)(a)	UK	100
Crook Productions Limited (1)(a)	UK	100
Cynhyrchiadau Boomerang Cyf (5)(a)	UK	100
Double Double Limited (1)(a)	UK	100
Electronic Rentals Group (1)(a)	UK	100
EQ Pictures Limited (1)(a)	UK	100
Gameface Productions Limited (1)(a)	UK	100
GIL Limited (1)(a)	UK	100
Gorilla TV Group Limited (5)(a)	UK	100
Gorilla TV Limited (5)(a)	UK	100
Granada AV Solutions Limited (1)(a)	UK	100
Granada Film (1)(a)	UK	100
Granada Film Productions Limited (1)(a)	UK	100
Granada Group Limited (1)(a)	UK	100
Granada Limited (1)(a)	UK	100
Granada Media Limited (1)(a)(l)	UK	100
Granada Screen (2005) Limited (1)(a)	UK	100
Granada Television Limited (1)(a)	UK	100
Granada Television Overseas Limited (1)(a)	UK	100
Granada UK Rental and Retail Limited (1)(a)(e)	UK	100
Harlots Limited (1)(a)	UK	100
Interactive Telephony Limited (1)(a)	UK	100
International Television Enterprises London Limited (1)(a)(d)	UK	100
ITC Distribution (1)(a)	UK	100
ITC Entertainment Group Limited (1)(a)	UK	100
ITC Entertainment Holdings Limited (1)(a)	UK	100
ITV (Scotland) Limited (20)(a)	UK	100
ITV 112 Limited (9)(a)	UK	100
ITV AdVentures Limited (1)(a)	UK	100
ITV Alder Limited (1)(a)	UK	100
ITV Archie Limited (1)(a)	UK	100
ITV Barking Limited (1)(a)	UK	100
ITV Border Limited (1)(a)	UK	100
ITV Breakfast Broadcasting Limited (1)(a)	UK	100
ITV Breakfast Limited (1)(a)	UK	100
ITV Central Limited (1)(a)	UK	100
ITV DC Trustee Limited (1)(a)	UK	100
ITV Digital Holdings Limited (1)(a)	UK	100
ITV Duneen Limited (1)(a)	UK	100
ITV Enterprises Limited (1)(a)	UK	100
ITV Holdings Limited (1)(a)	UK	100
ITV International Channels Limited (1)(a)	UK	100
ITV Investments Limited* (1)(a)	UK	100
ITV LTVC (Scotland) Limited (20)(a)	UK	100
ITV Maternal Limited (1)(a)	UK	100
ITV Meridian Limited (1)(a)	UK	100
ITV Nightingale Limited (1)(a)	UK	100
ITV Nolly Limited (1)(a)	UK	100
ITV Pension Scheme Limited (1)(a)(b)	UK	100
ITV POS Limited (1)(a)	UK	100
ITV Properties (Developments) Limited (1)(a)	UK	100
ITV Ralph and Katie Limited (1)(a)	UK	100
ITV RE Limited (1)(a)	UK	100
ITV Shetland Limited (1)(a)	UK	100
ITV Spy Limited (1)(a)	UK	100
ITV Studios (Israel) Limited (1)(a)	UK	100
ITV Supplementary Pension Scheme Limited (1)(a)	UK	100
ITV TFG Holdings Limited (1)(a)	UK	100
ITV The Bay Limited (1)(a)	UK	100
ITV The Reckoning Limited (1)(a)	UK	100
ITV TLC Limited (1)(a)	UK	100
ITV Top Class Limited (1)(a)	UK	100
ITV Venturer Limited (1)(a)	UK	100
ITV Ventures Limited (1)(a)	UK	100
ITV Vera Limited (1)(a)	UK	100
ITV Wales & West Group Limited (1)(a)	UK	100
ITV Wales & West Limited (1)(a)	UK	100

Company Name	Country	% Holding
ITV WKOW Limited (1)(a)	UK	100
ITV Y&M Limited (1)(a)	UK	100
ITV3 Limited (1)(a)	UK	100
ITV4 Limited (1)(a)	UK	100
Juice Music UK Limited (1)(a)	UK	100
London News Network (1)(a)	UK	100
London Weekend Television Limited (1)(a)	UK	100
LWT (Holdings) Limited (1)(a)(c)	UK	100
Mammoth Screen (BHR) Limited (1)(a)	UK	100
Mammoth Screen (End) Limited (1)(a)	UK	100
Mammoth Screen (End2) Limited (1)(a)	UK	100
Mammoth Screen (End6) Limited (1)(a)	UK	100
Mammoth Screen (End7) Limited (1)(a)	UK	100
Mammoth Screen (End8) Limited (1)(a)	UK	100
Mammoth Screen (End9) Limited (1)(a)	UK	100
Mammoth Screen (Evans) Limited (1)(a)	UK	100
Mammoth Screen (GK) Limited (1)(a)	UK	100
Mammoth Screen (MD) Limited (1)(a)	UK	100
Mammoth Screen (MD2) Limited (1)(a)	UK	100
Mammoth Screen (MIE) Limited (1)(a)	UK	100
Mammoth Screen (NC) Limited (1)(a)	UK	100
Mammoth Screen (Pol2) Limited (1)(a)	UK	100
Mammoth Screen (Pol3) Limited (1)(a)	UK	100
Mammoth Screen (Pol4) Limited (1)(a)	UK	100
Mammoth Screen (Pol5) Limited (1)(a)	UK	100
Mammoth Screen (Poldark) Limited (1)(a)	UK	100
Mammoth Screen (QV) Limited (1)(a)	UK	100
Mammoth Screen (Serpent) Limited (1)(a)	UK	100
Mammoth Screen (SG) Limited (1)(a)	UK	100
Mammoth Screen (TJ) Limited (25)(a)	UK	100
Mammoth Screen (Tower) Limited (1)(a)	UK	100
Mammoth Screen (VF) Limited (1)(a)	UK	100
Mammoth Screen (Vic3) Limited (1)(a)	UK	100
Mammoth Screen (WOF) Limited (1)(a)	UK	100
Mammoth Screen (WOF2) Limited (25)(a)	UK	100
Mammoth Screen (WOTW) Limited (1)(a)	UK	100
Mammoth Screen Ltd (1)(a)	UK	100
Metavision Limited (1)(a)	UK	100
Millbank Studios (1)(a)	UK	100
Monumental Television Limited (1)(a)	UK	100
Morning TV Limited (1)(a)	UK	100
Moving Picture Company Films Limited (1)(a)	UK	100
MT Ghosts 2 Limited (1)(a)	UK	100
MT Ghosts Limited (1)(a)	UK	100
MT Maryland Limited (1)(a)	UK	100
MT Mrs Sidhu Limited (1)(a)	UK	100
MT Murder in Provence Limited (1)(a)	UK	100
New Providence Productions Limited (1)(a)	UK	100
Pickwick Packaging Limited (1)(a)	UK	100
Planet Woo Limited (1)(a)	UK	100
QSP ATF Limited (1)(a)	UK	100
QSP FMO Limited (1)(a)	UK	100
QSP Ghosted Limited (1)(a)	UK	100
QSP Men Up Limited (1)(a)	UK	100
QSP MU Limited (1)(a)	UK	100
QSP MY Limited (1)(a)	UK	100
QSP PD Limited (1)(a)	UK	100
QSP TRK Limited (1)(a)	UK	100
QSP Nolly Limited (1)(a)	UK	100
QSP SO limited (1)(a)	UK	100
Second Act (Grace) Limited (1)(a)	UK	100
Second Act Productions Limited (1)(a)	UK	100
Sightseers Film Limited (1)(a)	UK	100
So Television Limited (1)(a)	UK	100
The Addressable Platform Limited (1)(a)	UK	100
The Garden Productions Limited (1)(a)	UK	100
TwoFour Broadcast Limited (3)(a)	UK	100
TwoFour Group Holdings Limited (1)(a)	UK	100
TwoFour Group Limited (3)(a)	UK	100
UTV Limited (24)(a)	UK	100
UTV Pension Scheme Limited (24)(a)	UK	100
Westcountry Television Limited (1)(a)	UK	100
World of Sport Wrestling Limited (1)(a)	UK	100
Yorkshire Television Limited (1)(a)	UK	100
Zebedee Productions Limited (1)(a)	UK	100
Artist Services Cable Pty Ltd (26)(a)	Australia	100
Artist Services Investments Pty Limited (26)(a)	Australia	100
Artist Services Productions Pty Ltd (26)(a)	Australia	100
Granada Media International (Australia) Pty Ltd (26)(a)	Australia	100
Granada Media Investments (Australia) Pty Ltd (26)(a)	Australia	100
Granada Productions Pty Ltd (26)(a)	Australia	100
ITV Services Pty Ltd (26)(a)	Australia	100
ITV Studios Australia Pty Limited (26)(a)	Australia	100
ITV Studios Global Distribution Pty Limited (26)(a)	Australia	100

Company Name	Country	% Holding
ITV SVOD Australia Pty Limited (26)(a)	Australia	100
Totally Full Frontal Productions Pty Limited (26)(a)	Australia	100
ITV Holdings (Cayman) Limited (27)(a)	Cayman Islands	100
ITV Studios Denmark Holdings Aps (73)(a)	Denmark	100
United Productions Aps (74)(a)	Denmark	100
ITV Studios Finland Oy (40)(a)	Finland	100
Granada (Fiji) Pte Ltd. (48)(a)	Fiji	100
ITV Studios France Holdings SAS (64)(a)	France	100
ITV Studios TV France SAS (64)(a)	France	100
Bildergarten Entertainment GmbH (55)(a)	Germany	100
Bildergarten Infotainment GmbH (55)(a)	Germany	100
Imago TV Film und Fernsehproduktion GmbH	Germany	100
ITV Studios Germany Fiction GmbH (55)(a)	Germany	100
ITV Studios Germany GmbH (28)(a)	Germany	100
ITV Studios Germany Holdings GmbH (28)(a)	Germany	100
Windlight Pictures GmbH (44)(a)	Germany	100
Elecrent Insurance Limited (21)(a)	Guernsey	100
ITV Studios Global Distribution (Hong Kong) Limited (58)(a)	Hong Kong	100
Armoza International Media Ltd (56)(a)	Israel	100
Channel Television Limited (22)(a)	Jersey	100
ITV London Properties Limited (23)(a)	Jersey	100
ITV Properties (Jersey) Limited (23)(a)	Jersey	100
ITV Studios Lebanon S.A.R.L (80)(a)	Lebanon	100
April, May en June BV (46)(a)	Netherlands	100
Global Music & Talent Agency B.V. (41)(a)	Netherlands	100
ITV (Europe) Holdings B.V.* (41)(a)	Netherlands	100
ITV Studios Global Entertainment B.V. (41)(a)	Netherlands	100
ITV Studios Netherlands B.V. (42)(a)	Netherlands	100
ITV Studios Netherlands Content B.V. (42)(a)	Netherlands	100
ITV Studios Netherlands Drama B.V. (43)(a)	Netherlands	100
ITV Studios Netherlands Holding B.V. (43)(a)	Netherlands	100
Stitchting 'Derdengelden' TV Producties (41)(a)	Netherlands	100
ITV Studios Norway AS (70)(a)	Norway	100
ITV Studios Norway Vest AS (70)(a)	Norway	100
ITV GE (Asia) Pte Limited (77)(a)	Singapore	100
ITV Studios Spain SL (78)(a)	Spain	100
ITV Scandinavia Holdings AB (59)(a)	Sweden	100
ITV Studios Sweden Drama AB (59)(a)	Sweden	100
ITV Studios Sweden AB (59)(a)	Sweden	100
ITV Studios Germany GmbH, Köln, Zweigniederlassung Zürich (60)(m)	Switzerland	100
Maximum Media Production FZ-LLC (63)(a)	UAE	100
ITV Studios Arabia Holding Ltd (63)(a)	UAE	100
ITV Studios Middle East FZ-LLC (63)(a)	UAE	100
ALB1819 Productions Inc. (30)(j)	USA	100
Cardinal Productions of Ohio, Inc. (30)(j)	USA	100
Carlton Media Company, Inc. (30)(j)	USA	100
Cranktown Productions Inc. (30)(j)	USA	100
Critical Productions Inc (30)(j)	USA	100
Electric Farm Entertainment Holdings Inc. (30)(j)	USA	100
Feeding Time Productions, LLC (34)(h	USA	100
Fourth State Productions Inc (35) (j)	USA	100
Gear Shop Inc. (30)(j)	USA	100
Grafting 101, Inc. (30)(h)	USA	100
Granada Cracker US Productions (32)(j)	USA	100
Granada Television International, Inc. (30)(j)	USA	100
Gurney Productions, LLC (32)(h)	USA	100
GWC Enterprises Inc. (30)(j)	USA	100
Hamdon Entertainment, Inc. (30)(j)	USA	100
High Noon Group, LLC (33)(h)	USA	100
High Noon Productions, LLC (33)(h)	USA	100
ITC Distribution, LLC (30)(h)	USA	100
ITC Entertainment Group, Inc (30)(j)	USA	100
ITC Films, LLC (30)(h)	USA	100
ITC Productions, LLC (30)(h)	USA	100
ITV Bedrock Holding, Inc. (30)(h)	USA	100
ITV Believe Holding, Inc. (30)(j)	USA	100
ITV Blumhouse Holding Inc (30)(j)	USA	100
ITV Diga Holding, Inc (30)(j)	USA	100
ITV Entertainment Services Inc.(30)(j)	USA	100
ITV Gurney Holding Inc. (30)(j)	USA	100
ITV HN Holding Inc. (30)(j)	USA	100
ITV International Corporation (30)(j)	USA	100
ITV Leftfield Holding Inc. (30)(j)	USA	100
ITV New Form Holding Inc. (30)(j)	USA	100
ITV NewTV Holding Inc. (30)(j)	USA	100
ITV Popco Holding Inc. (30)(j)	USA	100
ITV Southpoint Holding Inc (30)(j)	USA	100
ITV Studios America Inc. (30)(j)	USA	100
ITV Studios, Inc. (32)(j)	USA	100
ITV Studios The Voice USA, Inc. (32)(j)	USA	100
ITV SVOD Holding Inc. (30)(j)	USA	100
ITV Thinkfactory Holding Inc. (30)(j)	USA	100

Company Name	Country	% Holding
ITV Tomorrow Holding, Inc. (30)(j)	USA	100
ITV US Holdings, Inc. (30)(j)	USA	100
JB Entertainment Holding Company, Inc. (30)(j)	USA	100
Kirkstall Road Enterprises, Inc. (30)(j)	USA	100
Krewed Inc (30)(j)	USA	100
Leftfield Entertainment, LLC (30)(h)	USA	100
Leftfield Pictures of NY Holdings, LLC (30)(h)	USA	100
Leftfield Pictures of NY, LLC (30)(h)	USA	100
Leftfield Ventures, LLC (30)(h)	USA	100
Loud Television, LLC (30)(h)	USA	100
LWT Enterprises Inc. (30)(j)	USA	100
Marriage Boot Camp Reality Stars, LLC (30)(h)	USA	100

Company Name	Country	% Holding
Moving Pictures Services Inc. (30)(j)	USA	100
Outpost Entertainment LLC, (30)(h)	USA	100
Over the Pond Productions, Inc. (30)(j)	USA	100
Post 460 Inc (30)(j)	USA	100
Quay Street Enterprises, Inc. (30)(j)	USA	100
Sandia Pictures Inc (30)(j)	USA	100
Sirens Media, LLC (30)(h)	USA	100
Solowe Productions Inc (30)(j)	USA	100
Southsquare Productions Inc. (30)(j)	USA	100
Thinkfactory Group, LLC (30)(h)	USA	100
Thinkfactory Media, LLC (30)(h)	USA	100
Upper Ground Enterprises, Inc. (30)(j)	USA	100

Other subsidiaries, joint ventures, associates and other significant holdings

Company Name	Country	% Holding
Absolutely Rights Limited (6)(f)	UK	20
That Mitchell and Webb Company Limited (7)(a)	UK	20
Broadcasters' Audience Research Board Limited (82)(i)	UK	20.6
Live Tech Games Limited (78)(a)(e)	UK	20.7
Route 24 Limited (17)(a)	UK	24.9
Clearcast Limited (11)(a)	UK	25
DTV Services Limited (13)(a)	UK	25
Genial Productions Limited (39)(a)	UK	25
Koska Limited (53)(a)	UK	25
South Shore Productions Limited (54) (a)	UK	25
Thinkbox TV Limited (16)(a)	UK	28.58
Digital UK Trading Limited (13)(a)	UK	33
Freesat (UK) Limited (14)(a)	UK	33
Independent Television News Limited (15)(a)	UK	40
Malacara Limited (5)(a)	UK	49
BritBox International Limited (81)(a)	UK	50
BritBox International Trading Limited (81)(a)	UK	50
British Film-Makers Limited (1)(a)	UK	50
Denipurna Limited (1)(a)	UK	50
Digital 3 and 4 Limited (12)(a)	UK	50
Noho Film and Television Limited (18)(a)	UK	50
Standard Music Limited (19)(a)	UK	50
Tell Me Everything Limited (18)(a)	UK	50
Possessed Limited (1)(a)	UK	51
3sixtymedia Limited (1)(a)	UK	80
Escapade Bidco Limited (1)(a)	UK	79.5
Magnify Content Media Ltd (1)(a)	UK	79.5
Plimsoll International Ltd (1)(a)	UK	79.5
Plimsoll Productions Limited (1)(a)	UK	79.5
Titan Productions Ltd (1)(a)	UK	79.5
Year on Earth Productions Ltd (1)(a)	UK	79.5
OSF (Wales) Limited (5)(a)	UK	85
Oxford Scientific Films Limited (5)(a)	UK	85
BritBox SVOD Limited (1)(a)	UK	99
Age Before Beauty Limited (4)(a)	UK	90
Gold Digger Productions Limited (4)(a)	UK	90
Mainstreet Pictures Limited (4)(a)	UK	90
Unforgotten 2 Limited (4)(a)	UK	90
Unforgotten 3 Ltd (4)(a)	UK	90
Unforgotten Productions Limited (4)(a)	UK	90
WP Anne Limited (1)(a)	UK	95
WP Bodyguard Limited (1)(a)	UK	95
WP Delia Limited (1)(a)	UK	95
WP Diplomat Limited (1)(a)	UK	95
WP Faslane Limited (1)(a)	UK	95
WP Fifteen Limited (1)(a)	UK	95
WP Karen Pirie Limited (1)(a)	UK	95
WP LOD5 Limited (1)(a)	UK	95
WP LOD6 Limited (1)(a)	UK	95
WP Malpractice Limited (1)(a)	UK	95
WP Pembrokeshire Limited (1)(a)	UK	95
WP RM Limited (1)(a)	UK	95

Company Name	Country	% Holding
WP Save Me 2 Limited (1)(a)	UK	95
WP Showtrial Limited (1)(a)	UK	95
WP The Suspect Limited (1)(a)	UK	95
World Productions Limited (1)(a)	UK	95
GC Films Pty Limited (26)(a)	Australia	49
Britbox Australia Management Pty Limited (38)(a)	Australia	50
ATP Post Pty Ltd (84) (a)	Australia	51
ES Productions Pty Ltd (84) (a)	Australia	51
Lingo Pictures Pty Ltd (85) (a)	Australia	51
Messenger Productions Pty Ltd (84) (a)	Australia	51
Prosper Productions Pty Ltd (84) (a)	Australia	51
Queen of Oz Productions Pty Ltd (84) (a)	Australia	51
Secrets Productions Pty Ltd (85) (a)	Australia	51
Secrets 2 Productions Pty Ltd (84) (a)	Australia	51
Upright Productions Pty Ltd (85) (a)	Australia	51
Upright Productions 2 Pty Ltd (84) (a)	Australia	51
Apple Tree Productions Aps (75)(a)	Denmark	51
15.15 Productions SAS (71)(a)	France	32.52
Balina Films SAS (72)(a)	France	32.52
Beaubourg Fiction SAS (72)(a)	France	32.52
Beaubourg Stories SAS (72)(a)	France	32.52
Gedesel SAS (52)(a)	France	32.52
SCI MD 60 SAS (51)(a)	France	32.52
Funny Corp SAS (51)(a)	France	33.17
Macondo Productions Audiovisueles SAS (51)(a)	France	33.17
Tetra Media Fiction SAS (51)(a)	France	50.7
Shoot Again Productions SAS (51)(a)	France	61.79
Beaubourg Audiovisuel SAS (72)(a)	France	65.04
Tangaro SAS (51)(a)	France	65.04
Phara Prod International SAS (51)(a)	France	65.04
Tetra Media Studios SAS (51)(a)	France	65.04
ITV Studios France SAS (64)(a)	France	96.875
Think Cattleya Srl (37)(a)	Italy	40
Cattleya International Srl (37)(a)	Italy	51
Cattleya Srl (37)(a)	Italy	80
Radio Cattleya Srl (37)(a)	Italy	80
Cattleya Producciones SL (37)(a)	Spain	51
Appletree Productions AC (59)(a)	Sweden	51
Bedrock Entertainment LLC (30)(h)	USA	40
Southrock Productions LLC (30)(h)	USA	40
Blumhouse TV Holdings LLC (30)(h)	USA	45
Tomorrow Friends LLC (30)(h)	USA	45
Work Friends LLC (30)(h)	USA	45
BBC Rights, LLC (30)(h)	USA	50
Britbox, LLC (36)(h)	USA	50
Circle of Confusion Television Studios LLC (30)(h)	USA	51
Jaffe/ Braunstein Entertainment, LLC (31)(h)	USA	51
South Circle Productions LLC (30)(h)	USA	51
Next Steps Productions, LLC (30)(h)	USA	60
Tomorrow Studios LLC (30)(h)	USA	60
Plimsoll Productions USA, Inc (86)(a)	USA	79.5
Yellow Productions USA, Inc (86)(a)	USA	79.5

Memberships, Partnerships, Companies Limited by Guarantee and Branches

Company Name	Country	% Holding
ITV LTVC Scottish Limited Partnership (68)(h)**	UK	100
ITV Scottish Limited Partnership (68)(h)**	UK	100
Producers Rights Agency Limited (66)(i)	UK	50
DTT Multiplex Operators Limited (67)(i)	UK	25
Digital UK Limited (13)(i)	UK	33

Company Name	Country	% Holding
Britbox Australia Partnership (38)(h)	Australia	50
Futureflip Entertainment India LLP (69)(h)	India	100
The Lab Television 2013 Limited Partnership (61)(a)	Israel	50
The Lab Television Limited (61)(a)	Israel	50
ITV Studios Limited (m)***	Spain	100

Address key

(1) ITV White City, 201 Wood Lane, London W12 7RU, United Kingdom
(2) 218 Penarth Road, Cardiff, CF11 8NN, United Kingdom
(3) Twofour Studios, Estover, Plymouth, Devon, PL6 7RG, United Kingdom
(4) Kingsbourne House, 229–231 High Holborn, London, WC1V 7DA, United Kingdom
(5) Gloworks, Porth Teigr Way, Cardiff, Wales, CF10 4GA, United Kingdom
(6) 18 The Glasshouse Studios, Fryern Court Road, Fordingbridge, Hampshire, SP6 1NG, United Kingdom
(7) 26 Nassau Street, London, W1W 7AQ, United Kingdom
(8) 5 New Street Square, London, EC4A 3TW, United Kingdom
(9) Orange Tower, Media City UK, Salford M50 2HF
(10) The Met Building, 22 Percy Street, London, W1T 2BU, United Kingdom
(11) 4 Roger Street, 2nd Floor, London, WC1X 2JX, United Kingdom
(12) 124 Horseferry Road, London, SW1P 2TX, United Kingdom
(13) Fieldfisher Riverbank House, Swan Lane, London, England, EC4R 3TT
(14) 23-24 Newman Street, London, W1T 1PJ, United Kingdom
(15) 200 Gray's Inn Road, London, WC1X 8HF, United Kingdom
(16) Manning House, 22 Carlisle Place, London, SW1P 1JA, United Kingdom
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(22) Le Capelain House, Castle Quay, St. Helier, JE2 3EH, Jersey
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(24) City Quays 2, 8th Floor, 2 Clarendon Road, Belfast, BT1 3YD, United Kingdom
(25) Office 306, Forsyth House, Cromac Square, Belfast, Northern Ireland, BT2 8LA, United Kingdom
(26) Level 4, 19 Harris Street Pyrmont NSW 2009
(27) Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands
(28) Agrippastraße, 87-93, 50676, Köln, Germany
(29) Keplerstrasse 4-6, 10589, Berlin, Germany
(30) The Corporation Trust Company, Corporate Trust Center, 1209 Orange Street, Wilmington, Newcastle, DE 19801, USA
(31) 321 Southern Beverly Drive, Suite M, Beverly Hills, CA 90212, USA
(32) CT Corporation System, 818 West Seventh Street, Suite 930, Los Angeles, CA 90017, USA
(33) The Hodson Law Firm, 1129, East 17th Avenue, Denver, CO 80014, USA
(34) CT Corporation System, 3867 Plaza Tower Drive East Baton Rouge Parish, Baton Rouge, LA 70816, USA
(35) CT Corporation System, 289 S. Culver Street, Lawrenceville, GA, 30046-4805, USA
(36) 1120 Avenue of Americas, 5th Floor, New York, NY10036, USA
(37) Piazzale Valerio Massimo, 7, 00162, Roma, Italy
(38) Level 1, 35-51 Mitchell Street, McMahons Point, NSW 2060, Australia
(39) 39 Long Acre, London, WC2E 9LG, United Kingdom
(40) Hämeentie 15A, 00500 Helsinki, Finland
(41) Familie de Mollaan 1, 1217 ZB, Hilversum, Netherlands
(42) Koos Postemalaan 8, 1217 ZC, Hilversum, Netherlands
(43) Haarlemmer Houttuinen, 21 1013 GL, Amsterdam, Netherlands
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(49) Westersingel 108, 3015 LD Rotterdam, Netherlands
(50) Keizersgracht 149a, 1015CL, Amsterdam, Netherlands
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(58) Rooms 517–520, 5th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong
(59) Soder Malarstrand 65, 11825, Stockholm, Sweden
(60) Scharenmoosstrasse 105, 8052, Zurich, Switzerland
(61) 23 Habarzel Street, Tel Aviv, 69710, Israel
(63) Building 2, Dubai Media City, Dubai, UAE
(64) 12 boulevard des Iles, 92130 Issy-les-Moulineaux, Paris, France
(65) Avenida Cidade de Lisboa, Frente Sucupira, 2° andar, Cidade de Praia, Cape Verde
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(67) 27 Mortimer Street, London, England, W1T 3JF
(68) C/O Dentons UK and Middle East LLP, Quartermile One 15 Lauriston Place, Edinburgh, EH3 9EP
(69) #1302, Tower-3, Indiabulls Finance Centre, Senapati Bapat Road, Elphinstone Road (West), Mumbai, Mumbai City, Maharashtra 40013, India
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(72) 5–7 rue Saint-Augustin, 75002, Paris, France
(73) DLA Piper Denmark, Radhuspladsen 4, 1550 Kobenhavn V, Denmark
(74) Finsensvej 6E, 2000, Frederiksberg, Denmark
(75) Aumento Advokatfirma, Ny Osteragde 3,4, 1101, Kobenhavn, Denmark
(76) 120 West 3rd Avenue #201, Vancouver BC V5Y 1E9, Canada
(77) 101c Telok Ayer Street, Singapore 068574
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(79) 3 Kings Brook Close, Rempstone, Loughborough, England, LE12 6RR
(80) 9th Floor, Azar Building, Sami Solh Avenue, Beiruit, Lebanon
(81) 1 Television Centre, 101 Wood Lane, London, United Kingdom, W12 7FA
(82) 3rd Floor, 20 Orange Street, London, United Kingdom, WC2H 7EF
(83) Portwall Place, Portwall Lane, Bristol, BS1 6NA
(84) 16 Park Road North, Moore Park, NSW 2021
(85) Rosenfeld Kant & Co, 'Tower 2', Level 24, 101 Grafton Street, Bondi Junction, NSW 2022
(86) 15260 Ventura Boulevard, 20th Floor, Sherman Oaks, CA 91403-5351 USA

Interest key

(a) Ordinary
(b) Deferred
(c) Special deferred
(d) Redeemable preference
(e) Cumulative preference
(f) Cumulative redeemable preference
(g) Convertible preference
(h) Membership / Partnership
(i) Guarantee
(j) Common
(k) Preference
(l) Part Preference
(m) Branch

* Direct subsidiary
** Having met the criteria under Regulation 7 of the Partnership (Account) Regulations 2008 (SI 2008/569) these Limited Partnerships have taken the exemption to deliver accounts to the Registrar of Companies
*** The permanent establishment of a branch of ITV Studios Limited in Spain

Glossary

Advertiser funded platform or channel – platform or channels that include advertising as part of the user experience e.g. ITV Family of channels, ITVX

Advertiser-funded streaming service – streaming service that includes advertising which is available to users on demand and for free, e.g. ITVX

Broadcasters' Audience Research Board (BARB) – organisation owned by broadcasters and advertisers, providing data on linear and online television viewing statistics by UK households

Catch up viewing – non-live viewing of recently broadcast television programmes, either via a recording device, often called a personal video recorder (PVR) or digital video recorder (DVR), such as Sky or through a streaming service such as ITVX, BBC iPlayer, All 4 or My5

Channel 3 licences – the 15 regional licences and one national licence awarded to transmit Channel 3 across the UK. All are owned by ITV except for two of the regional licences which are owned by STV

Digital revenue – a measure of the acceleration of ITV's digital first strategy. Includes all streaming revenue as well as linear addressable revenue, digital sponsorship and partnership revenue, ITV Win and any other revenues from digital business ventures

FAST channels – Free Ad-supported Streaming TV services – curated, data-driven channels that are always on with content that evolves and changes depending on viewer preferences

Free-to-air (FTA) television – viewing of television through devices not requiring a subscription such as the Freeview or Freesat services

Intellectual Property (IP) – intangible property that is the result of creativity

Inventory – advertising inventory is the number of advertisements or amount of advertising space, which we have available to sell to advertisers

Impact or Commercial Impact – one Commercial Impact is defined as one viewer watching one 30-second television commercial

ITV Family – the ITV family of channels which includes ITV1, ITV2, ITV3, ITV4, ITVBe, CITV and all associated +1 and HD equivalents

Linear television – television service where the viewer has to watch a scheduled TV programme at the particular time it is offered, and on the particular channel it is presented on

Monthly Active User (MAU) – the average number of monthly registered users across a defined period who accessed ITV owned and operated on-demand platforms (web, mobile, or connected TV)

Net Advertising Revenue (NAR) – the amount of money received by a broadcaster as payment for television spot advertising net of any commission paid to agencies

Non-consolidated licensees – the two regional channel 3 licences that ITV does not own. These licences are owned by STV and revenues received from these licences for ITV programming content are referred to as minority revenues

Ofcom – communications regulator in the UK who regulate the TV, radio and video-on-demand sectors, fixed-line telecoms (phones), mobiles and postal services, plus the airwaves over which wireless devices operate

SDN – multiplex operator owned by ITV, which operates one of the eight national multiplex licences in the UK on Freeview

Share of Commercial Impacts (SOCI) – the term used to define the share of total UK television commercial impacts delivered by one channel or group of channels. This measure excludes viewing of BBC channels as they do not generate commercial impacts. Unless stated otherwise, SOCI figures cited throughout this report are based on BARB data and are based on the universe of Adults (16+)

Share of Viewing (SOV) – the share of the total viewing audience during a defined period gained by a programme or channel. This measure includes viewing of BBC channels. Unless stated otherwise, SOV figures cited throughout this report are based on BARB data and are based on the universe of individuals

Share of Commercial Viewing (SOCV) – the share of total viewing of audiences during a defined period as a proportion of all ad-supported commercial broadcaster viewing in the UK. This measure excludes the BBC

Simulcast viewing – viewing live TV channels via a broadcaster's streaming service such as ITVX, at the same time as broadcast on linear TV

Spot advertising – linear television advertising occupying a short break during or between programmes

Streaming service – online provider of unlimited, on-demand streaming of content such as TV shows, films and original programming over the internet to a TV, computer, or mobile device

Subscriptions – users of ITVX's premium tier, which includes those who pay ITV directly, those who are paid for by an operator, and free trialists

Subscription streaming service – a paid-for, subscription streaming service available to subscribers on demand but for a fee e.g. ITVX premium

Total Advertising Revenue (TAR) – this includes ITV Family NAR, advertising via ITVX, programme sponsorship revenue and other affiliated advertising revenue streams

Total ITV Streaming Hours – the total number of hours viewers spent watching ITV across all streaming platforms. This figure includes both advertiser-funded and subscription streaming

YouView – a joint venture (with the BBC, Channel 4, Channel 5, BT, TalkTalk, and Arqiva) to operate and promote a hybrid television platform combining Freeview channels with catch up and on-demand service

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