Enabling the capture and sharing of exceptional content

Annual Report and Accounts 2022

Videndum

Capture. Share.

Our purpose is to enable the capture and sharing of exceptional content.

Discover our Divisions:

Media Solutions

See page 20

Production Solutions

See page 26

Creative Solutions

See page 30

We are a leading global provider of premium branded hardware products and software solutions to the growing content creation market.

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Cover image: Josefin Kuschela

Image above: Felix Belloin

videndum.com

2022 financial highlights

Revenue

£451.2m

Up 14% ↑

2022	**£451.2m**
2021	£394.3m
2020	£290.5m

Net debt*

£193.5m

2022	**£193.5m**
2021	£145.2m
2020	£90.8m

Recommended final dividend per share

25.0p

Up 4% ↑

Adjusted operating profit*

£60.0m

Up 30% ↑

2022	**£60.0m**
2021	£46.2m
2020	£9.9m

Statutory operating profit

£31.5m

Down 6% ↓

Interim dividend per share

15.0p

Adjusted operating margin*

13.3%

Up 160 bps ↑

Statutory operating margin

7.0%

Down 150 bps ↓

Recommended total dividend per share

40.0p

Up 14% ↑

Adjusted basic Earnings Per Share*

90.1p

Up 29% ↑

Basic Earnings Per Share

71.4p

Up 27% ↑

Read more on page 35

* In addition to statutory reporting, Videndum plc reports Alternative Performance Measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group uses these APMs to aid the comparability of information between reporting periods and Divisions, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and Management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in the Glossary on pages 224 to 228.

Key points

2022 financial highlights

- Record revenue (+14%) and adjusted profit before tax* (+27%).
  - Organic, constant currency revenue slightly ahead of last year, despite softness in the consumer segment (c.10% of Group revenue) and some retail destocking.
  - Executing on our M&A strategy with acquisitions integrated well.
  - Adjusted operating margin* progression (+160 bps); pricing again more than offset inflation and a continued well-managed cost base.
- Delivered operating cash conversion* of 83%.
- As expected, net debt* increased due to M&A activity and exchange rates.
  - Net debt to EBITDA of 2.1x (loan covenants basis).
- Progressive total dividend of 40.0p per share (+14%).

Strategic positioning and outlook

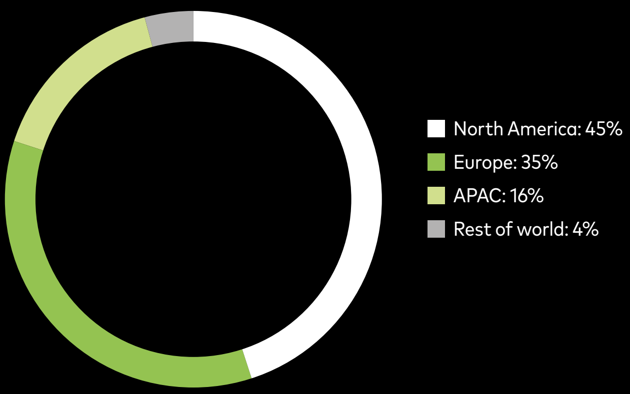
- Uniquely positioned at the heart of the growing global content creation market.
- Continued adjusted operating margin* improvement.
- Additional opportunities identified for a number of self-help actions to further streamline our cost base and deliver cross-Divisional synergies.
- Expect stable FY 2023 adjusted profit before tax*, with higher operating profit offset by increased interest charges; higher than usual H2 weighting due to current macroeconomic environment.

Image: Josefin Kuschela

Our global footprint

We employ around 1,900 people in 11 different countries and are organised in three Divisions: Media Solutions, Production Solutions and Creative Solutions.

2022 revenue



Where we operate

Sites in 11 countries; sell into 100+ countries

Sales: UK accounts for only 9% of Group revenue

R&D centres in Italy, UK, US, Israel and New Zealand

Well capitalised, world-class manufacturing facilities in Italy, Costa Rica, UK and US

Far East Procurement Centre (Shenzen, China)

Sourcing from APAC, predominantly China and Vietnam

Our core values

We have a clear purpose that is founded on a set of core values that form the Videndum Mindset: "Enabling the capture and sharing of exceptional content".

Exceptional product performance
We set the highest standards of technical performance

Customer focus
We are nothing without our customers

Leading a fast-changing market
We apply our creativity and harness our diversity to engineer innovative new products and solutions

Global capability
We share knowledge, pool resources, test ideas and learn from each other

Transparency, integrity, respect
We hold to the highest professional and corporate standards

Environmental consciousness
We seek to limit our impact on the environment and create long-term business sustainability

People and culture

Videndum's clear strategy, simple structure and entrepreneurial culture enable us to adapt quickly to change, constantly innovating to make our products the best in our industry.

Our employees are key to our success. Their attitude and abilities, experience and market knowledge, and talent and commitment create a culture of technology innovation, operational excellence, creativity and integrity.

The Group has a decentralised structure with three Divisions, which allows us to react quickly to customer, market and technological changes. This, together with our entrepreneurial culture, enables focused decision-making and minimised bureaucracy.

We work across the Group to ensure that we have consistent policies and processes in place to acquire, engage and retain our best talent. We have comprehensive operating guidelines and internal communication plans to inform and retain the trust of our employees, and we work with our manufacturing teams to ensure stringent health and safety protocols. We are a responsible business, focusing on supporting the communities we operate in and further reducing our impact on the environment.

Read more on page 72

"The environment here is international, professional, positive and dynamic. There is a strong performance culture and values such as integrity, respect and ethical behaviour are present at every level of the business.

Francesca Borsatto
Human Resources Director, Videndum Media Solutions, Italy

About us

We design and manufacture a portfolio of market-leading, premium brands – from traditional mechanically engineered products through to electronics and software – to enable our customers to capture and share content, whatever the conditions.

Our core customers

Professional photographer/ videographer, including prosumer

Creating and sharing digital content for social media platforms or retail e-commerce, where images and videos of new products are frequently published online

Influencer/vlogger or gamer

Creating and sharing video and audio content on social media platforms like TikTok, YouTube, Instagram and Twitch

TV broadcaster, production company, independent content creator and professional sound crew

Producing video and audio content for TV programmes, live news or live sports events

Film or production company, including independent film-makers

Making content for feature films and scripted TV shows to share in cinemas or on subscription channels like Netflix, Amazon Prime Video, Apple TV+ and Disney+

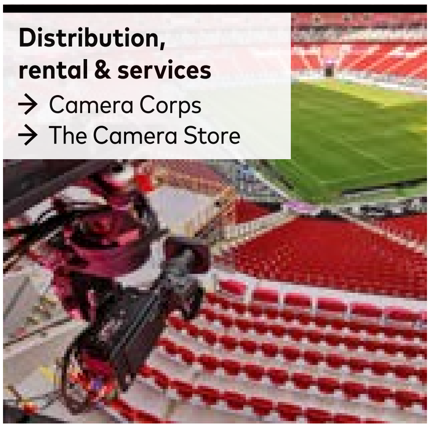
Live streaming enterprise, including government, healthcare provider, education establishment or house of worship

Creating video and audio content to stream live or pre-recorded to their employees, customers and communities

For more information visit our website: www.videndum.com/about-us/our-brands

Our brands

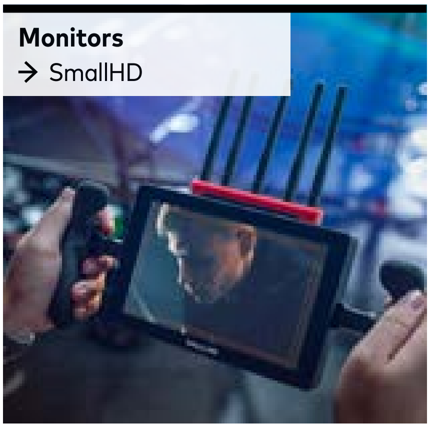
Audio capture
- → Audix
- → JOBY
- → Rycote



Distribution, rental & services
- → Camera Corps
- → The Camera Store

IP video
- → Teradek

Mobile power
- → Anton/Bauer



Monitors
- → SmallHD

Prompters
- → Autocue
- → Autoscript

Robotic camera systems
- → Camera Corps
- → Vinten

Our brands are leaders in the markets we serve, both in terms of premium products and market share. Our products typically attach to, or support, a camera – primarily for broadcast, cinematic, video, photographic, audio and smartphone applications – and are offered as a cohesive package.

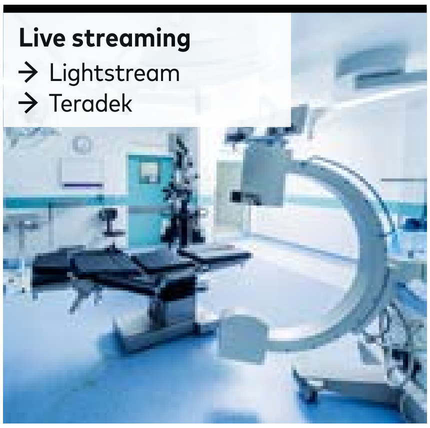
Backgrounds
→ Colorama
→ Savage
→ Superior

Camera accessories
→ Teradek
→ Wooden Camera

Carrying solutions
→ Gitzo
→ Lowepro
→ Manfrotto
→ National Geographic*
→ Sachtler

Lens control systems
→ Teradek

Lighting and lighting control
→ JOBY
→ Litepanels
→ Manfrotto
→ Quasar Science



Live streaming
→ Lightstream
→ Teradek

Smartphonography
→ JOBY

Supports and stabilisers
→ Avenger
→ Gitzo
→ JOBY
→ Manfrotto
→ National Geographic*
→ OConnor
→ Sachtler
→ Vinten

Video transmission systems
→ Teradek

* Manufactured under licence.

Strategic framework

Driving long-term success through strategic focus and clarity.

"

I'm proud to collaborate with a diverse group of hard-working and talented professionals who truly believe in the power of our products to help create meaningful content worldwide. It's fulfilling to be part of a team so focused on innovation, customer service, global distribution and sustainability.

Rich Reiser
Managing Director – Americas, Videndum Media Solutions, US

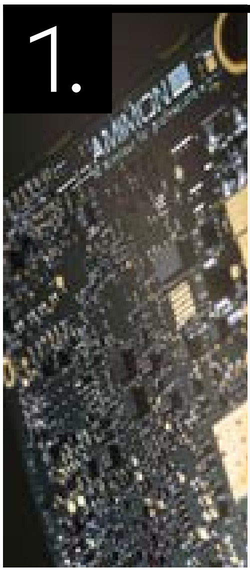
"

It's inspiring to work with a team of high calibre engineers on a daily basis to help design, manufacture and market a range of industry leading products.

Michael Herbert
Senior Product Manager – Lighting, Videndum Production Solutions, UK

Business model

Designing innovative solutions to make our customers' lives easier is what drives us.



1. Innovative product development

Intelligent and sustained investment in new products, technologies, markets and people enables us to ensure that our brands remain at the forefront of the industry, renowned for their premium offerings and innovative technology.

We continually obtain feedback on market trends, competitors and their products, from customers, as well as from research.

Our experienced, specialist engineers apply new technologies and materials to develop high-quality, high-performance solutions. Videndum takes product quality and customer safety very seriously and our products are manufactured to the highest standards and rigorously tested.

We are integrating sustainable product development into our brand strategies using a "cradle-to-grave" Product Life Cycle Assessment ("PLCA"). This includes evaluating raw materials, manufacturing processes, waste, packaging, distribution and end-of-life.

Our innovative products are protected by patents and trademarks, and are marketed under our world-renowned brands.

We manufacture the majority of our products in-house and work with selected, market-leading partners for specialist solutions. We supplement in-house new product development with carefully selected acquisitions or partnerships in new markets and technologies.

2. Sourcing and manufacturing excellence

Sourcing and manufacturing excellence is one of Videndum's core competitive strengths. Our three major manufacturing sites in the UK, Italy and Costa Rica are certified ISO 9001 Quality Management, ISO 14001 Environmental Management and ISO 45001 health and safety.

Our supply chain is efficient, our people highly trained and multi-skilled. We procure materials from reputable suppliers, and make our products in efficient and environmentally-friendly operations and, where appropriate, manufacture or source from lower-cost countries such as Costa Rica. Where economically and technically feasible, we insource production, especially when our sites have stronger environmental credentials than those of our finished goods suppliers. This helps to improve the Group's overall carbon footprint.

The majority of our operations are relatively low-volume, small-batch processes and our continuous improvement culture enables us to optimise our global operations and implement lean manufacturing and automation to maximise quality, service and efficiency, while reducing costs. Most of our factories are vertically integrated which means we produce many of our components in-house. The 2022 acquisition of Audix expanded our manufacturing footprint in the USA which is a key enabler of our audio strategy. We operate a Group Global Sourcing Office in Shenzhen, China where the team supports vendor management, quality control and product development with strategic vendors across APAC. This further enhances productivity and time to market.

3. Global distribution

We market and sell our products globally via multiple distribution channels, our own sales teams, and through e-commerce via our own and third-party websites.

The majority of our sales are conducted via a global network of distributors, dealers, retailers and e-tailers who sell on to customers. The breadth of our product portfolio and our strong brand heritage mean that our network of channel partners is unrivalled in the markets we serve.

We continue to expand our growing digital and e-commerce capabilities, working closely with our customers and suppliers to further develop our online presence.

Our Media Solutions Division has best-in-industry digital capabilities which provide a long-term, scalable competitive advantage, both in terms of customer ownership (via a Customer Relationship Management System ("CRM") across multiple brands) and because our competitors are unable to match our content production and global customer service capacity across multiple product categories.

We engage with a number of leading logistics partners to ensure responsive and timely delivery of our products to the relevant geography, and remain conscious of the impact of our distribution channels on the environment.

Market opportunity

Videndum is uniquely positioned at the heart of the content creation market, with market-leading, premium brands in defensible niches.

Approximately 90% of our revenue comes from professional content creators and about 80% of our products are considered to be mission critical to our customers.*

The Group is exposed to strong market growth drivers as the content creation market is now larger and expected to grow faster than pre-pandemic.

Organic growth is being driven by technology advancement and by the significant changes in the way people capture, consume and share content. We estimate that 75% of the Group's business is exposed to four main structural market growth drivers, which have all been experiencing double-digit growth. We continue to develop innovative new technology to improve our customers' productivity by developing products which reduce set up time and lower operating costs. This is becoming increasingly important to our customers and drives demand for new and replacement products. The Group's Total Addressable Market ("TAM") has increased from c.£2 billion pre-pandemic (2019) to c.£3 billion and, as previously stated, it is expected to grow high single digit in the medium term, compared to low single digit pre-pandemic, although with a slower growth rate in 2022–23 due to macroeconomic headwinds.

Read more on page 16

* Management estimates.

The internet

Retail e-commerce drives demand for digital visual content as new products need to be photographed and filmed frequently to be published online, for example across the fashion, food, real estate and hospitality industries.

We estimate that c.30% of the Group's revenue is exposed to retail e-commerce which we serve with intuitive products used in studios and a growing number of enterprise facilities. This drives demand for our professional photography and videography equipment, including supports, backgrounds, lighting and carrying solutions, mainly benefiting our Media Solutions Division.

Subscription TV

Spending on original content creation for subscription TV channels like Netflix, Amazon Prime Video and Disney+ drives demand for our equipment.

We estimate that c.30% of the Group's revenue is exposed to subscription TV, including: our video transmission and monitoring systems, and camera accessories in Creative Solutions; lighting equipment, mobile power and supports in Production Solutions; and supports and audio capture in Media Solutions.

TikTok and YouTube

There has been significant growth in vloggers and influencers creating and sharing video and audio content on social media platforms like TikTok and YouTube. We estimate that there are more than 40 million vloggers (with a following of over 1,000 people) who share and monetise their videos or podcasts. Improving the quality of their content is enormously important to their success – and that is what Videndum products help them do.

We estimate that c.10% of the Group's revenue is exposed to vloggers and influencers who use our JOBY supports, lights and microphones, and our backgrounds to create high-quality content. The JOBY customers of today will potentially transition to Videndum's other premium brands, as they become the film-makers, broadcasters and professional photographers of the future.

Live streaming

Live streaming of video has grown strongly across multiple verticals, such as broadcasting, medical, industrial and gaming to maintain communications and facilitate remote collaboration. For example, governments, schools, houses of worship and businesses rely on high-quality, secure, zero or low delay video transmission to communicate with their communities, customers and employees.

This market growth driver accounts for c.5% of the Group's revenue and is increasing. There is a high demand for remote wireless video within hospital operating rooms, where Amimon's proprietary zero delay technology is being used by the leading medical equipment providers.

Creative Solutions has developed a new high end streaming technology called ART ("Adaptive Reliable Transport") which delivers secure, ultra-low latency, broadcast-quality video and audio for mission-critical video transport over public networks. The team is working on miniaturising ART into smaller devices and to embed ART across the Teradek product range.

Technology advancement driving shorter product replacement cycles

Sustained R&D investment in innovative new technology to improve our customers' productivity is key to enabling our premium brands to maintain their already strong market positions and, in places, gain share. Last year, about half of our revenue came from new products launched in the last three years.

These four market growth drivers above, plus technology advancement, mean that our business has been growing in three key ways. First, our core businesses, e.g. professional photography, broadcast TV and on-set monitoring. Second, growth in new areas, e.g. vloggers and professional influencers, or on-camera microphones, which are crucial to enhancing the quality of video content being shared. Third, growth in new verticals enabled by video transmission and live streaming. Here, we are expanding into new market segments with our Amimon live streaming technology, expanding from just cine on-set monitoring to broadcasting, medical, industrial and other enterprises.

Stakeholder value creation

A strong understanding of our stakeholders and their views is integral to Videndum's strategic planning and operational delivery. Our key stakeholder groups are set out below:

Customers

Our success is dependent on our ability to understand and respond to our customers' needs. They include broadcasters, film studios, photographers, independent content creators ("ICCs"), vloggers, influencers, gamers, professional sound crews and enterprises.

2022 outcomes and highlights

- Delivered strong business performance and issued several trading updates during the year demonstrating strong demand and interest from end markets.
- Expanded into new end markets – notably high end on-camera audio capture, where our strategy was enabled by the acquisition of Audix in January 2022.
- Launched innovative new products with c.50% of the Group's revenue coming from products launched in the last three years.

Our Section 172 statement, which sets out how the Board takes stakeholder interests into account when making decisions, can be found on page 96

Group Chief Executive review and Divisional operating reviews on pages 16 to 19 and 20 to 33

Suppliers

We have a large number of suppliers globally, as the majority of our operations are relatively low-volume, small batch processes. We source materials from suppliers close to our manufacturing facilities where possible.

2022 outcomes and highlights

- 2022 saw continued pressure on supply chains but our businesses successfully managed this via strong working relationships and close contact with key suppliers, and sourcing alternative suppliers where necessary.
- Videndum has developed a Group-wide methodology for evaluating suppliers on all dimensions of ESG.

Responsible practices on page 78

Employees

Our employees are the best in the sector, our single greatest asset and critical to our success. We aim to offer a safe, inclusive and engaging work environment.

2022 outcomes and highlights

- Employees felt safe and protected in our facilities as the pandemic subsided and staff returned to work.
- 2022 employee survey demonstrated high level of engagement and employee satisfaction.
- Ensured those working from home had the IT support required; introduced Microsoft Teams as a new communications tool.
- Offered competitive incentives and opportunities for personal development and career progression.
- Published our first standalone ESG and TCFD report.

Employee engagement led by Caroline Thomson on pages 73 and 98
Employee survey overview on page 73
Diversity information on page 74
Health and safety in Videndum on page 75
Whistleblowing service on page 79

> **"Videndum has provided fantastic opportunities to learn and develop my skills. I have had some great managers who have pushed me out of my comfort zone and helped with my career progression from a Mechanical Engineer to managing a team of 18 as Head of Mechanical Engineering for Videndum Production Solutions.**
>
> **James Guest**
> **Head of Mechanical Engineering, Videndum Production Solutions, UK**

Communities

We have a number of manufacturing and office facilities around the world and aim to support the communities we work in, limiting any negative impact on the environment and protecting natural resources to create long-term sustainability for the business.

2022 outcomes and highlights

- Videndum committed to becoming carbon net zero by 2035 for Scope 1 and 2 emissions.
- Approved science-based targets, aligned to limit global warming to 1.5°C.
- ESG Committee oversees our Environmental, Social and Governance programme.
- By implementing smarter ways of working and investing in infrastructure, we have already achieved a greater than 20% reduction across the Group's Scope 1 and 2 emissions since 2019.

More information on our community and environmental initiatives can be found in the Responsible business report on pages 70 to 71 and 76 to 77

Shareholders

Videndum maintains close, open and regular contact with our shareholders. Shareholders play an important role in helping to shape our strategy and monitor governance.

2022 outcomes and highlights

- Results presentations, investor roadshows and meetings held virtually or in person.
- Capital Markets Day held in June 2022 at the London Stock Exchange, showcasing new products and presenting Strategic Ambition.
- Engagement with investors and analysts.
- Annual General Meeting held in person following the pandemic, with all resolutions approved by shareholders.
- Regular updates given to the market on business performance.

Further information on page 97

Image: Felix Belloin

Chairman's welcome

"2022 was a year of significant progress for Videndum, despite the current macroeconomic and geopolitical uncertainties.

Ian McHoul
Chairman

Videndum continued its recovery from the pandemic, delivering strong financial results for the year, and is committed to long-term growth. Videndum's market-leading, premium brands, highly skilled and motivated workforce, and the strength of the growth drivers in the content creation market give the Board confidence for the Group's continued future success.

Videndum delivered record revenue and adjusted profit before tax* in 2022, despite the challenges faced during the year, and our detailed financial performance is set out in this Annual Report. On the strength of this performance, the Board recommends a final dividend of 25 pence per ordinary share which, subject to shareholder approval at the 2023 AGM, will be paid on 19 May 2023.

In June, we held a Capital Markets Day that set out our strategic and financial ambitions for 2025. While 2022 had increasing challenges, especially in the second half of the year, we remain committed to this ambition, however the timing is likely to be delayed due to the current macroeconomic environment.

After the AGM in May, we changed the Company name to Videndum, differentiating ourselves from other companies around the world who also operate under the Vitec name. The new name and associated branding were successfully rolled out in 2022 and provided a platform for us to recommunicate our Code of Conduct to our employees and stakeholders, setting out our values and what can be expected of Videndum. For any organisation to be successful it must have the right values and behaviours in place and Videndum's Code is central to our governance and culture. The Governance section of this report covers this in greater detail.

During 2022, for the first time since the pandemic, the Board visited two of our key operations. First, in June we visited the Production Solutions site at Bury St Edmunds, UK and in September we visited our Media Solutions operations in Feltre and Cassola, Italy. These visits were exceptionally important and enabled your Board to see operations first-hand and to meet with a wide number of employees. Such visits are invaluable to build knowledge and understanding, and to ensure that the right values and culture exist within Videndum. Further Board visits to our operations will take place in 2023 and beyond.

2022 also saw significant progress on Board succession. Duncan Penny stood down as an independent Non-Executive Director at the conclusion of the 2022 AGM in May. Christopher Humphrey, after nine years' service as an independent Non-Executive Director, Chair of Audit Committee and Senior Independent Director, stood down from the Board on 14 December 2022. On behalf of the Board and our shareholders, I would like to thank Chris for his service to the Company in these roles. We appointed Erika Schraner, with effect from 1 May 2022, as a new independent Non-Executive Director, and successor to Chris as Chair of the Audit Committee. Richard Tyson further succeeded Chris as Senior Independent Director. On 24 November 2022, we appointed Teté Soto as a new independent Non-Executive Director

and in December 2022 announced that Anna Vikström Persson will join the Board with effect from 1 May 2023 as an independent Non-Executive Director. These changes have refreshed the independent Non-Executive members of your Board and demonstrate continued progress around succession planning and diversity.

On 14 December 2022, we announced that Martin Green had stood down from the Board as Group Finance Director and that he will leave the Group in 2023, after 20 years' service. Martin was succeeded on the Board by Andrea Rigamonti, as Group Chief Financial Officer. The Board and I would like to thank Martin for his service and contribution to the growth of the Group, and wish Andrea every success in this role.

2022 was our first face-to-face AGM since 2019, due to the pandemic. The 2023 AGM will be held on 11 May 2023 at 41 Portland Place, London, W1B 1QH and the enclosed Notice of Meeting sets out details for the meeting including business to be covered. I look forward to seeing as many shareholders as possible at the 2023 AGM.

Finally, it is my pleasure on behalf of the Board, to thank all of our employees for their dedication, passion and hard work. They have driven Videndum forward to achieve the significant progress in 2022 and towards achieving our strategic and financial ambitions.

Ian McHoul
Chairman
27 February 2023

Investment case

Videndum is uniquely placed to take advantage of the growing content creation market and deliver long-term sustainable growth and value to our stakeholders.

- → Market-leading, premium brands with innovative and proprietary technology in defensible niches
- → Organic growth driven by the Group's exposure to strong market trends and technology advancement driving shorter product replacement cycles
- → Margins on track to mid-to-high teen level as volumes grow and we deliver operating leverage
- → Strong M&A track record and disciplined approach to capital allocation
- → A responsible business with a clear purpose and strategy

CEO's review

Organic strategic ambition*

Revenue	Operating profit	Operating profit margin	Net debt: EBITDA
c.£600m	>£100m	16-18%	<1.5x

Our strategy

1. Organic growth

Market growth is being driven by technology advancement driving shorter product replacement cycles and by four different structural growth drivers, all growing double-digit; 75% of the Group's business is exposed to these. We invest in innovative new technology in the faster-growing areas of the market to enable our premium brands to maintain their already strong market positions and, in places, gain share. We also continue to invest in our digital capabilities to benefit from the ongoing transition to the higher margin e-commerce channel.

2. Margin improvement

We are focused on improving our operating profit margins towards our mid-to-high teen goal as volumes grow and we deliver operating leverage. Our margin improvement drivers include targeted pricing increases to reflect product quality and brand strength, growing online sales, continued operating efficiencies, in-sourcing, driving margin improvements in our Creative Solutions Division, and capturing synergies from acquisitions. We also intend to take a number of self-help actions to further streamline our cost base and deliver cross-Divisional synergies to ensure that the business is well set up for continued long-term growth.

3. M&A activity

We have a strong M&A track record and a clear capital allocation strategy.

* Subject to no significant deterioration in market conditions.

Image: Felix Belloin

Videndum delivered another record performance, despite a challenging H2 2022 macroeconomic environment. This is testament to the quality of our people, operational excellence and our leading, premium brands which allow us to manage pricing to more than offset inflationary headwinds.

We executed well on our strategy, delivering organic growth, margin improvement, good cash generation and growth through M&A.

2022 financial overview

The Group achieved record revenue and adjusted profit before tax* despite some significant headwinds, including weakening consumer confidence as the year progressed. This most significantly impacted revenue from our non-professional customers, which represents c.10% of total Group revenue. Business confidence was also low in H2 and as a result, we saw retailer destocking across all Divisions but predominantly in Media Solutions.

Stephen Bird
Group Chief Executive

These external factors meant that full year organic, constant currency growth was 1%. The acquisitions of Savage and Audix have been successfully integrated and contributed to full year revenue growth of 8% on a constant currency basis, and 14% on a reported basis.

The drop through from higher revenue combined with tight control of the cost base delivered a 160 bps increase in the adjusted operating margin* to 13.3%. There was a 24% drop through of revenue to profit on a reported basis, which was 40% at constant currency.

Adjusted profit before tax* included a £3.6 million favourable foreign exchange effect after hedging compared to 2021, due to a stronger US Dollar partly offset by a slightly weaker Euro than in 2021. The impact on 2023 adjusted profit before tax* from a one cent stronger/weaker US Dollar/Euro is expected to be an increase/decrease of approximately

CEO's review continued

£0.3 million and £0.3 million respectively. Adjusted profit before tax* was £54.0 million; £11.6 million higher than 2021. On an organic, constant currency basis, adjusted operating profit* and adjusted profit before tax* were 11% and 3% up respectively on 2021.

Statutory profit before tax of £24.7 million (2021: £29.6 million) further reflects adjusting items of £29.3 million (2021: £12.8 million), which primarily relate to the amortisation of acquired intangibles, acquisition related charges, and restructuring. These charges were higher compared to 2021 primarily due to the recent acquisitions, particularly those of Savage and Audix, and the Creative Solutions' restructuring announced at the November trading update. As a result, statutory operating margin decreased from 8.5% to 7.0%.

Free cash flow* was £4.6 million lower than 2021. Cash conversion* was 83%, and across the last three years has cumulatively been 108%.

Net debt* at 31 December 2022 was £48.3 million higher than at 31 December 2021 (£145.2 million) and £0.6 million lower than at 30 June 2022 (£194.1 million).

We have an exceptionally experienced leadership team at Videndum and I am really proud of what the business achieved last year. I would like to thank all of our employees for their commitment and contribution to these record results.

Market and strategy update

Videndum is uniquely positioned right at the heart of the content creation market, with market-leading, premium brands in defensible niches; approximately 90% of our revenue comes from professional content creators.

We continue to execute well on our long-term strategy to deliver organic growth, improve margins and to grow through M&A.

The business is committed to continually improving the sustainability of our products and reducing the direct and indirect emissions of the Group.

Managing climate change risks is a critical aspect of our global strategy. Details of our ESG and TCFD progress are set out later in this report.

1. Organic growth

Organic growth is being driven by technology advancement and by the significant changes in the way people now capture, consume and share content. We estimate that 75% of the Group's business is exposed to the four main structural market growth drivers on pages 10 to 11, which have all been experiencing double-digit growth. We continue to develop innovative new technology to improve our customers' productivity by developing products which reduce set up time and lower operating costs. This is becoming increasingly important to our customers and drives demand for new and replacement products. Our vitality index is strong and last year, again, about half of our revenue came from new products launched in the last three years.

2. Margin improvement

We expect continued margin improvement as volumes grow and we deliver operating leverage. We also intend to take a number of self-help actions to further streamline our cost base and deliver cross-Divisional synergies to ensure that the business is well set up for continued long-term growth. Our actions will include:

- Operational excellence, e.g. targeting 3% year-on-year productivity gains by driving lean manufacturing and continuous improvement initiatives across the Group.
- Targeted pricing improvements to reflect product quality and brand strength; price increases were implemented in 2022 which will ensure that we will continue to stay ahead of inflationary pressures. We will continue to monitor inflation.
- Increasing mix of higher margin, higher technology products, e.g. 4K/HDR technology replacement cycle in Creative Solutions and new advanced automated solutions with our prompting and robotics products.
- Driving margin improvement in Creative Solutions; 2022 saw the Division's operating profit margin improve 240 bps year-on-year, and this is expected to improve further following the recently announced reorganisation of the Division.
- Growing online sales, e.g. in FY 2022 c.50% of Media Solutions' revenue (excluding from B2B customers) was from online sales, of which 5% was direct e-commerce compared to 4% in FY 2021.
- Higher margin acquisitions and capturing synergies, e.g. in Media Solutions we have further strengthened our go-to-market effectiveness in the US and leveraged greater organisational efficiencies in line with the integration plans for Audix and Savage, and also Rycote.
- Optimising the use of our sites and rationalisation of our site portfolio, e.g. we will look to relocate employees into alternative or smaller properties. In 2022, we closed our Chatsworth, US site and employees were relocated to a nearby existing facility.

3. M&A activity

We have a strong M&A track record and a clear capital allocation strategy.

We have increased our addressable markets by expanding our product portfolio, customer base and technology capabilities, through carefully selected acquisitions. The Group has been focused on the fastest growing market segments of the content creation market, mainly in the two key strategic growth areas of video transmission/streaming in Creative Solutions and content creation in Media Solutions, including allocating more attention to audio capture, where we see a sizeable opportunity.

Outlook

The Group is uniquely positioned right at the heart of the growing content creation market with attractive market drivers. In H1 2023, against a strong comparator period in H1 2022, we expect that some macroeconomic headwinds will continue to affect our consumer segment (c.10% of Group revenue) and business confidence more generally, with additional retail destocking and some purchase deferral by independent content creators. However, we are seeing signs of improvement, particularly in the US. We continue to develop innovative new technology to improve our customers' productivity by developing products which reduce set up time and lower operating costs. This is becoming increasingly important to our customers and drives shorter product replacement cycles. We are also executing on a number of self-help actions to further streamline our cost base and deliver cross-Divisional synergies to ensure that the business is even better positioned for long-term growth. We therefore expect to deliver a stable FY 2023 adjusted profit before tax* compared to FY 2022, with higher operating profit offset by increased interest charges, albeit with a higher than usual H2 weighting due to the macroeconomic environment mentioned above.

We remain committed to our previously stated organic strategic ambition of c.£600 million revenue and greater than £100 million adjusted operating profit, however, the timing is likely to be delayed due to the current macroeconomic environment. The content creation market is a great place to be and Videndum is well positioned to deliver growth and value for shareholders.

Stephen Bird
Group Chief Executive
27 February 2023

* In addition to statutory reporting, Videndum reports alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group uses these APMs to aid the comparability of information between reporting periods and Divisions, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and Management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in the Glossary on pages 224 to 228.

Media Solutions

Videndum
Media
Solutions

Revenue

£217.8m

Up 11.9% ↑

Adjusted operating profit*

£33.1m

Up 24.4% ↑

Revenue

2022	**£217.8m**
2021	£194.7m
2020	£156.7m

Adjusted operating profit*

2022	**£33.1m**
2021	£26.6m
2020	£9.7m

Statutory operating profit

2022	**£23.4m**
2021	£23.8m
2020	£5.8m

"

Our pioneering R&D and focused acquisitions have broadened our portfolio to enable our customers to stand out in an industry where more content is being produced and shared across more digital platforms than ever before.

Marco Pezzana

Group Chief Operating Officer and Divisional Chief Executive, Videndum Media Solutions

Media Solutions continued

The Media Solutions Division designs, manufactures and distributes premium branded equipment for photographic and video cameras and smartphones, and provides dedicated solutions to professional and amateur photographers and videographers, independent content creators, vloggers/influencers, gamers, enterprises and professional musicians.

This includes camera supports and heads, smartphone and vlogging accessories, lighting supports and controls, LED lights, motion control, audio capture and noise reduction equipment, carrying solutions and backgrounds, marketed under the most recognised accessories brands in the industry.

Media Solutions represents c.50% of Group revenue.

Addressable market*

The TAM for Media Solutions is c.£1.5 billion per annum and we estimate the market CAGR (2022–25) will be c.4%.

Strategy

Our strategy is focused on developing innovative new products to improve our customers' productivity in order to grow our core professional business, mainly driven by e-commerce and the demand for original content creation, as well as growth in new areas of vlogging accessories and audio capture.

Market position

Videndum is the market leader in most of its product categories. We sell our products globally via multiple distribution channels and increasingly online via our own direct e-commerce capability and third-party platforms.

Target audience

- Photographic market: **60%**
- Cine/scripted TV/ICC market: **40%**

Our brands

Market position* shown in brackets

Supports and Stabilisers (#1)
- Avenger
- JOBY
- Gitzo
- Manfrotto
- National Geographic**

Carrying solutions (#1)
- Gitzo
- Lowepro
- Manfrotto
- National Geographic**

Lighting and controls (#2)
- JOBY
- Manfrotto

Smartphonography (#1)
- JOBY

Audio capture
- Audix (US leader***)
- JOBY (new entrant)
- Rycote (#1***)

Backgrounds (#1)
- Colorama
- Savage
- Superior

* Management estimates by sales value in the market segments in which these products are sold.
** Manufactured under licence.
*** In our niche.

Case studies

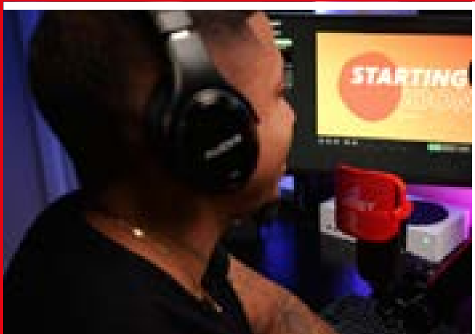
Demand for original content drives growth in lighting stands

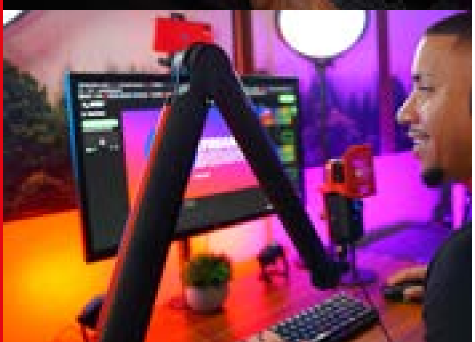
Driven by the high demand for original content for streaming and video-on-demand platforms, there are a growing number of smaller, more mobile production crews who require compact lighting stands to maximise space in transit and on set. Cine/scripted TV lighting fixtures are substantial in weight and size, and the new Avenger Buccaneer is a unique, ground-breaking lighting stand, as it is the most compact on the market with the lowest loading height to enable smaller teams to mount heavy duty lighting fixtures safely and securely.

Launched in September 2022, the Avenger Buccaneer has been incredibly well received across the globe.

Manfrotto Studio TetherGear collection

The growing demand for digital visual content means that imagemakers need to increase their productivity by improving their content creation workflow. Manfrotto's latest collection of five essential Tethered Shooting Accessories, allows professional content creators to set up a fully tethered workstation or video village to enable them to produce more content, more quickly and instantly review it with clients. Tethered photoshoot has become a must-have in every professional studio production, from fashion to still life.





Social media growth fuels JOBY software innovation

With grips, supports, lights, on-camera microphones, motion control and now workflow management apps, JOBY provides the only complete eco system of accessories for the monetising creators on TikTok and YouTube.

The JOBY One App is a unique digital hub which enables content creators to easily control JOBY products directly from their smartphone, via an intuitive user interface. It is also connected to the JOBY store, allowing users to easily access the entire JOBY product catalogue. The JOBY One App controls the sound parameters of the Wavo PRO on-camera microphone, the setup of Swing and Spin motion control, and also manages the tones and output power of the Beamo lights, allowing creators full control at one touch.

JOBY is also joining forces with Lightstream to market JOBY's first cloud-based service, responding to creators' needs for a reliable solution to create professional live streams. JOBY Studio is a cloud-based streaming platform which enables creators to multi-stream their content simultaneously across different digital platforms, expanding their reach and increasing monetising possibilities.

Media Solutions continued

Case studies

Audio capture represents one of the most significant growth opportunities for Videndum

Audio capture is an essential part of video creation as it enhances the quality of content. Our acquisition of Audix in January 2022 accelerated our audio strategy, bringing specialist R&D and manufacturing capabilities to the Group to enable our three audio brands to release a range of highly targeted, innovative microphones.

JOBY

Our **JOBY** brand addresses independent content creators with on-camera and mobile microphones. During 2022, JOBY launched six new on-camera microphones for vloggers and streamers, including the flagship Wavo PRO, incorporating technology far ahead of the competition. Launched via a digital-first brand activation campaign, featuring YouTuber Casey Neistat, JOBY has been progressively growing revenue by expanding its audio leadership, gaining share of voice and increasing its creator community.

"

I have to say the JOBY microphone is the only one I've used for my last 20 videos. It's stellar; it's a perfect YouTuber's microphone.

Casey Neistat
American YouTuber

Rycote

Our **Rycote** brand focuses on the broadcast and production market. 2022 saw the launch of a complete range of innovative new pencil microphones, available as individual or matched stereo pairs, and perfect for use in professional broadcasting, location sound recording for cinema and TV, field recording and sound design.

Audix

Audix is our premium brand, serving professional studio and live applications. Live video streaming and podcasting are growing, especially in corporate and gaming applications, and content creators are looking for new ways to differentiate themselves. Audix recently launched the first ever microphone dedicated to live streaming, voice-over artists and professional podcasters which delivers broadcast-quality sound without the need for additional amplification.

"

Innovation and design excellence remain at the core of our Audix operations. Our vertically integrated US facility incorporates world-class engineering capabilities, precision machining and talented teams to provide the highest quality audio products and to push the boundaries of best-in-class consumer experience.

Chris Pagella
VP Operations – Audix, Videndum Media Solutions, US

Casey Neistat American YouTuber

Production Solutions

Videndum Production Solutions

Revenue

£137.8m

Up 13.1% ↑

Adjusted operating profit*

£31.4m

Up 12.1% ↑

Revenue

2022	**£137.8m**
2021	£121.8m
2020	£80.1m

Adjusted operating profit*

2022	**£31.4m**
2021	£28.0m
2020	£7.6m

Statutory operating profit

2022	**£30.1m**
2021	£27.1m
2020	£6.7m

"Our innovative developments in automated production technology, LED lighting and Image-Based Lighting for Virtual Production mean we are uniquely placed to provide the next generation of products and services demanded by broadcasters and cinematographers alike.

Nicola Dal Toso
Divisional Chief Executive, Videndum Production Solutions

Production Solutions continued

The Production Solutions Division designs, manufactures and distributes premium branded and technically advanced products and solutions for broadcasters, film and video production companies, independent content creators and enterprises.

Products include video heads, tripods, LED lighting, batteries, prompters and robotic camera systems. It also supplies premium services including equipment rental and technical solutions.

Production Solutions represents c.30% of Group revenue.

Addressable market*

The TAM for Production Solutions is c.£0.4 billion per annum and we estimate that the market CAGR (2022 –25) will be c.3%.

Strategy

Our strategy is focused on growth in our core business of professional equipment for original content creation in cine/scripted TV, products for on-location news and sporting events, as well as innovative new technology like robotic camera systems and voice-activated prompting to enable automation and cost efficiencies in TV studios.

Market position

Videndum is the market leader in most of its product categories and is well positioned due to our broad geographical reach and premium products. We have a global sales team that offers a full range of products and services to our customers all over the world, either directly or via distributors, both online and in stores.

Our brands

Market position* shown in brackets

Supports (#1)
- → OConnor
- → Sachtler
- → Vinten

Prompters (#1)
- → Autocue
- → Autoscript

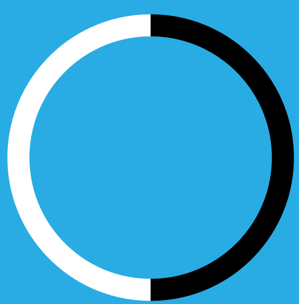
Lighting (#2)
- → Litepanels
- → Quasar Science

Mobile power (#1)
- → Anton/Bauer

Robotic camera systems (#2)
- → Camera Corps
- → Vinten

Distribution, rental and services (#1)
- → Camera Corps
- → The Camera Store

Target audience



- Broadcast market: **50%**
- Cine/scripted TV/ICC market: **50%**

* Management estimates by sales value in the market segments in which these products are sold.

Case studies

Pioneering studio automation with robotics and prompting

Investment in advanced automated solutions is key to increasing TV studio efficiency without affecting broadcast production standards. The innovative technology in our market-leading Vinten and Autoscript robotics and prompting solutions is many years ahead of our competitors. Automated and IP-networked solutions enable efficient studio production with fewer technical operators, delivering clear and long-lasting operational overhead savings.

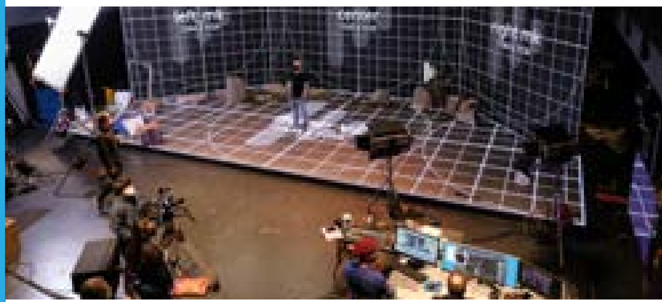
Voice prompts efficiency project at Rundfunk Berlin-Brandenburg ("RBB")

RBB is the first German broadcaster to incorporate advanced voice-controlled prompting into its daily programming. It installed Autoscript's revolutionary "Voice" at its state-of-the-art Crossmedia News Centre where automation reduces the number of control staff required to broadcast breaking news.

Presenters can control their own prompter script as "Voice" automatically advances the words as they are spoken. Real-time speech recognition, with proprietary algorithms and advanced pattern matching, ensures perfect script synchronisation with the presenter.

Studio robotics reduce operational costs for Nine Network

Australia's "The Nine Network" invested in Vinten's state-of-the-art robotic camera support systems to reduce operational costs at its new Sydney HQ. The fully digital facility moved from manual studio floor operations to automated control via Internet Protocol ("IP"), integrating Vinten Studio Robotics and Autoscript IP Prompting solutions into a proprietary automation system.



Technology advancement driving growth in LED lighting

Lighting is a key strategic growth opportunity for the Group. With virtual production increasing, there is a strong demand to enhance virtual environments with realistic lighting. Quasar Science leads the industry with unique "Image-Based Lighting" which augments LED video walls to enhance extended reality sets. This, paired with Litepanels' high output cinematic lighting, places Videndum at the forefront of this fast-growing market.

Lighting a vast forbidden forest for Disney's "Hocus Pocus 2" required lightweight versatility and powerful output. Quasar Science LED tubes created the atmospheric magic hour scenes, producing vibrant saturated colours and intense white light.

"

Advances in colour control technology from Quasar Science and Litepanels represent new grading levels. Now, effects which were once only possible in post-production are possible in real life.

Elliot Davis
Cinematographer, Hocus Pocus 2

Independent production "The Lion and the Firebird" used virtual reality technology to produce a budget prehistoric adventure. Using Litepanels and Quasar Science products, the action-packed film cost a fraction of traditional productions without compromising on quality.

"

For independent film-makers, virtual production is huge. Now we can be anywhere in time and space, limited only by imagination. This transformative technology is the future of film-making.

Daniel Byers
Director, The Lion and the Firebird

Creative Solutions

Videndum Creative Solutions

Revenue

£95.6m

Up 22.9% ↑

Adjusted operating profit*

£12.5m

Up 50.6% ↑

Revenue

2022	**£95.6m**
2021	£77.8m
2020	£53.7m

Adjusted operating profit*

2022	**£12.5m**
2021	£8.3m
2020	£3.3m

Statutory operating profit

2022	**-£3.3m**
2021	-£0.6m
2020	-£4.8m

"

The need for HDR/4K low latency video transmission and monitoring is growing rapidly in multiple markets for multiple applications. Our proprietary zero delay technologies are uniquely positioned to fulfil those demands.

Creative Solutions mainly focuses on the fast- growing, global content creation market as daily screen time and video consumption expand across numerous platforms. We make the tools to help tell the stories, share the news, engage an audience and spread the word.

Marco Vidali
Divisional Chief Executive,
Videndum Creative Solutions

Creative Solutions continued

The Creative Solutions Division develops, manufactures and distributes premium branded products and solutions for film and video production companies, independent content creators, gamers, enterprises (e.g. medical and industrial) and broadcasters.

Products include wired and wireless video transmission and lens control systems, live streaming solutions, monitors, camera accessories and software applications.

Creative Solutions represents c.20% of Group revenue.

Addressable market*

The TAM for Creative Solutions is larger than £1.0 billion per annum and we estimate that the market CAGR (2022–25) will be c.10–15%.

Strategy

Our strategy is focused on continuing to deliver the 4K/HDR replacement cycle as well as developing innovative new technology to improve our customers' productivity in the growing areas of remote monitoring, collaboration and streaming in the cine/scripted TV and enterprise markets.

Market position

Videndum is the market leader in most of its product categories. We have this strong position due to our premium brands, market-leading technology and dedicated team of innovative product specialists with extensive experience in shooting both professional and amateur video content. We sell our products globally via multiple distribution channels and increasingly online via our own direct e-commerce capability and third-party platforms.

Our brands

Market position* shown in brackets

Video transmission systems (#1)
- → Teradek

Monitors (#1)**
- → SmallHD

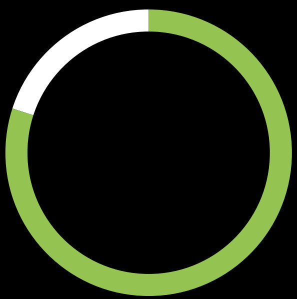
Lens control systems (#3)
- → Teradek

Live streaming (#1)**
- → Teradek
- → Lightstream

IP video (#3)
- → Teradek

Camera accessories (#3)
- → Wooden Camera

Target audience



- Cine/scripted TV/ICC market: **80%**
- Medical/Enterprise market: **20%**

* Management estimates by sales value in the market segments in which these products are sold.
** In our niche.

Case studies

SmallHD Production Monitors

SmallHD has become the industry standard for ultra-bright on-camera monitors, and we solidified our entry into a new segment of the monitor market in 2022 with our line of 4K production monitors. Not only have we challenged the market leaders in price, but in technology, capability and, most importantly, image quality. We have spent the last three years maturing our 4K large-format platform and we now ship seven different models.

"

The SmallHD OLED 22 monitor is the premiere option for in-camera accuracy – I trust the colours on this monitor more than I do my laptop. I've been able to operate with confidence and never second-guess what I am seeing on the screen. It's a non-negotiable staple in my kit.

Gina Manning
Director and Photographer

Adaptive Reliable Transport ("ART"), the video-aware, ultra-low latency streaming protocol

ART, a protocol jointly developed by our Amimon and Teradek engineers, delivers secure, ultra-low latency, broadcast-quality video and audio for mission-critical video transport over public networks. It utilises joint source channel coding to evaluate video content and network characteristics simultaneously, optimising for both in one step. The result is a highly resilient, adaptive video stream that ensures the quality and integrity of content over the most challenging network conditions, overcoming video pixelation, stuttering, freezing, sync loss, delays and total dropouts. ART provides more natural, lifelike bi-directional streaming interaction between presenters and guests, wherever they are located across the globe.

Zero latency wireless video solutions for the medical market

4K real-time video is widely used by surgeons and medical professionals to provide optimal visualisation during diagnosis and surgical procedures. The need to wirelessly connect video sources to display monitors, recording devices and wall control panels is becoming essential in order to improve clinical workflow, efficiency and patient outcomes. Amimon's unique, award-winning wireless zero latency video technology means we can now deliver high fidelity, ultra-low latency video over a secure and reliable link. Our medical products are utilised in thousands of installations within operating rooms, replacing current wired solutions. This increases flexibility for healthcare professionals, in addition to attractive economies of scale and increased operating room availability.

How NATO streamed to 88 countries in three days with Teradek

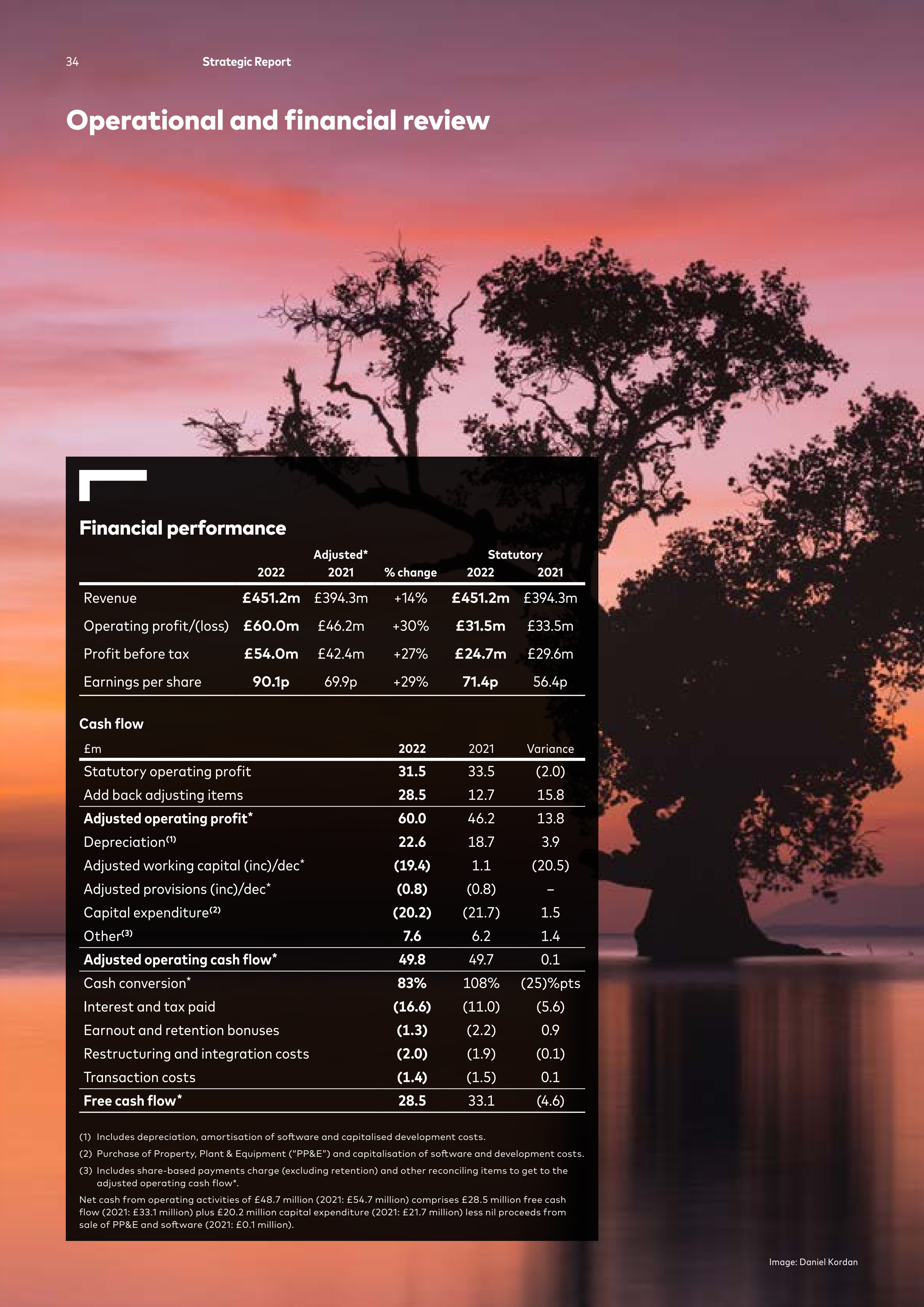
NATO has historically transmitted video using the private fibre and satellite network from the European Broadcasting Union, but wanted to find better synergy between their broadcast and internet solutions to reach a worldwide audience, while improving cost efficiency. They are working with Teradek to be ready for a future where broadcast-quality video might no longer be transmitted via expensive fibre and satellites, but instead public TV stations might send the same quality video through more cost-effective consumer internet connections.

"

Without Teradek we could not have pulled off what we did over the past half year. It has become clear that with Teradek, we've invested well at a relatively minimal cost compared to transmission via fibre or satellite.

Bart Vandendorpe
NATO

Operational and financial review



Financial performance

	Adjusted*			Statutory	
	2022	2021	% change	2022	2021
Revenue	**£451.2m**	£394.3m	+14%	**£451.2m**	£394.3m
Operating profit/(loss)	**£60.0m**	£46.2m	+30%	**£31.5m**	£33.5m
Profit before tax	**£54.0m**	£42.4m	+27%	**£24.7m**	£29.6m
Earnings per share	**90.1p**	69.9p	+29%	**71.4p**	56.4p

Cash flow

£m	2022	2021	Variance
Statutory operating profit	**31.5**	33.5	(2.0)
Add back adjusting items	**28.5**	12.7	15.8
Adjusted operating profit*	**60.0**	46.2	13.8
Depreciation(1)	**22.6**	18.7	3.9
Adjusted working capital (inc)/dec*	**(19.4)**	1.1	(20.5)
Adjusted provisions (inc)/dec*	**(0.8)**	(0.8)	–
Capital expenditure(2)	**(20.2)**	(21.7)	1.5
Other(3)	**7.6**	6.2	1.4
Adjusted operating cash flow*	**49.8**	49.7	0.1
Cash conversion*	**83%**	108%	(25)%pts
Interest and tax paid	**(16.6)**	(11.0)	(5.6)
Earnout and retention bonuses	**(1.3)**	(2.2)	0.9
Restructuring and integration costs	**(2.0)**	(1.9)	(0.1)
Transaction costs	**(1.4)**	(1.5)	0.1
Free cash flow*	**28.5**	33.1	(4.6)

(1) Includes depreciation, amortisation of software and capitalised development costs.

(2) Purchase of Property, Plant & Equipment ("PP&E") and capitalisation of software and development costs.

(3) Includes share-based payments charge (excluding retention) and other reconciling items to get to the adjusted operating cash flow*.

Net cash from operating activities of £48.7 million (2021: £54.7 million) comprises £28.5 million free cash flow (2021: £33.1 million) plus £20.2 million capital expenditure (2021: £21.7 million) less nil proceeds from sale of PP&E and software (2021: £0.1 million).

Image: Daniel Kordan

The Group achieved record revenue and adjusted profit before tax*

Andrea Rigamonti
Group Chief Financial Officer

Income and expense

The Group achieved record revenue and adjusted profit before tax* despite some significant headwinds, including weakening consumer confidence as the year progressed. This most significantly impacted revenue from our non-professional customers, which represents c.10% of total Group revenue. Business confidence was also low in H2 and as a result, we saw retailer destocking across all Divisions but predominantly in Media Solutions.

These external factors meant that full year organic, constant currency growth was 1%. The acquisitions of Savage and Audix have been successfully integrated and contributed to full year revenue growth of 8% on a constant currency basis, and 14% on a reported basis.

Adjusted gross margin of 43.9% was in line with 2021 (43.9%). As expected, Litepanels' royalties were lower than in 2021; excluding royalties from both periods, the gross margin* has increased from 43.3% to 43.7%. The effect of price increases more than offset the high inflation on raw materials, freight, duty, utilities and labour.

Adjusted operating expenses* of £138.1 million were £11.1 million higher than 2021. On an organic, constant currency basis, they declined by £1.6 million due to careful management of the cost base across H2 to mitigate against the macro-economic headwinds.

The drop through from higher revenue combined with tight control of the cost base delivered a 160 bps increase in the adjusted operating margin* to 13.3%. There was a 24% drop through of revenue to profit on a reported basis, which was 40% at constant currency.

Adjusted profit before tax* included a £3.6 million favourable foreign exchange effect after hedging compared to 2021, due to a stronger US Dollar partly offset by a slightly weaker Euro than in 2021. The impact on 2023 adjusted profit before tax* from a one cent stronger/weaker US Dollar/Euro is expected to be an increase/decrease of approximately £0.3 million and £0.3 million, respectively.

Adjusted net finance expense* of £6.0 million was £2.2 million higher than in 2021. This was driven by higher debt, following the recent acquisitions, and rising interest rates; partly offset by net gains on the translation of intercompany loans and cash balances. In 2023, an average of c.65% of our borrowings will be fixed through swaps at an average rate of c.4% (including margin), partly mitigating the risk of further interest rate increases. Our floating debt currently has an average interest rate of c.6% (including margin). Net finance expense also includes interest on the lease liabilities and the defined benefit pension scheme, amortisation of loan fees, and net currency translation gains or losses.

Adjusted profit before tax* was £54.0 million; £11.6 million higher than 2021. On an organic, constant currency basis, adjusted operating profit* and adjusted profit before tax* were 11% and 3% up respectively on 2021.

Statutory profit before tax of £24.7 million (2021: £29.6 million) further reflects adjusting items of £29.3 million (2021: £12.8 million), which primarily relate to the amortisation of acquired intangibles, acquisition related charges, and restructuring. These charges were higher compared to 2021 primarily due to the recent acquisitions, particularly those of Savage and Audix, and the Creative Solutions' restructuring announced at the November 2022 trading update. As a result, statutory operating margin decreased from 8.5% to 7.0%.

The Group's effective tax rate ("ETR") on adjusted profit before tax* was 23.1% (2021: 24.3%). Statutory ETR was a 33.2% credit (2021: 12.5% cost) due to the recognition of historical US tax losses of £14.3 million.

Adjusted basic earnings per share* was 90.1 pence. Statutory basic earnings per share was 71.4 pence.

Cash flow and net debt

Cash generated from operating activities was £65.3 million (2021: £65.7 million) and net cash from operating activities was £48.7 million (2021: £54.7 million).

Free cash flow* was £4.6 million lower than 2021. Cash conversion* was 83%, and across the last three years has cumulatively been 108%.

Adjusted working capital* increased by £19.4 million in 2022. Inventory increased by £12.2 million in H1, which was expected following cost inflation, capacity constraints and component shortages but fell by £2.0 million across H2 as we managed our cash position carefully. Receivables increased by £5.0 million in part due to price rises, and payables decreased by £4.2 million mainly due to year-on-year movements in accruals.

Operational and financial review continued

Capital expenditure included:

- £7.1 million of property, plant and equipment compared with £10.8 million in 2021, which included the insourcing of JOBY to Feltre;
- £12.1 million capitalisation of R&D (2021: £10.1 million) primarily at Creative Solutions to develop our next generation products; and £1.0 million capitalisation of software (2021: £0.8 million). Gross R&D was higher than 2021, as expected, and grew in line with revenue (6.3% of revenue in 2022 compared to 6.4% in 2021).

£m	2022	2021	Variance
Gross R&D	**28.2**	25.2	3.0
Capitalised	**(12.1)**	(10.1)	(2.0)
Amortisation	**6.4**	4.8	1.6
P&L impact	**22.5**	19.9	2.6

'Other' primarily relates to share-based payments.

Interest and tax paid increased by £5.6 million compared to 2021 mainly due to higher interest costs from fees for the Audix term loan and accordion agreement, as well as the increased P&L charge.

Earnout and retention bonuses relate to Lightstream and Quasar. Restructuring cash outflow reflects costs associated with rebranding from The Vitec Group plc to Videndum plc and the exit costs that were paid in 2022, the remainder to be paid in 2023.

December 2021 closing net debt* (£m)	**(145.2)**
Free cash flow*	28.5
Upfront loan fees, net of amortisation	(0.3)
Dividends paid	(18.0)
Employee incentive shares	(1.4)
Acquisitions	(33.2)
Net lease additions	(8.6)
FX	(15.3)
December 2022 closing net debt* (£m)	**(193.5)**

Net debt* at 31 December 2022 was £48.3 million higher than at 31 December 2021 (£145.2 million) and £0.6 million lower than at 30 June 2022 (£194.1 million).

The ratio of net debt to EBITDA was 2.1x at 31 December 2022 (2021: 2.0x), on the basis used for our loan covenants(1). Given the expected H2 weighting in 2023, the ratio will increase at 30 June 2023 but is then expected to materially decline thereafter.

Cash outflow on acquisitions mostly relates to the purchase of Audix on 11 January 2022, net of the cash acquired.

Net lease additions mainly consist of a new lease at Savage and also a lease as part of the acquisition of Audix.

There was a £15.3 million adverse impact from FX; primarily from the translation of our US Dollar debt, following the strengthening of the US Dollar against Sterling.

Liquidity at 31 December 2022 totalled £102.1 million; comprising £86.3 million unutilised Revolving Credit Facility ("RCF") and £15.8 million of cash. The £35 million RCF accordion was executed on 30 December 2022 taking the total RCF facility from £165 million to £200 million.

ROCE* of 18.8%(2) was higher than the prior year (2021: 18.0%), which reflects the higher adjusted operating profit*, partly offset by increased capital employed because of the recent acquisitions.

Adjusting items

Adjusting items in profit before tax were £29.3 million versus £12.8 million in 2021.

£m	2022	2021
Amortisation of acquired intangible assets	**10.9**	7.2
Acquisition related charges(3)	**9.3**	4.6
Integration and restructuring costs	**8.3**	0.9
Finance expense – amortisation of loan fees on borrowings for acquisitions	**0.8**	0.1
Adjusting items	**29.3**	**12.8**

(1) Net debt is stated before arrangement fees; EBITDA is based on adjusted EBITDA* for the applicable 12-month period (see Glossary), before non-cash share-based payment charges; and after interest on employee benefits and FX movements, and the amortisation of arrangement fees; it also includes the 12-month pro forma effect of acquisitions. Our loan covenant is 3.25x.

(2) Return on capital employed ("ROCE") is calculated as adjusted operating profit* for the last 12 months divided by the average total assets (excluding non-trading assets of defined benefit pension and deferred tax), current liabilities (excluding current interest-bearing loans and borrowings), and non-current lease liabilities. 2021 has been restated to exclude the deferred tax asset, which was included in the 2021 calculation.

(3) Includes earnout charges, retention bonuses, transaction costs relating to the acquisition of businesses, and the effect of fair valuation of acquired inventory.

Viability Statement

In accordance with the 2018 UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period, taking account of the Group's current financial and trading position as summarised in this Annual Report, the principal risks and uncertainties set out on pages 44 to 49, and the latest management forecasts.

The Directors believe that a three-year period is an appropriate period over which a reasonable expectation of the Group's longer-term viability can be evaluated and is aligned with the Group's business and strategic planning time horizon. It reflects the nature of the Group's key markets, its businesses and products, and its limited order visibility. While the Directors have no reason to believe that the Group will not be viable over a longer period, they believe that the three-year period presents readers of the Annual Report with a reasonable degree of confidence.

The Group's strategic and financial planning process reflects the Directors' best estimate of the future prospects of the Group, but they have also considered a range of scenarios through to the end of 2025. Modelling is impacted by a number of factors including assumptions around the overall global economic environment, the growth of our end markets and the creation of original content.

The Directors have reviewed the forecast scenarios set out below:

– The Group's latest forecast, which projects a progressive trading performance in 2023 and beyond, despite the uncertain macroeconomic outlook facing the Group.
– Two severe downside scenarios which primarily vary the length of a global recession with the key changes to estimates being a severe reduction in revenue and cash generation of the Group, reflecting an extreme scenario similar to the 2008 global financial crisis.

The severe downside scenarios are considered possible but not probable and factor in mitigating cost savings activities from management actions which would be taken to partly offset a decline in trading performance. These are proportionate and do not take into account all discretionary actions which could be taken; nor do they consider renegotiation of the covenants of the RCF, which for example, occurred during 2020. The Directors have considered the potential risk of lower revenue and, while monitoring developments, they currently consider there to be minimal risk of breaching covenants. Under the most severe scenario modelled, the lowest point of cash headroom in the next 12 months would be at February 2024, when cash headroom under the RCF would be £28 million.

The Group has also modelled a reverse stress test scenario. This models the decline in sales that the Group would be able to absorb before breaching any financial covenants. Such a scenario, and the sequence of events that could lead to it, is considered to be remote. Revenue in 2022 increased by 14% versus 2021. Revenue would need to decline by 16% in 2023 versus our latest forecast to result in a breach of the covenants.

The Directors have also considered the Group's capacity to remain viable after consideration of future cash flows, expected debt service requirements, undrawn facilities and access to capital markets.

The Group's main committed borrowing facilities at 31 December 2022 was the £200 million RCF, where the Group had utilised £113.7 million (57%); under the terms of the RCF the loans have a maturity of £165 million at 14 February 2026, with the residual £35 million expiring at the original date of 14 February 2025.

The Group's committed borrowing facilities also include a three-year $53.0 million (£43.8 million) amortising Term Loan signed on 15 November 2021 to finance the acquisition of Savage, and a three-year $47.0 million (£38.8 million) amortising Term Loan signed on 7 January 2022 to finance the acquisition of Audix. The balance outstanding on these Term Loans at 31 December 2022 was $75.0 million (£62.0 million).

Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period from the date of this Annual Report to 31 December 2025, subject to the Group retaining the ability to acquire funding in order to refinance its committed facilities when they fall due, which is expected to be the case.

Dividend

The Board has recommended a final dividend of 25.0 pence per share amounting to £11.6 million (2021: 24.0 pence per share amounting to £11.1 million). The final dividend, subject to shareholder approval at the 2023 Annual General Meeting, will be paid on Friday, 19 May 2023 to shareholders on the register at the close of business on Friday, 21 April 2023. This will bring the total dividend for the year to 40.0 pence per share (2021: 35.0 pence per share). A dividend reinvestment alternative is available with details available from our registrars, Equiniti Limited. The Board's objective is for a progressive and sustainable dividend and believes it is appropriate for the Group to target a total dividend cover of 2.0–2.5 times adjusted EPS.*

Andrea Rigamonti
Group Chief Financial Officer
27 February 2023

* In addition to statutory reporting, Videndum plc reports alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group uses these APMs to aid the comparability of information between reporting periods and Divisions, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and Management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in the Glossary on pages 224 to 228.

Operational and financial review continued

Media Solutions

Macroeconomic market conditions had a significant impact on Media Solutions and drove an organic, constant currency revenue decline of 7%. The acquisitions of Savage and Audix have been successfully integrated and along with a tailwind from a stronger Euro and US Dollar resulted in reported revenue for Media Solutions increasing by 12%.

High inflation drove weakening consumer confidence, which started towards the end of H1 and continued throughout H2. The consumer segment (c.20% of the Division) was most significantly impacted with lower demand from hobbyists and vlogger/influencers.

Business confidence was subsequently low in H2 and retailer destocking impacted across the Division, including in the independent content creator segment (c.55% of the Division).

Our premium lighting supports are best-in-class and have been in high demand, and we saw significant growth in the high end professional segment (c.25% of the Division). We launched our Avenger Buccaneer for the cine/scripted TV market in September, which is a unique, ground breaking lighting stand.

Higher reported revenue drove a 24% increase in adjusted operating profit* with the operating margin* increasing by 150 bps. Operating profit* declined by 3% on an organic, constant currency basis.

Statutory operating profit was £23.4 million (2021: £23.8 million), reflecting £9.7 million of adjusting items (2021: £2.8 million).

Our brands

Supports and stabilisers
- Avenger
- JOBY
- Gitzo
- Manfrotto
- National Geographic

Carrying solutions
- Gitzo
- Lowepro
- Manfrotto
- National Geographic

Lighting and controls
- JOBY
- Manfrotto

Smartphonography
- JOBY

Audio capture
- Audix
- JOBY
- Rycote

Backgrounds
- Colorama
- Savage
- Superior

Revenue

£217.8m

Up 11.9% ↑

Revenue

Statutory operating profit

Adjusted operating profit*

£33.1m

Up 24.4% ↑

Adjusted operating profit*

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Production Solutions

Production Solutions had a stand-out year as it was less affected by the macroeconomic conditions with all their products catering for professionals. Organic, constant currency revenue increasing by 6%, and the stronger US Dollar resulted in reported revenue for Production Solutions increasing by 13%.

The broadcast segment returned to pre-pandemic levels, significantly increasing studio spend year-on-year; driving high growth in studio supports and prompting. Our voice-activated prompting, launched in 2021, continued to drive growth in this area as well.

Outside of the studio, our market-leading flowtech tripods and aktiv fluid heads helped to drive material growth in non-studio supports. The Litepanels Gemini 2x1 Hard launched in May and was very well received by the market, with some significant first year revenue.

Camera Corps provided bespoke cameras to the Winter Olympics in H1, although H2 year-on-year comparisons are unfavourable given the Summer Olympics in H2 2021.

The higher revenue drove a 12% increase in adjusted operating profit* and 10% on an organic, constant currency basis. The operating margin* decreased by 20 bps as royalties received for the Litepanels brand were lower than seen in 2021, with 100% of the revenue decline dropping through to profit. Excluding the royalties, the operating margin* was 22.1% (2021: 20.3%).

Statutory operating profit was £30.1 million (2021: £27.1 million), which included £1.3 million of adjusting items (2021: £0.9 million).

Our brands

Supports
- → OConnor
- → Sachtler
- → Vinten

Prompters
- → Autocue
- → Autoscript

Lighting
- → Litepanels
- → Quasar Science

Mobile power
- → Anton/Bauer

Robotic camera systems
- → Camera Corps
- → Vinten

Distribution, rental and services
- → Camera Corps
- → The Camera Store

Revenue
£137.8m

Up 13.1% ↑

Revenue


Statutory operating profit


Adjusted operating profit*
£31.4m

Up 12.1% ↑

Adjusted operating profit*


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Operational and financial review continued

Creative Solutions

The continuation of the 4K/HDR rollout drove Creative Solutions revenue to increase by 10% on an organic, constant currency basis, and the stronger US Dollar resulted in reported revenue for Creative Solutions increasing by 23%.

Our Teradek Bolt transmitters and receivers are exclusively now 4K/HDR, as are a third of the sales of SmallHD monitors. Total 4K/HDR sales were c.$47 million (c.$13 million of which were monitors). Wooden Camera saw continued significant growth, and overall the cine/scripted TV segment grew materially.

Less remote working compared to 2021 and a repositioning of our brand towards the higher margin, higher end of the enterprise market saw revenue decline year-on-year in this market, as expected. However, high demand for our Amimon medical products did result in continued significant growth in this market segment.

The higher revenue drove a 51% increase in adjusted operating profit* with the operating margin* increasing by 240 bps. Operating profit* increased by 41% on an organic, constant currency basis.

In November, we announced a reorganisation in Creative Solutions. Following a period of significant investment in R&D in Creative Solutions, the future focus is on leveraging our unique technologies and platforms to drive further growth in strategic markets. Consequently, the sales and marketing teams were reorganised into specialist vertical segments to maximise the Division's growth potential, and to focus on high end, high margin, mission-critical products incorporating patented Amimon technology, exiting the low margin, low end of the wireless video streaming market where our products do not incorporate the Amimon technology.

These actions are expected to reduce the annual Divisional cost base by c.$3.5 million. The total cash cost of the reorganisation is expected to be c.$2.5 million ($0.7 million in 2022), with non-cash write-offs in 2022 of $4.5 million.

Statutory operating loss was £3.3 million (2021: £0.6 million loss), which reflects £15.8 million of adjusting items, including those above (2021: £8.9 million).

Our brands

Video transmission systems
→ Teradek

Monitors
→ SmallHD

Lens control systems
→ Teradek

Live streaming
→ Teradek
→ Lightstream

IP video
→ Teradek

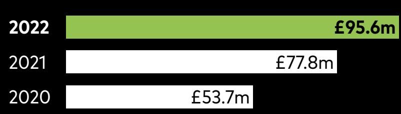
Camera accessories
→ Wooden Camera

Revenue

£95.6m

Up 22.9% ↑

Revenue



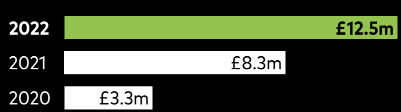
Statutory operating profit

Adjusted operating profit*

£12.5m

Up 50.6% ↑

Adjusted operating profit*



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FPS 23.976
SHUTTER 172.8
EI 800
ND 1.2
WB 5600 K
+0.0 CC
SDI
CAM
LOG
BAT 14.5V
A003 C015
REC
CARD
0:12 h
TC 03:24:48:02
SMALLHD

Operational and financial review continued

Key Performance Indicators

Health and safety: accident record

Number of accidents resulting in greater than three days' absence.

2

Performance

2022	**2**
2021	0
2020	0

Progress

Our target is zero accidents.

Link to strategy

n/a

Constant currency revenue (decline)/growth

Change in revenue on operations at constant exchange rates.

7.7%

Performance

2022	**7.7%**
2021	43.5%
2020	-22.9%

Progress

Increase driven by M&A activity, growth in lighting, studio and broadcast supports and 4K-HDR; partly offset by declining consumer confidence and destocking.

Link to strategy

1 3

Adjusted operating profit margin*

Adjusted operating profit* divided by revenue.

13.3%

Performance

2022	**13.3%**
2021	11.7%
2020	3.4%

Progress

Increase driven by higher volumes.

Link to strategy

2 3

Adjusted profit before tax*

Adjusted profit before tax.*

£54.0m

Performance

2022	**£54.0m**
2021	£42.4m
2020	£5.5m

Progress

Increase driven by higher volumes, partly offset by higher net finance expense.

Link to strategy

1 2 3

* A summary of APMs is given in the Glossary on pages 224 to 228.

ROCE for 2020 and 2021 has been restated to include the non-current lease liabilities and excludes deferred tax assets, which were not previously included/excluded respectively.

Adjusted basic EPS*

Adjusted profit after tax* divided by weighted average number of shares outstanding during the period.

90.1p

Performance

2022	**90.1p**
2021	69.9p
2020	9.0p

Progress

Increase driven by higher adjusted profit after tax* and lower effective tax rate.

Link to strategy

1 2 3

Return on Capital Employed*

Adjusted operating profit* divided by the average total assets (excluding non-trading assets of defined benefit pension and deferred tax), current liabilities (excluding current interest-bearing loans and borrowings), and non-current lease liabilities.

18.8%

Performance

2022	**18.8%**
2021	18.0%
2020	4.1%

Progress

Increase driven by higher adjusted operating profit*, partly offset by increased capital employed because of the recent acquisitions.

Link to strategy

1 2 3

Cash conversion*

Adjusted operating cash flow* divided by adjusted operating profit.*

83%

Performance

2022	**83%**
2021	108%
2020	257%

Progress

Tight control of cash despite expected higher inventory due to pricing and increased volumes.

Link to strategy

1 2

Revenue in APAC

Revenue from selling to countries in the Asia Pacific region as a percentage of total revenue.

15.6%

Performance

2022	**15.6%**
2021	15.6%
2020	18.9%

Progress

In line with prior year, with higher growth areas outside of APAC since 2020.

Link to strategy

1 3

Principal risks and uncertainties

The Group has a well-established and effective framework for reviewing and assessing risks and has appropriate processes and procedures to mitigate against them.

Overview

To achieve its strategic objectives, Videndum recognises that it will take on certain business risks.

The Company aims to take business risks in an informed and proactive manner, such that the level of risk after mitigating action is aligned with the potential business rewards. Management regularly reviews risk exposures against current business risk level tolerances.

Videndum aims to be a sustainable business, minimising its impact upon the environment, supporting and working to improve the societies in which it operates and with a rigorous governance framework ensuring the longevity of the business and minimising risks around its operations.

The risk management framework includes formal risk reviews and risk registers maintained at Group, Divisional and individual site level.

Our approach is underpinned by a commitment to fairness and honesty in our relationship with customers, suppliers, our people and all our stakeholders. The Group is risk averse with respect to risks that could negatively affect the safety of our employees and products, our brands or reputation, or risks that could lead to breaches of laws and regulations or endanger the future existence of the Company.

We have a disciplined financial management approach and in particular we seek to minimise the impact of short-term currency fluctuations on our business. The Group is committed to full compliance with all statutory obligations and full disclosure to tax authorities.

To support our strategic priorities, we have several business objectives which influence the way in which we proactively manage risks. These include: being a strong innovator and investing in research and development; optimising supply chain efficiency and operational excellence; robust HR processes for resourcing and talent development; and identification of acquisition opportunities.

Update since 2021

- We believe that the risks relating to "Demand for Videndum's products" remains stable overall, in spite of the challenging economic outlook affecting our consumer-oriented brands, the war in Ukraine, higher inflation and interest rates, currency fluctuations, supply chain disruptions, and some markets still affected by COVID-19. The order book going into 2023 is healthy, and the Group's diversification strategy continues to bear fruit with certain newer segments (e.g. Audio, Lighting) continuing to perform strongly. We believe the long-term fundamentals for the content creation industry remain strong.
- The risk related to "New markets/ channels of distribution" is incorporated into the risk "Demand for Videndum's products". We no longer consider this to be a standalone risk given that the diversification into new segments and rollout of a digital strategy are substantially complete.
- "Cost pressure" remains high but has reduced since 2021. Videndum has been able to implement price increases to more than offset the increase in costs, and we continue to control the cost base carefully. In addition, the availability of critical components has improved since 2021.
- The risk relating to "Foreign exchange and interest rates" has increased due to significantly higher cost of servicing debt. We have implemented derivative swaps to fix 75% of the interest on Group borrowing.
- The risk relating to "People" has reduced. There have been several HR initiatives which have improved the retention of engineers, wider market pressures relating to competition for talent have eased, and in addition there has been an easing of health and safety restrictions related to COVID-19.
- Several "Restructuring" activities have been announced to take place in 2023, therefore this is now a principal risk.
- Cyber risk remains elevated in view of the high number of cyber security breaches and ransomware activity affecting the corporate sector. We continue to focus on strengthening our cyber security defences and have increased budgets allocated to security. We keep our framework under review; however, this risk remains inherently high and cannot be eliminated.

Image: Daniel Kordan

Principal risks

Movement in 2022

Key Increased Stable Reduced

1.	Demand for Videndum's products	Stable
2.	Cost pressure	Reduced
3.	Dependence on key suppliers	Stable
4.	Dependence on key customers	Stable
5.	People	Reduced
6.	Laws and regulations	Stable
7.	Reputation of the Group	Stable
8.	Foreign exchange and interest rates	Increased
9.	Business continuity including cyber security	Stable
10.	Climate change	Stable
11.	Restructuring – new risk	
12.	Acquisitions	Stable

Principal risks and uncertainties continued

Principal risk	Mitigation	Strategic priority
1. Demand for Videndum's products		
This risk is stable as the fundamentals of the content creation industry remain strong. We have premium, market-leading brands and continue to launch innovative products; business activity has further diversified following the acquisitions of Audix and Savage. The order book for 2023 remains healthy and the Group has a varied product portfolio, and segments such as Lighting and Audio continue to experience strong growth. Global recessionary and inflationary pressures are reducing consumers' disposable income, which has impacted demand for consumer-oriented products, which account for c.10% of the Group's revenue. The discontinuation of sales to Russia as a consequence of the Ukraine conflict has a moderate impact on our revenues (approximately £5 million per annum). The Chinese market is no longer as impacted by COVID-19 following the easing of lockdown measures.	– Close monitoring of target markets and user requirements. – Continuous investment in new product development and marketing, and phasing out of old products. c.50% of the Group's revenue comes from products launched in the last three years. – Continued emphasis on diversification away from traditional markets and channels towards e-commerce and products with a higher technological content, as well as accessories. – Growth pursued in new/adjacent markets and emerging markets, through organic growth and acquisitions. – Close relationship maintained with key customers. – The operational footprint and build plans for our manufacturing plants are adjusted to respond to changes in demand condition.	**1. Organic growth** **2. Margin improvement** **3. M&A activity**
2. Cost pressure		
Cost pressure and general inflationary pressures continue to remain high, affecting many categories of spend, but the pressure has reduced since 2021. We are experiencing fewer shortage issues on critical components. However, as cost of living concerns increase, we may experience significant wage inflationary pressures during 2023. Generally, the strong differentiation and premium nature of our brands allows the Group to increase prices in line with inflation. There is also a careful monitoring of costs in order to protect margins.	– Programmes of carefully evaluated sales price increases have offset additional costs. – Careful monitoring of costs versus budgets, production and sourcing activities are continually reviewed for cost-saving opportunities. – Labour efficiency improvements through initiatives such as Lean principles. – Key supplier agreements regularly re-tendered to achieve optimal value. – Salaries and benefits are regularly benchmarked.	**2. Margin improvement**
3. Dependence on key suppliers		
We source materials and components from many suppliers in various locations, and in some instances are more dependent on a limited number of suppliers for particular items. If any of these suppliers or subcontractors fail to meet the Group's requirements, we may not have readily available alternatives, thereby impacting our ability to provide an appropriate level of customer service. In 2021, Videndum faced shortages of certain raw materials and components, in particular semi-conductors. This issue has eased somewhat during 2022.	– Where possible, dual sourcing is in place for all materials and components, using suppliers in different territories. – Monitoring of service levels against pre-defined KPIs. Strong relationships are maintained. – In-sourcing opportunities have been identified to improve margins and reduce key supplier dependencies. – Formalised Sales and Operations Planning ("S&OP") in place, which enables us to anticipate requirements for raw materials and other components. – Business interruption insurance (within deductible limits) provides coverage for named key suppliers.	**1. Organic growth** **2. Margin improvement**

Key ↑ Increased – Stable ↓ Reduced

Principal risk	Mitigation	Strategic priority
4. Dependence on key customers (Stable)		
While the Group has a wide customer base, the loss of a key customer, or a significant worsening in their success or financial performance, could result in a material impact on the Group's results. Videndum's largest customer accounted for approximately 10% of the Group's total turnover in 2022. The business also works with a variety of customers on large sporting events and the extent of these activities varies year-on-year, although as the Group has grown the relative importance of the revenue from these events has decreased.	– Development of strong relationships and dedicated account management teams for key accounts. – Strict monitoring of receivable balances. Credit insurance schemes in place covering approximately 50% of total trade debtor balance. – The increased investment in digital platforms will enable the Group to better serve end customers and reduce reliance on third-party distributors.	**1. Organic growth** **2. Margin improvement**
5. People (Reduced)		
We employ approximately 1,900 people and are exposed to a risk of being unable to retain or recruit suitable diverse talent to support the business. We manufacture and supply products from a number of locations and it is important that our people operate in a professional and safe environment. Competition for engineering talent remains strong and there is still a risk that some key engineers may leave Videndum, thereby adversely affecting the development of new products. The risk around retention of talent has eased in the last few months, hence we consider this risk reduced.	– Employees' health and safety is taken very seriously and risks and issues are carefully monitored. – Wellness and counselling support facility provided to employees. – Employees are rewarded fairly with competitive remuneration packages. – Appropriate recruitment, appraisal, talent management and succession planning strategies are in place to ensure we recruit and retain diverse, good quality people and leadership across the business. – Retention plans are continually reviewed and adapted.	**1. Organic growth** **3. M&A activity**
6. Laws and regulations (Stable)		
We are subject to a comprehensive range of legal obligations in all countries in which we operate. As a result, we are exposed to many forms of legal risk. These include, without limitation, regulations relating to government contracting rules, sanctions regimes, environment and climate change, taxation, data protection regimes, anti-bribery provisions, competition, and health and safety laws in numerous jurisdictions around the world. Failure to comply with such laws could significantly damage the Group's reputation and could expose Videndum to fines and penalties.	– Dedicated legal and regulatory compliance resources supported by external advice where necessary. – Monitoring of developments in the regulatory environment in which our companies operate, including the effect of tax changes. – We enhance our controls, processes and employee knowledge to maintain good governance and to comply with laws and regulations. Our Code of Conduct sets out standards expected of Videndum and our employees. – Intellectual Property is actively protected; Videndum seeks to enforce its Intellectual Property rights. – A compliance search engine is used to monitor and vet third parties, including for possible issues relating to sanctions regimes.	**1. Organic growth** **2. Margin improvement**

Principal risks and uncertainties continued

Principal risk	Mitigation	Strategic priority
7. Reputation of the Group		
Damage to our reputation and our brand names can arise from a range of events such as poor product performance, unsatisfactory customer service, and other events either within or outside our control. We are mindful of the increasing levels of regulatory and stakeholder scrutiny of companies' affairs, coupled with the widespread impact of social media. The societal impact of our brands and the sustainability of our operations are increasingly important to consumers of Videndum products and our investor community. There is increased scrutiny of Videndum's ESG credentials, and a need to comply with increasing ESG regulations ("ESOS", "TCFD").	– Strong standards of product quality and customer service are enforced. – Business is managed in a safe and professional way, in accordance with corporate values. – All employees and stakeholders are expected to abide by Videndum's Code of Conduct which was relaunched in 2022. – A whistleblowing service is in place for employees to escalate any concern. – Third party due diligence framework includes compliance searches and inspections, and consideration of reputational issues. – A structured, Group-wide, ESG programme is in place. This includes initiatives to improve product sustainability and reduce waste and emissions.	**1. Organic growth**
8. Foreign exchange and interest rates		
The global nature of the Group's business means it is exposed to volatility in currency exchange rates in respect of foreign currency denominated transactions, and the translation of net assets and income statements of foreign subsidiaries and equity accounted investments. The Group is exposed to a number of foreign currencies, the most significant being the US Dollar, Euro and Japanese Yen. Due to its debt, the Group is also affected by higher financing charges linked to increases in interest rates.	– Use of appropriate hedging activities on forecast foreign exchange net exposures. – Overseas investments partly financed through the use of foreign currency borrowings in order to provide a net investment hedge over the foreign currency risk that arises on translation. – 75% of the interest charge for 2023 is fixed through the use of swap instruments, thereby minimising the impact of any major increases. – Group is currently prioritising cash generation to repay debt.	**2. Margin improvement** **3. M&A activity**
9. Business continuity including cyber security		
There are risks relating to business continuity resulting from specific events such as natural disasters including earthquakes, floods, fires, or pandemic flu, and climate change-induced disasters. These may impact our manufacturing plants or supply chain, particularly where these account for a significant amount of our trading activity. We are also dependent on our IT platforms continuing to work effectively to support our business and therefore there is a cyber security risk for the Group.	– A business continuity and disaster recovery planning policy is in place. – Significant investment made in implementing new security tools and processes. – IT security controls and training programmes continually improved with appropriate investment. – We have global insurances in place which provide cover for certain business interruption events. We review coverage annually to determine whether adjustments are needed.	**1. Organic growth**

Key — Increased — Stable — Reduced

Principal risk	Mitigation	Strategic priority
10. Climate change (Stable)		
We understand the serious nature of the challenges relating to climate change and the implications this may have on our operations and business model. We consider the physical risks to people, assets and supply operations based on a projected increase in the frequency of natural disasters caused by climate change, and the impact of gradual changes such as increasing temperature. Additional resource is needed to manage this issue and meet additional reporting requirements. Additional cost may arise, in particular with regards to: property and business continuity insurance; carbon tax and offsetting; and meeting product regulation. See the TCFD report from page 57 for a more detailed overview of this risk.	– A climate change risk management framework has been established, details set out in the TCFD report from page 57. – We have established clear targets and trajectory for achieving carbon neutrality and subsequently net zero emissions. – Group-wide ESG programmes (see ESG report from page 50).	**1. Organic growth**
11. Restructuring – new risk		
Several restructuring initiatives are ongoing and/or in the process of being implemented, which are supplemented by other operational improvement initiatives. The main objective of these is to implement synergies, often identified as part of recent acquisitions. There is a risk that these projects do not achieve the planned outcomes, or that the day-to-day operations are impacted.	– Projects are monitored closely by senior operational management with regular updates provided to the Divisions/Group. – Detailed plans put in place and tracked against milestones. – Regular review of controls/risks at a Divisional level to confirm that standard procedures are in place.	**1. Organic growth** **2. Margin improvement** **3. M&A activity**
12. Acquisitions (Stable)		
In pursuing our business strategy, we regularly explore opportunities to expand our business through development activities such as strategic acquisitions. This involves a number of calculated risks including: acquiring desired businesses on economically acceptable terms; integrating new businesses, employees, business systems and technology; and realising satisfactory post-acquisition performance. Recent acquisitions have enabled Videndum to further increase its presence in important segments (LED lighting/streaming/audio), while acquiring complementary capabilities.	– Clear acquisition strategy with a robust valuation model. – Stringent due diligence processes are completed including the use of external advisers where appropriate. – A plan is developed to integrate the acquired businesses in an effective way. – The post-acquisition performance of each business is monitored closely.	**3. M&A activity**

Responsible business

A snapshot of ESG

"Videndum has a clear purpose and strategy, and strongly believes in doing business the right way. These behaviours are well embedded within the organisation and are closely monitored by the Board.

Throughout 2022, the Company further developed its Group-wide ESG programme, increasingly focusing on the end-to-end supply chain as well as direct operations.

Stephen Bird
Group Chief Executive

Contents

Stephen Bird
Group Chief Executive

Our ESG strategy and commitment

We are a small company with a global footprint and are committed to working responsibly. We have a coordinated Group-wide approach to ESG which focuses on the material issues that affect our business and our stakeholders. We engage with our stakeholders – including our employees, shareholders, customers, supply chain and rating agencies – to develop, deliver and evolve the Group's ESG strategy according to their needs.

Our strategy includes clear objectives and targets, prioritising actions that can deliver the greatest impact. It is also designed to positively contribute to the success of the Company, to reduce the impact of the business on the environment, to continue to prioritise the health and safety of our employees, and to improve the diversity and inclusivity of our workplaces.

Throughout 2022, we strengthened our relationship with our independent, specialist ESG company, Inspired ESG, working to enhance our ESG strategy and to improve our data collection in order to comprehensively, clearly and consistently report our progress and credentials. To reflect Videndum's commitment to ESG, we published our second standalone ESG Report which details our 2022 ESG performance, and is available on our website. This Annual Report contains an overview of our ESG activities.

ESG frameworks that inform our strategy
Both mandatory and voluntary ESG disclosures inform Videndum's ESG strategy, details of which can be found in our 2022 ESG Report which is available on our website.

Read more online at
www.videndum.com/responsibility

Responsible business continued

Governance framework

The Videndum Board provides oversight and has overall responsibility for the Group's ESG performance. The ESG Committee is chaired by the Group Chief Executive Stephen Bird and comprises senior executives representing the Group and each Division.

The Committee is mandated to meet the Board's growing ESG standards and ambitions, lead initiatives across the Group, and ensure compliance with emerging regulations. The Committee meets at least once a quarter, reporting Divisional ESG progress and it updates the Board on Videndum's ESG performance. A percentage of the Group Chief Executive's remuneration is tied to the Group's climate action and wider ESG performance, including the progress made towards achieving our net zero targets. More details can be found in the Remuneration report from page 122.

In 2022, we established a dedicated ESG Working Group which includes ESG coordinators from each of our Divisions and the Group Risk Assurance Manager. The Working Group meets bi-weekly and is responsible for achieving the Group's wider ESG targets. During 2022, the Board, ESG Committee, ESG Working Group, and broader Management continued to address material issues affecting business operations and Videndum's stakeholders.

How Videndum manages its ESG performance

ESG Committee led by

Videndum Board

Stephen Bird
Group Chief Executive (Sponsor)

Jon Bolton
Group Company Secretary (Executive Lead)

Chris Jorio
Group Risk Assurance Manager (Coordinator)

Enrico Grando
Media Solutions

Julio Lizano
Production Solutions

Marco Vidali
Creative Solutions

Jennifer Shaw
Investor Relations

Meron Kiflu
ESG Coordinator

Alejandro Jiron
ESG Coordinator

Chris Reem
ESG Coordinator

ESG Working Group

Key focus areas

We have a robust governance framework and a Code of Conduct that sets out our values and the behaviour expected from Videndum, our people and our supply chain. ESG governance has been integrated into our existing processes, and this framework underpins a sustainable and responsible business for our stakeholders.

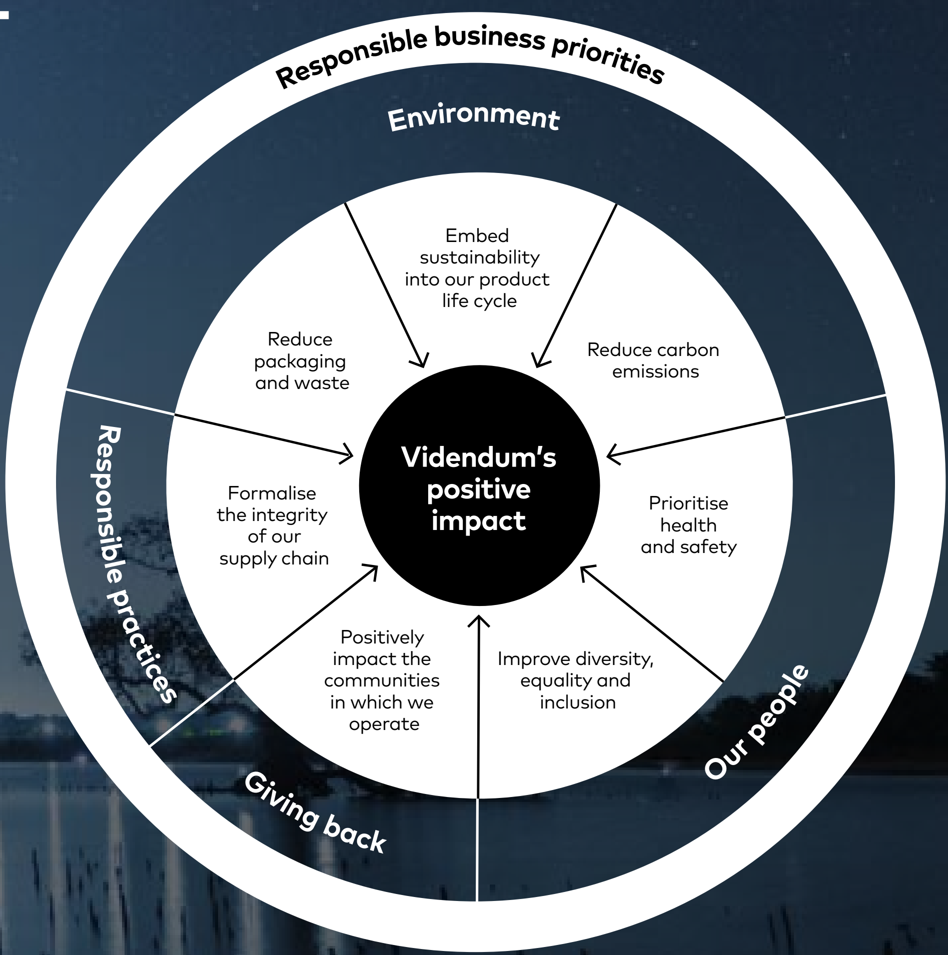


Image: Daniel Kordan

Responsible business continued

ESG targets and pathway to net zero

Target	Progress achieved in 2022	2023 KPIs and deliverables
Environment		
Reduce packaging and waste		
→ 50% of current cardboard packaging consumption will be replaced by sustainable, FSC-grade cardboard or eliminated. → 50% reduction in annual consumption of single-use plastics by 2024. → Continue to reduce waste in landfills. → Start recording water consumption.	The bulk of our paper and cardboard packaging usage sits within Media Solutions, of which 47% was FSC-graded and 72% from recycled material in 2022. Water consumption now measured at all key sites. 0.03% of waste from our Feltre site ended up in landfill in 2022.	Further develop methodology for measurement of plastic waste and implement substitution strategies such as biodegradable polymers.
Embed sustainability into our product life cycle		
→ PLCA (cradle to grave) for five of the top-emitting products we sell by 2025.	Continued rollout of PLCA across Media Solutions, with several initiatives underway – see page 71.	PLCA methodology applied to at least five of Production Solutions' most significant product lines.
Reduce carbon emissions		
→ Reduce our Scope 1 and 2 emissions by 25% by 2024; by 35% by 2027; by 50% by 2030; and by 90% by 2035, based on our 2021 baseline of 3,979.82 tCO_2e. → Reach carbon neutrality by 2025. → Reach net zero by 2035 in Scope 1 and 2. → Reduce business air travel by 50% by 2024 (compared to a 2019 benchmark of c.1,000 tCO_2e). → Strategically reduce our Scope 3 emissions to meet our 2045 net zero target.	Scope 1 and 2 emissions have reduced by more than 20% since 2019 (excluding the impact of newly acquired businesses). Air travel emissions have reduced by 6.8% relative to a 2019 benchmark. This reflects increased environmental conscientiousness and reduced attendance at trade shows. Scope 3 emissions are now calculated up to 2022. We have engaged several key suppliers to understand their energy consumption and identify improvement. Employee survey conducted to measure the impact of employee commuting and identify opportunities to reduce emissions.	Actions have been identified to further reduce emissions for Scope 1 and 2. This includes: further solar panel projects (Feltre, Italy and Arizona, US); increased LED lighting coverage; investment in more energy-efficient machinery; and continued conversion of Company cars to electric as and when leases expire. Implement measures to reduce Scope 3 emissions from supply chain, business travel and employee commuting.

Target	Progress achieved in 2022	2023 KPIs and deliverables
Our people		
Prioritise health and safety		
→ No major lost-time accidents resulting in >three days.	We continue to improve our health and safety management systems but there were two accidents >three days in 2022. All accidents are subject to a rigorous review process to ensure that key learnings are taken and shared across the Group.	No major lost-time accidents.
Improve diversity, equality and inclusion		
→ Over the next five years, aim to improve the Group's overall gender diversity from 70% men, 30% women. → At a senior leadership level, we expect the ratio of women to be at least 30%.	At the end of 2022, 43% of the Group's Board of Directors were female compared to 14% at the end of 2021. 15% of the Group's Operations Executive were female, compared to 8% in 2021. 14% of the Group's senior management team were female, compared to 15% in 2021. 31% of the rest of the Organisation were female, compared to 29% in 2021. We are continuously working to improve the Group's overall gender diversity, particularly our senior management.	The Board will continue to monitor progress on equality and the Group's gender breakdown. We aim to continue developing our processes to foster a culture of inclusivity across the Group, including the Hire 2 Develop programme and apprenticeships focused on engineering, sales, operations and IT departments where females are under-represented.
Giving back		
Over a four-year period*, positively impact the communities in which we operate		
→ Positively impact one disadvantaged person for every Videndum employee in the communities we operate.	In 2022, the Group positively impacted 443 disadvantaged people.	Continue monitoring and measuring progress.
Responsible practices		
Formalise the integrity of our supply chain		
→ Work with our top five biggest suppliers by revenue to request supplier-specific data on products by 2025.	A detailed ESG survey has been completed with Videndum's seven most significant vendors. Supplier due diligence and supplier audit programme has been strengthened to focus on all relevant ESG dimensions.	Rollout of ESG survey to top 30 suppliers.

* Excluding 2020 due to COVID-19 lockdowns.

Responsible business continued

Videndum's transition plan – a roadmap to net zero

Targets

Scope	Area	Short term (to 2025)			Medium term (2025–2035)				Long term (2035–2050)
		2022	2023	2024	2025	2027	2030	2035	2045
Scope 1 and 2	Near-term target	Ensure that 100% of Group operations capture and report on CO_2 emissions.		25% reduction.	Carbon neutral.	35% reduction.	50% reduction.	90% reduction.	
	Key actions	Improve energy efficiency of electricity and gas – Measurable actions have been identified to further reduce emissions for Scope 1 and 2. This includes: further solar panel projects (Feltre, Italy and Ashby, UK); increased LED lighting coverage; investment in more energy-efficient machinery; and continued conversion of Company cars to electric as and when leases expire.							
	Electricity	Solar panel installation to the roof of Cartago, Costa Rica and Bury St. Edmunds, UK. 100% completion of compressed air leak detection and repairs, and heating and air conditioning controls in Feltre, Italy.	Energy metering and circuit level monitoring. LED lighting upgrade in Feltre, Italy and Ashby, UK. Implementation of LED lighting in Arizona, US. Conduct environmental survey in respect of key US sites. Carbon fibre upgrade and other investment in more modern and energy efficient machinery.	Installation of solar panels at Feltre, Italy and Ashby, UK (reducing approximately 750 tCO_2e per annum).	Reduction in size of property portfolio (under utilised sites) will reduce annual emissions by 500 tCO_2e per annum.	Introduce energy efficiency measures across our US sites following energy site surveys (reducing approximately 500 tCO_2e per annum).	Continue to implement the more complex/ expensive site survey recommendations to ensure further reductions.	All site survey recommendations implemented and residual Scope 2 emissions that cannot be eliminated are offset using "carbon removal offsets".	
	Gas	Leverage Solar PV installation to install electric systems thereby substituting natural gas for heating purposes at our Feltre and Ashby sites (reducing approximately 800 tCO_2e).			All Company cars will be substituted to electric or hybrid by 2025 thereby reducing approximately 150 tCO_2e.	Begin to implement site survey recommendations to improve efficiency of gas consumption.	Continue to implement the more complex/ expensive site survey recommendations to ensure year-on-year reductions.	All site survey recommendations implemented and residual Scope 1 emissions that cannot be eliminated are offset using "carbon removal offsets".	
	Carbon neutral target	Reduce Scope 1 and 2 emissions as much as possible.			From 2025, we will purchase offsets annually to be carbon neutral until we reach our Scope 1 and 2 net zero target in 2035. At the end of 2025, we expect that c.1600 tCO_2e i.e. the remaining emissions, will be offset using quality offset programmes available including afforestation/ reforestation, or carbon removal woodland projects. We are also investigating tree planting opportunities on land owned by the Group.				
	Net zero target							Net zero.	
Scope 3	Near-term target	Ensure that 100% of Group operations capture and report on CO_2 emissions.		50% reduction in business air travel.	–	–	–	–	90% reduction.
	Key actions	Implement measures to reduce Scope 3 emissions from supply chain, transportation of goods and employee commute. This includes: – Conduct PLCA (cradle to grave) for five of the top-emitting products we sell by 2025. – Work with our top five biggest suppliers by revenue to request supplier-specific data on products by 2025.							
	Net zero target								Net zero.

In 2022, we worked to develop our transition plan and a strategy to support us on our journey to net zero for Scope 1 and 2 by 2035 and Scope 3 by 2045. We analysed and improved the data for Scopes 1, 2 and 3 in accordance with the Greenhouse Gas ("GHG") Protocol; more details can be found on page 65. Our interim targets detailed above outline the necessary steps we plan to take to meet our long-term targets.

While at a minimum we aim to reduce our Scope 1 and 2 emissions by 25% by 2024, our ambition is to reduce these emissions as far as possible before becoming carbon neutral by 2025. From 2025, we will purchase offsets annually to be carbon neutral until we reach our Scope 1 and 2 net zero target in 2035. In the SECR report on page 67, we have set out our energy efficiency measures for the next five years to begin decarbonising our Scope 1 and 2 emissions.

Videndum committed to having near-term and long-term net zero emission reduction targets validated by the Science Based Targets Initiative ("SBTi") in 2022, demonstrating our commitment to the UK's Nationally Determined Contribution ("NDC") under the Paris Agreement 2015 to limit global warming to 1.5°C. We are currently in the process of reviewing our targets to align with the latest SBTi criteria. We have rebaselined our proposed Scope 1, 2 and 3 SBTi targets on 2021 data. We plan to submit them for review in 2023 for validation by the SBTi.

Responsible business continued

Task Force on Climate-related Financial Disclosures Report ("TCFD")

In 2022, we continued to develop our TCFD reporting, as we further embedded the recommendations and latest guidance into our existing processes. We aim to continuously improve our TCFD reporting over time as guidance evolves and our responsible business programme progresses.

In 2022, Videndum reported in line with the FCA Listing Rule 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures. We recognise that climate change is a complex issue and, although the risk to the Group's operations is currently assessed as moderate overall, we have worked closely with Inspired ESG to rigorously assess the impact of climate change on the business.

Climate governance

The Board provides oversight to climate-related risks and opportunities which have been integrated into our business strategy and targets. The Board considers climate change in long-term financial planning, demonstrated through our areas of capital allocation for onsite renewable energy generation, and research and development into improving our sustainable products. To support their role and responsibility, training was provided for all Board members in 2022 on climate change risks and their associated impact on Videndum's operations. There was also an overview discussion of progress made in reducing emissions since 2019. The Audit Committee continues to review financial and non-financial risks outlined in the Group Risk Register, including the Climate Change Principal Risk. The Group Risk Assurance Manager provides updates on TCFD to the Audit Committee at least once a year. The external auditor, Deloitte, provided an overview of climate change regulatory requirements to the December 2022 Audit Committee.

The responsibility for managing climate-related risks is delegated to senior management throughout the Group. The Group Risk Assurance Manager coordinates work between the ESG Committee and Divisional management across the business to ensure that climate risks and opportunities are identified, the potential impacts are accurately reported, and risk mitigation measures are adopted.

Our ESG Working Group, comprised of ESG Coordinators and the Group Risk Assurance Manager, is responsible for managing climate-related risks and opportunities, and achieving the Group's carbon reduction targets. The Group Risk Assurance Manager regularly reviews mitigation plans on behalf of the ESG Committee and provides annual updates on climate-related matters impacting Group operations.

We work closely with our independent, specialist ESG company, Inspired ESG, to assess the potential climate-related risks for the short, medium and long term across all sites and selected supply chain operations. Several climate risk management workshops were held in 2022, further developing our climate analysis across our operations and supply chain. These were attended by Inspired ESG, Divisional ESG coordinators, the Group Risk Assurance Manager, and the relevant operational lead, together with finance representation.

Climate resilient business strategy

Videndum has a well-established strategy and purpose. To ensure business longevity, we have worked to understand the impact of climate change on the Group's operations, strategy and financial planning.

Adopting the TCFD recommendations within our existing risk management processes has enabled Videndum to develop a climate-risk impact framework. We have assessed the impact of both physical risks (the physical impact of climate change) and transition risks (the risk associated with the transition to a decarbonised economy). To do this, a detailed climate scenario analysis was carried out again in 2022, reassessing the analysis completed in 2021, on 33 of our operational sites, to identify any changes in impact. We then widened our climate scenario analysis to include all newly acquired sites across the Group as well as our top supplier locations and key supplier routes.

Responsible business continued

TCFD continued

Scenarios warming pathways

Below 2°C Scenario – Organisations begin to align more closely with the Paris Agreement and SBTi (1.5°C) for an orderly and coordinated transition to a low-carbon economy.	Between 2–3°C Scenario – Businesses respond to patchwork policies with intermittent action, aligning with current forecasts.	Above 3°C Scenario – Bank of England models a recession; minimal climate action and global emissions rise unchecked.

Time horizons

Short term (up to 2025)	Medium term (2025–2035)	Long term (2035–2050)

The time horizons can be explained as follows:

- Short term (up to 2025) aligns to the Viability Statement three-year lookout period, and is also consistent with the Group's first major milestone which will be the achievement of carbon neutrality by the end of 2025.
- Medium term (2025–2035) is consistent with the Group's net zero target by 2035.
- Long term (2035–2050) is consistent with the UK Government net zero pledge by 2050. Videndum's long-term goal is to become net zero by 2045.

The findings of the climate scenario analysis were presented in the divisional climate risk management workshops to the Group Risk Assurance Manager, ESG Committee members, supply chain management and site managers to reassess and ensure that the classification of the potential climate-related risks and opportunities across Videndum's operations remained appropriate. New risks were also assessed and classified suitably. We have added new risks, for example in relation to sites added during the year.

The Group Risk Assurance Manager, together with the Group Chief Financial Officer, assess if the potential climate-related risks and opportunities will significantly increase the Climate Change principal risk criteria in the short, medium and long term. Initial risk levels were considered before determining a final risk level based on mitigating measures. The following tables summarise the risks and opportunities that were identified which cumulatively feed into Climate Change being reported as a principal risk. While we have identified Climate Change as a principal risk, this process determined that Climate Change and its impact is low for the Group in the short/medium term, and the risk is therefore categorised as moderate overall. There is no material impact in relation to 2022.

In accordance with the 2018 UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period, taking account of the principal risks and uncertainties set out on pages 44 to 49 which include the climate-related risk. The Directors believe that a three-year period is an appropriate period over which a reasonable expectation of the Group's longer-term viability can be evaluated and is aligned with the Group's business and strategic planning time horizon.

The climate-related risk and opportunities do not materially impact the Group's longer-term viability assessment. The maximum annuity impact of climate change, based on the impact ranges below, was factored into the long-term financial modelling for the Group's cash-generating units ("CGUs"). There is no material impact on the available headroom. Any impact assessed in respect of 2023 is already incorporated in the budget, for example in relation to additional headcount/consultancy costs.

Cross-industry metrics form the basis of estimating the financial impact of climate-related risks and opportunities on our business. These metrics include GHG emissions, transition and physical risks, climate-related opportunities, capital deployment, carbon pricing and remuneration. We have considered all the cross-industry metrics as per TCFD guidance. Details of the metrics are located within the narratives from pages 57 to 69. We will look to continuously develop these metrics as our climate reporting progresses.

To assess the impact of climate change on our organisation we consider a range of scenarios. A climate scenario is a plausible representation of future climate that has been constructed for explicit use in investigating our future exposure to the impacts of climate change. We modelled our climate scenarios across three time horizons using several established models: Climada natural catastrophe damage model; CORDEX regional climate projections; and IAMs ("Integrated Assessment Models").

Target	Timeline	Impact
Transitional risks		
Increased reporting and resourcing requirements relating to climate change in the <2°C and 2–3°C scenario. **Explanation and mitigation:** This impact refers to the additional cost of reporting; Management time and additional resources to manage the ESG-related initiatives, including climate change. Increased costs reflect the incremental headcount required to deliver initiatives related to climate change and reporting thereof, increased Management effort, steering Group activities and third-party consulting costs. We recognise that regulation will increase as the EU aims to reduce carbon emissions by 55% by 2030. We are reviewing emerging regulation which will impact Videndum and our supply chain, including regulation on battery life cycles. We continuously review emerging regulation over time to understand the impact. We are working with external consultants to help support our PLCA programme. The maximum cost per annum is approximately £0.1 million.	Short/Medium/ Long term (2022–2050)	Additional expenditure of between £0.3 million–£0.7 million per annum. Additional cost for 2023 is factored into the Group's 2023 budget.
Carbon costs associated with carbon taxes and offsetting to hit our emissions goals in the <2°C and 2–3°C scenario. **Explanation and mitigation:** This risk would be of highest impact in the 2–3°C scenario, where carbon costs are projected to peak as governments are having to bring in carbon taxation abruptly. An additional cost of £0.3 million per annum is derived by reference to available carbon cost benchmarks, applied to Videndum's projections for Scope 1 and 2 emissions over the next 15 years. This includes projections for any offset cost from 2025 onwards. In addition, the EU Carbon Border Adjustment Mechanism ("CBAM") regulation being introduced in 2026 may result in up to a £0.3 million per annum cost due to the import of aluminium in our Media Solutions Division. As we reduce our carbon emissions on our journey to be net zero by 2035 for Scope 1 and 2 we will minimise this risk.	Medium/ Long term (2025–2050)	Additional expenditure of up to £0.6 million per annum. Our projections have increased due to the EU Carbon Border tax which was recently announced and will apply to certain commodity imports into Italy from 2026 onwards.
Mandates on and regulation of existing products and services in the <2°C and 2–3°C scenario. **Explanation and mitigation:** The impact is currently minor based on new/imminent legislation but may increase in the future as countries introduce new forms of environmental taxes. We are investigating alternative sustainable packaging options and aim to roll them out throughout our product range.	Short/Medium/ Long term (2022–2050)	Increased direct costs; at this point the impact is deemed minor (less than £0.1 million per annum).

Responsible business continued

TCFD continued

Target	Timeline	Impact
Transitional risks		
Increased cost of energy and materials in the <2°C and 2–3°C scenario. **Explanation and mitigation:** Climate change may result in increased energy prices and cost of raw materials. We aim to procure more sustainable materials which are likely to be more expensive, resulting in increased operating costs for the business. For example, initial reviews of recycled certified packaging material costs are 5–15% higher than their non-recycled and non-certified counterparts. The impact will be reduced by Videndum's ability to pass incremental input costs onto customers, an increased demand for sustainable products, and reduced energy usage through energy efficiency measures and reduced energy consumption. At this point, we are not able to estimate the impact of climate change on cost of energy and materials; the increases we have seen recently are linked to geopolitical issues and post COVID-19 supply chain issues. Our 2023 budget reflects assumptions of increased energy costs and higher inflation mainly due to the war in Ukraine. At this point, we assess the impact to be neutral based on initiatives to reduce energy consumption. We also seek operational efficiencies and implement cost reduction initiatives.	Short/Medium term (2022–2035)	Increased operating costs. Net impact not quantified but we expect to be broadly offset by initiatives to manage energy consumption.
Changing consumer preferences and increased sensitivity to ESG in the <2°C and 2–3°C scenario. **Explanation and mitigation:** As sustainability grows in importance, our customers may alter their consumer habits to make more sustainable choices. Although the Group's brands are market-leading, if Videndum does not remain on top of these trends, catering to changing customer preferences, our position in the market may be at risk. This is a significant concern; however, we believe that Videndum is well positioned, given the development of our ESG programme and the focus already underway to improve the sustainability of Videndum's products. We are planning to implement PLCA (cradle to grave) methodology and tools across a wider range of products. As part of our R&D efforts we continue to research environmentally sustainable solutions.	Short/Medium/ Long term (2022–2050)	Decreased revenue due to reduced demand for products and services. Financial impact is not quantifiable at this point.

Target	Timeline	Impact
Transitional risks		
Increased stakeholder concern damaging our reputation in the <2°C and 2–3°C >3°C scenario. **Explanation and mitigation:** Failing to communicate our ESG strategy and plans to reduce our carbon emissions could result in low investment opportunities and potential damage to our reputation. We minimise the impact on our reputation by monitoring our stakeholders' feedback closely and responding to their concerns. As our ESG strategy is continuously being developed with our stakeholders' areas of focus in mind, we do not believe there is any significant risk in respect of this.	Short/Medium term (2022–2035)	Capital and financing – Decreased access to capital.
Substitute existing products for lower-emissions alternates in the <2°C and 2–3°C scenario. **Explanation and mitigation:** An increasing proportion of our R&D will be directed to the development of more sustainable products and services. This programme will be further accelerated in 2023 with the expansion of PLCA programmes. The increased capital expenditures associated with this risk will be mitigated by our opportunity to increase revenue from an increased demand for sustainable products.	Short/Medium term (2022–2035)	Reallocation of R&D expenditure effort to more sustainable products. The impact is not quantifiable but likely to be a straight reallocation so no net impact.
Costs to transition to lower-emissions technology in the <2°C and 2–3°C scenario. **Explanation and mitigation:** To meet our net zero targets, we will have to invest in lower-emissions technology across our operations as more innovative technology is developed. During 2022, approximately £1.0 million worth of capital expenditure was allocated to the implementation of energy efficiency initiatives. From the results we have seen to date, we believe this is a low risk to the business as the payback associated with the use of lower-emissions energy use (energy efficiency technology and renewable power generation) outweighs the upfront cost of investment. Significant capital expenditure is projected to take place at several sites over the next two years including but not limited to: rollout of solar panels in Feltre, Italy and Ashby, UK; continued investment in LED solutions; upgrade of carbon fibre cell; and other more energy-efficient machinery. In all these cases, there is a compelling payback. We are also planning several site rationalisations which will help towards progress on achieving net zero target.	Short/Medium-term (2022–2035)	Capital expenditure expected to increase by £1 million to £2 million over the next couple of years. Depreciation will be offset by energy savings.

Responsible business continued

TCFD continued

Target	Timeline	Impact
Physical risks		
Extreme weather events in the >3°C scenario. **Explanation and mitigation:** Increased frequency of natural disasters including flooding, wildfires and heatwaves may impact Videndum sites causing severe damage to property, plant and equipment as well as disruptions to logistics and key supply chain operations. We have assessed the value of assets located in high flood risk sites to understand the potential impact on our operations. The majority of our valuable assets are not located in high flood risk areas and are therefore less vulnerable to direct damage from climate change. Following a rigorous assessment, we have determined that most Videndum sites are currently rated as low risk from a climate change perspective. Our key sites are built to robust standards, often to withstand seismic pressure and climate threats. Nonetheless, we recognise the risk of damage to property and surrounding infrastructure increases with time under the >3°C scenario. We mitigate this risk through additional site mitigation measures (e.g. improved drainage systems), business continuity plans, and global insurance for property damage and business interruption, covering loss of earnings. Extreme weather events have a higher potential impact on our supply chain operations, with many suppliers or supply chain routes located across higher risk locations. Asia has the potential to be the most significantly impacted region in the near term. This, combined with geopolitical issues, may lead the Group to reduce its overall dependence on that region from a sourcing point of view, or to have to increase its stock holdings. Our suppliers may be impacted by increasing frequency and intensity of weather events such as typhoons. This may delay the shipment of components which could jeopardise the fulfilment of large orders or lead them to be cancelled. Where possible, we diversify our supplier base and sourcing away from countries with higher risk from a climate change perspective. For example, we have in-sourced some of the production relating to JOBY. Our business is less reliant on the camera industry which had been severely impacted by natural disasters in the Far East. Climate change is expected to result in an overall increase in insurance premiums due to increased frequency of natural disasters. We factor an increase in property and business interruption insurance cost of £0.2 million per annum. Extreme weather events may also result in higher working capital due to increased buffer stock needs and disruption to logistics, as we would be no longer able to rely on just-in-time operations. Mitigation efforts remaining following the COVID-19 pandemic, such as safety stock, increased lead times and enhanced supplier communication can help to reduce the impact of this risk. Our supplier engagement questionnaire launched in 2022 has initiated a discussion around climate change risk and mitigation plans which we will be developing over time. We will monitor the risk rating of each site on an annual basis, where necessary, considering the options to relocate operations.	Medium/Long term (2025–2050)	Cost of property and business interruption insurance may increase by up to £0.2 million per annum. Other risks of supply chain disruption are difficult to quantify at this point. We may need to increase safety stock, therefore affecting working capital.

Target	Timeline	Impact
Physical risks		
Long term shifts in climate patterns in the >3°C scenario. **Explanation and mitigation:** Long-term shifts in climate patterns such as rising mean temperatures, sea level rising and water stress may result in increased costs for the business. Increased rising mean temperatures may cause a higher demand for cooling to maintain optimum temperatures for our staff and products, resulting in higher energy costs. Increased energy usage in summer months will obstruct our progress in reaching our targets to be net zero for Scope 1 and 2 by 2035. There may also be an impact on productivity, for example having to arrange break times, or health and safety concerns. Possible loss of efficiency and changes to work patterns assessed during the recent heatwaves in 2022 were estimated to have cost the business less than £0.1 million. While we are not a big user of water in our production processes, our supply chain relies on water as a resource for its operations. Location in an area of extremely high water stress may impact the ability to conduct day-to-day activities as fresh water becomes less available. Rising sea levels may result in damage to ports along key supply chain routes resulting in delays and increased costs for the business. In the longer term, some sites may no longer be viable, or so inhospitable that workforce cannot be attracted. This risk is felt Group-wide, however certain regions are more impacted, for example Phoenix and Arizona, US with significant rising mean temperatures.	Long term (2035–2050).	Expenditures – Increased direct and indirect costs. No quantified impact.
Opportunity		
Dispose of under utilised sites through improved management of property portfolio. **Explanation:** One of our strategies for reducing emissions is to optimise the use of our sites and the rationalisation of our site portfolio. For example, we look to lease and relocate employees into smaller properties where there is unutilised space. In 2022, the Chatsworth site in the US was closed and employees were relocated to a nearby existing facility, which resulted in savings of £0.3 million per annum and will lead to a net reduction of an estimated 49.5 tCO_2e per annum. Due to the relatively high number of sites, this is a significant opportunity for the business. This strategy will ultimately result in a substantial cost saving which is currently unquantified, but likely to be greater than £1.0 million per annum.	Short/Medium/ Long term (2022–2050).	Reduced indirect (operating) costs. Major benefit >£1.0 million per annum.

Responsible business continued

TCFD continued

Target	Timeline	Impact
Opportunity		
Use of lower-emission sources of energy. **Explanation:** Use of lower-emission technology such as LED lighting, Building Energy Management Systems and solar panels improves energy efficiency and reduces energy usage, therefore reducing energy costs over time. The payback associated with the use of lower-emissions energy (energy efficiency technology and renewable power generation) outweighs the upfront cost of investment. Projects are already generating a financial return. For example, the solar panels installed in Bury St Edmunds have a payback of less than four years, including tax incentives, as well as generating additional revenue through exported energy of around £0.05 million per annum. Ongoing energy efficiency projects in Media Solutions, including LED lighting, heater controls and compressed air leak repairs, will save approximately £0.1 million per annum, with an estimated reduction of 110 tCO_2e.	Short/Medium term (2022–2035)	Reduction in operating expenses because of increased efficiency (for example, energy costs). Moderate benefit >£0.25 million per annum.
Use of more efficient production and distribution processes. **Explanation:** Where possible, we diversify our supplier base and source away from countries with higher risk from a climate change perspective. For example, we have in-sourced some of the production relating to JOBY. Our business is less reliant on the camera industry which had been severely impacted by natural disasters in the Far East. This is beneficial from an ESG standpoint as it increases the utilisation of Videndum sites that have sound environmental credentials (Feltre, Italy and Cartago, Costa Rica) and reduces emissions relating to transport. This is financially beneficial due to a greater proportion of margin remaining within the Group. While the impact is unquantified, it is likely to be greater than £1.0 million per annum as in-sourcing opportunities are numerous (such as prompters, batteries, LED Lights, etc.).	Short/Medium term (2022–2035)	Reduced indirect (operating) costs. Major benefit >£1.0 million per annum.
Development of new products or services through R&D and innovation. **Explanation:** As sustainability grows in importance, there will be an increased demand for sustainable products. We believe that Videndum is well positioned to capitalise on this opportunity, given the development of our ESG Programme and the focus already underway to improve the sustainability of our products. As we enhance the sustainability of our products, our Creative Solutions Division is exploring service and repair activity for our customers. This revenue stream for Creative Solutions remains extremely small. However, as pressure grows for products to be made more durable, there is an opportunity to increase this revenue stream. The development of sustainable packaging in our Media Solutions Division is predicted to result in significant cost savings. Savings of around £0.2 million per annum may be generated from using monocolours, and reducing and simplifying packaging.	Short/Medium term (2022–2035)	Increased revenues resulting from increased demand for products and services. Benefit not quantified at this point but likely to be major.

Climate risk management

We have a well-established framework for identifying and assessing our risks and assigning mitigation actions from years of development in a competitive business landscape, of which the Board has ultimate responsibility. In 2022, we worked on our climate risk management process to improve the identification, evaluation and management of potential risks and opportunities associated with climate change to our operations. We followed four interconnected steps:

Step 1 – Potential climate-related risks and opportunities facing Videndum were identified in 2021 during our first round of TCFD reporting, through research, stakeholder engagement and risk workshops. In 2022, we repeated this process on existing climate risks to determine whether they were still relevant to Videndum or if there are any new ones. To enhance our process, we worked to identify the risks and opportunities at new sites acquired during the year as well as across our top suppliers. In total, ten climate-related risks and four opportunities were identified in 2022.

Step 2 – We assessed each risk and opportunity by estimating impact and likelihood. Building upon our previous year of analysis, our risk assessment process now considers the vulnerability of our supply chain, and key supplier routes, to climate change.

Step 3 – We continue to appraise our risk management options, ensuring that the response remains relevant and most effective. In 2022, we assessed the quality of existing risk mitigation options and where necessary, investigated potential options to manage the impact of risks and opportunities at new sites and within our supply chain. We recognise that all good decisions rely on the effective analysis of alternate options. A risk management response was agreed on depending on how it helped build our resilience to the climate-related issue.

Step 4 – Finally, we addressed each risk and opportunity, and controls were implemented to prevent, reduce or mitigate downside risks, or increase the likelihood of opportunities. In 2022, mitigation actions remained in place from 2021. Following an assessment of their progress, additional measures have been introduced at new sites and through our relationships with our suppliers. We recognise that residual risks will remain and communicate this across the business as appropriate. At a minimum, our management teams review risk exposures against business risk level tolerances annually. More information on how we manage and mitigate our climate-related risks and opportunities can be found in our 2022 TCFD Report.

Metrics and targets

We use a wide variety of metrics to measure climate-related impacts. These metrics consist of Videndum's greenhouse gas inventory, including the Group's Scope 1, 2 and 3 carbon emissions and our emissions reduction pathway which is aligned with the Paris Agreement 1.5°C warming scenario.

We have set several ambitious targets to manage the climate-related risks described above (pages 59 to 64), and to reduce our impact on the environment, such as becoming carbon neutral for Scope 1 and 2 by 2025, net zero for Scope 1 and 2 by 2035, and net zero for Scope 3 by 2045.

Videndum's other environmental indicators (pages 70 to 71) on energy efficiency measures, waste reduction, water consumption, product sustainability and supply chain integrity, contribute towards mitigating some transition and physical risks, and capitalise on the potential opportunities in substituting products to lower-emission alternatives. In 2022, we measured and monitored severe weather events across our sites, and aim to repeat this process annually.

Reducing our greenhouse gas emissions

Reducing the Group's carbon footprint is a priority for Videndum. We began to calculate our entire Scope 3 emissions for the first time in 2021, following the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, using 2020 data. In 2022, we worked to align our Scope 3 reporting to our financial reporting period, calculating both our 2021 and 2022 carbon footprints.

Under the GHG Protocol, there are 15 reporting categories, of which 11 apply to the Group. Categories which are not applicable to Videndum include Category 8: Upstream leased assets, Category 10: Processing of sold products, Category 14: Franchises and Category 15: Investments. In 2022, we introduced measures to improve the accuracy of our data collection. We conducted an all employee commuting survey to improve our analysis of Category 7: Employee Commuting. This year we launched an ESG Supplier Questionnaire, engaging with seven of our top suppliers based on spend. The questionnaire requested details of our suppliers' Scope 1 and 2 carbon emissions, energy usage, reduction targets and wider ESG programmes. Moving forward, we will use this information to improve the accuracy of our Category 1: Purchased Goods and Services and Category 2: Capital Goods data. The top seven suppliers engaged with in 2022 account for 13% of the Group's Scope 3 carbon emissions. We deem this approach to be effective and will widen the scope over time.

Our Divisions are working to improve data collection, progressing from spend-based to activity-based for the likes of Category 5: Waste Generated in Operations, and Category 6: Business Travel, resulting in more granular data for analysis. Category 9: Downstream Transportation and Distribution remains omitted as there is no feasible system to capture this data at this time. Further, given the magnitude of assessing the carbon emissions of our value chain, we have set annual milestones to extend the reporting boundaries of complex categories.

By widening our emissions data collection, we better understand the high emitting areas of our operations and value chain, which will help us develop our roadmap to achieve net zero in 2035 for Scope 1 and 2, and net zero by 2045 for Scope 3.

Responsible business continued

TCFD continued

Our 2022 Scope 1 and 2 emissions represent 2% of our total Group emissions, with our 2022 Scope 3 emissions representing 98%. Details of our full carbon balance sheet can be found in our 2022 TCFD and ESG Reports which are available on our website.

Scope 1, 2 and 3 emissions

Emissions Scope	2022 Gross emissions (tCO_2e)	2021 Gross emissions (tCO_2e)	2020 Gross emissions (tCO_2e)	2019 Gross emissions (tCO_2e)	Interim target	Net zero target year
Scope 1	1,467	1,456	3,535	4,580	50% reduction by 2030	2035
Scope 2	2,773	2,524				2035
Scope 3	173,148	154,550	130,820[2]	not fully captured	–	2045
Total	**177,388**	**158,530**	**134,355**	–	–	–

1 We have restated our 2021 Scope 1 figure which was previously 1,357.08 tCO_2e due to recalibration of our natural gas emissions. This has resulted in a slight increase in our overall emissions for 2021.

2 We have restated our 2020 Scope 3 figure which was previously 119,435 tCO_2e due to recalibration of our Category 1 emissions. This has resulted in an overall increase in our 2020 Scope 3 emissions.

Wider environmental metrics impacting our climate risks

Area	Metric
Improving the sustainability of our products	We are committed to conducting PLCA (from cradle to grave) for five of the top emitting products we sell by 2025. PLCA methodology and Sustainable Design Principles are embedded in internal design processes in Media Solutions and used to support R&D decisions around sustainability. In 2022, PLCA was completed for Gitzo and Manfrotto products with a main goal of identifying and understanding the environmental impacts of our products (from cradle to grave) and hence establish a benchmark for tripod production. Lowepro launched the Adventura III and Tracker light lines, made from up to 85% and 80%, respectively, of recycled and solution-dyed materials. By 2024, all Lowepro products and packaging will have the green line which clearly shows our commitment to sustainable product development. The green line bar represents the percentage of recycled fabric content and percentage of solution-dyed fabric calculated using GRI 301 – 2 standards. A new Eco version of Manfrotto PIXI is at a design phase (launch date to be determined). The emissions associated with this new product will be significantly reduced. For top selling products, we will conduct a customer study to ascertain the method of disposal and identify opportunities to reduce the environmental impact. Production Solutions is currently developing a PLCA programme which will commence in 2023.
Reducing waste	50% of current cardboard packaging consumption will be replaced by sustainable, FSC-grade cardboard or eliminated. The bulk of our paper and cardboard packaging usage sits within Media Solutions, of which 47% was FSC-graded and 72% from recycled material in 2022. We are committed to a 50% reduction in annual consumption of single use plastics by 2024. Our largest manufacturing sites have very active programmes to reduce and where possible eliminate waste to landfill. These programmes are underpinned by ISO environmental accreditations. Tradebe in the US recycles electronic waste from our Shelton, US site, partnering with a certified downstream vendor. Industrial scraps from our aluminium and magnesium stages of production are targeted for waste reduction. In Productions Solutions, steel, aluminium and magnesium are recycled with a third party. Waste to energy projects are being explored at our Feltre, Italy site. A large recycling effort in Cartago, Costa Rica sorts materials which are given to a third-party recycling company. We re-evaluate the condition of returned products, to resell or reuse parts within the manufacturing processes.

Streamlined Energy and Carbon Reporting

This report summarises the energy usage, associated emissions, energy efficiency action and energy performance for the Group, under the government policy Streamlined Energy and Carbon Reporting ("SECR"), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Total Consumption (kWh) figures for energy supplies reportable by the Group are as follows:

Utility and Scope	UK (kWh) 2022	UK (kWh) 2021	Global (excluding UK) (kWh) 2022	Global (excluding UK) (kWh) 2021	Total kWh 2022	Total kWh 2021
Scope 1 – gaseous and other fuels (voluntary)	872,109	945,124	6,042,044	5,184,450[1]	6,914,153	6,129,574
Scope 1 – transport (company fleet)	275,041	243,081	672,259	1,104,929	947,300	1,348,010
Scope 2 – electricity	1,328,047	1,716,613	8,942,427	8,784,640	10,270,474	10,501,253
Scope 2 – purchased heat, steam and cooling	2,675	9,148	–	–	2,675	9,148
Scope 3 – grey fleet	35,880	51,642	69,097	53,895	104,977	105,537
Total energy use – all Scopes	**2,513,752**	**2,965,608**	**15,725,827**	**15,127,914**	**18,239,579**	**18,093,522**

1 We have restated our 2021 global kWh consumption of Scope 1 fuels which was previously 4,639,214 kWh. This is due to recalibration of our natural gas usage. As a result, our total kWh consumption for 2021 has increased when compared to our previously stated figure.

The total emission (tCO_2e) figures for energy supplies reportable by Videndum are as follows:

Location-based

Utility and Scope	UK (tCO_2e) 2022	UK (tCO_2e) 2021	Global (excluding UK) (tCO_2e) 2022	Global (excluding UK) (tCO_2e) 2021	Total (tCO_2e) 2022	Total (tCO_2e) 2021
Scope 1 total					**1,467.19**	**1,455.67**
Scope 1 – gaseous and other fuels	159.29	173.14	1,083.65	952.73[1]	1,242.94	1,125.87
Scope 1 – transport (Company fleet)	65.17	56.77	159.07	259.03	224.25	315.80
Scope 1 – refrigerants	–	–	–	14.23	–	14.23
Scope 2 total					**2,772.76**	**2,524.15**
Scope 2 – electricity	256.82	364.49	2,515.49	2,158.10	2,772.31	2,522.59
Scope 2 – purchased heat, steam and cooling	0.46	1.56	–	–	0.46	1.56
Scope 3 total					**24.61**	**23.67**
Scope 3 – grey fleet	8.30	11.92	16.31	11.74	24.61	23.67
Total emissions – all Scopes	**490.04**	**607.88**	**3,774.52**	**3,395.83**	**4,264.56**	**4,003.71**

An intensity metric of tCO_2e per £m turnover has been applied for the annual total consumption.

Intensity Metric	UK Intensity Metric 2022	UK Intensity Metric 2021	Global (excluding UK) Intensity Metric 2022	Global (excluding UK) Intensity Metric 2021	Total Global Intensity Metric 2022	Total Global Intensity Metric 2021
tCO_2e/£m T/O	**3.7**	**4.8**[2]	**11.9**	**12.7**[2]	**9.5**	**10.2**[2]

1 We have restated our 2021 global emissions arising from the use of Scope 1 fuels which was previously 853.91 tCO_2e. As a result, our overall Scope 1 emissions have increased when compared to our previously stated figure.

2 We have restated our 2021 intensity metrics as a result of now applying a UK only specific £m revenue value to UK only emissions. This methodology has also been applied to global (excluding UK) intensity metric calculations. i.e., applying a global (excluding UK) only £m revenue value to global (excluding UK) emissions.

Responsible business continued

Streamlined Energy and Carbon Reporting continued

Energy efficiency improvements

The Group is committed to year-on-year improvements in our operational energy efficiency. A register of energy efficiency measures has been compiled and will be implemented within five years.

Measures undertaken in 2021:

- The installation of 11 high-efficiency air compressors at the Feltre site, Italy, resulted in a 20% energy reduction and cost-saving of €15,000 per annum.
- Power supply contracts at the Feltre, Italy and Ashby and Byfleet, UK sites were moved to Renewable Energy Guarantees of Origin ("REGO") backed supplies guaranteeing energy from renewable sources.
- The Byfleet, UK site installed insulation in the roof void to reduce the gas usage requirements associated with space heating.
- Media Solutions has reduced business travel by 25% since 2019 resulting in a €0.5 million per annum saving.

Measures ongoing and undertaken through 2022:

- Solar panels installation to the roof of the Cartago site, Costa Rica and Bury St. Edmunds, UK were implemented and commissioned in Q1 2022.
- 25% completion of energy metering and circuit level monitoring was implemented in Feltre, Italy which is an estimated saving of 10 tCO_2e. This is to be completed 2023.
- 80% completion of LED lighting upgrade in Feltre, Italy with an estimated annual saving of 61 tCO_2e .
- 100% completion of compressed air leak detection and repairs in Feltre, Italy will result in a total annual CO_2e saving of 16.46 tCO_2e.
- 50% completion of LED lighting upgrade initiative at Ashby, UK. This will lead to a total annual CO_2e saving of 3.6 tCO_2e upon completion in H1 2023.
- 100% implementation of heating and air conditioning controls resulting in an estimated annual CO_2e saving of 13.8 tCO_2e.
- Across the Group, we are seeing considerable reduction in air travel versus 2019 benchmark.
- In 2022, we closed our Chatsworth, US site, saving £0.3 million and reducing an estimated 49.5 tCO_2e per annum.
- Irvine, US switched to 100% renewable energy procurement in April 2022. All UK and Italian sites now procure electricity using renewable energy contracts.

Measures prioritised for implementation in 2023/24:

- Solar panels installation to the roof at the Feltre, Italy site and Ashby, UK site is under evaluation with suppliers, and planned for installation by early 2024.
- The complete transition to LED lighting in Feltre, Italy by 2023 will result in an estimated 80% reduction in electricity consumption for lighting and cost savings of €70,000 per annum.
- LED lighting conversion for Arizona, US is under evaluation with suppliers and planned for 2023. Likewise for other smaller sites (Germany, Japan).
- Continue conversion of motor vehicles to electric once they have reached end of life.
- Site rationalisation continues to be a key priority.

SECR methodology

Scope 1 and 2 consumption and CO_2e emission data for UK sites have been calculated according to the 2019 UK Government environmental reporting guidance, the GHG Protocol. An operational reporting boundary was used. Consistent with the guidance, the following emissions factors utilising the current kWh gross calorific value ("CV") and kgCO_2e emissions factors relevant to reporting year 1 January – 31 December 2022 were applied:

- To convert Scope 1 natural gas usage in the UK, the UK BEIS 2022 emissions factors database was used. For the US, the United States Environmental Protection Agency GHG Emissions Factors Hub 2022 was used. For Australia, the Australia National GHG Account Factors 2021 database was used. For remaining countries, we default to the UK BEIS 2022 emissions factors database.
- Scope 2 country-specific electricity emissions factors were used based on the sources in the table below:

Country	Source used	Country	Source used
Australia	Australia National GHG Accounts 2021	Italy	European Environmental Agency 2022
China	IGES 2022	Japan	Bureau of Environment – Tokyo Met Government
Costa Rica	IRENA 2019	New Zealand	Default to BEIS 2022
France	European Environmental Agency 2022	Singapore	IGES 2022
Germany	European Environmental Agency 2022	UK	BEIS 2022
Hong Kong	Hong Kong Electric	Ukraine	Default to BEIS 2022
India	IGES 2022	USA	EPA 2022
Israel	Default to BEIS 2022	–	–

- Scope 1 (Company fleet) and Scope 3 (grey fleet) – the UK BEIS 2022 emissions factors database was used to convert transport fuel consumption in the UK into CO_2e emissions. For the US, the United States Environmental Protection Agency GHG Emissions Factors Hub 2022 was used. For Australia, the Australia National GHG Account Factors 2021 database was used. For remaining countries, we default to the UK BEIS 2022 emissions factors database.

Where billing data was missing for properties directly invoiced to the Group, usage was estimated at the meter level by pro-rating the kWh/day known consumption. The estimations equate to 1% of reported consumption. For properties where the Group is indirectly responsible for utilities (i.e. via a landlord or service charge), average kWh/m_2 consumption for properties with similar operations was calculated at meter level and applied to the properties with no available data.

Intensity metrics have been calculated utilising the 2022 reportable figures for the following metrics, and tCO_2e for both individual sources, and total emissions were then divided by this figure to determine the tCO_2e per metric.

Total turnover 2022 (£m)	**451.2**
2021	**394.3**

Responsible business continued

Environment

Our vision

Ensuring we limit any negative impact on the environment and protect the natural resources we rely on creates long-term sustainability for the business.

Overview

We aim to adopt technologies, materials and processes that ensure we minimise our impact on the environment and maximise our use of sustainable resources.

Our efforts and environmental awareness continue to evolve to comply with regulations and make our business better and more sustainable. We have a wide range of initiatives aimed at sustaining and protecting the environment. These cover water use and waste, sustainable materials, packaging and waste disposal. The Metrics and Targets section of the TCFD disclosure (page 66), shows how we use energy efficiency and are reducing carbon emissions, as well as wider environmental metrics to manage our climate risks and opportunities. We also encourage a culture of environmentally sustainable behaviour at work and ensure that our employees understand how they can contribute. Our standalone ESG Report details our environmental progress in 2022.

Read more at: **www.videndum.com/responsibility**

Our targets

Reduce packaging and waste

Progress in 2022

The bulk of our paper and cardboard packaging usage sits within Media Solutions, of which 47% was FSC-graded and 72% from recycled material in 2022.

Water consumption is now measured at all key sites.

0.03% of waste from our Feltre, Italy site ended up in landfill in 2022.

Embed sustainability into our product life cycle

Progress in 2022

Continued rollout of PLCA across Media Solutions. Several initiatives are underway – see page 71.

Reduce carbon emissions

Progress in 2022

Scope 1 and 2 emissions have reduced by more than 20% since 2019 (excluding the impact of newly acquired businesses).

Air travel emissions have reduced by 6.8% relative to a 2019 benchmark. This reflects increased environmental conscientiousness and reduced attendance at trade shows.

Scope 3 baseline is calculated up to 2022. We have engaged several key suppliers to understand their energy consumption and identify improvement.

Employee survey conducted to measure the impact of employee commuting and identify opportunities to reduce emissions.

Image: Tim Laman

Packaging and product sustainability

Our products and services have a comparatively low impact on the environment. We use low hazard materials and minimise the use of resources during the manufacturing process. In 2022, PLCA methodology was embedded into Media Solutions' internal design processes and used to support R&D decisions around sustainability. Production Solutions is currently developing a PLCA programme which will commence in 2023.

Sustainable alternative packaging, including FSC-graded paper and cardboard, and recycled plastic, and non-plastic bags continues to be investigated and implemented. We continue to share our learnings across the Group, testing and trailling different packaging materials to find the best-suited material.

Waste management

Various initiatives around the Group have built on our work to reduce the amount of waste created in our operations. We recycle waste products, materials, paper and other recyclable items at all our sites. In 2022, we improved our waste data collection for more accurate analysis and understanding of processes. We recycle electronic waste and industrial scraps, and encourage the reselling or reuse of returned products.

Across the Group we continue to work with waste management companies to see how the collection and sorting can be improved.

Water stewardship

While our water usage is relatively low, used mostly for human consumption, we are reducing our usage where possible. All Divisions have, or are, implementing water-saving initiatives, such as waterless urinals, limiting flushing options on toilets and installing motion-controlled taps in lavatories. Production Solutions has explored rainwater collection at their Cartago, Costa Rica site to be stored for industrial use, irrigation of green areas, sanitary services, and more, which is a promising initiative for the future.

Biodiversity

Although the Group has little direct contact with biodiversity, we recognise its importance for the planet. Across our Divisions we ensure our sites emit little pollution and are not disruptive to any nearby wildlife. Production Solutions donated £8,000 to "The Rainforest Trust" in 2022. This donation is enough to ensure the protection of 1,146 acres in the Peruvian Amazon Watershed, which is equivalent to 230,000 tCO_2e. This project also helps protect the endangered Andean Night Monkey local to the area.

Case study
Carbon fibre cell upgrade

Our focus on continuous improvement and our environmental footprint led us to upgrade our unique flowtech carbon fibre manufacturing facility in Bury St Edmunds, UK. No competitor in the industry makes tripods like we make our award-winning flowtech. Its unique features are made possible by complex-shaped woven carbon fibre, and it has become a huge market-leading success. The 18-month upgrade project invested £1.5 million in new, state-of-the-art equipment which reduced our waste by 90%, whilst also increasing production capacity by 40% to keep up with demand for the finished product.

Case study
Lowepro

Lowepro works to ensure products are built to last by using the right materials for longevity and upholding our sustainable design principles. In 2022, Lowepro launched a PhotoSport bag made with 75% recycled fabric and we introduced the Trekker Lite Collection with up to 81% recycled and solution-dyed fabrics. Committed to better protecting the natural world that adventure photographers celebrate, the Trekker Lite Collection proves Lowepro's sustainability mission is moving ahead at pace while staying true to our brand's two great passions – the love of travel and the love of photography. These successes are paving the way for further PLCA initiatives at Videndum and Lowepro has plans to produce a full bag product range made of 100% recycled fabric by 2024.

Responsible business continued

Our people

Our vision

To be the preferred employer for the very best people in our sector by providing an entrepreneurial environment that offers opportunities for our people to develop and thrive.

Overview

We recognise that a business can only be as resilient as its people. At Videndum, we aim to attract, retain and grow a talented and diverse workforce, providing equal opportunities for all.

Our employees are the best in the sector, our greatest single asset and critical to our success. Their attitude and abilities, experience and market knowledge, and talent and commitment create a culture that supports product excellence, creativity and integrity. Our annual employee survey monitors important areas to our people and we implement action plans to address the feedback we receive. We ensure that we have consistent policies and processes to acquire, engage and retain our best talent. Initiatives focus on wellbeing, working environment, sustainability, diversity, employee benefits and training. We have comprehensive benefits packages to support employees and remain competitive globally. We also aim to provide our employees with an engaging and stimulating entrepreneurial environment where they are encouraged to learn and develop.

Read more at: **www.videndum.com/responsibility**

Our targets

Prioritise health and safety

Progress in 2022

We continue to improve our health and safety management systems. There were two accidents >three days in 2022.

Improve diversity, equality and inclusion

Progress in 2022

At the end of 2022, 43% of the Group's Board of Directors were female compared to 14% at the end of 2021. 15% of the Group's Operations Executive were female, compared to 8% in 2021. 23% of the Group's senior management team were female, compared to 15% in 2021. 31% of the rest of the Organisation were female, compared to 29% in 2021.

Case study

Employee engagement

As the Non-Executive Director responsible for employee engagement, Caroline Thomson hosted our fifth employee engagement session with employees in our Media Solutions Division in 2022. Individual sessions were conducted involving up to a dozen employees from each main site to hear first-hand from employees how they felt working for Media Solutions and to hear any issues of concern. Feedback was very positive and was subsequently shared with Divisional management and the Group Board. For more information, see page 98.

Employee engagement

Understanding how our employees feel about working for Videndum and whether they have any issues of concern is immensely important to us. In June 2022, we carried out our third all-employee survey; 76% of employees participated in the survey that focused on five questions covering health and safety and wellbeing, culture and values, communications, and satisfaction working for Videndum. All responses were over 85% positive. Feedback on the survey was shared with Divisional management to take corrective steps to continue to improve the employee experience.

Employee wellbeing

Employee wellbeing remains a top priority for the Board. We have continuously reviewed and improved processes across the Group to look after staff and improve colleagues' wellbeing. Our all-employee assistance programme provides free and confidential support to all employees and their families on a range of matters, including counselling for emotional and psychological support, practical guidance and support on legal, financial, family and work matters.

Our Sharesave Scheme is extremely popular among our employees and recognised as a valuable benefit, demonstrating the close alignment between our employees and shareholders. Sharesave allows employees to save a fixed monthly amount up to £250 with the option to purchase a fixed number of shares in the Company at a discount of up to 20% on the share price at the time. We have specifically enhanced communication across the Group to ensure it is well understood, and over 1,500 employees now participate in the scheme.

Across the Divisions a range of wellness initiatives are ongoing to improve employees' physical and mental health, including childcare support, family parties, volunteering, day trips and more. More information can be found in our 2022 ESG Report.

Learning and development

Our people are our greatest asset and Videndum aims to offer a comprehensive training and development programme linked to performance reviews. The Board reviews leadership and succession plans across each of the Group's Divisions to ensure a structured approach to growing and developing the Company's future leaders. All employees receive training on health and safety procedures appropriate to their line of work and environment. The Group has also invested heavily in mitigating the growing risk of cyber attacks to our business by creating a security-aware business culture. A comprehensive annual training programme was designed and launched to all employees in 2022. The programme includes videos, a series of online and in-person cyber awareness training modules, and regular phishing simulations for all employees whether they work on site or from home.

Responsible business continued

Our people continued

Diversity and inclusion

We strive to employ a diverse workforce and foster an equal opportunities culture. Our approach to diversity follows a strict policy of sourcing the best person for the role irrespective of race, gender, age, religion, sexual preference, or disability. Our Code of Conduct sets out an express prohibition on discrimination of any kind.

Our Diversity and Inclusion strategy sets out clear targets and action plans tailored to address our industry and our key area of weakness: a lack of female employees particularly in senior management roles. Over five years, we aim to increase the number of female employees across the Group to improve the Group's overall gender diversity from 70% men, 30% women. At a senior leadership level, we expect the ratio of women to be at least 30%.

Flexible working policies are in place across our three Divisions and are open to all employees. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. If employees become disabled, all reasonable effort is made to ensure that their employment within the Group continues. The training, career development and promotion of disabled persons should be, as far as possible, identical to that of all other employees.

Employee turnover by Division

The table shows employee turnover in 2022, reflecting employees who had resigned from their employment within the Group.

Country	2022	2021	2020
Creative Solutions	15%	15%	9%
Production Solutions	7.7%	3.9%	2.1%
Media Solutions	9%	6.2%	2.9%
European Services	14.5%	6.5%	4%
Group/Head office	17%	18%	0%
Average across the whole Group	12.6%	9.9%	3.6%

Gender diversity

The Board continues to monitor progress on equality and the Group's gender breakdown at the end of 2022.

	2022				2021				2020			
	M	%	F	%	M	%	F	%	M	%	F	%
Group Board of Directors	**4**	57%	**3**	43%	**6**	86%	**1**	14%	**6**	86%	**1**	14%
Operations Executive	**11**	85%	**2**	15%	**11**	92%	**1**	8%	**11**	92%	**1**	8%
Senior Management	**64**	86%	**10**	14%	**28**	85%	**5**	15%	**28**	88%	**4**	12%
Rest of Organisation	**1,175**	69%	**534**	31%	**1,259**	71%	**513**	29%	**1,041**	70%	**446**	30%

We employ around 1,900 employees in 11 countries who work according to local employment legislation, policies, and our organisational values. In 2022, we expanded senior management to include not only Divisional senior leadership teams, but also the next layer of management across each Division. The table above also excludes contractors.

Capital Markets Day, London, June 2022.

"

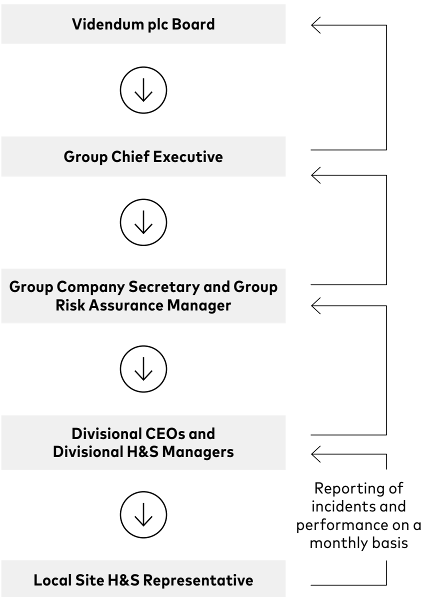
I joined Videndum 13 years ago as France Country Manager and since then I've had a great career path in this dynamic Company. Last year I was promoted to Executive VP Global Sales for our Media Solutions Division and I'm also proud to have been asked to become a member of the Group's Operations Executive.

Sarah Radisson

Executive Vice President Global Sales, Videndum Media Solutions, France

Health and safety

The health and safety of our people is of utmost importance, and we operate to stringent health and safety standards at all of our sites. We have continued to operate to a high health and safety standard, ensuring the safety of our people and have continued to share best practices across the Group. We have a health and safety policy available on our website with more detail found in our 2022 ESG Report. All major sites have health and safety committees that hold regular meetings to review health and safety performance. Our structure for health and safety management across the Group is as follows:



The Production Solutions' sites in Cartago, Costa Rica and Bury St Edmunds, UK, and the Media Solutions sites in Bassano and Feltre, Italy, are certificated with the standard UNI EN ISO 45001. Therefore, over 700 employees of the Group are covered by accreditation on health and safety. We continued to train all staff members on safety relevant to their roles.

Our five-year accident record details the number of accidents resulting in over three days' absence, accidents resulting in less than three days' absence and near misses across the Group. Each event is thoroughly investigated, and remedial action is taken where necessary. There have been no work-related fatalities since the Group began collating health and safety statistics in 2002.

Five-year accident history

Year	FTE	Accidents resulting in over three days' absence.	Accidents resulting in three or less days' absence.	Near misses (include events or circumstances that could have resulted in an accident).
2022	**1,918**	**2**	**68**	**150**
2021	**1,784**	**0**	**43**	**128**
2020	**1,569**	**0**	**42**	**110**
2019	**1,714**	**2**	**54**	**112**
2018	**1,723**	**2**	**58**	**99**

The increase in accidents and near misses in 2022 compared to 2021 and 2020 is principally due to the pandemic ending and employees returning to facilities.

Forklift operation training, Cartago

"

I have enjoyed the opportunity to foster a tailored educational experience for myself within this organization through Growth Space. My personal coach encourages me to design each session to what would most benefit me.

Chloé Hodges

Head of the Community Team, Videndum Creative Solutions, US

Responsible business continued

Giving back

Our vision

To support and integrate with the local communities and economies where we operate.

Overview

We invest in projects that align with our core values and look for opportunities to positively impact one disadvantaged person for every Videndum employee in the communities in which we operate.

We believe in the positive power of images and videos to convey ideas, and create wealth and positive social and environmental value. As a leader in our markets, our employees are experts in photography, videography, engineering and technology, and we aim to share this knowledge to enable positive social and environmental outcomes. In 2022, we estimate that we positively impacted over 400 people through a range of projects and initiatives. More information about our giving back programme can be found in our standalone 2022 ESG Report.

Read more at: **www.videndum.com/responsibility**

Our targets

Over a four-year period*, positively impact the communities in which we operate

Progress in 2022

In 2022, the Group positively impacted 443 disadvantaged people.

* Excluding 2020 due to COVID-19 lockdowns.

Image: Felix Belloin

Case study

Videndum's partnership with Richmond Theatre Creative Learning and Richmond Theatre Trust

In 2022, as part of the Group's ongoing commitment to supporting the local communities in which we operate, Videndum supported a Richmond-based creative learning programme. Over a three-day period, 20 disadvantaged children aged 12–13 from Twickenham School worked intensively to make two short films. The children developed a range of skills from storyboarding to staging key shots, to acting for camera. As part of Videndum's contribution, each young person was provided with their own mini film-making kit full of our products so they could continue making films after the project ended.

The two films were shown in a special premiere at Richmond Theatre, where friends and family joined the group to see what they had been working on. The group also received a backstage tour of the theatre and a ticket to see "Some Mothers Do 'Ave 'Em".

Investing in future industry talent

Videndum donates and lends professional photographic, TV, and cinematic equipment to educational institutions worldwide to upskill future image capture and sharing talent. In 2022, our Divisions continued to collaborate with organisations and universities to share employee know-how with future industry professionals.

Creative Solutions continued to run "CS Presents" events, as well as partnering with ManifestWorks and Respectability, to empower disadvantaged people. Production Solutions employees work with different technical schools in the community, as well as offering a fully-funded ongoing apprenticeship programme.

Media Solutions' "Creativity for Life" project is a social and environmental education initiative which has been running since 2014. The Division worked directly with five organisations on a range of projects to empower disadvantaged individuals, as well as sustainability programmes and supporting local communities. A total of 50 people were positively impacted, with 77 hours of employee volunteering over 2022.

Charity/employee volunteering/giving back

Donating to charitable causes and active participation in local communities is an essential focus across the Group. Our employees give generously with their time and money, and in 2022, we estimate that the Group as a whole donated approximately £44,000 across the globe. More information about our giving back projects can be found in our 2022 ESG Report.

Responsible business continued

Responsible practices

Our vision

To ensure that our employees clearly understand what is expected of them in conducting business ethically, with a common set of values. We expect our business partners to act in a manner that aligns with our approach, values and behaviours, as set out in our Code of Conduct.

Overview

We are committed to acting responsibly and conducting our business operations with integrity. Our values and purpose drive our business decisions and Code of Conduct, and all our decisions are made with a focus on the impact they may have on our five main stakeholder groups. The Board considers that our people and operations meet the highest standards of business conduct.

Read more at: **www.videndum.com/responsibility**

Our targets

Formalise the integrity of our supply chain

Progress in 2022

A detailed ESG survey has been completed with Videndum's seven most significant vendors.

Supplier due diligence and supplier audit programme has been strengthened to focus on all relevant ESG dimensions.

Our Code of Conduct and independent whistleblowing service were updated and re-communicated in 2022.

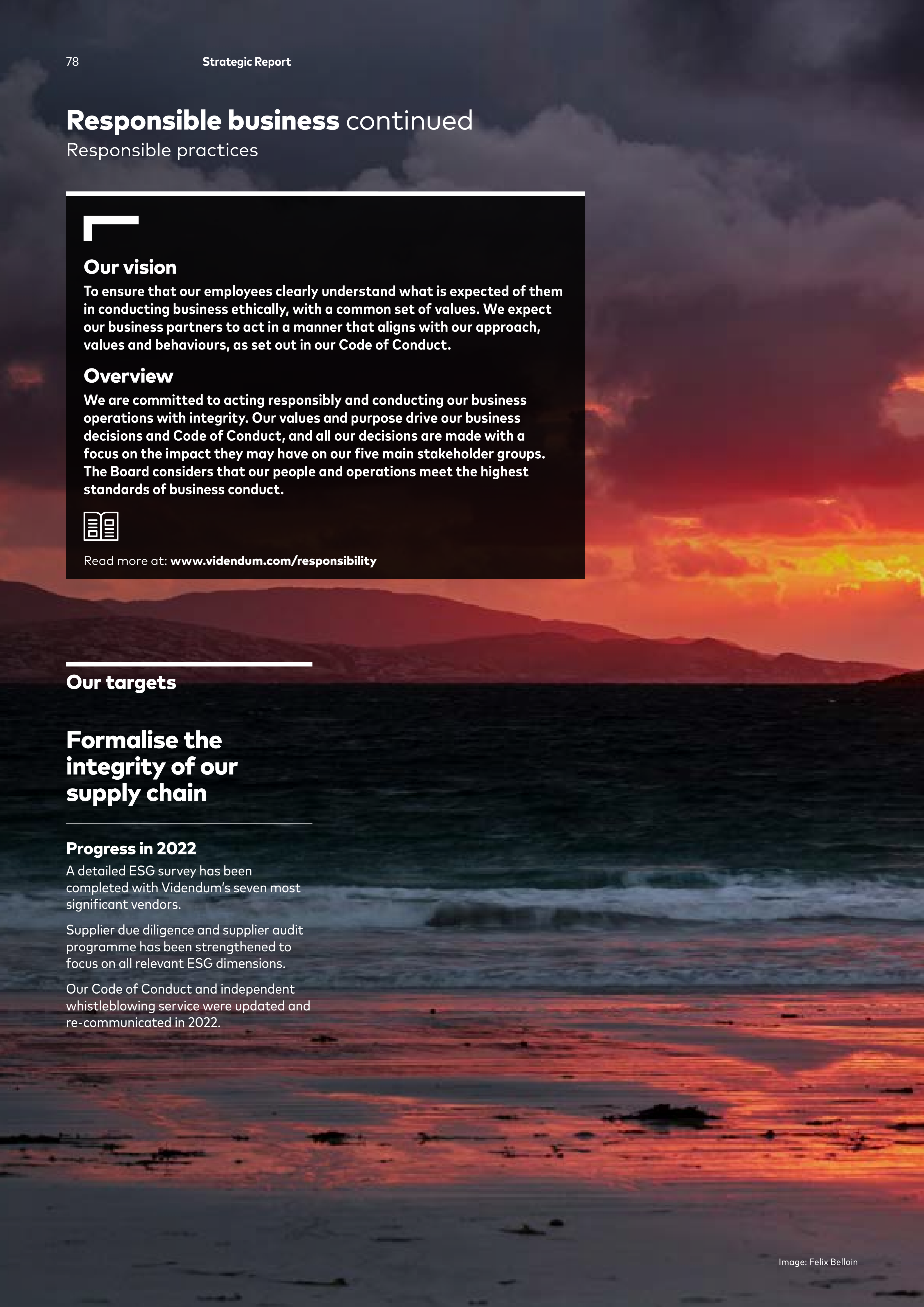


Image: Felix Belloin

Code of Conduct

Our Code of Conduct is the backbone of our culture. It provides clear guidance to our employees on how they are expected to behave towards colleagues, suppliers, customers, shareholders, and our wider responsibility to the communities in which we operate.

Our Code sets out our approach to business integrity and covers our approach to bribery, kickbacks and political donations, along with guidance on gifts and hospitality, conflicts of interest, books and records, competition, share dealing, respect for the UN Universal Declaration of Human Rights, compliance with anti-slavery legislation, respect for the individual and privacy, diversity, health and safety, environmental sustainability, business partners and charitable donations.

Our Code was re-communicated to all employees in 2022 and is available on the Company website translated into local languages. We require all senior management to undertake an online training module covering the Code of Conduct, including share dealing, conflicts of interest, legal duties and other reputational issues.

Breach of the Code of Conduct, upon investigation, may lead to disciplinary action being taken against an individual and, in the worst case, dismissal. The Group's HR functions would conduct any investigation around the Code of Conduct.

In 2022, two employees were dismissed from the business due to a breach of the Code of Conduct. These breaches consisted of HR issues and inappropriate behaviours in the workplace.

Anti-bribery and corruption

We have an internal policy on anti-bribery and corruption measures available on our website. It sets out a zero-tolerance approach and a clear commitment to doing business the right way, covering gifts and hospitality, prohibition on facilitation payments and kickbacks, and how employees raise issues of concern.

We regularly train our employees on anti-bribery and corruption measures using web-based training modules and face-to-face training on our Code of Conduct. To mitigate the risk around bribery and corruption, we actively screen all major third parties we do business with. We use third-party software that screens business partners for reputational risk issues, including bribery and corruption, sanctions, politically exposed persons and adverse media reports. The software covers over 1,000 entities and continues to be expanded. We train our people to ensure that third parties are screened through this service as part of doing business with a new partner.

The Board and the Audit Committee are regularly updated on the Group's anti-bribery and corruption measures, including training initiatives and screening status of third parties.

Our agents and distributors are party to agreements that prohibit bribery and set our expectations on behaviour and values.

Whistleblowing service

We operate an independent whistleblowing service in conjunction with NAVEX, which enables any employee or third party to confidentially report on any issues around alleged wrongdoing or other Code contraventions. The process is supported by a policy on how whistleblowing reports will be investigated. The Board is expressly clear that all reports made in good faith will not result in an employee or third party being subject to recriminations or disciplinary action.

All reports are notified to the Group Chief Executive, the Group Company Secretary and the Audit Committee Chair and are investigated independently by senior management who are not connected to the report. The outcome of investigations is reported to the Audit Committee Chair and remedial action is taken where necessary. The Board is notified of all whistleblowing reports and the outcome of all investigations.

Responsible business continued

Responsible practices continued

This service was re-communicated to all employees in 2022 with posters prominently visible at all sites and a letter explaining the service to ensure it remains visible and is understood. The documents are also available on the Group intranets, with all communications translated into local languages.

In 2022, there were ten whistleblowing reports that were HR-related in the UK, US, Italy, China and Australia. Each matter was thoroughly investigated, and corrective actions taken where necessary.

Supply chain

We expect our business partners to have similar values to our own to ensure that slavery and human trafficking is not something they are associated with.

Through screening our supply chain using third-party software and physically inspecting our supply chain, we are confident that this is not an issue within our operations. Our internal audit function also checks the integrity of the supply chain as part of its internal audit programme. We train our employees on this issue through web-based training modules and our Code of Conduct.

We have developed a Group-wide methodology for evaluating our suppliers on all dimensions of ESG. This approach is being gradually rolled out across the entire supply chain. We have recently formalised our Responsible Sourcing Policy and recommunicated this to suppliers.

Labour and human rights

We fully support the principles set out in the UN Universal Declaration of Human Rights. Our policies and procedures reflect the principles contained within the Declaration.

We support the Modern Slavery Act 2015 and have adopted a slavery and human trafficking statement, setting out our processes to ensure that this issue is not in our operations or supply chain. Our policy statement on Modern Slavery is available on our website.

No instances of discrimination occurred throughout the Group during the reporting period.

Information systems and technology

Given the ever-increasing importance of information technology to the Company's operations and performance, we have an IT policy available on our website. Responsibility for IT ultimately rests with the Group Chief Financial Officer. The IT policy sets out standards to be followed across the Group for its employees, contractors and third parties to use the Group's IT systems. The policy has been implemented to ensure that the Company's IT fits proper business purpose and is a safe environment for all our users. Breach of the IT policy may lead to disciplinary action being taken. Notably, the IT policy covers the confidentiality of data, GDPR requirements, inappropriate content, and security of data, including cyber security and reporting processes. The Group Chief Financial Officer and Group Risk Assurance Manager oversee the IT functions from a governance standpoint. With the use of specialist providers, they conduct regular vulnerability assessment and pen tests, and review the application of IT controls across the Group. This includes key control activities such as patching, multi-factor authentication and user access controls. Cyber security is a major risk on which regular updates are provided to the Board and Audit Committee.

The Group has moved to standard certification and accreditation using the government-backed Cyber Essentials framework, and will be working towards the IASME certification.

We work with a leading cyber security provider to deliver a programme of awareness training and communication to all employees, which is a vital component of our IT security framework. This includes training relating to GDPR.

Non-Financial Information Statement

Videndum complies with the requirements of sections 414CA and 414CB of the Companies Act 2006, the 2018 Non-Financial Reporting Directive and other key compliance areas by including certain non-financial information within the Strategic report. The table below, and the information it refers to, is intended to help stakeholders understand our position on key non-financial matters:

Reporting requirement	Further information	Related Principal Risk	Page(s)
Environmental matters	– The Responsible business section outlines our detailed commitment to operating responsibly in all our dealings with our stakeholders. – Our ESG targets sets out a roadmap towards becoming a sustainable business. – Videndum discloses its climate-related risks in line with TCFD requirements.	10	70 to 71
Employees	– Videndum has a Code of Conduct which outlines the Group's expectation and commitment to maintaining the highest standards of ethical conduct and behaviour in business practice. The Code is reviewed annually and in 2022 the Code of Conduct was recommunicated to employees. – We are committed to diversity and inclusion at all levels of our business and we do not discriminate on any basis. – Videndum has a well-established employee engagement and feedback programme with Caroline Thomson, the Non-Executive Director charged with employee engagement.	5	12 and 72
Social matters	– The Responsible business section and our stakeholders sets Videndum's approach to supporting our employees, customers and suppliers. – Divisional programmes have largely been reinvigorated following the pandemic.	7, 9 and 10	76
Anti-bribery and corruption	– Videndum's Code of Conduct sets out the expectations towards the highest standards of ethical conduct and behaviour in business practice. – Videndum has an anti-bribery and corruption policy which is reviewed by the Board annually and further sets out the responsibilities and expectations of our employees for the prevention, detection and reporting of bribery and other forms of corruption. – Employees receive training on the anti-bribery and corruption policy, including gifts and hospitality as part of their induction and contract. – Suppliers are made aware of our zero-tolerance approach to bribery and we undertake due diligence on all suppliers using the NAVEX Risk Rate system.	3, 6 and 7	79
Human rights and modern slavery	– Videndum's Code of Conduct outlines our stance on human rights and modern slavery. – A separate Slavery and Human Trafficking statement is published on our website annually and underlines our commitment to ensuring that slavery and human trafficking does not exist in our business operations or our supply chain.	5, 6 and 7	80
Business model	– Our Business model sets out how we do what we do, why, where and for whom.	1, 4 , 7 and 12	2 to 13
Principal risks	– Videndum's principal risks set out the carefully considered business risks and the mitigating actions that are taken to help reduce the impact of any of these risks across the Group.		44 to 49

Chairman's statement

"

Videndum has a well-developed and strong corporate governance framework in place, and that, together with the professionalism of the Board, senior management and employees, ensures that Videndum continues to operate the highest standards of corporate governance.

Ian McHoul
Chairman

The Group's corporate governance framework continued to evolve and develop as the Group grew in 2022. With a new name, Videndum's underlying governance framework continues to help foster the right culture and ensure strong control mechanisms enabling the business to succeed.

This report on Videndum's corporate governance sets out how the Board, its Committees, individual Directors and senior management have continued to operate with a strong corporate governance framework that remains appropriate and measured.

An internal Board evaluation was carried out in 2022 and details are set out in this report. It was pleasing to see that the Board is evolving to meet new heights and standards, its individual Directors are performing to a high standard, and that the Board overall is fully aligned with the strategy, priorities and corporate governance framework.

We have continued to engage extensively with our key stakeholders including shareholders, banks, employees, customers and suppliers to ensure that Videndum remains focused on the key issues impacting our business. Our ESG programme has continued to evolve in 2022 and we will publish a detailed ESG report in March 2023.

I am confident that Videndum has a well-developed and strong corporate governance framework in place, and that, together with the professionalism of the Board, senior management and employees, ensures that the Company continues to operate the highest standards of corporate governance.

Ian McHoul
Chairman
27 February 2023

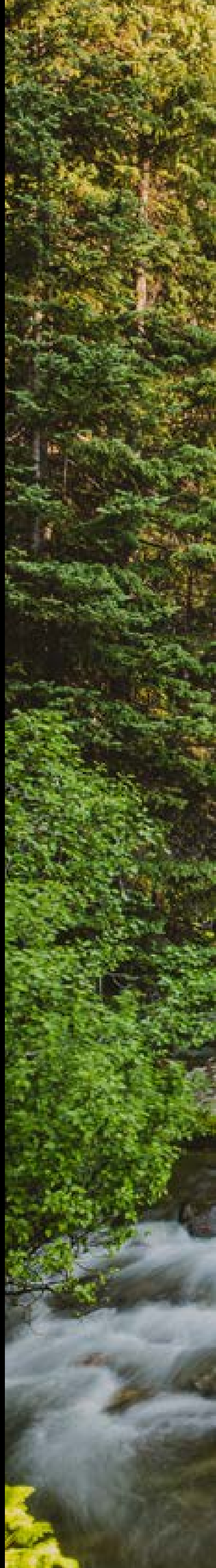


Image: Philip Thurston

A snapshot of governance

Compliance statement

During the year ended 31 December 2022, we have reported against the UK Corporate Governance Code 2018 ("the Code") issued by the Financial Reporting Council. The Code can be found at www.frc.org.uk.

We applied each principle and complied with provisions throughout 2022 as required by the Listing Rules, aside from Provision 38. Provision 38 provides that Executive Directors' pension contribution rates (or payments in lieu) should be in line with those available to the wider workforce. Stephen Bird's pension contribution during 2022 was 20% of salary compared to 8% for the wider UK workforce. With effect from 1 January 2023, Stephen Bird's pension contribution was changed to 8%. We are now fully compliant with all provisions and principles of the Code.

The Board agrees that the Annual Report taken as a whole is fair, balanced and understandable and gives all stakeholders the information necessary to assess the Group's business model, strategy and performance. The full report provides the information required for shareholders to assess the Group's overall performance against its strategy.

Major Board decisions

The major decisions taken by the Board and its Committees during 2022 included:

1. **Acquisition of Audix**
2. **Developed succession plans for the Board involving several changes in Directors**
3. **Approval of half year and full year results**
4. **Full year 2021 and half year 2022 dividend payments**
5. **Commenced an external audit process**
6. **Developed the Group's ESG programme and approved the renaming of the Group to Videndum**

Read more on pages 100 to 101

The following table outlines where shareholders can find and evaluate how the Company has applied the principles of the Code and where key content can be found in this report:

Board leadership and Company purpose

	Page(s)
Code principle A – Effective and entrepreneurial board	
Section 172 statement	96
Board of Directors	86 to 87
Code principle B – Company's purpose, values and strategy	
About Videndum – what we do and for whom	02 to 13
Section 172 statement	96
Purpose, values and culture	88 to 89
Code principle C – Necessary resources to meet objectives and prudent and effective controls	
Strategic Report	02 to 81
Audit, risk and internal control	113 to 121
Code principle D – Effective engagement with stakeholders	
Section 172 statement	96
Our stakeholders	12 to 13
Code principle E – Workforce policies and practices	
Employee engagement	98
Workforce policies	99
Whistleblowing	79 and 99

Division of responsibilities

	Page(s)
Code principle F – Chairman's leadership	
Board governance	91
Division of Board responsibilities	102
Code principle G – Division of responsibilities	
Board governance	91
Board of Directors	86 to 87
Division of responsibilities	102
Code principle H – Non-Executive Directors	
Section 172 statement	96
Time commitments	110
Code principle I – Role of the Group Company Secretary	
Effective resources and controls	90
Board governance	91

Composition, succession and evaluation

	Page(s)
Code principle J – Director appointment process	
Nominations Committee report – Board appointments and succession	109 to 113
Code principle K – Board skills, experience and knowledge	
Nominations Committee report – Board of Directors' skills, experience and knowledge	109
Code principle L – Board evaluation	
Nominations Committee report – Board evaluation	110

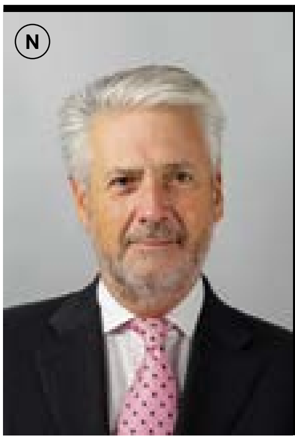
Audit, risk and internal control

	Page(s)
Code principle M – Policies around internal and external audit functions	
Audit Committee report – effectiveness of internal and external audit functions	113 to 121
Code principle N – Fair, balanced and understandable reporting	
Fair, balanced and understandable assessment of the Company's position and prospects	120
Code principle O – Management of risk	
Principal risks of the Company	44 to 49
Audit Committee report	113 to 121

Remuneration

	Page(s)
Code principle P – Remuneration policies and practices aligned to strategy	
Remuneration report – remuneration policies and practices	122 to 158
Code principle Q – Determination of remuneration	
Remuneration report – policy on executive remuneration	128 to 137
Code principle R – Independent judgement on remuneration	
Remuneration report – independence around remuneration outcomes	122 to 123

Board of Directors



Ian McHoul
BSc, ACA

Role: Chairman and Chairman of the Nominations Committee

Appointed: 25 February 2019 – tenure of 4 years (appointed Chairman from 21 May 2019)

Nationality: British

Skills and experience:

Ian is currently a non-executive director and the Chairman of the Audit Committee of Bellway plc and Young & Co's Brewery PLC. He was formerly a non-executive director and Senior Independent Director of Britvic PLC (2014 to 2022) and a non-executive director of Wood Group PLC (2017 to 2018) and Premier Foods plc (from 2004 to 2013). He held several roles in his executive career including Chief Financial Officer at Amec Foster Wheeler plc between 2008 and 2017, Group Finance Director at Scottish & Newcastle plc from 2001 to 2008 (Ian was with the business from 1998 in the role of Finance Director for Scottish Courage Ltd), and Finance & Strategy Director, The Inntrepreneur Pub Company from 1995 to 1998. Prior to this he held several roles with Foster's Brewing Group and qualified as a Member of the Institute of Chartered Accountants in England and Wales when with KPMG.

Stephen Bird
MA

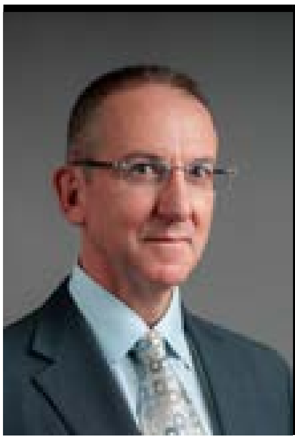
Role: Group Chief Executive

Appointed: 14 April 2009 – tenure of 13 years and 10 months

Nationality: British

Skills and experience:

Stephen is currently Senior Independent Director of Headlam plc and a member of the English National Ballet's Finance and General Purposes Committees. Previously he was Divisional Managing Director of Weir Oil & Gas. Prior to this he worked in senior roles at Danaher Corporation, Black & Decker and Technicolor Group and was also a non-executive director and Senior Independent Director of Dialight plc. Stephen has an MA from St John's College, Cambridge.



Andrea Rigamonti
MEng, ACMA

Role: Group Chief Financial Officer

Appointed: 13 December 2022 – tenure of 3 months

Nationality: British, Italian

Skills and experience:

Andrea re-joined Videndum from Senior plc in October 2021 in the role of Deputy Group Finance Director, having previously worked with the Company between 2004 and 2015 in the Head Office Finance team, notably as the Group Financial Controller between 2010 and 2015. Prior to Videndum, Andrea was with Sony UK, and he trained as a Financial Analyst with Morgan Stanley. A Chartered Management Accountant, Andrea has an MEng in Engineering, Economics and Management from Keble College, Oxford.

Teté Soto
BA, MBA

Role: Independent Non-Executive Director

Appointed: 24 November 2022 – tenure of 3 months

Nationality: Spanish, British

Skills and experience:

Teté is Senior Vice President of Marketing at The Access Group and was formerly Chief Executive Officer of Amigo Technology Limited, a cloud-based technology platform. Between 2013 and 2021 Teté held several roles at O2 including Transformation Director, Customer Marketing Director and General Manager, Online and Multichannel. Prior to O2, Teté worked at AllSaints as Global eCommerce Director and Dixons as Head of eCommerce Strategy & Planning. Teté holds a degree in Law and Business Administration from ICADE and an MBA from INSEAD.

Dr Erika Schraner

PhD

Role: Independent Non-Executive Director, Chair of Audit Committee

Appointed: 1 May 2022 – tenure of 9 months

Nationality: British, Swiss, American

Skills and experience:

Erika is currently a non-executive director of JTC plc and Chair of its Nomination Committee. She is also a non-executive director of Bytes Technology plc, Pod Point plc and HgCapital Trust plc where she chairs the Management Engagement Committee. She was formerly a non-executive director of Aferian plc where she chaired the Audit Committee. Erika has over 25 years' experience in senior leadership positions, spending nearly two decades in Silicon Valley, focused on technology, M&A, growth strategy and transformation. Erika has a PhD in Management Science and Engineering from Stanford University.

Caroline Thomson

BA, D.Univ

Role: Independent Non-Executive Director, Chair of Remuneration Committee, Responsible for Employee Engagement

Appointed: 1 November 2015 – tenure of 7 years and 3 months

Nationality: British

Skills and experience:

Caroline is currently Chair of Digital UK, a non-executive director of UKGI and Chair of its Remuneration Committee, and a trustee of Tullie House Gallery in Cumbria. She was formerly Executive Director of English National Ballet where she is now a trustee. Until September 2012 Caroline was Chief Operating Officer at the BBC, serving 12 years as a member of the Executive Board. Caroline received an honorary doctorate from York University in 2013 and was made an honorary Fellow of the University of Cumbria in 2015. From 2016 to 2019 she was Chair of Oxfam. She is a Fellow of the Royal Television Society, a trustee of The Conversation and of the National Gallery Trust. Caroline is a Deputy Lieutenant for Cumbria.

Richard Tyson

BSc (Hons), DipM, FRAes

Role: Independent Non-Executive Director, Senior Independent Director

Appointed: 2 April 2018 – tenure of 4 years and 10 months

Nationality: British

Skills and experience:

Richard is currently Chief Executive Officer of TT Electronics plc, holding that position since 2014. He was formerly President of the Aerospace & Security Division of Cobham plc from 2008 to 2014 and a member of their Executive Committee. He was previously responsible for TRW Aeronautical Systems' (formerly part of Lucas Industries) European aftermarket business before joining Cobham plc in 2003 to run its Flight Refuelling Division. Richard is a fellow of the Royal Aeronautical Society and a Governor of St Swithun's Independent School for Girls in Hampshire.

Key to Committee membership

A Audit Committee N Nominations Committee R Remuneration Committee ◯ Chair

Leadership, purpose, values and culture

Videndum's purpose is to support our customers by providing premium branded hardware products and software solutions to the growing content creation market. We have a clearly defined strategy to execute this purpose and our values and culture underpin the sustainable delivery of this purpose.

1. Purpose

Why we do what we do

Our purpose is to enable our customers to capture and share exceptional content by being the leading provider of premium hardware and software solutions to the growing content creation market.

2. Strategy

How we do what we do

Manufacturing and selling our products and solutions globally via multiple distribution channels, our own sales teams and via e-commerce, through both our own and third-party websites.

Our core customers include broadcasters, film studios, production and rental companies, photographers/videographers, independent content creators, vloggers/influencers, gamers, professional sound crews and enterprises. Our product portfolio includes camera supports, video transmission systems and monitors, live streaming solutions, smartphone accessories, robotic camera systems, prompters, LED lighting, mobile power, carrying solutions and backgrounds, and motion control, audio capture and noise reduction equipment.

3. Values

The qualities that define us and what we try to achieve

Videndum excels in providing world-class product performance with a keen eye for being customer focused. We lead in fast-changing markets and have global reach and capability. We always do business the right way, with transparency, integrity and respect and in line with our Code of Conduct.

4. Culture

Who we are as an organisation

Our employees are entrepreneurial and have a passion for our products. Videndum fosters an environment for employees to be forward-thinking, collaborative and supportive with an inclusive approach.

Alignment of culture with purpose, values and strategy

Our strong culture is reflected in our employees' engagement, motivation, retention and productivity. The Board reinforces our culture and values through the way it collectively makes decisions – including decisions made on strategy, operations, governance and conduct. The culture of the Group is monitored and assessed by the Board via:

- Regular meetings with senior management and inviting key employees to present at Board and Committee meetings as appropriate.
- Discussing the outcomes of regular employee surveys and acting on any findings.
- Employee engagement sessions with a member of the Board with insights from these sessions.
- Consideration of feedback from key investors and wider stakeholders when shaping Group-wide policies, procedures and practices.
- Reviewing the Company's whistleblowing service and any cases or investigations from the service.
- Prompt payment to suppliers.
- Training records for Board members.
- Internal and external auditor reviews and findings.
- Regular risk and compliance reports from the Group Risk Assurance Manager.
- Assessing cultural indicators such as:
  - Management's attitude to risk and the Group's overall risk appetite;
  - Compliance with the Group's policies; and
  - Key Performance Indicators including health and safety performance, employee retention, engagement and feedback.

Our values translate from our qualities and the way in which we, as a Group, think and act and underpin the way we do business – an entrepreneurial approach, acting with integrity at all times and working responsibly with sustainability in mind. Our values are consistently embedded in our operational practices with the guidance of the policies which have been approved by the Board and through oversight from our Operations Executive.

Further information on how the Board factors stakeholders into its decisions can be found on pages 12 to 13.

Having a clear purpose which aligns with our values and with a strategy to back it up, helps to instil confidence in our stakeholders. It helps to explain why we exist, why we do what we do and how we intend to meet our objectives. All employees are encouraged to embrace the Company's culture to ensure our long-term success.

During 2022, the Board received regular feedback on our culture including results of employee surveys and also employee engagement sessions at key operating sites with Caroline Thomson as the Non-Executive Director charged with responsibility for employee engagement. The Board visited our sites in Bury St Edmunds, Feltre and Cassola, meeting with a number of employees and assessing first-hand the culture and values in operation amongst our workforce. This feedback helps shape the Board and its Committees' informed decision-making to ensure that the views of employees are factored into Board decisions.

Videndum has a Code of Conduct which was refreshed and re-communicated to all employees in 2022. It sets out the expectations surrounding behaviours in all aspects of how employees conduct themselves. As well as employees, this is also available to all stakeholders including customers and suppliers. The Code of Conduct is published in all languages commonly spoken in the Group and is available on our website. Senior management encourages our employees to behave in line with our values and on promoting our purpose and strategy.

More information on Videndum's culture can be found at:

Videndum's governance framework and corporate governance practices on pages 91 to 104

Board decision-making on pages 100 to 101

Videndum's approach to people, leadership and succession in the Nominations Committee report on pages 105 to 112

Videndum's risk controls in the Audit Committee report on pages 113 to 121

The focus on health and safety, the environment and sustainability across the Group in the Responsible business report on pages 50 to 80

Videndum's approach to executive remuneration in the Remuneration report on pages 122 to 158

Videndum's culture provides for a safe and inclusive environment for its employees.

The role of the Board

The Board is outlined on pages 86 to 87. Our Board comprises experienced professionals who bring a range of skills, perspectives and industry knowledge to our boardroom. In accordance with the Code, the role of the Board is to promote the long-term sustainable success of the Company, generate value for shareholders and make a meaningful contribution to wider society. Collectively, the Board has high quality experience in the areas of finance, technology, strategy, people management and global commerce which assists us in the implementation of our strategy.

Changes to the composition of the Board during 2022 included the following:

Erika Schraner joined the Board as an independent Non-Executive Director with effect from 1 May 2022 and is a member of the Audit, Remuneration and Nominations Committees. Erika's appointment strengthened the Board in terms of strong financial, technological and international experience. Erika succeeded Christopher Humphrey as Chair of the Audit Committee from 12 August 2022. After nine years' service, Christopher Humphrey stood down as an independent Non-Executive Director and Senior Independent Director on 14 December 2022.

Duncan Penny stood down from the Board as an independent Non-Executive Director at the Annual General Meeting ("AGM") on 17 May 2022.

Teté Soto was appointed as an independent Non-Executive Director with effect from 24 November 2022 as well as becoming a member of the Audit, Nominations and Remuneration Committees. Teté brings strong technological, e-commerce and digital marketing experience to the Board.

Martin Green stood down as Group Finance Director and ceased to be a member of the Board with effect from 13 December 2022. Andrea Rigamonti was appointed to the Board as the Group Chief Financial Officer with effect from the same date. Andrea re-joined the Company in October 2021 from Senior plc in the role of Deputy Group Finance Director and has in-depth knowledge of Videndum and our end markets, having previously worked with the Company between 2004 and 2015 in the Head Office in Richmond, UK.

With effect from 14 December 2022, Richard Tyson assumed the responsibilities as Senior Independent Director.

It was further announced on 14 December 2022 that Anna Vikström Persson would join the Board as an independent Non-Executive Director with effect from 1 May 2023. Anna will become a member of the Audit, Remuneration and Nominations Committees and after a period of induction and handover, will succeed Caroline Thomson as Chair of the Remuneration Committee on a date to be confirmed in 2024. Anna brings significant HR and remuneration related experience and her full biographical details can be found in the 2023 AGM Notice.

All Directors of the Company, in accordance with the Company's Articles of Association, will stand for re-appointment as Directors at the Company's AGM to be held on 11 May 2023 and further details can be found in the AGM Notice.

The Board has separate roles and a clear division of responsibilities in order to properly fulfil its duties. This is outlined in more detail on pages 102 to 104. It is the role of the Chairman to manage the Board and to ensure its effectiveness. Together with the Group Chief Executive and the Group Company Secretary, the Chairman ensures that all Directors:

- Receive accurate, timely and clear information.
- Actively participate in the decision-making process.
- Are kept well informed of all key business and operational developments.

The division of responsibilities between the Chairman and Group Chief Executive is set out on page 102 and 103 of this report.

Board agendas are agreed in advance of meetings by the Chairman and Group Chief Executive facilitated by the Group Company Secretary to ensure each Board meeting is as efficient and information appropriate as possible. All Board members are expected to constructively challenge any proposals made by executive management. Apart from the remuneration of Directors there were no instances when a Director had to abstain from voting on a matter due to a conflict of interest during 2022. The Board has a clear policy for dealing with conflicts or potential conflicts of interest. All Directors are reminded at the start of every Board meeting about their duties under Section 172 of the Companies Act 2006 including the need to disclose any conflicts of interest. The Group Company Secretary maintains a record of any declared conflicts of interest.

Effective resources and controls

The Board has satisfied itself that the Company's purpose is aligned with business practices through a variety of resources, including regular updates from senior management as appropriate. These key strategic and operational updates are discussed by the Board in scheduled Board meetings and ad hoc Board meetings as necessary, such as those surrounding an upcoming acquisition and the important decisions taken leading up to an acquisition.

The Board governance arrangements further support the development and delivery of strategy by ensuring accountability and responsibility for decisions from within the organisation and also by leveraging the skills, knowledge and experience from the Non-Executive Directors. Further information on the skills and experience of all Board members can be found on pages 86 to 87. The Board members are encouraged to express their views and opinions on the business, the operation of the Group or a proposed course of action. No concerns were raised during 2022.

The Board maintains a formal schedule of matters reserved solely for its approval. These matters relate to decisions on financing, strategy, M&A activity, the risk appetite of the Group and the authorisation of any special capital expenditure above previously set delegated authority limits. The Board is formally required to authorise capital expenditure above the prescribed limits, however the open and flat nature of our organisation means that the Board is always aware of significant projects in the Group.

The Board sets itself clear annual objectives and measures its performance against those objectives on a regular basis. More information on Board performance and effectiveness can be found on page 111.

Board governance

Our governance framework supports strong governance practices across the business. The Board has overall responsibility for governance in the Group, led by the Chairman and supported by the Group Company Secretary.

As illustrated on pages 91 and 92, the Board has delegated certain responsibilities to its Nominations, Audit and Remuneration Committees. Further details of the work, composition, role and responsibilities of these Committees are provided in separate reports on pages 105, 113 and 122 respectively. Each of the Committees has clear Terms of Reference which were reviewed by the Committees and the Board during the year. These are available on the Group's website: www.videndum.com/investors/corporate-governance/governance-framework/. The performance of each Committee is assessed annually as part of the evaluation process, and the results of the internal Board and Committee evaluation carried out in late 2022 are outlined on pages 110 and 111.

The Board has a clear schedule of matters reserved to it which is reviewed annually and can be viewed on the Group's website: www.videndum.com/investors/corporate-governance/governance-framework/. The schedule of matters reserved to the Board includes matters such as acquisitions and divestment of businesses, declaration of dividends, appointments of new Directors and approval of financial results including budgets and capital expenditure. Further information on the matters reserved for the Board, can be found on page 104. The Board has in turn delegated to the Group Chief Executive certain of its powers to run the operations and business. To support this, the Group Chief Executive has established the Operations Executive comprising the Group Chief Executive, Group Chief Financial Officer, Group Chief Operating Officer, Group Company Secretary and HR Director, Group Communications Director, Group General Counsel and Divisional management. The Operations Executive meets monthly and covers current performance and operational matters including health and safety and other matters. Minutes of all Board and Committee meetings, including the Operations Executive, are prepared by the Group Company Secretary following each meeting.

The Group Chief Executive reports on the work of the Operations Executive to each Board meeting to keep the Board fully informed on operational matters. With effect from 27 February 2023, it has been approved that Marco Pezzana, Chief Executive Officer of the Media Solutions Division, is appointed as Group Chief Operating Officer, continuing to report to Stephen Bird, Group Chief Executive. Marco will retain responsibility for the Media Solutions Division as its Chief Executive Officer and will take on wider responsibility for the Group's operations. This will include working on strategic self-help projects to further streamline our cost-base, maximise operational efficiencies and deliver cross-Divisional synergies to accelerate Videndum's growth.

Board, Committee and Operations Executive meetings were held face-to-face during 2022. The Board also held its pre-Board meeting dinners. These dinners enable the Directors to informally discuss current business matters. The Board appreciates this informal environment which creates an opportunity for members of the Operations Executive, other senior management or external advisors to attend to give updates on the business. The Non-Executive Directors continued to hold meetings between themselves following each scheduled Board meeting to raise any issues without senior management present. As Chairman, I feed back to the Group Chief Executive on these discussions and take any actions necessary to address matters raised.

The Directors make use of electronic Board packs, providing fast and secure access to all Board and Committee papers, alongside any other key and confidential updates to enable the running of the business. The Chairman of the Board and the Chairs of each of the Committees set the agendas for all Board and Committee meetings with support from the Group Company Secretary. The information on the business shared with our Board is sufficient to allow effective debate and challenge to management.

The information contained within the Board and Committee packs includes detailed budgets, forecasts, strategy papers, reviews of the Group's financial position, corporate development opportunities and operating performance, and annual and half yearly reports. Each Director receives a detailed monthly report from the Group Chief Executive, Group Chief Financial Officer, Group Company Secretary and Group General Counsel, plus a Health and Safety report. The Board receives further information from time to time as and when necessary.

The role of the Board continued

Videndum's governance structure is set out below:

Videndum plc
The Board of Directors

Chaired by Ian McHoul

Membership:
Chairman, Group Chief Executive, Group Chief Financial Officer, independent Non-Executive Directors

Approve all financial results, dividends and financial matters for the Group and tracks progress of the business against the strategy

Engagement with the Group's key stakeholders

Approval of the financing for the Group

Nominations Committee

Chaired by Ian McHoul

Membership:
Chairman, Group Chief Executive and the independent Non-Executive Directors

Oversees and reviews the overall composition of the Board

Oversees succession planning of the Board

Oversees the leadership skills requirements and succession planning of key senior management for the Group

Read more on page 105

Audit Committee

Chaired by Erika Schraner

Membership:
The independent Non-Executive Directors

Responsible for financial control and integrity of financial statements

Oversees risk management and control systems including internal audit progress and effectiveness

Reviews external auditor effectiveness and leads audit tender process

Read more on page 113

Remuneration Committee

Chaired by Caroline Thomson

Membership:
The independent Non-Executive Directors

Reviews framework and policy on Executive Director and senior management remuneration and benefits to ensure alignment with strategy and performance

Reviews and benchmarks incentive arrangements and ensures they fit with the Group's strategy and culture

Ensures Executive Director remuneration takes into account remuneration across the wider employee base

Read more on page 122

Operations Executive

The Operations Executive, led by Stephen Bird, comprises the Executive Directors, Group Chief Operating Officer, Divisional CEOs, Group Communications Director, Group General Counsel, Group Company Secretary and HR Director and several other senior managers from each Division. It has overall responsibility for the daily management of the business and the implementation of the Group's strategy.

ESG Committee

Comprises the Group Chief Executive, Group Company Secretary and HR Director, Group Communications Director, Group Risk Assurance Manager, Divisional CEOs and senior representatives from each Division. The ESG Committee oversees the Group's ESG programme including external ESG reporting. See pages 52 to 53 for more information.

Group Company Secretary

All Directors have access to the advice and services of the Group Company Secretary and any Director may initiate an agreed procedure to seek independent professional advice sought at the Company's expense. Clearance to such advice being sought must be given in advance by the Chairman. No such advice was sought by any Director during the year. The Group Company Secretary's role is to support the Chairman, the Board, its Committees and individual Directors in discharging their duties effectively including governance matters. The Group Company Secretary's appointment and removal is a matter to be considered by the Board.

Image: Felix Belloin

Key Board activities in 2022

The Board followed a structured programme of face-to-face meetings during 2022 and following the pandemic, visited two operational sites at Bury St Edmunds, UK and Feltre and Cassola, Italy.

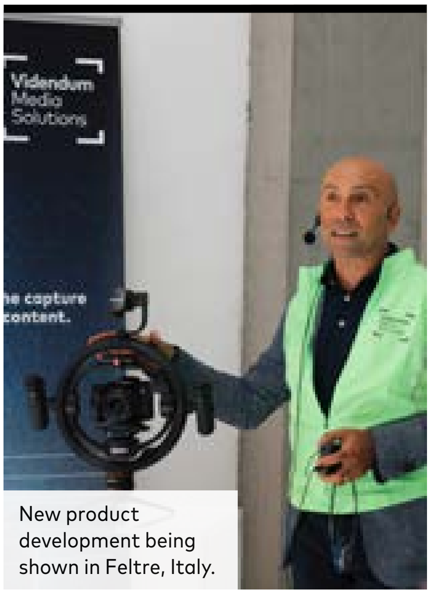
Strategy

The Board and shareholders considered and approved the Group's name change to Videndum in May 2022 – reflecting a new chapter in the Group's life. The Imaging Solutions Division was also renamed to Media Solutions at the same time. Throughout the year multiple updates were provided to the Board on all Divisions' financial and operational performance. The Group held a Capital Markets Day in June 2022, highlighting key products and services to shareholders and analysts and outlining our strategic ambition.

Operational

In June, the Board visited the Production Solutions UK site and held Board and Committee meetings in Bury St Edmunds. In September, the Board visited the office and operations in Feltre and Cassola, Italy – the site of Media Solutions. Both were opportunities to meet with employees and management and to hear about operations and performance from each Division. The Board will make similar visits in 2023 and future years.

The Board also received updates on the integration of the acquisitions undertaken in 2021 and early 2022 including, Lightstream, Savage, Quasar and Audix.



New product development being shown in Feltre, Italy.

Videndum Board receive a site tour at Feltre, Italy.

ESG and financial reporting

The Board reviewed the 2021 Annual Report and Accounts, and recommended to shareholders the final dividend for 2021 as well as approving the 2022 AGM Notice, going concern and the Viability Statement in February 2022. The Board received regular updates on the Group's ESG initiatives, building on the 2021 disclosures and issuing standalone ESG and TCFD reports in April 2022. The Board approved the re-launch of the refreshed Code of Conduct and whistleblowing programme.

Attendance at 2022 Board and Committee meetings

	Board		Audit		Remuneration		Nominations	
	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice
Number of meetings	6	3	4	0	5	1	3	1
Directors:								
Ian McHoul	6 (6)	3 (3)	–	–	–	–	3 (3)	1 (1)
Christopher Humphrey (left 14 December 2022)	6 (6)	3 (3)	4 (4)	0 (0)	5 (5)	1 (1)	3 (3)	1 (1)
Duncan Penny (left 17 May 2022)	1 (2)	0 (0)	1 (1)	0 (0)	1 (1)	1 (1)	0 (0)	1 (1)
Erika Schraner (joined 1 May 2022)	5 (5)	3 (3)	3 (3)	0 (0)	4 (4)	0 (0)	3 (3)	0
Teté Soto (joined 24 November 2022)	1 (1)	0 (0)	1 (1)	0 (0)	1 (1)	0 (0)	1 (1)	0
Caroline Thomson	6 (6)	3 (3)	4 (4)	0 (0)	5 (5)	1 (1)	3 (3)	1 (1)
Richard Tyson	6 (6)	2 (3)	4 (4)	0 (0)	5 (5)	1 (1)	3 (3)	1 (1)
Stephen Bird	6 (6)	3 (3)	–	–	–	–	3 (3)	1 (1)
Martin Green (left 13 December 2022)	2 (6)	1 (1)	–	–	–	–	–	–

The number shown in brackets denotes the number of meetings the Director could have attended during 2022.
Where a Director was unable to attend a meeting, their input to the business of the meeting was given in advance of the meeting to the Chairman.

People

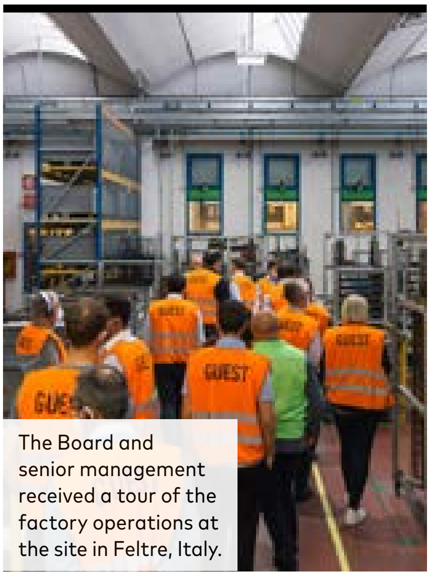
As well as approving the annual Sharesave Scheme for employees to join, the Board received an update from the employee survey carried out, and also received feedback from Caroline Thomson on the employee engagement sessions carried out at Feltre and Cassola in Italy, with Media Solutions employees. Caroline also engaged with employees from the newer acquisitions of Savage and Audix virtually in September 2022, to hear first-hand of their experience of joining Videndum.

The Board received a Divisional update from Media Solutions in September 2022.

Financial

The Board approved the 2021 year end financial results and recommended to shareholders the final dividend for 2021. It also approved operational expenditure throughout the year for products such as the aktiv Fluid Head and Anton/Bauer VCLX battery from Production Solutions, and the Long John Silver lighting stand and Junior Crank stands from Media Solutions.

Products showcase in Media Solutions R&D centre.



The Board and senior management received a tour of the factory operations at the site in Feltre, Italy.

Section 172 statement

The Board confirms that during the year it has acted in good faith to promote the long-term success of the Company for the benefit of its key stakeholders that have been identified on pages 12 and 13 as its shareholders, employees, customers, suppliers and the communities and environments in which we operate all while having due regard to the matters set out under Section 172 (a) to (f) of the Companies Act 2006:

Relevant Disclosure(s)			Page(s)
A	The likely consequence of any decision in the long term	Purpose and values Business model Strategic framework/Market opportunity Dividends Stakeholder value creation	Page 88 Page 9 Page 8 to 11 Page 37 Page 12 to 13
B	The interests of the Company's employees	Our people Employee engagement Employee health and wellbeing Diversity and inclusion	Page 12, 72 Page 73 and 98 Page 73 Page 74
C	The need to foster the Company's business relationships with suppliers, customers and others	Customer engagement Supplier engagement and relationships Anti-bribery and corruption and modern slavery	Page 12 Page 12 Page 79
D	The impact of the Company's operations on the community and the environment	Responsible business Supporting our communities/giving back	Page 50 Page 76
E	The desirability of the Company maintaining a reputation for high standards of business conduct	Values and culture at Videndum Code of Conduct and whistleblowing service Workforce policies	Page 88 Page 79 Page 99
F	The need to act fairly as between members of the Company	Shareholder engagement AGM Rights attached to shares	Page 97 Page 162 Page 159

How the Board considers Section 172 matters

Methods used by the Board to perform their duties include:

- Blue Sky strategy sessions held where key senior management present updates to the Board and the Board discuss mid- to long-term strategy for all Divisions, including cross-Divisional synergy possibilities.
- The Board actively considers the Group's purpose, values and corporate culture when reviewing the Company's policies, particularly relating to business conduct, which underpins the way Videndum does business.
- The Audit Committee has oversight of the Company's risk assurance and management framework and the actions that are in place, or that will be put in place, to mitigate risk (including any emerging risks where appropriate) in the short, medium and long-term.
- The Board considers all ESG matters carefully as it continues to develop its ESG programme across the Group, as outlined in Responsible business from page 50.
- Members of the Board engage directly with employees and shareholders and receive feedback from the Group Chief Executive and Group Chief Financial Officer on meetings with investors and analysts, as well as regular updates and reports from the Operations Executive and external advisers on engagement with other stakeholders such as customers, suppliers and the wider communities in which Videndum operates.

Further details on stakeholder engagement and how the Board considers its duties under Section 172 when making major decisions can be found on pages 100 and 101 and throughout our Annual Report as outlined above.

The Board and our stakeholders

Shareholder engagement

Meeting with shareholders

Videndum has an active and open dialogue with shareholders and their views are regularly sought on key issues such as strategy, governance and financial performance. They are an important source of capital, without whom the Company could not grow and invest in future success. The Board receives a monthly shareholder analysis report from our corporate broker which records movements in the shareholder register and also notes when investor engagement has occurred and any notable views expressed.

There is a detailed investor relations programme in place to provide all shareholders with regular updates on operational and financial performance, including regular market announcements, presentations, face-to-face meetings with investors, roadshows, the AGM and the upkeep of a detailed investor relations section on the Group website.

Throughout 2022, the Board communicated with investors to ensure they remained informed and supportive of all key business decisions.

Investor meetings and roadshows

During 2022, the Board continued to engage with numerous institutional investors both virtually and face-to-face. These were often centred around major events such as the 2021 full year results, 2022 half year results and the Capital Markets Day held in June 2022, and were attended by the Group Chief Executive, Group Communications Director, the former Group Finance Director and Group Chief Financial Officer.

The Chairman additionally met with several shareholders during 2022 to hear their views and discuss business progress.

Annual General Meeting ("AGM")

The AGM was held in May 2022 face-to-face at 41 Portland Place, London, W1B 1QH as COVID-19 restrictions had been lifted. All resolutions at the 2022 AGM were passed with a majority of votes in favour. The detailed outcome of resolutions at the 2022 AGM is available on our website under "Corporate Governance". We are planning for our 2023 AGM to be held in person at 11:00am on Thursday, 11 May 2023 at 41 Portland Place, London W1B 1QH. Voting at the AGM is carried out by way of a poll. Shareholders are encouraged to submit their votes by proxy ahead of the AGM to ensure their views are received in advance.

The Board, in the event of a 20% or more vote against a resolution at a General Meeting of shareholders, would consider that a material level and would seek to engage with shareholders to understand the nature of concerns raised by the against votes and what actions, if any, should be taken to address such concerns.

Annual Report

The Annual Report is available to all shareholders. It is published in March each year. Through electronic communication initiatives, we aim to make our Annual Report as accessible as possible. Shareholders can opt to receive a hard copy in the post or can download PDF copies via email or from our website. Additionally, if a shareholder holds their shares via a nominee account and encounters difficulty receiving the Annual Report via their nominee provider, they are welcome to contact the Group Company Secretary to request a copy.

Corporate website

The Videndum website, www.videndum.com, has a dedicated investor section which includes all of our Annual Reports, results presentations, and our financial and dividend calendar for the upcoming year. The website also outlines our business strategy and model, product portfolio and Company announcements, and has a detailed section covering our ESG activities.

Senior Independent Director

If shareholders have any concerns, which the normal channels of communication to the Group Chief Executive or Chairman have failed to resolve, or for which contact is inappropriate, then our Senior Independent Director, Richard Tyson, is available to address them. He can be contacted via email at info@videndum.com or via the Group Company Secretary.

Image: Felix Belloin

The Board and our stakeholders continued

Employee engagement

We have an experienced, diverse and highly trained employee base. They are Videndum's greatest asset and are critical to our success. Our employees are incentivised and motivated to help contribute to successfully delivering our strategy, performance and strong reputation. In order to reach all employees, the Board utilises a combination of formal and informal engagement methods as set out below, the principal method as defined by the Code being engagement with a Non-Executive Director:

How we engage with employees

Dedicated Non-Executive Director

Caroline Thomson is the independent Non-Executive Director charged with gathering the views of our employees. Caroline Thomson annually meets with a number of employees at several sites to receive first-hand employee feedback.

Read more on page 73

Employee surveys

We gather feedback from employees to assess their levels of engagement. We conduct an annual employee survey, covering a range of issues including health and safety and wellbeing, the right culture for the organisation, communications and satisfaction with working at Videndum.

Read more on page 73

Whistleblowing

Our independent whistleblowing service offers an anonymous reporting line for employees to raise any concerns or wrongdoing directly with the Board. The service allows concerns to be raised via telephone or online reporting.

Read more on page 79

Intranet

The Group's intranet is used as a platform for employees to access our policies and be kept informed of the latest Group news.

In September 2022, Caroline Thomson, the independent Non-Executive Director tasked with employee engagement, carried out a series of meetings with over 40 employees from the Media Solutions Division based at our Feltre and Cassola sites, including virtually with employees from our Audix and Savage businesses in the US. This involved employees being able to raise questions and comment on a range of issues arising from working for Videndum. The sessions covered topics such as:

- Employees' views on how the Company handled the pandemic.
- Working from home and the Company's flexibility.
- How the Company handled and continues to handle any sensitive issues and the whistleblowing service overall.
- Working conditions and equipment at their sites.
- Remuneration and employee benefits (which is then fed back to the Board who then uses this information when deciding upon executive remuneration and benefits).
- Employees' opinions on the business and any new ideas.

Feedback on these sessions was then given by Caroline Thomson to the Board, Divisional CEO and Divisional HR Director to ensure that the views of employees are known and are being taken into account. This feedback helps to shape and develop the Board's decision-making and to address any issues. We consider these employee engagement sessions an important feature in ensuring that employees are able to raise issues that are important to them. We will plan on holding similar such sessions in future years. Further information on Caroline Thomson's employee engagement process can be found on page 73.

A combination of feedback from our annual employee surveys and interaction with Caroline Thomson illustrates that our employee engagement programme is highly appreciated by employees. The programme is valued by employees and the Board, and Caroline Thomson is exceptional at engaging with employees across the Group from all levels in the organisation and across multiple countries. Employees feed back that the sessions are useful and that they relish the opportunity to discuss the Company with a member of the Board.

Workforce policies

Policies, procedures and training

The Board and Operations Executive review and approve all key policies and practices which could impact Videndum's workforce and influence their behaviours. All policies are carefully drafted to ensure they reflect and support the Group's purpose, values and strategy. This includes the Group's Code of Conduct and its additional policies relating to health and safety, anti-bribery and corruption, modern slavery, data protection and whistleblowing. The Code of Conduct was refreshed in line with the Company's new name and branding and subsequently re-communicated to all employees in September 2022. Training sessions are arranged on these topics on a regular basis for employees to attend. Further information on Videndum's key compliance policies can be found on page 99. The policies are published on the Group's intranet, with some included in the employee handbook. The Group's Code of Conduct is available on the Company's website.

As part of Videndum's ESG programme, we continually review the integrity surrounding our supply chain, including all suppliers, agents and distributors, including a review of agreements and contractual terms prohibiting bribery and expressly requiring parties to comply with the Company's Code of Conduct. We also vet our supply chain for reputational risk issues using the NAVEX Risk Rate software package that screens for adverse media, sanctions and politically connected persons. Further detail is given on the Company's website and in Responsible business on page 79.

Conflict of interest

Videndum has a clear Conflict of Interest Policy that sets out how any conflicts of interest are to be reported and to be managed, including a conflicts of interest register documenting all declared conflicts of interest. Each Director is required to declare any conflict of interest arising on any matter. The Articles of Association of the Company dictate how any such conflicts are to be managed, including that in the event of a conflict of interest and it having been declared, the Board may authorise the conflicted Director to participate in discussions and the decisions relating to that matter. It is confirmed that no such conflicts arose in 2022.

Workforce remuneration policies

The Board operates the Remuneration Policy approved by shareholders for Executive Directors' remuneration via the Remuneration Committee. The Remuneration Committee, while carrying out its duties, has overall oversight of the wider workforce remuneration practices. Videndum's competitive remuneration policies and practices are designed to attract, retain and motivate employees at all levels. They are intended to be clear and simple and to align with our strategy and our corporate culture. Full details on Board remuneration are set out in the Remuneration report on pages 122 to 158.

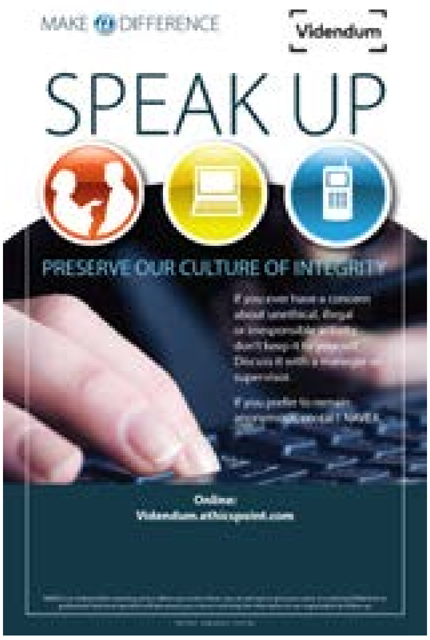
Whistleblowing

It is part of our culture that all employees are encouraged to identify and speak up against any malpractices and wrongdoings occurring within the organisation which fall short of our high standards of operating and in conflict with our Code of Conduct.

Videndum's whistleblowing procedures, which were also refreshed and re-communicated to all employees in September 2022, are operated in conjunction with NAVEX which enables any employee or third party who feels the normal reporting channels are not appropriate or trustworthy, to report on any issues around alleged wrongdoing or other Code contraventions confidentially and anonymously.

Details of the whistleblowing service are included in our employee handbook, on our website and on posters around all our sites. All communication is translated into local languages where necessary.

All reports are notified to the Group Chief Executive, the Group Company Secretary and the Chair of the Audit Committee and are investigated independently by senior management who are not connected to the report. The outcome of an investigation is reported to the Chair of the Audit Committee and remedial action taken where necessary. The Board is notified of all whistleblowing reports and the outcome of investigations. During 2022, there were ten whistleblowing reports that were related to HR matters. Each matter underwent a thorough investigation and corrective actions were taken with oversight of the Audit Committee Chair and involving Divisional management as appropriate. Following investigation into two reports, two employees were dismissed from the Group.



The Board's major decisions in 2022

The following major decisions were taken by the Board and its Committees during 2022, taking into consideration the duties to all key stakeholders under Section 172 of the Companies Act 2006:

1.

Acquisition of Audix

In January 2022, we acquired US-based Audix for up to $54.3 million. Audix designs and manufactures high-performing, innovative microphones for the professional audio industry.

Read more on page 24

2.

Succession plans

On recommendation from the Nominations Committee, succession plans for the Board were developed and actioned during 2022.

Read more on page 106

3.

Financial results

The Board approved the full year results for year ended 31 December 2021 in February 2022 and the interim results for 2022 in August 2022.

Read more in last year's Annual Report and Accounts

4.

Dividend payments

The Board recommended to the 2022 AGM a final dividend for the full year ended 31 December 2021 and approved an interim dividend for 2022 in August 2022.

Read more on page 37

5.

Audit tender

The Audit Committee made a recommendation to the Board that the Company carry out an external audit tender to find a suitable replacement for Deloitte, whose last audit will be for full year 2023.

Read more on page 114

6.

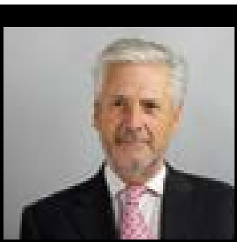
ESG programme

In 2022 we continued to enhance our ESG programme, with the cross-Divisional ESG Committee overseeing our ESG reporting, setting clear objectives and targets, and we will publish our second detailed ESG report in March 2023.

Read more on page 50

Board roles and the division of responsibilities

There is clear division of responsibilities for the Board between Executive and Non-Executive Director roles, providing a framework for accountability and oversight. The roles of Group Chief Executive and Chairman are separate and their responsibilities are well-defined, set out in writing and regularly reviewed by the Board. The Chairman is responsible for the leadership of the Board and the Group Chief Executive manages and leads the business and its operations.



Ian McHoul
Chairman of the Board and Chairman of the Nominations Committee

- Responsible for the effective operation of the Board and ensuring it is well-balanced to deliver the Group's strategic objectives.
- Fosters an ethical culture that promotes transparency, open debate and challenge.
- Ensures that the Board constructively plays a part in the development of strategy.
- Ensures effective engagement between the Board and all stakeholders.

Caroline Thomson
Designated Non-Executive Director for Employee Engagement and Chair of the Remuneration Committee

- Attends key employee and business events.
- Monitors the effectiveness of employee engagement programmes and surveys.
- Provides regular updates to the Board on employee engagement matters and any employee issues.
- As Chair of the Remuneration Committee, leads the work of the Committee in connection with Directors' remuneration.

Richard Tyson
Senior Independent Director

- Acts as a "sounding board" for the Chairman in all matters of governance.
- Acts as the Chairman if the Chairman's position is in any way conflicted.
- Available to shareholders if they have concerns that have not been resolved through normal channels of communication with the Company.

Erika Schraner
Chair of the Audit Committee

- Acts as an independent point of contact in the Group's whistleblowing procedures.
- As Chair of the Audit Committee, leads the work of the Committee in connection with the integrity of financial reporting and risk management.

Independent Non-Executive Directors

- Give constructive challenge and advice to the Executive Directors, assisting in development of strategy and monitoring performance.
- Act with the highest levels of integrity and governance and help to ensure this culture is promoted within the Group.
- Oversee and set levels of remuneration for key senior management.
- Oversee development of succession planning for key management and executive roles.
- Review integrity of financial reporting.
- Ensure that financial and risk appetite and mitigating controls are appropriate and robust.

Stephen Bird
Group Chief Executive

- Provides clear and visible leadership across the Group.
- Informs the Chairman and Board of strategic and operational issues facing the organisation.
- Executes the Group's strategy and commercial objectives and implements decisions of the Board and its Committees.
- Ensures that the corporate culture is set from the top.
- Manages the Group risk profile and ensures actions are compliant with the Board's risk appetite.
- Leads investor relations activities – engaging with shareholders.
- Leads the Group's ESG programme.

Andrea Rigamonti
Group Chief Financial Officer

- Supports the Group Chief Executive in developing and implementing strategy.
- Provides financial and risk control leadership to the Group and guides the Group's business and financial strategy.
- Responsible for financial planning and analysis, financial reporting, and tax and treasury functions.
- Oversees the capital structure of the Group.
- Engages with key stakeholders alongside the Group Chief Executive.

Marco Pezzana
Group Chief Operating Officer

- Supports the Group Chief Executive to drive synergies between the Divisions.
- Leads the Group-wide review of operations and develops recommendations to improve operating and financial performance.
- Oversees Group operations and financial performance in line with agreed budgets.
- Works with the Group Chief Financial Officer to set and prepare budgets and strategic plans.
- Oversees the Group's R&D programme and launch of new products to market.

Divisional CEOs

- Support the Group Chief Executive in developing and executing strategy.
- Lead the Divisional operational and financial performance.
- Manage, motivate and develop employees.
- Develop business plans in collaboration with the Board.
- Oversee the daily activities throughout the Group.
- Ensure that the policies and procedures developed and set by the Board are communicated and adopted across the Group.
- Help to foster the Group's culture throughout the organisation.

Jon Bolton
Group Company Secretary and HR Director

- Secretary to the Board and its Committees.
- Ensures compliance with Board procedures.
- Provides advice on regulatory and governance matters to the Board and senior management.
- Oversees the Company's governance framework and programme.
- Responsible for Group HR, employee share schemes, Group risk management, insurance programme and pensions.
- Helps foster the right culture and values throughout the Group.

Jennifer Shaw
Group Communications Director

- Supports the Group Chief Executive to develop and articulate Group strategy.
- Supports the Group Chief Executive and the Group Chief Financial Officer with investor relations and engages with key stakeholders.
- Works with the Group Chief Executive to develop and execute external and internal communications strategy.
- Provides communications leadership to the Divisional teams.
- Helps foster the right culture and values throughout the Group.

Board roles and the division of responsibilities continued

Role and independence of Non-Executive Directors

All Non-Executive Directors bring their unique experience and skillset to Videndum's strategy which in turn strengthens the stewardship of the Company and overall performance of the Group. The Board considers that Ian McHoul, Erika Schraner, Teté Soto, Caroline Thomson and Richard Tyson are independent in accordance with the recommendations of the 2018 UK Corporate Governance Code. Except for Caroline Thomson, each of these Non-Executive Directors' tenure on the Board is less than six years and as outlined on pages 109. Caroline Thomson has been on the Board since November 2015.

The Chairman annually leads the process of objectively evaluating the performance of each Director. The 2022 internal Board evaluation as detailed on page 110 covers the performance assessment of each Director. Upon her appointment on 1 May 2023, Anna Vikström Persson will be deemed to be an independent Non-Executive Director in accordance with the recommendations of the 2018 UK Corporate Governance Code.

Relationship between the Board and Operations Executive

The following diagram illustrates the dynamic between the Board and Operations Executive and the responsibilities they are each tasked with:

Board and the Operations Executive

The Board considers there to be an appropriate balance between Executive and Non-Executive Directors required to lead the business and safeguard the interests of shareholders.

As at 31 December 2022, the Board was comprised of the Chairman, four independent Non-Executive Directors and two Executive Directors. This meets the requirement of the 2018 UK Corporate Governance Code for at least half the Board, excluding the Chairman, to be independent Non-Executive Directors.

The Operations Executive, led by the Group Chief Executive, is responsible for running the business of the Group. The Operations Executive meets on a monthly basis and individual members of the Operations Executive attend Board meetings on a regular basis to provide updates on their businesses. The Board delegates all operational matters to the Group Chief Executive except for those matters reserved for the Board. The Group Chief Executive in turn uses the Operations Executive to help deliver on operational matters.

The Board

The Board has overall responsibility for setting the Group's strategy, taking risk appetite into consideration and setting objectives for the business. It delegates overall delivery of the strategy to the Group Chief Executive who is supported by the Operations Executive.

Operations Executive

The Operations Executive has responsibility for day-to-day management of the business, including employees and delivery of the strategy set by the Board. It is comprised of: Group Chief Executive, Group Chief Financial Officer, the Group Communications Director, Group Company Secretary and HR Director, Group Chief Operating Officer, Group General Counsel, Divisional CEOs and other senior management across the business.

Matters reserved for the Board

The Board has a formal schedule of matters reserved for its approval which includes:

- Setting of the Group's strategy, objectives, and review and approval of annual budgets.
- Review of progress against strategy and budgets.
- Approval of financial results and dividends declared.
- Changes in Board composition including any key roles on advice from the Nominations Committee.
- Consideration of mergers, acquisitions and disposals.
- Approval of material litigation.
- On advice of the Audit Committee, the operation and maintenance of the Group's risk appetite and profile.
- Setting the Group's purpose, values and culture.

Operations Executive activities during 2022

- Collectively responsible for the daily operation of the Group's Divisions.
- Developed the Group's strategy and budget for approval by the Board.
- Reviewed the financing positions of all key areas of the business.
- Monitored operational and financial results against plans and budgets.
- Reviewed regulatory and legal developments.
- Reviewed and approved capital expenditure within the delegated authority's framework.
- Developed leadership skills and future talent of the business, ensuring strong succession planning.
- Monitored and measured the effectiveness of risk management and various control procedures.
- Rigorous oversight of the Group's health and safety performance.

Composition, succession and evaluation

Overview

The Nominations Committee is responsible for monitoring Videndum's Board, its Committees and senior management to ensure that they have the appropriate breadth and balance of skills, knowledge and experience to lead the Group effectively, both now and in the longer term.

Nominations Committee

The Nominations Committee comprises the following members:

Ian McHoul (Chairman)

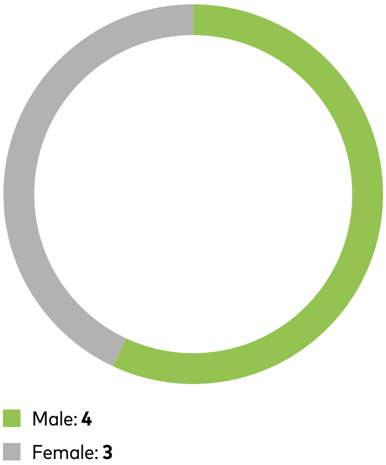
Stephen Bird, Caroline Thomson, Richard Tyson, Erika Schraner and Teté Soto. Upon joining the Board on 1 May 2023, Anna Vikström Persson will also become a member of the Nominations Committee.

Role of the Nominations Committee
– Ensure the right balance and composition of the Board, which includes size of the Board, skills, knowledge, experience and diversity, ensuring that it remains relevant and appropriate and making any recommendations to the Board regarding any changes. – Lead the process with respect to appointments to the Board, including the role of the Chairman. – Succession planning for the Board, including Committee Chairs, and senior management including recruitment, talent development and identification of potential candidates internally or externally and making such recommendations to the Board.

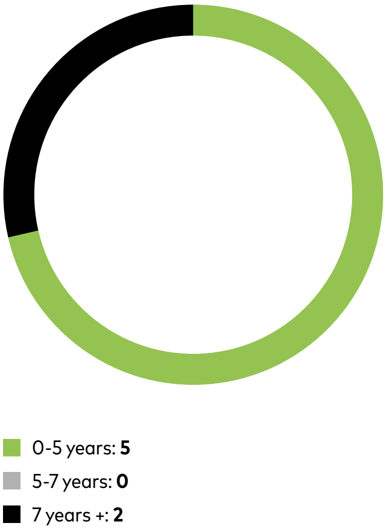
Board skills and experience

- International commercial experience
- Technology and e-commerce
- B2B and B2C markets
- Broadcast and photographic experience
- Marketing/Digital Marketing
- Finance and accounting
- Manufacturing
- Listed company best practice
- ESG

Board gender diversity



Board tenure



Nominations Committee Chairman's letter

Dear Shareholder

This report aims to highlight the role that the Nominations Committee plays in monitoring the Board's balance of skills, knowledge and experience in order to provide the diversity of thinking and perspective required to provide effective leadership.

Succession planning and Director appointment

An important area of work for the Nominations Committee is succession planning around the Board and senior management across the Company. The aim is for us to have a talented management team with the right attitude, skills, diversity and experience to sustainably grow the business. In 2022, the Board received regular updates on talent and succession plans across the senior management teams in the Group's three Divisions. The Board and its Committees have regular exposure to the senior management team to see and hear first-hand from our Executive talent. Such exposure occurred during the Board visits to Production Solutions in Bury St Edmunds in June 2022 and Media Solutions in Feltre and Cassola in September 2022. The Board had the opportunity to meet and talk extensively with the senior management in each Division, including comprehensive site tours conducted by senior management and employees.

After three years' service, Duncan Penny stood down from the Board at the AGM on 17 May 2022.

Once the Board has identified the need for a new Director, the Chairman engages the support of an external executive search consultant to facilitate the search. A clear brief on the role is drafted with the skills and personal attributes that the Board is looking for and taking into account Board diversity. This is followed up with a search process to identify suitable candidates. Initial candidate interviews are held with both the Chairman and the Group Chief Executive, where appropriate. Following this, a shortlist is created, taking into account the skills of each candidate and perceived cultural fit with the Board and senior management. Following further meetings a preferred candidate would be chosen and each member of the Board would then meet with, or speak to, the preferred candidate individually to ensure that a person with the right skills, diversity and dynamic fit with the Board was appointed. This same process would occur whether the role was Executive or Non-Executive in nature. However, if the search was for the role of Chairman, it would be conducted by the Senior Independent Director with the support of the Board. Subject to the outcome of each search, a formal recommendation on an appointment is made by the Nominations Committee to the Board for approval.

The Nominations Committee used the services of Hedley May in 2022 and followed the process above for the recruitment of Erika Schraner, Teté Soto and Anna Vikström Persson. Neither the Company nor any individual Director has any relationship with Hedley May.

In late 2021, the Nominations Committee oversaw the recruitment of Erika Schraner who joined the Board as an independent Non-Executive Director on 1 May 2022 and who was given a thorough induction to the Group. Erika is highly financially literate, has a strong understanding of manufacturing and supply chain issues, particularly in technology companies, brings software and M&A experience and has a global outlook with much of her career spent in Silicon Valley, US. Her appointment led to her succeeding Christopher Humphrey as Chair of the Audit Committee from 12 August 2022 and Christopher Humphrey stood down as a Director of the Company on 14 December 2022, having been an independent Non-Executive Director with Videndum for nine years. On Christopher Humphrey's leaving Videndum, the role and responsibilities of the Senior Independent Director were assigned to Richard Tyson – a natural successor for the role.

The Committee oversaw the recruitment processes for Teté Soto, who joined the Company on 24 November 2022 as an independent Non-Executive Director, and Anna Vikström Persson, who will be joining the Board on 1 May 2023, also as an independent Non-Executive Director. Teté had recently joined The Access Group as Senior Vice President of Marketing and her experience at O2, including Transformation Director, Customer Marketing Director and General Manager, Online and Multichannel, strengthens the Board's skills around e-commerce and digital marketing.

Anna has extensive experience in human resources, latterly being Chief Human Resources Officer for Pearson plc. After a period of induction and handover it is intended that Anna Vikström Persson's experience and background makes her suitable to succeed Caroline Thomson as Chair of the Remuneration Committee in 2024.

Both Teté and Anna join the Audit, Remuneration and Nominations Committees on joining Videndum and they will both undergo a full induction to the Group, including site visits and meeting with our senior management and advisors.

The Company announced that Martin Green stood down from the Board as Group Finance Director with effect from 13 December 2022 and Andrea Rigamonti was appointed to the Board as Group Chief Financial Officer. Andrea re-joined Videndum from Senior plc in October 2021 in the role of Deputy Group Finance Director. He has in-depth knowledge of Videndum and our end-markets, having previously worked with the Company between 2004 and 2015 in the Head Office finance team, notably as Group Financial Controller between 2010 and 2015. Prior to Videndum, Andrea was with Sony UK, and he trained as a Financial Analyst with Morgan Stanley. He is a Chartered Management Accountant and has an MEng in Engineering, Economics and Management from Oxford University.

Diversity and inclusion

The Nominations Committee and the Board considers the issue of diversity for every appointment. The objective is to ensure that the Board appoints the best person for every role and to optimise the collective Board strength. As part of this, the Board has adopted the following policy on diversity and inclusion.

Videndum recognises the importance of a fully diverse and inclusive workforce in the successful delivery of its strategy. The effective use of all the skills and talents of our employees is encouraged and this extends to potential new employees. It is essential that the best person for the job is selected regardless of race, gender, religion, age, sexual orientation, physical ability or nationality. Videndum is fully committed to equal opportunity where talent is recognised. The Board keeps under regular review the issue of diversity including at Board and senior management level and throughout the entire workforce, taking into account, among other things, Lord Davies' review, Women on Boards, the Hampton-Alexander review, FTSE Women Leaders and the Parker and McGregor-Smith reviews on ethnic diversity. We will report upon this issue annually in our Annual Report. Our Diversity and Inclusion Policy is available on our website: www.videndum.com/responsibility/our-people/.

The Responsible business section on page 74 contains further information on diversity, including the disclosure of gender diversity statistics at all levels across the business in accordance with the requirements of the Companies Act 2006.

Under the Listing Rules, there is now a requirement to disclose gender and ethnic diversity at Board and executive management level for financial years beginning on or after 1 April 2022. The following disclosure is voluntary for the financial year ended 31 December 2022 for the Company. The following tables set out the gender and ethnic diversity of both the Board and the Operations Executive as at 31 December 2022. As at 31 December 2022, 42.9% of the Board comprised women. We have further announced that Anna Vikström Persson will join the Board on 1 May 2023 and this will result in 50% of the Board then comprising women.

Reporting table on sex/gender representation

	Number of Board members	% of the Board	Number of senior positions on the Board (Chair, CEO, SID, CFO)	Number in Executive management	% of Executive management
Men	4	57.1%	4	13	86.7%
Women	3	42.9%	0	2	13.3%
Not specified/prefer not to say	0	0%	0	0	0%

Reporting table on ethnicity representation

	Number of Board members	% of the Board	Number of senior positions on the Board (Chair, CEO, SID, CFO)	Number in Executive management	% of Executive management
White British or other White (inc. minority-white groups)	7	100%	4	14	93.3%
Mixed/Multiple ethnic groups	0	0	0	1	6.7%
Asian/Asian British	0	0	0	0	0%
Black/African/Caribbean/Black British	0	0	0	0	0%
Other ethnic group, inc. Arab	0	0	0	0	0%
Not specified/prefer not to say	0	0	0	0	0%

Nominations Committee Chairman's letter continued

Currently, the roles of Chairman, Group Chief Executive, Senior Independent Director or Group Chief Financial Officer are occupied by male members of the Board. While the Listing Rules set an expectation for one of these roles to be occupied by women (or those self-identifying as women), the Board and Nominations Committee has to plan succession over a period of time and to appoint the best person for the role, irrespective of gender, race or some other characteristic.

It is also noted that the Chairs of both the Remuneration and Audit Committees are occupied by women – Caroline Thomson and Erika Schraner, respectively. The Board and Nominations Committee will have this issue in mind when planning succession around roles on the Board going forward. The Board comprises a diverse mix of international backgrounds including UK, US, Swiss, Italian and Spanish heritage. The Board will become more diverse with the appointment of Anna Vikström Persson as an independent Non-Executive Director on 1 May 2023, who was born in South Korea and raised in Sweden.

The information set out in the tables on page 107 was collected by the Group Company Secretary requiring each member of the Board and Operations Executive to complete forms identifying their gender and ethnicity in accordance with the Listing Rules as at 31 December 2022.

Engagement with key stakeholders

We engaged with shareholders on our ESG programme, including on diversity at Board level. We used the feedback received to help shape our succession planning, meeting agendas and discussion points in the Committee meetings.

Committee performance

The performance of the Nominations Committee was considered through the annual Board evaluation process, which in 2022 was the subject of an internal review. From the responses provided, it was found that the Committee was well-managed and acted well on its objectives. In conclusion, it was found that the Nominations Committee was operating effectively.

Ian McHoul
Chairman of the Board and
Nominations Committee Chairman
27 February 2023

Nominations Committee Report

Key activities of the Nominations Committee

Board skills, knowledge and experience

Each Director brings a complementary set of skills and diversity to the Board, having served in companies of varying size, complexity and market sector. When combined, these skills give the Board the comprehensive skillset required to deliver the strategic objectives of the Group and to ensure its continued success. More insight into the Board's overall culture and dynamic, composition, skills, knowledge and performance was drawn from the 2022 internal Board evaluation. The Nominations Committee continues to monitor Board structure and succession plans, including internal talent development and succession plans of senior management below Board level. During 2022, Marco Vidali succeeded as CEO of our Creative Solutions Division. Marco previously had experience of working in the Creative Solutions business and was a clear successor to lead the Division.

Marco Pezzana, Chief Executive Officer of the Media Solutions Division, was appointed as Group Chief Operating Officer with effect from 27 February 2023. Marco will continue to report to Stephen Bird, Group Chief Executive and will retain responsibility for the Media Solutions Division as its Chief Executive Officer. He will take on wider responsibility for the Group's operations including working on strategic self-help projects to further streamline the Company's cost base, maximise operational efficiencies and deliver cross-Divisional synergies to accelerate Videndum's growth.

During 2022, the Nominations Committee, led by Ian McHoul, continued to review plans around Board succession for both Executive and Non-Executive Directors. This culminated in various Board changes as outlined on page 106. The Nominations Committee continues to assess succession around the Board, Operations Executive and other senior management with regular updates on talent and also meeting with key talent.

Appointments

Under the Company's Articles, the Board has the power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, subject to a maximum number of 15 Directors. Any Director so appointed holds office only until the next AGM and shall then put themselves forward to be reappointed by shareholders. The current Board comprises a Chairman, Group Chief Executive, Group Chief Financial Officer and four independent Non-Executive Directors. Details of their appointments are set out below:

Chairman or Non-Executive Director	Appointment date	First renewal of term	Second renewal of term	Subsequent renewal of term
Ian McHoul (Chairman)	25 February 2019	25 February 2022	25 February 2025	Annually from 25 February 2026 onwards
Caroline Thomson	1 November 2015	1 November 2018	1 November 2021	Annually from 1 November 2022 onwards
Richard Tyson	2 April 2018	2 April 2021	2 April 2024	Annually from 2 April 2025 onwards
Erika Schraner	1 May 2022	1 May 2025	1 May 2028	Annually from 1 May 2029 onwards
Teté Soto	24 November 2022	24 November 2025	24 November 2028	Annually from 24 Nov 2029 onwards

Executive Director	Appointment date	Subsequent renewal of term
Stephen Bird (Group Chief Executive)	14 April 2009	Appointed under a service contract
Andrea Rigamonti (Group Chief Financial Officer)	13 December 2022	Appointed under a service contract

Nominations Committee Report continued

The Chairman and the other Non-Executive Directors are appointed for an initial period of three years which, with the approval of the Nominations Committee and the Board, would normally be extended for a further three years. If it is in the interests of the Company to do so, appointments of the Chairman and Non-Executive Directors may be extended beyond six years, with the approval of the Nominations Committee, the Board and the individual Director concerned, subject to annual election by shareholders.

Under the Company's Articles, each Director is required to stand for annual reappointment at every AGM. The annual renewal of terms for a Non-Executive Director will take into account ongoing performance, continuing independence and the needs and balance of the Board as a whole. The explanatory notes in the AGM Notice state the reasons why the Board believes that the Directors proposed for re-election should be reappointed.

Director induction

Upon appointment, each Director is provided with an extensive, tailored induction to the Group. This includes meeting with all senior Head Office and Divisional management, meeting the Company's main external advisors including Deloitte, Investec and Jefferies, and visits to the key operational facilities in the Group. The Group Company Secretary coordinates this induction process. Teté Soto is currently undergoing such an induction and Anna Vikström Persson will also have an induction to the Group ahead of joining the Board on 1 May 2023.

Board training

Ongoing training for new and existing Directors is available on request. Directors receive details of relevant training and development courses from both the Group Company Secretary and from the Company's advisors. Any requests for training are discussed at Board or Committee meetings and we ensure that each Director has the required skills and knowledge to enable them to operate efficiently on the Board. The Group Company Secretary maintains a register of training undertaken by Directors to facilitate this discussion. During 2022, the Board collectively received training sessions on product technology, cyber security, investor relations, ESG matters and the broadcast and photographic markets as well as accounting and legal updates from the Company's external auditor and legal advisor. The Board also receives regular written updates on governance, regulatory and financial matters as they are published.

Time commitments

All Directors demonstrated strong time commitment to their roles on our Board and Committees and attended all applicable scheduled and short notice meetings during 2022, with the exception of Martin Green and Richard Tyson.

Richard Tyson was unable to attend one Board meeting called at short notice during 2022 due to a prior commitment. Despite not being able to attend, Richard provided feedback to the Chairman in advance of the meeting on the business to be discussed.

The table on page 95 outlines the Director attendance to the meetings during 2022. Martin Green's absence from several meetings from June to his standing down from the Board in December 2022 was due to personal reasons. The Directors have also given careful consideration to their external time commitments to confirm they are able to devote an appropriate amount of time to their roles on our Board and Committees. The Nominations Committee reviews on an ongoing basis Directors' time commitments and confirms that they are fully satisfied with the amount of time each Director devoted to the business.

Board and Committee evaluation 2022

For 2022, it was agreed that the Board evaluation would be an internal process. This followed from the externally facilitated evaluation in 2021 which was reported on in the 2021 Annual Report.

The internal evaluation comprised several questionnaires being sent to each Director by the Group Company Secretary in September, around the themes of:

- Evaluation of the performance of the Board by each Director.
- Evaluation of the performance of each Board Committee by each member of that respective Committee.
- Evaluation of the Chairman of the Board led by the Senior Independent Director, taking into account the views of the wider Board.

Generally the following points were found by the Board:

Performance and Strategy:

- The Board and management were quick to adapt to global economic shifts.
- Site visits (Bury St Edmunds, UK in June, and Feltre and Cassola, Italy in September 2022) have been invaluable especially for the Board to meet senior and local management and see the operations in action.
- Blue Sky Strategy session gave the Board valuable insight into the potential growth scenarios of the Group, and enabled options to be debated.
- Capital Markets Day held in June 2022 was important and the Company should look to repeat in due course.
- The Board and its members were performing to a high standard, with a good team dynamic.

Governance:

- Governance arrangements for the Company were strong.
- The ESG programme was commended and well managed.
- Good progress made on diversity at Board and senior management level, but more to be done. Potential to expand on knowledge in more digital areas of the business.

Priorities for 2023:

- The structure of the business and particularly the plans surrounding Creative Solutions.
- Large scale opportunities for Media Solutions and Production Solutions.
- Succession planning for the Board.
- The Group's ongoing response to the global downturn and strategy sessions for 2023 to cover this.
- Give more focus to risk management across the Group, including cyber planning and streamlining across the Divisions.
- Provide more information and training in areas such as audio, radio, metaverse and virtual or augmented reality.
- The Board will carry out another internal evaluation in 2023 and report on that in the 2023 Annual Report and Accounts.

Board performance against 2022 Board objectives

The Board annually sets itself objectives against which to measure its own performance and effectiveness and to remain focused on the key issues facing the Group. The objectives set are shaped by feedback given through Board evaluations. These objectives are tracked during the year and progress reported on at each scheduled Board meeting. The following table sets out the agreed Board objectives for 2022 and progress made throughout the year.

2022 Board objective	Progress during 2022
Creative Solutions Progress thinking on the future of Creative Solutions ensuring maximisation of long-term success of Videndum.	– Throughout 2022, the Board received regular updates on Creative Solutions, including meetings with its senior management and external advisors. – The Board also received updates on planned restructuring around people within Creative Solutions. – Capital Markets Day in June 2022 noted that the Board believes Creative Solutions has significant potential in terms of market opportunity, rate of future growth, and margin under Videndum ownership and was continuing to look at options to unlock further shareholder value.
CEO and Board succession Review succession plans for the Board and potentially be ready to implement succession around the Group Chief Executive. Progress the appointment of new Non-Executive Director(s) to balance the need for diversity and to plan succession around the Chair of the Audit Committee.	– Received regular updates on Board and senior management succession along with talent and succession plans throughout the Group. – Marco Vidali appointed as CEO of Creative Solutions, succeeding Nicol Verheem. – Erika Schraner appointed as an independent Non-Executive Director with effect from 1 May 2022 succeeding Christopher Humphrey as Chair of the Audit Committee from 12 August 2022. – Duncan Penny stood down from the Board at the close of the 2022 AGM. – Christopher Humphrey ceased to be an independent Non-Executive Director of the Company with effect from 14 December 2022. – Richard Tyson succeeded Christopher Humphrey as Senior Independent Director. – Teté Soto was appointed as an independent Non-Executive Director with effect from 24 November 2022. – The Group Finance Director, Martin Green stood down from the Board with effect from 13 December 2022 and Andrea Rigamonti was appointed to the Board as Group Chief Financial Officer from the same date. – Anna Vikström Persson will be joining the Board as an independent Non-Executive Director with effect from 1 May 2023 and with the plan for her to succeed Caroline Thomson during 2024 as Chair of the Remuneration Committee.

Nominations Committee Report continued

2022 Board objective	Progress during 2022
Group performance Continue to deliver on the recovery of the business from COVID-19 and ensure that long-term sustainable growth is delivered including a continuing improvement in margins.	– The Board received regular updates from the Executive Directors and senior management on the financial and operational performance of the Group. – The Company delivered record financial performance in 2022.
Name change Ensure that the Group's name change from Vitec to Videndum and rebranding is carried out effectively during 2022.	– The Board received shareholder approval to change the Company's name to Videndum at the 2022 AGM. – The name change to Videndum took effect from 23 May 2022, with communications rolled out to all key stakeholders. – Ancillary matters tied to the name change have been rolled out throughout 2022.
ESG Continue the development of the Group's ESG programme including in 2022 a detailed standalone ESG report to shareholders, TCFD disclosure and ensuring that the Group's ESG ratings improve materially compared to 2021.	– The Board approved ESG disclosures to be included in the 2021 Annual Report and Accounts including the new disclosure on TCFD. – Standalone ESG and TCFD reports were published in mid-April 2022. – The ESG Committee continued to meet regularly throughout the year and reported on progress to the Board. – The Group's Code of Conduct and whistleblowing service were refreshed with the new branding and name and re-communicated to all employees in September 2022. – The Board oversaw the work of Inspired ESG who helped develop the ESG and TCFD disclosures for year-end reporting and the 2021 Annual Report and Accounts.
Governance Ensure Board's focus is on strategic key issues.	– Board programme throughout 2022 gave focus on strategy and development of the business, including site visits to Production Solutions and Media Solutions.

The Board has set itself several objectives for 2023, mainly driven from the output of the internal Board evaluation in 2022. These will be reported on in the 2023 Annual Report.

Audit, risk and internal control

Overview

The Audit Committee plays a vital role in the Group's governance framework, providing sound independent oversight of the Group's financial reporting mechanisms, system of internal controls to safeguard shareholders' investments and the Company's assets and employees. Furthermore, it manages the relationship with the external auditor to assess their effectiveness and to annually assess their independence and objectivity.

Audit Committee

The Audit Committee comprises solely independent Non-Executive Directors of the Company namely:

Erika Schraner (Chair – with effect from 12 August 2022).

Richard Tyson, Caroline Thomson and Teté Soto. Anna Vikström Persson will join the Audit Committee upon her appointment to the Board on 1 May 2023.

Other members of the Board, Operations Executive and other senior management including the Group Risk Assurance Manager, the Group Head of Tax, the Group Head of IT and Cyber Security, and the Company's external auditor, Deloitte, attend meetings of the Audit Committee by invitation only.

Role of the Audit Committee

Financial reporting

- Ensures the financial integrity of the Group through the regular review of its financial processes and performance.
- Reviews and approves the financial statements in the Annual Report and Accounts, and that the Annual Report, taken as a whole, is fair, balanced and understandable and complies with all applicable UK legislation and regulation as necessary.
- Advises the Board on the Group's viability and going concern status.
- Reviews the appropriateness of accounting policies and practices.
- Ensures that the Group has appropriate risk management and internal controls, through the oversight of the internal audit function.
- Oversees the preparation of TCFD disclosures.

External audit

- Manages the relationship with the external auditor, reviewing the scope and terms of its engagement and monitors its performance through regular effectiveness reviews.
- Reviews and monitors the objectivity and independence of the external auditor, including provision of non-audit services.
- Will lead an external audit tender process in mid-2023.

Financial risks

- Oversees and reviews controls relating to financial risks and risks relating to finance IT systems (including cyber security).
- Reviews the operational effectiveness of key controls in place to manage financial risks.

Governance and best practice

- Keeps up to date with developments regarding control environment through updates from the external auditor.
- Keeps in touch with investor and shareholder sentiments through updates and advice from the Company's brokers.
- Ensures that an appropriate whistleblowing service is in place for employees and third parties.
- Oversees third-party reputational risks and anti-bribery procedures.

Audit Committee Chair letter

Dear Shareholder

I am delighted to present to shareholders my first report on the work of the Audit Committee following my appointment as Chair with effect from 12 August 2022. I would particularly like to thank my predecessor, Christopher Humphrey, for his excellent chairmanship of the Audit Committee and also for the thorough handover for the role.

The role that the Audit Committee plays in monitoring the Company's financial integrity, control framework and governance is imperative. The following report is intended to provide shareholders with an insight into how key topics are considered during the year and how the Committee discharged its responsibilities.

During 2022, the Audit Committee focused on several matters as the business continued its growth trajectory. In early 2022, the Committee was focused on the financial reporting and disclosures tied to the 2021 Annual Report to ensure that they were fair, balanced and understandable. The Committee, the Board, Operations Executive and the Company's external auditor, Deloitte, concluded that the 2021 financial statements were a true and fair reflection of the state of the Group and had been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards.

The Committee also oversaw the overall risk management and risk appetite of the Group in 2022. Apart from the ordinary operational risks subject to the annual risk management review process, the business was exposed to increasing risks from supply chain issues, component shortages and risk surrounding cyber security. The Committee has reviewed the Operations Executive's response to these emerging risks and is satisfied that appropriate mitigation is being taken.

Review of material issues

The Audit Committee continues to play a key role in checking that the Group's narrative reporting provides a fair, balanced, and understandable assessment of the Group's position and prospects and in establishing that the financial statements offer a fair and true view of the Group's financial affairs. As part of this process, we considered the significant financial judgements made during the year, along with other key financial reporting issues.

We also considered, on a regular basis, the potential for fraud in revenue recognition, scope for management override of controls and compliance with legislation and regulations. No concerns arose out of this review.

Further details of the main activities and information on the other significant issues that the Committee considered during the year can be found on pages 116 to 117.

Formal audit tender process 2023

During the second half of 2022, our external auditor, Deloitte LLP, informed the Audit Committee that from 2024 it will no longer be able to act as auditor for the Company. The Audit Committee on behalf of the Board will conduct a formal audit tender process during the second quarter of 2023. Deloitte has confirmed that there are no circumstances tied to their standing down as external auditor that need to be brought to shareholders' attention and that they will conduct the audit for the year ending 31 December 2023, subject to shareholder approval. We will keep shareholders informed on the progress and outcome of the audit tender.

Engagement with key stakeholders

I welcome questions from shareholders on the Committee's activities. If shareholders wish to discuss any aspect of this report, they can do so via the Group Company Secretary. I will be present at the Company's AGM on Thursday, 11 May 2023 and will be happy to answer any questions from our shareholders.

ESG, climate change and TCFD

The ESG Committee reviews Videndum's effectiveness and controls in matters relating to ESG across the business. This Committee reports to the Board on a regular basis and the Audit Committee has oversight of reporting on TCFD and management of risks tied into climate change. You can read more on our TCFD programme and progress made on pages 57 to 69 and in our standalone ESG and TCFD reports for 2022.

2022 Annual Report

After reviewing the reports from management and following discussions with the external auditor, the Committee is satisfied that:

- The external auditor remains independent and objective in their work.
- The financial statements for the year ended 31 December 2022 have appropriately addressed any key estimates and judgements.
- That the correct and appropriate accounting policies for all Divisions had been adopted.

Whistleblowing

As outlined on page 99, any cases of whistleblowing in the Group are notified to me, as well as the Group Chief Executive and Group Company Secretary. All cases are investigated thoroughly and outcomes reported to me and remedial actions taken as appropriate. The Board is also kept abreast of any whistleblowing reports and outcomes of any investigations. There were ten whistleblowing reports during 2022 that were related to HR matters. All cases were investigated and corrective actions taken as required by Divisional management and with my oversight. Following investigation into two reports, two employees were dismissed from the Group.

Committee performance and effectiveness

The performance of the Committee was considered through the annual Board evaluation process, which in 2022 was the subject of an internal review. From the responses provided, I am pleased to report that the Audit Committee was found to be operating effectively with rigorous challenge from the Committee members. A good deal of time had been given to debate on risk assurance throughout the Group, especially surrounding cyber threats and mitigation planning.

The quality of the papers and presentations by management, the level of challenge by the Audit Committee and Deloitte and the quality of discussions held, gives the Committee further comfort and assurance that it is performing its role effectively. A number of suggestions for areas to focus on have been incorporated into the Committee's 2023 objectives, including regular reviews on cyber security, risk management and business continuity, TCFD reporting and the external audit tender process in the first half of 2023. These objectives are set annually, the progress of which is reviewed at every Committee meeting and will be reported on in the 2023 Annual Report and Accounts.

I would like to thank the other members of the Committee, management and our external auditors for their support during the year.

Erika Schraner
Audit Committee Chair
27 February 2023

Audit Committee Report

How the Committee operates

The Audit Committee is composed solely of independent Non-Executive Directors who collectively have a wide range of skills and experience including finance and accounting, leadership, and technology. Erika Schraner, holds a PhD and has held a variety of senior management positions including Audit Committee Chair of Aferian plc. She satisfies the requirement of having appropriate and relevant financial experience. Page 87 sets out her full biographical details.

The schedule of Audit Committee meetings is built around the key dates in the financial reporting and audit cycle. During 2022, the Committee met on four scheduled occasions, in February, June, August and December. The Committee met in February 2022 to review the 31 December 2021 year end results and Annual Report and Accounts.

Forward planning of agenda items guides the business to be considered at each meeting and is regularly reviewed and developed. This assists and facilitates the work of the Committee, enabling it to give thorough consideration to matters of particular importance to the Company.

The Committee received information in advance of its meetings from management and from the external auditor including the main audit report. The Committee meets privately with the external auditor at least annually and received feedback from management when considering areas for review.

Erika Schraner also maintains close contact with the Group Chief Financial Officer, Group Chief Executive, Group Risk Assurance Manager and members of the senior audit team at Deloitte. These meetings inform the work of the Committee by identifying key areas of focus and emerging issues.

The Committee regularly invites the external audit engagement partner, David Halstead, the Chairman of the Board, the Group Chief Executive, the Group Chief Financial Officer and the Group Risk Assurance Manager to its meetings.

Meetings of the Committee are held in advance of the main Board meetings to allow the Committee Chair to provide a report on the key matters discussed to the Board, and for the Board to consider any recommendations made. All of this, along with ongoing challenge debate and engagement, allows the Committee to discharge its responsibilities effectively.

Key activities of the Audit Committee

Audit Committee meetings held in 2022

21 February 2022	21 June 2022	8 August 2022	12 December 2022
Financial and narrative reporting			
– Received the accounting presentation and judgemental issues report, and the report on going concern and viability for the full year ended 31 December 2021. – Recommended the approval of the 2021 Annual Report and Accounts, agreeing when taken as a whole is fair, balanced and understandable. – Reviewed the letters of representation issued to the external auditor for the full year results prior to being agreed by the Board.	– Tax and Treasury updates.	– Received the accounting presentation and judgemental issues report, and the report on going concern for the half year ended 30 June 2022. – Reviewed the letters of representation issued to the external auditor for the half year results prior to being agreed by the Board.	– Tax and Treasury updates.

21 February 2022	21 June 2022	8 August 2022	12 December 2022
External audit			
– Received a full year report from the external auditor on the 2021 financial statements and accounting disclosures.	– Presented the 2022 half year audit plan and initial planning report on the 2022 full year audit. – Presented update on TCFD to be reported on in the 2022 Annual Report and Accounts. – Considered an update on potential audit fees for 2022.	– Received half year report from the external auditor on the 2022 half year financial statements and accounting disclosures. – Discussed and approved the audit fees for 2022.	– Received the final planning report on the 2022 external audit. – Considered the 2022 year end process to date by the external auditor. – Discussed the external audit tender process for the first half of 2023. – APM application guidance update. – Non-audit policy review.
Governance			
– Agreed the disclosure of the 2021 Audit Committee report.	– Training on governance. – UK Sarbanes-Oxley review on internal controls by EY.	– Auditor effectiveness review. – R&D update.	– Update on whistleblowing, third-party reputational risk management and anti-bribery and corruption programme. – TCFD programme update including preparation of TCFD disclosures. – Approved Committee objectives for 2023. – Training on governance by external auditor.
Risk management and internal control			
– Conducted a bi-annual review of the principal and operational risks identified across the Group. – Update on cyber security and insurance cover. – Approved the 2022 internal audit programme.	– Risk assurance update against the 2022 risk assurance programme. – Update on cyber security.	– Bi-annual review of the principal risks identified across the Group and progress against agreed 2022 risk assurance programme. – Update on cyber security.	– Risk assurance update against 2022 risk assurance programme and agreed the risk assurance and internal audit programme for 2023. – Received full year report of internal audit activity in 2022, internal audit plans for 2023 and status of Videndum's key controls. – Update on cyber security and reviewed business continuity plans for 2023.

Audit Committee Report continued

Risk management and control

The Board delegates responsibility to the Audit Committee for oversight of the Group's system of internal controls to safeguard shareholders' investments and the Company's assets. As part of its responsibility, the Audit Committee formally reviews the effectiveness of the Group's internal controls twice a year. There are systems and procedures in place for internal controls that are designed to provide reasonable control over the activities of the Group and to enable the Board and Audit Committee to fulfil their legal responsibility for the keeping of proper accounting records, safeguarding the assets of the Group and detecting fraud and other irregularities.

This approach provides reasonable assurance against material misstatement or loss, although it is recognised that as with any successful company, business and commercial risks must be taken and enterprise, initiative and the motivation of employees must not be unduly stifled. It is not our intention to avoid all commercial risks and judgements in the course of the management of the business.

The Board has completed a robust assessment of the Company's emerging and principal risks and has adopted a risk-based approach to establishing the system of internal controls. The application and process followed by the Board in reviewing the effectiveness of the system of internal controls during the year were as follows:

- Each business unit is charged with the ongoing responsibility for identifying the existing and emerging risks it faces and for putting in place procedures to monitor and manage those risks. This includes climate change risks identified at a site level.
- The responsibilities of senior management in each business unit to manage existing and emerging risks within their businesses are periodically reinforced by the Operations Executive.
- Major strategic, operational, financial, regulatory, compliance and reputational risks are formally assessed during the annual long-term business planning process around mid-year. These plans and the attendant risks to the Group are reviewed and considered by the Board.
- Large financial capital projects, property leases, product development projects and all acquisitions and disposals require advance Board approval.
- The process by which the Board reviews the effectiveness of internal controls has been agreed by the Board and is documented. This involves regular reviews by the Board of the major business risks of the Group, including emerging risks, together with the controls in place to mitigate those risks. In addition, every business unit conducts a self-assessment of its internal controls. Every year, the results of these assessments are reviewed by the Group Risk Assurance Manager who provides a report on the status of internal controls and internal controls self-assessment to the Group Chief Financial Officer and the Chair of the Audit Committee. The Board is made aware of any significant matters arising from the self-assessments. The risk and control identification and certification process is monitored and periodically reviewed by Group financial management.
- A register of risks facing the Group, as well as each individual business, and an evaluation of the impact and likelihood of those risks is maintained and updated regularly by the Group Risk Assurance Manager. The Group's principal risks and uncertainties and mitigation for them are set out on pages 44 to 49 of this Annual Report and this includes consideration of risks relating to climate change.

The Board has established a control framework within which the Group operates. This contains the following key elements:

- Strategic planning process identifying key actions, initiatives and risks to deliver the Group's long-term strategy.
- Organisational structure with clearly defined lines of responsibility, delegation of authority and reporting requirements.
- Defined expenditure authorisation levels.
- Operational review process covering all aspects of each business conducted by the Operations Executive on a regular basis throughout the year.
- Comprehensive system of financial reporting including weekly flash reports, monthly reporting, quarterly forecasting and an annual budget process. The Board approves the Group budget, forecasts and strategic plans. Monthly actual results are reported against prior year, budget and latest forecasts, and are circulated to the Board. These forecasts are revised where necessary but formally at least once every quarter. Any significant changes and adverse variances are reviewed by the Group Chief Executive and Operations Executive and remedial action is taken where appropriate. Group tax and treasury functions are coordinated centrally. There is regular cash and treasury reporting to Group financial management and monthly reporting to the Board on the Group's tax and treasury position.

This system has been in place for the year under review and to the date of approval of the Annual Report.

The Board carries out a periodic assessment of the Group's risk appetite, which includes the identification of the risk thresholds against each organisational objective. Key elements of the risk appetite (for example, our commitment to innovation, compliance and sustainability practices) are summarised in the overview section of the Principal risks and uncertainties.

Internal audit

Internal audit is independent of management and has a reporting line to the Chair of the Committee, providing independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management. An internal audit plan for 2022 was prepared and agreed with the Audit Committee at its February 2022 meeting and progress against the internal audit plan was tracked throughout the year.

The Group Risk Assurance Manager conducted several internal audits and additional assurance reviews during 2022, the details of which were presented to the Audit Committee. The internal audits included reviews of the appropriateness and effectiveness of controls within the Group including, but not limited to purchasing and payments, sales and cash collection, inventory management, accounting and reporting, human resources, and IT systems and processes.

External audit

Deloitte were appointed as the Company's external auditor at the Company's AGM in May 2018, following a formal tender process. At the 2022 AGM, shareholders reappointed Deloitte as the external auditor of the Group for the year ended 31 December 2022 and authorised the Audit Committee to fix the external auditor's remuneration. A resolution to reappoint Deloitte for a further 12 months will be submitted at the Company's AGM on 11 May 2023. The current engagement audit partner, David Halstead, is in the fifth year of his term and in accordance with the requirement to rotate the audit partner every five years, David Halstead will stand down at the conclusion of the 2023 AGM and Alistair Pritchard will be appointed as the engagement audit partner. As announced, we will conduct an audit tender process in the first half of 2023 for the services of an external auditor. Deloitte will continue for the audit of the financial year ending 31 December 2023 and subject to the audit tender process, a proposed external auditor will be recommended to shareholders at the 2024 AGM to carry out the audit for the financial year ending 31 December 2024.

Audit independence and fees

The Committee reviews reports on the audit firm's own internal quality control procedures together with the policies and processes for maintaining independence and monitoring compliance with relevant requirements. Deloitte has confirmed its independence as external auditor of the Company in a letter addressed to the Directors. The fees payable for 2022 and previous years are as follows:

	2022	2021	2020	2019	2018
Fees payable to Deloitte for the audit of the Company's financial statements	£0.9m	£0.5m	£0.2m	£0.1m	£0.1m
Fees payable to Deloitte for audit of subsidiaries	£0.8m	£0.8m	£0.5m	£0.5m	£0.4m
Fees related to corporate finance transactions	£nil	£nil	£nil	£nil	£0.2m

Non-audit services

As required by the Code, the Audit Committee has a formal policy governing the engagement of our external auditor, Deloitte, to supply non-audit services and to assess the threats of self-review, self-interest, advocacy, familiarity and management. Written permission must be obtained from the Chair of the Audit Committee and Group Chief Financial Officer before the external auditor is engaged for any non-audit work. There is a cap on permissible non-audit services of a maximum of 70% of the average of the fees paid in the last three consecutive financial years for the external audit services. The policy ensures that any non-audit work provided by Deloitte does not impair their independence or objectivity and is divided into two parts:

Excluded services	Appropriate services
Include: – Internal accounting or other financial services. – Design, development or implementation of financial information or internal control systems. – Internal audit services or their outsourcing. – Forensic accounting services. – Executive or management roles and functions. – IT consultancy. – Litigation support services and other financial services such as broker, financial advisor or investment banking services.	With approval from the Chair of the Audit Committee and Group Chief Financial Officer, these include: – Accounting advice in relation to acquisitions and divestments. – Corporate governance advice. – Defined audit-related work and regulatory reporting. – Reporting accountant services. – Compliance services. – Valuation and actuarial services. – Transaction work (M&A and divestments). – Fairness opinions and contribution reports. – Work closely related to the audit.

During 2022, the non-audit services policy was followed with no exceptions. During 2022, £0.1 million (2021: £0.1 million) was paid to Deloitte in respect of non-audit work compared to an audit fee of £1.7 million (2021: £1.3 million). This non-audit work mainly comprised the review of the half yearly financial statements.

Audit Committee Report continued

External auditor effectiveness

The effectiveness of the external auditor and the audit process is assessed by the Committee, meeting the audit partner and senior audit managers regularly through the year. Annually, the Committee assesses the qualifications, expertise, resources and independence of the Group's external auditor, as well as the effectiveness of the audit process through discussion with the Group Chief Financial Officer. The Chairman of the Committee also meets with the Deloitte engagement partner.

Every couple of years, a detailed survey is performed of all employees who have interacted with the external auditors; the main purpose being to identify opportunities to improve the audit process. We review the output of the audit process, as presented to the Audit Committee, to ensure that there is a clear logical planning and scoping process. This allows the Audit Committee to ascertain that all areas of audit risk are being addressed.

The Audit Committee will continue to review the effectiveness and independence of the external auditor each year. Videndum complies with the Competition and Markets Authority Order 2014 relating to audit tendering and the provision of non-audit services, and it is the Group's intention to put the audit out to tender at least every ten years. The external audit was last tendered in 2017-2018 following which the external auditor changed from KPMG to Deloitte.

2022 Annual Report and Accounts – fair, balanced and understandable

The Committee provides assurance to the Board that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position performance, business model and strategy. The Committee concentrated its review of the full year results on the financial statements only and the process which underpinned the drafting of the Viability Statement. The contents of the financial statements and the Viability Statement were reviewed by the Committee at the 20 February 2023 meeting. The Board as a whole is responsible for preparing the Annual Report and Accounts. The Committee reported to the Board that, based on its review of the evidence, it was satisfied that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Significant accounting issues

Significant accounting issues and judgements are identified by the finance team, or through the external audit process and are reviewed by the Audit Committee. The significant issues considered by the Committee in respect of the year ended 31 December 2022 are set out below:

Significant accounting issues	How was it addressed
Going concern	The Committee considered whether it was appropriate to prepare the financial statements on the going concern basis. It was noted that there was significant covenant headroom at 31 December 2022, and, on the basis of stress testing performed on the Group's financial forecasts, covenants were not expected to be breached through to the end of 2025 which is the time period over which the viability review is completed. It was further noted that there was sufficient headroom over committed lending facilities, with undrawn amounts left on the RCF under each scenario each month through to at least February 2024 (12 months from the date of signing the financial statements). Management therefore concluded it was appropriate to prepare the financial statements on the going concern basis. The external auditor also presented their assessment. The Committee concurred with management's assessment.
Working capital valuation	The Committee critically reviewed the carrying value of the Group's working capital. This took into account management's assessment of the appropriate level of provisioning including collectability of receivables and inventory obsolescence throughout the year and with special emphasis on the 2022 year-end process. Management presented to the Committee the experience of bad debts during 2022, and the debtor concentration and days outstanding. With regard to inventory, the gross levels held by inventory type, the provisions recorded against obsolescence, and inventory days analysis were also presented to the Committee. In addition, the external auditor presented their findings with regard to the key audit testing over working capital covering all the major locations. The Committee concurred with management's assessment of the Group's working capital position.
Provisions and liabilities	The Committee considered the judgemental issues relating to the level of provisions and other liabilities. The more significant items include restructuring, tax-related, and grant repayment provisions, and taxation. For each area management presented to the Committee the key underlying assumptions and key judgements and, where relevant, the range of possible outcomes. The external auditor also presented on each of these areas and their assessment of these judgements. The Committee has used this information to review the position adopted in terms of the amounts charged and recorded as provisions, acknowledging the level of subjectivity that needs to be applied.

Significant accounting issues	How was it addressed
Adjusting items	The Committee considered the validity of adjusting items that were reported in 2022. Adjusting items included within profit before tax were £29.3 million which relate to the amortisation of intangibles assets that are acquired in a business combination (£10.9 million), acquisition related charges (£9.3 million), integration and restructuring costs (£8.3 million), and amortisation of loan fees on borrowings for acquisitions (£0.8 million). The external auditor presented their findings with regards to key audit testing over adjusting items. The Committee agreed with management's accounting and disclosures.
Capitalisation of development costs	The Committee considered whether the development costs capitalised during the year complied with IAS 38. Management presented a list of the key projects that had been capitalised, along with an assessment of future profitability to support the value on the Balance Sheet. The external auditor also presented their findings. The Committee agreed with management's accounting treatment and related disclosures.

Significant accounting issues	How was it addressed
Acquired intangibles	The Committee critically reviewed management's assessment of acquired intangible assets tested for impairment and the recognition of acquired intangible assets from the acquisition of Audix completed in 2022. The external auditor also presented their assessment. The Committee concurred with management's assessment.
Deferred tax	The committee critically reviewed management's recognition of deferred tax assets. During 2022, the Group's deferred tax asset increased by £17.6 million to £51.2 million (2021: £33.6 million) primarily as a result of recognising US tax losses, which were previously unrecognised, arising from an increase in forecasted sustainable profits following the acquisitions of Savage and Audix. Management has also considered the FRC Thematic review published in September 2022 in relation to IAS12 and has increased disclosures surrounding the deferred tax asset recognition and sensitivities. The external auditor also presented their assessment. The committee concurred with management's assessment.

Audit Committee objectives

The following table sets out the agreed Audit Committee objectives for 2022 and an assessment of progress against each.

2022 Audit Committee objective	Progress during 2022
Cyber security Track progress on the Group's cyber security initiatives at each meeting in the year.	The Committee received regular updates on key cyber security initiatives during 2022 and was tasked with implementing various solutions in all Divisions to streamline cyber security.
Business continuity Continue to review the key risks affecting the Group post-pandemic, such as global economy, supply chain and inflation risks.	Business continuity updates were received regularly through the year from the Group Risk Assurance Manager. Internal audits raised some areas for improvements such as in the recently acquired entities of Savage and Audix.
TCFD The Committee was to receive regular updates on ESG and TCFD initiatives in the Group.	Regular updates were provided to the Committee throughout 2022 by the Group Risk Assurance Manager and in preparation for the year end reporting for 2022.
UK Sarbanes-Oxley The UK version of the US Sarbanes-Oxley – a measure to enhance the quality of corporate governance, corporate reporting and internal controls.	The Group Risk Assurance Manager and the Deputy Group Finance Director provided updates as appropriate, with EY carrying out an internal controls "health check" in early 2022 over a number of functions, and a suggestions list of what the Group could do to prepare for the proposed implementation of UK SOx.
Oversight of Group R&D programme Review of any major projects to ensure specification, cost and timing of delivery were being tracked.	Updates on R&D projects were given to the Committee in August 2022.
Audit Committee Chair succession The Committee was to keep under review (in conjunction with the Nominations Committee) the potential appointment of a successor as Audit Committee Chair.	Erika Schraner was appointed to the Board as an independent Non-Executive Director on 1 May 2022. After a period of induction and handover, she succeeded Christopher Humphrey as Chair of the Audit Committee from 12 August 2022.

Remuneration report

Annual statement

Dear Shareholder

Videndum's Directors' Remuneration report for 2022 comprises three separate sections:

- Section 1 – my annual statement setting out the work of the Remuneration Committee in 2022 and priorities for 2023.
- Section 2 – the proposed Directors' Remuneration Policy ("the Policy") that sets out the Company's policy on Directors' remuneration. The last Policy was put to shareholders at the 2020 AGM and expires in May 2023. In accordance with the regulations we will be submitting this new Policy to shareholders for approval at the 2023 AGM. The detail of the new Policy is set out on pages 128 to 137 and if approved by shareholders at the 2023 AGM will apply through to May 2026.
- Section 3 – the 2022 Annual Report on Remuneration sets out the remuneration paid to Directors in 2022 as well as details of how the Committee intends to implement our Policy for 2023. Shareholders will have the opportunity for an advisory vote on the Directors' Remuneration Report at the 2023 AGM.

The Committee in 2022 focused on ensuring that the implementation of the Policy supported the continuing recovery of the business from the full impact of COVID-19 and growth towards our longer-term strategic ambition.

This included setting challenging targets for the 2022 Bonus Plan and for awards under the Long Term Incentive Plan ("LTIP") to drive management to recover and grow the business quickly and in a sustainable manner. Financial targets for the bonus plan were set early in 2022 before several factors made the year increasingly more challenging, notably the war in Ukraine and continuation of lockdowns in China adding to inflationary pressure, which in turn damaged consumer demand and business confidence. Executive management worked diligently and effectively to deliver an out-turn for 2022 in line with expectations and moving towards our medium-term ambitions.

During 2022, the Remuneration Committee undertook a review of the current Directors' Remuneration Policy and considered what changes may be required for the new Policy being put forward to shareholders in 2023. In doing so, the Remuneration Committee has taken the UK Corporate Governance Code provisions into account to ensure the new Policy and its operation are in line with best practice and investors' expectations. We are not proposing any material changes to the Policy itself, which has operated with simplicity of structure in mind and continues to ensure that remuneration outcomes are predictable, aligned with the experience of stakeholders in the Company and also drive the right behaviours and culture in the Company.

2022 performance – business context

Under the Group Chief Executive's leadership, Videndum is now uniquely positioned right at the heart of the content creation market, with market-leading, premium brands in defensible niches. The content creation market is now larger and growing faster than pre-pandemic with the Group being exposed to strong market growth drivers. The Group's Total Addressable Market ("TAM") has increased from c.£2 billion pre-pandemic (2019) to c.£3 billion and, as previously stated, it is expected to grow high single digit in the medium term, compared to low single digit pre-pandemic, although with a slower growth rate in 2022-23 due to macroeconomic headwinds.

Videndum continues to execute well on its long-term strategy to deliver organic growth, improve margins and grow through strategic acquisitions. We have recovered strongly following the impact of the pandemic and delivered a record H1 2022 financial performance. As the second half of 2022 unfolded we were faced with increasing pressure from several headwinds not within management's control. These included the impact of the Ukraine conflict, continuation of stringent lockdown measures in China, significant rise in inflation, continuation of component shortages, suppressed consumer demand due to recessionary factors and lower business confidence. Despite these headwinds, the Group has delivered an outcome for 2022 in line with market expectations and the Group is well-positioned for the future.

We are seeing revenue growth from three routes: from our core business; from new areas of content creation, including vloggers/influencers and audio; and from new verticals enabled by video transmission and live streaming, particularly in the medical segment and, going forward, with ART. We remain committed to our previously stated organic strategic ambition of c.£600 million revenue and greater than £100 million adjusted operating profit* however, the timing is likely to be delayed due to the macroeconomic environment. The content creation market is a great place to be and Videndum is well positioned to deliver growth and value for shareholders.

The Group Chief Executive and his senior leadership team have performed well during 2022 and delivered exceptional financial results in very challenging markets as well as making good progress against our longer-term strategic ambition. This has resulted in the Committee awarding bonus payments to the Group Chief Executive and senior leadership team that are entirely merited given the superior performance of the team. Our Policy and its operation in 2022 has delivered an outcome that is fully aligned with our stakeholders' interests and our shareholders' experience of investing in the Company.

Remuneration outcomes for 2022 performance

At the start of 2022, the Committee awarded salary increases to the Executive Directors of 3%, reflecting the same level of increase given to the wider employee population and also recognising that neither of the Executive Directors received a salary increase in 2021 due to the impact of COVID-19.

The Committee set financial targets for the 2022 Annual Bonus Plan at its February 2022 meeting and with the right balance between being challenging and realistic. However, as the year unfolded it became clear that 2022 was exposed to increasing headwinds beyond the control of management as highlighted earlier.

Despite these headwinds, the Group Chief Executive and senior leadership team have driven the performance of the Company with an out-turn in line with market consensus and delivered a record adjusted Group Profit Before Tax ("PBT") of £54.0 million. The 2022 Bonus Plan was based 50% on Group adjusted PBT, 25% on Group cash conversion and 25% on personal objectives, and full details of the targets and outcomes are set out on page 141.

The Committee reviewed performance against the Group adjusted PBT element of the bonus and in line with the policy, awarded the Group Chief Executive an outcome for this element representing 21.4% based on budgeted FX rates being applied. 58.8% of the cash conversion measure was achieved. After careful consideration the Committee further determined that Stephen Bird's performance in 2022 was so exceptional that it merited an unusual award of 100% of his personal objectives. This reflected his role in delivering a record despite the significant headwinds outlined above. But also that this was achieved despite the Group Finance Director being absent for the second half of the year. Overall, this resulted in a bonus outcome of 50.4% of the maximum for 2022 for the Group Chief Executive.

To ensure that bonus payments are aligned with shareholders' long-term interests, the Executive Directors will be required to defer 50% of their 2022 bonus after tax into shares held for three years in the Deferred Bonus Plan.

LTIP awards made in 2019 to Executive Directors did not achieve threshold performance conditions based on EPS growth and TSR performance, and the 2019 LTIP award lapsed on 8 March 2022. This was the second consecutive year where the LTIP has not vested and reflects the experience of our shareholders during the respective performance periods. The 2020 LTIP award was made on 21 September 2020 with the delay in the award being due to the impact of the pandemic. The 2020 LTIP has a performance condition running through to 28 February 2023 and subject to achievement of performance conditions will vest on 21 September 2023.

The estimated vesting outcome based on an interim measurement to 31 December 2022 is 46.8% of the maximum. We will disclose the final outcome to the market in due course.

In 2022, the Remuneration Committee made LTIP awards in March to the Executive Directors and several other senior managers. The 2022 LTIP award was structured so that 33% was tied to TSR performance over a three-year period commencing 1 January 2022 compared to a comparator group comprising the constituents of the FTSE 250 Index (excluding financial services companies and investment trusts). 67% of the 2022 LTIP award is tied to a challenging adjusted basic EPS* performance corridor over the same three-year period with threshold set at 100 pence and stretch set at 130 pence for the financial year 2024 and with a straight-line progression between each point. The Committee considered that this was an appropriately challenging hurdle. Any shares vesting under the 2022 LTIP to the Executive Directors will be subject to a further two-year holding period aligning with shareholders' long-term interests. When determining the vesting level of this award, the Remuneration Committee will also take into account the Return on Capital Employed (ROCE) performance for the Company. The Committee retains full discretion to reduce the vesting outcome taking into account underlying business performance. The 2022 LTIP award to the Executive Directors was set at a value representing 125% of salary.

The Committee is satisfied that the performance condition for the 2022 LTIP is sufficiently stretching, and at the 2022 AGM over 99% of shareholders voted in favour of the 2021 Remuneration Report demonstrating overwhelming support from shareholders to the operation of the Remuneration Policy.

Outside of the Executive Directors and several senior executives, the Committee approved Restricted Share Plan ("RSP") awards in 2022 for key talent in the Group. The RSP delivers shares over a three-year period vesting in March 2024 subject to the participant remaining employed with Videndum.

Remuneration report continued

Executive Directors – changes of personnel

An important consideration for the Committee in 2022 was to determine the leaving arrangements for Martin Green, who stood down as Group Finance Director on 13 December 2022 and the new remuneration package for Andrea Rigamonti as Group Chief Financial Officer appointed on the same date to the Board. The detail of Martin Green's leaving arrangements is set out on page 145. The Committee, when considering this, took into account Martin Green's 20 years' service, his contribution to the Company's growth, our contractual obligations and the Policy. The Committee is satisfied that the terms agreed are fair, reasonable, in shareholders' best interests and in line with the Policy. The remuneration package for Andrea Rigamonti has been set in line with our Policy. His base salary on appointment is £310,000 per annum and will next be reviewed in January 2024. This positioning is around 15% below his predecessor's salary and has been set at a level that reflects Andrea's experience. The Committee will look over time, in accordance with the recruitment policy, to increase this as Andrea's experience, contribution and importance to the Group increases.

2023 Directors' Remuneration Policy

The Remuneration Committee has reviewed Executive Directors' remuneration taking advice from our remuneration consultant, FIT Remuneration Consultants, and during the year consulted with Videndum's largest shareholders, the majority of whom have been supportive of our approach. I am grateful to those shareholders who have given us their views. The Committee is satisfied that the Company's Policy has continued to operate as intended, in terms of the Company's performance and the quantum of remuneration paid to the Directors in 2022. This view is supported by the overwhelming level of support given by shareholders at the 2022 AGM to the 2021 Remuneration Report. We also took into account the high level of support for the Policy when it was last approved by shareholders in 2020 and 88.79% of votes cast were then in favour of the Policy.

As a result there is no change to the structure of the Policy itself or to the overall maximum variable pay individuals limits contained in the Policy, although we are seeking to change the way we implement the Policy – see below. The only formal change to the Policy is to ensure that notice periods due from any new Executive Directors will be symmetrical, requiring up to 12 months' notice from either the Company or the Director. The Policy in respect of the notice periods for the serving Executive Directors is already 12 months. As previously disclosed, pension contributions for the Group Chief Executive have been reduced from 20% to 8% of salary from 1 January 2023 to align with the rest of employees in the UK business, and our Policy includes other good practice features as recommended by the UK Corporate Governance Code and institutional investors.

Governance and performance of the Remuneration Committee in 2022

The Remuneration Committee during 2022 comprised the following:

Caroline Thomson – Chair

Richard Tyson, Erika Schraner (from 1 May 2022), Teté Soto (from 24 November 2022), Christopher Humphrey (until 14 December 2022) and Duncan Penny (until 17 May 2022)

All members of the Remuneration Committee are independent Non-Executive Directors of the Company. We have further announced that Anna Vikström Persson will be appointed a new independent Non Executive Director of the Company with effect from 1 May 2023. Upon her appointment she will become a member of the Remuneration Committee and after a period of induction to the Company, is planned to succeed myself as Chair of the Remuneration Committee on a date to be confirmed in 2024.

The Remuneration Committee has been delegated by the Board responsibility to set the remuneration framework for the Group Chief Executive, other Executive Directors and members of the Operations Executive. As Chair of the Committee, I lead this process with the support of the other Committee members. During 2022, we invited the Chairman of the Board, Ian McHoul, Group Chief Executive, Stephen Bird, former Group Finance Director, Martin Green, Group Chief Financial Officer, Andrea Rigamonti and Group Company Secretary, Jon Bolton to attend meetings and to give input unless they were conflicted in a particular matter. To further support the Committee in its duties, the Committee uses the support and services of FIT Remuneration Consultants, who provide independent advisory services on executive remuneration and wider market remuneration issues.

In my role as Chair of the Remuneration Committee, I am available to shareholders to discuss matters relating to Directors, and senior executive remuneration. During 2022 I engaged with several shareholders in the run-up to the 2022 AGM and vote on the 2021 Directors' Remuneration report. I also undertook a consultation with our major shareholders on our proposed new Policy, to be put to shareholders for approval at the 2023 AGM.

The Remuneration Committee held five scheduled meetings in 2022 and one short notice meeting. All members of the Committee attended all meetings in 2022. Apart from normal business such as Directors' duties and conflicts of interest, minutes of previous meetings, matters arising and tracking progress against agreed Committee objectives for 2022, the following specific business was covered at each meeting:

February 2022 – approved the 2021 Annual Remuneration report submitted to the 2022 AGM; approved the outcome of the 2021 Annual Bonus Plan; determined the outcome of 2019 LTIP awards against performance measures; considered the structure of 2022 LTIP awards and associated performance conditions; approved the final structure of the 2022 Annual Bonus Plan; and approved personal objectives for the Executive Directors for 2022.

March 2022 – short-notice meeting – approved the final detail of 2022 LTIP awards.

June 2022 – considered the proposed structure for a new Remuneration Policy on Directors' remuneration with the objective to submit to shareholders for approval at the 2023 AGM.

August 2022 – considered the proposed structure for a new Remuneration Policy on Directors' remuneration ahead of a consultation letter being issued to the Company's major shareholders.

September 2022 – update on executive remuneration trends provided by FIT Remuneration Consultants; update on progress with shareholder consultation in relation to a new Remuneration Policy; and an update on 2022 Annual Bonus Plan.

December 2022 – considered feedback from the shareholder consultation regarding the new Remuneration Policy; 2022 Annual Bonus Plan update; proposed 2023 pay rises for Executive Directors and Operations Executive members; considered Martin Green's severance terms and Andrea Rigamonti's remuneration package and service contract; outlined 2023 LTIP awards and proposed structure; and 2023 Annual Bonus Plan and proposed structure.

Minutes of each meeting are prepared by the Group Company Secretary and circulated to Committee members following each meeting.

The Remuneration Committee annually sets itself objectives and in 2022, it set the following ones and has measured progress against each.

2022 Remuneration Committee objectives	Progress during 2022
1. Preparation of a new Directors' Remuneration Policy including new LTIP rules and involving consultation with major shareholders ahead of the final Policy being approved by the Committee in February 2023 and submitted for approval at the 2023 AGM.	The Committee reviewed the operation of the existing Policy approved at the 2020 AGM and determined that it remains fit for purpose in rewarding Executive Directors for growing the business and is aligned to the best interests of shareholders subject to increasing the annual level of LTIP award to the Group CEO to 150% of salary (from 125% of salary). Major shareholders have been consulted and the Committee approved for submission to the 2023 AGM the final content of the new Directors' Remuneration Policy at its February 2023 Committee meeting.
2. Ensure that 2022 LTIP awards are set at an appropriate level with suitably stretching performance conditions that balance interests of shareholders and also incentivise management to deliver stretching performance.	LTIP award made on 11 March 2022 with performance conditions based 1/3rd on TSR performance compared to the constituents of the FTSE 250 Index (excluding financial service companies and investment trusts) and 2/3rds on adjusted EPS growth with threshold vesting set at 100 pence and stretch at 130 pence. Shareholder support at the 2022 AGM to the advisory vote on the 2021 Annual Remuneration report was over 99% demonstrating overwhelming support for this approach.
3. Prepare and publish a Remuneration report for 2021 setting out clear disclosures and narrative to support remuneration paid (including 2021 bonus) and that ensures sufficient shareholder support at the 2022 AGM.	Remuneration Report for 2021 received over 99% support from shareholders at the 2022 AGM demonstrating overwhelming support to the operation of Directors' remuneration and the associated disclosures.
4. Oversee and implement suitably stretching remuneration arrangements that retains and drives Creative Solutions' management to grow that business.	RSP awards to Creative Solutions senior leadership made in 2021 and 2022 has ensured that talent within Creative Solutions has been retained and is focused on growing that business.
5. Set an appropriately stretching bonus plan for 2022 including an increased level tied to delivery on quantifiable ESG targets that supports the Group's ESG programme.	2022 Bonus Plan set containing both stretching financial (profit and cash conversion) and personal objectives including progress on the Company's ESG programme. Financial targets have proven to be challenging given how events have unfolded in 2022 with headwinds including the war in Ukraine, impact of foreign exchange, continuing component shortages, rising inflation, continuing suppressed travel and recession in several of the Group's key markets. The outcome for the 2022 annual bonus plan is set out on pages 141 of this report.
6. Ensure that remuneration payouts to Executive Directors and senior leadership are merited and in line with shareholders' and other stakeholders' experience of investing in Videndum.	Remuneration payouts to the Executive Directors for 2022 are set out on page 138 of this report and demonstrate that remuneration is aligned to shareholders' and other stakeholders' experience. Videndum has delivered a record Group adjusted PBT for 2022 of £54.0 million and remuneration to the Executive Directors has been aligned to that financial performance.

Remuneration report continued

Apart from the process of setting itself objectives and measuring progress against each, the Remuneration Committee was also subject in 2022 to an internal evaluation led by the Chairman and Group Company Secretary. The internal evaluation involved a questionnaire to each Committee member. The output from the 2022 Remuneration Committee evaluation included:

- The performance of the Remuneration Committee and its members was rated highly.
- Remuneration Committee meetings are well run with a rigorous cycle of business followed.
- Information provided to the Remuneration Committee was to a high standard.
- The Remuneration Committee is mindful of the need to keep informed of changes in market sentiment and to keep informed around the expectations of shareholders. The Committee's adviser provides a good level of information to keep the Committee informed.
- The Directors' Remuneration Policy is well aligned with the Group's strategic priorities and strikes the right balance between short-term and long-term performance and provides appropriate levels of retention and reward.
- The Committee engages well with shareholders on remuneration issues.

An externally facilitated evaluation was conducted in 2021 and reported on in the 2021 Annual Report. A further externally facilitated evaluation will be conducted in 2024.

Implementation of the new Policy in 2023

Given the experience and performance of the Group Chief Executive, the Committee has agreed that in line with previous practice the base salary for Stephen Bird will increase at the same level as the general increase for the wider workforce by 5%, and this increase will be implemented from 1 April 2023. The Committee took the view that an increase aligned to that for all of Videndum's employees was right because of the outstanding performance for the year and in light of the deferral of this increase to 1 April 2023. Since Andrea Rigamonti was appointed on 13 December 2022, his salary will not be reviewed again until January 2024. As previously notified, Stephen's employer pension contribution has been reduced from 20% to 8% with effect from 1 January 2023 and is in line with the wider UK employee pension contribution.

Having reviewed fees paid by the market for FTSE 250 companies and also the time commitment required by the Chairman and Non-Executive Directors, it has been agreed that the fees paid to the Chairman and Non-Executive Directors will also be increased by 5% with effect from 1 April 2023.

The 2023 Annual Bonus Plan has been designed to ensure that it motivates Executive Directors to deliver against challenging targets for 2023. Its structure retains the same combination of financial targets (Group adjusted PBT* and adjusted operating cash flow* generation) and personal objectives as used in 2022 and is tied to delivery of the 2023 budget. The 2023 Annual Bonus Plan is structured as before so that Profit and Cash Conversion measures are independently assessed. Financial targets and personal objectives for the 2023 Annual Bonus Plan, against which actual performance will be measured, will be disclosed in the 2023 Remuneration report.

The Committee intends that the LTIP award for 2023 will continue to be based on the Company's adjusted EPS and TSR performance ranked against a comparator group. The adjusted EPS performance condition will represent 67% of the award. 33% of the award will be measured using the Company's TSR performance compared to the constituents of the FTSE 250 index (excluding financial services companies and investment trusts). As before we will also operate a ROCE underpin on the 2023 LTIP award. The detail of the 2023 LTIP award including the EPS performance targets will be announced to the market once finalised. The Committee believes that this combination of performance measures will challenge and incentivise management to deliver sustainable growth for shareholders and only deliver value should that growth be achieved. Following consultation with our largest shareholders, the LTIP grant level for the Group Chief Executive will be increased by 25% of salary to align with the current 150% of salary already permitted within the Policy to ensure that share awards continue to support the successful delivery of our strategy as well as being market competitive. The Committee believes this is appropriate for the following reasons:

- Stephen Bird is a proven and high-performing CEO and has served in the role of CEO at Videndum since April 2009. His leadership is important in delivering our ambitious strategy.
- The increase in LTIP grant level for Stephen will be accompanied by stretching EPS targets that are aligned with Videndum's medium-term goals.
- The Committee has never been over-reliant on benchmarking, and market data has not been a driver of the proposed increase in incentive opportunity. We have taken comfort from the market data which shows that the median LTIP grant level for a CEO of a UK listed company of Videndum's size is equal to the proposed grant level of 150% of salary. Given Stephen's service and performance, this seems fair and reasonable.
- The proposed LTIP grant level for 2023 is equal to the policy limit that has been in place since 2014.

We will also award to the new Group Chief Financial Officer an LTIP award with a value of 125% of salary.

Committee priorities for 2023

The Committee in 2023 will focus on the following matters:

– Securing shareholder approval at the 2023 AGM for the 2022 Annual Remuneration report and a new Directors' Remuneration Policy to cover the period from the 2023 AGM through to the 2026 AGM.
– Securing shareholder approval at the 2023 AGM for new LTIP rules.
– Ensuring that the 2023 Annual Bonus Plan drives performance and rewards sustainable growth in the Company and is set against appropriate financial targets especially given challenging market conditions.
– Granting LTIP awards in 2023 with suitably stretching EPS and TSR performance conditions.
– Succession planning for the Committee.

Annual General Meeting

We will be putting several resolutions on remuneration to shareholders at the 2023 AGM. Firstly, we will seek shareholders approval to a new Remuneration Policy that will set out the remit of remuneration to be paid to Directors from the 2023 AGM through to the 2026 AGM. Secondly, the Annual Remuneration report covering Directors' remuneration paid in 2022 will be put to the Company's shareholders for an advisory vote. Thirdly, we will be submitting for shareholders approval a resolution seeking to renew the rules of the Company's LTIP that was last approved by shareholders in 2014 and requires renewal after ten years. I encourage all shareholders to vote in favour of these resolutions. I will attend the AGM and be open to answering questions on remuneration issues either at the meeting itself or ahead of the AGM should any shareholder wish to contact me at info@videndum.com.

Caroline Thomson
Remuneration Committee Chair
27 February 2023

* This report provides alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group uses these APMs to aid the comparability of information between reporting periods and Divisions, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in the Glossary on pages 224 to 228.

Directors' Remuneration Policy

2023 Directors' Remuneration Policy ("the Policy")

The 2023 Policy will cover Directors' remuneration for the three-year period commencing from the Company's AGM to be held on 11 May 2023. The key terms for the 2023 Policy are set out below and shareholders will be asked to approve the 2023 Policy at the 2023 AGM.

The current Policy approved by shareholders at the 2020 AGM and covering Directors' remuneration up until the May 2023 AGM is available on our website or in the 2019 Annual Report. The 2023 Policy does not have any material changes to it from the Policy approved at the 2020 AGM.

Should there be a need to change the Company's 2023 Policy ahead of the 2026 AGM, shareholders will be asked to approve a revised Policy.

This report contains further information required under the Listing Rules and the 2018 UK Corporate Governance Code.

2023 Remuneration Policy table for Executive Directors

Base salary

Base salary is set at a level to secure the services of talented Executive Directors with the ability to develop and deliver a growth strategy.

Operation	Maximum opportunity	Performance measures
Fixed contractual cash amount usually paid monthly in arrears. Normally reviewed annually, with any increases taking effect from 1 January each year, although the Committee may award increases at other times of the year if it considers it appropriate. This review is dependent on continued satisfactory performance in the role of an Executive Director. It also includes a number of other factors, including experience, development and delivery of Group strategy and Group profitability, as well as external market conditions and pay awards across the Company.	The Committee has not set a maximum level of salary and the Committee will usually award salary increases in line with average salary increases awarded across the Company. Larger increases may, in certain circumstances, be awarded where the Committee considers that there is a genuine commercial reason to do so, for example: – Where there is a significant increase in the Executive Director's role and duties. – Where an Executive Director's salary falls significantly below market positioning. – Where there is significant change in the profitability and/or size of the Company or material change in market conditions. – Where an Executive Director was recruited on a lower than market salary and is being transitioned to a more market standard package as he or she gains experience.	Not applicable

Benefits

To provide Executive Directors with ancillary benefits to assist them in carrying out their duties effectively.

Operation	Maximum opportunity	Performance measures
Executive Directors are entitled to a range of benefits including car allowance, private health insurance and life assurance. Other ancillary benefits may also be provided where relevant, such as income protection, expatriate travel or accommodation allowances. Executive Directors are entitled to participate on the same terms as all employees in the Sharesave Plan or any other relevant all-employee share plan.	There is no maximum level of benefits set, given that the cost of certain benefits will depend on the individual's particular circumstances. However, benefits are set at an amount which the Committee considers to be appropriate, based on individual circumstances and local market practice. Executive Directors' participation in the UK all-employee Sharesave Plan is capped by the rules of the Sharesave Plan (currently £500 per month maximum). An International Sharesave Plan also operates for non-UK employees.	Not applicable

Annual bonus

To provide a material incentive to drive Executive Directors to deliver stretching strategic and financial performance and to grow long-term sustainable shareholder value.

Half of any earned annual bonus (after tax) is deferred into the Deferred Bonus Plan held in the form of shares and focuses the Executive Director on long-term value delivery and growth.

Operation	Maximum opportunity	Performance measures
Paid annually based on performance in the relevant financial year. The amount is determined based on published full year results after the financial year end. Award levels and performance measures are reviewed annually. The Committee ensures that performance measures remain aligned to the Company's business objectives and strategic priorities for the year. Up to half of the annual bonus paid (after tax) is deferred into awards under the Deferred Bonus Plan for a period of three years on a mandatory basis unless the Committee determines an alternative deferral period is appropriate. Awards may be granted in the form of conditional awards, nil-cost options, forfeitable shares or similar rights. After a period of three years, the awards vest in the form of shares in the Company. The Committee retains full discretion to amend the bonus payout (upwards or downwards), if in its opinion any calculation of payout does not produce a fair result for either the individual or the Company, taking into account the overall business performance of the Company. Any such use of discretion will be clearly reported in the next published Remuneration report. Participants may also receive the value of any dividends which would have been paid on shares in respect of which the award vests, which may be calculated assuming reinvestment of the dividends in the Company's shares on a cumulative basis. Such dividends are paid out in the form of additional shares in the Company. In the event of any material misstatement of the Company's financial results, serious reputational damage to the Company caused by a breach of the Company's Code of Conduct or otherwise, a miscalculation or an assessment of any performance conditions that was based on incorrect information, or the occurrence of an insolvency or administration event, malus and clawback provisions may apply for three years from the date of payment of any bonus or the grant of any deferred bonus share award permitting the Committee to reduce, cancel or impose further conditions on awards.	An absolute maximum of 125% of base salary to be paid in each year.	Measures and targets for the annual bonus are set annually by the Committee. Annual bonus measures may be based on the achievement of annual targets set against the Group's adjusted profit before tax*, cash conversion and/or strategic or personal objectives. The Committee reserves the right to change measures or introduce new metrics for each financial year to ensure alignment with the short-term priorities of the business. The Committee reviews targets and objectives annually to ensure the annual bonus remains appropriate and challenging. Targets are typically measured over a period of up to one-year period. Payments range between 0% for threshold and 125% of base salary for maximum performance. Awards granted under the Deferred Bonus Plan are not subject to any further performance conditions.

Directors' Remuneration Policy continued

Long Term Incentive Plan ("LTIP")

To provide a long-term performance and retention incentive for the Executive Directors involving the Company's shares.

To link long-term rewards to the creation of long-term sustainable shareholder value by way of delivering on the Group's agreed strategic objectives.

Operation	Maximum opportunity	Performance measures
Under the LTIP, awards are made over a fixed number of shares, which will vest based on the achievement of performance conditions over a performance period of, typically, at least three years. The performance conditions are set by the Committee at the start of the performance period. Awards can take the form of a conditional award of shares, a nil-cost option or similar rights. Awards may be settled in cash (for participants in territories that prohibit settlement in shares). Participants may also receive the value of any dividends which would have been paid on shares in respect of which the award vests, which may be calculated assuming reinvestment of the dividends in the Company's shares on a cumulative basis. The Committee retains full discretion to amend the vesting outcome upwards or downwards if, in its opinion, any calculation or payout does not produce a fair result for either the individual or the Company, taking into account the overall business performance of the Company. Any such use of discretion will be clearly reported in the next published Remuneration report. For Executive Directors, awards are normally subject to a mandatory two-year holding period for any shares that vest. In the event of any material misstatement of the Company's financial results or serious reputational damage to the Company caused by a breach of the Company's Code of Conduct or otherwise, a miscalculation of an assessment of any performance conditions that was based on incorrect information, or the occurrence of an insolvency or administration event, malus and clawback provisions may apply for up to three years from the vesting of an award permitting the Committee to reduce or impose further conditions on awards.	The maximum value of shares over which awards may be granted in respect of each year is 150% of base salary. 200% is permitted in exceptional circumstances determined by the Committee.	LTIP awards may be based on financial, non-financial and/or share price-based performance conditions as determined from time to time by the Committee. The Committee will determine the choice of measures and their weighting prior to each grant and reserves the right to change the balance of the measures as it deems appropriate, such that no measure accounts for less than 25% of the total award. Currently, 33% of the award is subject to the Company's Total Shareholder Return ("TSR") compared to a comparator group measured over a three-year performance period. 67% of the award is subject to targets set against growth (adjusted by the Committee as it considers appropriate) in the Company's adjusted basic Earnings Per Share* over the same three-year performance period. The Remuneration Committee additionally adopts a discretionary underpin on vesting of the LTIP, whereby the Committee will assess the Group's underlying performance in finalising vesting outcomes. In particular, the Committee will assess the Group's ROCE performance when approving outcomes under the EPS element of awards. At threshold, up to 25% of the award will vest, increasing on a straight-line basis up to 100% for performance in line with maximum. Below threshold none of the award will vest. There is no retesting of any performance measure.

Pension contribution

To provide a benefit comparable with market rates, helping with the recruitment and retention of talented Executive Directors able to deliver a long-term growth strategy.

Operation	Maximum opportunity	Performance measures
Usually paid monthly in arrears. Executive Directors may receive a contribution into the Company's Defined Contribution Plan, a personal pension arrangement and/or a payment as a cash allowance.	All Executive Directors receive a pension contribution of 8% of base salary which is in line with pension contributions provided to the wider UK employee workforce. Salary is the only pensionable element of Executive Director remuneration.	Not applicable.

Notes to the Directors' Remuneration Policy table for Executive Directors

Under the Company's share plans the Committee may: (1) in the event of any variation of the Company's share capital, demerger, delisting, special dividend or other event which may affect the price of shares, adjust or amend awards in accordance with the terms of the plan; and (2) amend a performance condition if an event occurs which causes it to consider an amended condition would be more appropriate and not materially less difficult to satisfy. Any such amendment would be reported in a subsequent Remuneration report.

When determining Executive Director remuneration policy and practices, the Remuneration Committee takes into account a range of factors as follows:

Clarity – remuneration arrangements are transparent, as set out in the policy table above. The Committee has taken into account the views of shareholders consulting on the content of the policy and further considered remuneration arrangements amongst the wider Videndum workforce. An example of this includes aligning the Executive Directors pension contribution with that of the wider UK employee workforce.

Simplicity – the remuneration structure for the Executive Directors is simple and clearly explained, comprising a mix of short-term and long-term incentives aligned to the Company's strategic objectives. As detailed in the illustrative remuneration performance scenarios on page 134, a significant proportion of Executive Directors remuneration is tied to the achievement of annual and long-term financial performance for the Company.

Risk – remuneration arrangements are structured to avoid excessive risk taking – both reputational and other risks. Malus and clawback provisions operate on the Annual Bonus Plan and LTIP and Executive Directors are required to defer a significant proportion of their annual bonuses for three-years and to hold shares vesting under the LTIP for a further two-year holding period, thereby aligning their interests with the long-term interests of shareholders.

Predictability – Videndum's Policy sets out a range of outcomes for Executive Directors, only rewarding for significant growth in the Company. The illustrative remuneration performance scenarios in the table on page 134 sets this out and when determining remuneration outcomes, the Committee ensures to consider that they are aligned to the Company's performance and the experience of shareholders and other stakeholders.

Proportionality – Videndum's Policy and outcomes for Executive Directors remuneration are proportionate and do not reward poor performance. Notably, bonus deferral and the requirement to hold shares vesting under the LTIP for a further two-year holding period from vesting, as well as building up share interests in the Company representing at least 200% of base salary ensure that Executive Directors are focused on the long-term performance of the Company.

Alignment to culture – the Company's incentive schemes are structured to be aligned with the Company's culture, driving the right behaviours. Malus and clawback provisions operate over both the Annual Bonus Plan and LTIP. Performance conditions tied to both also reflect long-term performance being delivered. A proportion of the Executive Directors annual bonus is tied to delivery of ESG targets.

Directors' Remuneration Policy continued

Legacy plans

The Committee reserves the right to make any remuneration payments and payments for loss of office notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed: (1) before the Policy came into effect; or (2) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes payments include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted. Andrea Rigamonti, who was appointed an Executive Director on 13 December 2022, has an RSP award given to him on 16 November 2021 before he became a Director of the Company. Details of this legacy award for Andrea Rigamonti are set out on page 149.

Shareholding requirements (including after-employment ceases)

Executive Directors during their tenure are expected to build a shareholding in the Company representing 200% or more of their base salary. All net of tax vested LTIP awards, DBP awards and exercised Sharesave options should be retained by the Executive Director until this requirement has been met. This level of shareholding aligns Executive Directors with the interests of shareholders and ensures that Executive Directors are focused on long-term shareholder value.

Post-employment, Executive Directors are expected to maintain a material level of shareholding in the Company for at least two years from the date of departure made up of the following elements:

- Awards held under the DBP will only vest on their normal vesting dates and will not be accelerated to the date of departure. Upon vesting, such shares are to be retained until at least the second anniversary of the departure date.
- For an Executive Director who is a good leaver, LTIP awards will vest on their normal vesting date and be subject to performance testing, pro rata treatment to the date of leaving and be subject to a two-year holding period (subject to that two-year holding period not being beyond two years from when the individual ceased to be an Executive Director).
- Awards that have already vested under the LTIP are normally subject to a two-year holding period following vesting (but not longer than two years from the date of departure).
- For the avoidance of doubt, any shares purchased by an Executive Director using their own personal funds will not be subject to this post-employment shareholding policy.

The Chairman and Non-Executive Directors are not subject to any such shareholding requirement. However, they are encouraged to hold shares in the Company. Details of shares held by the Directors are set out on page 147.

Performance measures

The Annual Bonus Plan is based on both personal and financial measures. Typically, the majority of the bonus will be based on financial measures such as Group adjusted profit before tax. The measures have been chosen to provide a balance between incentivising the delivery of the Group's key financial priorities in any particular year and important individual strategic objectives. The Committee may vary the specific measures and targets year-on-year to ensure that they reflect the key financial and strategic priorities for the Company in any given year. The selection of measures and the setting of targets takes into account the Company's business priorities and risk appetite.

LTIP awards traditionally are based on adjusted basic Earnings Per Share growth and on TSR performance against a specific comparator group. The Committee considers these to be important measures of performance for the Company over the longer term. While TSR links a portion of the LTIP to the creation of value for shareholders, adjusted basic Earnings Per Share growth is a Key Performance Indicator for the Group with the combination providing an appropriate balance between growth and returns. The Committee has also adopted a discretionary underpin on vesting of the LTIP, whereby the Committee will assess the Group's underlying performance in finalising vesting outcomes. In particular, the Committee will assess the Group's ROCE performance when approving outcomes under the EPS element of awards. While the Committee does not disclose a formulaic target in advance, the Committee will ensure that it provides full retrospective disclosure around its decision-making process, including a summary of the ROCE trajectory over the performance period. Any changes to these measures will be aligned with the long-term strategy of the Group.

Provisions for the withholding and recovery of sums from the Directors (malus and clawback) are as set out on page 156.

Remuneration Policy for the Chairman and Non-Executive Directors

The table below sets out a description of the Chairman and Non-Executive Directors' remuneration.

Neither the Chairman nor the Non-Executive Directors participate in any Annual Bonus Plan or the Company's share plans.

Role	Purpose	Operation
Chairman	To recruit and retain an independent Non-Executive Chairman reflecting the responsibilities and time commitment for the role. To lead an effective Board enabling delivery on the Group's growth strategy and creation of long-term sustainable shareholder value.	While the Board has not set a maximum level of fee payable to the Chairman, the Board will review the level of fee paid usually on an annual basis and determine whether that is sufficient in terms of market conditions and also the time commitment for the role. The Chairman's fee is an all-inclusive consolidated amount. It is paid in cash, not shares, usually on a monthly basis in arrears. Fees are benchmarked against FTSE-listed companies of a similar size and complexity to Videndum. Any future increases will take into account the need to ensure that the fee remains competitive and reflects the time commitment for the role. The Chairman's remuneration also covers his chairmanship of the Nominations Committee.
Non-Executive Directors	To recruit and retain independent Non-Executive Directors reflecting the responsibilities and time commitment for the role to contribute to an effective Board and to deliver on the Group's growth strategy and creation of long-term sustainable shareholder value.	Fees paid to Non-Executive Directors of the Company consist of the following: – A base fee. – An additional fee for the role of the Senior Independent Director. – An additional fee for chairing the Audit and Remuneration Committee or for the designated Non-Executive Director tasked with oversight of employee engagement. Fees are usually reviewed annually and are benchmarked against FTSE-listed companies of a similar size and complexity to Videndum. All fees are paid in cash, not shares, usually on a monthly basis in arrears.
Benefits	To reimburse the Chairman and Non-Executive Directors for reasonable expenses incurred and bear any costs associated with tax, where relevant.	Expenses are reimbursed as and when incurred relating to the Company's business (including travel and hotel accommodation).

Directors' Remuneration Policy continued

Illustrative remuneration performance scenarios

The following charts set out scenarios for the remuneration of Stephen Bird and Andrea Rigamonti for 2023 in line with the Policy. This includes scenarios for full vesting of LTIP awards based on an award at 150% of salary for Stephen Bird and 125% for Andrea Rigamonti , with one chart showing no share price appreciation and one chart showing a 50% share price appreciation. The charts also reflect Stephen Bird's salary for 2023 (increased with effect from 1 April 2023) and Andrea Rigamonti's salary for 2023 following his appointment as an Executive Director on 13 December 2022.

Stephen Bird

Basic remuneration

Minimum base salary (with effect from 1 April 2023)	£513,310 (88%)
Benefits	£31,292 (5%)
Pension (8% of salary)	£41,065 (7%)
Total fixed pay (minimum)	**£585,667**

On-target performance:

Fixed pay	£585,667 (53%)
Annual bonus	£320,819 (29%)
LTIP	£192,491 (18%)
Total on target pay	**£1,098,977**

Maximum pay:

Fixed pay	£585,667 (29%)
Annual bonus	£641,638 (32%)
LTIP	£769,965 (39%)
Total maximum pay	**£1,997,270**

Maximum pay (including 50% share price appreciation for LTIP award):

Fixed pay	£585,667 (25%)
Annual bonus	£641,638 (27%)
LTIP	£1,154,948 (48%)
Total maximum pay	**£2,382,253**

Andrea Rigamonti

Basic remuneration

Minimum base salary	£310,000 (86%)
Benefits	£25,176 (7%)
Pension (8% of salary)	£24,800 (7%)
Total fixed pay (minimum)	**£359,976**

On-target performance:

Fixed pay	£359,976 (55%)
Annual bonus	£193,750 (30%)
LTIP	£96,875 (15%)
Total on target pay	**£650,601**

Maximum pay:

Fixed pay	£359,976 (32%)
Annual bonus	£387,500 (34%)
LTIP	£387,500 (34%)
Total maximum pay	**£1,134,976**

Maximum pay (including 50% share price appreciation for LTIP award):

Fixed pay	£359,976 (27%)
Annual bonus	£387,500 (29%)
LTIP	£581,250 (44%)
Total maximum pay	**£1,328,726**

- Fixed pay – base salary as at 1 April 2023 for Stephen Bird and at 1 January 2023 for Andrea Rigamonti.
- The total value of benefits received in the year ended 31 December 2022 which included car allowance, private healthcare, income protection and any Sharesave options granted during 2022.
- Andrea Rigamonti's benefits figure has been estimated due to his appointment as an Executive Director on 13 December 2022.
- Pension contribution of 8% for Stephen Bird and Andrea Rigamonti which is in line with the contribution given to the wider UK workforce.
- Annual bonus
  - At minimum – nil.
  - On target – 50% of maximum payout (representing 62.5% of base salary).
  - At maximum – 100% of the maximum payout (representing 125% of base salary).
- LTIP
  - At minimum – nil.
  - On target – 25% vesting under the LTIP (representing 37.5% of base salary for Stephen Bird and 31.25% of base salary for Andrea Rigamonti) and set out at face value, with no share price growth.
  - At maximum – 100% of the maximum payout (representing 150% of base salary for Stephen Bird and 125% of base salary for Andrea Rigamonti) and set out at face value, with no share price growth or dividend assumptions.
  - At maximum with share price appreciation – 100% of the maximum payout (representing 150% of base salary for Stephen Bird and 125% of base salary for Andrea Rigamonti) and showing a 50% appreciation in the share price over the LTIP vesting period.

Consideration of employment conditions elsewhere in the Company

The Committee, when determining Executive Directors' remuneration, takes into account remuneration and employment terms and conditions, including levels of pay for all employees of the Company. The Committee is kept informed of:

– Salary increases for the general employee population.
– Company-wide benefits including pensions, share incentives, bonus arrangements and other ancillary benefits.
– Overall spend on annual bonus.
– Participation levels and outcomes in the Annual Bonus Plan and the LTIP.

When setting the remuneration of the Executive Directors, the Committee has regard to general employment terms and conditions within the Company as set out above. However, it is recognised that the roles and responsibilities of Executive Directors are such that different levels of remuneration apply, with a greater proportion of remuneration tied to the financial performance of the Company. The Committee did not consult with the Company's employees when drawing up the Directors' Remuneration Policy set out in this report. Caroline Thomson is the Non-Executive Director with responsibility for employee engagement, and as part of that role holds regular staff engagement sessions through which she is informed on remuneration issues for the wider Group workforce and keeps the Board fully updated. The detail of this role is given on pages 98 of this Annual Report.

Policy on outside appointments

The Committee believes it is beneficial both for the individual and the Company for an Executive Director to take up one external non-executive appointment. Remuneration received by an Executive Director in respect of such an external appointment would be retained by the Director. Stephen Bird is an independent non-executive director and senior independent director of Headlam plc and in this role he receives an annual fee of £50,000 as an independent non-executive director and an annual fee of £10,000 as senior independent director. Under the terms of his service contract, Andrea Rigamonti, with the agreement of the Chairman and Group Chief Executive, may take up one external non-executive appointment of a listed company. As of the date of this report Andrea Rigamonti had not taken up any such external non-executive appointment.

Remuneration Policy for senior managers and other employees of the Group

The Remuneration Policy for senior managers in the Company is similar to that of the Executive Directors although the incentive potential is lower as are salary levels in accordance with levels of responsibility and complexity. They participate in the Annual Bonus Plan with the same structure as the Executive Directors, as well as the LTIP or participation in a RSP, and therefore a significant element of their remuneration is also dependent upon the financial performance of the Company and the Company's share price in addition to individual performance.

Remuneration for all other employees is set taking into account local market conditions to ensure that pay and benefits attract and retain employees in those local markets and help deliver the Group's agreed strategy. A large proportion of employees are able to participate in bonus plans that are tied to Company, Divisional and business unit financial performance as well as individual performance against personal objectives. The structure of bonus plans varies across the employee workforce to achieve different objectives.

Full-time employees of the Company in the UK, US, Italy, France, Germany, Israel, Australia, New Zealand, Japan, Singapore and Costa Rica are able to participate in an all-employee Sharesave Plan granting employees an option to save and purchase a limited number of shares in the Company at a discount to the market price at the time an offer of the Plan is made. Further information on this Plan is given on page 73. Senior managers participate in a RSP (excluding Executive Directors). The RSP awards shares to key employees over a vesting period of up to three years and helps retain and motivate key talent to deliver on the Group's strategic growth objectives.

All full-time employees are also offered membership of a pension scheme upon joining the Company which is compliant with local legal requirements. In the UK, employees are able to join a defined contribution pension plan with the employer making an 8% fixed contribution and the employee required to make a minimum contribution of 4%. The pension contribution is based on base salary only.

The Remuneration Committee is kept informed on Remuneration Policy and arrangements for the wider employee population with regular updates to enable it to stay informed and to assist in setting Executive Directors' remuneration.

Approach to recruitment remuneration

The Committee's Policy is to seek to recruit Directors with the requisite skill and experience to lead the business and grow the value of the Company over the long-term. Generally, pay on recruitment will be consistent with the Policy for Executive Directors as set out in the Policy table and set at a level to reflect overall responsibilities.

The Committee has the flexibility to set the salary of a new Executive Director at a lower level initially, with a series of planned increases implemented over the following years to bring the salary to the desired level. Consistent with the regulations, any cap on base salary does not apply. Benefits will be consistent with the Remuneration Policy. Certain additional benefits may be provided such as relocation expenses or allowances. The pension contribution for an Executive Director will be in line with the UK workforce contribution rate (currently 8% of base salary).

Directors' Remuneration Policy continued

However, the Committee may, in its absolute discretion, include remuneration components or awards which are not specified in the Policy table, subject to the maximum level of variable pay set out in the following paragraph, where this facilitates the hiring of candidates of an appropriate calibre and skillset to deliver on the Group's strategy. The Committee will ensure this is only done where there is a genuine commercial need, and where this is in the best interests of the Company and its shareholders. The Committee does not intend to use this discretion to make a non-performance related payment (for example a "golden hello" payment).

The absolute maximum level of variable pay will be 325% of base salary (excluding any buy-out awards) which is in line with the Remuneration Policy set out on the previous page. This comprises up to 125% of base salary under the Annual Bonus Plan and up to 200% of base salary under the Company's LTIP.

In certain circumstances, the Committee may need to make payments or awards to an executive in respect of buying-out remuneration arrangements relinquished on leaving a previous employer. When doing so, the Committee will aim to do so broadly on a like-for-like basis with a fair value no higher than the awards foregone. It will take a number of relevant factors into account which may include any performance conditions attached to these awards and the time at which they would have normally vested. These payments or awards are excluded from the maximum level of variable remuneration referred to above.

In the event of any such treatment, the Committee will explain in the next Annual Remuneration report the rationale for the relevant arrangements.

Executive Directors' service contracts

The Executive Directors' service contracts are as follows:

Role	Date of contract	Notice period from the Company to the Executive	Notice period from the Executive to the Company
Stephen Bird, Group Chief Executive – appointed on 14 April 2009	28 January 2009	12 months	6 months
Andrea Rigamonti, Group Chief Financial Officer – appointed on 13 December 2022	13 December 2022	12 months	6 months

The terms of the service contracts for Executive Directors do not provide for predetermined amounts of compensation in the event of early termination by the Company. The Remuneration Committee's policy in the event of early termination of employment is set out below.

For future appointments of Executive Directors, appointments following the approval of the new Policy, notice periods due from any new Executive Directors will be symmetrical with the notice period from the Company.

Policy on payment for loss of office

Executive Directors' notice periods under service contracts are summarised in the table above. The Committee believes that the Company's policy on payment for loss of office and the structure of notice periods is sufficient to ensure that the Executive Director has security of tenure and also that the Company has sufficient retention and notice periods to enable an orderly process for succession planning. In the Committee's opinion, any shorter notice period would not be in the Company's best interests and would risk the stable running of its operations. The Committee, however, will not give any Executive Director a service contract of greater than 12 months' notice.

In the event of termination of office, the Committee will consider the circumstances including notice period contained within the service contract, the circumstances surrounding the termination notably including the individual's performance and what is considered to be in the Company's best interests. The terms of service contracts do not provide for predetermined amounts of compensation in the event of early termination of employment. The Committee maintains full discretion as how to treat each such termination upon its merits when trying to mitigate the cost of termination but ultimately honouring contracted terms. Dealing with each specific element of remuneration for an Executive Director this would mean the following:

- Base salary, pension and other benefits (including legal fees and outplacement costs) – these will be paid for the notice period, subject to being mitigated if the Executive Director finds other suitable employment. This means that each element will continue to be paid on a monthly basis in arrears during the notice period either to the end of the notice period or if earlier to the point at which the Executive Director finds other suitable employment or a mutually agreed date within the notice period. Although not covered by the service contract, the Company will pay reasonable legal expenses and any recruitment outplacement costs to assist the Executive Director in their exit. The Committee will determine the reasonableness of such costs keeping in mind shareholders' best interests.
- Annual Bonus Plan – as a general rule, Executive Directors have no entitlement to a bonus payment in the event that they cease to be employed. However, they may be considered for a bonus payment in certain good leaver circumstances. In such cases the Committee will generally prorate an annual bonus to the date of termination and the payment of the annual bonus will usually be dependent upon the satisfaction of financial performance conditions and an assessment of the achievement of personal objectives up to the point of leaving the Company. The Committee reserves an absolute discretion in circumstances which it considers appropriate to enable

a full year's annual bonus to be paid in full to an Executive Director in accordance with the limits and rules of the Annual Bonus Plan applying to the Executive Director.

– Long Term Incentive Plan – awards granted under the Company's LTIP are generally treated as follows: if a participant ceases office or employment with the Group his/her award will lapse unless he/she is deemed to be a good leaver or dies in service. An individual is a good leaver if he/she ceases employment because of ill-health, injury, disability, the sale of the employing company or business out of the Group or for any other reason at the Committee's discretion, for example early retirement, but expressly not for where a participant is summarily dismissed. Except in the case of death (where awards vest following death, unless the Committee determines otherwise), awards will normally vest on the normal vesting date, unless the Committee determines that awards should vest at the time the individual ceases employment. The Committee, when determining the level of an award to vest, will take into account satisfaction of relevant performance conditions tied to the award and the period of time that has elapsed since the award was granted until the date of cessation of employment.
– Deferred Bonus Plan – awards under the DBP will vest on their normal vesting date (unless the Committee determines that awards should vest on the individual's cessation of employment) except in the case of: (1) death – when awards will vest following an individual's death; and (2) gross misconduct – when awards will lapse.

When negotiating the exit package of an Executive Director, the Committee will ultimately aim to mitigate the cost of any termination payment while also fairly treating the Executive Director, honouring the terms of a service contract and acting in the Company's best long-term interests. The Committee will, upon reaching an agreement with an Executive Director on the terms of termination, publish details both with an announcement and with details published in the subsequent Remuneration report and this will include an explanation of any use of discretion. Martin Green ceased to be a Director of the Company on 13 December 2022 and details of his exit package are set out on page 145 of this report.

Change of control

In the event of a change of control of the Company, LTIP and DBP awards will vest with the Committee taking into account, in the case of LTIP awards, the extent to which the relevant performance conditions have been satisfied and, unless the Committee determines otherwise, the period of time that has elapsed since grant. In the event of a winding-up of the Company, demerger, delisting, special dividend or other event that may affect the share price, the Committee may also allow awards to vest on the same basis.

Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors do not have service contracts but serve under letters of appointment. The initial period of their appointments is three years but their appointments may, by mutual consent and with the approval of the Nominations Committee and the Board, be extended for a further three years. Appointments may be extended beyond six years by mutual consent and with the approval of the Nominations Committee and the Board, if it is in the interest of the Company to do so. Under the letters of appointment, notice can be given by either party upon one month's written notice. Apart from the disclosure under the Policy table for the Chairman and Non-Executive Directors there are no further obligations which could give rise to a remuneration or loss of office payment under the letters of appointment. All the Non-Executive Directors and Chairman (as well as the Executive Directors) are subject to annual reappointment by the shareholders at the AGM.

Copies of the Executive Directors' service contracts, the Chairman's and each Non-Executive Director's letters of appointment are available on our website at www.videndum.com.

Consideration of shareholder views

The Committee has continued to take into account the views of its shareholders concerning the proposed 2023 Policy for the remuneration of Directors and embarked on a consultation process in the autumn of 2022. The Remuneration Committee has been reassured by the feedback received, albeit there have been differing views on certain policy matters and in particular on performance measures. The Remuneration Committee is acutely aware of the need to balance, on the one hand, the range of views from investors and the needs of the business as the Board assesses them.

The Company received over 99% support for the 2021 Annual Report on Remuneration at the 2022 AGM, indicating a strong level of support for the structure of Directors' remuneration. The 2020 AGM gave over 89% support for the Directors' Remuneration Policy report. If an against vote of 20% or more was received on a vote on Directors' remuneration the Committee would consider that a material level of dissatisfaction from shareholders and would look to engage with shareholders to determine the basis for that dissatisfaction.

The Committee would engage with shareholders ahead of any material change to the Policy for the Company relating to its Directors and in accordance with the UK Corporate Governance Code engages with shareholders should there be a material level of dissatisfaction from shareholders with Directors' remuneration. A material level of dissatisfaction from shareholders would be more than 20% of shareholders voting against, or abstaining on, a vote related to Directors' remuneration.

Caroline Thomson, Remuneration Committee Chair, remains available to discuss the Company's Remuneration Policy and implementation of it with shareholders.

This Annual Report on Remuneration, the Annual Statement and the proposed new Remuneration Policy will be put to votes at the AGM to be held on 11 May 2023.

Annual Report on Remuneration

Directors' single figure of total remuneration (audited)

The following table sets out the single figure of total remuneration for Directors for the financial years ended 31 December 2022 and 2021.

	Salary/ fees £	Benefits[1] £	Pension[2] £	Annual bonus[3] £	LTIP[4] £	Total £	Total fixed remuneration	Total variable remuneration
Stephen Bird								
2022	**488,868**	**31,292**	**97,774**	**307,987**	**635,988**	**1,561,909**	**617,934**	**943,975**
2021	474,629	30,053	94,926	566,588	0	1,166,196	599,608	566,588
Martin Green (left 13 December 2022)								
2022	**347,617**	**23,069**	**27,809**	**175,512**	**475,689**	**1,049,696**	**398,495**	**651,201**
2021	355,000	23,487	28,400	423,781	0	830,668	406,887	423,781
Andrea Rigamonti (Appointed 13 December 2022)[5]								
2022	**16,439**	**1,336**	**1,315**	**8,564**	**0**	**27,654**	**19,090**	**8,564**
2021	0	0	0	0	0	0	0	0
Ian McHoul								
2022	**175,000**	**0**	**0**	**0**	**0**	**175,000**	**175,000**	**0**
2021	170,000	0	0	0	0	170,000	170,000	0
Caroline Thomson								
2022	**67,750**	**0**	**0**	**0**	**0**	**67,750**	**67,750**	**0**
2021	66,250	0	0	0	0	66,250	66,250	0
Richard Tyson								
2022	**53,144**	**0**	**0**	**0**	**0**	**53,144**	**53,144**	**0**
2021	51,250	0	0	0	0	51,250	51,250	0
Erika Schraner (appointed 1 May 2022)								
2022	**39,007**	**0**	**0**	**0**	**0**	**39,007**	**39,007**	**0**
2021	0	0	0	0	0	0	0	0
Teté Soto (appointed 24 Nov 2022)								
2022	**5,395**	**0**	**0**	**0**	**0**	**5,395**	**5,395**	**0**
2021	0	0	0	0	0	0	0	0
Christopher Humphrey (until 14 December 2022)								
2022	**63,918**	**0**	**0**	**0**	**0**	**63,918**	**63,918**	**0**
2021	69,250	0	0	0	0	69,250	69,250	0
Duncan Penny (until 17 May 2022)								
2022	**19,981**	**0**	**0**	**0**	**0**	**19,981**	**19,981**	**0**
2021	51,250	0	0	0	0	51,250	51,250	0
Total								
2022	**1,277,119**	**55,697**	**126,898**	**492,063**	**1,111,677**	**3,063,454**	**1,459,714**	**1,603,740**
2021	1,237,629	53,540	123,326	990,369	0	2,404,864	1,414,495	990,369

Notes:
(1) Taxable benefits include car allowance, healthcare cover and income protection.
(2) Stephen Bird received a pension contribution of 20% of base salary which is taken in the form of a cash payment. Stephen Bird's pension contribution was reduced to 8% of salary with effect from 1 January 2023. Both Martin Green and Andrea Rigamonti receive a pension contribution of 8% of salary.

(3) For the 2022 Annual Bonus Plan, Stephen Bird's and Martin Green's bonus potential was 125% of base salary. 50% of the annual bonus is deferred into the Deferred Bonus Plan. Further details are set out in the "Further notes" section on the following page. Andrea Rigamonti's bonus figure reflects his appointment date of 13 December 2022 as a Director of the Company. His bonus structure for 2022 was not the same as that applying to Stephen Bird or Martin Green.

(4) Long-term incentives comprise LTIP awards. Awards made in 2019 failed to achieve their performance conditions based on EPS growth and TSR performance. The 2019 lapsed on its third anniversary of 8 March 2022. The 2020 LTIP award has a performance period running to 28 February 2023 and subject to satisfaction of performance conditions will vest on 21 September 2023. We have provided an estimated value for the 2020 LTIP award with indicative vesting levels based on performance conditions being assessed at 31 December 2022. This indicated a vesting level of 46.8% and the value shown in the table has used a closing mid-market share price of £10.78 based on 31 December 2022. The final vesting outcome and actual value delivered to participants will be shown in full in the 2023 Remuneration report. Full details of the 2020 LTIP award are set out on page 142.

(5) Andrea Rigamonti was appointed a Director on 13 December 2022 under a service contract of the same date. Remuneration disclosed reflects the term of the appointment as a Director in 2022.

(6) The Remuneration Committee has not used discretion in the award of Directors' remuneration in 2022.

Each Director has confirmed in writing to the Company that the information in the single figure remuneration table is correct and that they have not received from the Company any other items of remuneration other than disclosed.

Further notes to the Directors' single figure of total remuneration table (audited)

(1) Base salary

The table below shows base salaries paid for each Executive Director in 2022. The non bracketed figures for Martin Green and Andrea Rigamonti show the annual salary for 2022 in their respective roles as Directors. The bracketed figures show the pro rata amount for their tenure as Directors of the Company.

Executive Director	2022 salary
Stephen Bird	£488,868
Martin Green (Until 13 December 2022)	£365,650 (£347,617)
Andrea Rigamonti (From 13 December 2022)	£310,000 (£16,439)

(2) Benefits

The single figure of total remuneration table sets out the total value of benefits received by each Executive Director in 2022. Details are as follows:

Executive Director	Car allowance	Healthcare cover	Income protection	Other (Sharesave)	Total
Stephen Bird	£24,439	£2,053	£4,800	£0	£31,292
Martin Green (until 13 December 2022)	£17,369	£1,150	£4,550	£0	£23,069
Andrea Rigamonti (from 13 December 2022)	£972	£107	£257	£0	£1,336

(3) Pension allowance

The table below sets out the value of the cash payment in lieu of pension for each Executive Director in 2022.

Executive Director	Pension allowance
Stephen Bird (representing 20% of base salary)	£97,774
Martin Green (until 13 December 2022) (representing 8% of base salary)	£27,809
Andrea Rigamonti (from 13 December 2022) (representing 8% of base salary)	£1,315

Stephen Bird's pension contribution was agreed at a rate of 20% of base salary at the point he was recruited in April 2009. The Remuneration Committee has agreed with Stephen Bird that his pension contribution be reduced to 8% of base salary with effect from 1 January 2023. The level of 8% of base salary is in line with pension contributions to the wider UK employee workforce in the Group.

(4) Annual bonus

In 2022, each Executive Director was eligible to receive, subject to performance, a maximum bonus of up to 125% of base salary, half of which is deferred into the DBP.

The financial elements of the Annual Bonus Plan for each Executive Director were based upon actual financial results achieved for Group adjusted profit before tax* and Group conversion of adjusted operating profit* into adjusted operating cash flow* (over a half year and full year average target) measured against financial targets set by the Board. The Group adjusted

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profit before tax* financial element represented 50% of the maximum bonus that could be earned and the Group conversion of adjusted operating profit* into adjusted operating cash flow* represented 25% of the maximum bonus that could be earned (with one third-based on half year 2022 performance and two-thirds based on the full year 2022 performance).

Under the rules of the 2022 Annual Bonus Plan, each of the above financial performance metrics are assessed independently of one another so that should threshold not be achieved for one performance condition, that bonus could still be earned for the other financial performance condition.

The Remuneration Committee considered that these two financial performance conditions are key financial measures for the Group driving the right behaviour in terms of achieving adjusted operating profit* and adjusted operating cash flow* generation and had the most direct impact upon shareholder value for the year ended 31 December 2022. The financial targets were set by the Board and Remuneration Committee at the beginning of 2022.

The personal objective element of the 2022 Annual Bonus Plan for each Executive Director, representing 25% of the maximum bonus that could be earned, was based upon individual performance measured against stretching personal objectives set by the Board and Remuneration Committee, as set out in summary below.

Stephen Bird – 2022 personal objectives – 100% achieved

Objective	Assessment
Continue to build a world-class organisation including: develop succession around the Group Chief Executive; continue to develop and stretch divisional CEOs; and continue to develop the Group's HR function. **(20%)**	Development of the senior leadership team in 2022 included the promotion of Marco Vidali as Divisional CEO for Creative Solutions and Andrea Rigamonti as Group Chief Financial Officer. The Operations Executive was expanded to include other senior management to build the pipeline of talent and diversity. Succession around the Group Chief Executive progressed with the development of potential internal candidates.
Develop the Group's strategy including: develop growth strategy around Creative Solutions; develop strategy around Production Solutions and Media Solutions including audio business, acquisition opportunities, organisation structure and Capital Markets Day with clear articulation of strategy to stakeholders. **(65%)**	Developed options for the Group around Creative Solutions in conjunction with advisors and outlined to the Capital Markets Day in June 2022. Commenced restructuring initiatives to right size Creative Solutions for these options. Developed growth strategies for Media Solutions and Production Solutions including audio and automation.
ESG: Continue the development of a well-rounded Group ESG programme with publication of ESG and TCFD report in line with GRI standards; clear roadmap to carbon net zero by 2035; improvement in rating of ESG programme with ratings agencies; and ensure that the Group is seen by stakeholders as having strong ESG credentials. **(15%)**	Significant progress made on ESG with a Group-wide mobilised team focused on ESG initiatives. Published first standalone ESG and TCFD reports in April 2022 clearly setting out targets and progress to date. 2022 showed clear traction on environmental initiatives and pathway to net zero with notable successes including installation of solar panels at Bury St Edmunds and Cartago sites.

Martin Green – 2022 personal objectives – 52% achieved

Objective	Assessment
Build a world-class finance organisation: develop Deputy Group Finance Director and other senior finance managers; work with Divisional management on development of succession for senior finance roles; and develop high performance plans within the Head Office finance function. **(20%)**	Group-wide finance function performing strongly with several star-performers. Andrea Rigamonti's development has successfully led to his succession as Group Chief Financial Officer.
Execute on key initiatives to drive growth and momentum: focus on key growth drivers for 2022 including 4k execution, growth for JOBY, delivery of 2022 Beijing Olympics, development of audio business towards £100m revenue, integration of Savage, Audix and Lightstream, and grow Amimon and ART technology in other vertical markets. **(25%)**	4k execution largely achieved along with a successful Beijing Olympics. Audio growth achieved with successful integration of Audix. Amimon and ART technology growing into other vertical markets.
Deliver Group strategy including options to unlock value of Creative Solutions and strategy for the remaining group (Production Solutions and Media Solutions) and communicate to shareholders at a Capital Markets Day. **(45%)**	Growth strategy outlined at the June 2022 Capital Markets Day. Strategy and options around Creative Solutions developed in conjunction with advisors. Development of growth plans for Media Solutions including audio and Production Solutions including automation.
Corporate governance and auditing standards: evaluate changes in corporate governance in 2022 and regular updates to Audit and Board around audit and wider Board governance. **(10%)**	Update given to May 2022 Audit Committee in conjunction with external advisors on emerging corporate governance matters impacting Board and Audit Committees.

The personal objectives on page 140 are a summary and are underpinned by more detailed objectives which are considered to be commercially sensitive. The 2022 personal objectives were set by the Board and Remuneration Committee at the start of 2022. The Remuneration Committee at its meeting on 20 February 2023 assessed final performance.

The Committee strongly considered that a pay-out on the personal objectives element of the 2022 Annual Bonus Plan was fully merited given progress against each personal objective and the financial performance of the business. Notably, Stephen Bird's personal objectives assessment at 100% was given by the Committee due to his exceptional strong performance during 2022, leading the business to a record Group adjusted PBT despite strong headwinds and with the Group Finance Director being absent for several months during the year. Martin Green's personal objectives assessment is reflective of the objectives achieved during the period of the year he was not absent due to personal reasons.

2022 annual bonus outcome

The table below sets out the annual bonus awards made to Executive Directors in respect of the year ended 31 December 2022 including the financial trigger points used in determining whether a bonus was payable.

Name	Bonus potential	Elements of bonus potential	Threshold	Target	Maximum	Actual Group performance/ assessment of personal objective performance	Payout and % of maximum	Total
Stephen Bird	125% of annual salary	50% Group adjusted PBT*	£50.4m	£56.0m	£61.6m	£52.8m	£65,386	21.4%
		25% Group Conversion of adjusted operating profit* into adjusted operating cash flow*	H1: 49.5% FY: 76.5%	55.0% 85.0%	60.5% 93.5%	H1: 90.4% FY: 83.0%	£89,829	58.8%
		25% personal objectives				100%	£152,771	
		Payout due to Executive Director at each level	£152,771	£305,543	£611,085			
						Total	**£307,987**	**50.4%**
Martin Green	125% of annual salary	50% Group adjusted PBT	£50.4m	£56.0m	£61.6m	£52.8m	£48,906	21.4%
		25% Group Conversion of adjusted operating profit* into adjusted operating cash flow*	H1: 49.5% FY: 76.5%	55.0% 85.0%	60.5% 93.5%	H1: 90.4% FY: 83.0%	£67,188	58.8%
		25% personal objectives				52%	£59,418	
		Payout due to Executive Director at each level	£114,266	£228,531	£457,063			
						Total	**£175,512**	**38.4%**

A straight-line sliding scale operates between each of the above trigger points for both financial targets. The Board and Remuneration Committee considered and approved the above financial metric trigger points at its meeting in February 2022 and at that point in time considered that they were appropriate and sufficiently stretching for 2022. However, it became evident as 2022 progressed that the Group adjusted PBT performance metric became increasingly challenging as the year progressed due to several headwinds entirely beyond the control of Executive management including the Ukrainian conflict, continuation of stringent lockdown measures in China, significant rise in inflation, continuation of component shortages, suppressed consumer demand due to recessionary factors, and lower business confidence.

Despite these significant and unforeseen headwinds, the Group delivered a record adjusted PBT of £54.0 million for 2022. The calculation of the financial results for 2022 Annual Bonus Plan uses budgeted FX rates. As a consequence, this resulted in a payout at the rate of 21.4% for the Group adjusted PBT element of the 2022 Annual Bonus Plan.

The cash conversion measure, using the same budgeted FX rates, has been met at 100% of the maximum of the half year and 38.2% of the maximum of the full year, and personal objectives were achieved at the rate of 100% for Stephen Bird and 52% for Martin Green. Accordingly, the Committee has determined that a bonus of £307,987 and £175,512 is deemed appropriate for the Group Chief Executive and former Group Finance Director respectively.

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Half of the 2022 annual bonus (after tax) will be deferred into the DBP. The 2022 deferred bonus will be used to purchase award shares to be held in trust for a three-year period. No matching award shares can be earned under the DBP. After three years, the award shares are released from the trust to the Executive Directors.

Since Andrea Rigamonti was appointed on 13 December 2022 as an Executive Director, we have not included the details of his Annual Bonus Plan structure since the majority of the year was before the date of his appointment. The structure and financial targets of Andrea Rigamonti's Bonus Plan was the same as that disclosed for Stephen Bird above, but the potential quantum was lower. Based on the same financial outcome as disclosed above and assessment of Andrea Rigamonti's personal objectives for 2022, Andrea Rigamonti was awarded a pro rata bonus for the period he served as an Executive Director of the Company of £8,564.

(5) Long-term incentives – Long Term Incentive Plan ("LTIP") and Deferred Bonus Plan ("DBP")

The long-term incentive awards value shown in the single figure of total remuneration table relate to the following awards:

Awards made in 2020 and vesting in respect of performance to 28 February 2023

In 2020, due to the impact of COVID-19 upon the business, the award of LTIPs to Executive Directors and senior management was delayed. This was due to difficulties in setting appropriate performance conditions tied to awards given the impact of the pandemic upon the business and its financial performance. Given this challenge, the Committee consulted with its major shareholders to consider how to structure LTIP awards for 2020 with the objective to drive management in the recovery of the business following the impact of COVID-19.

On the basis of this feedback, the 2020 LTIP awards were granted on 21 September 2020 and will only vest if very stretching absolute targets around share price are met and if Videndum's relative TSR is also in the top half of the FTSE 250 constituents (excluding financial services companies and investment trusts).

For the awards to vest in full, Videndum's share price must be £18 or higher on 28 February 2023 and Videndum's relative TSR must be at least in the upper quartile of the FTSE 250. Given the stretching nature of the targets and the exceptional circumstances the Remuneration Committee made awards to the Executive Directors of 200% of salary which is the maximum permitted under the Directors' Remuneration Policy.

The Remuneration Committee believes the structure of the 2020 LTIP aligns our Executive Directors and PDMRs with the achievement of a strong recovery over the performance period. The structure will help reward for significant growth in shareholder value and will drive management towards that goal. It is only the 2020 LTIP award that has this unique structure.

The Remuneration Committee has discretion to reduce vesting if it feels appropriate to do so.

The following provides details of the 2020 LTIP awards made on 21 September 2020 to the Executive Directors including performance conditions.

(1) Absolute share price target

- The first performance condition is based on the achievement of absolute share price targets by 28 February 2023, whereby 25% of the total award will vest should Videndum's absolute share price reach £9.00 and full vesting of the total award be achieved if Videndum's absolute share price reaches £18. Vesting between these prices will operate on a straight-line basis in accordance with the Directors' Remuneration Policy and in line with the table below.
- No shares will vest if the absolute share price does not reach £9.00.
- The share price at the start and end of the performance period will be averaged over three months.

Videndum absolute share price	% of total award to vest
£9.00	25%
£10.00	33.33%
£11.00	41.67%
£12.00	50%
£13.00	58.33%
£14.00	66.67%
£15.00	75.00%
£16.00	83.33%
£17.00	91.67%
£18.00	100%

(2) Relative TSR target

- The second performance condition is that the award will also be subject to a relative TSR condition, with vesting at points shown below (which remain unchanged from arrangements for existing LTIP awards and in line with existing policy). For the award to vest in full, Videndum will need to have met the absolute share price target and be in the upper quartile of the FTSE 250 Index (excluding financial services companies and investments trusts).
  The relative TSR ranking will effectively work as a downward modifier and none of the shares will vest if Videndum's performance is below the median at the end of the performance period. This performance condition will be measured from 1 July 2020 through to 28 February 2023 with the same averaging of share price over three months.
- A straight-line sliding scale will operate at points between this and vesting will not occur below the median.

Videndum's TSR ranking compared to FTSE 250 constituents (excluding financial services companies and investment trusts)	% of total award to vest
Below median	0%
Median	25%
Upper quartile	100%

ROCE

- The Remuneration Committee will also continue to use a ROCE underpin to ensure the underlying financial performance of the business as part of the vesting outcome. The Committee will also retain a discretion to scale back the vesting of an award should it result in an unfair outcome for shareholders.

Dividends that would have been paid on shares vesting under the LTIP during the performance period are reinvested in additional shares for each of the above awards. The two-year holding period post-vesting will apply in the normal way.

There is no retesting of any performance condition under any of the above awards.

TSR is calculated on the basis of growth in the Company's share price over the performance period from 1 July 2020 through to 28 February 2023 plus dividends paid during that period and is expressed as a percentage of average compound annual growth. Share price performance is averaged over three months at the start and end of a performance period to eliminate volatility that may result in anomalous outcomes. The TSR performance is independently verified by FIT Remuneration Consultants on behalf of the Committee to determine the outcome.

Based on the closing mid-market share price on 31 December 2022 of £10.78 and including dividends over the performance period totalling 54.5 pence per ordinary share, an indicative vesting level for the 2020 LTIP award of 46.8% is achieved and is shown in the remuneration table on page 151. It is noted that the Company's ROCE for the year ended 31 December 2022 was 18.8% (2021: 18%, 2020: 4.2%). The end of the performance period runs to 28 February 2023 and the actual vesting achievement and value delivered to the Executive Directors will be disclosed in the 2023 Remuneration report. Subject to satisfaction of performance conditions, the awards will vest on 21 September 2023.

LTIP awards made in 2021 and vesting in respect of performance to 31 December 2023

For awards made in 2021, 33% of an award is subject to TSR with the Company's TSR performance ranked against the constituents of the FTSE 250 Index (excluding financial services companies and investment trusts) over a three-year performance period. Threshold performance for the TSR performance condition will be at the median point of the comparator group and will result in 25% of an award vesting. Full vesting for the TSR element will be at the upper quartile point of the comparator group. A straight-line sliding scale will operate between each of the above points. Below threshold performance none of the award will vest.

67% of the award is subject to adjusted EPS growth over a three-year performance period ending 31 December 2023. The threshold for adjusted basic Earnings Per Share* vesting was set at 60 pence per share and full vesting for adjusted basic Earnings Per Share* was set at 100 pence per share with a straight-line progression between each point. Below threshold performance, none of the adjusted basic Earnings Per Share element will vest.

Vesting will be underpinned by Remuneration Committee discretion that will take into account, in particular, ROCE performance over the performance period for the EPS element of the award.

LTIP award made in 2022 and vesting in respect of performance to 31 December 2024

The following table provides details of the awards made under the LTIP on 11 March 2022 to Stephen Bird, Martin Green and Andrea Rigamonti. The Remuneration Committee reverted to an award to Executive Directors at a level representing 125% of salary. Andrea Rigamonti's award was at a lower multiple reflecting that he was not a Director of the Company at that time. The Remuneration Committee set challenging performance conditions as set out below.

Performance for the 2022 Award is to be measured over the three financial years from 1 January 2022 to 31 December 2024. Awards are split in performance conditions so that 33% is based on the Company's TSR performance and 67% is based on EPS performance. Vesting of the 2022 LTIP award will be as follows:

For the TSR element, the Company's TSR performance will be compared against the constituents of the FTSE 250 Index (excluding financial services companies and investment trusts) over the three-year performance period.

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Threshold performance for the TSR element will be at the median point of the comparator group and will result in 25% of an award vesting. Full vesting of the TSR element will be at the upper quartile of the comparator group. A straight-line sliding scale will operate between each of the above points. Below threshold performance, none of the TSR element will vest. 67% of the award will be subject to adjusted basic EPS* growth over the same three-year period. Threshold for adjusted basic Earnings Per Share* vesting was set at 100 pence per share and full vesting for adjusted basic Earnings Per Share* was set at 130 pence per share with a straight-line progression between each point. Below threshold performance, none of the adjusted basic Earnings Per Share element will vest.

Vesting of the 2022 award will be underpinned by Remuneration Committee discretion that will take into account, in particular, ROCE performance over the three-year performance period for the EPS element of the award.

Dividends that would have been paid on shares vesting under the LTIP during the performance period are reinvested in additional shares for each of the awards on the previous page.

There is no retesting of any performance condition under any of the above awards.

TSR is calculated on the basis of growth in the Company's share price over a three-year performance period plus dividends paid during that period and expressed as a percentage of average compound annual growth. Share price performance is averaged over three months at the start and end of the performance period to eliminate volatility that may result in an anomalous outcome. The TSR performance is independently verified by FIT Remuneration Consultants on behalf of the Committee and is ranked against the comparator group companies' TSR performance to determine the outcome.

LTIP awards granted to Executive Directors in 2022:

Director	Type of award	Award date	Number of shares awarded	Face value(1)	Face value (% of salary)	Threshold vesting (% of face value)	Maximum vesting (% of face value)	End of performance period
Stephen Bird	Performance shares	11 March 2022	55,722	£611,085	125%	25%	100%	31 December 2024
Martin Green (until 13 December 2022)	Performance shares	11 March 2022	41,677	£457,063	125%	25%	100%	31 December 2024
Andrea Rigamonti (appointed 13 December 2022)	Performance shares	11 March 2022	13,299	N/A	N/A	25%	100%	31 December 2024

(1) The face value has been calculated using the three-day average share price from 7 to 9 March 2022 prior to the award being made on 11 March 2022. This was £10.97.

Awards made in 2019 and vesting in respect of performance to 31 December 2021

These relate to awards made in 2019 under the LTIP. The performance conditions for these awards are the same as those made in 2021 split 33% based on TSR and 67% based on EPS growth, both over a three-year performance period. The adjusted basic Earnings Per Share* growth targets were 6% growth per annum (Compound Average Annual Growth Rate) for 25% of that element of an award to vest and 14% or more growth per annum for full vesting, respectively. The Remuneration Committee also considered the underlying financial performance of the Company, notably the Company's ROCE performance before it confirmed vesting.

As disclosed in the 2021 Annual Report on Remuneration, neither the TSR performance condition or EPS performance condition achieved threshold performance and so the 2019 award did not vest and lapsed in full on 8 March 2022.

Deferred Bonus Plan 2022 awards

The following table provides details of the awards made under the DBP on 4 April 2022 in respect of the 2021 annual bonus. There are no performance conditions or matching shares associated with these awards. The shares are held in an Employee Benefit Trust on behalf of the Directors. The deferral represents 50% of the after tax bonus paid for the 2021 annual bonus. Normally Executive Directors are required to defer 50% of any after tax annual bonus into the DBP. The 2022 DBP award will be released on the third anniversary of the award – 4 April 2025.

Director	Type of award	Number of shares awarded	Face value(1) (£)	End of holding period
Stephen Bird	Shares awarded using deferred Annual Cash Bonus	11,115	£150,145	100% of award on 4 April 2025
Martin Green(2)		8,313	£112,301	100% of award on 4 April 2025

(1) Face value has been calculated using the Company's share price at the date of the award of £13.51.
(2) Martin Green ceased to be a Director on 13 December 2022. His 2022 DBP award will remain in the Employee Benefit Trust and only vest at the end of the deferral period on 4 April 2025. Andrea Rigamonti was not required to defer any bonus in respect of 2021, but will be required to defer 50% of any after tax annual bonus into the DBP from his appointment as Group Chief Financial Officer with effect from 13 December 2022.

Payments to past Directors for loss of office (audited)

On 13 December 2022, Martin Green ceased to be Group Finance Director of the Company. As part of his negotiated settlement agreement the following payments were agreed:

Salary and benefits – Martin Green will receive his salary and benefits during the 12 months' notice period expiring on 13 December 2023. Martin will go on garden leave from 31 March 2023 and if he obtains an alternative remunerated position during the notice period then the monthly instalments will be reduced in mitigation. The Company will maintain his car allowance, healthcare insurance and income protection during the 12 months' notice period.

Pension – Martin Green will continue to receive during the 12 months' notice period a pension contribution at the rate of 8% of salary. If he obtains an alternative remunerated position during the notice period then the monthly pension contribution will cease.

Annual bonus – Martin Green will remain eligible for a bonus in respect of the 2022 financial year, subject to satisfaction of performance conditions. Any bonus payable in respect of the 2022 financial year will likely be paid in March 2023 following publication of the Company's financial results for the year ending 31 December 2022. 50% of the after-tax bonus payment will be subject to deferral into an award under the DBP. Details of the 2022 bonus payment to Martin Green are set out on pages 139 and 140.

Martin Green will remain eligible for a bonus in respect of the 2023 financial year, prorated for time to reflect the portion of the year during which he remains actively working and not on garden leave and subject to satisfaction of performance conditions. Any bonus payable in respect of the 2023 financial year will likely be paid in March 2024 following publication of the Company's financial results for the year ending 31 December 2023. Payment of any bonus in relation to the 2023 financial year (during which Martin Green will not be a Director of the Company) is not strictly subject to the Company's shareholder-approved Remuneration Policy or to any relevant disclosure requirements but has been included for completeness.

Long Term Incentive Plan – Martin Green's outstanding LTIP awards will, subject to satisfaction of the applicable performance targets (and in respect of the 2021 and 2022 LTIP awards be subject to prorating for time), vest on their normal vesting dates as detailed in the table below and shall be subject to an additional holding period in accordance with the Company's shareholder-approved Remuneration Policy. The treatment of the 2021 and 2022 LTIP awards, is in accordance with the Company's shareholder-approved Remuneration Policy.

Year of award	Grant date	Normal vesting date	Number of shares granted	Pro-rated number of shares
2020	21 September 2020	21 September 2023	94,289	94,289
2021	3 March 2021	3 March 2024	72,008	66,681
2022	11 March 2022	11 March 2025	41, 677	24,397

Deferred Bonus Plan – Martin Green's outstanding DBP awards (and any 2023 DBP award, as described in the Annual Bonus section above) will vest on their normal vesting dates as detailed in the table below and shall be subject to an additional holding period in accordance with the Company's shareholder-approved Remuneration Policy. The Company's Remuneration Committee has exercised its discretion to permit this outcome in relation to the 2021, 2022 and 2023 awards, which is as contemplated by the Company's shareholder-approved Remuneration Policy.

Year of award	Grant date	Normal vesting date	Number of shares granted
2020	1 April 2020	1 April 2023	3,701
2021	13 May 2021	13 May 2024	1,897
2022	4 April 2022	4 April 2025	8,313
Expected 2023	Expected April 2023	Expected April 2026	Dependent on 2022 bonus outcome

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Outplacement and legal fees – Martin Green will be entitled to receive a contribution of up to £30,000 (excluding VAT) towards outplacement support and a contribution of up to £13,000 (excluding VAT) towards legal fees incurred in connection with his departure.

Sharesave – Martin Green's options held under the Sharesave Plan will become exercisable on 1 November 2023: Option over 2,282 Videndum Ordinary Shares at an option price of £5.52 per share.

Apart from the above payments, there were no other payments to past Directors of the Company for loss of office in 2022.

It is noted that Martin Green will continue to hold shares in the Company in adherence with the post-employment shareholding requirement set out on page 132.

Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors were paid the following fees in 2022:

Role	2022 annual fee	Comment
Chairman	£175,000	Fee increased to £175,000 with effect from 1 January 2022 reflecting a 3% increase given to the wider UK workforce in 2022 and also the first increase given to the Chairman since his appointment in May 2019
Non-Executive Director	£52,750	Base fee increased to £52,750 with effect from 1 January 2022 from £51,250 reflecting a 3% increase given to the wider UK workforce
Chair of Audit Committee	£10,000	Fee was last increased on 1 January 2014
Chair of Remuneration Committee	£10,000	Fee was increased on 1 January 2019
Senior Independent Director	£8,000	Fee was increased on 1 January 2019
Employee Engagement Non-Executive Director	£5,000	Fee introduced with effect from 1 January 2019 to reflect new role under 2018 UK Corporate Governance Code

The above fees are reviewed annually by the Board with the support of FIT Remuneration Consultants providing market data to ensure that fees remain appropriate given the size of the Company, time commitment and the need to attract the right experience for the role. The Chairman and Non-Executive Directors do not receive any other benefits from the Company.

Directors' shareholding requirements and share interests (audited)

The Board has determined that Executive Directors of the Company are required to build up, over a reasonable period of time, a substantial shareholding in the Company. This shareholding requirement is to represent at least two times base salary. Stephen Bird satisfied this requirement throughout 2022 with his holding representing 458% as at 31 December 2022. Martin Green up until his departure with effect from 13 December 2022 also satisfied this requirement with his holding representing 245% of salary. Andrea Rigamonti's current shareholding represents 8% of salary given his recent appointment on 13 December 2022 and he will work towards this shareholding requirement over the next few years. Other members of the Operations Executive are encouraged to do the same up to a level of 50% of base salary.

The Chairman and Non-Executive Directors of the Company have no such requirement and have discretion as to whether to hold shares in the Company or not. The tables on page 147 set out the interests in the ordinary shares of the Company held by each Director (or connected persons) of the Company during the year ended 31 December 2022.

Under the 2018 UK Corporate Governance Code there is a requirement for the Company to develop a post-employment shareholding policy, encompassing vested and unvested shares. The detail of this post-employment shareholding policy is as follows and applies from the 2020 AGM:

Upon the departure of an Executive Director, the post-employment shareholding policy will operate as follows:

- Shares held in the Employee Benefit Trust under the DBP will continue to be held in trust and will be released to the former Executive Director in accordance with their normal vesting dates. The former Executive Director will be expected to hold any vested DBP shares at least until the second anniversary of their departure date.
- Shares that have vested to an Executive Director under the LTIP and are subject to the two-year post vesting holding period will continue to be required to be held by the former Executive Director until the expiry of the two-year post vesting holding period.
- In the event that an Executive Director is treated as a "good leaver" under the LTIP, then any outstanding LTIP awards that have not vested will be prorated to the date of leaving and remain subject to satisfaction of performance conditions.

Subject to those conditions being achieved at the normal vesting date, shares will typically be released at the earlier of the expiry of the normal two-year post vesting holding period and the second anniversary of their departure date.
- Shares purchased by an Executive Director using their own personal funds shall not be subject to this post-employment shareholding policy.
- Martin Green, who ceased to be a Director of the Company on 13 December 2022, will comply with the above post-employment shareholding policy.

Executive Directors' shareholdings as at 31 December 2022 (audited)

Executive Director	Share ownership requirement (% of salary)	Number of shares owned outright (including connected persons)	Number of shares beneficially owned (DBP award shares)	Number of shares unvested and subject to performance (LTIP shares)	Number of shares under option (Sharesave)	Number of shares under Restricted Share Plan (RSP)	Ownership requirements met (based on shares owned outright and DBP award shares)
Stephen Bird	200%	188,315	19,328	278,058	2,282	0	458%
Andrea Rigamonti (appointed 13 December 2022)	200%	2,389	0	13,299	984	8,622	8%
Martin Green (until 13 December 2022)	200%	69,023	13,911	185,367	2,282	0	245%

Chairman and Non-Executive Directors' shareholdings as at 31 December 2022 (audited)

Director	1 January 2022 or date of appointment if later	31 December 2022
Ian McHoul (Chairman)	20,000	20,000
Erika Schraner (appointed 1 May 2022)	0	3,805
Teté Soto (appointed 24 November 2022)	231	231
Caroline Thomson	8,407	8,407
Richard Tyson	2,654	2,654

- The closing mid-market share price on 31 December 2022 was £10.78 and the calculation of the percentage shareholding requirement achieved for the Executive Directors is based on this closing mid-market share price.
- The shares shown in the beneficial holdings table above were acquired by the Directors using their own funds and not through any share incentive scheme (or similar) with the exception of the disclosures below.
- Stephen Bird's share interests include 19,328 shares (at 31 December 2022) purchased in the market using deferred Annual Cash Bonus and held by the Employee Benefit Trust; the trust used to hold shares in respect of awards made under the DBP. These shares will vest out of the DBP in 2023, 2024 and 2025, respectively. Neither these shares nor any of the other shares held by Stephen Bird have any performance conditions attached to them. During the year ended 31 December 2022 Stephen Bird had the following share dealings:
  - On 4 April 2022 exercised and retained award shares under the DBP for 2019 over 8,715 ordinary shares and 341 dividend shares.
  - On 4 April 2022 acquired 11,115 ordinary shares through the DBP that are held in the Employee Benefit Trust.
  - 2,000 shares of Stephen Bird's holding are held by his spouse.
- Andrea Rigamonti's share interests were held upon his appointment as a Director of the Company on 13 December 2022.
- Martin Green's share interests include 13,911 shares (as at 31 December 2022) purchased in the market using deferred annual cash bonus and held by the Employee Benefit Trust. The trust is used to hold shares in respect of awards made under the DBP. These shares will vest in 2023, 2024 and 2025 respectively. Neither these shares nor any of the other shares held by Martin Green have any performance conditions attached to them. During the year ended 31 December 2022 and up to his resignation date of 13 December 2022, Martin Green had the following share dealings:
  - 4 April 2022 exercised and retained award shares under the DBP for 2019 over 5,141 ordinary shares and 201 dividend shares.
  - 4 April 2022 acquired 8,313 ordinary shares through the DBP that are held in the Employee Benefit Trust.
- Teté Soto's share interests were held upon her appointment as a Director of the Company on 24 November 2022.
- Erika Schraner purchased 3,805 ordinary shares in the Company on 26 August 2022 at a price of £14.534 per ordinary share.
- There has been no change to the Directors' shareholdings described in the table above in the period from 31 December 2022 to 27 February 2023, the date of signing of this report.

Annual Report on Remuneration continued

Sharesave

The Group operates an all-employee savings-related share option scheme in the UK ("Sharesave") and a similar international plan in respect of overseas employees in certain countries (US, Italy, Costa Rica, Japan, France, Singapore, Israel, Australia, New Zealand and Germany). The Scheme and Plan are open to all the Group's employees in those countries, including the Executive Directors, and approximately 1,500 of the Group's employees participate in this valuable benefit. As at 31 December 2022 Stephen Bird and Andrea Rigamonti participate in the UK Scheme and the details are shown below.

Director	Date of grant	At 1 January 2022 (shares)	Options exercised during the year	Options lapsed during the year	Options granted during the year	At 31 December 2022 (shares)	Exercise price (pence)	Market price at date of grant (pence)	Date from which exercisable	Expiry date
Stephen Bird	24 September 2020	2,282	0	0	0	2,282	552	690(1)	1 November 2023	30 April 2024
Andrea Rigamonti (appointed 13 December 2022)	27 September 2021	984	0	0	0	984	1280	1600(2)	1 November 2024	30 April 2025

(1) The market price for the grant of shares under option was calculated on the basis of the three-day average of the closing mid-market share price from 26 August 2020 to 28 August 2020 inclusive. A 20% discount was applied to this price under this HMRC approved Sharesave Plan.
(2) The market price for the grant of shares under option was calculated on the basis of the three-day average of the closing mid-market share price from 25 August 2021 to 27 August 2021 inclusive. A 20% discount was applied to this price under this HMRC approved Sharesave Plan.
(3) There is no performance condition attached to the exercise of the Sharesave Plan which is an all-employee plan.

Long Term Incentive Plan

Each year the Executive Directors are made a conditional award of shares in the Company. Awards to Executive Directors for 2019 represented 125% of salary. For 2020 and 2021, and to encourage the Executive Directors to recover the business as quickly as possible from the impact of the COVID-19, it was agreed that LTIP awards for the Executive Directors would represent 200% of salary. LTIP awards are subject to satisfaction of performance conditions over a three-year performance period as summarised above. The LTIP awards for 2022 reverted to a pre-pandemic level representing 125% of salary. LTIP awards for 2023 will be made in the 42-day period following the announcement of the 2022 financial results on 28 February 2023. The following table sets out the outstanding awards under the LTIP as at 31 December 2022 for the Executive Directors.

Director	Date of award	Awards at 1 January 2022	Awards exercised during the year	Associated dividend shares with the exercised award	Awards lapsed during the year	Awards made during the year	At 31 December 2022	Market price on which award made (pence)	Market price at exercise date (pence)	Face value of award	Percentage of interest that vests if threshold performance achieved	End of performance period
Stephen Bird	8 March 2019(1)	48,355	–	–	48,355	–	–	1197	–	125% of salary	25%	31 December 2021
	21 Sept 2020 (2)	126,023	–	–	–	–	126,063	753	–	200% of annual salary	25%	28 February 2023
	3 March 2021	96,273	–	–	–	–	96,273	986	–	200% of annual salary	25%	31 December 2023
	11 March 2022	–	–	–	–	55,722	55,722	1097	-	125% of salary	25%	31 December 2024
Total		**270,651**	**–**	**–**	**48,355**	**55,722**	**278,058**					
Andrea Rigamonti (appointed) 13 December 2022)	11 March 2022	–	–	–	–	13,299	13,299	1097	-	N/A	25%	31 December 2024
Total		**–**	**–**	**–**	**–**	**13,299**	**13,299**					

(1) The LTIP award made on 8 March 2019 did not achieve any of its performance conditions based on TSR and EPS growth for the Company. As a consequence 0% of the award vested and the award lapsed in full on 8 March 2022. Details are shown in the remuneration table for the year ended 31 December 2022 on page 144.
(2) The LTIP award made on 21 September 2020 has a performance period running to 28 February 2023 and therefore its vesting level will not be known until that date which is after the date of this report. An indicative vesting level as at 31 December 2022 is 46.8% and is shown in the remuneration table on page 151 for the year ended 31 December 2022. A final outcome and value for this award will be shown in the 2023 Annual Report.

Deferred Bonus Plan

Each year, Executive Directors are required to defer a proportion of their annual bonus into the DBP representing 50% of any after tax bonus. For any bonus earned in respect of 2022, bonus deferral will be 50%. The following table sets out the outstanding awards under the DBP as at 31 December 2022 for the Executive Directors.

Director	Date of award	Awards at 1 January 2022 (shares)	Awards exercised during the year	Associated dividend shares with the exercised awards	Awards lapsed during the year	Awards made during the year	At 31 December 2022	Market price on which award made (pence)	Market price at exercise date (pence)	Face value of award	Percentage of interest that vests if threshold performance achieved	End of performance period
Stephen Bird	3 April 2019[1]	8,715	8,715	341	–	–	–	1149	1360	50% of annual bonus	Not applicable	Shares held in Employee Trust to 3rd anniversary of award date
	1 April 2020[2]	5,676	–	–	–	–	5,676	581	–	50% of annual salary	Not applicable	Shares held in Employee Trust to vest on 3rd anniversary of the award
	13 May 2021[3]	2,537	–	–	–	–	2,537	1394	–	50% of annual bonus	Not applicable	Shares held in Employee Trust to 3rd anniversary of award date
	4 April 2022[4]	–	–	–	–	11,115	11,115	1351	–	50% of annual bonus	Not applicable	Shares held in Employee Trust to 3rd anniversary of award date
Total		**16,928**	**8,715**	**341**	**–**	**11,115**	**19,328**					

(1) The DBP award made on 3 April 2019 vested on its third anniversary of 3 April 2022. The award plus associated dividend shares were paid out to participants on 4 April 2022.
(2) The DBP award made to Stephen Bird on 1 April 2020 will vest on the third anniversary of the award on 1 April 2023.
(3) The DBP award made on 13 April 2021 covered 50% of the bonus earned in respect of the financial year ended 31 December 2020. The award will vest on its third anniversary in April 2024.
(4) The DBP award made on 4 April 2022 to Stephen Bird covered 50% of the bonus earned in respect of the financial year ended 31 December 2021. The award will vest on its third anniversary on 4 April 2025.
(5) Andrea Rigamonti who was appointed a Director on 13 December 2022 currently holds no interests in the DBP. He will participate in the DBP at the rate of 50% of after tax annual bonus for 2022 to be paid in March 2023 and at the same rate in future years.

Restricted Share Plan ("RSP")

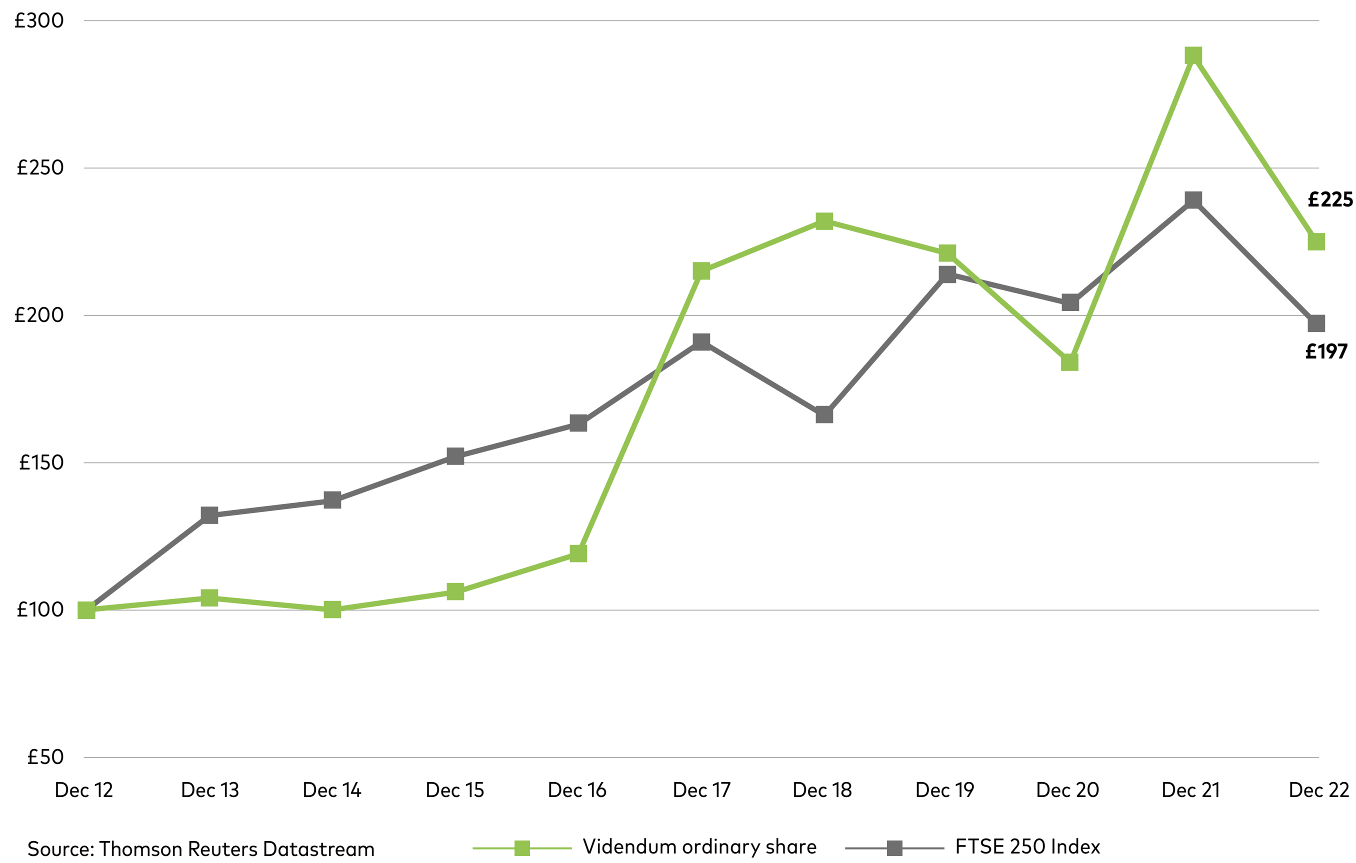
Before being appointed a Director on 13 December 2022, Andrea Rigamonti had been given a RSP award of shares in the Company that vest on the basis of remaining in employment with Videndum at a fixed date. The RSP award was put in place when he joined Videndum in October 2021 as part of the measures to compensate for other share incentives held with a previous employer. The details of the RSP award are set out in the table below. Dividend award shares will also be given on the vesting ordinary shares based on dividends paid during the period of the award. No individual will be given an RSP award once they become a Director of the Company.

Andrea Rigamonti - Award Date	Vesting date	Number of ordinary shares	Performance condition	Share price for award
16 November 2021	1 March 2024	8,622	Remaining employed at vesting date with Videndum	£14.65

Annual Report on Remuneration continued

Ten-year performance graph of the Company's ordinary shares compared to comparator group

The Company is required to include a line graph showing the Company's ordinary share performance compared to an appropriate index over a ten-year performance period ending 31 December 2022. The graph below illustrates the Company's annual TSR (share price growth plus dividends that have been declared, paid and reinvested in the Company's shares) relative to the FTSE 250 for the preceding ten-year period ending 31 December 2022, assuming an initial investment of £100. This index has been chosen since it is the comparator group (excluding financial services companies and investment trusts) for one of the performance conditions tied to awards under the LTIP. The Committee notes that the FTSE 250 Index is a recognised broad market equity index, relatively complex and international in nature and is comparable to the Company's business operations where approximately 90% of revenues are generated outside the UK. TSR data is taken from Datastream.



Performance table setting out the total remuneration of the Group Chief Executive

The following table sets out the single figure of total remuneration paid and the amount vesting under short-term and long-term incentives (as a percentage of the maximum that could have been achieved) to the Group Chief Executive for each of the ten years ended 31 December 2022.

Year (ended 31 December)	Group Chief Executive	CEO single figure of total remuneration	Annual bonus payout against maximum opportunity % (including actual amount paid)	Long-term incentive vesting rates against maximum opportunity %
2022	Stephen Bird	£1,561,909	50.4%	46.8%[(1)]
			£307,987	
2021	Stephen Bird	£1,166,196	95.5%	0%
			(£566,588)	
2020	Stephen Bird	£701,744	22.5%	0%
			(£133,489)	
2019	Stephen Bird	£1,151,858	21.5%	72.06%
			(£124,445)	
2018	Stephen Bird	£2,280,723	66.9%	100%
			(£377,925)	
2017	Stephen Bird	£1,596,214	88.4%	67.5%
			(£486,771)	
2016	Stephen Bird	£962,299	77.9%	0%
			(£418,450)	
2015	Stephen Bird	£636,374	20%	0%
			(£104,876)	
2014	Stephen Bird	£745,388	44.25%	0%
			(£226,378)	
2013	Stephen Bird	£1,057,407	71%	28.55%
			(£355,616)	

(1) The vesting level for the Long Term Incentive of 46.8% is indicative of the vesting level for the LTIP award made on 21 September 2020. This award performance period runs to 28 February 2023 but an indicative vesting level is shown above reflecting performance to 31 December 2022 and the closing mid-market share price of £10.78 on that date. The actual vesting achievement and value delivered to Stephen Bird will be disclosed in the 2023 Remuneration report.

Annual Report on Remuneration continued

Percentage change in remuneration of the Directors and employees

The table below shows the year-on-year percentage change in salary, benefits and annual bonus earned between the year ended 31 December 2022 and the years ended 31 December 2021 and 31 December 2020 for the Directors, compared to the average of earnings of the parent Company employees. The Remuneration Committee has selected this comparator group on the basis that each of the Directors is UK based and this provides a local market reference, is a sizeable population and a fair representation of the Group's employee base.

	2019/20 Annual salary	2019/20 Taxable benefits	2019/20 Annual bonus	2020/21 Annual salary	2020/21 Taxable benefits	2020/21 Annual bonus	2021/22 Annual salary	2021/22 Taxable benefits	2021/22 Annual bonus
Stephen Bird, Group Chief Executive	2.5%	2.5%	-7%	0%	0%	324%	3%	3%	-45%
Martin Green, Group Finance Director (until 13 December 2022)	2.5%	2.5%	-23%	0%	0%	324%	3%	3%	-59%
Andrea Rigamonti, Group Chief Financial Officer (from 13 December 2022)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ian McHoul, Chairman	0%	n/a	n/a	0%	n/a	n/a	3%	n/a	n/a
Caroline Thomson, Non-Executive Director	2.5%	n/a	n/a	0%	n/a	n/a	3%	n/a	n/a
Richard Tyson, Non-Executive Director	2.5%	n/a	n/a	0%	n/a	n/a	3%	n/a	n/a
Erika Schraner, Non-Executive Director (appointed 1 May 2022)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Teté Soto (appointed 24 November 2022)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Parent Company employees	2.5%	2.5%	-36%	2.2%	2.2%	292%	3%	3%	-42%

Group Chief Executive's pay ratio disclosure

In accordance with Option C as set out in the Companies (Miscellaneous Reporting) Regulations 2018, the following table sets out Stephen Bird's (Group Chief Executive) total remuneration for the year ended 31 December 2022 compared with all UK employees of the Group at the 25th percentile, 50th percentile and 75th percentile. The data has been compiled from available data as at 31 December 2022 for all UK-based employees and no element of remuneration has been excluded from the calculation. This table will build up over a ten-year period. We have chosen Option C as it reflects all our UK workforce and is more complete in showing the Group Chief Executive's remuneration compared to the entire UK workforce. It uses bonus information for 2021 and was paid in March 2022 as bonus information for 2022 is not calculated until March 2023 for many UK employees. It is therefore not possible to use 2022 bonus data since the 2022 Annual Report was approved on 27 February 2023. The same principle applies for prior years disclosed. The Company believes the median ratio is consistent with the Company's wider policies on employee pay, reward and progression. We seek to pay all employees including the Chief Executive fairly for the roles they perform and taking into account a range of factors including the relevant role, their performance and internal and external measures including pay rates and pay gaps.

Year	Method	25th percentile	50th percentile	75th percentile
2019	Option C	82:1	57:1	35:1
		£27,833	£40,002	£64,086
2020	Option C	44:1	31:1	19:1
		£25,866	£36,965	£61,245
2021	Option C	28:1	19:1	12:1
		£26,361	£37,726	£58,866
2022	Option C	52:1	37:1	22:1
		£29,804	£42,020	£69,610

The actual salaries paid for each UK employee at the respective quartiles for 2022 were: 25th percentile – £26,935; 50th percentile – £38,000; and 75th percentile – £57,741. The change in the pay ratios from 2019 to 2022 has been greatly impacted by COVID-19. In 2020, the Company implemented short-time working and other measures such as salary waivers in response to the pandemic. In 2021, Executive Directors did not receive any pay increase in contrast to the wider UK employee population and long-term incentives for the Executive Directors did not vest due to performance conditions not being achieved. As the Company has recovered from the impact of the pandemic in 2022 and that the Group had delivered a record profit in 2022 leading to a higher proportion of variable remuneration being delivered to the Group Chief Executive, the pay ratio gap has widened as annual bonuses and long-term incentives become payable. We consider that the use of Option C and the percentiles shown for UK employees are reasonably representative.

Annual Report on Remuneration continued

Relative importance of spend on pay

The following table sets out for the year ended 31 December 2022 compared to the year ended 31 December 2021 the actual expenditure of the Company in terms of remuneration paid to or receivable by all employees of the Group and distributions to shareholders by way of dividends. There have been no other significant distributions and payments required to be disclosed that would assist in understanding the relative importance of spend on pay.

	Year ended 31 December 2022	Year ended 31 December 2021	% change
Total remuneration paid to all Videndum employees	£114.4m	£101.0m	13.2%
Total dividends paid to shareholders	£18.0m	£7.1m	253.5%

Statement of implementation of Remuneration Policy in the year ending 31 December 2023

This section provides an overview of how the Committee is proposing to implement the Remuneration Policy in 2023.

(1) Base salary
The table below sets out the 2023 base salary for each Executive Director, together with the percentage increase from 2022. Salary increases in 2023 are to be implemented with effect from 1 April 2023 and the figure in brackets shows the base salary for the period from 1 January 2023 to 31 March 2023.

Executive Director	2023 salary	Increase
Stephen Bird	£513,310 (£488,868)	5%
Andrea Rigamonti	£310,000	See note below

The Committee decided that in line with normal practice, a 5% increase for Stephen Bird's salary was merited for 2023 and with effect from 1 April 2023. This was based on several factors including: (i) that the wider employee population across the Group received a 5% increase for 2023; (ii) the continuing recovery of the business from the impact of COVID-19; (iii) in recognition of the skills, experience and high performance of the individual and their importance to the Group; (iv) the need to provide a remuneration package to the Executive Directors that is competitive and retains and incentivises the individuals; and (v) in recognition of a period of sustained high inflation in the wider labour market.

Andrea Rigamonti's salary of £310,000 was determined at the time of his appointment as a Director and Group Chief Financial Officer on 13 December 2022. This salary took into account market data for compatible roles with other FTSE 250 companies and with the input of the Committee's remuneration consultants. Andrea Rigamonti's salary will next be reviewed on 1 January 2024.

(2) Benefits
Benefits, including car allowance, private healthcare and income protection will be paid at the same rate as in 2022.

(3) Pension allowance
Pension allowances paid to Executive Directors are set out in the table below. Stephen Bird's allowance reduced to 8% of his base salary with effect from 1 January 2023 (reduced from 20%) and is now aligned with the wider UK workforce. All Executive Directors therefore receive a pension contribution of 8% of base salary which is in line with pension contributions provided to the wider UK employee workforce. Stephen Bird's pension contribution in the table below reflects that his salary from 1 January 2023 to 31 March 2023 was £488,868 and from 1 April 2023 to 31 December 2023 is £513,310.

Executive Director	Pension allowance
Stephen Bird (8% of salary)	£40,576
Andrea Rigamonti (8% of salary)	£24,800

(4) Annual bonus
The maximum opportunity remains unchanged at 125% of base salary. Half of any net after tax annual bonus earned for the year ended 31 December 2023 will be deferred into the DBP for a period of three years and held in the form of shares in the Company. There will be no matching award that can be earned on this deferred bonus. The table below provides information on the performance measures against which performance for the 2023 Annual Bonus Plan will be measured.

Core measures for 2023 Annual Bonus Plan	Weighting (% of overall opportunity)
Adjusted Group profit before tax*	50%
Group percentage of adjusted operating profit* converted to operating cash flow*	25%
Role-specific personal objectives set by the Board and Remuneration Committee for the Executive Director	25%

The performance measures selected reflect the strategic and operational objectives of the Group. The Profit and Cash Conversion measures are independently assessed. The Group percentage of operating profit converted to operating cash metric for 2023 will be measured against targets set for H1 2023 performance and full year 2023 performance, with one-third for half year and two-thirds for the full year. The Committee considers that the specific targets and personal objectives for 2023 are commercially sensitive and therefore has not disclosed them. The Committee will disclose these targets and objectives once a bonus has been paid and subject to the Committee considering that they are no longer commercially sensitive.

(5) Long Term Incentive Plan
Stephen Bird and Andrea Rigamonti will each receive an award of shares under the LTIP. These awards will be made in the 42-day period following the announcement of the full year results for the year ended 31 December 2022 that will be announced on 28 February 2023. The performance conditions for the 2023 LTIP awards will be as follows: 67% of the award will be subject to adjusted basic EPS* growth over a three-year performance period. The Remuneration Committee will determine the precise adjusted EPS targets for threshold and maximum vesting in the 42-day period following the announcement of the full year results for the year ended 31 December 2022, to be announced on 28 February 2023. The remaining 33% of the award will be subject to TSR with the Company's TSR performance ranked against the constituents of the FTSE 250 Index (excluding financial services companies and investment trusts) over a three-year performance period. Threshold performance for the TSR element will be at the medium point of the comparator group and will result in 25% of an award vesting. Full vesting of the TSR element will be at the upper quartile of the comparator group. A straight-line sliding scale will operate between each of the above points. Below threshold, none of the TSR element will vest. Vesting will be underpinned by Committee discretion that will take into account, in particular, ROCE performance over the performance period for the EPS element of the award. Once the LTIP award is made, details will be announced to the market, including the specific performance conditions. Any awards vesting under the LTIP 2023, after deduction of taxes, will be subject to a further two-year holding period, thereby more closely aligning the participants' interests with the long-term interests of shareholders. The Group Chief Executive's 2023 LTIP award will be increased from 125% to 150% of salary. This increase is proposed for several reasons including: (i) Stephen Bird is a proven and high-performing CEO and has served in the role of CEO at Videndum since April 2009. His leadership is essential in delivering our ambitious strategy; (ii) The increase in LTIP grant level for the Group Chief Executive will be accompanied by more stretching EPS targets, that are aligned with our medium-term goals; (iii) The Committee has never been over-reliant on benchmarking and market data has not been a driver of the proposed increase in incentive opportunity. The market data which shows that the median LTIP grant level for a CEO of a UK-listed company of Videndum's size is equal to the proposed grant level of 150% of salary and that change will increase the Group Chief Executive's total maximum pay to be in line with the market median for equivalent roles. Given Stephen Bird's service and performance we think this is both fair and reasonable. For the Group Chief Financial Officer the 2023 LTIP award on grant will represent 125% of salary.

Annual Report on Remuneration continued

(6) Chairman and Non-Executive Directors' remuneration
The fee structure for the Chairman and Non-Executive Directors for 2023 is set out in the following table. It has been agreed that fees for 2023 will be increased with effect from 1 April 2023 (with the fee in brackets the fee payable from 1 January 2023 to 31 March 2023).

Role	2023 fee	2022 fee
Chairman	£184,000 (£175,000)(1)	£175,000
Non-Executive Directors' base fee	£55,400 (£52,750)(2)	£52,750
Chair of Audit Committee	£10,000(3)	£10,000
Chair of Remuneration Committee	£10,000(3)	£10,000
Senior Independent Director	£8,000(3)	£8,000
Employee Engagement Non-Executive Director	£5,000(4)	£5,000

(1) Ian McHoul became Chairman on 21 May 2019 when the Chairman's fee was £170,000 per annum. The fee was increased to £175,000 from 1 January 2022 and will increase on 1 April 2023 to £184,000 per annum. This increase in 2022 and 2023 reflects a similar level given to the wider employee workforce of 3% and 5% respectively in 2022 and 2023, is in line with market data provided by FIT Remuneration Consultants for the role and reflects the time commitment for the role.
(2) Following a review of Non-Executive Directors' fees with the support of FIT Remuneration Consultants, it was concluded that a 5% increase to the base fee would be applied for 2023 with effect from 1 April 2023. This aligned the Non-Executive Directors increase with the Executive Directors and wider employee workforce, also took into account market data provided by FIT Remuneration Consultants for the role and reflects the time commitment for the role.
(3) The Chair of the Remuneration Committee and Senior Independent Director were last increased to their current level in 2019 to take account of the nature of each role, the time commitment, performance of the respective individuals, market rates for the complexity of the roles and the calibre of individuals. The Audit Committee Chair's fee upon review was considered to be in line with market rates and appropriate for the demands of the role and complexity of the Company.
(4) In 2019, the Company appointed Caroline Thomson as the Non-Executive Director with responsibility for employee engagement in accordance with the 2018 UK Corporate Governance Code. Given the responsibility of this role and additional work associated with it, the Board approved that a fee of £5,000 per annum be payable to Caroline Thomson for that role. This fee will be paid to any other successor Non-Executive Director in future years. A full description of the activity involved with this role is given on pages 98 of the Annual Report.

The Board has agreed that fees will typically be reviewed annually to ensure that they remain appropriate.

Malus and clawback

Under the rules of the Annual Bonus Plan, LTIP and DBP, awards are subject to a malus rule whereby the Remuneration Committee has the power to reduce, cancel or impose further conditions upon a bonus or award in circumstances that the Committee determines such action is appropriate, including circumstances where a material misstatement of the Company's audited financial results has occurred, or serious reputational damage to the Company has occurred as a result of a participant having breached the Company's Code of Conduct, a miscalculation or an assessment of any performance conditions that was based on incorrect information, or the occurrence of an insolvency or administration event. In addition, under the above plans, a clawback provision exists where in the same circumstances as for malus, any future award that is paid out can be clawed back from a participant for a period of up to three years from it vesting or being paid out.

Voting at Annual General Meeting

At the Company's last AGM held on 17 May 2022, shareholders were asked to vote for an advisory vote on the Directors' Annual Remuneration report for the year ended 31 December 2021. The resolution was approved by shareholders on a poll at the 2022 AGM and the table below sets out the proxy votes voted for, against and withheld for the resolution.

Resolution	For proxy votes and % of votes cast	Against proxy votes and % of votes cast	Withheld proxy votes
Advisory vote on the Annual Report on Remuneration for the year ended 31 December 2021	38,653,371	79,663	0
	99.79%	0.21%	

The Remuneration Policy was voted on by shareholders at the Company's AGM held on 27 May 2020. The details of that vote are set out below.

Resolution	For proxy votes and % of votes cast	Against proxy votes and % of votes cast	Withheld proxy votes
Remuneration Policy – to cover Directors' remuneration for the period from the 2020 AGM through to the 2023 AGM	30,806,064	3,888,644	1,641,632
	88.79%	11.21%	

As at the date of the Company's AGM on 17 May 2022 the Company had 46,387,062 ordinary shares in issue including 133,600 shares held in treasury. The Remuneration Committee, in line with guidance, considers that an against vote of 20% or more of the votes cast is deemed to be significant in connection with a resolution on Directors' remuneration. In the event that a significant level of concern is raised at future AGMs, both the Chairman of the Board and the Chair of the Remuneration Committee will contact the Company's major shareholders following an AGM to understand the precise detail of the concern being raised. Subject to that, the Committee and the Board as a whole will consider how best to address the concern being raised. This may involve a revision to the Company's Policy on Directors' remuneration at a subsequent AGM or some other change which can be implemented without further shareholder consultation. The Committee and the Board are committed to an open and transparent dialogue with shareholders on material matters of concern.

Annual Report on Remuneration continued

The Remuneration Committee

The Remuneration Committee comprised the following members during 2022: Caroline Thomson – Chairman, Christopher Humphrey (until 14 December 2022), Richard Tyson, Erika Schraner (from 1 May 2022), Teté Soto (from 24 November 2022) and Duncan Penny (until 17 May 2022). As announced on 14 December 2022, Anna Vikström Persson will join the Remuneration Committee as a member upon her appointment as a Director on 1 May 2023.

All of the Committee members are independent Non-Executive Directors.

The Committee, on behalf of the Board, determines the Policy, base salaries, annual cash bonus arrangements, participation in incentive schemes, pension arrangements and all other benefits received by the Executive Directors including any exit packages.

The Committee also oversees the framework of remuneration for the Operations Executive, including terms of service, pay structure, annual cash bonus, pensions, share incentive arrangements and all other benefits and also has regard to wider employee remuneration within the Group.

The Committee invites individuals to attend meetings, as it deems necessary, to assist with consideration of remuneration matters. During 2022 the following individuals attended meetings of the Committee: Ian McHoul (Board Chairman), Stephen Bird (Group Chief Executive), Martin Green (former Group Finance Director), Andrea Rigamonti (Group Chief Financial Officer) and Jon Bolton (Group Company Secretary and HR Director). Representatives of the Committee's remuneration advisor, FIT Remuneration Consultants, also attended meetings in 2022.

The Executive Directors or members of the Operations Executive are not present when their own remuneration is being considered.

The remuneration of the Chairman and the Non-Executive Directors is determined by the Board as a whole, with the Chairman or the relevant Non-Executive Director abstaining when his or her remuneration is considered.

For further information regarding governance for the Remuneration Committee see pages 92 and 122 to 127 of this Annual Report.

External advisors

The Committee appointed FIT Remuneration Consultants as its external remuneration advisor in 2019. Their appointment involved the Committee Chairman reviewing several potential advisors including written proposals and interviews. Following this process, the Remuneration Committee selected FIT Remuneration Consultants. FIT Remuneration Consultants charge for their time given in providing a service to the Company and during 2022 the level of fees paid to remuneration advisors totalled £44,759 (2021: £30,825) and was charged on a time basis. This fee covered advice relating to disclosures in the 2021 Directors' Remuneration report, measurement of performance conditions associated with long-term incentive arrangements, preparation around a new Remuneration Policy including consultation with major shareholders and general remuneration advice including recruitment and exit packages. FIT Remuneration Consultants do not provide any other services to the Company. FIT Remuneration Consultants are a member of the Remuneration Consultants Group and operates under that Group's voluntary code of practice for remuneration consultants in the UK. The Committee is satisfied that the advice it received from FIT Remuneration Consultants during 2022 was objective and independent. The Company or any of its individual Directors has no other connection with FIT Remuneration Consultants other than as acting as the Committee's external remuneration advisor. The Committee also received advice and administrative support during 2022 from the Group Company Secretary and HR Director, Jon Bolton.

This Annual Remuneration report has been approved by the Remuneration Committee and signed on its behalf by:

Caroline Thomson
Remuneration Committee Chair
27 February 2023

* This report provides alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group uses these APMs to aid the comparability of information between reporting periods and Divisions, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in the Glossary on pages 224 to 228.

Directors' report

Directors

The Directors who held office at 31 December 2022 and up to the date of this report are set out on pages 86 and 87 along with their biographies and photographs.

Erika Schraner joined the Board as an independent Non-Executive Director on 1 May 2022 and became a member of the Audit, Remuneration and Nominations Committees. Erika succeeded Christopher Humphrey as the Chair of the Audit Committee from 12 August 2022. Christopher Humphrey stood down from the Board and as Senior Independent Director of Videndum on 14 December 2022, having been with the Company for nine years.

With effect from 14 December 2022, Richard Tyson was appointed Senior Independent Director.

Duncan Penny stood down from the Board as an independent Non-Executive Director at the close of the AGM on 17 May 2022.

Teté Soto was appointed as an independent Non-Executive Director with effect from 24 November 2022 and became a member of the Audit, Nominations and Remuneration Committees.

Martin Green resigned as Group Finance Director with effect from 13 December 2022. Andrea Rigamonti was appointed to the Board as the Group Chief Financial Officer with effect from 13 December 2022.

It was further announced on 14 December 2022 that Anna Vikström Persson would join the Board as an independent Non-Executive Director with effect from 1 May 2023. Anna will become a member of the Audit, Remuneration and Nominations Committees and after a period of induction and handover, will succeed Caroline Thomson as Chair of the Remuneration Committee during 2024.

All Directors of the Company will stand for re-appointment as Directors at the Company's AGM to be held on 11 May 2023 and further details can be found in the AGM Notice.

The remuneration of the Directors including their respective shareholdings in the Company is set out in the Remuneration report on pages 122 to 158.

Directors' and Officers' liability insurance and indemnification of Directors

The Company maintains Directors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Directors. The Company has also granted indemnities to each of its Directors to the extent permitted by law. Qualifying third-party indemnity provisions (as defined in Section 324 of the Companies Act 2006) have been adopted for each Director and indemnify in relation to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors of the Company.

Company name change

The Company changed its name on 23 May 2022 to "Videndum plc" after approval given by shareholders at the Company's AGM on 17 May 2022.

Shareholder rights

The Company's shareholders have a series of rights in connection with the governance of the Company. These are contained in statute, principally the Companies Act 2006, regulations such as the UKLA's Listing Rules and in the Company's Articles of Association. A shareholder, or shareholders acting together, can use procedures set out in the Companies Act 2006, to requisition a general meeting of the Company. The Directors are required to call such a general meeting once the Company has received requests to do so from shareholders representing at least 5% of the paid-up capital of the Company as carries the right of voting at general meetings of the Company (excluding any paid-up capital held as treasury shares).

Under the Companies Act 2006, either (i) a member or members representing at least 5% of the total voting rights of all the members having a right to vote on the resolution at the AGM (excluding voting rights attached to any treasury shares); or (ii) at least 100 members with the right to vote on the resolution at the AGM and each holding, on average, at least £100 of paid-up share capital, may require the Company to give members of the Company entitled to receive notice of the next AGM, notice of a resolution which may properly be moved at that meeting. Such a resolution may be properly moved unless it is defamatory, frivolous or vexatious or if it would be ineffective for any reason.

Such a request may be in hard copy or electronic form and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it and must be received by the Company not less than six weeks before the meeting. A request for a matter to be included in the business of the meeting must also be accompanied by a statement setting out the grounds for the request.

Shareholders have an express right to vote annually on the Directors' Remuneration report and at least every three years they have the right to vote on the policy governing Directors' remuneration. Under the Company's Articles of Association, shareholders have the right to vote on the re-election of all Directors of the Company annually at the AGM.

It is also confirmed that under the Company's governance arrangements, including the Articles of Association, there are no anti-takeover devices or provisions to prevent a takeover of the ownership of the Company through the normal ways permitted under UK law and regulation. There are no limitations on share ownership and the issuance of new capital, subject to shareholder approval, would be to address funding needs and is not a tool for an anti-takeover measure.

Directors' report continued

Share capital

Authority for the Company to purchase its own shares was given by shareholders at the 2022 AGM, however the Company did not make any such purchases during 2022. The Company has only ordinary shares of 20 pence nominal value in issue and does not have any shares held in treasury. Note 4.3 to the consolidated financial statements on page 204 summarises the rights of the ordinary shares as well as the number issued during 2022. An analysis of shareholdings is shown on page 230. The closing mid-market price of a share of the Company on 31 December 2022, together with the range during the year, is also shown on page 230. For details of own shares held by the Company see note 4.3 to the consolidated financial statements.

Dividends

The Board has recommended a final dividend of 25.0 pence per share amounting to £11.6 million (2021: 24.0 pence per share, amounting to £11.1 million). On 28 October 2022, the Company paid an interim dividend of 15.0 pence per share amounting to £6.9 million. The final dividend, subject to shareholder approval at the 2023 AGM, will be paid on Friday, 19 May 2023 to shareholders on the register at the close of business on Friday, 21 April 2023. This will bring the total dividend for the year to 40.0 pence per share. A dividend reinvestment alternative is available with details available from our registrars, Equiniti Limited.

Substantial shareholdings

The Company had been advised under the Disclosure Guidance and Transparency Rules, or had ascertained from its own analysis, that the following held notifiable interests in the voting rights in the Company's issued share capital:

Shareholder	Number of voting rights	% of voting rights
Alantra Asset Management	9,139,733	19.62%
Aberforth Partners	3,227,934	6.93%
Schroder Investment Management	2,809,045	6.03%
Brown Capital Management	2,165,030	4.65%
Franklin Templeton Investments	1,880,910	4.04%
Royal London Asset Management	1,736,582	3.73%
Gidema SPA	1,700,645	3.65%
Chelverton Asset Management	1,477,181	3.17%
Invesco	1,427,366	3.06%

There had been no substantial changes in shareholdings since 31 December 2022 and the date of this report.

Committees of the Board

The Board has established Audit, Nominations and Remuneration Committees. Details of these Committees, including membership, governance and their activities during 2022, are contained in the Governance section of this Annual Report and in the Remuneration report.

Companies Act 2006 disclosures

In accordance with Section 992 of the Companies Act 2006 the Directors disclose the following information:

- The Company's capital structure and voting rights are summarised in note 4.3, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights.
- The Company holds no ordinary shares in treasury.
- There exist no securities carrying special rights with regard to the control of the Company.
- Details of the substantial shareholders holding over 3% of the issued share capital and their shareholdings in the Company are listed above.
- Shares awarded under the Company's DBP are held in a nominee capacity by the Employee Benefit Trust ("EBT"). The Trustees of the EBT do not seek to exercise voting rights on shares held in the EBT. No voting rights are exercised in relation to shares unallocated to individual beneficiaries.
- The rules concerning the appointment and replacement of Directors, amendment to the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006.
- There exist no agreements to which the Company is party that may affect its control following a takeover bid.
- There exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur because of a takeover bid.

Articles of Association

The Company's Articles of Association set out the rights of shareholders including voting rights, distribution rights, attendance at general meetings, powers of Directors, proceedings of Directors as well as borrowing limits and other governance controls. A copy of the Articles of Association can be requested from the Group Company Secretary.

At the 2023 AGM, the Directors propose a special resolution to change the Company's Articles of Association and to bring them into line with market best practice. Details of the proposed changes are summarised in the 2023 AGM Notice of Meeting and a copy of the proposed new Articles of Association can be requested from the Group Company Secretary.

Conflicts of interest

During the year no Director held any beneficial interest in any contract significant to the Company's business, other than a contract of employment. The Company has procedures set out in the Articles of Association for managing conflicts of interest. Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they are required to notify the Board as soon as reasonably practicable.

Political donations

Further to shareholder approval at the 2022 AGM empowering the Directors to make political donations, it is confirmed that no such donations were made in the year ended 31 December 2022. The Company's policy is not to make political donations. The 2025 AGM will be asked to renew this existing authority that expires in May 2025.

Reporting requirements

The following sets out the location of additional information which forms part of the Directors' report:

Reporting requirement	Comprising	Location
Strategic report	– An indication of the Group's likely future business developments. – An indication of the Group's research and development activities. – Information on the Group's policies for the employment of disabled persons and employee involvement. – The Group's disclosures regarding greenhouse gas emissions.	Pages 02 to 81
Non-financial information statement	– Environmental matters, employees, social matters, respect for human rights, anti-corruption and anti-bribery matters. – Business model. – Policies. – Principal risks. – Non-financial KPIs.	Page 81
Statement on corporate governance	– Review of the Board's governance arrangements during the year. – Review of the Board's Committee's arrangements during the year.	Pages 84 and 90 to 92
Financial instruments	– Financial risk management objectives and policies of the Group. – The exposure of the Group to foreign currency risk, interest rate risk, and liquidity risk.	Financial risk management objectives and policies of the Group
Responsible business	– Explanation of our approach to business ethics, employees, community and the environment.	The exposure of the Group to foreign currency risk, interest rate risk, and liquidity risk
Employee engagement statement	– Explanation of how the Directors have engaged with employees and taken them into account when making principal decisions.	Employee engagement section on pages 98. Stakeholder engagement on pages 12 and 13.
Statement regarding fostering relationships with suppliers, customers and others	– Explanation of how the Directors have fostered the Company's business relationships with suppliers, customers, employees and others, and taken each group into account when making principal decisions.	Section 172 statement on page 96

Going concern

The Directors have made appropriate enquiries and consider that the Group has adequate resources to continue in operational existence for the foreseeable future, which comprises the period of at least 12 months from the date of approval of the financial statements, being 27 February 2023. There are no material uncertainties that would prevent the Directors from being unable to make this statement. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law),

Directors' report continued

including FRS 101 "Reduced Disclosure Framework". Under company law the 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 company and of the profit or loss of the company for that period. Under company law, the 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 Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- For the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU.
- For the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration report and Corporate Governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In addition, each of the Directors considers that the Annual Report, taken as a whole, is fair, balanced and understandable and that it provides all the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Post Balance Sheet events

There were no events between the balance sheet date and the date of this report that require disclosing.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information (as defined in Section 418(2) of the Companies Act 2006) of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting (AGM)

The 2023 AGM will be held at 11.00am on Thursday, 11 May 2023 at 41 Portland Place, London W1B 1QH. Should it be necessary to rearrange the venue and timing for the AGM, we will communicate this to shareholders by way of a stock exchange announcement.

The Company will be making use of the electronic voting facility provided by its registrars, Equiniti Limited. The facility includes CREST voting for members holding their shares in uncertificated form. For further information, please refer to the section on online services and electronic voting set out in the notes to the Notice of Meeting.

The notice of the AGM and an explanation of the resolutions to be put to the meeting are set out in the Notice of Meeting accompanying this Annual Report. The Board fully supports all the resolutions set out in the Notice and encourages shareholders to vote in favour of each of them as they intend to in respect of their own shareholdings.

Auditor

Deloitte LLP will continue in office as auditor to undertake the 2023 year-end audit and separate resolutions will be proposed at the AGM to be held on 11 May 2023 concerning their reappointment and to authorise the Board to agree their remuneration. As outlined on page 114, the Company will be undertaking an external audit tender process in the first half of 2023 to secure a new auditor for the 2024 financial year end.

By order of the Board

Jon Bolton
Group Company Secretary and HR Director
27 February 2023

Independent auditor's report to the members of Videndum plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Videndum plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Parent Company balance sheets;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated statement of cash flows;
- the related Group notes 1 to 5 and Parent Company notes a to q

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in note 2.1 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matter	The key audit matters that we identified in the current year were: – Valuation of inventory obsolescence provision – Deferred tax Within this report, key audit matters are identified as follows: (!) Newly identified (↑) Increased level of risk (→) Similar level of risk (↓) Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £2.6 million (2021: £2.3 million) which was determined on the basis of 5% of adjusted profit before tax.
Scoping	We focused our scope on the three trading divisions: Media Solutions, Production Solutions and Creative Solutions. These were subject either to full scope audits, audit of specified account balances or specified audit procedures which account for 80% of Group revenue and 75% of net assets.
Significant changes in our approach	We have identified deferred tax as a key audit matter in the current year as a result of the significant judgement involved.

Independent auditor's report to the members of Videndum plc continued

4. Conclusions relating to going concern

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.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the risk associated with going concern considering the Group's business model, operations and financing, as well as indicators of possible management bias;
- Evaluating the mathematical integrity of and the relevance and reliability of the underlying data used in management's assessment;
- Challenging management's method to assess going concern, specifically by comparing changes in assumptions from prior year to changes in principal risks, checking the consistency of forecasts and assumptions with each other and those used in other areas, obtaining supporting evidence for management's assumptions including the rate of revenue recovery and operating leverage, and evaluating contradictory evidence including historical forecasting inaccuracy and market research;
- Challenging the reasonableness and robustness of management base case forecasts by performing independent sensitivity analysis;
- Assessing management's plans for future actions and considered additional facts or information available subsequent to management's assessment; and
- Assessing the adequacy and appropriateness of disclosures.

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 Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has 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.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 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.

5.1. Valuation of inventory obsolescence provision

Key audit matter description	At 31 December 2022, the gross inventory balance was £130.5 million (2021: £106.8 million), against which there was £23.2 million (2021: £18.3 million) provision. Significant management judgement is involved in determining the adequacy of the inventory obsolescence provision across a wide range of products, within different geographical regions, set against a backdrop of ever-changing technology in the image capture and sharing market. Given the high level of management judgement involved, particularly in respect of forecast future usage, we deemed this a potential fraud risk for our audit. Management has highlighted inventory provisioning as a key accounting estimate in note 1. The Audit Committee report on pages 116–121 also refers to inventory provisioning as one of the significant issues and judgements. Further information is included in note 3.3 to the financial statements.
How the scope of our audit responded to the key audit matter	In order to address this key audit matter, we have completed audit procedures including: – Obtaining an understanding of the controls relating to inventory provisioning; – Evaluating the appropriateness of the methodology used to calculate the inventory provision; – Challenging the reasonableness of management's judgements and the assumptions used, specifically by assessing the provision percentages in relation to sales demand with comparison to prior years; – Assessing the integrity of the underlying calculation by checking the accuracy of the ageing of discontinued and slow-moving inventory items; – Assessing the level of inventory write-offs in the year compared to the overall inventory provision at 31 December 2021; and – Assessing the exposure of inventory relating to slow-moving ranges but for which no provision is included, together with testing the appropriateness of a sample of manual adjustments.
Key observations	Based on the audit procedures performed we are satisfied the overall inventory provision is appropriate.

5.2. Deferred Tax

Key audit matter description	At 31 December 2022, the deferred tax asset (net after deferred tax liabilities) has increased to £43.7 million (2021: £28.8 million). The Group recognises deferred tax assets relating to carried forward losses and similar attributes in accordance with IAS 12 Income Taxes. Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilised. Deferred tax assets are assessed for realisability as of each reporting date. As a result of various factors, including a number of acquisitions, management forecast an increase in the future taxable profits arising in the US. Based on the facts and circumstances and forecasts at the Balance Sheet date, management concluded that a significant additional amount of US tax losses will be utilised and have recognised deferred tax assets in this respect. Given the high level of management judgement involved, we deemed this a higher risk and a key audit matter. Given the magnitude of the change, management is including narrative disclosures in the financial statements so that users can understand the change in judgement. Further information is included in note 2.4 to the financial statements.
How the scope of our audit responded to the key audit matter	In order to address this key audit matter, we have completed audit procedures including: – With the involvement of our tax specialists, we considered whether the sources of forecast taxable income were of the appropriate character to utilise the related deferred tax assets. – Evaluating the forecasts of future taxable profit and considered whether they are consistent with evidence obtained in other areas of the audit. – Assessing the positive and negative evidence to assess whether it is probable that the affected entities will be able to use all available deferred tax assets. – Assessing the historical accuracy of forecasts by comparing the current period actual trading performance against the Board approved forecasts. – Evaluating the disclosures made in the financial statements.
Key observations	Based on the audit procedures performed we are satisfied the overall deferred tax asset balance is appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£2.6 million (2021: £2.3 million)	£2.5 million (2021: £2.1 million)
Basis for determining materiality	The materiality that we used for the Group financial statements was £2.6 million which was determined on the basis of 5% of adjusted profit before tax. In the prior year a blended benchmark using revenue and net assets was used given the impact of COVID-19 on the results of the business.	Parent company materiality equates to 1% of net assets, which is capped at 95% of Group materiality, this is consistent with the prior year.
Rationale for the benchmark applied	The basis on which we have determined materiality reflects the metrics that are most relevant for the users of the financial statements. Earnings based metrics tend to be of more interest to the analyst and investor-based communities. Adjusted profit before tax is a suitable measurement for profit orientated entities. Materiality of £2.6 million represents 0.6% of revenue (2021: 0.6%) and 1.2% of net assets (2021: 1.3%).	Net assets benchmark has been used as this is a non-trading holding company and we consider this to be the most appropriate basis.

Independent auditor's report to the members of Videndum plc continued

Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	70 % (2021: 70%) of Group materiality	70% (2021: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: – the overall quality of the control environment; – the low turnover of management and key accounting personnel; and – the low number of corrected and uncorrected misstatements identified in previous audits.	

6.2. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.13 million (2021: £0.11 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

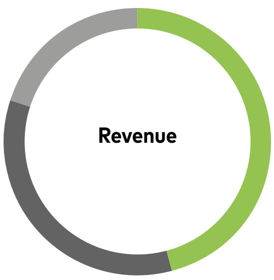
7. An overview of the scope of our audit

7.1. Identification and scoping of components

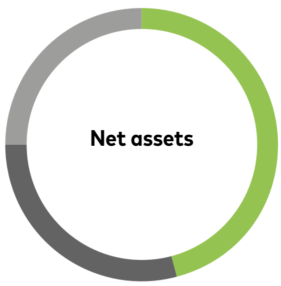
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

Based on that assessment we focused our scope on the three trading divisions: Media Solutions, Production Solutions and Creative Solutions. These were subject to either full scope audits, audit of specified account balances, and analytical reviews which account for 80% (2021: 94%) of Group revenue and 75% (2021: 86%) of net assets. These audit procedures were performed to materiality levels applicable to each entity, which was lower than the Group materiality level and ranged from £0.7 million to £2.5 million (2021: £0.9 million to £2.1 million).

At the parent entity level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full audit.



- Full audit scope 46%
- Audit of specified account balances 34%
- Review at Group level 20%



- Full audit scope 46%
- Audit of specified account balances 29%
- Review at Group level 25%

7.2. Our consideration of the control environment

The Group operates a range of IT systems which underpin the financial reporting processes. This can vary by geography and/or reporting entity. For certain components subject to full scope audits, we identified relevant IT systems for the purpose of our audit work. Our approach was principally designed to inform our risk assessment and, as such, we obtained an understanding of and evaluated the design effectiveness of the general IT controls for some operating entities involving our IT specialists.

We also obtained an understanding of the processes and relevant controls within certain key business cycles including the inventory and revenue business processes. We evaluated the design effectiveness of the relevant controls within those business cycles. For one of the significant divisions, we planned to rely on the relevant controls within the revenue process and thus tested the operating effectiveness of those controls. We were able to rely on those controls. For the other divisions, we did not adopt a controls reliance approach.

7.3. Our consideration of climate-related risks

The Group continues to develop its assessment of the potential impacts of climate change, as explained in the Chief Executive Officer's review within the Strategic Report on page 16. Climate change and the transition to a low carbon economy were considered in the Group's key judgements and estimates in the financial statements as disclosed in note 1. These incorporate actions and strategies, to the extent they have been approved and can be reliably estimated in accordance with the Group's accounting policies. We evaluated the Group's assessment of the impact of climate risks where they have the potential to impact the key judgements and estimates within the financial statements, including the assessment of the carrying value of non-current assets and environmental provisions and evaluating whether appropriate disclosures have been made in the financial statements. We also considered whether information included in the climate-related disclosures in the Annual Report were materially consistent with our knowledge obtained in the audit and the financial statements.

7.4. Working with other auditors

The Group audit was conducted exclusively by a global network of Deloitte member firms under the direction and supervision of the UK Group audit team. Component auditors were assigned to perform audit procedures in line with the scoping of the respective components within their jurisdiction. For the Group audit, the component auditors focused on components classified for full scope and audit of specified account balances. Further work was performed at a Group level over the consolidation and components not in scope. Dedicated members of the Group audit team were assigned to each component to facilitate an effective and consistent approach to component oversight.

The planned programme which we designed as part of our involvement in the component auditor's work was delivered over the course of the Group audit. The extent of our involvement which commenced from the planning phase included:

- Setting the scope of the component auditor and assessment of the component auditor's independence.
- Designing the audit procedures for all significant risks to be addressed by the component auditors and issuing Group audit instructions detailing the nature and form of the reporting required by the Group engagement team.

Frequent calls and meetings (including in person meetings) were held between the Group and component teams and our procedures included, where appropriate, providing direction on enquiries made by the component auditors through online and telephone conversations, a review of each component auditor's engagement file by a senior member of the Group audit team and Group team virtual or in-person attendance at local component audit close meetings. Component visits were performed at the Italian and US sites. The Group engagement partner acted as the component audit partner for the Production Solutions division and directly supervised the audit work for that component.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's 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 auditor's 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.

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 auditor's report.

Independent auditor's report to the members of Videndum plc continued

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the Group's in-house and external legal counsel and the Audit Committee about their own identification and assessment of the risks of irregularities including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, pensions, IT, valuation, financial instrument specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of inventory obsolescence provision. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pension legislation and tax legislation. .

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's regulatory solvency requirements and covenants requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of inventory obsolescence provision as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter:

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee, in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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 with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 161;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out from page 34;
- the directors' statement on fair, balanced and understandable set out on page 84;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 44 – 49;
- the section of the annual report that describes the review of the effectiveness of risk management and internal control systems set out on page 117; and
- the section describing the work of the Audit Committee set out on pages 113 – 121.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the members at the Company's Annual General Meeting on 15 May 2018 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years, covering the years ending 31 December 2018 to 31 December 2022.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

David Halstead FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom

27 February 2023

Introduction and table of contents

Each section sets out the accounting policies applied in producing these financial statements together with any key judgements and estimates used. Text boxes provide an introduction to each section.

Consolidated Income Statement

For the year ended 31 December 2022

	Notes	**2022 £m**	2021 £m
Revenue	2.1	**451.2**	394.3
Cost of sales	2.1	**(255.7)**	(221.2)
Gross profit		**195.5**	173.1
Operating expenses	2.1/2.2	**(164.0)**	(139.6)
Operating profit	2.1	**31.5**	33.5
Comprising:			
– Adjusted operating profit		**60.0**	46.2
– Adjusting items in operating profit	2.2	**(28.5)**	(12.7)
Net finance expense	2.3	**(6.8)**	(3.9)
Profit before tax		**24.7**	29.6
Comprising:			
– Adjusted profit before tax		**54.0**	42.4
– Adjusting items in profit before tax	2.2	**(29.3)**	(12.8)
Taxation	2.4	**8.2**	(3.7)
Comprising taxation on:			
– Taxation on adjusted profit		**(12.5)**	(10.3)
– Adjusting items in taxation		**20.7**	6.6
Profit for the year attributable to owners of the parent		**32.9**	25.9
Earnings per share			
Basic earnings per share	2.5	**71.4p**	56.4p
Diluted earnings per share	2.5	**68.7p**	54.5p
Average exchange rates			
Euro		**1.17**	1.16
US$		**1.24**	1.38

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	2022 £m	2021 £m
Profit for the year	**32.9**	25.9
Other comprehensive income/(expense):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit obligation	**9.1**	6.9
Related tax	**(2.1)**	(0.7)
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences on foreign currency subsidiaries	**22.6**	(3.9)
Net investment hedges – net (loss)/gain	**(5.8)**	0.2
Cash flow hedges – reclassified to the Income Statement, net of tax	**1.6**	(0.1)
Cash flow hedges – effective portion of changes in fair value, net of tax	**2.4**	(0.1)
Other comprehensive income, net of tax	**27.8**	2.3
Total comprehensive income for the year attributable to owners of the parent	**60.7**	28.2

Consolidated Balance Sheet

As at 31 December 2022

	Notes	**2022 £m**	2021 £m
Assets			
Non-current assets			
Intangible assets	3.1	**217.9**	173.7
Property, plant and equipment	3.2	**66.6**	60.7
Employee benefit asset	5.2	**3.9**	–
Trade and other receivables	3.3	**7.4**	5.8
Derivative financial instruments	4.2	**3.8**	0.1
Non-current tax assets	2.4	**3.0**	3.0
Deferred tax assets	2.4	**51.2**	33.6
		353.8	276.9
Current assets			
Inventories	3.3	**107.3**	88.5
Trade and other receivables	3.3	**68.9**	60.0
Derivative financial instruments	4.2	**2.3**	–
Current tax assets	2.4	**4.1**	4.7
Cash and cash equivalents	4.1	**15.8**	11.0
		198.4	164.2
Total assets		**552.2**	441.1
Liabilities			
Current liabilities			
Bank overdrafts	4.1	**–**	3.1
Interest-bearing loans and borrowings	4.1	**36.0**	13.2
Lease liabilities	4.1	**6.0**	5.7
Trade and other payables	3.3	**81.3**	76.7
Derivative financial instruments	4.2	**0.9**	0.3
Current tax liabilities	2.4	**16.7**	16.0
Provisions	3.5	**5.5**	1.5
		146.4	116.5
Non-current liabilities			
Interest-bearing loans and borrowings	4.1	**138.5**	109.6
Lease liabilities	4.1	**28.8**	24.6
Other payables	3.3	**1.8**	0.4
Employee benefit liabilities	5.2	**3.1**	8.4
Provisions	3.5	**2.4**	2.9
Deferred tax liabilities	2.4	**7.5**	4.8
		182.1	150.7
Total liabilities		**328.5**	267.2
Net assets		**223.7**	173.9
Equity			
Share capital		**9.4**	9.3
Share premium		**24.3**	23.1
Translation reserve		**(0.8)**	(17.6)
Capital redemption reserve		**1.6**	1.6
Cash flow hedging reserve		**3.9**	(0.1)
Retained earnings		**185.3**	157.6
Total equity	4.3	**223.7**	173.9
Balance Sheet exchange rates			
Euro		**1.13**	1.19
US$		**1.21**	1.35

Approved and authorised for issue by the Board of Directors on 27 February 2023 and signed on its behalf by:

Andrea Rigamonti
Group Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital £m	Share premium £m	Translation reserve £m	Capital redemption reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2021	9.2	21.7	(13.9)	1.6	0.1	126.7	145.4
Profit for the year	–	–	–	–	–	25.9	25.9
Other comprehensive (expense)/income for the year	–	–	(3.7)	–	(0.2)	6.2	2.3
Total comprehensive (expense)/income for the year	**–**	**–**	**(3.7)**	**–**	**(0.2)**	**32.1**	**28.2**
Contributions by and distributions to owners							
Dividends paid	–	–	–	–	–	(7.1)	(7.1)
Own shares purchased	–	–	–	–	–	(5.8)	(5.8)
Share–based payment charge, net of tax	–	–	–	–	–	8.2	8.2
New shares issued	0.1	1.4	–	–	–	3.5	5.0
Balance at 31 December 2021 and 1 January 2022	**9.3**	**23.1**	**(17.6)**	**1.6**	**(0.1)**	**157.6**	**173.9**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**32.9**	**32.9**
Other comprehensive income for the year	**–**	**–**	**16.8**	**–**	**4.0**	**7.0**	**27.8**
Total comprehensive income for the year	**–**	**–**	**16.8**	**–**	**4.0**	**39.9**	**60.7**
Contributions by and distributions to owners							
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(18.0)**	**(18.0)**
Own shares purchased	**–**	**–**	**–**	**–**	**–**	**(5.8)**	**(5.8)**
Own shares sold	**–**	**–**	**–**	**–**	**–**	**3.1**	**3.1**
New shares issued	**0.1**	**1.2**	**–**	**–**	**–**	**–**	**1.3**
Share–based payment charge, net of tax	**–**	**–**	**–**	**–**	**–**	**8.5**	**8.5**
Balance at 31 December 2022	**9.4**	**24.3**	**(0.8)**	**1.6**	**3.9**	**185.3**	**223.7**

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Cash flows from operating activities			
Profit for the year		**32.9**	25.9
Adjustments for:			
Taxation		**(8.2)**	3.7
Depreciation		**15.3**	12.9
Impairment losses on property, plant and equipment		**–**	0.2
Impairment losses on capitalised development costs		**1.9**	–
Amortisation of intangible assets		**18.3**	13.0
Fair value losses on derivative financial instruments		**0.1**	–
Foreign exchange losses		**0.6**	–
Share-based payment charge		**8.9**	7.9
Earnout charges and retention bonuses		**4.5**	0.8
Net finance expense		**6.8**	3.9
Cash generated from operating activities before changes in working capital, including provisions		**81.1**	68.3
Increase in inventories		**(8.0)**	(21.9)
Increase in receivables		**(5.0)**	(5.8)
(Decrease)/increase in payables		**(5.6)**	27.8
Increase/(decrease) in provisions		**2.8**	(2.7)
Cash generated from operating activities		**65.3**	65.7
Interest paid		**(9.4)**	(4.5)
Tax paid		**(7.2)**	(6.5)
Net cash from operating activities		**48.7**	54.7
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and software		**–**	0.1
Purchase of property, plant and equipment		**(7.1)**	(10.8)
Capitalisation of software and development costs		**(13.1)**	(10.9)
Acquisition of businesses, net of cash acquired		**(33.2)**	(56.1)
Net cash used in investing activities		**(53.4)**	(77.7)
Cash flows from financing activities			
Proceeds from the issue of shares		**1.3**	1.5
Proceeds from the sale of own shares		**3.1**	–
Own shares purchased		**(5.8)**	(5.8)
Principal lease repayments		**(6.4)**	(5.7)
Repayment of interest-bearing loans and borrowings		**(93.8)**	(128.2)
Borrowings from interest-bearing loans and borrowings		**130.3**	160.8
Dividends paid		**(18.0)**	(7.1)
Net cash from financing activities		**10.7**	15.5
Increase/(decrease) in cash and cash equivalents and overdrafts	4.1	**6.0**	(7.5)
Cash and cash equivalents at 1 January		**7.9**	16.8
Effect of exchange rate fluctuations on cash held		**1.9**	(1.4)
Cash and cash equivalents and overdrafts at 31 December		**15.8**	7.9

Section 1
Basis of Preparation

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.

Videndum plc (the "Company", previously The Vitec Group plc) is a public company limited by shares incorporated in the United Kingdom under the Companies Act. The Company is registered in England and Wales and its registered address is Bridge House, Heron Square, Richmond, TW9 1EN, United Kingdom. The consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group's financial statements have been prepared in accordance with UK-adopted International Accounting Standards, and have been approved by the Directors.

The financial statements are principally prepared on the basis of historical cost. Areas where other bases are applied are identified in the accounting policy outlined in the relevant note.

Climate change risks and opportunities, as detailed in TCFD on pages 57 to 66, were considered together with the Board approved budget, the strategy, and Management cash flow projections. The budget and cash flow projections have been utilised in the assessment of the carrying value of assets, impairment of CGUs and goodwill, and the going concern and viability assessment.

In reporting financial information, the Group presents Alternative Performance Measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information and enable an alternative comparison of performance over time. A glossary on pages 224 to 228 provides a comprehensive list of APMs that the Group uses, including an explanation of how they are calculated, why they are used and how they can be reconciled to a statutory measure where relevant.

The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Going concern

The Group's business activities, together with its principal risks and uncertainties and other factors likely to affect its future development, performance and position are set out in the Strategic Report.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition, note 4.2 "Financial instruments" includes the Group's financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to foreign currency risk, interest rate risk and liquidity risk.

As part of the Directors' consideration of the appropriateness of adopting the going concern basis and long-term viability in preparing the financial statements, a range of scenarios have been modelled through to the end of 2025. The Directors have applied a robust process to assess the forecast scenarios which included applying severe but plausible downside risks and mitigating activities as set out in the Viability Statement on page 37. Neither the Group's latest forecast nor the downside scenarios modelled result in a breach of the covenants under the terms of its multicurrency Revolving Credit Facility ("RCF") and all scenarios show sufficient cash headroom to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these Financial Statements.

The Directors have also considered the Group's capacity to remain a going concern after consideration of future cash flows, expected debt service requirements, undrawn facilities and access to capital markets.

As such, the Directors are satisfied that it is appropriate for the Group to continue to adopt the going concern basis for preparing these financial statements.

Basis of consolidation

Subsidiaries are entities that are controlled by the Group. Control exists when the Group has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The results of subsidiaries sold or acquired during the year are included in the accounts up to, or from, the date that control exists.

Foreign currencies

The consolidated financial statements are presented in Sterling with the reporting currency of the Group's subsidiaries generally being that of the local country.

Transactions in foreign currencies are translated at the exchange rate on that day.

Foreign currency monetary assets and liabilities are translated 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 currency translation gain or loss may arise. Any such differences are recognised in the Income Statement.

Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate on the day of the transaction, unless they are stated at fair value in which case they are translated at the exchange rate on the day the fair value was determined.

The assets and liabilities of overseas subsidiaries, including goodwill and fair value adjustments arising on consolidation, are translated at the year-end exchange rate. The revenues and expenses of these subsidiaries are translated at the weighted average exchange rate for the year. Where differences arise between these rates, they are recognised in the translation reserve within equity and other comprehensive income ("OCI").

The cash flows of these companies are typically translated at the weighted average exchange rate for the year.

In the consolidated financial statements, currency translation gains and losses on external loans and borrowings which are designated as net investment hedges and on long-term inter-company loans that form part of the net investment in the subsidiaries are recognised directly in the translation reserve within equity and OCI.

In respect of all overseas companies, only those translation differences arising since 1 January 2004, the date of transition to IFRS, are presented as a separate component of equity. On disposal of such a company, the related translation reserve is released to the Income Statement as part of the gain or loss on disposal.

Significant judgements, key assumptions and estimates

The following provides information on those policies that the Directors consider critical because of the level of judgement and estimation required which often involves assumptions regarding future events which can vary from what is anticipated. The Directors review the judgements and estimates on an ongoing basis with revisions to accounting estimates recognised in the period in which the estimates are revised and in any future periods affected. The Directors believe that the consolidated financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Group's performance and financial position.

Critical accounting estimates and assumptions

The following are the critical estimates and assumptions that the Directors have made in the process of applying the Group's accounting policies and that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Inventory

Provisions are required to write down slow-moving, excess and obsolete inventory to its net realisable value. The estimation of inventory impairment is based on anticipated future sales of products over particular time periods. The anticipated level of future sales is determined primarily based on actual sales over a specified historic reference period of between six and twelve months, which is determined by Management and is deemed appropriate to the type of inventory. See note 3.3 "Working capital".

Pension benefits

The actuarial valuations associated with the pension schemes involve making assumptions about discount rates, future salary increases, future pension increases and mortality rates. All assumptions are reviewed at each reporting date. Further details about the assumptions used and sensitivities are set out in note 5.2 "Pensions".

Acquisitions

Acquisitions are accounted for under the acquisition method, based on the fair values of the consideration paid. Assets and liabilities, with limited exceptions, are measured at their fair value at the acquisition date. The Group estimates the provisional fair values and useful lives of acquired assets and liabilities at the date of acquisition. The valuation of acquired intangibles is subject to estimation of future cash flows and the discount rate applied to them. Determination of the useful economic lives of technology-related intangible assets requires assumptions about future market trends and future risk of replacement or obsolescence of those assets. The useful economic lives of intangible assets are disclosed in note 3.1 "Intangible assets".

Tax

The Group is subject to income taxes in a number of jurisdictions. Management is required to make estimates in determining the provisions for income taxes and deferred tax assets and liabilities recognised in the consolidated financial statements. Tax benefits are recognised to the extent that it is probable that sufficient taxable income will be available in the future against which temporary differences and unused tax losses can be utilised. The most significant estimates made are in relation to the recognition of deferred tax assets arising from carried forward tax losses. The recovery of those losses is dependent on the future profitability of Group entities based in the jurisdictions with those carried forward tax losses, most significantly in the United States. The assumptions used in the measurement of the deferred tax assets are consistent with those as disclosed in note 3.1 "Intangible assets" in relation to the impairment tests of cash-generating units ("CGUs") containing goodwill. See note 2.4 "Tax" for further details of the carrying amounts of deferred tax assets.

Critical judgements in applying the Group's accounting policies

The following are critical judgements that the Group makes, apart from those involving estimations (which are dealt with above), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Development costs

The Group capitalises development costs which meet the criteria under IAS 38 "Intangible Assets" and discloses the amount capitalised in note 3.1 "Intangible assets". The Group makes significant judgements in the application of IAS 38, particularly in relation to its requirements regarding the technical feasibility of completing the asset and the Group's ability to sell and generate future economic benefits from the intangible asset.

Tax

In relation to tax, these include the interpretation and application of existing legislation. The Group's key judgement relates to the application of tax law in relation to the EU State Aid Investigation. Details in relation to this judgement are set out in note 2.4 "Tax".

Impact of adoption of new accounting standards or amendments

The Group has considered the following amendments to standards that are effective from 1 January 2022. These do not have a significant impact on the consolidated financial statements of the Group.

- Amendments to IFRS 3 "Business Combinations" with reference to the Conceptual Framework.
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" on cost of fulfilling a contract.
- Amendments to IAS 16 "Property, Plant and Equipment" on proceeds before intended use.

New standards and interpretations effective for future periods and not yet adopted

Amended standards and interpretations not yet effective are not expected to have a significant impact on the Group's consolidated financial statements.

Section 2

Results for the Year

This section focuses on the profitability of the Group. On the following pages you will find disclosures relating to the following:

2.1 Profit before tax (including segmental information)
2.2 Adjusting items
2.3 Net finance expense
2.4 Tax
2.5 Earnings per share

2.1 Profit before tax (including segmental information)

This shows the analysis of the Group's profit before tax by reference to its three Divisions. Further segmental information and an analysis of key operating expenses are also shown here.

Accounting policies

Government grants

For government assistance which meets the definition of a government grant under IAS 20, the Group applies the income approach to account for the grants received. As such, the grant is recognised in the Income Statement as a reduction of the related costs incurred.

Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the Group sells a product to a customer and control has passed. This is either once the product has been shipped or delivered to the customer, depending on the terms and conditions of the sale. Payment terms vary by Division and customer but where credit terms are given, payments are due generally 30 days after control of the goods has passed to the customer. Revenue is recognised at the transaction price exclusive of sales tax, adjusted for the expected level of returns, trade discounts and volume rebates. For the products expected to be returned, both a refund liability and a right to the returned goods are recognised using an expected value method based on past history.

Some contracts include multiple deliverables, such as the sale of the product and its installation. If material, distinct goods and services are accounted for as separate performance obligations. The transaction price is allocated to each performance obligation based on their standalone selling prices.

Service contracts

Revenue from rental service contracts which are fulfilled using the Group's equipment and operators is recognised in the accounting period in which the services are rendered. Payment terms vary and there can be small advance payments but generally payments are due as services are rendered.

Generally, contracts with customers are for periods of one year or less. As a result, the transaction price allocated to any unsatisfied contracts is not disclosed, as permitted by IFRS 15.

Licences

Software licences are sold by the Group on a standalone basis and together with a tangible product. If the licence is considered distinct, the revenue recognition pattern is based on whether the licence is a right-to-use intellectual property (revenue recognised at a point in time) or a right-to-access intellectual property (revenue recognised over time). The majority of the licences granted by the Group represent a right-to-use intellectual property for which payments are generally in advance. From a right-to-access intellectual property, payments are normally on a monthly basis with a credit period of 30 days.

Financing components

The Group generally does not have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

Segment reporting

The Group has three reportable segments which are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker on a regular basis to assist in making decisions on capital allocated to each segment and to assess performance. Further details on the nature of these segments and the products and services they provide are contained in the Strategic Report.

	Media Solutions[1]		Production Solutions		Creative Solutions		Corporate and unallocated		Consolidated	
	2022 £m	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Analysis of revenue from external customers, by location of customer										
United Kingdom	**17.7**	17.4	**15.3**	13.4	**5.5**	6.3	**–**	–	**38.5**	37.1
The rest of Europe	**75.2**	72.6	**32.7**	36.2	**10.0**	8.7	**–**	–	**117.9**	117.5
North America	**74.4**	62.1	**63.3**	53.8	**67.0**	52.0	**–**	–	**204.7**	167.9
Asia Pacific	**42.8**	37.8	**16.3**	14.4	**11.3**	9.4	**–**	–	**70.4**	61.6
The rest of the World	**7.7**	4.8	**10.2**	4.0	**1.8**	1.4	**–**	–	**19.7**	10.2
Total revenue from external customers	**217.8**	194.7	**137.8**	121.8	**95.6**	77.8	**–**	–	**451.2**	394.3
Inter-segment revenue[2]	**0.1**	0.2	**0.4**	0.5	**0.1**	0.2	**(0.6)**	(0.9)	**–**	–
Total revenue	**217.9**	194.9	**138.2**	122.3	**95.7**	78.0	**(0.6)**	(0.9)	**451.2**	394.3
Adjusted operating profit/(loss)	**33.1**	26.6	**31.4**	28.0	**12.5**	8.3	**(17.0)**	(16.7)	**60.0**	46.2
Amortisation of intangible assets that are acquired in a business combination	**(4.4)**	(1.2)	**(0.2)**	(0.3)	**(6.3)**	(5.7)	**–**	–	**(10.9)**	(7.2)
Acquisition related charges	**(4.4)**	(1.2)	**(0.1)**	(0.2)	**(4.8)**	(3.2)	**–**	–	**(9.3)**	(4.6)
Integration and restructuring costs	**(0.9)**	(0.4)	**(1.0)**	(0.4)	**(4.7)**	–	**(1.7)**	(0.1)	**(8.3)**	(0.9)
Operating profit/(loss)	**23.4**	23.8	**30.1**	27.1	**(3.3)**	(0.6)	**(18.7)**	(16.8)	**31.5**	33.5
Net finance expense									**(6.8)**	(3.9)
Taxation									**8.2**	(3.7)
Profit for the year									**32.9**	25.9
Segment assets	**242.5**	186.2	**119.7**	101.7	**107.4**	98.2	**8.5**	2.7	**478.1**	388.8
Unallocated assets										
Cash and cash equivalents							**15.8**	11.0	**15.8**	11.0
Non-current tax assets							**3.0**	3.0	**3.0**	3.0
Current tax assets							**4.1**	4.7	**4.1**	4.7
Deferred tax assets							**51.2**	33.6	**51.2**	33.6
Total assets									**552.2**	441.1
Segment liabilities	**62.8**	57.2	**38.9**	37.9	**20.6**	18.8	**7.5**	6.6	**129.8**	120.5
Interest-bearing loans and borrowings	**0.6**	0.6	**–**	–	**–**	0.4	**173.9**	121.8	**174.5**	122.8
Unallocated liabilities										
Bank overdrafts							**–**	3.1	**–**	3.1
Current tax liabilities							**16.7**	16.0	**16.7**	16.0
Deferred tax liabilities							**7.5**	4.8	**7.5**	4.8
Total liabilities									**328.5**	267.2
Cash flows from operating activities	**25.2**	32.2	**30.6**	30.4	**9.9**	8.8	**(17.0)**	(16.7)	**48.7**	54.7
Cash flows from investing activities	**(40.0)**	(49.7)	**(5.3)**	(5.4)	**(8.1)**	(22.6)	**–**	–	**(53.4)**	(77.7)
Cash flows from financing activities	**(3.0)**	(2.5)	**(2.1)**	(2.0)	**(1.7)**	(1.1)	**17.5**	21.1	**10.7**	15.5
Capital expenditure										
Property, plant and equipment	**3.6**	6.8	**3.0**	3.4	**0.5**	0.6	**–**	–	**7.1**	10.8
Software and development costs	**3.2**	2.9	**2.4**	1.1	**7.5**	6.9	**–**	–	**13.1**	10.9

(1) The Imaging Solutions segment has been renamed the Media Solutions segment following the change of the Company name from The Vitec Group plc to Videndum plc with effect from 23 May 2022.

(2) Inter-segment pricing is determined on an arm's length basis. These are eliminated in the Corporate column.

The Group's operations are located in several geographical locations, and sell products and services on to external customers in all parts of the world.

One customer (2021: one) accounted for more than 10% of external revenue. In 2022, the total revenue from this customer, which was recognised in all three segments, was £60.8 million (2021: £50.4 million).

Section 2 continued

Results for the Year continued

Operating expenses

	2022 £m	2021 £m
Analysis of operating expenses		
– Adjusting items in operating profit(1)	**25.9**	12.6
– Other administrative expenses	**61.9**	57.6
Administrative expenses	**87.8**	70.2
Marketing, selling and distribution costs	**53.7**	49.5
Research, development and engineering costs	**22.5**	19.9
Operating expenses	**164.0**	139.6

(1) Adjusting items in operating profit are £28.5 million (2021: £12.7 million) of which £25.9 million (2021: £12.6 million) are recognised in operating expenses and £2.6 million (2021: £0.1 million) in cost of sales. See note 2.2 "Adjusting items".

Operating profit

	2022 £m	2021 £m
The following items are included in operating profit		
Fees payable to Deloitte for the audit of the Company's financial statements(2)	**0.9**	0.5
Fees payable to Deloitte for:		
– The audit of the subsidiaries(2)	**0.8**	0.8
– Audit-related assurance services	**0.1**	0.1

(2) These amounts are corrected from the disclosure in the Annual Report and Accounts 2021. The fees payable to Deloitte have been reduced by £0.1 million for the audit of the Company's financial statements (previously reported as £0.6 million), and increased by £0.1 million for the audit of the subsidiaries (previously reported as £0.7 million). This is to be consistent with the split in the current year.

2.2 Adjusting items

The Group presents APMs in addition to its statutory results. These are presented in accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA").

APMs used by the Group and, where relevant, a reconciliation to statutory measures are set out in the glossary to these financial statements on pages 225 to 229. Adjusting items are described below along with more detail of the specific adjustment and the Group's rationale for the adjustment.

The Group's key performance measures, such as adjusted operating profit, exclude adjusting items.

The following are the Group's principal adjusting items when determining adjusted operating profit:

Amortisation of intangible assets that are acquired in a business combination:

Acquired intangibles are measured at fair value, which takes into account the future cash flows expected to be generated by the asset rather than past costs of development. Additionally, acquired intangibles include assets such as brands, know-how and relationships which the Group would not normally recognise as assets outside of a business combination. The amortisation of the fair value of acquired intangibles is not considered to be representative of the normal costs incurred by the business within the Group on an ongoing basis. On an ongoing basis, the Group capitalises development costs of intangible assets and the costs of purchasing software. These intangible assets are recognised at cost and the amortisation of these costs are included in adjusted operating profit.

Acquisition related charges:

Earnout charges and retention bonuses agreed as part of the acquisition:

Under IFRS 3, most of the Group's earnout charges and retention bonuses are treated as post combination remuneration, although the levels of remuneration generally do not reflect market rates and do not get renewed as a salary (or other remuneration) might. The Group considers this to be inconsistent with the economics reflected in the deals because other consideration for the acquisition is effectively included in goodwill rather than in the Income Statement. Retention agreements are generally entered into with key management at the point of acquisition to help ensure an efficient integration.

Transaction costs:

Transaction costs related to the acquisition of a business do not reflect its trading performance and so are adjusted to ensure consistency between periods.

Effect of fair valuation of acquired inventory:

As part of the accounting for business combinations, the Group measures acquired inventory at fair value as required under IFRS 3. This results in the carrying value of acquired inventory being higher than its original cost-based measure. The impact of the uplift in value has the effect of increasing cost of sales thereby reducing the Group's gross profit margin which is not representative of ongoing performance.

Effect of fair valuation of property, plant and equipment:

Under IFRS 3, acquired fixed assets are measured at fair value. This measure does not reflect the undepreciated cost of the acquired asset from the perspective of the acquiree and as such alters the depreciation cost from the Group's perspective after the acquisition. This does not reflect the ongoing profitability of the acquired business.

Grant payments in excess of the liability recognised on acquisition:

These are costs relating to pre-acquisition funding activity. As they are not relevant to understanding the in-year performance of the business, they are adjusted to ensure consistency between periods.

Integration and restructuring costs:

For an acquired business, the costs of integration, such as termination of third-party distributor agreements, severance and other costs included in the business's defined integration plan, do not reflect the business's trading performance and so are adjusted to ensure consistency between periods.

Restructuring and other associated costs arising from significant strategy changes that are not considered by the Group to be part of the normal operating costs of the business.

Finance expense – amortisation of loan fees on borrowings for acquisitions:

Upfront borrowing fees related to funding for acquisitions do not reflect the ongoing funding cost of the investment and so are adjusted to ensure consistency between periods.

Other adjusting items:

- profit/(loss) on disposal of businesses;
- impairment charges that are considered to be significant in nature and/or value to the performance of the business;
- past service charges associated with defined benefit pensions, such as gender equalisation of guaranteed minimum pension ("GMP") for occupational schemes; and
- other significant initiatives not related to trading.

No such items arose in the current or prior year.

In addition to the above, the current and deferred tax effects of adjusting items are taken into account in calculating post-tax APMs. In addition, the following are treated as adjusting items when considering post-tax APMs:

- significant adjustments to current or deferred tax which have arisen in previous periods but are accounted for in the current period; and
- the net effect of significant new tax legislation changes.

The APMs reflect how the business is measured and managed on a day-to-day basis including when setting and determining the variable element of remuneration of senior management throughout the Group (notably cash bonus and the Long Term Incentive Plan ("LTIP")) as disclosed in the Remuneration report and described in more detail in note 5.3 Share-based payments.

Adjusted operating profit, adjusted profit before tax and adjusted profit after tax are not defined terms under IFRS and may not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for IFRS measures. All APMs relate to the current year results and comparative periods where provided.

	2022 £m	2021 £m
Amortisation of intangible assets that are acquired in a business combination(1)	**(10.9)**	(7.2)
Acquisition related charges(1) (2)	**(9.3)**	(4.6)
Integration and restructuring costs(1) (3)	**(8.3)**	(0.9)
Adjusting items in operating profit	**(28.5)**	(12.7)
Finance expense – amortisation of loan fees on borrowings for acquisitions(1) (4)	**(0.8)**	(0.1)
Adjusting items in profit before tax	**(29.3)**	(12.8)

(1) See note 2.5 "Earnings per share" for tax relating to this.

(2) Acquisition related charges comprise retention payment charge of £5.9 million (2021: £2.8 million) relating to continued employment, grant payments in excess of liability recognised at acquisition of £1.8 million (2021: £nil), transaction costs relating to the acquisition of businesses of £1.0 million (2021: £1.7 million), the effect of fair valuation of acquired inventory and property of £0.5 million (2021: £0.1 million), and the effect of fair valuation of acquired property, plant and equipment of £0.1 million (2021: £nil).
The retention payment charge of £5.9 million relates to Quasar: £0.1 million, Lightstream: £2.5 million, Savage: £0.7 million and Audix: £2.6 million. The charge incurred in 2021 was £2.8 million relating to Quasar: £0.1 million, Lightstream: £2.6 million and Savage: £0.1 million.
Transaction costs of £1.0 million relate to Audix: £0.4 million and other: £0.6 million. The charge incurred in 2021 was £1.7 million relating to Quasar: £0.1 million, Lightstream: £0.5 million, Savage: £0.7 million and Audix: £0.4 million.

(3) Restructuring costs were incurred across all divisions, with the majority in the Creative Solutions Division.
Creative Solutions began a project to reorganise the sales and marketing teams into specialist vertical segments to maximise the Division's growth potential, and to focus on high end, high margin, mission-critical products incorporating patented Amimon technology, exiting the low margin, low end of the wireless video streaming market where our products do not incorporate the Amimon technology. The costs incurred were £0.6 million of employee costs, and impairment of £1.7 million of inventory and £1.9 million of capitalised development costs in relation to the low end of the wireless video streaming market (2021: £nil).
Media Solutions incurred £0.7 million of employee costs in relation to organisational changes (2021: £0.5 million of recruitment and professional fees).
Production Solutions began a project to consolidate operations on the West coast of the US, the cost of which was £0.6 million of employee costs (2021: £0.4 million of integration costs in relation to the acquisition of Quasar). £1.9 million was incurred in relation to the exits of senior management positions (2021: £nil).
£0.9 million was incurred for rebranding from Vitec to Videndum, and in respect of a one-off legal case (2021: £nil). All restructuring and integration costs in 2022 have been recognised in operating expenses aside from £2.1 million which is in cost of sales (2021: £nil).
An amount of £2.6 million (2021: £0.1 million) was adjusted from cost of sales. This related to the fair value uplift of £0.5 million (2021: £0.1 million) relating to acquired inventory sold by the Group since the business combination, and restructuring costs of £2.1 million (2021: £nil) of which inventory impairment was £1.7 million (2021: £nil), and redundancy costs £0.4 million (2021: £nil).

(4) Amortisation of loan fees of £0.8 million (2021: £0.1 million) relating to borrowings for acquisitions was adjusted from net finance expense.

Section 2 continued

Results for the Year continued

2.3 Net finance expense

This note details the finance income and expense generated from the Group's financial assets and liabilities.

Accounting policies

Net finance expense comprises:

- foreign exchange gains and losses on cash and inter-company loans that are not net investment hedges;
- unwind of discount on liabilities;
- interest expense on lease liabilities;
- interest expense on borrowings and interest receivable on funds invested;
- fair value gain/loss on interest rate swaps designated as cash flow hedges; and
- net interest expense on net defined benefit pension scheme.

Net finance expense

	2022 £m	2021 £m
Finance income		
Fair value gain on interest rate swaps designated as cash flow hedges	**0.7**	–
Net currency translation gains	**2.4**	0.5
	3.1	0.5
Finance expense		
Interest expense on lease liabilities	**(1.5)**	(1.0)
Interest expense on interest-bearing loans and borrowings(1)	**(8.3)**	(3.3)
Interest expense on net defined benefit pension scheme(2)	**(0.1)**	(0.1)
	(9.9)	(4.4)
Net finance expense	**(6.8)**	(3.9)

(1) Interest expense on interest-bearing loans and borrowings of £8.3 million (2021: £3.3 million) includes an adjusting amount of £0.8 million (2021: £0.1 million) relating to amortisation of loan fees on borrowings for acquisitions. See note 2.2 "Adjusting items".
(2) See note 5.2 "Pensions".

2.4 Tax

This note sets out the tax accounting policies, the total tax charge or credit in the Income Statement, and tax assets and tax liabilities in the Balance Sheet. This includes amounts relating to deferred tax.

Accounting policies

Income tax

The tax expense in the Income Statement represents the sum of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used 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, using tax rates substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised for all deductible temporary differences and carried forward unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and increased or reduced to the extent of the probable level of taxable profit that would be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities are not recognised for the following temporary differences:

- goodwill not deductible for tax purposes or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- differences relating to investments in subsidiaries to the extent that the timing of the reversal is controlled by the Company and they will probably not reverse in the foreseeable future.

Tax – Income Statement

	2022 £m	2021 £m
The total taxation charge/(credit) in the Income Statement is analysed as follows:		
Summarised in the Income Statement as follows		
Current tax	**8.5**	11.4
Deferred tax	**(16.7)**	(7.7)
	(8.2)	3.7
Adjusting items		
Current tax(1)	**(1.7)**	(0.2)
Deferred tax(2)	**(19.0)**	(6.4)
	(20.7)	(6.6)
Before adjusting items		
Current tax	**10.2**	11.6
Deferred tax	**2.3**	(1.3)
	12.5	10.3

(1) Current tax credit of £1.7 million (2021: £0.2 million credit) was recognised in the year of which £0.7 million credit (2021: £0.2 million credit) related to integration and restructuring costs, £0.2 million credit (2021: £nil) related to financial expense, and £0.8 million credit relates to non-taxable foreign exchange.

(2) Deferred tax credit of £19.0 million (2021: £6.4 million credit) was recognised in the year of which £0.7 million credit (2021: £nil) relates to integration and restructuring costs, £1.7 million credit (2021: £1.5 million credit) to acquisitions, £2.3 million credit (2021: £1.8 million credit) to amortisation of intangible assets, £nil (2021: £2.6 million credit) relates to the impact of the 2021 intercompany debt restructure, £nil (2021: £0.9 million credit) relates to the impact of the step-up in the tax base of certain plant and equipment in Italy, £nil (2021: £0.4 million charge) relates to the UK rate change from 19% to 25%, and £14.3 million credit relates to a deferred tax asset recognition. Further details on deferred tax asset are below.

	2022 £m	2021 £m
Current tax expense/(credit)		
Charge for the year	**8.9**	8.5
Adjustments in respect of prior years	**(0.4)**	2.9
Total current tax expense	**8.5**	11.4

The Group current tax charge of £8.5 million (2021: £11.4 million) represents UK current tax charge £3.2 million (2021: £4.0 million) with the remaining £5.3 million (2021 : £7.4 million) charge relating to overseas tax.

	2022 £m	2021 £m
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	**(16.4)**	(7.5)
Adjustments in respect of prior years	**(0.3)**	(0.2)
Total deferred tax credit	**(16.7)**	(7.7)

The Group deferred tax credit of £16.7 million (2021: £7.7 million credit) represents US deferred tax credit of £15.0 million (2021 £4.8 million credit), UK deferred tax charge £0.1 million (2021: £0.3 million charge), with £1.8 million credit (2021 : £3.2 million) relating to overseas tax.

	2022 £m	2021 £m
Tax (credit)/charge recognised in Statement of Changes in Equity ("SOCIE")		
Current tax recognised in SOCIE(3)	**–**	–
Deferred tax recognised in SOCIE(4)	**0.4**	(0.3)
	0.4	(0.3)

(3) No current tax deductions have been reflected in the SOCIE in both the current and prior year.

(4) A deferred tax charge of £0.4 million (2021: £0.3 million credit) relating to the impact of share-based payments on outstanding options, has been reflected in the SOCIE.

Section 2 continued

Results for the Year continued

Reconciliation of Group tax charge

	2022 £m	2021 £m
Profit before tax	**24.7**	29.6
Income tax using the domestic corporation tax rate at 19% (2021: 19%)	**4.7**	5.6
Effect of tax rates in foreign jurisdictions	**1.1**	1.1
Non-deductible expenses	**1.3**	0.6
Non-taxable income	**(1.0)**	(1.4)
Beneficial tax rates and incentives(5)	**(0.6)**	(0.5)
Movement on unrecognised deferred tax	**2.1**	(0.7)
Other – including movement on assessment of tax risks	**(0.3)**	(0.6)
UK rate change	**0.1**	0.4
Intercompany debt restructure	**–**	(2.6)
Italy fixed asset revaluation	**–**	(0.9)
Deferred tax asset increase relating to recognition of US tax losses(6)	**(14.3)**	–
Adjustments in respect of prior years	**(1.3)**	2.7
Total income tax expense in Income Statement	**(8.2)**	3.7

(5) The beneficial tax rates and incentives of £0.6 million credit (2021: £0.5 million credit) relates to the beneficial tax rate in Costa Rica.
(6) The Deferred tax asset increase relating to the recognition of the US tax losses arises from an increase in forecasted sustainable profits, see note "Deferred tax assets and liabilities" below.

Tax – Balance Sheet

Current tax

The current tax liability of £16.7 million (2021: £16.0 million) represents the amount of income taxes payable in respect of current and prior periods, including a provision in relation to uncertain tax positions. The current tax asset of £4.1 million (2021: £4.7 million) relates to income tax receivable in the UK, the US and Italy, and includes a provision in relation to uncertain tax positions.

The international tax environment has received increased attention and seen rapid change over recent years, both at a US and European level, and by international bodies such as the Organisation for Economic Co-operation and Development ("OECD"). In light of this, the Group has been monitoring developments and continues to engage transparently with the tax authorities in countries where the Group operates, to ensure that the Group manages its tax arrangements on a sustainable basis.

As for most multinationals, the current tax environment is creating increased levels of uncertainty and the Group is potentially subject to tax audits in many jurisdictions. By their nature these are often complex and could take a significant period of time to be agreed with the tax authorities. The Group estimates and accrues taxes that will ultimately be payable when reviews or audits by tax authorities of tax returns are completed. These estimates include Management judgements about the position expected to be taken by each tax authority, primarily in respect of transfer pricing as well as in respect of financing arrangements and tax credits and incentives.

Management estimates of the level of risk arising from tax audit may change in the next year as a result of changes in legislation or tax authority practice or correspondence with tax authorities during a specific tax audit. It is not possible to quantify the impact that such future developments may have on the Group's tax positions. Actual outcomes and settlements may differ significantly from the estimates recorded in these consolidated financial statements.

Non-current tax

The non-current tax asset of £3.0 million relates to the payment made on account to HMRC in 2021 which is considered to be recoverable in more than one year. Further details are below.

EU State Aid investigation

The Group continues to recognise a £3.0 million non-current tax asset (31 December 2021: £3.0 million) following the payment to HMRC of a Charging Notice received on 8 March 2021 under "The Taxation (Post-transition Period) Act 2020". The Group considers that its appeal against the Charging Notice will be successful. Additionally, HMRC has appealed against the European Commission state aid investigation and if the HMRC appeal is successful then the amount will ultimately be repaid to the Group. However, there exists a contingent liability as at 31 December 2022 of up to £3.0 million in relation to this matter.

Deferred tax assets and liabilities

	2022 £m	Recognised in income £m	Recognised in goodwill and reserves £m	Exchange movements £m	Transfer between categories £m	2021 £m
Assets						
Inventories	**2.8**	**0.2**	**–**	**–**	**–**	2.6
Intangible assets	**1.1**	**–**	**(0.2)**	**0.2**	**–**	1.1
Tax losses	**34.7**	**10.8**	**–**	**2.8**	**(0.4)**	21.5
Property, plant, equipment and other	**12.6**	**5.6**	**(1.1)**	**0.5**	**(0.8)**	8.4
	51.2	**16.6**	**(1.3)**	**3.5**	**(1.2)**	33.6
Liabilities						
Property, plant, equipment and other	**(3.2)**	**(0.6)**	**(3.5)**	**–**	**1.2**	(0.3)
Intangible assets	**(4.3)**	**0.7**	**–**	**(0.5)**	**–**	(4.5)
	(7.5)	**0.1**	**(3.5)**	**(0.5)**	**1.2**	(4.8)
Net	**43.7**	**16.7**	**(4.8)**	**3.0**	**–**	28.8

	2021 £m	Recognised in income £m	Recognised in goodwill and reserves £m	Exchange movements £m	Transfer between categories £m	2020 £m
Assets						
Inventories	2.6	0.6	–	–	–	2.0
Intangible assets	1.1	0.5	0.6	–	(0.8)	0.8
Tax losses	21.5	2.6	2.0	0.1	1.8	15.0
Property, plant, equipment and other	8.4	3.6	(0.1)	(0.1)	(1.8)	6.8
	33.6	7.3	2.5	–	(0.8)	24.6
Liabilities						
Property, plant, equipment and other	(0.3)	(0.2)	–	–	–	(0.1)
Intangible assets	(4.5)	0.6	–	–	0.8	(5.9)
	(4.8)	0.4	–	–	0.8	(6.0)
Net	28.8	7.7	2.5	–	–	18.6

Tax losses

	Gross 2022 £m	Tax 2022 £m	Gross 2021 £m	Tax 2021 £m
Assets	**165.9**	**34.7**	106.8	21.5
Inventories	**9.0**	**1.9**	79.7	17.9
Total	**174.9**	**36.7**	**186.4**	**39.4**

Sensitivity analysis on tax losses

The majority (99%) of tax losses are forecast to be utilised within 11 years and all losses used within 17 years. A +5% increase in forecasted profits results in the majority of losses being utilised within 10 years and all losses used within 17 years. A -5% decrease in forecasted profits results in the majority of losses being utilised within 11 years and all losses used within 17 years.

Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilised in the relevant jurisdictions. As of 31 December 2022, Videndum has recognised deferred tax assets of £51.2 million (£33.6 million 31 December 2021).

Videndum continually evaluates the probability of utilising its deferred tax assets and at 31 December 2021, concluded based on its assessment that it was not probable that it would have been able to utilise the all unused tax losses, unused tax credits and deductible temporary differences in the US.

In late 2021 and early 2022 Videndum acquired two US businesses: Savage for US$57.0 million; and Audix for US$46.0 million which following a successful integration are forecast to provide additional accounting and taxable profits in the US compared to preceding periods. This additional taxable profit is expected to be sustained in the upcoming years, as well as over the longer term.

Videndum has determined that the forecasts of future taxable profit in the US provide positive evidence about its ability to utilise the unused tax losses and deductible temporary differences in the US. At 31 December 2022, Videndum concluded based on its assessment that it is probable that it will be able to utilise the unused tax losses and deductible temporary differences and recognised deferred tax assets of £51.2 million in the Consolidated Statement of Financial Position.

The deferred tax asset decrease of £4.8 million (2021: £2.5 million increase) recognised in goodwill and reserves relates to the following: £2.1 million decrease recognised in SOCIE in relation to defined benefit obligations; £0.4 million decrease reflected in the SOCIE in relation to share options; £1.4 million decrease relating to financial instruments; and £0.9 million decrease recognised in SOCIE in relation to US acquisitions.

No taxes have been provided for liabilities which may arise on the distribution of unremitted earnings of subsidiaries on the basis of control, except where distributions of such profits are planned. Cumulative unremitted earnings of overseas subsidiaries totalled approximately £171.8 million at 31 December 2022 (2021: £154.6 million). As dividends remitted from overseas subsidiaries to the UK should be exempt from additional UK tax, no significant tax charges would be expected.

2.5 Earnings per share

Earnings per share ("EPS") is the amount of post-tax profit attributable to each share.

Basic EPS is calculated on the profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Diluted EPS is calculated on the profit for the year divided by the weighted average number of ordinary shares in issue during the year, but adjusted for the effects of dilutive share options. The key features of share option contracts are described in note 5.3 "Share-based payments".

The adjusted EPS measure is calculated based on adjusted profit and is used by Management to set performance targets for employee incentives and to assess performance of the businesses.

The calculation of basic, diluted and adjusted EPS is set out below:

	2022 £m	2021 £m
Profit for the financial year	**32.9**	25.9
Add back adjusting items, all net of tax:		
Amortisation of intangible assets that are acquired in a business combination, net of tax	**8.6**	5.4
Acquisition related charges, net of tax	**7.7**	3.1
Integration and restructuring costs, net of tax	**6.8**	0.7
Finance expense – amortisation of loan fees on borrowings for acquisitions, net of tax	**0.6**	0.1
Current tax credit(1)	**(0.8)**	–
Deferred tax credit(2)	**(14.3)**	(3.1)
	8.6	6.2
Adjusted profit after tax	**41.5**	32.1

(1) A current tax credit of £0.8 million (2021: £nil) relates to non taxable foreign exchange gains.
(2) A deferred tax credit of £14.3 million (2021: £3.1 million) relates to the recognition of deferred tax assets.

	Weighted average number of shares '000		Adjusted earnings per share		Earnings per share	
	2022 Number	2021 Number	**2022 pence**	2021 pence	**2022 pence**	2021 pence
Basic	**46,064**	45,904	**90.1**	69.9	**71.4**	56.4
Dilutive potential ordinary shares	**1,850**	1,619	**(3.5)**	(2.4)	**(2.7)**	(1.9)
Diluted	**47,914**	47,523	**86.6**	67.5	**68.7**	54.5

Section 3

Operating Assets and Liabilities

This section shows the assets and liabilities used to generate the Group's trading performance. Liabilities relating to the Group's financing activities are addressed in Section 4. Current tax and deferred tax assets and liabilities are shown in note 2.4 "Tax".

On the following pages, there are disclosures covering the following:

3.1 Intangible assets
3.2 Property, plant and equipment
3.3 Working capital
3.4 Acquisitions
3.5 Provisions
3.6 Leases

3.1 Intangible assets

This shows the non-physical assets used by the Group to generate revenues and profits. These assets include the following:

- **Goodwill**
- **Acquired intangible assets**
- **Software**
- **Capitalised development costs**

Accounting policies

Goodwill

The goodwill recognised by the Group has all arisen as a result of acquisitions and is stated at cost less any accumulated impairment losses. Goodwill is allocated on acquisition to CGUs, or groups of CGUs, assessed to be the three segments of the Group, that are anticipated to benefit from the combination. It is not subject to amortisation but is tested annually for impairment. Impairment is determined by assessing the recoverable amount of the segment to which the goodwill relates. This estimate of recoverable amount is determined at each Balance Sheet date.

The estimate of recoverable amount requires significant assumptions to be made and is based on a number of factors such as the near-term business outlook for the segment, including both its operating profit and operating cash flow performance. Where the recoverable amount of the segment is less than the carrying amount, an impairment loss is recognised. Impairment losses on goodwill are not reversed.

All acquisitions that have occurred since 1 January 2010 are accounted for by applying the acquisition method. Goodwill on these acquisitions represents the excess of the fair value of the acquisition consideration over the fair value of the identifiable net assets acquired, all measured at the acquisition date. Subsequent adjustments to the fair values of net assets acquired can be made within 12 months of the acquisition date where original fair values were determined provisionally. These adjustments are accounted for from the date of acquisition.

Other intangible assets

Acquired intangible assets

Other intangible assets acquired as part of a business combination are shown at fair value at the date of acquisition less accumulated amortisation at the rates indicated below:

Order backlog	up to 2 years
Brand	3 to 20 years
Customer relationships	3 to 10 years
Technology	3 to 20 years

Software

The cost of acquiring software (including associated implementation and development costs where applicable) is classified as an intangible asset. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are assessed as likely to generate economic benefits exceeding costs beyond one year, are also capitalised and recognised as intangible assets. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Software expenditure is amortised over its estimated useful life of between three to five years, and is stated at cost less accumulated amortisation and impairment losses.

Capitalised development costs

Research and development costs are charged to the Income Statement in the year in which they are incurred unless development expenditure meets the criteria for capitalisation. Once detailed and strict criteria have been met that confirm that the product or process is both technically and commercially feasible and the Group has sufficient resources to complete the product, any further expenditure incurred on the project is capitalised. The capitalised expenditure includes the cost of materials, direct labour and an appropriate portion of overheads. Capitalised expenditure is amortised over the life of the product, and is stated at cost less accumulated amortisation and impairment losses.

Section 3 continued

Operating Assets and Liabilities continued

Impairment tests for CGUs or groups of CGUs containing goodwill

In accordance with the requirements of IAS 36 "Impairment of Assets", goodwill is allocated to the CGU groups, assessed to be the three segments of the Group, which are expected to benefit from the combination and are identified by the way goodwill is monitored for impairment. The Group's total consolidated goodwill of £125.7 million at 31 December 2022 (£99.0 million at 31 December 2021) is allocated to: Media Solutions: £55.4 million (2021: £34.4 million); Production Solutions: £31.9 million (2021: £30.2 million); and Creative Solutions: £38.4 million (2021: £34.4 million). Goodwill allocated to each segment is assessed for impairment annually and whenever there is a specific indicator of impairment.

As part of the annual impairment test review, the carrying value of goodwill has been assessed with reference to value in use over a projected period of five years together with a terminal value. This reflects the projected cash flows of each segment based on the actual operating results, the most recent Board approved budget, the strategy, and Management projections.

As part of determining the value in use of each CGU group and carrying value of long-term assets, Management has considered the potential impact of climate change on the business performance over the next five years, and the terminal growth rates. While there is considerable uncertainty relating to the longer term and quantifying the impact on a range of outcomes, Management considers that environmental related incremental costs are expected to have a moderate impact; the Group has already implemented strategies to mitigate this impact.

Recognising that there are extreme but unlikely scenarios, the Group considers that while exposed to physical risks associated with climate change (such as flooding, heat waves, sea level rises and increased precipitation) the estimated impact of these on the Group is not deemed material when determining the value in use of each CGU group and carrying value of associated long-term assets. In addition, the Group is exposed to transitional risks which might arise, for example, from government policy, customer expectations, material costs and increased stakeholder concern. The transitional risks could result in financial impacts such as higher environmentally focused levies (e.g. carbon pricing) and increased material costs. While the Group is exposed to the potential financial impacts associated with transitional risks after expected mitigating actions these are not deemed to have a significant impact on the value in use of each CGU group, determination of available headroom, and carrying value of associated long-term assets.

The key assumptions on which the value in use calculations are based relate to (i) business performance over the next five years, (ii) long-term growth rates beyond 2027 and (iii) discount rates applied.

(i) Business performance over the next five years – Forecast sales growth rates are based on past experience and take into account current and future market conditions and opportunities, and strategic decisions made in respect of each CGU group. Operating profits are forecast based on historical experience of operating margins adjusted for the impact of changes in product costs, cost-saving initiatives and new product launches. Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts the cash conversion rate based on historical experience.

(ii) Long-term growth rates beyond 2027 – These are based on Management's assessment of the outlook for overall market growth with both Media Solutions and Production Solutions broadly similar to long-term world GDP growth, whereas for Creative Solutions, we believe the end-markets and geographies in which the division operates indicate higher growth potential.

(iii) Discount rates applied – The pre-tax discount rates were measured based on the interest rate of 30-year government bonds issued in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the CGU group.

Growth rates for the period beyond 2027 were assumed to be 2.0% for Media Solutions and Production Solutions, and 4.0% for Creative Solutions (2021: 2.0% for Media Solutions and Production Solutions, and 4.0% for Creative Solutions). The pre-tax discount rates applied to discount the pre-tax cash flows were 15% (2021: 13%) for Media Solutions; 14% (2021: 11%) for Production Solutions; and 14% (2021: 12%) for Creative Solutions.

No reasonably possible change of key estimate would result in a material impairment to the goodwill of any CGU group. The following scenarios would be required to result in an impairment of goodwill: the pre-tax WACC would need to increase by c.17% points for Media Solutions; c.22% points for Production Solutions; and c.23% points for Creative Solutions.

Intangible assets

	Total £m	Goodwill £m	Acquired intangible assets £m	Software £m	Capitalised development costs £m
Cost					
At 1 January 2021	219.0	76.2	84.4	18.3	40.1
Currency translation adjustments	(1.1)	(0.3)	0.4	(0.8)	(0.4)
Additions	10.9	–	–	0.8	10.1
Disposals	(0.2)	–	–	(0.1)	(0.1)
Business combinations	52.7	23.5	29.2	–	–
At 31 December 2021 and 1 January 2022	**281.3**	**99.4**	**114.0**	**18.2**	**49.7**
Currency translation adjustments	**28.6**	**10.4**	**13.2**	**1.0**	**4.0**
Additions	**13.1**	**–**	**–**	**1.0**	**12.1**
Business combinations	**31.5**	**16.4**	**15.1**	**–**	**–**
At 31 December 2022	**354.5**	**126.2**	**142.3**	**20.2**	**65.8**
Amortisation and impairment losses					
At 1 January 2021	95.5	0.4	60.5	15.5	19.1
Currency translation adjustments	(0.7)	–	0.3	(0.7)	(0.3)
Amortisation in the year	13.0	–	7.2	1.0	4.8
Disposals	(0.2)	–	–	(0.1)	(0.1)
At 31 December 2021 and 1 January 2022	**107.6**	**0.4**	**68.0**	**15.7**	**23.5**
Currency translation adjustments	**8.8**	**0.1**	**6.2**	**0.8**	**1.7**
Amortisation in the year	**18.3**	**–**	**10.9**	**1.0**	**6.4**
Impairment losses in the year	**1.9**	**–**	**–**	**–**	**1.9**
At 31 December 2022	**136.6**	**0.5**	**85.1**	**17.5**	**33.5**
Carrying amounts					
At 1 January 2021	123.5	75.8	23.9	2.8	21.0
At 31 December 2021 and 1 January 2022	173.7	99.0	46.0	2.5	26.2
At 31 December 2022	**217.9**	**125.7**	**57.2**	**2.7**	**32.3**

The carrying value of individually material acquired intangible assets is £2.6 million (2021: £5.2 million) for software and algorithms, £13.1 million (2021: £8.9 million) for trademarks, £3.2 million (2021: £3.3 million) for patents, £19.7 million (2021: £16.0 million) for customer relationships and £13.8 million (2021: £7.8 million) for technology. The remaining amortisation period of these intangible assets is one year for software and algorithms, between ten and twenty years for trademarks, six years for patents, nine years for customer relationships and between 11 and 20 years for technology.

The carrying value of individually material capitalised development costs is £3.0 million (2021: £2.0 million) with a remaining amortisation period of five years.

Amortisation of intangible assets of £18.3 million and impairment losses of £1.9 million are included within operating expenses.

3.2 Property, plant and equipment

This shows the physical assets used by the Group to generate revenues and profits. These assets include the following:

- **Land and buildings**
- **Plant, machinery and vehicles**
- **Equipment, fixtures and fittings**

Accounting policies

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Rental assets are recorded as plant and machinery. Right-of-use assets under lease contracts are included within property, plant and equipment. See note 3.6 "Leases".

Section 3 continued

Operating Assets and Liabilities continued

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 expected residual value at the end of its life. The major categories of property, plant and equipment are depreciated as follows:

Freehold land	not depreciated
Freehold buildings	up to 50 years
Leasehold improvements	shorter of estimated useful life or remaining period of the lease
Plant and machinery	4 to 10 years
Motor vehicles	3 to 4 years
Equipment, fixtures and fittings	3 to 10 years
Rental assets	3 to 6 years

Impairment of assets

Property, plant and equipment that is subject to depreciation is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include changes in technology and market conditions.

The impact of climate change on the useful economic lives of property, plant and equipment is not deemed to be significant.

Property, plant and equipment

	Total £m	Land and buildings £m	Plant, machinery and vehicles £m	Equipment, fixtures and fittings £m
Cost				
At 1 January 2021	148.7	56.9	82.0	9.8
Currency translation adjustments	(4.7)	(1.2)	(3.1)	(0.4)
Transfers between asset categories	–	0.1	0.1	(0.2)
Additions	26.5	15.4	9.6	1.5
Disposals	(3.4)	(1.2)	(1.5)	(0.7)
Acquisitions	6.2	4.6	1.6	–
At 31 December 2021 and 1 January 2022	**173.3**	**74.6**	**88.7**	**10.0**
Currency translation adjustments	**11.3**	**5.2**	**5.6**	**0.5**
Additions	**11.9**	**4.9**	**5.4**	**1.6**
Disposals	**(4.9)**	**(3.2)**	**(1.2)**	**(0.5)**
Business combinations	**5.5**	**4.4**	**1.0**	**0.1**
At 31 December 2022	**197.1**	**85.9**	**99.5**	**11.7**
Depreciation				
At 1 January 2021	106.5	33.4	65.8	7.3
Currency translation adjustment	(3.8)	(1.1)	(2.6)	(0.1)
Transfers between asset categories	–	0.1	0.1	(0.2)
Depreciation charge in the year	12.9	5.6	6.2	1.1
Impairment losses in the year	0.2	0.2	–	–
Disposals	(3.2)	(1.1)	(1.4)	(0.7)
At 31 December 2021 and 1 January 2022	**112.6**	**37.1**	**68.1**	**7.4**
Currency translation adjustment	**6.9**	**2.3**	**4.3**	**0.3**
Depreciation charge in the year	**15.3**	**7.1**	**7.2**	**1.0**
Disposals	**(4.3)**	**(2.7)**	**(1.1)**	**(0.5)**
At 31 December 2022	**130.5**	**43.8**	**78.5**	**8.2**
Carrying amounts				
At 1 January 2021	42.2	23.5	16.2	2.5
At 31 December 2021 and 1 January 2022	60.7	37.5	20.6	2.6
At 31 December 2022	**66.6**	**42.1**	**21.0**	**3.5**

Plant, machinery and vehicles include equipment rental assets with an original cost of £11.7 million (2021: £11.8 million) and accumulated depreciation of £8.8 million (2021: £8.3 million).

Capital commitments at 31 December 2022 for which no provision has been made in the accounts amount to £nil (2021: £nil).

3.3 Working capital

Working capital represents the assets and liabilities the Group generates through its trading activities. These include inventories, trade and other receivables, and trade and other payables.

Careful management of working capital is vital as it ensures that the Group can meet its trading and financing obligations within its ordinary operating cycle.

Accounting policies

Inventories

Inventories and work in progress are carried at the lower of cost and net realisable value. Inventory acquired as part of business combinations is initially measured at fair value. Cost represents direct costs incurred and, where appropriate, production or conversion costs and other costs to bring the inventory to its existing location and condition. In the case of manufacturing inventory and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Inventory is accounted for on an average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Provisions for inventories are recognised when the book value exceeds their net realisable value.

In the ordinary course of business, judgement is applied to assess the level of provisions required to write down slow-moving, excess and obsolete inventory to its net realisable value.

Trade and other receivables

Trade receivables and contract assets are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the number of days past due. The expected loss rates are based on payment profiles of sales over a preceding 36-month period and the corresponding historical credit losses experienced within this period. When appropriate, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables where a trend exists.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for an extended period.

When customer payments are received in advance and the amount of consideration exceeds the revenue recognised, a contract liability is recognised in the Balance Sheet.

Trade and other payables

Trade payables are generally recognised at the value of the invoice received from a supplier.

Inventories

	2022 £m	2021 £m
Raw materials and components	**35.7**	26.0
Work in progress	**8.9**	7.4
Finished goods	**62.7**	55.1
Inventories, net of impairment provisions	**107.3**	88.5

Inventory of £107.3 million (2021: £88.5 million) is stated net of impairment provisions of £23.2 million (2021: £18.3 million). During the year £5.1 million (2021: £2.0 million) was recognised as an expense resulting from the impairment and write-down of inventory. A reversal of £1.6 million (2021: £1.6 million) was recognised as a reduction of the amount of inventory recognised as an expense.

Section 3 continued
Operating Assets and Liabilities continued

Trade and other receivables

	2022 £m	2021 £m
Current receivables		
Trade receivables, net of impairment provisions	**54.7**	43.9
Other receivables	**7.9**	7.5
Right to returned goods	**0.4**	0.2
Contract assets	**1.8**	2.9
Prepayments	**4.1**	5.5
	68.9	60.0
Non-current receivables		
Other receivables	**7.4**	5.8
Total receivables	**76.3**	65.8

	2022 £m	2021 £m
Gross trade receivables – ageing[1]		
Current	**46.4**	38.5
1-30 days	**6.9**	4.6
31-60 days	**1.7**	1.4
61-90 days	**0.9**	0.7
Over 90 days	**2.9**	3.7
Gross trade receivables	**58.8**	48.9

(1) Days overdue are measured from the date an invoice was due to be paid.

	Total £m	Overdue debts £m	Discounts £m
Impairment provisions against trade receivables			
Balance at 1 January 2022	**5.0**	**3.0**	**2.0**
Net increase during the year	**0.3**	**(0.5)**	**0.8**
Utilised during the year	**(1.5)**	**(0.4)**	**(1.1)**
Currency translation adjustments	**0.3**	**0.2**	**0.1**
Balance at 31 December 2022	**4.1**	**2.3**	**1.8**

Trade and other payables

	2022 £m	2021 £m
Current trade and other payables		
Trade payables	**42.3**	38.1
Other tax and social security costs	**5.9**	4.3
Contract liabilities	**2.5**	2.6
Expected refunds to customers	**0.5**	0.3
Accruals	**14.0**	13.7
Other creditors	**16.1**	17.6
	81.3	76.6
Non-current payables		
Other non-trade payables	**1.8**	0.4
Total payables	**83.1**	77.0

3.4 Acquisitions

This note outlines how the Group has accounted for businesses that it has acquired.

Acquisitions are accounted for under the acquisition method of accounting. With limited exceptions, identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date. A detailed exercise is undertaken to assess the fair value of assets acquired and liabilities assumed, with the use of third-party experts where appropriate.

The valuation of intangible assets requires the use of assumptions and estimates, including future growth rates, expected inflation rates, discount rates used and useful economic lives. This process continues as information is finalised, and accordingly the fair values presented in the tables below are provisional amounts. In accordance with IFRS 3, until the assessment is complete the measurement period will remain open up to a maximum of 12 months from the acquisition date so long as information remains outstanding.

The excess of the consideration transferred, any non-controlling interest recognised and the fair value of any previous equity interest in the acquired entity over the fair value of net identifiable assets acquired is recorded as goodwill. Acquisition-related costs are recognised in the Income Statement as incurred in accordance with IFRS 3.

Acquisitions provide opportunities for further development of the Group's activities and create enhanced returns. Such opportunities and the workforces inherent in each of the acquired businesses represent much of the assessed value of goodwill.

Acquisition of Savage

During the period ended 31 December 2022, the process to measure the fair values of the assets acquired and liabilities assumed was completed in respect of the Savage acquisition. The Balance Sheet as at 31 December 2021 has been adjusted to reflect a decrease in goodwill of £0.7 million as a result of adjustments increasing deferred tax assets by £0.5 million, increasing acquired intangible assets by £0.3 million, and increasing other creditors by £0.1 million. An amount of £0.3 million was received in the period in relation to the final working capital adjustment for Savage.

Acquisition of Audix

On 11 January 2022, the Group acquired 100% of the issued share capital of Audix LLC ("Audix"), a US company, for consideration of US$45.8 million (£33.7 million). Under the terms of the acquisition, there is deferred consideration payable in 2023 of US$2.0 million, the fair value of which is US$1.9 million (£1.4 million). The consideration for the acquisition is set out in the table below.

Audix has been integrated into the Media Solutions Division and it designs, engineers and manufactures high performing, innovative microphones for the professional audio industry. Audix products are highly complementary to the JOBY and Rycote brands and this acquisition will help to enhance the Group's leading position in the growing audio market. This acquisition is in line with the Group's strategy to drive growth by increasing its addressable markets and expanding its higher technology capabilities.

Based on the provisional view, the fair value of the net assets acquired in the business at acquisition date was £18.7 million, resulting in goodwill of £16.4 million. The whole amount of goodwill is tax deductible over 15 years and represents the expected synergies from the acquisition and the assembled workforce.

In connection with the acquisition, a retention agreement is entered into with key employees. The retention agreement is for a total of US$3.1 million (£2.3 million) conditional on continued employment and payable in 2023. This is accounted for as an employee expense in accordance with IAS 19.

A summary of the acquisitions is detailed below:

	Total £m
Fair value of net assets acquired	
Intangible assets	15.1
Property, plant and equipment	5.5
Inventories	3.1
Trade and other receivables	1.1
Cash	0.2
Lease liabilities	(4.4)
Trade and other payables	(1.1)
Deferred tax	(0.8)
	18.7
Goodwill	16.4
Total purchase consideration	35.1
Present value of deferred consideration	(1.4)
Cash consideration	33.7
Cash acquired	(0.2)
Total outflow of cash for Audix	33.5
Working capital adjustment received for Savage	(0.3)
Total outflow of cash	33.2

Acquisition related charges include: transaction costs of £0.4 million relating to the acquisition of Audix; and retention payment charges of £5.9 million (Quasar: £0.1 million; Lightstream: £2.5 million; Savage: £0.7 million; and Audix: £2.6 million).

Section 3 continued

Operating Assets and Liabilities continued

The trade receivables acquired had a fair value and a gross contractual value of £0.7 million. All contractual cash flows at acquisition date are expected to be collected.

The results of the acquisition included in the Group's consolidated results are revenue of £12.9 million and operating profit of £1.3 million. The level of profitability is stated after adjusting items.

Had the acquisition been made at the beginning of the year (i.e. 1 January 2022), it would have contributed £13.1 million to revenue and £1.3 million profit to the operating profit of the Group. The level of profitability is stated after adjusting items.

3.5 Provisions

A provision is recognised by the Group where an obligation exists, relating to events in the past, and it is probable that an outflow of economic benefits will be required to settle it.

Accounting policies

Provisions

Provisions are recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle it. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate discount rate.

Provisions for warranties, based on historical warranty data, are recognised when the underlying products or services are sold.

Obligations arising from restructuring plans are recognised when detailed formal plans have been established and the restructuring has either commenced or has been announced.

	Total £m	Warranty £m	Restructuring £m	Earnout payments £m	Tax-related provisions £m	Grant repayment £m	Other £m
At 1 January 2022	**4.4**	**1.4**	**0.2**	**0.1**	**1.9**	**–**	**0.8**
Provisions made during the year	**6.1**	**0.4**	**3.8**	**–**	**0.1**	**1.8**	**–**
Provisions utilised during the year	**(2.5)**	**(0.4)**	**(2.0)**	**–**	**–**	**(0.1)**	**–**
Provisions reversed during the year	**(0.6)**	**(0.1)**	**–**	**(0.1)**	**(0.2)**	**–**	**(0.2)**
Currency translation adjustments	**0.5**	**0.1**	**0.1**	**–**	**0.2**	**0.1**	**–**
At 31 December 2022	**7.9**	**1.4**	**2.1**	**–**	**2.0**	**1.8**	**0.6**
Current	5.5	1.1	2.0	–	2.0	0.4	–
Non-current	2.4	0.3	0.1	–	–	1.4	0.6
	7.9	1.4	2.1	–	2.0	1.8	0.6

Warranty provisions

Warranties over the Group's products typically cover periods of between one and five years. The provision represents Management's best estimate of the Group's liability based on past experience.

Restructuring

The restructuring provision is expected to be utilised during 2023.

Earnout and deferred payment

The fair value of contingent consideration for Quasar of US$0.1 million (£0.1 million) was reversed during the year.

Tax-related provisions

On acquisition of Savage, the Group recognised a provision of £1.9 million for a tax-related contingent liability which is not in the scope of IAS 12 "Income Taxes". As part of the acquisition agreement, the Group obtained indemnities from the sellers and an amount of the potential consideration was transferred to an escrow account. An amount of £0.2 million was reversed during the year, and a provision of £0.1 million for interest was made during the period . The amount of any payment would be recoverable by the Group under the escrow and indemnity arrangements, and as such, the Group has also recognised a corresponding receivable of £2.0 million included in trade and other receivables.

Grant repayment

A provision of £1.8 million was created during the year for grant payments to the Israeli Innovation Authority ("IIA") in excess of the liability recognised on acquisition of Amimon.

Other

Other provisions include an amount of £0.6 million relating to potential dilapidation costs on the termination of leases on occupied property that the Group has entered into.

3.6 Leases

This note provides information in relation to leases when the Group is a lessee. The Group does not have any material leases where it acts as a lessor.

Accounting policies

Leases

Each lease is recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Interest expense is charged to the Consolidated Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

For the Group, lease payments generally comprise the following:

- fixed payments, less any lease incentives receivable;
- variable payments that are based on an index or rate; and
- payments to be made under extension options which are reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the interest rate implicit in the lease is not readily determinable, as such the incremental borrowing rate is used to discount future lease payments.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, and lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

When an adjustment to lease payments based on an index takes effect, the liability is remeasured with a corresponding adjustment to the right-of-use asset.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Income Statement.

The Group's leasing activities

The Group enters into leases of land and buildings in relation to offices, warehouses and factory premises around the world. In addition, the Group leases plant, machinery and vehicles, as well as other equipment.

Contracts entered into by the Group have a wide range of terms and conditions but generally do not impose any additional covenants. Several of the Group's contracts include indexation adjustments to lease payments in future periods which are not reflected in the measurement of the lease liabilities at 31 December 2022.

Many of the contracts entered into by the Group include extension or termination options which provide the Group with additional operational flexibility. If the Group considers it reasonably certain that an extension option will be exercised or a termination option not exercised, the additional period is included in the lease term. Generally, extension options are not included in the lease term for plant, machinery and vehicles, and equipment, fixtures and fittings. Most options in respect of land and buildings are not included in the calculation of the lease term.

During 2022, the financial effect of revising lease terms arising from the effect of exercising extension and termination options was a decrease of £0.2 million in the recognised lease liabilities.

As at 31 December 2022, potential future cash outflows of £11.6 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

A maturity analysis of lease liabilities is included in note 4.2 "Financial instruments".

Section 3 continued

Operating Assets and Liabilities continued

Right-of-use assets

	Total £m	Leasehold land and buildings £m	Plant, machinery and vehicles £m	Equipment, fixtures and fittings £m
Cost				
At 1 January 2021	33.4	30.7	2.0	0.7
Currency translation adjustments	(0.6)	(0.5)	(0.1)	–
Additions	15.7	14.8	0.9	–
Termination of leases	(2.0)	(1.1)	(0.8)	(0.1)
Transfers between asset categories	–	0.1	(0.1)	–
Business combinations	4.5	4.5	–	–
At 31 December 2021	51.0	48.5	1.9	0.6
At 1 January 2022	**51.0**	**48.5**	**1.9**	**0.6**
Currency translation adjustments	**3.6**	**3.4**	**0.2**	**–**
Additions	**4.8**	**4.2**	**0.3**	**0.3**
Termination of leases	**(4.0)**	**(3.2)**	**(0.4)**	**(0.4)**
Transfers between asset categories	**–**	**–**	**–**	**–**
Business combinations	**4.4**	**4.4**	**–**	**–**
At 31 December 2022	**59.8**	**57.3**	**2.0**	**0.5**
Depreciation				
At 1 January 2021	19.5	17.9	1.2	0.4
Currency translation adjustment	(0.5)	(0.3)	(0.2)	–
Depreciation charge in the year	5.4	4.6	0.6	0.2
Depreciation on termination of lease	(1.9)	(1.1)	(0.7)	(0.1)
Transfers between asset categories	–	0.1	(0.1)	–
At 31 December 2021	22.5	21.2	0.8	0.5
At 1 January 2022	**22.5**	**21.2**	**0.8**	**0.5**
Currency translation adjustments	**1.2**	**1.1**	**0.1**	**–**
Depreciation charge in the year	**6.7**	**6.0**	**0.6**	**0.1**
Depreciation on termination of lease	**(3.4)**	**(2.6)**	**(0.4)**	**(0.4)**
Transfers between asset categories	**–**	**–**	**–**	**–**
At 31 December 2022	**27.0**	**25.7**	**1.1**	**0.2**
Carrying amounts				
At 1 January 2021	13.9	12.8	0.8	0.3
At 31 December 2021 and 1 January 2022	28.5	27.3	1.1	0.1
At 31 December 2022	**32.8**	**31.6**	**0.9**	**0.3**

Total cash outflow for leases is £7.9 million (2021: £6.7 million) of which £1.5 million (2021: £1.0 million) relates to interest and £6.4 million (2021: £5.7 million) to principal lease repayments.

Section 4
Capital Structure

This section outlines the Group's capital structure. The Group defines its capital structure as its equity and non-current interest-bearing loans and borrowings, and aims to manage this to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Group manages its capital and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, it may return capital to shareholders, through dividends and share buybacks, issue new shares or sell assets to reduce debt. The Group considers its dividend policy at least twice a year ahead of announcing results in the context of its ability to continue as a going concern and deliver its business plan. The Group focuses on leverage, credit ratings and interest cost, particularly when considering investment.

On the following pages there are disclosures concerning the following:

4.1 Net debt

The Group's net debt comprises the following:

- **Cash and cash equivalents (cash on hand and demand deposits at banks)**
- **Bank overdrafts that are payable on demand**
- **Interest-bearing loans and borrowings**
- **Lease liabilities**

Accounting policies

Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet represents cash on hand and at banks.

Cash and cash equivalents in the Statement of Cash Flows includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Interest-bearing loans and borrowings

Interest-bearing borrowings are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these transaction costs are recognised in the Income Statement over the term of the related borrowings.

Lease liabilities

See note 3.6 "Leases".

Analysis of net debt

The table below analyses the Group's components of net debt and their movements in the period:

	Interest-bearing loans and borrowings[1] £m	Leases £m	Liabilities from financing Sub-total £m	Other cash and cash equivalents[2] £m	Total £m
Opening at 1 January 2021	(91.4)	(16.2)	(107.6)	16.8	(90.8)
Other cash flows	–	–	–	(37.0)	(37.0)
Business combinations	–	(4.5)	(4.5)	2.6	(1.9)
Repayments	128.2	5.7	133.9	(133.9)	–
Borrowings	(160.8)	–	(160.8)	160.8	–
Leases entered into during the year	–	(15.7)	(15.7)	–	(15.7)
Leases – early termination	–	0.1	0.1	–	0.1
Fees incurred	1.3	–	1.3	–	1.3
Amortisation of fees	(0.7)	–	(0.7)	–	(0.7)
Foreign currency	0.6	0.3	0.9	(1.4)	(0.5)
Closing at 31 December 2021 and opening at 1 January 2022	**(122.8)**	**(30.3)**	**(153.1)**	**7.9**	**(145.2)**
Other cash flows	**–**	**–**	**–**	**(24.3)**	**(24.3)**
Business combinations	**–**	**(4.4)**	**(4.4)**	**0.2**	**(4.2)**
Repayments	**93.8**	**6.4**	**100.2**	**(100.2)**	**–**
Borrowings	**(130.3)**	**–**	**(130.3)**	**130.3**	**–**
Leases entered into during the year	**–**	**(4.8)**	**(4.8)**	**–**	**(4.8)**
Leases – early termination	**–**	**0.6**	**0.6**	**–**	**0.6**
Fees incurred	**1.0**	**–**	**1.0**	**–**	**1.0**
Amortisation of fees	**(1.3)**	**–**	**(1.3)**	**–**	**(1.3)**
Foreign currency	**(14.9)**	**(2.3)**	**(17.2)**	**1.9**	**(15.3)**
Closing at 31 December 2022	**(174.5)**	**(34.8)**	**(209.3)**	**15.8**	**(193.5)**

(1) Interest bearing loans and borrowings include unamortised fees and transaction costs of £1.7 million (2021: £2.1 million).
(2) Other cash and cash equivalents include bank overdrafts of £nil (2021: £3.1 million).

Section 4 continued
Capital Structure continued

On 14 February 2020, the Group signed a new £165.0 million five-year (with one optional one-year extension) multicurrency RCF with a syndicate of five banks. On 12 November 2021, the Group signed an amendment and restatement agreement to change the underlying benchmark from LIBOR to the relevant risk-free rates (SONIA, SOFR, TONA), due to the cessation of LIBOR on 31 December 2021. In January 2022, a one-year extension was agreed with four syndicate banks and in December 2022, a £35.0 million accordion was agreed with the same four syndicate banks resulting in the total commitments increasing to £200 million, with £35.0 million expiring on 14 February 2025 and £165.0 million expiring on 14 February 2026. The Group was utilising 57% of the RCF as at 31 December 2022.

Under the terms of the RCF the Group expects to and has the discretion to roll over the obligation for at least 12 months from the Balance Sheet date, and as a result, these amounts are reported as non-current liabilities in the Balance Sheet.

On 14 November 2021, the Group signed a new US$53.0 million (£43.8 million) three-year amortising Term Loan with a syndicate of four banks to facilitate the acquisition of Savage. This facility will expire on 14 November 2024. Following the payment of 25% of the original amount during 2022, the outstanding balance of this Term Loan was US$39.8 million (£32.8 million) as at 31 December 2022.

On 7 January 2022, the Group signed a new US$47.0 million (£38.8 million) three-year amortising Term Loan with a syndicate of four banks to facilitate the acquisition of Audix. This facility will expire on 7 January 2025. Following the payment of 25% of the original amount during 2022, the outstanding balance of this Term Loan was US$35.2 million (£29.1 million) as at 31 December 2022.

4.2 Financial instruments

This note provides details on:

- **Financial risk management**
- **Derivative financial instruments**
- **Fair value hierarchy**
- **Interest rate profile**
- **Maturity profile of financial liabilities**

Financial risk management

The Group's multinational operations and debt financing expose it to a variety of financial risks. In the course of its business, the Group is exposed to foreign currency risk, interest rate risk, liquidity risk and credit risk.

Financial risk management is an integral part of the way the Group is managed. Financial risk management policies are set by the Board of Directors. These policies are implemented by a central treasury department that has formal procedures to manage foreign currency risk, interest rate risk and liquidity risk, including, where appropriate, the use of derivative financial instruments. The Group has clearly defined authority and approval limits built into these procedures.

Foreign currency risk

Foreign currency risk arises both where sale or purchase transactions are undertaken in currencies other than the respective functional currencies of Group companies (transactional exposures) and where the results of overseas companies are consolidated into the Group's reporting currency of Sterling (translational exposures).

Transactions and balances

The Group has businesses that operate around the world and accordingly record their results in a number of different functional currencies. Some of these operations also have some customers or suppliers that transact in a foreign currency. Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

The Group manages its transactional exposures to foreign currency risks through the use of forward exchange contracts including the US Dollar, Euro and Japanese Yen. Forward exchange contracts are used to hedge the Group's forecasted foreign currency exposure in respect of forecast cash transactions for the following 12 months. Forward exchange contracts may also be used to hedge a proportion of the forecast cash transactions for the following 13 to 24 months. The forward exchange contracts currently have maturities of less than one year at the Balance Sheet date.

The Group ensures that its net exposure to foreign denominated cash balances is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. In addition, the Group manages the denomination of surplus cash balances across the overseas subsidiaries to allow natural hedging where effective in any particular country.

Translation to presentation currency

The Group's results, which are reported in Sterling, are exposed to changes in foreign currency exchange rates across a number of different currencies with the most significant exposures relating to the US Dollar (USD) and Euro (EUR). The Group is exposed to the underlying translational movements which remain outside the control of the Group.

The Group's translational exposures to foreign currency risks relate to both the translation of income and expenses and net assets of overseas subsidiaries which are converted into Sterling on consolidation. The Group does not seek to hedge the translational exposure that arises primarily from changes in the exchange rates of the US Dollar, Euro and Japanese Yen against Sterling. However, the Group does finance overseas investments partly through the use of foreign currency borrowings in order to provide a net investment hedge over the foreign currency risk that arises on translation of its foreign currency subsidiaries.

Sensitivities

It is estimated that the Group's adjusted operating profit for the year ended 31 December 2022 would have increased/decreased by approximately £2.3 million (2021: £3.0 million) from a ten cent stronger/weaker US Dollar against Sterling and by approximately £2.4 million (2021: £1.8 million) from a ten cent stronger/weaker Euro against Sterling. This reflects the impact of the sensitivities to the translational exposures and to the proportion of the transactional exposures that are not hedged.

It is estimated that the statutory operating profit for the year ended 31 December 2022 would have increased/decreased by £0.3 million (2021: £2.2 million) from a ten cent stronger/weaker US Dollar against Sterling and by approximately £2.4 million (2021: £1.7 million) from a ten cent stronger/weaker Euro against Sterling.

Interest rate risk

Interest rate risk comprises the interest cash flow risk that results from borrowing at variable rates.

The Group is exposed to cash flow interest rate risk arising from long-term borrowings bearing variable interest rates. The Group policy is to maintain up to 80% (2021: 50%) of its borrowings at fixed rate. At 31 December 2022, the Group's variable interest rate borrowings were mainly denominated in Sterling and US Dollars, with 79% of the Group's floating rate debt fixed using floating-to-fixed interest rate swaps.

The borrowings are periodically contractually repriced which exposes the Group to the risk of future changes in market interest rates.

For the year ended 31 December 2022, it is estimated that a general increase of 1% in interest rates would decrease the Group's profit before tax by approximately £0.7 million (2021: £0.9 million) and a general decrease of 1% in interest rates would increase the Group's profit before tax by approximately £0.7 million (2021: £0.1 million).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group was utilising 57% (2021: 53%) of the £200.0 million (2021: £165.0 million) multicurrency RCF as at 31 December 2022.

The Group was utilising 100% of the US$39.8 million (£32.9 million) amortising Term Loan as at 31 December 2022, which was drawn to finance the acquisition of Savage. The loan amortises bi-annually from 30 June 2022 through to maturity on 14 November 2024. Repayments are set as a percentage of the original amount of the Term Loan of US$53.0 million and the amount repayable at each respective repayment date from 30 June 2022 is as follows: 10%, 15%; 20%, 25%; 15% and 15%.

The Group was also utilising 100% of the US$35.2 million (£29.2 million) amortising Term Loan as at 31 December 2022, which was drawn to finance the acquisition of Audix. The loan amortises bi-annually from 30 June 2022 through to maturity on 7 January 2025. Repayments are set as a percentage of the original amount of the Term Loan of US$47.0 million and the amount repayable at each respective repayment date from 30 June 2022 is as follows: 10%, 15%; 20%, 25%; 15% and 15%.

Credit risk

Credit risk arises because a counterparty may fail to meet its obligations. The Group is exposed to credit risk on financial assets such as trade receivables, cash balances and derivative financial instruments. The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Group Balance Sheet.

a) Trade receivables

The Group's credit risk is primarily attributable to its trade receivables. Trade receivables are subject to credit limits, and control and approval procedures in the operating companies. At the Balance Sheet date, one of the Group's largest customers, which has a high credit rating, accounts for 10% of the gross outstanding trade receivables (2021: 18%) which represents a concentration of credit risk.

b) Cash balances and derivative financial instruments

Credit risk associated with cash balances is managed by transacting with a number of major financial institutions worldwide and periodically reviewing their creditworthiness. Transactions involving derivative financial instruments are managed centrally. These are only with banks that are part of the Group's multicurrency RCF and which have strong credit ratings. Accordingly, the Group's associated credit risk is limited. The Group has no significant concentration of credit risk.

Derivative financial instruments

This is a summary of the derivative financial instruments that the Group holds and uses to manage transactional exposure. The value of these derivatives changes over time in response to underlying variables such as interest and exchange rates. They are carried in the Balance Sheet at fair value.

The fair value of forward exchange contracts is determined by estimating the market value of that contract at the reporting date. Derivatives with a positive fair value are recorded as assets and negative fair values as liabilities, and presented as current or non-current based on their contracted maturity dates.

The fair value of interest rate swaps are determined by estimating the market value of that swap at the reporting date. Derivatives with a positive fair value are recorded as assets and negative fair values as liabilities, and presented as current or non-current based on their contracted maturity dates.

Contracts with derivative counterparties are based on ISDA Master Agreements. Under the terms of these arrangements, only in certain situations will the net amounts owing/receivable to a single counterparty be considered outstanding. The Group does not have the present legal ability to set-off these amounts and so they are not offset in the Balance Sheet. Of the derivative assets and derivative liabilities recognised in the Balance Sheet, an amount of £0.6 million (2021: £0.1 million) would be set-off under enforceable master netting agreements.

Section 4 continued

Capital Structure continued

Accounting policies

Financial assets classification and measurement

The Group classifies its financial instruments depending on the business model for managing the financial assets and their contractual cash flows. Trade receivables and contract assets are measured at amortised cost while derivatives are measured at fair value through profit or loss unless designated in a qualifying hedging relationship.

Derivative financial instruments

In accordance with Board-approved policies, the Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to hedge its exposure to fluctuations in foreign exchange rates and interest rates arising from operational activities. The Group does not hold or use derivative financial instruments for trading or speculative purposes.

Cash flow hedge accounting

Cash flow hedges are used to hedge the variability in cash flows of highly probable forecast transactions caused by changes in foreign currency exchange rates and interest rates.

Where a derivative financial instrument is designated in a cash flow hedge relationship with a highly probable forecast transaction, the effective part of any change in fair value arising is deferred in the cash flow hedging reserve within equity, via the Statement of Comprehensive Income. The gain or loss relating to the ineffective part is recognised in the Income Statement within net finance expense. Amounts deferred in the cash flow hedging reserve are reclassified to the Income Statement in the periods when the hedged item is recognised in the Income Statement.

If a hedging instrument expires or is sold but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the Income Statement.

If a derivative financial instrument is not formally designated in a cash flow hedge relationship, any change in fair value is recognised in the Income Statement.

Forward exchange contracts

For hedges of foreign currency sales, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item and the Group designates the forward exchange rate as the hedged risk. The Group therefore performs a qualitative assessment of effectiveness. In hedges of foreign currency sales, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty.

The following table shows the forward exchange contracts in place at the Balance Sheet date. These contracts mature in the next 24 months, therefore the cash flows and resulting effect on profit and loss are expected to occur within the next 24 months.

	Currency	**As at 31 December 2022 (millions)**	**Average exchange rate of contracts**	As at 31 December 2021 (millions)	Average exchange rate of contracts
Cash flow hedging contracts					
GBP/USD forward exchange contracts	USD	**27.8**	**1.21**	12.1	1.35
EUR/USD forward exchange contracts	USD	**58.6**	**1.05**	16.2	1.17
GBP/EUR forward exchange contracts	EUR	**15.3**	**1.15**	3.8	1.18
GBP/JPY forward exchange contracts	JPY	**288.0**	**155.6**	93.0	156.7
EUR/JPY forward exchange contracts	JPY	**656.0**	**138.4**	204.0	133.4

A net loss of £2.9 million (2021: £0.1 million gain) relating to forward exchange contracts was reclassified to the Income Statement, to match the crystallisation of the hedged forecast cash flows which affect the Income Statement.

The table below provides further information on the Group's forward contracts.

	2022 £m	2021 £m
Net forward exchange contracts (liability)/asset	**1.2**	(0.3)
Recognised in OCI	**(1.4)**	(0.3)
Reclassified from OCI to the Income Statement	**2.9**	(0.1)
Maturity dates	**January 2023 to December 2023**	January 2022 to December 2022
Hedge ratio	**1:1**	1:1
Change in value of hedging instruments since 1 January	**(1.4)**	(0.3)
Change in value of the hedged item used to determine hedge effectiveness	**1.4**	0.3

Interest rate swaps

The Group enters into interest rate swaps that have the same critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. As all critical terms matched during the year, there is an economic relationship.

The following table shows the interest rate swap contracts in place at the Balance Sheet date. The interest is payable quarterly on 31 March, 30 June, 30 September and 31 December.

	Currency	**Nominal amounts as at 31 December 2022**	**Weighted average fixed rate[1]**	Maturity	Nominal amounts as at 31 December 2021
Interest rate swap contracts					
USD Interest rate swaps float (SOFR) to fix[2]	USD	**75.0**	**1.01%**	Sep 23	26.5
USD Interest rate swaps float (SOFR) to fix	USD	**35.0**	**4.89%**	Sep 23	0.0
GBP Interest rate swaps float (SONIA) to fix	GBP	**47.0**	**1.74%**	Jan 25	37.0

(1) In addition to these fixed rates, the margin relating to the interest swapped of the underlying RCF or term loans continues to apply.
(2) The notional amounts of the USD interest rate swaps linked to the term loans, amortise bi-annually in line with the amortisation of the term loans.

The Group entered into six additional floating-to-fixed interest rate swaps in 2022 totalling £99.7 million (2021: £56.6 million). As at 31 December 2022, a total of £137.9 million remain in place following £20.7 million of amortisation during the year. Swaps currently in place cover 79% of the variable loan principle outstanding. The fixed interest rates of the swaps range between 0.6% to 4.89% (USD) and 1.0% to 4.5% (GBP).

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency sales. It may occur due to:

- changes in credit risk on the interest rate swaps which is not matched by the loan; and
- differences in critical terms between the interest rate swaps and loans.

There was no recognised ineffectiveness during 2021 in relation to the interest rate swaps.

The gain or loss relating to the effective portion of the interest rate swaps that are hedging variable rate borrowings is recognised in the Income Statement within net finance expense at the same time as the interest expense on the hedged borrowings.

For interest rate swaps hedging interest rate risk on term loans, the notional amount of interest rate swaps decreases in line with the repayments of the hedged borrowings.

For interest rate swaps on other borrowings, the notional amounts are consistent over the term of the hedging relationship.

The balances and movements into and out of the cash flow hedging reserve are shown in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity respectively. Amounts reclassified from the cash flow hedging reserve to the Consolidated Statement of Comprehensive Income are included in revenue for foreign currency forward exchange contracts and net finance cost for interest rate swaps.

The table below provides further information on the Group's interest rate swaps:

	2022 £m	2021 £m
Interest rate swaps asset	**4.0**	0.1
Recognised in OCI	**4.6**	0.1
Reclassified from OCI to the Income Statement	**(0.7)**	–
During the period ended 31 December 2022 a net gain of £0.7m (2021: £nil) relating to interest rate swaps was reclassified to the Income Statement, to match the crystallisation of the hedged forecast cash flows which affects the Income Statement.		
Some of the Group's swaps amortise in proportion to the loans they provide hedges against. As a result, the following disclosure shows the notional amounts over time.		
Notional amount		
Notional amount at the end of year 1	**75.9**	51.7
Notional amount at the end of year 2	**75.9**	37.0
Notional amount at the end of year 4	**–**	–
Maturity dates	**January 2023 to January 2025**	January 2023 to January 2025
Hedge ratio	**1:1**	1:1
Change in value of hedging instruments since 1 January	**4.6**	0.1
Change in value of the hedged item used to determine hedge effectiveness	**(4.6)**	(0.1)
Interest rate swap average hedged rate for the year	**(1.9%)**	0.0

Section 4 continued

Capital Structure continued

Fair value hierarchy

The following summarises financial instruments carried at fair values and the major methods and assumptions used in estimating these fair values.

The different levels of fair value hierarchy have been defined as follows:

Level 1

Fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2

Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3

Fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying values of the Group's financial instruments approximate their fair value. The fair value of floating rate borrowings approximates to the carrying value because interest rates are at floating rates where payments are reset to market rates at intervals of less than one year. The Group's derivative financial instruments are Level 2. The fair value of forward foreign currency exchange derivative financial instruments is determined based on the present value of future cash flows using forward exchange rates at the Balance Sheet date. The fair value of interest rate swap derivative financial instruments is estimated as the present value of the future cash flows based on observable yield curves at the Balance Sheet date.

Accounting policies

Net investment hedge accounting

The Group uses its US Dollar, Euro and Japanese Yen denominated borrowings as a hedge against the translation exposure on the Group's net investment in overseas companies. The Group designates the spot rate of the loans as the hedging instrument. There was no ineffectiveness to be recognised on hedges of net investments in foreign operations.

Where the hedge is fully effective at hedging the variability in the net assets of such companies caused by changes in exchange rates, the changes in value of the borrowings are recognised in the translation reserve within equity, via the Statement of Comprehensive Income. The ineffective part of any change in value caused by changes in exchange rates is recognised in the Income Statement.

The effective portion will be recycled into the Income Statement on the sale of the foreign operation.

The table below provides further information on the Group's net investment hedging relationships:

	2022 £m	2021 £m
Hedge ratio	**1:1**	1:1
Change in value of hedging instruments due to foreign currency movements since 1 January	**5.8**	(0.2)
Change in value of the hedged item used to determine hedge effectiveness	**(5.8)**	0.2

The balances and movements into and out of the foreign currency translation reserve are shown in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity respectively.

The amount in the foreign currency translation reserve in relation to hedge accounting is a loss of 40.7 million (2021: £35.1 million loss) and is split as follows:

– continuing net investment hedges loss of £11.8 million (2021: £6.0 million); and
– hedging relationships for which hedge accounting is no longer applied, a loss of £28.9 million (2021: £29.1 million loss).

Interest-bearing loans and borrowings

The table below analyses the Group's interest-bearing loans and borrowings, including bank overdrafts, by currency:

Currency	Total £m	Fixed rate borrowings £m	Floating rate borrowings £m
US Dollar	**106.4**	**90.9**	**15.5**
Sterling	**58.5**	**47.0**	**11.5**
Euro	**9.4**	**0.6**	**8.9**
Japanese Yen	**1.9**	**–**	**1.9**
Unamortised fees and transaction costs	**(1.7)**	**–**	**(1.7)**
At 31 December 2022	**174.5**	**138.5**	**36.1**
US Dollar	65.0	–	65.0
Sterling	54.1	–	54.1
Euro	6.5	0.6	5.9
Japanese Yen	2.4	–	2.4
Unamortised fees and transaction costs	(2.1)	–	(2.1)
At 31 December 2021	125.9	0.6	125.3

The floating rate borrowings comprise borrowings bearing interest at rates based on SONIA, SOFR, EURIBOR and TONA for Sterling, US Dollar, Euro and Japanese Yen borrowings respectively.

The floating rate borrowings are repriced between one and three months.

Maturity profile of financial liabilities

The table below analyses the Group's financial liabilities and derivative financial liabilities into relevant maturity groupings based on the period remaining until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest), so will not always reconcile with the carrying amounts disclosed on the Balance Sheet.

The following are the contractual maturities of financial liabilities, including undiscounted future interest payments:

	Carrying amount £m	Total contractual cash flows £m	Within one year £m	From two to five years £m	Greater than five years £m
2022					
Unsecured interest-bearing loans and borrowings including bank overdrafts[1]	**(174.5)**	**(200.0)**	**(46.6)**	**(153.4)**	**–**
Lease liabilities	**(34.9)**	**(34.9)**	**(6.7)**	**(18.5)**	**(9.7)**
Trade payables	**(42.3)**	**(38.1)**	**(38.1)**	**–**	**–**
Forward exchange contracts outflow	**(0.9)**	**(42.2)**	**(42.2)**	**–**	**–**
Total outflows	**(252.6)**	**(315.2)**	**(133.6)**	**(171.9)**	**(9.7)**
Forward exchange contracts inflow	**–**	**41.3**	**41.3**	**–**	**–**
Net outflows	**(252.6)**	**(273.9)**	**(92.3)**	**(171.9)**	**(9.7)**
2021					
Unsecured interest-bearing loans and borrowings including bank overdrafts[1]	(125.5)	(133.5)	(15.1)	(118.4)	–
Lease liabilities	(30.3)	(34.9)	(6.7)	(18.5)	(9.7)
Trade payables	(38.1)	(38.1)	(38.1)	–	–
Forward exchange contracts outflow	(0.3)	(17.8)	(17.8)	–	–
Total outflows	(194.2)	(224.3)	(77.7)	(136.9)	(9.7)
Forward exchange contracts inflow	–	17.4	17.4	–	–
Net outflows	(194.2)	(206.9)	(60.3)	(136.9)	(9.7)

(1) This excludes an amount of £nil (2021: £0.4 million) of an interest-bearing liability in relation to a government grant which does not meet the definition of a financial liability.

Section 4 continued

Capital Structure continued

The Group had the following undrawn borrowing facilities at the end of the year:

Expiring in:	2022 £m	2021 £m
Less than one year		
– Uncommitted facilities	**3.5**	3.4
More than one year but not more than five years		
– Committed facilities	**86.3**	77.1
Total	**89.8**	80.5

4.3 Share capital and reserves

This note explains the movements in share capital, and the nature and purpose of other reserves forming part of equity. The movements in reserves are set out in the Consolidated Statement of Changes in Equity.

The Group utilises share award schemes as part of its employee remuneration packages. Options that have been granted and remain outstanding at 31 December 2021 are set out below. The various share-based payment schemes are explained in note 5.3 "Share-based payments".

Share capital

	Number of shares (thousands)	Nominal value £m
Issued and fully paid		
At 1 January 2021	**46,378**	**9.3**
Exercise of share options	**207**	**0.1**
At 31 December 2022	**46,585**	**9.4**

Each ordinary share carries one vote, participates equally with the other ordinary shares in distribution of dividends and capital (including on a winding up) and is not redeemable.

The consideration received in relation to Sharesave Scheme exercises was £1.3 million.

At 31 December 2022, the following options had been granted and remained outstanding under the Company's share option schemes:

	Number of shares (thousands)	Exercise prices	Dates normally exercisable
UK Sharesave Schemes	**335**	**552p-1280p**	**2023-2028**
International Sharesave Schemes	**970**	**552p-1360p**	**2023-2026**
	1,305		

Other reserves

The nature and purpose of other reserves forming part of equity are as follows:

Translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries, including gains or losses arising on net investment hedges.

Capital redemption reserve

The capital redemption reserve of £1.6 million was created on the repurchase and subsequent cancellation of 885,000 ordinary shares by the Company in 1999.

Cash flow hedging reserve

This reserve records the cumulative net change in the fair value of forward exchange contracts where they are designated as effective cash flow hedge relationships.

Retained earnings

Retained earnings are the cumulative gains and losses recognised by the Group, not recorded in any other reserves. On 12 April 2021, the Company issued 309,753 ordinary shares as part of the consideration for the acquisition of Lightstream. The excess of the fair value of the shares issued over their nominal value was recorded in retained earnings.

Own shares held

Own shares held by the Company's Employee Benefit Trust are recognised as a deduction from retained earnings. As at 31 December 2022, the Employee Benefit Trust held 291,044 (2021: 314,202) ordinary shares at 20 pence nominal value. The Company holds no shares in treasury (2021: 133,600 ordinary shares at 20p nominal value).

The Employee Benefit Trust purchased 199,204 own shares on 17 August 2022 (average price of 1491.04p per share) to be used to satisfy future LTIP, Restricted Share Plan ("RSP") and Share Scheme maturities under the UK and International Schemes.

Dividends

Dividends are recognised through equity on the earlier of their approval by the Company's shareholders or their payment.

	2022 £m	2021 £m
Amounts arising in respect of the year		
Interim dividend for the year ended 31 December 2022 of 15.0p (2021: 11.0p) per ordinary share	**6.9**	5.0
Proposed final dividend for the year ended 31 December 2022 of 25.0p (2021: 24.0p) per ordinary share	**11.6**	11.1
	18.4	16.1
The aggregate amount of dividends paid in the year		
Final dividend for the year ended 31 December 2021 of 24.0p (2020: 4.5p) per ordinary share	**11.1**	2.1
Interim dividend for the year ended 31 December 2022 of 15.0p (2021: 11.0p) per ordinary share	**6.9**	5.0
	18.0	7.1

Section 5
Other Supporting Notes

This section explains items that are not explained elsewhere in the financial statements.

On the following pages, there are disclosures covering the following:

- **5.1 Employees**
- **5.2 Pensions**
- **5.3 Share-based payments**
- **5.4 Contingent liabilities**
- **5.5 Related party transactions**
- **5.6 Group investments**
- **5.7 Subsequent events**

5.1 Employees

	2022 £m	2021 £m
Employee costs, including Directors' remuneration, comprise:		
Government grants repaid voluntarily towards employee costs(1)	**–**	1.2
Wages and salaries	**96.5**	86.6
Redundancy costs	**1.5**	0.3
Employers' social security costs	**12.9**	13.3
Employers' pension costs – defined benefit schemes	**0.1**	0.1
Employers' pension costs – defined contribution schemes	**4.0**	3.4
Other employment benefits	**3.6**	2.7
Share-based payment charge	**8.9**	7.9
	127.5	115.5

(1) This excludes amounts paid directly to employees by governments. There are no unfulfilled conditions or other contingencies attached to this government assistance.

Details of Directors' remuneration and share incentives are disclosed in the Remuneration report.

	2022 Total	2021 Total
Monthly average number of employees during the year		
Media Solutions	**930**	866
Production Solutions	**569**	539
Creative Solutions	**382**	354
Head Office	**27**	25
	1,908	1,784

5.2 Pensions

This note explains the accounting policies governing the Group's treatment of the pension schemes, followed by an analysis of these schemes.

Accounting policies

Defined contribution schemes

The assets are held separately from those of the Group in independently administered funds. The costs of providing pensions for employees under defined contribution schemes are expensed as incurred.

Defined benefit schemes

The Group operates pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Group. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to market yields at the Balance Sheet date on high quality corporate bonds.

The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they arise in the Statement of Comprehensive Income.

The Group recognises the ongoing service cost, past service costs and any cost or income relating to the curtailment or settlement of a pension scheme in operating expenses in the Income Statement. The unwinding of the discount (above) is recognised as part of net financial expense.

Pension schemes

The Group has defined benefit pension schemes in the UK, Italy, Germany, Japan and France. The UK defined benefit scheme was closed to future benefit accrual with effect from 31 July 2010. All UK employees of the Group are now offered membership of the defined contribution pension scheme. Other overseas subsidiaries have their own defined contribution schemes.

Defined contribution schemes

The total Income Statement charge of the defined contribution schemes for the year ended 31 December 2022 was £4.0 million (2021: £3.4 million). There were no outstanding or prepaid contributions to these plans as at 31 December 2022 (or at 31 December 2021).

Defined benefit schemes

The Group's defined benefit schemes are disclosed below:

	2022 £m	2021 £m
Amounts recognised on the Group Balance Sheet		
Plan assets		
– Equities	**12.6**	22.4
– Bonds	**19.5**	39.1
– Other	**17.6**	8.7
Total fair value of plan assets	**49.7**	70.2
Present value of defined benefit obligation	**(48.9)**	(78.6)
Net asset/(deficit) recognised on the Group Balance Sheet	**0.8**	(8.4)

	2022 £m	2021 £m
Analysis of net recognised deficit		
Total funded plan (UK pension scheme)	**3.9**	(4.6)
Total unfunded plans (non-UK pension schemes)	**(3.1)**	(3.8)
Net asset/(deficit) recognised on the Group Balance Sheet	**0.8**	(8.4)

	2022 £m	2021 £m
Amounts recognised in the Group Income Statement		
– Administration costs incurred during the period	**0.2**	0.2
– Past service gains	**(0.1)**	(0.1)
Included in operating expenses	**0.1**	0.1
Net interest expense on net defined benefit pension scheme liabilities	**0.1**	0.1
Total amounts charged to the Group Income Statement	**0.2**	0.2

UK pension scheme

The UK defined benefit pension scheme, being significant, is disclosed below.

As a result of actuarial movements during the period, including an increase in the discount rate from 1.9% at 31 December 2021 to 4.8% at 31 December 2022 and the removal of future discretionary pension increases (31 December 2021: 3.2%), the UK defined benefit scheme is in an actuarial surplus position at 31 December 2022 (measured on an IAS 19 "Employee Benefits" basis) of £3.9 million (31 December 2021: liability of £4.6 million). The surplus has been recognised on the basis that the Group has an unconditional right to a refund, assuming the gradual settlement of Scheme liabilities over time until all members have left the Scheme.

The nature of the UK scheme is a funded final salary scheme closed to future benefit accrual with effect from 31 July 2010. As a result, since that date, no contributions are payable in respect of future accrual of benefits. As the 23 April 2020 funding valuation of the scheme disclosed a funding surplus, no recovery plan is required under the Pensions Act 2004. As such, member and employer contributions to the scheme over the year to 31 December 2023 are expected to be £nil. The scheme is subject to all legislation and regulations that apply to UK occupational pension schemes.

The main risk to which the Group is exposed by the scheme is that the cost of the benefits provided by the scheme is greater than expected, for example due to lower than expected investment returns or members of the scheme living longer than expected, which may result in additional contributions being required from the Group.

In accordance with UK trust and pensions law, the pension scheme has a corporate trustee. Although the Group bears the financial cost of the scheme, the responsibility for the management and governance of the scheme lies with the trustee, which has a duty to act in the best interest of members at all times. The assets of the scheme are held in trust by the trustee who consults with the Group on investment strategy decisions.

Section 5 continued

Other Supporting Notes continued

Impact on defined benefit obligation ("DBO") of changes in the three key individual assumptions

	2022	2021
Discount rate increased by 0.1% points	**-1%**	-2%
Inflation increased by 0.1% points	**+1%**	+1%
Life expectancy increased by one year	**+3%**	+4%

A decrease in the assumptions noted above results in an equal and opposite movement to those disclosed.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

	2022 % pa	2021 % pa
Assumptions used by the actuary to value the liability of the defined benefit plan, on 31 December, were:		
Price inflation (RPI)	**3.3**	3.3
Price inflation (CPI)	**RPI less 1% pa to 2030, and RPI less 0.1% pa from 2030**	RPI less 1% pa to 2030, and RPI less 0.1% pa from 2030
Life expectancy of male/female aged 65 at Balance Sheet date	**22.2/24.7**	22.2/24.6
Life expectancy of male/female aged 65 in 2037	**22.8/25.5**	22.8/25.5
Pension increase rate (% pa)		
– Discretionary (pre-6 April 1997 accrual in excess of GMP)	**nil**	3.2
– Guaranteed LPI 5% (6 April 1997–30 June 2008)	**3.1**	3.2
– Guaranteed LPI 5%, with 3% floor	**3.5**	3.4
– Guaranteed LPI 2.5% (accrual from 1 July 2008)	**2.1**	2.2
Discount rate (% pa)	**4.8**	1.9

	2022 £m	2021 £m
Change in DBO for the year to 31 December		
Present value of DBO at start of year	**74.8**	80.3
Interest cost	**1.4**	1.0
Actuarial loss/(gain) on experience	**0.8**	1.0
Actuarial (gain)/loss on demographic assumptions	**–**	(0.6)
Actuarial (gain)/loss on financial assumptions	**(28.9)**	(4.7)
Actual benefit payments	**(2.2)**	(2.1)
Past service gains	**(0.1)**	(0.1)
Present value of DBO at end of year	**45.8**	74.8

At 31 December 2022, the weighted average duration of the scheme's DBO was 13 years (2021: 17 years). The proportion of DBO in respect of pensions in payment is approximately 57% and that in respect of deferred pensioners is approximately 43%.

	Fair value 2022 £m	**Quoted split %**	**Unquoted split %**	Fair value 2021 £m
Scheme assets and proportion which have quoted market price, at 31 December				
Bonds	**19.5**	**100**	**–**	39.1
Equities	**12.6**	**99**	**1**	22.4
Infrastructure	**9.0**	**–**	**100**	8.2
Cash/non-cash assets	**8.5**	**–**	**100**	0.3
Insurance policies	**0.1**	**–**	**100**	0.2
Total value of assets	**49.7**			70.2

Note: The asset values shown are, where relevant, estimated bid values of market securities.

	2022 £m	2021 £m
Change in fair value of assets for the year to 31 December		
Fair value of assets at start of year	**70.2**	68.7
Interest income on scheme assets	**1.3**	0.8
Return on scheme assets (less)/greater than discount rate	**(19.7)**	2.8
Contributions by the employer	**0.1**	–
Actual benefit payments	**(2.2)**	(2.1)
Fair value of assets at end of year	**49.7**	70.2

	2022 £m	2021 £m
Development of net Balance Sheet position at 31 December		
Present value of defined benefit obligation	**(45.8)**	(74.8)
Assets at fair value	**49.7**	70.2
Net defined benefit scheme asset/(liability)	**3.9**	(4.6)

	2022 £m	2021 £m
Reconciliation of net Balance Sheet position		
Net defined benefit scheme liability at start of year	**(4.6)**	(11.6)
Contributions by the employer	**0.1**	–
Total amounts charged to the Income Statement	**–**	–
Remeasurement effects recognised in OCI	**8.4**	7.0
Defined benefit scheme asset/(liability) at end of year	**3.9**	(4.6)

	2022 £m	2021 £m
Amounts recognised in the Income Statement		
Past service gains included in operating expenses	**(0.1)**	(0.1)
Net interest expense on net defined benefit pension scheme asset/(liability)	**0.1**	0.1
Total amounts credited to the Income Statement	**–**	–

	2022 £m	2021 £m
Amounts recognised in OCI		
Actuarial loss due to liability experience	**0.8**	1.0
Actuarial gain due to liability assumption changes	**(28.9)**	(5.2)
Actuarial gain arising during the period	**(28.1)**	(4.2)
Return on scheme assets (greater)/less than discount rate	**19.7**	(2.8)
Remeasurement effects recognised in OCI	**(8.4)**	(7.0)

	2022 £m	2021 £m
Defined benefit pension scheme cost		
Past service gains	**(0.1)**	(0.1)
Net interest expense on net defined benefit pension scheme asset/(liability)	**0.1**	0.1
Remeasurement effects recognised in OCI	**(8.4)**	(7.0)
Total defined benefit pension scheme credit	**(8.4)**	(7.0)

Section 5 continued

Other Supporting Notes continued

5.3 Share-based payments

Group employees participate in a number of employee incentive schemes including a Sharesave Scheme, an LTIP, a Deferred Bonus Plan and a Restricted Share Plan.

This note explains the accounting policy governing share-based payments and the impact of various share schemes operated by the Group.

Accounting policies

Share-based payments

The Group operates a number of share-based incentive schemes, which are treated as equity-settled awards. The fair value of equity-settled awards is determined at grant date and charged to the Income Statement over the vesting period of the award, with a corresponding adjustment to equity.

Any potential employer's Social Security liability on share awards is calculated based on the intrinsic value of the awards at the Balance Sheet date and recognised over the vesting period of the related award.

Exercises of share options granted to employees can be satisfied by a market purchase or an issue of new shares. Shares purchased in the market are held by the Company's Employee Benefit Trust.

Further details of the accounting for the schemes provided by the Group are set out below.

Long Term Incentive Plan

A description of the LTIP including its general terms and conditions, such as performance conditions and vesting requirements, is set out in the Remuneration report. Awards prior to, and after 2020 included a portion linked to a non-market condition (adjusted EPS) as well as a portion linked to a market condition (Total Shareholder Return, "TSR"). LTIPs awarded in 2020 vest subject to both a TSR and a share price condition and do not contain a portion linked to a non-market condition.

The fair value of the awards linked to the EPS condition is the Company's share price at grant date, while the fair value of awards containing market conditions is determined using Monte Carlo simulation models. The number of awards which are expected to vest is estimated by Management based on levels of expected forfeitures and the expected outcome of the EPS condition. For awards subject to market conditions, no adjustment is made to reflect the likelihood of the market condition being met nor the actual number of awards which lapse as a result of the condition not being met.

Sharesave Scheme

Options granted under the Sharesave Scheme vest subject to continued employment and a saving condition in some countries. The options entitle employees to purchase shares in the Company at a fixed price. Further details of the Group's Sharesave arrangement are included in the Strategic Report.

The fair value of options granted under the Sharesave Scheme is determined using a Black-Scholes model with the key inputs to the model set out below. The number of awards which are expected to vest is estimated by Management based on levels of expected forfeitures. At an employee's discretion they can choose to withdraw from a particular scheme and stop saving. This action is accounted for as a cancellation and results in an acceleration of the Income Statement charge related to the cancelled options.

Restricted Share Plan (RSP)

RSP was introduced in 2019 to support retention plans for key employees (excluding Directors and Executive Management Board members). The fair value of awards under the RSP is the Company's share price at grant date. Under the RSP, shares which are awarded, generally vest over three years and are subject to a continued employment condition. The number of awards which are expected to vest is estimated by Management based on levels of expected forfeitures.

Share-based payment expense

The amount recognised in the Income Statement for share-based payment transactions with employees for the year ended 31 December 2022 was £8.9 million (2021: £7.9 million). This includes an amount of £1.4 million (2021: £2.0 million) relating to a share award for retention agreements entered into with key employees of Lightstream which was acquired in 2021.

Share options outstanding at the end of the period

Options outstanding under the 2011 UK Sharesave Scheme and 2011 International Sharesave Scheme as at 31 December 2022, together with their exercise prices and vesting periods, are as follows:

Range of exercise prices	Number outstanding (thousands)	Weighted average exercise price (£)	Weighted average remaining contractual life (years)
£5.51–£6.50	**889**	**5.52**	**1.49**
£8.51–£9.50	**30**	**8.87**	**0.36**
£9.51–£11.50	**123**	**11.30**	**3.37**
£11.51–£14.00	**263**	**12.69**	**2.01**
Total	**1,305**	**7.59**	**1.75**

Movements in these share option plans were as follows:

	Sharesave (thousands)	Weighted average exercise price (£)
Awards at 31 December 2020	1,747	6.45
Exercised during 2021	(228)	8.55
Cancelled during 2021	(24)	8.04
Forfeited during 2021	(101)	6.95
Lapsed during 2021	(19)	7.60
Granted during 2021	190	13.15
Awards at 31 December 2021	**1,565**	**6.89**
Exercised during 2022	**(378)**	**7.35**
Cancelled during 2022	**(32)**	**6.73**
Forfeited during 2022	**(73)**	**8.52**
Lapsed during 2022	**(4)**	**6.40**
Granted during 2022	**227**	**11.62**
Awards at 31 December 2022	**1,305**	**7.59**
Awards exercisable at 31 December 2022	**2**	**12.93**

The weighted average share price at the date of exercise for share options exercised during the year was £11.88 (2021: £13.68).

Arrangement	Restricted Share Plan	2011 International Sharesave Scheme 2 Year	2011 UK and International Sharesave Scheme 3 Year	2011 UK and International Sharesave Scheme 5 Year	2014 Long Term Incentive Plan
Nature of arrangement	Share award plan	Save as you earn scheme	Save as you earn scheme	Save as you earn scheme	Share award plan
Date of grant	Various	23 Sep 2022	23 Sep 2022	23 Sep 2022	11 Mar 2022
Number of instruments granted (thousands)	238	103	121	3	305
Exercise price	n/a	£12.00	£11.30	£11.30	n/a
Share price at date of grant	Various	£13.24	£13.24	£13.24	£11.50
Contractual life (years)	Up to 3 years	2.50	3.60	5.60	n/a
Expected option life (years)	Up to 3 years	2.25	3.25	5.25	n/a
Vesting conditions	Up to 3-year service period	2-year service period and savings requirement	3-year service period and savings requirement	5-year service period and savings requirement	Relative TSR performance against comparator group and adjusted EPS growth
Settlement	Shares	Shares	Shares	Shares	Shares
Expected volatility(1)	n/a	33.5%	33.5%	33.5%	37.7%
Risk-free interest rate	n/a	3.99%	4.01%	3.95%	1.33%
Expected dividend yield	n/a	2.60%	2.60%	2.60%	n/a
Expected departures (per annum from grant date)	7%	5%	5%	5%	7%
Expected outcome of non-market based related performance condition	n/a	n/a	n/a	n/a	93%
Expected outcome of non-vesting condition(2)	n/a	85%	85%	85%	n/a
Fair value per granted instrument determined at the grant date	£11.50–£14.10	£2.69	£3.31	£3.76	£4.83/£11.50(3)
Valuation model	n/a	Black Scholes	Black Scholes	Black Scholes	Monte Carlo(4)

(1) The expected volatility of the 2011 Sharesave Plan is based on historical volatility determined by the analysis of daily share prices over a period commensurate with the expected lifetime of the award and ending on the date of grant of the award. Due to significant fluctuations in Videndum's share price during the year a uniform rate has been used for all the Sharesave options as a reasonable estimate of volatility going forward.

(2) Non-vesting condition relates to the monthly contributions that employees need to make under the SAYE scheme to receive the options at vesting. Based on historical cancellation rates, a 15% rate has been used.

(3) The first figure (£4.83) represents the fair value of awards subject to TSR criteria and the second figure (£11.50) represents the fair value of awards subject to adjusted EPS growth criteria.

Section 5 continued

Other Supporting Notes continued

(4) For the 2014 LTIP, a Monte Carlo simulation has been used. Under this valuation method, the share price for Videndum is projected at the end of the performance period as well as the TSR for Videndum and the companies in the comparator group. Thousands of simulations are run and the payoff for each iteration is calculated as the number of shares that vest multiplied by the projected share price. The fair value of the award is calculated as the average payoff of all iterations.

5.4 Contingent liabilities

Tax-related contingent liabilities are disclosed in note 2.4 "Tax".

There are no other contingent liabilities at 31 December 2022.

5.5 Related party transactions

A related party relationship is based on the ability of one party to control or significantly influence the other.

The Group has identified the Directors, the Vitec Group Pension Scheme and members of the Operations Executive as related parties to the Group under IAS 24 "Related Party Disclosures".

Transactions with key management personnel

Details of Directors' remuneration along with their pension, share incentive, bonus arrangements and holdings of the Company's shares are shown in detail in the Remuneration report. This also shows the highest paid Director.

The compensation of the 14 (2021: 14) key management personnel during the year, including the Executive Directors, is shown in the table below:

	2022 £m	2021 £m
Salaries	**3.5**	3.2
Employers' social security costs	**0.9**	0.9
Performance-related bonuses	**1.7**	3.4
Share-based payment charge(1)	**1.8**	1.5
Other short-term employee benefits	**0.4**	0.4
Employers' pension costs – defined contribution schemes	**0.5**	0.4

(1) IFRS 2 charge recognised in the Income Statement for share-based payment transactions with key management personnel.

5.6 Group investments

The Group's subsidiaries at 31 December 2022 are listed below. All subsidiaries are 100% owned within the Group.

Company	Country of incorporation	Issued securities
Videndum Media Distribution Australia Pty Ltd	Australia[25]	Ordinary shares of AUD1 each
Videndum Media Distribution Shanghai Limited	China[16]	Ordinary shares of US$1 each
Lowepro Huizhou Trading Co Ltd	China[30]	Ordinary shares of HK$3,000,000 each
JOBY Technology (Shenzhen) Co. Limited	China[31]	Ordinary shares of RMB1,814,855 each
Videndum Production Solutions Limitada	Costa Rica[26]	Shares of CRC50 each
Autocue Limited*	England & Wales[1]	Ordinary shares of £1 each
Autoscript Limited	England & Wales[1]	Ordinary shares of £1 each
Camera Corps Ltd	England & Wales[1]	Ordinary shares of £1 each
Colorama Photodisplay Holdings Limited	England & Wales[1]	Ordinary shares of £1 each
Gitzo Limited*	England & Wales[1]	Ordinary shares of £1 each
Kata UK Limited*	England & Wales[1]	Ordinary shares of £1 each
Lastolite Limited*	England & Wales[1]	Ordinary shares of £1 each
Litepanels Ltd	England & Wales[1]	Ordinary shares of US$1 each
Manfrotto Distribution Limited*	England & Wales[1]	Ordinary shares of £1 each
Palmer Dollar Finance	England & Wales[1]	Ordinary shares of US$1 each
Palmer Finance	England & Wales[1]	Ordinary shares of €1 each
Palmer Yen Finance	England & Wales[1]	Ordinary shares of JP¥100 each
Petrol Bags Limited*	England & Wales[1]	Ordinary shares of £1 each
Radamec Broadcast Systems Limited	England & Wales[1]	Ordinary shares of £1 each
Rycote Microphone Windshields Ltd	England & Wales[1]	Ordinary shares of £1 each and Deferred shares of £1 each
Sachtler Limited*	England & Wales[1]	Ordinary shares of £1 each
The Camera Store Limited	England & Wales[1]	Ordinary shares of £1 each
Vinten Broadcast Limited*	England & Wales[1]	Ordinary shares of £1 each
Videndum Creative Solutions UK Limited	England & Wales[1]	Ordinary shares of £1 each
Videndum Holdings Limited*	England & Wales[1]	Ordinary shares of £1 each
Videndum Pensions Trust Company (UK) Limited*	England & Wales[1]	Ordinary shares of £1 each
Videndum Media Solutions UK Limited	England & Wales[1]	Ordinary shares of £1 each
Videndum Investments Limited	England & Wales[1]	Ordinary shares of £1 each
Videndum Production Solutions Limited*	England & Wales[1]	Ordinary shares of £1 each
Vizua Limited	England & Wales[1]	Ordinary shares of £1 each
VTC International Limited*	England & Wales[1]	Ordinary shares of £1 each
Camera Dynamics sarl	France[4]	Ordinary shares of NPV
Gitzo S.A.	France[6]	Ordinary shares of NPV
Videndum Media Distribution SAS	France[6]	Ordinary shares of €16 each
Videndum Media Distribution GmbH	Germany[12]	Shares of €25,000 each
LCB Beteiligungs GmbH	Germany[9]	Ordinary shares of €25,000
Videndum Production Solutions GmbH	Germany[9]	Ordinary shares of DEM50,000 each
Videndum Media Distribution HK Limited	Hong Kong[13]	Shares of HK$1 each
Videndum Media Solutions HK Limited	Hong Kong[29]	Shares of HK$1 each
Palmer Dollar Finance Ireland Investment DAC*	Ireland[18]	Ordinary shares of US$1 each
Palmer Euro Finance Ireland Investment DAC*	Ireland[18]	Ordinary shares of €1 each
Petrol Bags Limited	Israel[21]	Ordinary shares of ILS1 each

Section 5 continued
Other Supporting Notes continued

Company	Country of incorporation	Issued securities
Amimon Ltd	Israel[35]	Ordinary shares of ILS 0.01 each
Manfrotto Bags Ltd	Israel[8]	Ordinary shares of ILS1 each
Videndum Italia spa	Italy[10]	Ordinary shares of €1,000 each
Videndum Holdings Italia Srl	Italy[10]	Ordinary shares of €10,000 each
Videndum Media Solutions Spa	Italy[10]	Ordinary shares of €5.556 each
Videndum Media Distribution KK*	Japan[15]	Shares of JP¥1 each
Videndum Production Solutions KK*	Japan[15]	Ordinary shares of JP¥1,000 each
Amimon Japan Co. Ltd	Japan[34]	Ordinary shares of JP¥10,000 each
Palmer Dollar Finance Luxembourg Investment Sarl*	Luxembourg[19]	Ordinary shares of US$1,000 each
Palmer Euro Finance Luxembourg Investment Sarl*	Luxembourg[19]	Ordinary shares of €1,000 each
Videndum Media Distribution Benelux B.V.	Netherlands[11]	Ordinary shares of €454 each
Palmer Euro Finance Netherlands B.V.*	Netherlands[20]	Ordinary shares of €1 each
BRCT Holdings Limited	New Zealand[2]	Ordinary shares of NZD1.00
Syrp Limited	New Zealand[2]	Ordinary shares of NZD1.00
Videndum Production Solutions Pte. Limited*	Singapore[27]	Ordinary shares of SGD1 each
Teradek Ukraine LLC	Ukraine[23]	Membership interests of NPV
Audix LLC	United States[14]	Membership interests of NPV
Creative Solutions Division Inc.	United States[39]	Ordinary shares of US$0.001 each
Videndum Media Distribution Inc.	United States[5]	Ordinary shares of NPV
Videndum Production Solutions Inc	United States[5]	Ordinary shares of US$0.01 each
Mount Olive 2016, LLC	United States[17]	Membership units of NPV
Offhollywood, LLC	United States[18]	Membership units of NPV
SmallHD LLC	United States[22]	Membership units of NPV
Teradek, LLC	United States[24]	Membership units of NPV
Autocue LLC	United States[3]	Membership units of NPV
Wooden Camera, Inc	United States[28]	Ordinary shares of NPV
Camera Corps, Inc.	United States[32]	Ordinary shares of US$0.01 each
Amimon Inc	United States[33]	Ordinary shares of NPV
WHDI LLC	United States[33]	Membership unit of NPV
Savage Paper Specialties, LLC	United States[36]	Membership units of NPV
Savage Universal LLC	United States[40]	Membership units of NPV
Superior Paper Specialties, LLC	United States[40]	Membership units of NPV
Chalfont Investments Inc.	United States[5]	Ordinary shares of US$0.01 each
Videndum US Holdings, Inc.	United States[5]	Ordinary shares of US$0.01 each
Syrp, Inc	United States[7]	Common stock of US$0.10 each
Quasar Science LLC	United States[37]	Membership units of NPV
Infiniscene Inc.	United States[38]	Ordinary shares of US$0.001 each

* Investment held directly by Videndum plc.

The registered addresses are as follows:

(1) Bridge House, Heron Square, Richmond, TW9 1EN, United Kingdom
(2) 32 Crummer Road, Grey Lynn, Auckland, 1021, New Zealand
(3) 124 West 30th Street, Suite 312, New York, NY 10001, United States
(4) 171 avenue des Grésillons, 92635 Gennevilliers cedex, France
(5) Corporation Service Company, 2711 Centerville Road – Suite 400, Wilmington, DE 19808, United States
(6) Parc Tertiaire Silic, 44 Rue De La Couture, 94150 Rungis, France
(7) Princeton South Corporate Center, Suite 160, 100 Charles Ewing Boulevard, Ewing, NJ 08628, United States
(8) Abraham & Bachar cp., Keren HaYesod 36, Jerusalem, Israel
(9) Parkring 29, 85748 Garching, Germany
(10) Via Valsugana 100, 36022 Cassola VI, Italy

(11) J.P. Poelstraat 5, 1483 GC De Rijp, Netherlands
(12) Ferdinand-Porsche-Strasse 19, 41149 Cologne, Germany
(13) Unit No.03, 3/F, Tower 3, Phase 1, Enterprise Square, No.9 Sheung Yuet Road, Kowloon Bay, Hong Kong
(14) 9400 SW Barber St, Wilsonville, Oregon, 97070, United States
(15) Shibakoen 3-chome Bldg, 1F, 3-1-38 Shibakoen, Minato-ku, Tokyo 105-0011, Japan
(16) Room 2704-05, Shanghai Mart Tower, No.2299, Yan'an Road (West), Shanghai, 200336, China
(17) Corporation Service Company, 2595 Interstate Drive – Suite 103, Harrisburg, PA 17110, United States
(18) 6th Floor, Riverpoint, Lower Mallow Street, Co. Limerick, Ireland
(19) 9B Boulevard du Prince Henri, L-1724, Grand Duchy of Luxembourg, Luxembourg
(20) Kerkrade, Netherlands
(21) 3 HaSolelim Street, 67897, Tel Aviv, Israel
(22) Corporation Service Company, 327 Hillsborough Street, Raleigh, NC 27603, United States
(23) Per.Nechipurenko 4, Suite 15, Odessa, 65045, Ukraine
(24) CSC-Lawyers Incorporating Service, 2710 Gateway Oaks Drive – Suite 150N, Sacramento, CA 95833-3505, United States
(25) 2 Baldwin Road, Altona North VIC 2025, Australia
(26) Parque Industrial de Cartago, Edificio Numero 68, Cartago, Costa Rica
(27) 601 Macpherson Road, #15-16, 368242, Singapore
(28) 1826 West Commerce Street, Dallas TX 75208, United States
(29) Unit 901-2, 9/F, Metroplaza Tower 2, No. 223 Hing Fong Road, Kwai Fong, N.T. Hong Kong
(30) No. 1101, Office Building, Block B, Zhixing Commercial Building, Banshi Village, Changping Town, Dongguan City, Guangdong Province, China
(31) Unit 3301, 3302, 3316, Office Tower, Shun Hing Square, Di Wang Commercial Centre, 5002 Shen Nan Dong Road, Shenzhen, 518008, China
(32) Corporate Service Company, 251 Little Falls Drive, Wilmington, County of New Castle, DE, 19808, United States
(33) 8 Mason Drive, Irvine, CA 92618, United States
(34) 701 A105 Gotanda Building, 1-10-7 Higashi Gotanda, Shinagawa-Ku, Tokyo, Japan
(35) Zarhin 26, POB 2308, Ra'anana 4366250, Israel
(36) 2050 South Stearman Drive, Chandler, AZ, 85286, United States
(37) 909 Third Avenue, 27th Floor, New York, NY, 10022, United States
(38) 25 West Hubbard Street, 5th Floor, Chicago,IL, 60654, United States
(39) 14 Progress Drive, Shelton, CT, 06484, United States
(40) 251 Little Falls Drive, Wilmington, Delaware, 19808, United States

5.7 Subsequent events

For proposed final dividend see note 4.3 "Share capital and reserves".

In connection with the acquisition of Audix, a retention agreement for a total of US$3.1 million (£2.3 million) was paid on 18 January 2023. The retention agreement was entered into with key employees and was conditional on continued employment. This is accounted for as an employee expense in accordance with IAS 19.

There were no other events after the Balance Sheet date that require disclosure.

Company Balance Sheet

As at 31 December 2022

	Notes	2022 £m	2021 £m
Fixed assets			
Intangible assets	f)	**0.1**	0.1
Property, plant and equipment	g)	**1.6**	1.8
Investments in subsidiary undertakings	h)	**603.5**	484.0
Other receivables	i)	**6.8**	3.1
		612.0	489.0
Current assets			
Debtors	i)	**85.6**	96.2
Cash at bank and in hand		**2.2**	–
		87.8	96.2
Liabilities falling due within one year			
Creditors	j)	**(111.4)**	(92.7)
Provisions	l)	**(0.6)**	–
		(112.0)	(92.7)
Net current (liabilities)/assets		**(24.2)**	3.5
Total assets less current liabilities		**587.8**	492.5
Liabilities falling due after one year			
Creditors	j)	**(232.2)**	(129.6)
Provisions	l)	**(0.1)**	(0.1)
		(232.3)	(129.7)
Net assets		**355.5**	362.8
Capital and reserves			
Called up share capital	m)	**9.4**	9.3
Share premium account		**24.4**	23.2
Cash flow hedge reserve	p)	**3.0**	0.1
Other reserves	n)	**58.8**	58.8
Profit and Loss Account		**259.9**	271.4
Shareholders' funds		**355.5**	362.8

The Company's profit after tax for the year ended 31 December 2022 was £0.2 million (2021: loss £5.3 million).

Approved and authorised for issue by the Board of Directors on 27 February 2023 and signed on its behalf by:

Andrea Rigamonti
Group Chief Financial Officer

Videndum plc
Registered in England and Wales no. 227691

Company Statement of Changes in Equity

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Other reserves £m	Profit and Loss Account £m	Total equity £m
Balance at 1 January 2021	9.2	21.7	–	55.3	281.4	367.6
Total comprehensive income for the year						
Loss for the year	–	–	–	–	(5.3)	(5.3)
Fair value gain – interest rate swap	–	–	0.1	–	–	0.1
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	(7.1)	(7.1)
Own shares purchased	–	–	–	–	(5.8)	(5.8)
Share-based payment charge, net of tax	–	–	–	–	8.2	8.2
New shares issued	0.1	1.5	–	3.5	–	5.1
Balance at 31 December 2021 and 1 January 2022	**9.3**	**23.2**	**0.1**	**58.8**	**271.4**	**362.8**
Total comprehensive income for the year						
Profit for the year	**–**	**–**	**–**	**–**	**0.2**	**0.2**
Fair value gain – interest rate swap	**–**	**–**	**2.9**	**–**	**–**	**2.9**
Contributions by and distributions to owners						
Dividends paid	**–**	**–**	**–**	**–**	**(18.0)**	**(18.0)**
Own shares purchased	**–**	**–**	**–**	**–**	**(5.8)**	**(5.8)**
Own shares sold	**–**	**–**	**–**	**–**	**3.1**	**3.1**
Share-based payment charge, net of tax	**–**	**–**	**–**	**–**	**9.0**	**9.0**
New shares issued	**0.1**	**1.2**	**–**	**–**	**–**	**1.3**
Balance at 31 December 2022	**9.4**	**24.4**	**3.0**	**58.8**	**259.9**	**355.5**

Notes to the Company Financial Statements

a) Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

These financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

Under Section 408(3) of the Companies Act 2006, the Company is exempt from the requirement to present its own Profit and Loss Account.

Significant judgements, key assumptions and estimates

The following provides information on those policies that the Directors consider critical because of the level of judgement and estimation required which often involves assumptions regarding future events which can vary from what is anticipated. The Directors review the judgements and estimates on an ongoing basis with revisions to accounting estimates recognised in the period in which the estimates are revised and in any future periods affected. The Directors believe that the Company's financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Company's performance and financial position.

Critical accounting estimates and assumptions

The following are the critical estimates and assumptions that the Directors have made in the process of applying the Company's accounting policies and that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Impairment of investments in subsidiary undertakings

The carrying value of the Company's investments in subsidiary undertakings are reviewed for indicators of impairment on an annual basis. In the event impairment indicators are identified, the recoverable amount is determined based on a value in use calculation which requires the determination of appropriate assumptions in relation to cash flows over a forecast period, the long-term growth rate to be applied beyond this period and the risk-adjusted discount rate used to discount the estimated cash flows to present value. As the Company holds all of the Group's trading entities, the main assumptions supporting the carrying values of the Company's most significant investments in its subsidiary undertakings are consistent with those disclosed in note 3.1 "Intangible assets" of the Group's consolidated financial statements.

Estimation uncertainty arises due to changing economic and market factors, industry trends, increasing technological advancement and the Group's ongoing strategic and digital transformation programmes.

Critical judgements in applying the Company's accounting policies

The following are critical judgements that the Company makes, apart from those involving estimations (which are dealt with above), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Tax

In relation to tax, these include the interpretation and application of existing legislation. The Company's key judgement relates to the application of tax law in relation to the EU State Aid Investigation. Details in relation to this judgement are set out in note 2.4 "Tax" of the Group's consolidated financial statements.

Impact of adoption of new accounting standards

The impact of adoption of new accounting standards or amendments is disclosed in Section 1 – Basis of Preparation of the Group's consolidated financial statements.

New standards and interpretations effective for future periods and not yet adopted

Amended standards and interpretations not yet effective are not expected to have a significant impact on the Company's financial statements.

b) Exemptions taken by the Company under FRS 101

The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

– Cash Flow Statement and related notes;
– comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
– disclosures in respect of transactions with wholly owned subsidiaries;
– disclosures in respect of capital management;
– disclosures in respect of leases;
– the effects of new but not yet effective IFRSs; and
– disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Videndum plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

– IFRS 2 "Share-Based Payments" in respect of Group settled share-based payments; and
– certain disclosures required by IFRS 13 "Fair Value Measurement" and the disclosures required by IFRS 7 "Financial Instruments: Disclosures".

c) Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to these financial statements.

Investments in subsidiary undertakings

Investments in subsidiaries are stated at historical cost, less provision for any impairment in value.

The Company holds investments in all of the Group's intermediate holding companies, financing companies and trading subsidiaries.

It is possible that changes in outlook over the next year that are different to the assumptions made by Management could require a material adjustment to the carrying value of the Company's investments in its subsidiaries.

Pensions

The Company participates in the Group's defined benefit scheme operated in the UK, which was closed to future benefit accrual with effect from 31 July 2010. All UK employees of the Company are now offered membership of the defined contribution scheme. The assets of the schemes are held separately from those of the Company. The Company has a very small proportion of the scheme's total members. As such, the Company has adopted a policy to recognise the full net pension cost, and hence pension asset, in its subsidiary Videndum Production Solutions Limited's financial statements prepared in accordance with FRS 101.

Details in respect of the UK defined benefit pension scheme are disclosed in note 5.2 "Pensions" of the Group's consolidated financial statements.

Notes to the Company Financial Statements continued

Dividends receivable

Dividends received and receivable are credited to the Company's Income Statement.

Other significant accounting policies are consistent with the Group's consolidated financial statements and below are references where they are disclosed:

Foreign currencies	Section 1 – Basis of Preparation
Intangible assets	3.1 "Intangible assets"
Property, plant and equipment	3.2 "Property, plant and equipment"
Debtors and creditors	3.3 "Working capital"
Provisions	3.5 "Provisions"
Leases	3.6 "Leases"
Cash and cash equivalents	4.1 "Net debt"
Bank loans	4.1 "Net debt"
Derivative financial instruments and hedging activities	4.2 "Financial instruments"
Share capital and reserves	4.3 "Share capital and reserves"
Share-based payments	5.3 "Share-based payments"

d) Employees

	2022 £m	2021 £m
Employee costs comprise:		
Wages and salaries	**4.7**	5.4
Employers' social security costs	**0.5**	0.4
Employers' pension costs – defined contribution schemes	**0.2**	0.2
Share-based payment charge	**1.5**	1.4
	6.9	7.4

	2022	2021
Monthly average number of employees during the year	**27**	25

Further details of Directors' remuneration and share incentives are disclosed in the Remuneration report.

e) Audit fees

The details regarding the remuneration of the Company's auditor are included in note 2.1 "Profit before tax" of the Group's consolidated financial statements under "Fees payable to the Company's auditor for the audit of the Company's annual financial statements".

f) Intangible assets

	Capitalised software £m
Cost and net book value	
At 31 December 2021	**0.1**
Depreciation	**–**
At 31 December 2022	**0.1**

g) Property, plant and equipment

	Total £m	Right-of-use assets – Leasehold land and buildings £m	Leasehold improvements £m
Cost			
At 31 December 2021 and at 1 January 2022	**3.6**	**3.1**	**0.5**
Cost at 31 December 2022	**3.6**	**3.1**	**0.5**
Accumulated depreciation			
At 31 December 2021 and 1 January 2022	**1.8**	**1.3**	**0.5**
Depreciation charge in the year	**0.2**	**0.2**	**–**
At 31 December 2022	**2.0**	**1.5**	**0.5**
Carrying amounts			
At 31 December 2021 and 1 January 2022	**1.8**	**1.8**	**–**
At 31 December 2022	**1.6**	**1.6**	**–**

h) Investments in subsidiary undertakings

	Total £m	Shares in Group undertakings £m	Loans to Group undertakings £m
Cost			
At 1 January 2022	**776.3**	**697.0**	**79.3**
Additions	**119.5**	**39.0**	**80.5**
At 31 December 2022	**895.8**	**736.0**	**159.8**
Provisions			
At 1 January 2022	**292.3**	**292.3**	**–**
At 31 December 2022	**292.3**	**292.3**	**–**
Net book value			
At 1 January 2022	**484.0**	**404.7**	**79.3**
At 31 December 2022	**603.5**	**443.7**	**159.8**

The additions to shares in Group undertakings during the year reflect an increase in the Company's subsidiary holding, Videndum Group Holdings Limited. On 16 August 2022, the Company contributed a loan of US$47.0 million (£39.0 million) receivable from another Group company, Videndum US Holdings Inc., to Videndum Group Holdings Limited, in exchange for the issuance of shares.

The additions of £80.5 million during the year relate to an increase in loans to the Company's subsidiary holdings, Videndum US Holdings Inc. (US$47.0 million: £39.0 million) and Videndum Investments Limited (US$50.5 million: £41.5 million).

The Company's investments in subsidiaries as at 31 December 2022 are included in note 5.6 "Group investments" of the Group's consolidated financial statements.

Loans to Group undertakings are unsecured, bear floating rates of interest and are repayable after more than one year.

Notes to the Company Financial Statements continued

i) Debtors

	2022 £m	2021 £m
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	**80.7**	94.2
Other debtors	**0.1**	0.3
Prepayments	**0.2**	0.3
Derivative financial instruments – interest rate swap	**1.6**	–
Derivative financial instruments – forward exchange contracts	**1.6**	0.4
Deferred tax assets	**1.4**	1.0
	85.6	96.2
Long-term receivables		
Corporation tax	**3.0**	3.0
Derivative financial instruments – forward exchange contracts	**1.4**	–
Derivative financial instruments – interest rate swap	**2.4**	0.1
Total receivables	**92.4**	99.3

Amounts owed by subsidiary undertakings are unsecured and payable on demand. Of the amounts included in Derivative financial instruments, £0.9 million (2021: £0.3 million) relate to contracts with subsidiary undertakings which mirror the terms of contracts held by the Company with external third parties. Derivative financial instruments of £4.0 million (2021: £0.1 million) relate to interest rate swaps. Details of these derivatives are included in note 4.2 "Financial instruments" of the Group's consolidated financial statements.

j) Creditors

	2022 £m	2021 £m
Amounts falling due within one year		
Bank overdraft (unsecured)	**–**	3.1
Bank loans (unsecured)	**36.0**	13.1
Lease liabilities	**0.3**	0.2
Amounts owed to subsidiary undertakings	**69.8**	72.3
Derivative financial instruments – forward exchange contracts	**1.6**	0.4
Deferred tax	**1.0**	–
Trade payables	**1.3**	0.5
Other creditors	**0.1**	0.3
Accruals	**1.3**	2.8
	111.4	92.7
Amounts falling due after more than one year		
Bank loans (unsecured)	**137.9**	108.7
Lease liabilities	**1.5**	1.6
Other creditors	**0.4**	0.3
Derivative financial instruments – forward exchange contracts	**1.4**	–
Amounts owed to subsidiary undertaking	**91.0**	19.0
	232.2	129.6

Amounts owed to subsidiary undertakings due within one year are unsecured and payable on demand. Amounts owed to subsidiary undertakings due after more than one year are unsecured, bear floating rates of interest and are repayable after more than one year. Derivative financial instruments of £2.1 million (2021: £0.1 million) relate to contracts with subsidiary undertakings which mirror the terms of contracts held by the Company with external third parties.

Lease payments of £0.1 million were made in the year.

k) Contingent liabilities

There are no contingent liabilities at 31 December 2022 (2021: £nil).

l) Provisions

	Provisions £m
At 31 December 2021 and 1 January 2022	**0.1**
Provisions created during the year	**0.9**
Provisions utilised during the year	**(0.3)**
At 31 December 2022	**0.7**

Provisions of £0.7 million include a dilapidations provision of £0.1 million and a restructuring provision of £0.6 million which is expected to be utilised during 2023.

m) Called up share capital

Disclosure in respect of the Company's share capital are provided in note 4.3 "Share capital and reserves" of the Group's consolidated financial statements.

The registered address of the Company is Bridge House, Heron Square, Richmond, TW9 1EN, United Kingdom.

Options over shares of the Company have been granted to employees of the Company under various plans. Details of the terms and conditions of each share-based payment plan are given in the Remuneration report on pages 122 to 127 and note 5.3 "Share-based payments" of the Group's consolidated financial statements.

n) Other reserves

Other reserves of £58.8 million represent the reduction of the share premium account; £22.7 million in 1989 and £37.3 million in 1995 less £16.0 million of share repurchases in 1995; a capital redemption reserve of £1.6 million created on the repurchase and subsequent cancellation of 885,000 ordinary shares by the Company in 1999; and £13.2 million in relation to a merger reserve.

o) Cash flow hedge reserve

As described in note 4.2 "Financial instruments" of the Group's consolidated financial statements, the Company hedges the variability in cash flows of a proportion of its floating rate borrowings. This reserve records the effective portion of the cumulative net change in the fair value of derivative financial instruments where they are designated in cash flow hedge relationships.

p) Related party transactions

The Company has identified a related party relationship with its Board, the Vitec Group Pension Scheme and members of the Operations Executive as disclosed in the Remuneration report and note 5.5 "Related party transactions" of the Group's consolidated financial statements. There are no other related party transactions to disclose.

q) Post Balance Sheet events

The proposed final dividend for the year ended 31 December 2022 was recommended by the Directors. This is subject to approval by shareholders at the AGM. See note 4.3 "Share capital and reserves" of the Group's consolidated financial statements.

Glossary of Alternative Performance Measures ("APMs")

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information and enable an alternative comparison of performance over time.

The Group uses APMs to aid the comparability of information between reporting periods and Divisions, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and Management for performance analysis, planning, reporting and incentive purposes. Where relevant, further information on specific APMs is provided in each section below.

APM	Closest equivalent IFRS measure	Definition and purpose
Income Statement measures		
Adjusted gross profit	Gross profit	Calculated as gross profit before adjusting items. The table below shows a reconciliation: See note 2.2 "Adjusting items".
Adjusted gross profit margin	None	Calculated as adjusted gross profit divided by revenue.
Adjusted operating profit	Profit before tax	Calculated as profit before tax, before net finance expense, and before adjusting items. This is a key management incentive metric. Adjusting items include non-cash charges such as amortisation of intangible assets that are acquired in a business combination, and effect of fair valuation of acquired inventory and property, plant and equipment. Cash charges include items such as transaction costs, earnout, retention and deferred payments, and significant costs relating to the integration of acquired businesses. The table below shows a reconciliation: See note 2.2 "Adjusting items".
Adjusted operating profit margin	None	Calculated as adjusted operating profit divided by revenue. Progression in adjusted operating margin is an indicator of the Group's operating efficiency.
Adjusted operating expenses	Operating expenses	Calculated as operating expenses before adjusting items. The table below shows a reconciliation: See note 2.1 "Profit before tax (including segmental information)".
Adjusted net finance income/(expense)	None	Calculated as finance expense, less finance income and amortisation of loan fees on borrowings for acquisitions.

Adjusted gross profit reconciliation:

	2022 £m	2021 £m
Gross profit	**195.5**	173.1
Adjusting items in cost of sales	**2.6**	0.1
Adjusted gross profit	**198.1**	173.2

Adjusted operating profit reconciliation:

	2022 £m	2021 £m
Profit before tax	**24.7**	29.6
Net finance expense	**6.8**	3.9
Adjusting items in operating profit	**28.5**	12.7
Adjusted operating profit	**60.0**	46.2

Adjusted operating expenses reconciliation:

	2022 £m	2021 £m
Operating expenses	**164.0**	139.6
Adjusting items in operating expenses	**(25.9)**	(12.6)
Adjusted operating expenses	**138.1**	127.0

APM	Closest equivalent IFRS measure	Definition and purpose
		The table below shows a reconciliation:

	2022 £m	2021 £m
Finance expense	**(9.9)**	(4.4)
Finance income	**3.1**	0.5
Adjusting finance expense – amortisation of loan fees on borrowings for acquisitions	**0.8**	0.1
Adjusted net finance expense	**(6.0)**	(3.8)

APM	Closest equivalent IFRS measure	Definition and purpose
Adjusted profit before tax	Profit before tax	Calculated as profit before tax, before adjusting items. This is a key management incentive metric and is a measure used within the Group's incentive plans as set out in the Remuneration report. See Consolidated Income Statement for a reconciliation.
Adjusted profit after tax	Profit after tax	Calculated as profit after tax before adjusting items. See Consolidated Income Statement for a reconciliation.
Adjusted basic earnings per share	Basic earnings per share	Calculated as adjusted profit after tax divided by the weighted average number of ordinary shares outstanding during the period. This is a key management incentive metric and is a measure used within the Group's incentive plans as set out in the Remuneration report. See note 2.5 "Earnings per share" for a reconciliation.
Cash flow measures		
Free cash flow	Net cash from operating activities	Net cash from operating activities after proceeds from property, plant and equipment and software, purchase of property, plant and equipment, and capitalisation of software and development costs. This measure reflects the cash generated in the period that is available to invest in accordance with the Group's capital allocation policy. See "adjusted operating cash flow" below for a reconcilliation. See "Five Year Financial Summary" on page 230.

Glossary of Alternative Performance Measures ("APMs") continued

APM	Closest equivalent IFRS measure	Definition and purpose
Adjusted operating cash flow	Net cash from operating activities	Free cash flow before payment of interest, tax, restructuring and integration costs, and transaction costs relating to the acquisition of businesses. This is a measure of the cash generation and working capital efficiency of the Group's operations. Adjusted operating cash flow as a percentage of adjusted operating profit is a key management incentive metric.

	2022 £m	2021 £m
Profit for the period	**32.9**	25.9
Add back:		
Taxation and net finance expense	**(1.4)**	7.6
Adjusting items	**28.5**	12.7
Adjusted operating profit	**60.0**	46.2
Depreciation excluding effect of fair valuation of property, plant and equipment	**15.2**	12.9
Amortisation of capitalised software and development costs	**7.4**	5.8
Adjusted working capital movement[1]	**(19.4)**	1.1
Adjusted provision movement[1]	**(0.8)**	(0.8)
Other:		
– Fair value losses on derivative financial instruments	**0.1**	–
– Foreign exchange losses	**0.6**	–
– Share-based payments excluding retention charges and restructuring costs	**6.9**	5.9
– Impairment losses on property, plant and equipment	**–**	0.2
– Proceeds from sale of property, plant and equipment and software	**–**	0.1
Purchase of property, plant and equipment	**(7.1)**	(10.8)
Capitalisation of software and development costs	**(13.1)**	(10.9)
Adjusted operating cash flow	**49.8**	49.7
Interest paid	**(9.4)**	(4.5)
Tax paid	**(7.2)**	(6.5)
Payments relating to:		
Restructuring and integration costs	**(2.0)**	(1.9)
Earnout and retention bonuses	**(1.3)**	(2.2)
Transaction costs	**(1.4)**	(1.5)
Free cash flow	**28.5**	33.1
Proceeds from sale of property, plant and equipment and software	**–**	(0.1)
Purchase of property, plant and equipment	**7.1**	10.8
Capitalisation of software and development costs	**13.1**	10.9
Net cash from operating activities	**48.7**	54.7

(1) See "adjusted working capital movement" and "adjusted provision movement" below for a reconcilliation.

APM	Closest equivalent IFRS measure	Definition and purpose
Adjusted working capital movement	None	The adjusted working capital movement excludes movements in provisions and movements relating to adjusting items.

	2022 £m	2021 £m
Increase in inventories	**(8.0)**	(21.9)
Increase in receivables	**(5.0)**	(5.8)
(Decrease)/increase in payables	**(5.6)**	27.8
(Increase)/decrease in working capital, excluding provisions	**(18.6)**	0.1
Deduct inflows from adjusting charges:		
Effect of fair valuation of acquired inventory	**(0.5)**	(0.1)
Add back following outflows:		
Adjustments for integration and restructuring costs, transaction costs relating to acquisition of businesses, and earnout and retention bonuses	**(0.3)**	1.1
Adjusted working capital movement	**(19.4)**	1.1

APM	Closest equivalent IFRS measure	Definition and purpose
Adjusted provisions movement	Increase/(decrease) in provisions	The adjusted provisions movement excludes movements relating to adjusting items.

	2022 £m	2021 £m
Increase/(decrease) in provisions	**2.8**	(2.7)
Adjustments for integration and restructuring costs	**(1.9)**	0.7
Adjustments for grant payments	**(1.8)**	–
Earnout and deferred payments	**0.1**	1.2
Adjusted provision movement	**(0.8)**	(0.8)

Other measures

APM	Closest equivalent IFRS measure	Definition and purpose
Return on capital employed ("ROCE")	None	ROCE is calculated as annual adjusted operating profit for the last 12 months divided by the average total assets (excluding defined benefit pension asset and deferred tax assets), current liabilities (excluding current interest-bearing loans and borrowings), and non-current lease liabilities. The average is based on the opening and closing of the 12 month period. See "Five Year Summary".

	2022 £m	2021 £m
Adjusted operating profit for the last 12 months	**60.0**	46.2
Capital employed at the beginning of the year	**279.6**	235.1
Capital employed at the end of the year	**357.9**	279.6
Average capital employed	**318.8**	257.4
Adjusted ROCE %	**18.8%**	18.0%

Glossary of Alternative Performance Measures ("APMs") continued

APM	Closest equivalent IFRS measure	Definition and purpose
Constant currency	None	Constant currency variances are derived by calculating the current year amounts at the applicable prior year foreign currency exchange rates, excluding the effects of hedging in both years. Revenue growth is represented on a constant currency basis as this best represents the impact of volume and pricing on revenue growth.
Cash conversion	None	This is calculated as adjusted operating cash flow divided by adjusted operating profit. This is a key management incentive metric and is a measure used within the Group's incentive plans as set out in the Remuneration report.
Net debt	None	See note 4.1 "Net debt" for an explanation of the balances included in net debt, along with a breakdown of the amounts.
Adjusted EBITDA	Operating profit	Calculated as adjusted operating profit for the last 12 months before depreciation of tangible fixed assets and amortisation of intangibles (other than those already excluded from adjusted operating profit). The table below shows a reconciliation:

	2022 £m	2021 £m
Adjusted operating profit for the last 12 months	**60.0**	46.2
Add back depreciation excluding effect of fair valuation of property, plant and equipment	**15.2**	12.9
Add back amortisation of intangible assets	**18.3**	13.0
Less amortisation of acquired intangible assets	**(10.9)**	(7.2)
Adjusted EBITDA	**82.6**	64.9

Five Year Financial Summary

Years ended 31 December

	2022 £m	2021[2][3] £m	2020[2] £m	2019[2] £m	2018[1][2] £m
Revenue	**451.2**	394.3	290.5	376.1	385.4
Adjusted operating profit	**60.0**	46.2	9.9	52.4	53.5
Adjusted net interest on interest-bearing loans and borrowings	**(7.5)**	(3.2)	(3.9)	(3.7)	(2.7)
Interest on lease liabilities	**(1.5)**	(1.0)	(0.8)	(0.9)	–
Other net financial income	**3.0**	0.4	0.3	0.2	0.4
Adjusted profit before tax	**54.0**	42.4	5.5	48.0	51.2
Cash generated from operating activities	**65.3**	65.7	34.0	59.2	54.0
Interest paid	**(9.4)**	(4.5)	(5.9)	(4.3)	(2.5)
Tax paid	**(7.2)**	(6.5)	(3.1)	(6.3)	(4.1)
Net cash from operating activities	**48.7**	54.7	25.0	48.6	47.4
Net capital expenditure on property, plant and equipment, software and development costs	**(20.2)**	(21.6)	(15.5)	(18.1)	(13.9)
Free cash flow	**28.5**	33.1	9.5	30.5	33.5
Capital employed					
Total assets	**552.2**	441.1	334.6	360.6	364.2
Current liabilities	**(146.4)**	(116.5)	(114.0)	(77.8)	(82.7)
Total assets less current liabilities	**405.8**	324.6	220.6	282.8	281.5
Less defined benefit asset	**(3.9)**	–	–	–	–
Less deferred tax assets	**(51.2)**	(33.6)	(24.6)	(21.0)	(29.7)
Add the current portion of interest-bearing liabilities	**36.0**	13.2	50.6	0.2	0.5
Less non-current lease liabilities	**(28.8)**	(24.6)	(11.5)	(12.4)	–
	357.9	279.6	235.1	249.6	252.3
Statistics					
Adjusted operating profit (%)	**13.3**	11.7	3.4	13.9	13.9
Adjusted effective tax rate (%)	**23.2**	24.3	25.4	24.4	17.9
Adjusted basic earnings per share (p)	**90.1**	69.9	9.0	80.6	93.2
Basic earnings per share (p)	**71.4**	56.4	(11.6)	44.9	76.1
Dividends per share (p)	**40.0**	35.0	4.5	12.3	37.0
ROCE (%)	**18.8**	18.0	4.1	20.9	24.2
Year-end mid-market share price (p)	**1,078.0**	1,420.0	917.0	1,100.0	1,192.5

(1) In 2019, the process to measure the fair values of the assets and liabilities acquired was completed in respect of the Amimon acquisition. The 2018 Balance Sheet was adjusted to reflect an increase in goodwill of £1.3 million which was recognised in the period as a result of fair value adjustments to deferred tax assets.
(2) Capital employed has been restated in the previous years for the exclusion of deferred tax assets, and changes to IFRS 16 "Leases" in 2020.
(3) In 2022, the process to measure the fair values of the assets and liabilities acquired was completed in respect of the Savage acquisition. The 2021 Balance Sheet was adjusted to reflect a decrease in goodwill of £0.7 million as a result of adjustments increasing deferred tax assets by £0.5 million, increasing acquired intangible assets by £0.3 million, and increasing other creditors by £0.1 million.

Shareholder Information and Financial Calendar

Shareholder information

The Investors section of the Group website, **www.videndum.com**, contains detailed information on news, key financial information, Annual Reports, financial calendar, share price information, dividends and key contact details. The following is a summary and readers are encouraged to view the website for more detailed information.

Shareholder enquiries

For all enquiries about your shareholding please contact the Company's registrar, EQ Group plc:

Equiniti Limited

Website	www.shareview.co.uk
Address	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, UK
Phone from UK	0371 384 2030*

* Or if calling from overseas +44 (0) 121 415 7047. Lines are open between 9.00am to 5:00pm (UK time) Monday to Friday (except public holidays in England and Wales).

Alternatively you can contact the Group Company Secretary either by phone on +44 (0)20 8332 4600 or email on info@videndum.com.

Dividend Reinvestment Plan

The Company offers a Dividend Reinvestment Plan that enables shareholders to reinvest cash dividends into additional shares in the Company. Application forms can be obtained from EQ Group plc.

International dividend payment service

Overseas shareholders can receive dividends in a local currency instead of Sterling and can find out more about this by contacting EQ Group plc on +44 121 415 7047. Any election to receive dividends in local currency in respect of a dividend must be received by EQ Group plc not later than the associated record date for that dividend.

Share price information

The closing mid-market price of a share of Videndum plc on 31 December 2022 was £10.78. During 2022, the share price fluctuated between £10.40 and £15.30. The Company's share price is available on our website with a 15-minute delay, and from the Financial Times website, **www.ft.com**, with a similar delay.

Share scams

Shareholders should be aware that fraudsters may try and use high-pressure tactics to lure investors into share scams. Information on share scams can be found on the Financial Conduct Authority's website, **www.fca.org.uk/scams**, or via their consumer helpline: 0800 111 6768.

Financial calendar

Ex-dividend date for 2022 final dividend	Thursday 20 April 2023
Record date for 2022 final dividend	Friday 21 April 2023
Last day for DRIP election	Friday 5 May 2023
Annual General Meeting	Thursday 11 May 2023
2022 final dividend payment date	Friday 19 May 2023
Announcement of 2023 half year results	Thursday 10 August 2023
Proposed 2023 interim dividend payment date	Friday 27 October 2023

Analysis of shareholdings as at 31 December 2022

Shares held	Number of holders	% of holders	Number of shares	% of shares
Up to 1,000	397	47.89%	138,113	0.30%
1,001 to 5,000	219	26.42%	536,355	1.15%
5,001 to 10,000	44	5.31%	314,855	0.68%
10,001 to 50,000	82	9.89%	1,909,846	4.10%
50,001 to 100,000	31	3.74%	2,067,404	4.44%
100,001 and over	56	6.76%	41,618,760	89.34%
Total	**829**	**100%**	**46,585,333**	**100%**
Institutions and companies	313	37.76%	45,159,917	96.94%
Individuals including Directors and their families	516	62.24%	1,425,416	3.06%
Total		**100%**		**100%**

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