Enabling the capture and sharing of exceptional content

Videndum

Annual Report
and Accounts 2023

Capture. Share.

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

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

Discover our Divisions:

Media Solutions

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Production Solutions

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Creative Solutions

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2023 financial summary

Revenue from continuing operations†

£306.9m

Down 31%

Adjusted operating profit* from continuing operations†

£12.8m

Down 81%

Net debt*

£128.5m

Down 34%

Statutory operating loss

-£65.2m

Down £96.7m

Adjusted operating margin* from continuing operations†

4.2%

Down 1080 bps ↓

Statutory operating margin

-20.7%

Down 2770 bps ↓

Basic Loss Per Share

-157.5p

Down 228.9p ↓

Adjusted basic Earnings Per Share* from continuing operations†

8.5p

Down 88.3p ↓

2023 financial summary

- Financial performance significantly impacted by three headwinds: strikes by US writers and actors[1]; challenging macroeconomic environment; and destocking.
  - FY 2023 revenue from continuing operations 31% lower year-on-year.
  - H2 2023 revenue 36% lower vs H2 2022 as significantly more impact from the strikes in H2 than in H1.
  - Adjusted operating expenses* from continuing operations £21.2 million (17%) lower vs 2022 partly due to self-help actions and synergies from site restructuring.
  - Adjusted operating profit* from continuing operations of £12.8 million (81% lower vs 2022) reflecting a 39% dropthrough* on the lower revenue, compared to a marginal contribution of c.50%
  - 84% cash conversion* from continuing operations.
  - In response to the headwinds, £125 million (£117.9 million net) equity raised to deleverage and enable delivery of the Group's strategy.
    - FY 2023 leverage of 3.3x, due to significantly depressed EBITDA; within lending covenant limit of 4.25x.

Current trading and outlook

- Industry confidence in the post-strike recovery remains strong, however the significant pick up in the cine and scripted TV market anticipated in March did not materialise and is now expected from June.
- Macroeconomic environment affecting the consumer and independent content creator segments remains challenging; nonetheless management believes that the rate of decline is starting to show signs of improvement, and that destocking is largely completed.
- Broadcast TV segment performing well, with our market-leading robotics, AI autonomous presenter-tracking software and speech recognition prompting technology driving cost efficiencies for studios; the Group's second half performance will benefit from the Summer 2024 Olympic Games and the US Presidential election.
- As a result of the slower than anticipated recovery in the cine and scripted TV market, trading in our traditionally smallest first quarter ended up being below our expectations.
  - Net debt at 31 March 2024 was £122.4 million, £6.1 million lower than at 31 December 2023.
  - Leverage at 31 March 2024 of 3.0x; within lending covenant limit of 4.25x. The Group continues to prioritise reducing leverage to its targeted range of below 1.5x.
- The Board remains confident that the Group will benefit from a strong recovery in the second half of 2024 as the cine and scripted TV market gradually recovers, although the pace and shape of the post-strike recovery is uncertain.
- The Group continues to control costs, capex and working capital tightly.
- Videndum remains well positioned in a content creation market which has attractive structural growth drivers and good medium-term prospects.

1 The Writers Guild of America ("WGA") was on strike from 2 May to 27 September 2023 and the Screen Actors Guild and the American Federation of Television and Radio Artists ("SAG-AFTRA") were on strike from 14 July to 9 November 2023. WGA's contract was ratified on 9 October 2023 and SAG-AFTRA's contract was ratified on 5 December 2023.

† Amimon was held for sale at 31 December 2023 and Lightstream was sold on 2 October 2023; both are reported as discontinued operations. The operation at Syrp (the Media Solutions' motion controls R&D centre in New Zealand) was wound down so is reported in discontinued operations. FY 2022 has been re-presented to ensure fair comparability. Statutory Results from continuing and discontinued operations are per those reported in the 2022 Annual Report. Results of discontinued operations can be found in note 2.2 to the condensed financial statements. Continuing operations are indicated with a † throughout this report.

* 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 226 to 232. APMs are indicated by a * throughout this report.

Image: Still Moving

Understanding Videndum

About us

We design and manufacture a portfolio of market-leading, premium brands – from traditional mechanically engineered products through to electronics and software.

Videndum's purpose is to enable our customers, in a full range of creative industries, to capture and share content through a wide variety of media.

Videndum's success is dependent on our ability to understand and respond to our customers' needs.

Our core customers can be categorised as:

TV broadcaster, production company, independent content creator ("ICC") 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+

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

Live streaming enterprise, including government, education establishment or house of worship
Creating video and audio content to stream live or pre-recorded to their employees, customers and communities

Our brands

Our brands are leaders in the niche markets we serve, in terms of premium products, technology innovation and/or 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.

Audio capture
→ AUDIX
→ JOBY
→ Rycote

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

IP video
→ Teradek

Mobile power
→ Anton/Bauer

Monitors
→ SmallHD

Smartphonography
→ JOBY

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

Backgrounds
- → Colorama
- → Savage
- → Superior

Camera accessories
- → Teradek
- → Wooden Camera

Carrying solutions
- → Gitzo
- → Lowepro
- → Manfrotto
- → National Geographic[1]
- → Sachtler

Lens control systems
- → Teradek

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

Prompters
- → Autocue
- → Autoscript

Robotic camera systems
- → Camera Corps
- → Vinten

Supports and stabilisers
- → Avenger
- → Gitzo
- → JOBY
- → Manfrotto
- → National Geographic[1]
- → OConnor
- → Sachtler
- → Vinten

Video transmission systems
- → Teradek

[1] Manufactured under licence.

Our global footprint

We employ around 1,600 people in ten different countries and are organised in three Divisions: Media Solutions, Production Solutions and Creative Solutions.

Where we operate

Sites in ten countries; sell into 100+ countries

Well-invested manufacturing facilities in Italy, Costa Rica, UK and US

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

Far East Procurement Centre in Shenzen, China

Distribution centres in UK, Germany, China, Australia, Singapore and Japan

2023 revenue

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

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

The Group's decentralised structure with three Divisions allows us to react quickly to customer, market and technological changes, constantly innovating to make our products the best in our industry. This, together with our entrepreneurial culture, enables focused decision making and minimised bureaucracy.

We work to ensure that we have consistent policies and processes in place across the Group. We have comprehensive operating guidelines and internal communications plans which keep our employees informed, and our manufacturing teams 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 62

Strategic framework

Videndum's purpose is to enable our customers to capture and share exceptional content, and this is what guides us. Our strategy is to focus on the professional end of the content creation market, operating in defensible niche market segments where our premium brands have strong share.

Our long-term strategy is to invest in areas where we can grow organically, while improving our margins and, over the longer-term, to grow through M&A.

Core competencies

We believe that our core competencies differentiate us from the competition. Our experienced people have good tenure and really understand the content creation market.

1. Technology leadership
Designing innovative solutions to make our customers' lives easier is what drives us. Because our people understand our end users' needs, we are good at developing differentiated new products that they want. This gives us strong pricing power and also drives demand for new and replacement products.

2. Worldwide channel strength
The breadth of our product portfolio and strong brand heritage means that our ability to access the channel to our customers is unrivalled in the niche markets we serve.

3. Sourcing and manufacturing excellence
We believe that control of the manufacturing process gives us a competitive advantage.

Image: Joesfin Kuschela

1.

Technology leadership

Track record of innovative new product development through customer-led R&D

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

We continually obtain feedback on market trends, from customers, as well as from research. Our experienced, specialist engineers apply new technologies and materials to develop high-quality, high-performance solutions to improve customers' productivity by developing products which can reduce set up time, lower operating costs and unlock creativity.

Our innovative products are protected by patents and trademarks and are marketed under well-known brands. We take product quality and customer safety very seriously and our products are manufactured to the highest standards and rigorously tested. We are progressively 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.

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

2. Worldwide channel strength

Global leader in specialist niche markets, reflected by the scale and depth of Videndum's network of channel partners

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 sales are conducted via a global network of distributors, rental houses, systems integrators, resellers, retailers and e-tailers who sell on to customers. Our Media Solutions Division operates its own distribution company covering the US, UK, EU, China, Japan and Australia through an integrated logistics network – this infrastructure is progressively being made available to the rest of the Group.

We continue to expand our digital and e-commerce capabilities, working closely with our customers and suppliers to further develop our online presence. Our Media Solutions Division is considered to have the best digital capabilities in its niche markets, which provide a long-term, scalable competitive advantage, including in terms of customer ownership (via a Customer Relationship Management System across multiple brands).

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.

3. Sourcing and manufacturing excellence

Well-invested, highly automated, lean and environmentally friendly factories, with a continuous improvement culture

We make the majority (c.75%) of the products we sell in-house, which gives us greater control of the technology, stronger profit margins and a stronger competitive position.

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 external 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. The Group manufactures c.10x more tripods† than its closest competitor and has implemented 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. 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.

† Management estimate.

Market opportunity

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

We believe that approximately 90% of our revenue comes from professional content creators who use our products to earn their living and about 80% of our products are often considered to be mission critical to our customers†.

Current industry trends

The content creation market continues to have good medium-term prospects, with structural growth drivers, and Videndum is uniquely positioned to benefit. Although the cine and scripted TV market is taking more time than anticipated to recover from the strikes, and the consumer and ICC segments of the market are being impacted by the challenging macroeconomic environment, we expect that the demand for, and investment in, original content (e.g. for live news, broadcast sport, reality and scripted TV shows, films, digital visual content for e-commerce and vlogging, etc.) will grow in the medium term.

We focus on the growth areas of the content creation market, and we have recently increased our product offering in the adjacent vertical market of audio capture. We estimate that c.75% of the Group's business is exposed to five main structural market growth drivers which we believe remain valid in the medium-to-long term. These are: (1) internet/e-commerce; (2) subscription TV/original content creation; (3) video sharing platforms such as TikTok/YouTube; (4) live streaming; and (5) increasing environmental consciousness in our markets.

Organic growth is driven by these five drivers underpinned by technology advancement which can reduce set up time, lower operating costs and unlock creativity. This drives demand for new and replacement products. Sustained R&D investment is key to enabling Videndum's premium brands to maintain their already strong market positions and, in places, gain share.

† Management estimates.

1. The internet/e-commerce

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.

2. Subscription TV/original content creation

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

In North America, over 50 new sound stages are scheduled for construction in 2024, providing hundreds of thousands of square feet of new production space which will need to be equipped. And in the UK, numerous projects are either underway or planned to invest in sound stages which will add millions of square feet of new production space.

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.

3. 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, YouTube and Instagram. 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 critical 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.

4. Live streaming

Live streaming of video has grown strongly across multiple verticals 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.

5. Increasing environmental consciousness in our markets

The growing pressure to become a responsible business and adhere to regulatory environmental policies has led to industry-wide replacement cycles, providing Videndum with a number of opportunities to develop environmentally friendly products. One example of this is Anton/Bauer's Salt-E Dog, the first sodium battery designed and built for the motion picture and television industry. Its emission-free operation not only reduces the industry's carbon footprint but also eliminates noise pollution, and uses 100% recyclable sodium cells, making it an efficient alternative to traditional petrol and diesel generators.

Artificial intelligence ("AI")

Like any transformational technology, AI brings the opportunity to accelerate product development cycles through innovation.

In cine and scripted TV and broadcast TV, AI is seen as a key enabler to greater production efficiency, particularly through increased automation in studio equipment (cameras, prompting, lighting and cranes) and automated talent tracking, some of which we are already addressing with our Production Solutions Division through our AI tracking and speech recognition technology. In professional photography and live streaming, AI is already empowering faster post-production. These applications provide growth opportunities for Videndum. There is a risk that over time, some professional photography and low-end videography may be replaced by artificially generated content. Internal studies have identified a potential risk on stock image libraries for commercial application; these are estimated to account for less than 10% of total professional photography being shot. However, AI development is evolving rapidly, and given how new this technology is, these estimates are prone to change significantly both in terms of the size and timing of impact.

Image: Dave Krugman

Chairman's welcome

Ian McHoul
Chairman

2023 proved to be an extremely challenging year for Videndum – for our employees, shareholders, customers and suppliers.

Our end markets were impacted by macroeconomic headwinds, including high interest rates and high inflation, customer destocking and wars in Ukraine and Israel-Gaza. From Q2 2023, these headwinds were further compounded by the US writers' and actors' strikes which lasted through to the end of the year. These events significantly dampened our markets and dramatically impacted the Group's 2023 financial performance. Despite management's best efforts to navigate the business through these challenges, it became necessary to undertake a £125 million equity raise to ensure the long-term security of the Group. This decision was not taken lightly, but in the face of the challenges, the Board and management team acted promptly, and successfully delivered the equity raise. There was a very strong response from our shareholders, who clearly believe in the long-term prospects for the Group. I would like to thank both our shareholders and new investors for their support. We now have a strengthened capital base, which will enable Videndum to focus its resources on strategic execution and long-term value creation.

At the time of writing, the business is still suffering with dampened end-markets. Although industry confidence in the post-strike recovery remains strong, the cine and scripted TV market is taking more time than anticipated to recover and the macroeconomic environment remains challenging. We had to delay the announcement of our results for the year ended 31 December 2023 because more time was required to finalise the full year financial reporting, including the treatment of certain adjusting items relating to 2023. However, the Board believes that 2024 will progressively improve. The content creation market, despite recent challenges, has attractive structural growth drivers and good medium-term prospects. Videndum is a high-quality business, with innovative technology and market-leading, premium products and services, well placed for a recovery.

2023 was a period of change for the Board too. On 26 September it was announced that I would stand down from the Board for personal reasons and not seek re-election at the 2024 AGM. It has been a privilege to be Chairman of Videndum since May 2019. Richard Tyson, as Senior Independent Director led the search for my successor, and we are very pleased to have secured the services of Stephen Harris who joined the Board on 9 November 2023 and will succeed me as Chairman, ahead of the 2024 AGM. Also, during 2023, Anna Vikström Persson and Graham Oldroyd both joined the Board as independent non-executive directors on 1 May and 12 October 2023, respectively.

Erika Schraner has informed the Board of her intention not to seek re-election at the forthcoming 2024 AGM. Erika intends to pursue new opportunities as Videndum, supported by a successful equity raise, enters a new phase. The Board has started a search for a new Chair of the Audit Committee. Erika has been a valuable member of the Board, leveraging her commercial and technical expertise, thoughtful perspective, and overall business experience in helping Videndum navigate recent unprecedented times. On behalf of the Board, I would like to extend my gratitude to Erika for her significant contribution and dedication, and wish her well in her future endeavours.

Due to the challenges that the business faces, we have suspended paying dividends. Whilst this was a difficult decision and shareholders will be disappointed, it is right for the long-term success of the business. We will look to reintroduce dividends for shareholders when appropriate to do so.

Despite the significant financial challenges in 2023, there has been some success. For example, our ESG programme has continued to make progress towards our carbon neutral and net zero targets, and our three main manufacturing sites now all have solar panels installed, providing a large proportion of their energy needs. The business is also making progress on sustainable products with the recent launch of Anton/Bauer's ground-breaking Salt-E Dog sustainable portable power supply, based on sodium technology. Designed for the motion picture and television industry, this new product has been very well received. Our separate ESG Report sets out the progress Videndum has made and our ongoing plans in this important area.

The Company's AGM will be held on Wednesday 19 June 2024 at 116 Pall Mall, London, SW1Y 5ED. The Notice of Meeting and explanatory notes for the AGM's business accompany this Annual Report and the Board looks forward to the opportunity to meet with shareholders at the AGM.

Finally, after such a turbulent 2023 for the Group, on behalf of the Board I would like to thank all of our employees for their commitment and resilience during the year. Due to the challenges faced by the business, many of them have been on short-time working, which has not been easy. However, our employees have remained supportive throughout and I am sure that they will continue to perform to the highest levels to help the recovery of the business.

Ian McHoul
Chairman
22 April 2024

CEO's review

Stephen Bird

Group Chief Executive

2023 was an exceptionally challenging year for Videndum and, in particular, the unprecedented length of the strikes by US writers and actors significantly impacted our financial performance. We acted quickly to reduce costs and manage cash, and, with the support of our shareholders, deleveraged our balance sheet through a £125 million equity raise, which has enabled us to preserve the long-term capabilities of the business.

2023 financial overview

2023 was an exceptionally challenging year for the Group, with three main headwinds. First, the macroeconomic backdrop led to weaker consumer confidence and customers delaying purchases. Second, concerns amongst our retailer customers and distribution partners regarding the global economy, high interest rates, and their working capital levels, led to destocking. These two headwinds affected our consumer segment as well as our ICC segment (together c.40-50% of Group revenue).

Third, the unprecedented and unforeseen impact from the lengthy US writers' and actors' strikes significantly affected demand for our high-end cine and scripted TV products (c.20% of Group revenue exposed to the US cine market, and a further c.10% to global cine markets). The writers' strike began in May and predominantly affected the US cine market; however, the speculation of a strike had caused some cine and scripted TV productions to be paused in the months prior. The actors commenced strike action in July and subsequently all productions ceased in the US and spread globally where US actors were involved. Both strikes impacted productions until the end of the year, having significantly more impact on the Group in the second half of 2023 than in the first half. In addition, the strikes meant that sales of some of our new product launches were delayed.

The headwinds resulted in Group revenue from continuing operations decreasing by 31% compared to 2022; a 32% decline on an organic, constant currency basis. We estimate the impact of the writers' and actors' strikes was c.£60 million, the reduction from destocking was c.£25 million, and the residual reduction of c.£50 million was from challenging trading conditions across our markets impacting demand in the consumer and ICC segments. Price rises successfully implemented in 2022 and again at the beginning of 2023 more than offset inflation in the year.

Against this challenging backdrop, the Group took significant mitigating actions, including agreeing covenant amendments with its lending banks, cost reductions including restructuring projects, and developed plans to conserve cash. The benefit of these actions was to reduce costs by c.£13 million versus 2022. The majority of the reduction will remain in 2024, with discretionary costs returning in a phased and controlled manner, as trading conditions improve.

The actions taken constrained the revenue drop through to adjusted operating profit* to 39%.

The Group largely protected R&D investment to enable it to develop market-leading products to maximise our future growth potential. Gross R&D spend in 2023 was £19.3 million compared to £19.9 million in 2022.

Whilst the response of our teams was outstanding, the self-help actions only partly mitigated the weaker trading, and the low trailing 12-month EBITDA resulted in an increase in leverage1 from 2.9x at 30 June 2023 to 4.2x at 30 September 2023. As a result, having reviewed all options, the Board decided that an equity raise was required and, through the support of our shareholders and new investors, £125 million was raised in December 2023, enabling the Group to deleverage despite reduction in EBITDA (to 3.3x at 31 December 2023), and help provide the platform to capture the post-strike recovery and deliver the Group's strategy.

Adjusted profit before tax* was £1.3 million; £58.9 million lower than 2022. On an organic, constant currency basis, adjusted operating profit* and adjusted profit before tax* were 85% and 98% down, respectively, on 2022.

Statutory loss before tax from continuing and discontinued operations of £79.7 million (2022: £24.7 million profit) further reflects adjusting items from continuing operations of £20.1 million (2022: £18.0 million) and a £60.9 million loss from discontinued operations after adjusting items (2022: £17.5 million loss).

CEO's review continued

Market and strategy update

Videndum's purpose is to "enable our customers to capture and share exceptional content", and this is what guides us. Our strategy is to focus on the professional end of the content creation market, operating in defensible niches where our premium brands have strong share.

The content creation market continues to have good medium-term prospects, with structural growth drivers, and Videndum is uniquely positioned to benefit. Although the cine and scripted TV market is taking more time than anticipated to recover from the strikes, and the consumer and ICC segments of the market are being impacted by the challenging macroeconomic environment, we expect that the demand for, and investment in, original content (e.g. for live news, broadcast sport, reality and scripted TV shows, films, digital visual content for e-commerce and vlogging) will grow in the medium-term.

Our strategic priorities remain unchanged; however, we are focusing more tightly on our core markets, particularly for high-end, professional and B2B content creation – where we see the greatest growth potential – and exiting non-core markets. Our long-term strategy is to invest in areas where we can grow organically, while improving our margins and, over the longer-term, to grow through M&A.

1. Organic growth

We focus on the growth areas of the content creation market, and we have recently increased our product offering in the adjacent vertical market of audio capture. We estimate that c.75% of the Group's business is exposed to five main structural market growth drivers which we believe remain valid in the medium-to-long term. These are: (1) internet/e-commerce; (2) subscription TV/original content creation; (3) video sharing platforms such as TikTok/YouTube; (4) live streaming; and (5) increasing environmental consciousness in our markets.

We expect organic growth to be driven by these five drivers underpinned by technology advancement which reduces product replacement cycles. We use our customer-led R&D expertise to develop innovative, differentiated technology to improve customers' productivity by developing products which can lower operating costs and unlock creativity. Key focus areas include robotics and AI-driven technology for broadcast studio automation, high-end audio capture, wireless video transmission systems, heavy-duty lighting stands, and a new range of sustainable portable power solutions based on sodium technology (Anton/Bauer's Salt-E Dog) for the cine and scripted TV, broadcast and other markets. Salt-E Dog received the "Excellence in Sustainability" Award at the National Association of Broadcasters ("NAB") annual show in Las Vegas in April 2024. We also leverage our sales organisation to expand geographically where markets are growing, and our presence is low; whilst recognising barriers to entry of this strategy.

2. Margin improvement

The Group continues to manage costs tightly, and control capital expenditure and working capital. Long-term margin improvement drivers include targeted pricing increases to reflect product quality and brand strength, growing online sales, continued operating efficiencies, and capturing cross-Divisional synergies. Exiting non-core unprofitable segments (gaming and medical) will also deliver improved margins.

3. M&A activity

While we remain focused on post-strike recovery no acquisitions will occur in the near-term. However, we will continue to review opportunities which could increase our addressable markets and expand our product portfolio, customer base and technology capabilities.

Disposal and business held for sale

Following an extensive review of the options for the Creative Solutions Division, the Board concluded that the Group will deliver the most long-term shareholder value by retaining the Division but focusing more tightly on the high-end professional content creation market, where it has high market share, sales channel expertise and compelling growth opportunities. Consequently, the Board has decided to exit the non-core medical market, and has exited the non-core gaming market, to concentrate R&D investment on the content creation market. As a result, whilst the Creative Solutions Division as a whole remains core going forward, Amimon was held for sale at 31 December 2023 and reported as a discontinued operation. On 2 October 2023, certain trade and assets of Lightstream were sold to Xsolla (US), Inc., a leading player in the gaming industry.

Current trading and outlook

Although industry confidence in the post-strike recovery remains strong, the significant pick up in the cine and scripted TV market anticipated in March did not materialise and is now expected from June. In addition, the macroeconomic environment affecting the consumer and ICC segments remains challenging; nonetheless management believes that the rate of decline is starting to show signs of improvement, and that destocking is largely completed. Our Broadcast TV segment is performing well, with our market-leading robotics, AI autonomous presenter-tracking software and speech recognition prompting technology driving cost efficiencies for studios; the Group's second half performance will benefit from the Summer 2024 Olympic Games and the US Presidential election. However, as a result of the slower than anticipated recovery in the cine and scripted TV market, trading in our traditionally smallest first quarter ended up being below our expectations. We have therefore maintained our relentless focus on managing costs tightly and controlling capex and working capital.

I am proud of the way our people have responded to an incredibly difficult market environment and remain confident that the Group will benefit from a strong recovery in the second half of 2024 as the cine and scripted TV market gradually recovers, although the pace and shape of the post-strike recovery is uncertain. Videndum remains well positioned in a content creation market which has attractive structural growth drivers and good medium-term prospects.

Stephen Bird
Group Chief Executive
22 April 2024

Investment case

Strong business in an attractive market with structural growth drivers, well positioned for recovery and improving returns

→ Operating at the heart of the content creation market, which is underpinned by long-term structural growth drivers

→ Market-leading, premium brands with high-quality products in defensible niches, which are often mission critical for customers

→ Strong R&D and product development capabilities generate innovative proprietary technology supporting pricing power and leading to shorter product replacement cycles

→ Well-invested manufacturing footprint, efficient operations and sourcing drive operational leverage

→ Worldwide channel strength ensures efficient route to market

→ A responsible business with a clear purpose and strategy

Media Solutions

> **The global macroeconomic situation in 2023 presented challenges which affected consumer demand. Despite this, our team has exhibited resilience and we have continued to invest in innovation. We have an exciting range of new products launching in 2024 which positions us well to capture future growth opportunities as the market starts to recover.**

Marco Pezzana

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

External revenue*

£153.7m

Down 29% ↓

Adjusted operating profit*†

£11.4m

Down 68% ↓

External revenue†

Adjusted operating profit*†

Statutory operating profit/loss

Media Solutions continued

Media Solutions designs, manufactures and distributes premium branded equipment for photographic and video cameras, and smartphones. It provides dedicated solutions to professional and amateur photographers and videographers, ICCs, vloggers/influencers, enterprises, governments and professional musicians.

This includes camera supports (tripods and heads), smartphone and vlogging accessories, lighting supports and controls, LED lights, audio capture and noise reduction equipment, carrying solutions and backgrounds. Media Solutions represents c.50% of Group revenue.

Strategy

Our strategy is focused on developing innovative new products to improve customers' productivity in order to grow the core professional business, as well as a focus on high-end audio capture and return to growth in vlogging accessories when the macroenvironment improves.

Market position

Videndum is a market leader in most of its Media Solutions' product categories. Products are sold globally via multiple distribution channels and increasingly online via our own direct e-commerce capability and third-party platforms.

Operational review

Market conditions were tough for Media Solutions, with demand in the consumer and ICC segments (together c.75%) remaining low. This was compounded by destocking as retail and distribution partners looked to reduce cash tied up in stock. The majority of the destocking effect occurred in H1 and management believes destocking is now largely completed.

The strikes impacted the high-end professional segment (c.25%) including the Avenger lighting supports; although revenue was significantly above 2021 level despite the strikes, demonstrating the market share gained by the Buccaneer and Long John Silver stands over recent years.

La Cassa Integrazione Guadagni Ordinaria ("CIGO"), the non-refundable Italian government supported furlough programme, was applied both at the Feltre factory and the Cassola divisional head office, which allowed us to flex manufacturing output to reduce inventory and also reduce operating expenses. Actions were taken to minimise discretionary spend, whilst wider restructuring actions focused primarily on consolidating subsidiaries, helped reduce the cost base.

We restructured our operations to take advantage of location synergies following recent acquisitions. In the UK, our Rycote windshield production is now operating out of our Ashby-de-la-Zouch factory. This has expanded our manufacturing capacity by c.50% and enables us to upgrade our operations. Audio R&D and microphones production moved from the UK to our US audio centre of excellence in Portland, and Media Solutions' US distribution moved out of New Jersey to our Savage facilities in Arizona.

Adjusted operating margin* was down to 7.4% (2022: 16.1%) reflecting operating leverage on the revenue decline, partly mitigated by the cost savings. Statutory operating loss was £4.8 million (2022: £23.4 million profit) which reflects £12.8 million of adjusting items from continuing operations (2022: £9.5 million) and a £3.4 million loss from discontinued operations (2022: £2.1 million loss) which includes £1.2 million impairment of intangible assets at Syrp.

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)

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

‡ Manufactured under licence.

§ In our niche.

Target audience

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

Case studies

Avenger: growth in lighting stands as productions restart

Our Avenger brand is well placed to take advantage of the recovery in post-strike demand during 2024 and 2025.

Launched in September 2022, the Avenger Buccaneer was incredibly well received across the globe and had just started to gain traction in the US before the strikes. This unique, groundbreaking lighting stand 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.

In North America alone, over 50 new sound stages are scheduled for construction in 2024, providing hundreds of thousands of square feet of new production space that will need to be equipped. Our latest heavy-duty stand, the Avenger Banshee, developed in collaboration with our global rental house partners was launched in Q1 2024 in the US.

Manfrotto: versatile protective carrying solutions

Media Solutions sells protective carrying solutions for photographic and video equipment under a number of brands. Lowepro specialises in bags for outdoor/adventure photography (primarily backpacks) and is in the process of converting the entire product portfolio to recycled fabric (80% of total material), fully eliminating PFC coatings. Manfrotto is focused on studio carrying equipment including hard cases, and 2023 saw the launch of the Manfrotto Pro Light Cineloader series of shoulder-style bags, aimed at professional videographers and film crews. Designed to safely transport and protect a fully rigged camera and multiple accessories, this versatile range saves set-up time when the videographer or camera operator arrives on site.

Rycote: British manufacturing excellence

Rycote's industry-standard windshields and microphone suspension systems are used all over the world for on-location news and sports broadcasting, and film-making – they are trusted by audio professionals to help them deliver great sound in the most demanding of conditions.

In 2023, we relocated Rycote production from Stroud, UK to our existing facility in Ashby-de-la-Zouch, UK. We invested c.£0.5 million in new equipment to upgrade operations, enabling us to increase manufacturing capacity by 50% and develop cutting-edge new products. We have installed high precision cutting machines, which improve product consistency, and we have established a state-of-the-art Hemi Anechoic Chamber, complete with a wind tunnel, for dedicated product development and testing. Our highly trained, skilled staff invest several hours of meticulous hand craftsmanship into each item.

Production Solutions

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We continue to focus on delivering industry-leading solutions designed to enhance the creativity and efficiency of our customers. Unique technology innovations, including artificial intelligence, sustainability and camera control, place our brands at the forefront of growth opportunities in the cine and broadcast markets.

Nicola Dal Toso

Divisional Chief Executive, Videndum Production Solutions

External revenue

£101.2m

Down 27% ↓

Adjusted operating profit*

£12.1m

Down 61% ↓

External revenue

Adjusted operating profit*

Statutory operating profit

Production Solutions continued

Production Solutions designs, manufactures and distributes premium branded and technically advanced products and solutions for broadcasters, film and video production companies, ICCs and enterprises.

Products include video fluid 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.

Strategy

Our strategy is focused on growth in professional equipment for on-location news and sporting events, innovative new technology like robotic camera systems and voice prompting to enable automation and cost efficiencies in TV studios, and high-end products for original content creation in cine and scripted TV, including a new range of sustainable power solutions based on sodium technology.

Market position

Videndum is a market leader in most of its Production Solutions product categories and is well positioned due to its broad geographical reach and premium products. Products and services are sold globally either directly via Videndum's own sales teams or via distributors, both online and in stores.

Operational review

Lower demand in ICC and subsequent destocking also impacted Production Solutions, as did the writers' and actors' strikes. The 2022 comparative includes the Winter Olympics, whereas 2023 did not have an event on the same scale. Despite the macroenvironment, demand remains high for our flowtech tripods and systems, and we upgraded our carbon cell facility in Bury St Edmunds, UK during 2023 to increase our capacity by up to 40%.

We launched two exciting new products at the 2023 National Association of Broadcasters Show in Las Vegas ("NAB") and the CineGear Expo 2023 in LA ("CineGear"): the Anton/Bauer Salt-E Dog, a sustainable portable power solution based on sodium technology went into production at the end of the year at our Costa Rican facility; and the Vinten VEGA Control System, a robotics control system that can also be automated with AI-driven talent tracking. Salt-E Dog initially is targeted at the cine and broadcast markets and as such the launch was impacted by the strikes but we now have a strong pipeline of opportunities. We were able to demonstrate its capabilities and benefits at the Las Vegas F1 Grand Prix with Fox Sports, and this generated a lot of interest in the product.

Costs continued to be controlled closely albeit starting from a very lean cost base in 2022. The revenue decline subsequently resulted in the adjusted operating margin* falling to 12.0% (2022: 22.8%).

Statutory operating profit was £9.5 million (2022: £30.1 million) reflecting £2.6 million of adjusting items (2022: £1.3 million).

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

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

Target audience

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

Case studies

Pioneering AI and machine learning revolutionise TV studios

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

VEGA, Vinten's cutting-edge control system for its robotic TV studio solutions, includes AI-driven Presenter Tracking and Voice Control for unlimited flexibility and customisation. VEGA identifies each person on screen automatically and uses in-built artificial intelligence to predict future movements based on skeletal kinematics. Using this technology, VEGA Presenter Tracking predicts the likely next movements of on-air talent and makes smooth adjustments in the same way a camera operator would.

VEGA Voice Director will use speech recognition, allowing control room staff to execute core operating functions, such as selecting cameras, recalling shots and reframing, using spoken commands. VEGA is the most advanced robotic camera and prompting automation solution available today.

Expanding and upgrading our production facilities

Flowtech Carbon Fibre Cell upgrade

Videndum's unique carbon fibre manufacturing facility in Bury St Edmunds, UK includes a fully automated, highly efficient and proprietary process for the development of carbon fibre for the flowtech tripod. To meet the growing demand for this market-leading product, and as part of our sustainability commitment, in 2023 the carbon fibre cell underwent a significant upgrade. £1.7 million was invested in new equipment to increase our production capacity by 40%, lower our energy consumption, and support the reduction of waste by 90%.

Costa Rica expansion

Cartago, our Costa Rica manufacturing site, established in 1985, has c.185 employees producing over 180,000 products annually. Investment in lean principles makes this one of the region's most efficient manufacturing facilities. In 2023, the facility was expanded by 1,600 sq m to 7,800 sq m to accommodate production of the new Anton/Bauer Salt-E Dog sustainable portable power product range and the manufacturing of Wooden Camera products relocated from Dallas, US.

Environmental concerns drive sustainable power growth

Increasing environmental awareness in the TV and film industry, coupled with new clean air legislation in the US, led Anton/Bauer to develop a ground-breaking sodium-based mobile power source. Known as Salt-E Dog, this sustainable portable power supply addresses the harmful CO_2 and NOx emissions associated with traditional fossil fuel generators on production sets, providing cleaner and quieter power.

Salt-E Dog uniquely uses 100% recyclable sodium cells, which have a lower Global Warming Potential than lithium-based counterparts. Sodium ensures safety and efficiency, permitting power placement near sensitive equipment without fire risks, and minimises the need for additional safety measures.

Major broadcasters like the BBC, Fox, Sky and CBS, as well as content producers such as Netflix and Amazon – who have committed to improving sustainable production methods – have shown significant interest in Salt-E Dog, underscoring the importance of reducing carbon emissions on productions.

Leading sustainable power provision positions the Group to capture the growing eco-conscious content production market.

Salt-E Dog received the "Excellence in Sustainability" Award at the National Association of Broadcasters ("NAB") annual show in Las Vegas in April 2024.

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At Fox Sports, we are committed to embracing cutting-edge technology and minimising our environmental impact while consistently delivering high-quality broadcast productions. Thanks to Anton/Bauer's revolutionary sodium-based power solution, Salt-E Dog, we are ushering in a new era of cleaner and more sustainable energy sources. With zero emissions, whisper-quiet operation, streamlined cabling, and uninterrupted power, we are proud to be pioneers in sustainable broadcast productions powered by the latest technology.

Brad Cheney
Vice President, Field Operations and Engineering, Fox Sports

Creative Solutions

“2023 was an incredibly challenging year for our cinema business due to the longest strikes in Hollywood history which paused the market for most of the year. We have been focused on controlling costs, retaining our talent and preparing for the recovery.

Our innovative SmallHD monitor platform was awarded an Engineering, Science & Technology Emmy® from the Television Academy at the 75th Annual Engineering Emmy Awards. And our Live Production business continues to pivot successfully towards the premium end of the market, with the launch of two new recurring revenue services which doubled the revenue for our Prism and Ranger product lines.

Marco Vidali

Divisional Chief Executive, Videndum Creative Solutions

External revenue†

£52.0m

Down 40% ↓

Adjusted operating profit*†

£0.8m

Down 95% ↓

External revenue†

Adjusted operating profit*†

Statutory operating loss

Creative Solutions continued

Creative Solutions develops, manufactures and distributes premium branded products and solutions for film and video production companies, ICCs, enterprises and broadcasters.

Products include wired and wireless video transmission and lens control systems, live streaming solutions, monitors and camera accessories. Creative Solutions represents c.20% of Group revenue.

Strategy

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

Market position

Videndum is the market leader in Creative Solutions' two largest product categories due to its premium brands, market-leading technology and dedicated team of innovative product specialists with extensive experience in shooting both professional and amateur video content. Products are sold globally via multiple distribution channels and increasingly online via its own direct e-commerce capability and third-party platforms.

Operational review

The writers' and actors' strikes had the largest effect on Creative Solutions, as expected, where the majority of products are used in cine and scripted TV. Live production revenue was materially down as we repositioned our brand towards the higher margin, higher end of the live production market.

However, orders with RTX, a subcontractor for NASA, and Smart Video Group, our new European partner, saw sales of our Prism encoders and decoders nearly double compared to 2022. At NAB we announced the latest version of the Teradek Ranger product, our next generation licensed and unlicensed band zero delay (<1ms) wireless video transmission system for live production and broadcast applications, which drove Ranger revenue to nearly double compared to 2022.

Restructuring actions announced at the end of 2022 and limiting discretionary spend helped to mitigate the decline in revenue. In the second half of the year, production of our Wooden Camera products was transferred from the US to our Production Solutions' Costa Rican facility and the Group benefitted from cross-divisional synergies.

Adjusted operating margin* was down to 1.5% (2022: 19.2%) reflecting operating leverage on the revenue decline, partly mitigated by the cost savings, including shortened working hours.

Statutory operating loss was £58.0 million (2022: £3.3 million loss), which reflects £1.7 million of adjusting items from continuing operations (2022: £4.7 million) and a £57.1 million loss from discontinued operations (2022: £15.3 million loss) which includes £49.0 million impairment of intangible assets relating to Lightstream and Amimon.

Our brands

Market position† shown in brackets

Video transmission systems (#1)
→ Teradek

Monitors (#1‡)
→ SmallHD

Lens control systems (#3)
→ Teradek

IP video (#3)
→ Teradek

Camera accessories (#3)
→ Wooden Camera

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

Target audience

- Cine and scripted TV/ICC market: 90%
- Enterprise market: 10%

Case studies

SmallHD award-winning 4K Production Monitors

In 2023, SmallHD received the Engineering, Science & Technology Emmy® award for its rugged and versatile 4K Monitoring Platform. SmallHD's Vision Series is the industry's only 4K/HDR monitor designed specifically for rugged on-set monitoring enabling film-makers to view critically accurate images from the moment they are captured on set, securing their creative intent while saving time and cost.

"

On previous projects, the missing component was a killer on-set solution for monitoring in HDR that not only comes as close as possible to the reference HDR monitors in the colour bay, but also has the exposure tools I was accustomed to using in SDR monitoring. After looking at many different displays, I fell in love with the SmallHD Vision 17.

Armando Salas
ASC

Live Production with Teradek wireless video transmission

Teradek Ranger is a mission-critical zero-delay (less than 1 millisecond) wireless video system that transmits visually lossless 4K/HDR video over licensed and unlicensed bands. With best-in-class performance in challenging RF conditions and a wide operating range from 4.910 to 6.425 GHz, Ranger allows broadcasters and live production companies to operate without interference from nearly any location.

"

Ranger has been our secret ingredient for live events at WiZink Center. Even with the venue at full capacity, thanks to Teradek, we ensure an interference-free, zero-delay video transmission, providing audiences with a seamless multi-cam IMAG experience every time.

Xavi Morón
Owner of Streaming On Set

Operational and financial review

Financial performance

	Adjusted*			Statutory from continuing and discontinued operations	
	2023	**2022**	**% change**	**2023**	**2022**
Revenue	**£306.9m**	£442.5	-31%	**£315.0m**	£451.2m
Operating profit/(loss)	**£12.8m**	£66.2m	-81%	**£(65.2)m**	£31.5m
Profit/(loss) before tax	**£1.3m**	£60.2m	-98%	**£(79.7)m**	£24.7m
Earnings/(loss) per share	**8.5p**	96.8p	-91%	**(157.5)p**	71.4p

Cash flow

£m	**2023**	2022	Variance
Statutory operating (loss)/profit from continuing and discontinued operations	**(65.2)**	31.5	(96.7)
Add back discontinued operations statutory operating loss	**60.5**	17.5	43.0
Add back adjusting items from continuing operations	**17.5**	17.2	0.3
Adjusted operating profit*	**12.8**	66.2	(53.4)
Depreciation1	**20.5**	20.1	0.4
Adjusted trade working capital (inc)/dec*	**(1.1)**	(15.6)	14.5
Adjusted non-trade working capital (inc)/dec*	**(7.1)**	(2.4)	(4.7)
Adjusted provisions inc/(dec)*	**–**	(0.7)	0.7
Capital expenditure[2]	**(15.3)**	(15.4)	0.1
Other[3]	**1.0**	7.5	(6.5)
Adjusted operating cash flow*	**10.8**	59.7	(48.9)
Cash conversion*	**84%**	90%	-6%pts
Interest and tax paid	**(25.7)**	(16.5)	(9.2)
Earnout and retention bonuses	**(3.6)**	(0.3)	(3.3)
Restructuring, integration costs and sale of impaired inventory	**(5.3)**	(2.0)	(3.3)
Transaction costs	**–**	(0.6)	0.6
Free cash flow*	**(23.8)**	40.3	(64.1)

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 £16.1 million outflow (2022: £48.7 million inflow) comprises -£23.8 million free cash flow from continuing operations* (2022: £40.3 million) plus £15.3 million capital expenditure from continuing operations (2022: £15.4 million) less £0.3 million from sale of PP&E and software from continuing operations (2022: nil) plus net cash from operating activities from discontinued operations of -£7.3 million (2022: -£6.9 million).

CFO's review

Andrea Rigamonti

Group Chief Financial Officer

Income and expense

The numbers below are presented on a continuing basis (unless stated) including 2022 re-presented to ensure fair comparability.

Group revenue from continuing operations decreased by 31% compared to 2022; a 32% decline on an organic, constant currency basis. We estimate the revenue impact of the writers' and actors' strikes was c.£60 million, the reduction from destocking was c.£25 million, and the residual reduction of c.£50 million was from challenging trading conditions across our markets impacting demand in the consumer and ICC segments. Price rises successfully implemented in 2022 and again at the beginning of 2023 more than offset inflationary costs in the year.

The decline in revenue impacted adversely on adjusted gross margin*, which fell from 43.7% in 2022 to 38.7% in 2023, mainly reflecting operating leverage and inefficiencies with overheads that are unable to flex with lower volumes. Within adjusted gross profit* the Group incurred £2.2 million charge relating to an inventory provision for JOBY. La Cassa Integrazione Guadagni Ordinaria ("CIGO"), the non-refundable Italian government supported furlough programme, was applied in our Italian facilities to partly mitigate the lower demand whilst ensuring our employees were looked after and retained by the business.

Adjusted operating expenses* decreased by £21.2 million to £106.0 million (2022: £127.2 million) partly due to self-help actions taken to reduce discretionary costs in the short-term, including CIGO in Italy and shortened working hours at Creative Solutions, and implementation of restructuring projects across all Divisions to ensure we have a lean organisation ready to capitalise as trading conditions improve (together c.£12 million of the c.£13 million cost actions); as well as lower corporate costs, mainly due to a decrease in charge for LTIPs as a result of a decreased EPS vesting expectations and not awarding an LTIP in 2023, and lower discretionary bonus accruals across the Group for 2023 (together c.£11 million). This was partly offset by c.£2 million of charges relating to one-off professional fees.

The actions taken in cost of sales and operating expenses constrained that revenue dropthrough* to adjusted operating profit* to 39% (compared to a c.50% marginal contribution on the lower sales).

Adjusted profit before tax* included a £3.2 million favourable foreign exchange effect after hedging compared to 2022. The impact on 2024 adjusted profit before tax* from a one cent stronger/weaker US Dollar/Euro is expected to be an increase/decrease of approximately £0.2 million and £0.3 million respectively.

Adjusted net finance expense* of £11.5 million was £5.5 million higher than in 2022. This was driven by higher borrowings, following the acquisitions in 2021 and 2022, and higher interest rates. In 2024, an average of c.60% of our borrowings will be fixed through swaps at an average rate of c.5% (including margin). Our floating debt currently has an average interest rate of c.7% (including margin). Net finance expense also includes interest on the lease liabilities, income from the accounting surplus of the defined benefit pension scheme, amortisation of loan fees, and net currency translation gains or losses.

Adjusted profit before tax* was £1.3 million; £58.9 million lower than 2022. On an organic, constant currency basis, adjusted operating profit* and adjusted profit before tax* were 85% and 98% down respectively on 2022.

Statutory loss before tax from continuing and discontinued operations of £79.7 million (2022: £24.7 million profit) further reflects adjusting items from continuing operations of £20.1 million (2022: £18.0 million) and a £60.9 million loss from discontinued operations after adjusting items (2022: £17.5 million loss).

The adjusting items from continuing operations primarily relate to the amortisation of acquired intangibles, acquisition related charges, impairment of assets, and restructuring. These charges were higher compared to 2022 primarily due to the exit from the motion controls market, exit costs of moving Wooden Camera operations to Costa Rica, the sale of property in the Production Solutions Division, and indirect costs associated with the equity raise and financing; partly offset by lower transaction costs in relation to acquisitions compared to those in 2022, and lower amortisation of acquired intangibles than in 2022. The loss at discontinued operations predominantly reflects a £50.2 million impairment of assets (Lightstream £19.2 million, Amimon £29.8 million and Syrp £1.2 million).

The Group's effective tax rate ("ETR") on adjusted profit before tax* was a credit of 223% (2022: 26% debit). Statutory ETR from continuing and discontinued operations was a 3% credit on the £79.7 million loss (2022: 33% debit of the £24.7 million profit before tax).

Adjusted basic earnings per share* was 8.5 pence (2022: 96.8 pence). Statutory basic loss per share from continuing and discontinued operations was 157.5 pence (2022: 71.4 pence earnings per share).

Cash flow and net debt

Cash generated from operating activities was £9.8 million (2022: £65.3 million) and net cash from operating activities was a £16.1 million outflow (2022: £48.7 million inflow).

Free cash flow* was £64.1 million lower than 2022 reflecting the lower adjusted operating profit* and higher interest, tax and restructuring costs. Cash conversion* was 84%, and across the last three years has cumulatively been 96%.

Adjusted trade working capital* increased by £1.1 million in 2023 (2022: £15.6 million increase). Inventory decreased by £2.0 million as we applied effective control measures to offset the decrease in demand, whilst we maintained stocks of critical electronic components to support the cine and scripted TV recovery. Trade receivables decreased by £17.1 million which included the benefit of £7.9 million from non-recourse factoring of receivables and trade payables decreased by £20.2 million, both reflecting the lower level of trading. Adjusted non-trade working capital* increased by £7.1 million (2022: £2.2 million increase) mainly due to the non-accrual of discretionary bonuses relating to 2023.

CFO's review continued

Capital expenditure included:

- £4.6 million of property, plant and equipment compared with £7.0 million in 2022, reflecting actions to limit non-essential spend;
- £10.0 million capitalisation of development costs (2022: £7.4 million); including an increase at Production Solutions to develop our AI-driven talent tracking (Vinten Vega) and sustainable portable power solutions based on sodium technology (Salt-E Dog); and £0.7 million capitalisation of software (2022: £1.0 million). Gross R&D was slightly lower than 2022; the percentage of revenue (6.3%) grew (2022: 4.5%) but is a reflection of the lower revenue and is expected to return to c.5% in 2024.

£m	2023	2022	Variance
Gross R&D	**19.3**	19.9	(0.6)
Capitalised	**(10.0)**	(7.4)	(2.6)
Amortisation	**5.6**	4.7	0.9
P&L impact	**14.9**	17.2	(2.3)

'Other' primarily relates to share-based payments whose reduction compared to 2022 is due to the lower vesting expectations of the adjusted EPS* conditions and not awarding an LTIP in 2023.

Interest and tax paid increased by £9.2 million compared to 2022 mainly due to higher interest costs and the phasing of tax payments.

Earnout and retention bonuses relate to Audix, Savage and Quasar. Restructuring cash outflow mainly reflects the exit costs of the self-help actions taken to restructure in each of the Divisions.

December 2022 closing net debt* (£m)	**(193.5)**
Free cash flow from continuing operations*	(23.8)
Free cash flow from discontinued operations	(10.5)
Upfront loan fees, net of amortisation	(1.0)
Dividends paid (FY 22 final dividend)	(11.6)
Net proceeds from the equity raise	117.9
Employee incentive shares	(2.4)
Acquisitions/disposals	(2.5)
Net lease additions	(7.0)
FX	5.9
December 2023 closing net debt* (£m)	**(128.5)**

Net debt* at 31 December 2023 of £128.5 million was £65.0 million lower than at 31 December 2022 (£193.5 million).

Leverage[1] was 3.3x at 31 December 2023 (31 December 2022: 2.2x), on the basis used for our loan covenants, and well within the revised covenant of 4.25x. Interest cover[2] of 2.0x at 31 December 2023 was also above the revised covenant of 1.25x.

Free cash flow from discontinued operations includes Lightstream exit costs as well as operating losses.

The net proceeds from the equity raise reflects gross proceeds of £126.4 million from the capital raising including £1.3 million from the Directors and senior management subscriptions; net of £8.5 million expenses.

Cash outflow on acquisitions relates to deferred consideration for the purchase of Audix.

Net lease additions were mainly the lease renewal for our Media Solutions headquarters in Cassola.

There was a £5.9 million favourable impact from FX, primarily from the translation of our US Dollar debt, following the weakening of the US Dollar against Sterling.

Liquidity at 31 December 2023 totalled £105.3 million, comprising £100.6 million unutilised RCF (total facility of £200 million which matures in February 2026) and £8.7 million of cash less £4.0 million utilised overdraft. We continue to have strong relationships with our banks and have agreed lending covenant amendments for March 2024 (leverage[1] of 4.25x and interest cover[2] of 1.5x), June 2024 (leverage[1] of 3.75x and interest cover[2] of 1.75x), and September 2024 (leverage[1] of 3.75x and interest cover[2] of 3.25x); before returning to original covenants at December 2024 (leverage[1] of 3.25x and interest cover[2] of 4.0x). The term loans taken out at the time of the acquisitions of Savage and Audix were fully repaid upon completion of the equity raise.

ROCE* of 4.4%[3] was lower than the prior year (2022: 25.5%), which mainly reflects the lower adjusted operating profit*.

Adjusting items from continuing operations

Adjusting items in profit before tax from continuing operations were £20.1 million versus £18.0 million in 2022. The £7.3 million impairment of assets (2022: £0.6 million) relates to the exit from the motion controls market, exit costs of moving Wooden Camera operations to Costa Rica, impairment of intangible assets at Savage, Quasar and Lowepro, and the sale of property.

£m	2023	2022
Amortisation of acquired intangible assets that are acquired in a business combination	**(4.0)**	(5.9)
Acquisition related charges[4]	**(1.3)**	(4.4)
Integration, restructuring, and other costs	**(4.9)**	(6.3)
Impairment of assets	**(7.3)**	(0.6)
Finance expense – amortisation of loan fees on borrowings for acquisitions, and other financing activities	**(2.6)**	(0.8)
Adjusting items	**(20.1)**	**(18.0)**

Discontinued operations

The Group is focusing more tightly on high-end professional content creation, where it has high market share, sales channel expertise and compelling growth opportunities. Consequently, the Board has decided to exit loss-making operations in non-core markets, specifically medical and gaming, to concentrate R&D investment on the content creation market. As a result, whilst the Creative Solutions Division as a whole remains core going forward, Amimon was held for sale at 31 December 2023 and Lightstream was sold on 2 October 2023 for a net cash consideration of £0.4 million; both are reported as discontinued operations. In addition, we wound down Syrp (the R&D centre in New Zealand).

£m	2023	2022
Revenue	**8.1**	8.7
Adjusted PBT*	**(6.4)**	(6.2)
Adjusting items	**(54.5)**	(11.3)
Statutory PBT	**(60.9)**	(17.5)

Revenue decreased by 7% in discontinued operations, due to the sale of Lightstream part-way through the year.

Adjusting items of £54.5 million (2022: £11.3 million) mainly reflects a £50.2 million impairment of assets (2022: £1.3 million) across Amimon (£29.8 million), Lightstream (£19.2 million) and Syrp (£1.2 million), and £2.2 million amortisation of acquired intangibles prior to the impairments (2022: £5.0 million).

Going concern

Background and context

2023 was an exceptionally challenging year for Videndum, with the Group suffering from the prolonged adverse impacts of three major headwinds. These headwinds were (1) the weakened macroeconomic climate, (2) destocking of inventory by retail customers and distribution partners, and (3) the US writers' and actors' strikes (together "the strikes").

First, from late 2022, the Group's performance from its consumer and Independent Content Creator ("ICC") markets was impacted by macroeconomic conditions, mainly the increase in interest rates and inflation, which led to weakening demand and customers delaying purchases.

Second, concerns amongst the Group's retail customers and distribution partners regarding the global economy, higher interest rates, and their working capital levels, led to destocking. These two headwinds affected the consumer segment as well as the ICC segment (together c.40-50% of Group revenue).

Third, the unprecedented and unforeseen impact from the lengthy strikes significantly affected demand for the Group's high-end cine and scripted TV products (c.20% of Group revenue exposed to the US cine market, and a further c.10% to global cine markets). During the early part of the first half of 2023, demand from the cine and scripted TV markets weakened as contract renewal negotiations between the Writers Guild of America ("WGA") and Alliance of Motion Picture and Television Producers ("AMPTP") created uncertainty for the Group's customers. Negotiations subsequently broke down and the WGA called a strike for the first time since 2007. Whilst the WGA strike officially commenced on 2 May 2023, the impact from the decline in orders received by Videndum began to be noticed in the months leading up to May 2023. On 14 July 2023, the Screen Actors Guild – American Federation of Television and Radio Artists ("SAG-AFTRA"), the actors' union who had also been conducting its own contract renewal negotiations with the AMPTP, also started strike action. This resulted in all cine and scripted TV productions ceasing in the US and spreading globally where US actors were involved. In addition, the strikes meant that some of the Group's new product launches were delayed.

The adverse impact on revenue from continuing operations in 2023 from the strikes was c.£60 million, the reduction from destocking was c.£25 million, and the residual reduction of c.£50 million was from challenging trading conditions across our markets impacting demand in the consumer and ICC segments.

Against this challenging backdrop, the Group took significant mitigating actions, including agreeing covenant amendments with its lending banks, cost reductions including restructuring projects, and developed plans to conserve cash.

The Group has had, and continues to have, support from its lending banks which was evidenced in 2023 by the Group agreeing an extension of £35 million of its Revolving Credit Facility ("RCF"), as well as negotiating and agreeing Amended Covenants.

Self-help actions taken to reduce discretionary costs in the short-term included applying La Cassa Integrazione Guadagni Ordinaria ("CIGO"), the non-refundable Italian government supported furlough programme, in the Group's Italian-based facilities to partly mitigate the lower demand whilst ensuring employees were looked after and retained by the business. In addition, reduced marketing and travel spend was implemented across the Group, shortened working hours were implemented at the Creative Solutions Division, hiring freezes, and bonuses across the Group were not awarded.

The Group implemented several restructuring projects to reduce its cost base and focus on the more profitable areas. The most noticeable activities included the disposal of the Lightstream business, commencing the sale process of Amimon, the closure of the Syrp research and development centre in New Zealand and the exit from the motion controls market, moving Media Solutions' US distribution out of New Jersey into its Savage facilities in Arizona, transferring Wooden Camera operations from Texas to Costa Rica, and moving Rycote operations to the Ashby-de-la-Zouch factory in the UK.

The combined benefit of the self-help and restructuring actions was to reduce costs by c.£13 million in 2023 versus 2022. However, the actions only partly mitigated the weaker trading, and as a result, having reviewed all options, the Board decided that an equity raise was required. Videndum successfully completed an equity raise in December 2023, generating net proceeds of £117.9 million. Refer to note 4.3 "Share capital and reserves" for further information on the equity raise. The principal purpose of the equity raise was to repay indebtedness and improve the Group's capital position. These proceeds were used to reduce external debt, which meant that the two term loans were repaid (£44.0 million) and the remaining balance was used to reduce the drawn down amount on the RCF facility by £73.9 million.

Borrowing facilities and financial position at 31 December 2023 and at 31 March 2024

The Group has a committed £200 million Multicurrency Revolving Credit Facility ("RCF") with a syndicate of five banks with a term until 14 February 2026 (see note 4.1 "Net debt").

At 31 December 2023, liquidity (cash headroom) was £105.3 million, comprising £100.6 million unutilised RCF and £8.7 million of cash less £4.0 million utilised overdraft. Liquidity at 31 March 2024 totalled £112.1 million, comprising £94.7 million unutilised RCF and £17.4 million of cash with £nil utilised overdraft.

The RCF lending covenants relate to net debt:EBITDA and EBITA:net interest (see "Glossary of alternative performance measures ("APMs")" for the definition of these measures as set out in the RCF),≈which historically are tested at 30 June and 31 December, to be no higher than 3.25x and at least 4.0x respectively ("Existing Covenants").

During 2023, given the challenges facing the Group, particularly the unpredictability of the end of the strikes and uncertainty relating to the timing and pace of the market recovery, the macroeconomic climate and destocking, the Group proactively negotiated amended covenants ("Amended Covenants") to the RCF with its lending banks.

As a result of the good relationship between the Group and its lending banks, the Group agreed with its lending banks:

- an extension of £35 million of its RCF from 14 February 2025 to 14 February 2026, which was confirmed on 19 July 2023 and brought this commitment to be in line with the remainder of the RCF which matures at the same time in February 2026 (the total RCF facility is £200 million);
- to amend the "Existing Covenants" to the new "Amended Covenants" as follows:
  - net debt:EBITDA to be no higher than 4.25x (December 2023) and 3.75x (June 2024);
  - EBITA:net interest of at least 1.25x (December 2023) and 1.75x (June 2024).

No restrictions apply to these Amended Covenants, for example there are no restrictions on declaring a dividend but new testing dates for 31 March 2024 (net debt:EBITDA to be no higher than 4.25x and EBITA:net interest of at least 1.5x) and 30 September 2024 (net debt:EBITDA to be no higher than 3.75x and EBITA:net interest of at least 3.25x) were agreed. From 31 December 2024, the covenants are net debt:EBITDA to be no higher than 3.25x and EBITA:net interest of at least 4.00x. The test dates in 2025 are 30 June and 31 December.

At 31 December 2023 these ratios were 3.3x for net debt: EBITDA and 2.0x for EBITA:net interest (31 December 2022: 2.1x and 9.8x respectively). At 31 March 2024 these ratios were 3.0x for net debt: EBITDA and 2.2x for EBITA:net interest.

CFO's review continued

Base case

The Board is continuing to monitor the Group's ability to meet its lending covenants. As part of the Board's consideration of the appropriateness of adopting the going concern basis of accounting in preparing the 2023 year-end financial statements, a range of scenarios have been modelled over the 12 months following the signing of the Group's Annual Report. For this, the Board has considered base case projections and several severe, but plausible, downside scenarios.

The base case follows the Board-approved budget for 2024 which acknowledges the challenges and opportunities being faced by the Group and assumes a recovery in the cine and scripted TV segment during 2024, following the ending of the strikes. It also assumes that the ICC/consumer segment will continue to deteriorate, albeit at a lower rate than 2023. The Board approved budget for 2024 is within the range of forecasts approved by the Directors as part of the equity raise.

The base case assumed a slower recovery in January and February 2024, with improvement thereafter. This forecast is partly supported by the contracted revenue relating to the 2024 Summer Olympic games and the typical seasonal uplift in Q2 and Q4.

The Q1 2024 budget assumed an improvement in revenue of 5% when compared to Q1 2023. The FY 2024 budget assumes an improved second half, including the assumptions of a recovery from the challenges previously discussed and the generation of revenue from new product launches. The recovery in H2 2024 forecasts revenue to be broadly in line with H2 2022. The overall budgeted revenue acknowledges the current challenges faced in 2024 and contains a judgement around the speed of recovery from the challenges faced in 2023. The 2024 budget therefore does not assume to reach 2022 levels.

The most material judgements for the 2024 budget relate to how long it will take for the Group's financial performance to recover from the strikes and how much worse or better the macroeconomic environment might be in 2024 vs 2023. The Group does not plan to make any structural changes under the scenarios that have been modelled. The judgements and sensitivities are expanded on in further detail below. The base case does not forecast a breach of covenants in 2024. In terms of liquidity, the lowest point between the time of signing these financial statements and April 2025 is £113 million at 30 April 2024.

Current sell-side analysts' forecasts are below this budget for 2024, as is typical for this stage in the financial year.

Severe but plausible downside assessment

In acknowledging the challenges faced in 2023, the Board has also modelled several severe but plausible downside scenarios. The material judgements considered in these scenarios are:

- estimating the recovery from the strikes, both in terms of the length of the recovery and the quantum thereof, which is at a slower pace than the base case;
- trading conditions and, in particular, the impact of the macroeconomic environment being worse than expected; and
- continuing self-help actions that would partly offset the effects of the above.

Whilst most of the Group's modelled forecasts do not result in breaching covenants, there are severe but plausible downside scenarios which would result in a breach of the Amended Covenants at the test dates from 30 June 2024. The severe but plausible scenarios that exist assume (1) a slower recovery in the cine and scripted TV market in 2024; (2) a worsening macroeconomic environment for the Group's consumer/ICC products; and (3) no additional mitigation.

The most severe modelled slower recovery assumes that the ICC/consumer segment declines by 30% on 2023 and that the cine and scripted TV market only recovers to 50% of 2022. Under these scenarios, there would be a breach of the Amended Covenant at each of the 2024 test dates from 30 June 2024. In the event that the results for Q2 2024 were to be the same as Q1 2024, this would result in a breach of the Amended Covenant at 30 June 2024. Albeit the average revenue uplift between the first and second quarters of the year over the last ten years, excluding 2020 (COVID-19), has been 22% and every Q2 has been higher than Q1.

The Board, in light of its experience, past practice and performance, and historical evidence and current trading, considers that (a) it is not possible to determine the length of time it will take to recover from the strikes, (b) there is limited forecasting visibility supportable by externally sourced market evidence, (c) the typical levels of the Group's order book are between one and two months sales, and (d) the impact of the macroeconomic environment on ICC and retail customers and distribution partners remains uncertain.

The Board is proactively managing the options available to the Group to mitigate risks and deliver cost and cash saving measures as set out in the "Mitigation plans" below.

Trading update for the first quarter of 2024

Although industry confidence in the post-strike recovery remains strong, the Group did not see the significant pick up in the cine and scripted TV market that it was expecting to happen in the month of March. As a result, although orders for the first quarter of 2024 were 6% ahead at constant currency than the same period of 2023 (strikes began in May 2023), revenue was 3% below at constant currency. Adjusted operating profit* was £0.7 million behind the prior year, reflecting a consistent treatment for bonus accruals, with continuing tight control on costs, capex, and working capital. The macroeconomic environment for the sell-out from the Group's customers for its consumer/ICC products continued to decline, albeit at a slower rate than experienced throughout 2023.

Compared to base case, orders for the first quarter of 2024 were 9% below, at constant currency, with revenue 8% below, at constant currency. Revenue was £8.1 million below base case and, reflecting a consistent treatment for bonus accruals in both the base case and Q1 results, adjusted operating profit* was £3.0 million below base case.

The Group has reforecast Q2 2024 ("Outlook"), in light of the unexpected weakness in Q1 2024 and current expectations from its Divisions, including a lower rate of recovery in the cine and scripted TV market which, in the Outlook, is anticipated to pick-up only from June 2024. The Outlook represents current expectations and lies within the range of plausible downside scenarios, and would not result in a breach of covenants at 30 June 2024.

Material uncertainty

The Board has, at the date of signing these financial statements, determined that given the sensitivities over the timeline and pace of recovery from the strikes and the financial impact on the Group (including potential covenant breaches) of a slower than expected recovery and worsening macroeconomic conditions, a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Mitigation plans

The Board implemented mitigating actions during 2023 to offset the lost revenue. These included the restructuring projects and cost reductions previously mentioned. The benefits of these actions was to reduce 2023 costs by c.£13 million versus 2022. The majority of the reduction will remain in 2024, with discretionary costs returning in a phased and controlled manner, as trading conditions improve.

The Board is proactively managing the mitigating options available to the Group. These include:

- cost and cash saving measures in addition to those factored into the forecast;
- incremental revenue generating activities; and
- renegotiating the committed facility, extension and quantum, and the lending covenants.

As a result of the challenging trading conditions experienced in Q1 2024, the Group has developed a set of actions being delivered during Q2 2024 that will reduce costs and secure incremental revenue opportunities in addition to those included in the Outlook set out above. Cost and revenue actions have currently highlighted Q2 operating profit benefits of £3.8 million, with £2.1 million being within the Group's control.

During the second quarter of 2024, the Group will negotiate with its banks an amendment and extension of its RCF. As part of this process, the Group will also endeavour to agree with its banks a new relaxation of its covenants, along with a reduction of the overall committed facility, currently £200 million.

Notwithstanding the above material uncertainty, the Board has, on balance of the available evidence and modelled scenarios, concluded that there is a reasonable prospect that improvements in the Group's performance, along with mitigating actions, will be achieved and it is appropriate to adopt the going concern basis of accounting in preparing the 2023 year-end financial statements.

Viability Statement

In line with the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than that required by the 'going concern' provision. The Directors have assessed the viability of the Group over the three-year period. The three-year viability period coincides with the Group's strategic review period. The Plan assumes the successful recovery from the challenges faced in FY23, implementing cost savings, and returning the Group to historic profit margins whilst delivering long term growth. However, the Directors recognise that the prevailing conditions make it challenging to forecast future outcomes.

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 viability assessment has considered the potential impact of the principal risks on the business, in particular future performance (including the success of the strategy and the broader economic recovery) and liquidity over the duration of the Plan. Refer to the Principal risks and uncertainties section for further detail. In making this statement, the Directors have considered the resilience of the Group under various market conditions, the principal risks facing the Group, together with the effectiveness of any mitigating actions and the availability of financing facilities.

Further detail has been provided on the key principal risks impacting the three-year period.

Principal risk 1, "Demand for Videndum's products" and Principal risk 2, "Cost Pressure", have been incorporated into each modelled scenario. The declining demand and cost pressures are key factors within each scenario. A further decline of revenue, and the associated demand of products, has been factored into the severe but plausible scenarios.

Principal risk 6, "Laws and regulations" and principal risk 10, "Climate change" have been specifically considered in the forecasts. The forecast acknowledges that additional resources and costs will be required to meet the short and medium term targets, as set out in the TCFD section of the annual report. Additional reporting requirements, property and business continuity insurance, carbon tax and offsetting and meeting product regulation will be required.

The assessment has been made, at the date of signing these accounts, with reference to:

- The Group's financial position at the year ended 31 December 2023 including the current and forecast funding position and the Directors' expectation that funding will be available before the maturity in February 2026 of the Group's £200 million Revolving Credit Facility;
- The Group's strategy and business plan;
- The Board's risk appetite;
- The Group's principal risks and uncertainties and how these are identified, managed and mitigated;
- The Group's going concern assessment; and
- The external environment that the Group operates within.

The Directors have reviewed the forecasted scenarios, including the severe but plausible scenarios modelled and took Q1 2024 trading into account in forming their view of the Group's viability expectation. Refer to section 1 of the going concern disclosure for further detail on the scenarios considered.

In the short term, the viability of the Group is impacted by the recovery from the challenges faced in FY23 and the material uncertainty highlighted in the going concern section. The Group is expected to return to historic profit margins over the course of the Plan.

Based on this assessment, the Directors have a reasonable expectation that the Group will have sufficient resources to continue in operation and meet its liabilities as they fall due through to 31 December 2026, taking into account the need to resolve the material uncertainty. However, a significant sustained downturn would threaten the viability of the business over this three-year assessment period.

Dividend

Given the current circumstances, no dividend has been recommended. The Board recognises the importance of dividends to shareholders and intends resuming dividend payments when appropriate to do so.

Andrea Rigamonti
Group Chief Financial Officer
22 April 2024

1 Leverage is calculated as net debt before arrangement fees and after leases of discontinued operations, divided by covenant EBITDA for the applicable 12-month period (being adjusted EBITDA*, before share-based payment charges, and after interest on employee benefits, interest related net currency translation gains, and the amortisation of loan arrangement fees); see Glossary for further detail.

2 Interest cover is calculated as covenant EBITA for the applicable 12-month period (being adjusted EBITDA* less depreciation of PP&E) divided by adjusted net finance expense* (before interest on employee benefits and FX movements, and the amortisation of arrangement fees); see Glossary for further detail.

3 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.

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

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

2023 update

Our target is zero accidents.

Link to strategy

n/a

Adjusted operating profit margin*

Adjusted operating profit* divided by revenue.

4.2%

Performance

2023 update

Decline driven by lower volumes.

Link to strategy: 2 3

Constant currency revenue (decline)/growth

Change in revenue on operations at constant exchange rates.

(31.5)%

Performance

2023 update

Decline driven by strikes by US writers and actors, challenging macroeconomic environment and destocking.

Link to strategy: 1 3

Adjusted profit before tax*

Adjusted profit before tax*.

£1.3m

Performance

2023 update

Decline driven by lower volumes and higher net finance expense.

Link to strategy: 1 2 3

Adjusted ordinary basic EPS*

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

8.5p

Performance

2023 update

Decline driven by lower adjusted profit after tax.

Link to strategy: 1 2 3

Cash conversion*

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

84%

Performance

2023 update

Tight control of cash due to effective control measures to offset the decrease in demand.

Link to strategy: 1 2

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.

4.4%

Performance

2023 update

Decline driven by lower adjusted operating profit*.

Link to strategy: 1 2 3

Revenue in APAC

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

16.7%

Performance

2023 update

Increase due to strikes impacting US sales more than APAC.

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 Group 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 Group.

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 longer-term identification of acquisition opportunities.

At the time of signing these financial statements, a material uncertainty on going concern exists in the event of a slower recovery in the cine and scripted TV market in 2024 and significantly worsening demand for our ICC/consumer products, that would cast a significant doubt upon the Group's ability to specifically meet its loan covenant obligations. Therefore, a number of the Group's principal risks have increased since the 2022 Annual Report and additional actions implemented to mitigate the impact/likelihood.

Update since 2022

- The risk relating to "Demand for Videndum's products" increased in 2023. This was due partly to a challenging economic outlook affecting our consumer-oriented brands, a downturn in the Consumer Electronics channel, and an increasingly challenging geopolitical outlook. Our activity in 2023 was heavily impacted by the US actors' and writers' strikes; we expect the cine market to recover but the timing and pace of the recovery is still uncertain.
- Certain segments (e.g. Audio, Lighting) continued to perform strongly and we believe the long-term fundamentals for the content creation industry remain good.
- People risk was higher due to the increased pressure linked to restructuring initiatives and also measures to contain costs given pressures on the business, including short-time working which affected morale, and led to greater employee turnover. Variable incentive payments were significantly reduced.
- Reputation risk was greater as a result of increased external pressure and scrutiny, linked to the poor financial performance in 2023 and the equity raise.
- 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.
- Acquisition risk is reduced due to such transactions being unlikely in the short-term.

Principal risks

Relative positioning at the end of 2023

Key ↑ Increased – Stable ↓ Reduced

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

All risks are measured in terms of their financial impact. The categorisation above is based on risk type.

Image: Basti Balser and Flo Eckhardt

Principal risks and uncertainties continued

Principal risk	Mitigation	Strategic priority
1. Demand for Videndum's products		
The fundamentals of the content creation industry remain good. We have premium, market-leading brands and continue to launch innovative products; certain segments such as Lighting, flowtech supports and Audio continue to experience growth. In 2024, the Group's revenue will be buoyed by major global sporting events and broadcasting activity relating to elections. Global recessionary and inflationary pressures have reduced consumers' disposable income, and impacted demand for consumer-oriented products, which account for c.10% of the Group's revenue. The writers' and actors' strikes have ended, however there is still uncertainty regarding the timing of the full recovery in sales to the cine and scripted TV market. Geopolitical issues, including increased tensions in the Middle East, and a continuation of the Russia/Ukraine conflict, may affect the short-term outlook. We recognise that Artificial Intelligence may create additional risks and opportunities for the content creator sector.	– Close monitoring of target markets and user requirements. – Continuous investment in new product development and marketing, and phasing out of old products. – Continued emphasis on diversification away from traditional markets and channels towards e-commerce and products with a higher technological content, as well as accessories. – 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. – Continued emphasis on cost control measures to mitigate the impact of slower demand. – Measures in place to reduce working capital. – Monitoring of geopolitical developments and adapting plans accordingly. Supply chain diversification to reduce reliance on a single territory.	**1. Organic growth** **2. Margin improvement** **3. M&A activity**
2. Cost pressure		
We continue to experience inflationary increases across all areas of spend, however the overall pressure is reducing, and there are much fewer shortages of critical components than was experienced in the aftermath of the COVID-19 pandemic. Cost pressure may increase in the future due to the regional issues in the Middle East, which may impact energy costs and safety issues in the Red Sea, which could affect transport logistics.	– 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. – Reduced reliance on direct energy consumption through installation of solar panels and other energy saving measures; careful monitoring of logistics costs.	**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 eased somewhat during 2022 and 2023.	– 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 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 2023. 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. – Our extensive distribution footprint and e-commerce capability allows us to leverage different channels of distribution.	**1. Organic growth** **2. Margin improvement**
5. People (Increased)		
We employ approximately 1,600 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. Corporate restructuring activities may adversely impact employee morale, which may in turn affect individual performance and increase attrition. Headcount freezes place higher demands on people, leading to increased dissatisfaction, as well as no bonus paid and salary increase freezes. Competition for engineering talent is less intense but there is still a risk that some key engineers may leave Videndum, thereby adversely affecting the development of new products.	– 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. – Increased change management activities and employee engagement to be implemented to support restructuring programmes. – We monitor staff turnover, as reported on page 64 in the Responsible business section.	**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"). This risk is currently exacerbated due to the increased scrutiny which is linked to the poor financial performance of the Group in 2023.	– 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 early 2024. – An independent 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.	– 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. – On average, 60% of the interest charge for 2024 is fixed through the use of swap instruments, thereby minimising the impact of any major increases. – The Group continues to carefully control costs; as trading conditions improve discretionary costs will return in a phased and controlled manner. – Equity raise completed at the end of 2023 will reduce future interest charges	**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 2023 TCFD report for a more detailed overview of this risk.	– A climate change risk management framework has been established and details are set out in the 2023 TCFD report from page 47. – We have established clear targets and trajectory for achieving carbon neutrality and subsequently net zero emissions. Regular updates are provided to the Board. – Group-wide ESG programmes (see standalone ESG report).	**1. Organic growth**
11. Restructuring and disposals (Stable)		
Several restructuring initiatives are in the process of being implemented, and the Group has maintained its focus on managing costs tightly. Restructuring is supplemented by other continuous improvement initiatives to optimise our global operations. There is a risk that these projects do not achieve the planned outcomes, or that the day-to-day operations are impacted. Significant restructuring activity was conducted in 2023 with the closure of several operations. The impact will need to be carefully managed to ensure that the business remains resilient.	– 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. – Post restructuring review of business impacted by restructuring.	**1. Organic growth** **2. Margin improvement** **3. M&A activity**
12. Acquisitions (Reduced)		
In pursuing our long-term business strategy, we will continue to 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. The short-term risk is reduced due to fact that acquisitions are unlikely in the next few months, this will be considered in the future.	– Clear long-term 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**

Our stakeholders

Understanding our stakeholders, their needs and listening to their views is integral to Videndum's strategic planning and operational delivery. Our key stakeholders 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, ICCs, vloggers, influencers, professional sound crews and enterprises.

2023 outcomes

- 2023 was an exceptionally challenging year for Videndum, with our financial performance significantly impacted by three headwinds: strikes by US writers and actors; a challenging macroeconomic environment; and destocking.
- Our main customers and end users were impacted by the same headwinds.
- We kept in close contact with key customers and continued to collaborate with end users to develop new products to meet their needs.

Our Section 172 statement, which sets out how the Board takes stakeholder interests into account when making decisions, can be found on page 86

Group Chief Executive review and Divisional operating reviews on pages 13 to 14 and 16 to 28

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.

2023 outcomes

- 2023 saw pressure on our supply chains due to macroeconomic headwinds, however our businesses successfully managed this via strong working relationships and close contact with key suppliers.
- Videndum has developed a Group-wide methodology for evaluating suppliers as part of our ESG programme.

Responsible business on page 68

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.

2023 outcomes

- Due to the strikes and the challenging market conditions, many of our employees were on short-time working during 2023 to protect the business from long-term damage.
- We kept our employees informed via Town Hall and team meetings and internal emails.
- Despite the very challenging year, with the significant headwinds faced, the response rate to our 2023 all-employee survey was very good at 74%; responses demonstrated a high level of engagement and overall employee satisfaction.

Employee engagement on page 63
Employee survey overview on page 88
Diversity information on page 64
Health and safety in Videndum on page 65
Whistleblowing service on page 70

Communities

We have a number of manufacturing and office facilities around the world. We 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.

2023 outcomes

- Videndum is committed to becoming carbon neutral by 2025 and carbon net zero by 2035 for Scope 1 and 2 emissions.
- Approved science-based targets, aligned to limit global warming to 1.5ºC.
- ESG Committee oversees our Environmental, Social and Governance programme.
- By implementing smarter ways of working and investing in infrastructure, we have already achieved a c.30% reduction across the Group's Scope 1 and 2 emissions since 2019 (excluding the impact of newly acquired businesses). Our formal baseline for measuring Scope 1, 2 and 3 emissions is 2021 when the methodology was fully rolled out. We have reviewed progress against 2019 in order to analyse year-on-year trends, although 2019 is not technically the baseline year.
- In 2023, our key focus areas included energy reduction pathways, enhanced tracking of waste, a significantly increased emphasis on product sustainability, and the development of new/sustainable products.

More information on our community and environmental initiatives can be found in the Responsible business report on pages 60 to 61 and 66 to 67

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.

2023 outcomes

- Proactive engagement with investors and analysts.
- Regular updates given to the market on business performance.
- Annual Report, results presentations, investor roadshows and meetings held virtually or in person.
- Through the support of our shareholders, we successfully raised £125 million to deleverage our balance sheet, deliver a robust capital structure and enable delivery of the Group's strategy.
- Annual General Meeting held in May 2023 and General Meeting tied to the equity raise in December 2023.

Further information on page 87

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. Despite the headwinds, throughout 2023, 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

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 2023 ESG Report which is available on our website.

Read more online at
videndum.com/responsibility

Our ESG strategy and commitment

We are a small company with a global footprint and are committed to working responsibly. 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 contribute positively to the success of the Group, 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 Videndum’s workplaces.

Despite the market challenges faced in 2023, the Group has continued to make good progress with our ESG programme.

To reflect Videndum’s commitment to ESG, our third standalone ESG Report details our 2023 ESG performance, and is available on our website. This Annual Report contains an overview of our ESG activities.

ESG Governance

We have a robust governance framework designed to ensure the continued success of our business, while minimising risks to our operations and supply chains. We have a coordinated Group-wide approach to ESG which focuses on the material issues that affect the business and its stakeholders.

The Board provides oversight and has overall responsibility for the Group’s ESG programme and climate-related risks and opportunities. The ESG Committee, established in 2021 and chaired by the Group Chief Executive, along with senior executives from across the Group, is responsible for managing climate-related topics and driving ESG performance. The Head of Group Risk Assurance leads the climate change risk management and regularly reviews mitigation plans on behalf of the ESG Committee, providing updates at all meetings. The Board was informed of climate-related issues and ESG matters through updates from ESG Committee meetings, which occurred five times in 2023. After each ESG Committee meeting, key points, such as emission reductions, were distributed to the Board. ESG and climate governance has been fully integrated into the Group’s existing processes. Members of the ESG Committee attended climate risk workshops, which occurred in June, July and September 2023.

The Audit Committee continues to review financial and non-financial risks outlined in the Group Risk Register including climate change, which was determined as a Principal Risk in 2021. The Board and Audit Committee are regularly updated on Scope 1 and 2 emissions by sites, to enable them to track progress towards carbon neutrality. The Head of Group Risk Assurance provides updates on TCFD to the Audit Committee at least once a year.

The Board considers climate change in long-term financial planning for the Group. For example, €535,000 capital was allocated for solar panel installation in Feltre in 2023. The Board received training on climate-related matters throughout 2023, for example through TCFD updates provided by Inspired ESG. A part of the Group Chief Executive’s remuneration is tied to the Group’s climate action and ESG performance, including progress to net zero.

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
Head of Group Risk Assurance (Coordinator)

Georgina Kreysa
Group Communications and ESG 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

An ESG Working Group established in 2022, met bi-weekly with our ESG consultants, reporting on progress of the Group's seven KPIs (see diagram below). The implementation of low-emission technology, PLCAs and sustainable product development were also among the key topics of discussion during 2023.

Our key focus areas

Videndum has seven responsible business priorities grouped under four specific areas which reflect how the business operates. These priorities are embedded in our day-to-day operations.

In 2023, our focus areas included energy reduction pathways, enhanced tracking of waste, a significantly increased emphasis on product sustainability including the development of new, sustainable products, and the expansion of our supply chain programme.

Read more from page 60

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)
		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_2e emissions.	38% reduction since 2021 using the market-based approach to measuring emissions from electricity.	42% reduction since 2021 using the market-based approach to measuring emissions from electricity. We expect that emissions will be further reduced through gas substitution measures that are at an evaluation stage. The maximum cost of offsets will be £65,000 (less if gas substitution measures are implemented).	50% reduction.	60% reduction.	70% reduction, remaining offsets through carbon sequestration schemes.	
	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 or hybrid as and when leases expire. We are working to ensure that all electricity contracts are based on renewable energy so as to reduce Scope 2 emissions under the market based method.						
	Electricity	Energy metering and circuit level monitoring. LED lighting upgrade in Feltre, Italy, and Ashby, UK, Bad Kreuznach, Germany and Tokyo, Japan. Carbon fibre upgrade and other investment in more modern and energy efficient machinery. Installation of solar panels at Feltre, Italy. 30% expansion of solar panels in Cartago, Costa Rica.	Second installation of solar panels at Feltre, Italy. LED system implemented in Phoenix, US.	Reduction in size of property portfolio (under-utilised sites) will reduce annual emissions by at least 500tCO_2e per annum against 2021 baseline.	Introduce further energy efficiency measures across our US sites.	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	Evaluate investment required to convert heating systems to air source pumps. Evaluate cost of substituting gas used by paint shops.		Continued conversion of Company cars to electric or hybrid as and when leases expire.	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.1,400 tCO_2e (with electricity measured using the market based approach) i.e. the remaining emissions, will be offset using quality offset programmes available, however this may be reduced further if we implement measures to substitute gas.				
	Net zero target						Net zero by 2035.	
Scope 3	**Near-term target**	Ensure that 100% of Group operations capture and report on CO_2 emissions.		–	–	–	–	90% reduction.
	Key actions	Implement measures to reduce Scope 3 emissions from business travel, supply chain, transportation of goods and employee commute. This includes: – Conduct PLCAs (cradle to grave) for key product lines. – Work with our top five biggest suppliers by revenue to request supplier-specific data on products by 2025. – Insource production to our energy efficient manufacturing processes to reduce the emissions associated with bought-in finished goods. – Expand the use of car pooling. – Monitor flights for business, encourage alternative forms of travel (e.g. rail) where possible.						
	Net zero target							Net zero by 2045.

In 2022, we worked to develop our transition plan and a strategy to support our journey to net zero (absolute reduction) for Scope 1 and 2 by 2035 and Scope 3 by 2045. The 2035 targets for Scope 1 and 2 differ from the 2045 objectives for Scope 3, because 2023 is the first year that we were able to calculate Category 9 (Downstream Transportation and Distribution). In addition, it is partly due to the complexities associated with mitigating emissions beyond direct operational control. 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 59. Our interim targets were set to enable us to track our progress towards our long-term targets. Due to 2023 being a challenging year for the content creation market, we plan to submit our targets for SBTi validation in 2024.

Our carbon neutrality for Scopes 1 and 2 by end of 2025, will include an element of carbon offsetting, however this will be a small proportion of current emissions. The primary reduction will be through energy saving schemes and use of renewable energy contracts. For net zero objectives, at least 90% of the reduction will be through energy reduction schemes, with the remainder neutralised through carbon removal schemes.

We have set several ambitious targets to manage the climate-related risks described on pages 49 to 53, and to reduce our impact on the environment. Videndum's other environmental indicators (pages 58 and 60 to 61) on energy efficiency measures, waste reduction, 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 2023, we measured and monitored severe weather events across our sites, assessing the impact of typhoons and hurricanes where applicable. We aim to repeat this process annually.

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.

Responsible business continued

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

In 2023, we continued to develop our TCFD reporting for the third year, further embedding 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.

We are committed to providing information about climate-related risks and opportunities that are relevant to our business. We are evolving our strategy and governance framework, to take account of these risks and opportunities. In 2023, Videndum complied with the requirements of the Listing Rule ("LR") 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures (Table 1). We complied with the mandatory climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Table 1: TCFD recommendations and location in the standalone 2023 TCFD Report.

TCFD Area	TCFD recommendation	Climate-related Financial Disclosure	Compliance	Location in standalone 2023 TCFD Report
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	A description of the governance arrangements of the company in relation to assessing and managing climate-related risks and opportunities.	Compliant	Starting from page 8
	b) Describe management's role in assessing and managing climate-related risks and opportunities.			
Strategy	a) Describe the climate-related risks and opportunities identified over the short, medium and long term.	A description of (i) the principal climate-related risks and opportunities arising in connection with the operations of the Company and (ii) the time periods by reference to which those risks and opportunities are assessed.	Compliant	Starting from page 15
	b) Describe the impact of climate-related risks and opportunities on business, strategy and financial planning.	A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the Company.		
	c) Describe the resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	An analysis of the resilience of the business model and strategy of the Company, taking into consideration different climate-related scenarios.		
Risk Management	a) Describe the processes for identifying and assessing climate-related risks.	A description of how the Company identifies, assesses, and manages climate-related risks and opportunities	Compliant	Starting from page 33
	b) Describe the processes for managing climate-related risks.			
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management.	A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the Company.		
Metrics and Targets	a) Describe the targets used to manage climate-related risks and opportunities and performance against targets.	A description of the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and performance against those targets.	Compliant	Starting from page 37
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks.	The Key Performance Indicators ("KPIs") used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.		
	c) Disclose the metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process.			

Responsible business continued

TCFD continued

As per the recommendations of the TCFD, we used a range of scenarios to assess the impact of climate change on our business, including warming pathways as adopted by the Intergovernmental Panel of Climate Change ("IPCC").

Table 2: Scenario warming pathways used in 2023.

Scenarios warming pathways		
Below 2°C Scenario – In this scenario we assumed that 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 – The assumption is that we will reach this global warming scenario if businesses respond to patchwork policies with intermittent action, aligning with current forecasts.	Above 3°C Scenario – In this scenario we assumed that businesses carry on with a "business as usual" approach without meaningful action to mitigate climate change and global emissions rise unchecked. In this scenario, the Bank of England models a recession given the substantial impact climate events will have on people, business and the environment.

We conducted the analysis using three timeframes that align with the UK's net zero target by 2050:

- **Short term** (up to 2025) aligns with 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's net zero pledge by 2050.

We work closely with our independent, specialist ESG Consultant, Inspired ESG, to assess the potential climate-related risks across all sites and selected supply chain operations, analysing 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). Several Divisional climate risk management workshops were held in 2023 (June, July and September). In 2023, we further developed our climate analysis across our operations and supply chain. The Head of Group Risk Assurance finalised the financial impact based on information collected in the workshops, scoring risks as shown below:

- **Low** (Moderate): Risks with a potential financial impact lower than £1.0 million.
- **Medium:** Risks with a potential financial impact between £1.0 million and £5.0 million.
- **High:** Risks with a potential financial impact greater than £5.0 million.

Risks that may have a potential financial impact of >£1.0 million were deemed as material to the business. Therefore, these risks will be prioritised, and mitigation measures will be implemented. These risks are shown in Tables 4 and 5. 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 36 to 41 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 change risks do not materially impact our assessment of the Group's viability over the three-year time horizon.

We modelled our climate scenarios using several established models, such as the International Energy Agency's World Energy Models ("WEM") and the Shared Socioeconomic Pathways ("SSPs"). Climate scenarios make projections on hypothetical futures and as such come with a degree of uncertainty. For more details, please see our 2023 standalone TCFD report.

The climate models used for this analysis includes data from the Intergovernmental Panel on Climate Change's ("IPCC") Representative Concentration Pathways (RCP), the International Energy Agency's ("IEA") World Energy Model ("WEM"), the Network for Greening the Financial System ("NGFS") and other existing models. These models have been used as they are internationally recognised and help to provide a consistent risk measurement across our global portfolio and supply chain.

Climate scenario analysis: results

We identified four transitional risks and six physical climate-related risks that are material to the business, and four opportunities that will impact the Group. The transition risks were analysed at Group level, with the physical risks by location relevant to each of our three Divisions. The tables on pages 49 to 54 summarise the risks and opportunities to the Group, which together form the classification of our climate change principal risk and uncertainty. Please see our 2023 standalone TCFD Report for more details on each climate-related risk and opportunity.

Given the recent increase in reporting obligations, in 2023, transition risks were identified to be the most significant to the Group. We anticipate transition risks to increase over time as the global economy decarbonises, impacting all businesses. Transition risks are more prominent in the below 2°C scenario or 2-3°C scenario, as governments introduce more aggressive climate change reporting requirements and expand carbon pricing and similar mechanisms.

In the proactive scenario, carbon pricing is introduced earlier, therefore there is an initial cost associated with carbon emissions. However, while the carbon price increases in the medium term, the actual cost decreases for the Group due to carbon reduction initiatives and our net zero strategy. In the reactive scenario, the later introduction of carbon pricing creates a sharper cost rise in the medium and long term. In the inactive scenario, a smaller carbon cost is introduced, with limited variation across the short, medium and long term.

Table 3: Carbon pricing projections for the Group based on emissions.

Carbon cost assumptions (£ per tonne of CO_2 tonne)	Short (up to 2025)	Medium (2025–2035)	Long (2035–2050)
Proactive Scenario 1	£49	£98	£238
Reactive Scenario 2	£13	£188	£441
Inactive Scenario 3	£13	£18	£23

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 2024 is already incorporated in the budget, for example, in relation to additional compliance and consultancy costs. Cross-industry metrics form the basis for estimating the financial impact of climate-related risks and opportunities on our business. These metrics include but are not limited to GHG emissions, transition, and physical risks, climate-related opportunities and carbon pricing. We have considered all the relevant cross-industry metrics as per TCFD guidance. Details of the metrics are located within the narratives from pages 60 to 61. We will look to continuously develop these metrics as our climate reporting progresses.

While we have identified climate change as a principal risk, this process determined that climate change and its impact is moderate for the Group in the short/medium term, and the risk is therefore categorised as manageable in the short term. There is no material impact in relation to 2023. The results of our climate-related risks and opportunities assessment, and quantification thereof, shows that the Group's long-term prospects are not adversely impacted in a material way by climate change.

Table 4: Transition Risks identified in 2023

Target	Timeline	Impact	Magnitude of impact	Risk response
Transition risks				
Carbon costs associated with carbon taxes and offsetting to hit our emissions goals in the 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 bring in carbon taxation abruptly. A maximum additional cost of £0.5 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's new EU Carbon Border Adjustment Mechanism ("CBAM") tax on imports of raw materials, could impact Videndum's imports in the medium term.	Medium (2025–2035)	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. Based on projections of site-related CO_2 emissions and applying benchmarks, we have estimated the future annual cost of carbon which is estimated to peak at £0.5 million per annum in 2026, but decrease thereafter.	Medium	On our decarbonisation journey, we will be reducing our carbon emissions year-by-year and therefore mitigating the risk of carbon pricing. We aim to monitor the impact of carbon pricing on our business as we develop on this journey and update our pricing model with accurate Scope 1 and 2 carbon emissions. We conducted carbon pricing in 2023, however Videndum is not currently subject to carbon tax. Carbon emissions will likely decrease year-on-year as we work towards understanding and reducing our carbon footprint. By the end of 2025, the Company aims to become carbon neutral, which means reducing emissions as much as possible before resorting to carbon offsets. See targets on page 46.
Shifts in customer preferences in the <2°C and 2–3°C scenario. **Explanation:** Videndum's business is sensitive to customer spending conditions. A reduction in customer spending could have an adverse effect on Videndum's revenue and profitability. With ESG growing in importance, customers may change their shopping preferences in a way that is detrimental to revenue. Failing to communicate how we will reduce our environmental impact proactively could result in losing customers and impact our position in the market. Customers may reduce their purchasing from retail companies which are seen to be harmful to the environment due to the use of raw materials, and instead opt for second-hand purchases.	Medium term (2025–2035)	Capital and Financing – Decreased access to capital.	Medium	Videndum monitors emerging trends and responds to changing consumer tastes. Competitors' propositions are closely monitored. Videndum has a significant competitive advantage as many of our competitors lack the digital talent, supply chain and global infrastructure, to seize the opportunities for sustainable products. We integrate the recommendations of the TCFD, to ensure our ESG strategy develops with guidance from best practice.

Responsible business continued

TCFD continued

Target	Timeline	Impact	Magnitude of impact	Risk response
Transition risks continued				
Substitute existing products for lower-emissions alternatives in the <2ºC and 2–3ºC scenario. **Explanation:** More sustainable technology is likely to come onto the market over the coming years. Adopting or deploying new practices or processes will come at a cost to the business. However, we expect such changes to gradually occur over time. As we aim to reduce our carbon emissions, we may need to invest more in lower emissions technology, resulting in increased costs for the Company.	Short/ Medium term (up to 2025–2035)	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.	Medium	We aim to procure more sustainable/ recycled materials, which are likely to be more expensive, resulting in increased operating costs for the business. The increased capital expenditure associated with this risk will be mitigated by our opportunity to increase revenue from an increased demand for sustainable products.
Costs to transition to lower-emissions technology in the <2ºC and 2–3ºC scenario. **Explanation:** 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 2023, approximately £1 million worth of capital expenditure was allocated to the implementation of energy efficiency initiatives.	Short/ Medium term (up to 2025–2035)	Capital expenditure expected to increase by £1 million to £2 million over the next couple of years due to further investment in solar panels, in addition to systems to phase out natural gas in heating and paint ovens. Depreciation will be offset by energy savings.	Low to medium	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. We have already invested a significant amount of capex for energy efficiency technology across the Group, including LED lighting and other energy management systems. In 2023, solar panels were installed at our Feltre, Italy site. Significant capital expenditure has been allocated to the implementation of further energy efficiency initiatives. The payback associated with the use of lower emissions energy use (energy efficiency technology and renewable power generation) outweighs the upfront cost of investment. We expect the investment to decrease natural gas consumption will have a less attractive return than projects to reduce energy. Investment will require installation of air source pumps that have a much shorter payback. See pages 46, 54 and 58 of this report for more details.

Table 5: Climate-related physical risks that may impact the business.

Area	Target	Timeline	Impact	Magnitude of impact	Explanation and mitigation
	Climate-related physical risks				
Acute	**Heatwaves 2-3°C and >3°C scenario.** **Explanation:** All our sites will be impacted by heatwaves. Increased temperatures will lead to a higher demand for cooling. As a result, energy costs will rise as sites require additional cooling to maintain optimum temperatures for staff and operations. However, due to the increased energy demand, power outages may increase due to the increased pressure on the grid, leading to operational disruption.	Short/ Long term (up to 2025–2050)	Cost of property and business interruption insurance may increase. Other risks of supply chain disruption are difficult to quantify at this point. We may need to increase safety stock, which can affect our working capital.	Medium	We have and continue to implement energy efficiency initiatives, such as renewable energy generation (solar panels). This means we will need less power from the grid during periods of sunshine. During heatwaves, employees can take more frequent breaks to avoid health risks associated with higher temperatures.
Acute	**Flooding >3°C scenario.** **Explanation:** Videndum sites may be impacted by flooding, such as Tokyo, Japan and Cartago, Costa Rica. The latest IPCC figures show that with 1°C of warming, rainstorms will intensify by 7%, resulting in an increase in flooding. Flooding could have an associated financial loss, for example, through direct damage to property, plant and equipment. Insurance costs could increase. Global property insurance premiums are forecast to rise as weather-related catastrophes become both more intense and frequent. In the case of significant flooding, modelling shows that employee absence rates could increase by c.5.%.	Medium/ Long term (2025–2050)	Cost of property and business interruption insurance may increase. Other risks of supply chain disruption are difficult to quantify at this point. We may need to increase safety stock, which can affect our working capital.	Medium	Across the Group, high standard drainage systems are well maintained and serviced to reduce the risk of flooding. Climate scenario analysis is conducted annually to assess the impact of flooding on our sites. We will analyse the feasibility of conducting site specific flood risk assessments in 2024. Our Production Solutions Division has incorporated specific soakaways to reduce the risk of flooding and improve ground stability at our Bury St. Edmunds, UK, site. We can use alternative storage sites in the event of a flood. Our Media Solutions Division relocated our Stroud, UK, site to Ashby-de-la-Zouche, UK to derisk operations and improve efficiencies.

Responsible business continued

TCFD continued

Area	Target	Timeline	Impact	Magnitude of impact	Explanation and mitigation
	Climate-related physical risks continued				
Acute	**Storms and Typhoons 2-3°C and >3°C scenario.** **Explanation:** Southeast Asian countries are projected to be heavily impacted by climate change. The number and intensity of extreme weather events in the region have been increasing, often leading to severe economic damage. A typhoon lasts a few days and it can close ports and divert ships, leading to shipping delays of up to ten days. During an El Niño year, stronger and more frequent typhoons are expected across the Eastern Pacific and Asian region.	Short/ Long term (up to 2025–2050)	Cost of property and business interruption insurance may increase. Other risks of supply chain disruption are difficult to quantify at this point. We may need to increase safety stock, which can affect our working capital.	Medium	For critical suppliers located in Asia-Pacific countries, we are requesting information regarding their preparedness for typhoons. For example, a climate change questionnaire with AboCom Taiwan discusses typhoon risk and supplier mitigations. We seek to reduce overall reliance on China and APAC generally, for example, battery production has been partially moved to Costa Rica and in-sourcing to Italy for the JOBY Range. Where possible, we aim to ensure we have multiple supplier sources, for example, FES supplies Videndum from one factory in Thailand and from one in China.
Acute	**Wildfires >3°C scenario.** **Explanation:** Wildfires may increase over time due to more frequent heatwaves and extreme weather conditions. Additional financial investment may be required to install appropriate ventilation, due to increased requirements for air filtration systems. We will continue to monitor our insurance coverage, as we are aware that some insurance companies have begun to alter insurance coverage to exclude wildfire damage in California.	Long term (2035–2050)	Cost of property and business interruption insurance may increase. Other risks of supply chain disruption are difficult to quantify at this point. We may need to increase safety stock, which can affect our working capital.	Medium	We will continue to conduct climate scenario analysis annually to identify key risk areas. Using this information we will devise preparation plans, for example, vent covers to prevent smoke damage to products, as well as installing appropriate ventilation. We will ensure our properties are covered by appropriate insurance policies.

Area	Target	Timeline	Impact	Magnitude of impact	Explanation and mitigation
	Climate-related physical risks continued				
Chronic	**Rising Mean Temperatures 2-3°C and >3°C scenario.** **Explanation:** All our sites will be impacted by rising mean temperatures. Increased 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 could obstruct our progress in reaching our targets to be net zero for Scope 1 and 2 by 2035. There may be an impact on productivity, for example, having to arrange more frequent break times, or health and safety concerns.	Medium/ Long term (2025–2050)	Expenditures – Increased direct and indirect costs. Impact not significant in the short term, and longer-term impact difficult to measure.	Low in the short term but longer-term impact is difficult to measure.	We have and continue to implement energy efficiency initiatives, such as renewable energy generation (solar panels). This means we will need less power from the grid during periods of sunshine. During heatwaves, employees can take more frequent breaks to avoid health risks associated with higher temperatures.
Chronic	**Sea level rise >3°C scenario.** **Explanation:** 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 work force cannot be attracted. Sites such as Tokyo, Japan and Shelton, US are at risk. Rising seas increase the risk of erosion, storm surges and saltwater intrusions into aquifers that supply sites with fresh water. Damage to sites could lead to closures and increased insurance premiums. Damage and disruption to major routes such as shipping ports could also impact Videndum's supply routes. Our scenario analysis conducted in 2023 identified that one of Creative Solutions key suppliers has a shipping site based in Hong Kong, which is predicted to be at risk from sea level rise in the long term.	Long term (2035–2050)	Expenditures – Increased direct and indirect costs. Impact not significant in the short term, and longer-term impact difficult to measure.	Medium	Where needed, we may have to engage with suppliers to see if they conduct site-specific flood risk assessments and monitor flood risk at sites for long-term impacts. We will continue to conduct annual climate scenario analysis to monitor this risk. We work with brokers to maintain alternative shipment methods. Our Media Solutions Division's building leases are initially for five years, then renewed for a further three years, allowing for sites to be relocated if needed.

Responsible business continued

TCFD continued

Table 6: Opportunities identified as at the end of 2023

Target	Timeline	Impact
Opportunity		
Dispose of underutilised sites through improved management of property portfolio. **Explanation:** One of our strategies for reducing emissions is to optimise the use of our sites and rationalise our site portfolio. For example, we plan to lease and relocate employees into smaller properties, where there is unutilised space. In 2023, the Stroud, UK site was relocated which resulted in savings of £0.75 milllion per annum. We have closed the New Jersey, US site, consolidating operations into Phoenix, US and have sold the Shelton, US site (and leased back a smaller footprint). We have also closed the Syrp, New Zealand office. This site rationalisation strategy results in significant year-on-year cost savings. Cumulating all site closures for the last few years would result in annual savings well in excess of £1 million per annum. Other site closures and consolidations are possible over the next few years owing to the size of our property portfolio and many smaller operations.	Short/ Medium/ Long term (up to 2025–2050)	Reduced indirect (operating) costs. Major benefit >£1 million per annum.
Use of lower emissions sources of energy. **Explanation:** Use of lower emissions technology such as LED lighting, Building Energy Management Systems and solar panels improves energy efficiency and reduces energy usage. Therefore, this will reduce 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. Please see table 10 for our 2023 and 2024 energy-saving initiatives.	Short/ Medium/ term (up to 2025–2035)	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 insourced some of the production relating to JOBY from China. This is beneficial from an ESG standpoint as it increases the utilisation of Videndum's 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. The impact of this risk is not currently fully quantified. However, there are likely to be several insourcing opportunities that could offer a financial benefit (such as prompters, batteries, LED Lights, etc.).	Short/ Medium/ term (up to 2025–2035)	Reduced indirect (operating) costs.
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 pressure grows for products to be more durable, there is an opportunity to increase this revenue stream. We are continually exploring new/sustainable product solutions such as the Salt-E Dog sodium battery. The development of sustainable packaging in our Media Solutions Division is predicted to result in significant cost savings of around £0.2 million per annum (monocolours, reducing and simplifying packaging). Similarly, JOBY has been evaluating sustainable packaging options. In 2023, JOBY Beamo Reel adopted single-colour carton paper packaging for online sales. In addition, we are working on packaging and paper reduction. For example, in 2023, JOBY HandyPod clips reduced the use of instruction manuals.	Short/ Medium/ term (up to 2025–2035)	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, for which the Board has ultimate responsibility. Climate change is an aspect of this. 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. During 2023, we repeated this process on existing climate risks for the third time to determine whether they were still relevant to Videndum, or if there are any new risks or opportunities. To enhance our process, we worked to identify the risks and opportunities at new sites acquired during the current financial year and across our top 90 suppliers and routes. In total, 19 climate-related risks and four opportunities were identified in 2023. Starting in 2024 we will implement a new software solution to enable the capture and tracking of climate change risks.

Step 2 – We assessed each risk and opportunity using our climate scenario analysis, accounting for the full range of each potential impact. The financial impact of risks was assessed and considered where possible. In 2023, our risk assessment process considered the vulnerability of our 17 top suppliers to climate change. We also analysed how our key supply routes may be impacted. Analysing the potential impact of a number of physical risks, such as flooding, on our supplier locations and supply routes, allows us to forecast potential disruptions to our supply chain.

Step 3 – We continue to appraise our risk management options, ensuring that the response remains relevant and most effective. In 2023, we assessed the quality of existing risk mitigation options, including those that were implemented in 2023, such as new low-emission technologies and, where necessary, investigated potential options to manage the impact of risks and opportunities at new sites and within our supply chain. A risk management response was agreed, depending on how it helped build our resilience to the climate-related issue. The Climate Risk register has been integrated into the Group's overall Risk Register.

Step 4 – Finally, we addressed each risk and opportunity. Controls were implemented to prevent, reduce or mitigate downside risks, or increase the likelihood of opportunities. In 2023, mitigation actions remained in place from the previous financial year. The outcome of the climate scenario analysis was one of the factors behind the relocation of our Stroud, UK site, after it was identified to be in an area prone to flood risk. We recognise that residual risks will remain, and we will communicate this across the business as appropriate. Risks that were identified to have a medium or high impact on the business in 2023 will have mitigation measures prioritised.

At a minimum, our management teams review risk exposures against business risk level tolerances annually. Our management teams and the Head of Group Risk Assurance will annually review climate-risk exposure against business risk level tolerances.

Videndum's transition plan – a roadmap to net zero

See page 46

Our goal is to be Net-Zero by 2045. This is supported by several initiatives, for example, installing solar panels, entering renewable contracts for electricity, substituting petrol and diesel company cars to EVs, and rolling out LED lighting upgrades at our sites. We report on our carbon emissions to track our progress. In the next financial year we are planning a 38% reduction in our Scope 1 and 2 GHG emissions using the market-based approach. Please see the Metrics and Targets section of our standalone 2023 TCFD Report for how we will achieve this and details on progress made in 2023. We acknowledge that our Scope 3 emissions are harder to reduce, so we plan to monitor and reduce our employees' travel. For example, our Production Solutions Division implemented a car-pooling scheme in 2023 at the Cartago, Costa Rica site, with the aim to implement the scheme at the Division's Bury St. Edmunds, UK site in 2024.

Reducing our greenhouse gas emissions

In 2023, our Scope 1 and 2 emissions reduced by c.30% from 2019 (excluding the impact of newly acquired businesses). Our formal baseline for measuring Scope 1, 2 and 3 emissions is 2021, when the methodology was fully rolled out. We have reviewed progress against 2019 in order to analyse year-on-year trends, although 2019 is not technically the baseline year.

Reducing the Group's carbon footprint is a priority for Videndum (see table 10 for energy-saving initiatives). We calculated 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. The following are not applicable to the nature of the business's operations, given we have no upstream leased assets (Category 8), do not sell goods which require further processing (Category 10), have no franchises (Category 14) or any significant applicable investments (Category 15). In 2022, we introduced measures to improve the accuracy of our data collection. This financial year, we launched an ESG Supplier Questionnaire, engaging with our top 90 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. The surveys were tailored for each of the three Divisions to ensure supplier specific information was obtained. We will use the information from these surveys to improve the accuracy of our Category 1: Purchased Goods and Services and Category 2: Capital Goods data. We deem this approach to be effective and will widen the scope over time.

In 2023 we worked with Inspired ESG to improve the data quality of three Scope 3 Categories 1: Purchased Goods and Services and Categories 4: Upstream Transport and Distribution and 9: Downstream Transport and Distribution. 2023 is the first year that downstream transportation and distribution emissions were calculated. The aim is to further improve our data quality for both upstream and downstream transportation and distribution in 2024.

By improving our emissions data collection, we can improve our understanding of the high-emitting areas of our operations and value chain, which will support us with the implementation of our roadmap to achieve net zero by 2035 for Scopes 1 and 2, and net zero by 2045 for Scope 3.

Responsible business continued

TCFD continued

Our 2023 Scope 1 and 2 emissions represent 3.6% of our total Group emissions, with our 2023 Scope 3 emissions representing 96.4%.

Scope 1, 2 and 3 emissions

Table 7: Group emissions from 2019 to 2023 and reduction target

Emissions Scope	2023 Gross emissions (tCO_2e)	2022 Gross emissions[2] (tCO_2e) re-stated	2021 Gross emissions[1] (tCO_2e) re-stated	2020 Gross emissions (tCO_2e)	2019 Gross emissions (tCO_2e)	Interim target	Net zero target year
Scope 1	1,155	1,336	1,193	3,535	4,580	50% reduction by 2030	2035
Scope 2	2,556	2,903	2,533				2035
Scope 3	100,531	176,299	155,636	130,820	not fully captured	–	2045
Total	**104,242**	**180,538**	**159,362**	**134,355**	–	–	–

1 We have re-stated our 2021 Scope 1 and Scope 2 figures which were previously 1,456 and 2,524 tCO_2e, respectively. These restatements are due to recalibration of our natural gas and electricity emissions. This has resulted in a slight increase in our overall emissions for 2021. Our Scope 3 emissions were also restated as improved business travel data was collected. Previously, the total was 154,550 tCO2e.

2 We have re-stated our 2022 Scope 1 and Scope 2 figures which were previously 1,467 and 2,773 tCO_2e, respectively. These restatements were due to recalibration of our natural gas and electricity emissions. Scope 3 emissions were also restated as improved business travel data was collected. The previous total was 173,148 tCO_2e.

The marginal increase in Scope 1 and 2 emissions between 2021 and 2022 was due to new businesses being acquired late in 2021 (Savage and AUDIX). Removing these would show a decrease. A further decrease took place in 2023, due to the impact of several energy saving schemes, and consolidation of several sites. The above Scope 2 information is provided under the location basis; using the market-based approach, the reduction is much steeper which is due to the majority of large sites having entered into renewable energy contracts. Similar contracts will be entered into in 2024, which will be a key instrument to achieve carbon neutrality.

In terms of the Scope 3 emissions, the significant decline in 2023 is principally due to reduced activity caused by the macroeconomic headwinds facing the business.

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.

Table 8: Total consumption (kWh) figures for energy supplies reportable by the Group:

Utility and Scope	UK (kWh) 2023	UK (kWh) 2022	UK (kWh) 2021	Global (excluding UK) (kWh) 2023	Global (excluding UK) (kWh) 2022 re-stated	Global excluding UK) (kWh) 2021 re-stated	Total kWh 2023	Total kWh 2022[1]	Total kWh 2021[1]
Scope 1 – gaseous and other fuels (voluntary)	783,283	872,109	945,124	4,624,549	5,112,471	4,053,757	5,407,832	5,984,580	4,998,881
Scope 1 – transport (Company fleet)	195,019	275,041	236,608	506,567	669,388	1,093,729	701,585	944,428	1,330,337
Scope 2 – electricity	1,208,408	1,322,599	1,716,613	7,506,194	8,940,700	8,709,990	8,714,602	10,263,299	10,426,603
Scope 2 – transport (Company fleet)	19,857	5,448	6,473	–	1,727	–	19,857	7,175	6,473
Scope 2 – purchased heat, steam and cooling	2,475	2,675	9,148	–	–	–	2,475	2,675	9,148
Scope 3 – grey fleet[2]	124,765	35,880	51,642	63,154	69,097	49,342	187,919	104,977	100,984
Total energy use – all Scopes	**2,333,807**	**2,513,752**	**2,965,608**	**12,700,464**	**14,793,383**	**13,906,818**	**15,034,270**	**17,307,134**	**16,872,426**

1 We have restated our UK and Global kWh figures across 2021 and 2022 as improved data quality has become available. These changes align with the restated emissions in Table 7.

2 Grey fleet are the use of employees' personal vehicles for business purposes, as opposed to belonging to the Company.

Streamlined Energy and Carbon Reporting continued

Table 9: The Total Carbon Emissions (tCO_2e) figures for Group

Location-based

Utility and Scope	UK (tCO_2e) 2023	UK (tCO_2e) 2022	UK (tCO_2e) 2021	Global (excluding UK) (tCO_2e) 2023	Global (excluding UK) (tCO_2e) 2022 re-stated	Global (excluding UK) (tCO_2e) 2021 re-stated	Total (tCO_2e) 2023	Total (tCO_2e) 2022	Total (tCO_2e) 2021
Scope 1 total	**189**	**224**	**228**	**966**	**1,112**	**1,002**	**1,155**	**1,336**	**1,231**
Scope 1 – gaseous and other fuels	143	159	173	847	938	745	990	1,097	919
Scope 1 – transport (Company fleet)	46	65	55	119	159	257	165	224	312
Scope 1 – refrigerants	–	–	–	–	15	–	–	15	–
Scope 2 total	**255**	**258**	**367**	**2,301**	**2,645**	**2,167**	**2,556**	**2,903**	**2,535**
Scope 2 – electricity	250	256	364	2,301	2,645	2,167	2,551	2,901	2,532
Scope 2 – transport (Company fleet)	4	1	1	–	0.33	–	4	1	1
Scope 2 – purchased heat, steam and cooling	1	1	2	–	–	–	1	1	2
Scope 3 total (grey fleet)	**29**	**8**	**12**	**15**	**16**	**12**	**43**	**25**	**24**
Total emissions – all Scopes	**473**	**490**	**607**	**3,282**	**3,773**	**3,181**	**3,754**	**4,264**[1]	**3,790**[1]

1 We have restated our 2021 and 2022 emissions totals to incorporate improved data quality. Previous totals equalled 4,265 and 4,005 tCO_2e for 2022 and 2021, respectively.

The following table shows the intensity metric of tCO_2e per £million turnover applied for the annual total consumption.

Intensity Metric	UK Intensity Metric 2023	UK Intensity Metric 2022	UK Intensity Metric 2021[1]	Global (excluding UK) Intensity Metric 2023	Global (excluding UK) Intensity Metric 2022	Global (excluding UK) Intensity Metric 2021[1]	Total Global Intensity Metric 2023	Total Global Intensity Metric 2022	Total Global Intensity Metric 2021
tCO_2e/£m T/O	4.55	3.71	4.79	16.17	11.82	11.89	12.23	9.45	9.61

1 We have re-stated 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

TCFD 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.

Table 10: Energy efficiency improvements that will reduce Group emissions in 2023 and planned for 2024 onwards.

	Measures undertaken in 2023	Measures planned for 2024 and onwards
Solar	– Solar panels installation to the roof of Media Solutions' facility in Feltre, Italy. – 30% expansion of solar panels at Production Solutions' site in Cartago, Costa Rica.	– Solar panels installation to the roof at Media Solutions' Ashby-de-la-Zouche, UK site is under evaluation with suppliers, and planned for installation in the next two years.
Fleet	– 33.3% of Production Solutions' vehicles were hybrid or electric at the end of 2023, compared to 27.3% at the end of 2022. – Media Solutions has converted 80% of Company vehicles to electric (2022: 54%). – Creative Solutions does not have a car fleet.	– Continue conversion of motor vehicles to electric once they have reached end of life. – Media Solutions has a target to convert 100% of the Company fleet to hybrid or electric vehicles by 2025. – Production Solutions aim to have 63.6% of vehicles converted to electric/hybrid by the end of 2024. This is due to a number of leases expiring by the end of 2024 and all new leases are hybrid or electric as per Group policy.
LED Lighting	– The Bad Kreuznach, Germany, Tokyo, Japan and China offices now use 100% LED lighting. – Media Solutions' Ashby-de-la-Zouche, UK site converted an additional 20% of lighting to LED saving an estimated 0.7t CO_2. – Up to 90% of all lights are now LED in both our Production Solutions Bury St Edmunds, UK and Cartago, Costa Rica sites. – LED lights were installed at Creative Solutions' Los Angeles, US site towards the end of 2023.	– The complete transition to LED lighting in Feltre, Italy and Ashby-de-la-Zouche, UK aims to have 100% of lighting converted to LED in 2024. – LED lighting conversion at Media Solutions' Arizona, US office is budgeted for in 2024. – Other smaller sites being gradually converted, e.g. Richmond, UK.
Metering	– 25% completion of energy metering and circuit level monitoring was implemented in Feltre, Italy which is an estimated saving of 10 tCO_2e.	– Continue to analyse areas where we can conduct similar initiatives at other sites.

Green energy contract	– A total of seven sites have renewable energy contracts, as at the end of 2023. The sites are: Richmond, Twickenham, Byfleet and Bury St. Edmunds, UK; Irvine, US; Cassola and Feltre, Italy. Cartago, Costa Rica is not technically on a renewable contract, however, the energy is from a clean, hydroelectric source.	– We aim to transfer the following sites to a Renewable Energy Contract in 2024, which aims to further reduce emissions.
		  – Phoenix, US
		  – Raleigh, US
		  – Shelton, US
		– Creative Solutions will move three facilities to a renewable energy contract in 2024.

New product	– Anton/Bauer, a brand within Production Solutions, has launched a sodium-based 9kWh mobile power source called Salt-E Dog, which delivers consistent and reliable energy and addresses the pressing issue of carbon emissions associated with traditional fossil fuel or lithium generators.	– Continue to conduct R&D to implement similar innovative products.
Site rationalisation	– We have confirmed plans to lease one-third of the area at our Shelton, US site, reducing the size of the site leased by the Group. We have also switched all the lighting to LED and checked all HVACs to ensure compliance with the latest energy efficiency standards.	– Site rationalisation continues to be a key priority.
Air conditioning energy saving	– 70% completion of compressed air leak detection and repairs in Feltre, Italy. – 30% implementation of heating and air conditioning controls in Feltre, Italy.	– Continue to analyse areas where we can conduct similar initiatives at other sites. In 2024, we are looking to upgrade the air-conditioning system in Raleigh, US.

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 and the GHG Protocol. The current kWh gross calorific value (CV) and kg CO_2e emissions factors relevant to reporting year 1 January – 31 December 2023 were applied. Scope 3 emissions have been calculated based on the guidance in the GHG Protocol Corporate Value Chain (Scope 3) Standard.

Scope 1 emissions

Direct emissions from our own operations e.g. fuel combustion. Scope 1 fuel consumption – natural gas, transport fuel and other fuels – are converted to CO_2e figures using conversion factors outlined below.

– To convert Scope 1 (Company fleet and natural gas) and Scope 3 (grey fleet) usage in the UK, the UK DESNZ 2023 emissions factors database was used. For the US, the United States Environmental Protection Agency GHG Emissions Factors Hub 2023 was used. For Australia, the Australia National GHG Account Factors 2022 database was used. For remaining countries, we default to the UK DESNZ 2023 emissions factors database.

Scope 2 emissions

Indirect emissions generated from purchased electricity. Scope 2 emissions are calculated based on both the "location" and "market" methods outlined in the GHG Protocol. Scope 2 country-specific electricity emissions factors were used on the sources in the table on page 56 to 57.

Location-based methodology

Methodology to calculate Scope 2 emissions using the average electricity grid emission conversion factor of a region. For all UK facilities we use the DESNZ 2023 conversion factors. For all non-USA facilities, we use national carbon conversion factors for grid purchased electricity from a variety of published sources; including national grid suppliers and government agencies (see table on next page). For USA sources we use the latest regional intensity factors available from the Environmental Protection Agency's Emissions and Generation Resource Integrated Database (eGrid). Emissions associated with the use of purchased electricity (Scope 2 emissions) were calculated using country-specific electricity emissions factors as per the sources in the table on the next page.

Market-based methodology

Methodology to calculate Scope 2 emissions using electricity conversion factors specific to the contractual instruments in place for procured electricity. Where contract specific data was not available, location specific residual factors were used. Where neither is present, the location-based factor was used.

Scope 3 emissions

All the indirect emissions (excluded in Scopes 1 and 2) that occur in our value chain. For all Videndum sites, applicable Scope 3 categories were identified based on an operational control boundary. Scope 3 emissions for applicable categories were calculated following methodologies outlined in the GHG Protocol "Technical Guidance for Calculating Scope 3 Emissions", with further guidance taken from the GHG Protocol's detailed methodology chapters for each applicable Scope 3 category.

For UK sites, most conversion factors were sourced from UK Government GHG Conversion Factors for Company Reporting, v1.1 2023. Where a spend-based approach was used, as per the GHG Protocol guidance, conversion factors were taken from the University of Leeds and Department for Environment, Food and Rural Affairs' "UK Footprint Results (1990 – 2018)" study or the Department for Environment, Food and Rural Affairs' "Indirect emissions for the supply chain" database. Scope 3 emissions include Well to Tank and T&D losses.

For international sites, country-specific emissions factor databases were used where available. For example, for US sites, 2023 specific emissions factors were taken from the EPA GHG Emission Factors Hub and spend-based emission factors were sourced from a Quantis database.

Country-specific 2023 electricity emissions factors were used to estimate emissions associated with Categories 11: Use of Sold Products and 13: Downstream Leased Assets. These factors were taken from the sources outlined in the table below.

A third party uses the Company's data to calculate emissions but no formal assurance is provided.

Country	Source used
Australia	Australia National GHG Accounts 2022
China	Climate Transparency Report 2022
Costa Rica	Costa Rica IMN 2022 Factor
Germany	AIB Factors 2023
Hong Kong	Hong Kong Electric Company 2023
India	Climate Transparency Report 2023
Israel	Carbon Footprint Ltd's 2023 Factors
Italy	AIB Factors 2023
Japan	Climate Transparency Report 2022
New Zealand	Ministry of Environment 2022
Singapore	Singapore Energy Market Authority 2022
UK	DESNZ 2023
USA	EPA 2023

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 which minimise our impact on the environment and maximise our use of sustainable resources. Our initiatives include reducing energy use and carbon emissions, water stewardship, biodiversity, developing sustainable products, and reducing packaging and waste.

Our efforts and environmental awareness continue to evolve to comply with regulations and make our business better and more sustainable. The Metrics and Targets section of the TCFD disclosure (page 37 of standalone report), 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 2023.

Our targets

Target	Progress in 2023
Reduce carbon emissions	Scope 1 and 2 emissions have reduced by c.30% since 2019 (excluding the impact of newly acquired businesses). Measures were initiated to optimise consumption, including further LED lighting installations and solar energy systems implemented in Bury St Edmunds, UK, Cartago, Costa Rica and Feltre, Italy. We are continuing with the conversion of the Company motor fleet to electric or hybrid as and when leases expire.
Reduce packaging and waste	In 2023, we improved our data capture systems to begin collating mass-based data relating to the purchase of packaging materials. This allows us to utilise more accurate emissions factors due to an improvement in the quality of activity-based data. Also, it ensures that all packaging is accounted for in Scope 3 Category 12 (end-of-treatment of sold products). 70% of Media Solutions' main paper and cardboard packaging has been converted to an FSC-graded solution. 40% of Media Solutions' main plastic packaging comes from recycled materials. In Creative Solutions, Teradek, SmallHD and Wooden Camera are all utilising eco-friendly bubble wrap, derived of 40% recycled content.
Embed sustainability into our product life cycle	We continue to work to embed sustainability into new product development and to have PLCA's for our top five selling products by 2025. Production Solutions started their first PLCA in December 2023, working on the Sachtler manual support flagship product, which incorporates the aktiv and flowtech system.
Formalise the integrity of our supply chain	A detailed ESG survey was distributed to our largest 90 suppliers to understand their approach to key ESG topics and help to improve the integrity of our supply chain. Supplier due diligence and supplier audit programme was strengthened to focus on all relevant ESG dimensions.

Read more online at **videndum.com/responsibility**

Carbon emissions

We are committed to reducing the environmental impact of our operations, with the aim of becoming net zero for Scope 1 and 2 by 2035. Near-term targets have been developed to support us on this journey, including reducing our Scope 1 and 2 carbon emissions by 38% by 2024, 50% by 2027 and 60% by 2030 using the market based approach. We are working to be carbon neutral on our operational emissions by the end of 2025. We will work to reduce our Scope 1 and 2 emissions as far as possible before this date. From 2025, we will annually purchase carbon offsets to be carbon neutral until we reach our Scope 1 and 2 net zero target in 2035. To meet our long-term and near-term targets, the Group is committed to year-on-year improvements in our operational energy efficiency to begin decarbonising our Scope 1 and 2 emissions.

Packaging, product sustainability and waste

Two key areas are being progressed to further lower the environmental impact of packaging – product packaging and reducing the impact of logistic packaging.

Our products and services have a comparatively low impact on the environment as we use low hazard materials and minimise the use of resources during the manufacturing process. However, product sustainability has become a key focus area and best practice initiatives and processes have been shared throughout the Group. PLCA methodology is embedded into Media Solutions' internal design processes and used to support R&D decisions around sustainability.

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

Case study

Production Solutions PLCA programme

In 2023, Production Solutions commenced a PLCA for two of the Division's top-selling products: aktiv and flowtech. With over 550 components under analysis, the PLCA has extended into 2024. At the end of the process, we aim to suggest revisions to our New Product Introduction ("NPI") process, integrating sustainability criteria into performance metrics for future products.

Case study

Solar panel installation in Feltre, Italy

At the end of December 2023, we installed solar panels at our Media Solutions factory in Feltre, Italy. The system, with its installed power of 1 MWp and a production of 1.15 million kWh per year, will cover more than 25% of the electricity needs of the factory and will result in a 10% reduction in the Group's annual Scope 1 and 2 emissions. With this development, all three of our main manufacturing sites now have solar panels installed, providing a substantial part of their energy needs.

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 in the process of, implementing water-saving initiatives, such as waterless urinals, limiting flushing options on toilets and installing motion-controlled taps in lavatories. For example, in our Production Solutions Cartago, Costa Rica building, all urinals are water-free, hand washing faucets are timed or motion activated, and toilets have been made water-efficient. Production Solutions plans to explore the possibility of rainwater collection by implementing an anodising process in the plant and subsequently installing a system that collects rainwater, channelling it to a container. It can be stored for industrial use, irrigation of green areas, sanitary services, and more.

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 limited pollution and are not disruptive to any nearby wildlife. Production Solutions continued their partnership with the Rainforest Trust again this year as part of their Action4Good Wellness Month. The Division saved 9,000 acres of rainforest through this project, by raising £9,000. £1, equivalent to one acre, was donated for every 30 minutes of exercise logged in the Action4Good app between September and October 2023.

Responsible business continued

Our people

Our vision

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

Overview

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 key areas that are important to our staff 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.

Our targets

Target	Progress in 2023
Prioritise health and safety	There were two accidents in 2023 that resulted in over three days absence, which is the same as in 2022. In both years, the accidents resulting in over three days of absence were not linked to severe injury but were categorised as over three days as a result of the time needed for medical appointments and short recovery periods advocated by health professionals. In 2023, the overall number of health and safety related accidents slightly increased compared to 2022.
Improve diversity, equality and inclusion	At the end of 2023, 40% of the Group's Board of Directors were female compared to 14% at the end of 2021. 17% of the Group's Operations Executive were female, compared to 8% in 2021. 27% of the Group's senior management team were female, compared to 15% in 2021. 30% of the rest of the Organisation were female, compared to 29% in 2021.

Read more online at **videndum.com/responsibility**

Employee engagement

Understanding how our employees feel about working for Videndum is immensely important to us. In October 2023, we conducted our third all-employee survey. Despite the very challenging year with the significant headwinds faced by the business, the level of participation was very good at 74%. The survey focused on six questions covering health and safety and wellbeing, culture and values, communications, satisfaction working for Videndum, and the Group's ESG initiatives. All responses were over 78% positive and, given the mitigation plans implemented to reduce costs and conserve cash during 2023, it was pleasing to see that responses were only slightly lower compared to 2022. Feedback on the survey was shared with Divisional senior management to take corrective steps to continue to improve the employee experience.

Our Sharesave Scheme is extremely popular among our employees and over the years, has been recognised as a valuable employee benefit, demonstrating the close alignment between our employees and shareholders. Sharesave allows employees to save a fixed monthly amount up to £300, 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, or 15% in the US.

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. For example, counselling for emotional and psychological support, practical guidance and support on legal, financial, family and work matters.

Across the Divisions we aim to provide a range of wellness initiatives to improve employees' physical and mental health, including childcare support, family parties, volunteering, day trips and more, although many activities were paused in 2023 due to the strikes by US writers and actors. More information can be found in our 2023 ESG Report.

Case study

Employee engagement

Caroline Thomson is the independent Non-Executive Director responsible for employee engagement. In October 2023, Caroline held several virtual employee engagement sessions with US employees in the Creative Solutions Division based in Irvine, California and Cary, North Carolina. The sessions covered a range of issues including new starters to the business and the induction process, health and safety, culture in the workplace, remuneration and benefits, Group and Divisional communications, diversity and sustainability. Feedback from each session was shared with Divisional senior management and the Board to understand and to "check the pulse" of employees' views. These sessions are extremely valuable and give the Board greater insight into the views and morale of employees and help to shape and develop the Board's decision making and to address any concerns. We plan on holding similar sessions in 2024 and in future years.

Learning and development

Although the majority of training was paused in 2023 due to the strikes by US writers and actors, and the challenging macroeconomic environment, we aim to invest in our employees to ensure we offer them the best career development plans for their success and the success of the Company. These plans are linked to performance reviews and organisational needs. We want our employees to develop and grow. The Board reviews leadership and succession plans across each of the Divisions to ensure a structured approach to growing and developing the Company's future leaders. We encourage inter-Company recruitment between Divisions, including the Group Head Office, and offer apprenticeship programmes in many different business areas, ranging from Engineering to Business Analysis to HR. Production Solutions has launched the Hire2Develop programme. Our Media Solutions and Productions Solutions Divisions operate an appraisal system to improve personal career reviews. Creative Solutions has initiated targeted personal development programmes.

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 ("D&I") Strategy sets out clear targets and action plans, tailored to address our industry and any areas of weakness. For example, a lower number of female employees in senior management roles. In the five years to 2026, we aim to increase female employee numbers to improve the Group's overall gender diversity from 70% men and 30% women because we believe that gender diversity plays a role in companies' success. At a senior leadership level, we aim for 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 2023, reflecting employees who had resigned from their employment within the Group.

Country	2023	2022	2021
Creative Solutions	15.6%	15.0%	15.0%
Production Solutions	5.7%	7.7%	3.9%
Media Solutions	11.0%	9.0%	6.2%
European Services	10.0%	14.5%	6.5%
Head office	12.5%	17.0%	18.0%
Average across the whole Group	10.4%	12.6%	9.9%

Gender diversity

The Board continues to monitor progress on equality and the Group's gender breakdown at the end of 2023 can be seen in the table below.

	2023				2022				2021			
	M	%	F	%	M	%	F	%	M	%	F	%
Group Board of Directors	**6**	60%	**4**	40%	**4**	57%	**3**	43%	**6**	86%	**1**	14%
Operations Executive	**10**	83%	**2**	17%	**11**	85%	**2**	15%	**11**	92%	**1**	8%
Senior Management	**68**	73%	**25**	27%	**64**	86%	**10**	14%	**28**	85%	**5**	15%
Rest of Organisation	**1,113**	70%	**481**	30%	**1,175**	69%	**534**	31%	**1,259**	71%	**513**	29%

The table above also excludes contractors.

We employ around 1,600 employees in ten countries, who work according to local employment legislation, policies and our organisational values.

Gender Pay Gap

While not legally obliged to report on, we report on the Gender Pay Gap within our 2023 ESG report. The report uses data from our main employment hubs in the UK, US, Costa Rica and Italy, which represents around 75% of our business. We will continue to monitor progress in this area and report on in future years.

Stephen Bird, Group Chief Executive, hosting a Town Hall for Media Solutions colleagues in Cassola, Italy

Health and safety

The health and safety of our people is of utmost importance, and we operate to stringent health and safety standards across all our sites. We have a health and safety policy available on our website and more detail can be found in our 2023 ESG Report. All major sites have health and safety committees which hold regular meetings to review health and safety performance. Our structure for the responsibility on health and safety management across the Group is outlined below:

Videndum plc Board

Group Chief Executive

Group Company Secretary and Head of Group Risk Assurance

Divisional CEOs and Divisional H&S Managers

Local Site H&S Representative

Reporting of incidents and performance on a monthly basis

Nicola Dal Toso, Production Solutions Divisional Chief Executive, explaining the Small Big Improvements initiative to visitors in Bury St Edmunds, UK

The Production Solutions' sites in Cartago, Costa Rica and Bury St Edmunds, UK, and the Media Solutions' sites in Cassola and Feltre, Italy and Ashby, UK are certified with the standard ISO 45001. Therefore, over 900 Group employees are covered by health and safety accreditation. We continue 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)
2023	1,717	2	78	177
2022	1,918	2	68	150
2021	1,784	0	43	128
2020	1,569	0	42	110
2019	1,714	2	54	112

In 2023, our overall number of health and safety related accidents slightly increased compared to 2022. We believe this slight increase was due to improved reporting and awareness particularly to report near misses or minor incidents. We continue to aim to improve our health and safety measures, to keep all employees safe and achieve our target of no major lost incident time.

Visitors to the carbon fibre cell in Bury St Edmunds, UK

Responsible business continued

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 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. We aim to share this knowledge, to enable positive social and environmental outcomes. In 2023, we positively impacted around 560 people through a range of projects and initiatives. More information about our giving back programme can be found in our standalone 2023 ESG Report.

Our target

Target	Progress in 2023
Over a four-year period[1], positively impact the communities in which we operate	In 2023, the Group positively impacted 560 disadvantaged people. In total, over a four-year period we have positively impacted 1,807 individuals and have therefore achieved our target of positively impacting one disadvantaged person for every Videndum employee in the communities in which we operate.

1 Excluding 2020 due to COVID-19 lockdowns.

Read more online at **videndum.com/responsibility**

Image:
Wild Shot Outreach

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 2023, despite the headwinds the business faced, our Divisions continued to collaborate with organisations and universities to share employee knowledge with future industry professionals.

In 2023, Creative Solutions supported Outlast Arts and Education's summer programme. This is a non-profit organisation that aims to increase diversity, equity and inclusion in the film and media arts, supporting Indigenous and Black youth from rural communities in South Dakota. During July 2023, Outlast invited ten Native youth, aged 14-19, to participate in our Summer Film Intensive, receiving film and media training. Creative Solutions donated products such as Small HD monitors and a Teradek Bolt to Outlast.

In 2023, Media Solutions continued to work with Associazione Jonathan, mentoring teenagers on photography. In addition, Media Solutions continued its impactful collaboration with Wild Shots Outreach ("WSO"), committed to empowering disadvantaged South African youth through photography and education. This year, our support extended to young photographers who engaged in a project featuring the new Lowepro Pro Trekker 650 backpack. Media Solutions also participated in Radici Future, a festival of sustainability of the circular economy and business ethics for the local community, educating the younger generation on sustainability.

Action4Good

Production Solutions' employee engagement initiative, boasted an impressive employee participation rate of over 85%. Guided by four pillars, including environmental stewardship, community impact, inclusivity and wellbeing, Action4Good drives engagement across the organisation. Operating across our global sites, our staff drive positive change by joining: Green Team (environmental projects); Social Responsibility Team (charitable partnerships); Education Team (workshops and mentoring); Welfare Team (wellbeing programmes); and Social Team (fun and team-building activities).

Our achievements range from conservation efforts and community collaborations to empowering youth and fostering wellness. Whether it involves tree planting, community involvement, cultivating a welcoming workspace, or advancing holistic wellbeing,

Case study

Videndum's partnership with Richmond Theatre Trust and Ham Youth Group

This year, as part of the Group's ongoing commitment to supporting the local communities in which we operate, Videndum partnered with the Richmond Theatre Trust and Ham Youth Group to deliver a young film-makers course. Over a four-day period, 26 disadvantaged children aged 10 to 16 from Ham Youth Group worked intensively to create a short media project including a series of adverts, two-hander scenes and a few short stories. Many participants fed back that they thoroughly enjoyed learning about the different roles within the film industry. Many loved being on camera, but even more enjoyed being behind the lens. 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.

> **"**
>
> **The standout experience of the summer holidays was the young film-makers with Richmond Theatre. They are professional and provided a good experience to my child.**
>
> **Parent**

Action4Good is more than a phrase.
It embodies our active approach, making a lasting impact while creating a brighter present and future for our employees and communities.

Charity/employee volunteering/giving back

As part of our community activities, we donate time and money to a variety of local and international charities although charitable donations were restricted in 2023 due to the macro environment and strikes by US writers and actors. More information about our giving back projects can be found in our 2023 ESG Report.

Responsible business continued

Responsible practices

Our vision

We aim to ensure that our employees clearly understand what is expected of them in conducting business ethically, with a common set of values and through our workforce policies. 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. Our Code of Conduct is available on our website at www.videndum.com/responsibility/policies-reports/.

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 main stakeholder groups. The Board considers that our people and operations meet the highest standards of business conduct.

Our target

Target	Progress in 2023
Formalise the integrity of our supply chain	A detailed ESG survey was completed with Videndum's seven most significant vendors. Supplier due diligence and supplier audit programme was strengthened to focus on all relevant ESG dimensions. Our Code of Conduct and independent whistleblowing service were updated and re-communicated in early 2024.

Read more online at **videndum.com/responsibility/policies-reports/**

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. Training sessions are arranged on these topics on a regular basis for employees to attend. Videndum's key compliance policies are published on Divisional intranets, and the Group's website, with some included in the employee handbook.

As part of Videndum's ESG programme, we 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.

Code of Conduct

The long-term success of Videndum depends upon our ability to maintain our reputation and the trust of our stakeholders wherever we operate. In our Code of Conduct we provide clear directives for employees on behaviour towards colleagues, suppliers, customers, shareholders and broader community responsibilities. It encompasses business integrity, addressing areas such as bribery and charitable donations.

Our Code is available on the Company website and is 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. In 2023, one employee was dismissed from the business due to a breach of the Code of Conduct. We relaunched our Code of Conduct and supporting online training to all employees in early 2024.

Anti-bribery and corruption

Our policy on anti-bribery and corruption measures is available on our website. It sets out a zero-tolerance approach and a clear commitment to doing business the right way.

We regularly train our employees on anti-bribery and corruption measures using web-based training modules. To mitigate the risk around bribery and corruption, we actively screen all major third parties we do business with. We use third-party software to screen business partners for reputational risk issues, including bribery and corruption, sanctions, politically exposed persons and adverse media reports. The software covers over 1,100 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.

Sustainable procurement

As a market leader, Videndum takes responsibility for evaluating its suppliers through NAVEX Risk Rate, an enterprise third-party risk management solution. This involves screening new partners and conducting regular audits on current suppliers, assessing factors like raw materials and environmental management systems. Ethical and environmental considerations are integral to selecting key suppliers and contractors. Procurement has developed standard questionnaires, tailoring procedures based on risks, and for critical partners, a detailed site inspection is mandatory. The audit comprehensively covers operational and responsible supply dimensions throughout the entire supply chain. Any failure in vetting processes results in discontinuation of collaboration.

Responsible business continued

Responsible practices continued

Whistleblowing service

We operate an independent whistleblowing service in conjunction with NAVEX. This enables any employee or third-party to confidentially report any issues around alleged wrongdoing or other Code of Conduct contraventions. 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 HR Director, and the Audit Committee Chair and Chairman. They are investigated independently by senior management who are not connected to the report. The outcome of any investigation is reported to the Chair of the Audit Committee, and remedial action is taken where necessary. The Board is notified of all whistleblowing reports and the outcome of all investigations. This service was re-communicated to all employees in early 2024, with posters prominently visible at all sites and a letter explaining the service, to ensure it remains visible and is understood. The documents are translated into local languages. For more information see page 104.

Conflicts of interest

Our Conflicts of Interest Policy 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. In 2023, each Director participated in the equity raise that completed on 8 December 2023. The details of their participation is set out on page 132 and 133. The details of the equity raise are set out in note 4.3 in the financial statements on page 205. The equity raise was at a small discount to the prevailing share price on the date of announcement and therefore each Director had an interest in the matter. Having disclosed their interests in line with the procedure outlined in the Company's Articles of Association, each Director was not precluded from voting on the proposal. Other than this matter, it is confirmed that no other such conflicts arose in 2023.

Workforce remuneration policies

The Remuneration Policy is approved by shareholders for Directors' remuneration and implemented via the Remuneration Committee on behalf of the Board. 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 Directors' remuneration are set out in the Remuneration report on pages 112 to 142.

Political donations

Further to shareholder approval at the 2021 AGM empowering the Directors to make political donations, it is confirmed that no such donations were made in the year ended 31 December 2023. The Company's policy is not to make political donations. The 2025 AGM will be asked to renew this existing authority which expires in May 2025.

Supply chain

We expect our business partners to have similar values to our own, to ensure that we are not associated with slavery or human trafficking. 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. In addition, as part of internal audit reviews, the risk assurance team periodically verifies the supply chain management processes to ensure that these include supplier vetting procedures in respect of risk purchases in accordance with the Group's sourcing policy. For example, we verify that suppliers located in the Far East have been subject to inspection of working conditions. 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 Code of Conduct sets out an express prohibition on discrimination of any kind. Employees are hired in accordance with local employment legislation, and we are committed to their fair treatment and respect. We encourage employees to report suspected incidences of wrong-doing in our business, including slavery and human trafficking matters. Any such reports are thoroughly and independently investigated. There were no incidents of discrimination, modern slavery, or human trafficking reported across the Group in 2023.

Information systems and technology

Responsibility for IT rests with the Group Chief Financial Officer. Our policy sets out standards to be followed across the Group for its employees, contractors and third parties when using 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, security of data, including cyber security and reporting processes. The Group Chief Financial Officer and Head of Group Risk Assurance oversee the IT functions from a governance standpoint. With the support of specialist providers, we 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 included ongoing GDPR training throughout 2023.

Non-Financial and Sustainability 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)
Climate Related Financial Disclosures and 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	44 to 70
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 early 2024 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 responsible for employee engagement.	5	42, 63, 69 and 70
Social matters	– The Responsible business section and our stakeholders sets Videndum's approach to supporting our employees, customers and suppliers. – Divisional CSR programmes have largely been reinvigorated following the pandemic.	7, 9 and 10	42, 66 and 67
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	69
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	70
Business model	– Our Business Model sets out how we do what we do, why, where and for whom.	1, 4 , 7 and 12	4 to 11
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.		36 to 41

The Strategic Report, including pages 2 to 71, was approved by a duly authorised Committee of the Board of Directors on 22 April 2024 and signed on its behalf by:

Stephen Bird
Group Chief Executive
22 April 2024

Chairman's statement

"Videndum has a strong corporate governance framework that remains appropriate and measured.

Ian McHoul

Chairman

This corporate governance report 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 2023 and details are set out in this report. Given the challenges in 2023, the Board and organisation needs to be open to further learnings to support the recovery of the business over the coming year.

Our relationships with all our key stakeholders including shareholders, banks, employees, customers and suppliers remained strong despite challenges faced, ensuring that Videndum remained focused on the key issues impacting the business. Our ESG programme continues to evolve and improve, and we will publish a detailed ESG report in May 2024.

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

Ian McHoul
Chairman
22 April 2024

A snapshot of governance

Compliance statement

During the year ended 31 December 2023, we have reported against the UK Corporate Governance Code 2018 ("the Code") issued by the Financial Reporting Council. The Code can be found at frc.org.uk.

We applied each principle and complied with provisions throughout 2023 as required by the Listing Rules.

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.

In January 2024, the FRC published a new UK Corporate Governance Code that will mainly apply for financial years commencing on or after 1 January 2025. We will report on compliance with that in due course and are well placed to do so.

Major Board decisions

The major decisions taken by the Board and its Committees during 2023 included:

1. **Divestment of non-core businesses and restructuring.**
2. **Developed succession plans for the Board.**
3. **Approval of 2023 half year and 2022 full year results.**
4. **£125.0 million equity raise.**
5. **Developed Group-wide ESG initiatives.**
6. **External audit tender process.**

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	86
Board of Directors	76 to 77
Code principle B – Company's purpose, values and strategy	
About Videndum – what we do and for whom	4 to 11
Section 172 statement	86
Purpose, values and culture	78 to 79
Code principle C – Necessary resources to meet objectives and prudent and effective controls	
Strategic Report	4 to 71
Audit, risk and internal control	102 to 111
Code principle D – Effective engagement with stakeholders	
Section 172 statement	86
Our stakeholders	42 to 43
Code principle E – Workforce policies and practices	
Employee engagement	63 and 88
Workforce policies	69 and 70
Whistleblowing	70 and 104

Division of responsibilities

	Page(s)
Code principle F – Chairman's leadership	
Board governance	81
Division of Board responsibilities	92 to 94
Code principle G – Division of responsibilities	
Board governance	81
Board of Directors	76 to 77
Division of responsibilities	92 to 94
Code principle H – Non-Executive Directors	
Section 172 statement	86
Time commitments	99
Code principle I – Role of the Group Company Secretary	
Effective resources and controls	80
Board governance	81

Composition, succession and evaluation

	Page(s)
Code principle J – Director appointment process	
Nominations Committee report – Board appointments and succession	95 to 101
Code principle K – Board skills, experience and knowledge	
Nominations Committee report – Board of Directors' skills, experience and knowledge	98
Code principle L – Board evaluation	
Nominations Committee report – Board evaluation	99

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	102 to 111
Code principle N – Fair, balanced and understandable reporting	
Fair, balanced and understandable assessment of the Company's position and prospects	109
Code principle O – Management of risk	
Principal risks of the Company	36 to 41
Audit Committee report	102 to 111

Remuneration

	Page(s)
Code principle P – Remuneration policies and practices aligned to strategy	
Remuneration report – remuneration policies and practices	112 to 142
Code principle Q – Determination of remuneration	
Remuneration report – policy on executive remuneration	116 to 124
Code principle R – Independent judgement on remuneration	
Remuneration report – independence around remuneration outcomes	112

Board of Directors

Ian McHoul

BSc, ACA

N

Role: Chairman and Chairman of the Nominations Committee

Appointed: 25 February 2019 – tenure of 5 years and two months (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. He was a non-executive director and chairman of the Audit Committee of Young & Co's Brewery PLC until January 2024. 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 and Group Finance Director at Scottish & Newcastle plc from 2001 to 2008.

Ian will not seek reappointment at the 2024 AGM and will cease to be a Director at the conclusion of the 2024 AGM.

Stephen Bird

MA

N

Role: Group Chief Executive

Appointed: 14 April 2009 – tenure of 15 years

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 1 year and 4 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 Videndum 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 a Financial Analyst with Morgan Stanley. A Chartered Management Accountant, Andrea graduated in Engineering, Economics and Management from the University of Oxford.

Teté Soto

BA, MBA

A N R

Role: Independent Non-Executive Director

Appointed: 24 November 2022 – tenure of 1 year and 5 months

Nationality: Spanish, British

Skills and experience: Teté is Chief Marketing Officer 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

Anna Vikström Persson

LLM

A N R

Role: Independent Non-Executive Director

Appointed: 1 May 2023 – tenure of 11 months

Nationality: Swedish

Skills and experience: Between 2018 and 2021, Anna was Chief Human Resources Officer for Pearson plc, and between 2011 and 2016 Executive Vice President, Head of Human Resources at Sandvik AB. Between 2009 and 2014 Anna was an independent non-executive director for Knowit AB, a public listed IT consultancy group in the Nordics and Baltics. Between 2006 and 2011 she was Executive Vice President, Head of Human Resources at SSAB AB and prior to that worked at Ericsson Group AB in various HR roles culminating as Vice President, Human Resources & Organisation, Sweden. Anna was born in South Korea, raised in Sweden and studied in the US and Germany. Anna holds a Masters in Law from Lund University as well as professional HR qualifications from both London Business School and Michigan Business School.

Caroline Thomson

BA, D.Univ

A N R

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

Appointed: 1 November 2015 – tenure of 8 years and 5 months

Nationality: British

Skills and experience: Caroline is currently a Fellow of the Royal Television Society and a trustee of the National Gallery Trust and of Tullie House Gallery in Cumbria. She was formerly Executive Director of English National Ballet where she is now a trustee. Until 1 March 2023 Caroline was Chair of Digital UK (Now Everyone TV), and a non-executive director of UKGI and Chair of its Remuneration Committee. 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. Caroline is a Deputy Lieutenant for Cumbria.

Stephen Harris

MA, MBA

N

Role: Independent Non-Executive Director and Chairman Designate

Appointed: 9 November 2023 – tenure of 5 months

Nationality: British

Skills and experience: Stephen is currently Chief Executive Officer at Bodycote plc and will step down from Bodycote's board at their AGM on 31 May 2024. Between 1984 and 1995, Stephen held several senior management positions at APV Inc., following which he was appointed to the board of Powell Duffryn plc as an executive director. He then joined Spectris plc as an executive director between 2003 and 2008, and has also been a non-executive director of Brixton plc from 2006 to 2009 and of Mondi plc from 2011 to 2021.

Stephen is a Chartered Engineer and holds an MA in Engineering from Cambridge University and an MBA from the University of Chicago Booth School of Business.

Stephen will take over as Chairman from Ian McHoul, who previously announced that he will stand down at Videndum's 2024 AGM.

Richard Tyson

BSc (Hons), DipM, FRAes

A N R

Role: Independent Non-Executive Director, Senior Independent Director

Appointed: 2 April 2018 – tenure of 6 years

Nationality: British

Skills and experience: Richard is Chief Executive Officer of Oxford Instruments plc, having been appointed to that role on 1 October 2023. He was previously Chief Executive Officer of TT Electronics plc, holding that position from 2014 to 2023. 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.

Graham Oldroyd

FIMechE, MCSI, MBA

A N R

Role: Independent Non-Executive Director

Appointed: 12 October 2023 – tenure of 6 months

Nationality: British

Skills and experience: Graham is an independent non-executive director of The Global Smaller Companies Trust PLC listed on the London Stock Exchange. He holds director positions in unlisted companies, including as Chair of Ideal Standard International NV, as a non-executive director at Tunstall Integrated Healthcare Holdings Ltd, and Chair at MCF Limited. Formerly, Graham was a non-executive director of PHS Group Investments Ltd, Nobina AB and Henderson Alternative Strategies Trust plc (where he was Chair of the Audit Committee from 2014 – 2020). He was a partner with 23 years' service at European private equity fund manager Bridgepoint until June 2013.

A graduate in Engineering from Cambridge University, Graham also holds an MBA from INSEAD Business School. He is a Chartered Engineer, a Fellow of the Institution of Mechanical Engineers, and a Member of the Chartered Institute for Securities & Investment.

Key to Committee membership

A Audit Committee

N Nominations Committee

R Remuneration Committee

Chairman of the Board

Dr Erika Schraner

PhD

A N R

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

Appointed: 1 May 2022 – tenure of 1 year and 11 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 Senior Independent Director and interim Audit Committee Chair of Bytes Technology plc and a non-executive director of 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 and began her executive career with IBM, followed by roles at REL Consultancy Group, Computer Sciences Corporation and Symantec Corporation.

Erika will not seek re-election at the 2024 AGM and will cease to be a Director at the conclusion of the AGM.

Leadership, purpose, values and culture

Videndum's purpose is to support our customers by providing premium branded hardware products and software solutions to the 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 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, 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, audio capture and noise reduction equipment.

3. Values

The qualities that define us and what we try to achieve

Videndum provides 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

Videndum's 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, including attendance 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 Head of Group Risk Assurance.
- Assessing cultural indicators such as:
  - Management's attitude to risk and the Group's overall risk appetite;
  - Compliance with the Group's policies including communication and training on our Code of Conduct; and
  - Key Performance Indicators including health and safety performance, employee retention, engagement and feedback.

Further information on how the Board factors stakeholders into its decisions can be found on pages 84 to 86.

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 2023, the Board received feedback on our culture from methods including but not limited to results of employee surveys and employee engagement sessions held virtually at key operating sites with Caroline Thomson as the Non-Executive Director charged with responsibility for employee engagement. Due to the macroeconomic environment affecting the business, the Board as a collective did not have the chance during 2023 to visit any of our key sites. However, it is anticipated that these visits will recommence during 2024.

Videndum refreshed and recommunicated its Code of Conduct to all employees in early 2024. This was supported with online training and testing to embed the Code of Conduct and the right behaviours with our employees. The Code of Conduct sets out expectations on 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.

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

Videndum's governance framework and governance practices on pages 80 to 82

Board activity in 2023 on pages 84 and 90

Videndum's approach to people, leadership and succession in the Nominations Committee report on pages 96 to 101

Videndum's risk and internal controls in the Audit Committee report on pages 102 to 111

The focus on health and safety, the environment and sustainability across the Group in the Responsible business report on pages 44 to 71

Videndum's approach to executive remuneration in the Remuneration report on pages 112 to 142

Videndum Production Solutions win Corporate Star Award for Best Employee Engagement Programme – Action4Good

The role of the Board

Our Board, outlined on pages 76 to 77, is made up of experienced professionals who bring a diverse 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 the right balance of experience that Videndum needs in the areas of finance, technology, strategy and operations, people management and global commerce, which assists us in the implementation of our strategy.

Changes to the Board during 2023 included the following:

Anna Vikström Persson joined the Board as an independent Non-Executive Director with effect from 1 May 2023 and became a member of the Audit, Remuneration and Nominations Committees.

Graham Oldroyd was appointed an independent Non-Executive Director with effect from 12 October 2023 as well as becoming a member of the Audit, Remuneration and Nominations Committees.

On 26 September 2023, the Company announced Ian McHoul's intention not to seek re-election at the Company's 2024 Annual General Meeting due to personal reasons. Following a detailed search, the Company announced the appointment of Stephen Harris to the Board as an independent Non-Executive Director and Chairman Designate with effect from 9 November 2023. Stephen will take over as Chairman of the Board from Ian McHoul as soon as is practicable and appropriate.

Erika Schraner has informed the Board of her intention not to seek re-election at the forthcoming 2024 AGM.

All Directors of the Company aside from Ian McHoul and Erika Schraner as outlined above, in accordance with the Company's Articles of Association, will stand for reappointment as Directors at the Company's AGM to be held on 19 June 2024 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, including the division of responsibilities between the Chairman and Group Chief Executive. This is outlined in more detail on pages 92 to 94. 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.

Board meeting 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 as possible. Agendas and supporting papers are circulated to all Board members in good time in advance of meetings. All Board members are expected to offer constructive challenge to any proposals and strategic decisions 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 2023. The Board has a defined policy for dealing with conflicts or potential conflicts of interest. At the start of every Board meeting all Directors are reminded about their duties under Section 172 of the Companies Act 2006 including the need to disclose any conflicts of interest.

The equity raise of £125.0 million that completed on 8 December 2023 was a conflict of interest, since each Director participated in the equity raise. The equity raise offer price of £2.67 per New Ordinary Share represented a discount of approximately 3.3% to the Closing Price of an Existing Ordinary Share of £2.76 on 20 November 2023 (being the last Business Day before publication of the Prospectus). In accordance with the Company's Articles of Association, having declared their interest, each Director was authorised to participate in the decision-making associated with the equity raise.

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 strategic and operational updates are discussed by the Board in scheduled Board meetings and ad hoc Board meetings as necessary, such as those held around the equity raise in late 2023.

The Board governance arrangements 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 all Board members. Further information on the skills and experience of all Board members can be found on pages 76 to 77 and 95. Board members are encouraged to openly express their views and opinions on the business, the strategy, the operation of the Group or a proposed course of action.

The Board sets itself clear annual objectives and measures its performance against those objectives on a regular basis at scheduled Board meetings. More information on Board performance and effectiveness can be found on pages 99 to 101.

Board governance

Our governance framework encourages robust 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.

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 95, 102 and 112, respectively. Each of the Committees has Terms of Reference which are reviewed annually by the Committees and the Board during the year. These are available on the Group's website: videndum.com/investors/corporate-governance/governance-framework/. The performance of each Committee is also assessed annually as part of the evaluation process, and the results of the internal Board and Committee evaluation carried out in late 2023 are outlined on pages 99, 104 and 110.

The Board has a schedule of matters reserved to it which is reviewed annually and can be viewed on the Group's website: videndum.com/investors/corporate-governance/governance-framework/. The schedule of matters reserved to the Board includes matters such as acquisitions and divestment of businesses, appointments of new Directors and approval of financial results including budgets and capital expenditure as well as any declaration of dividends. Further information on the matters reserved for the Board can be found on page 94. The Board has delegated certain of its powers to the Group Chief Executive to run the business and operations. To support his efforts, 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. 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. On 27 February 2023, Marco Pezzana, Chief Executive Officer of the Media Solutions Division, was appointed as Group Chief Operating Officer and continued to report to Stephen Bird, Group Chief Executive. Marco retained responsibility for the Media Solutions Division as its Chief Executive Officer and took on wider responsibility for the Group's operations. This included working on strategic self-help projects to further streamline the cost-base, maximise operational efficiencies and deliver cross-Divisional synergies to accelerate Videndum's growth.

Scheduled Board and Committee meetings were held face-to-face during 2023. All short notice Board and Committee meetings and meetings of the Operations Executive are held via video conference. The Board also held pre-Board meeting dinners which enabled 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. The Chairman provides feedback to the Group Chief Executive on these discussions and take any actions necessary to address matters raised.

The Directors make extensive 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 the 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 operational performance, and annual and half yearly reports. A detailed monthly report is prepared and circulated to all Directors 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 as follows:

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 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

Terms of reference for each of the Nominations, Audit and Remuneration Committee are available on our website – videndum.com/investors/corporate-governance

Read more on page 95

Audit Committee

Chaired by
Erika Schraner

Membership:

The independent Non-Executive Directors

Responsible for integrity of narrative reporting and financial statement and financial controls

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

Reviews external auditor effectiveness and oversees external auditor transition

Read more on page 102

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 112

Operations Executive

The Operations Executive is led by the Group Chief Executive and comprises the Group Chief Financial Officer, 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

Chaired by the Group Chief Executive, the committee comprises of the Group Chief Financial Officer, Group Company Secretary and HR Director, Group Communications Director, Group Communications and ESG Manager, Group Risk Assurance Manager and Divisional Management, including Divisional ESG coordinators. The ESG Committee oversees the Group's ESG programme including external ESG reporting. See page 44 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. 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. In accordance with the UK Corporate Governance Code, the Group Company Secretary's appointment and removal is a matter to be considered by the whole Board.

Image: Felix Belloin

Board activity in 2023

During 2023 the Board covered a range of issues at its scheduled and short notice meetings including:

Strategy

Throughout the year multiple updates were provided to the Board on all Divisions' financial and operational performance. Due to the macroeconomic environment and US writers' and actors' strikes, and the subsequent effects on the business, a number of strategic short notice Board meetings were held to discuss and adapt the Group's near-term strategy as necessary. The Board held a deep dive strategic review in June 2023 covering each of its Divisions as well as a Blue Sky strategy review meeting in May 2023.

Operational

The Board did not have the collective opportunity to visit any of its main sites in 2023, however it anticipates that with the recovery of the business, the visits will resume in the second half of 2024. During 2023, the Board received regular updates on operational performance from the Group Chief Executive and Group Chief Operating Officer.

ESG and financial reporting

The Board approved the 2022 financial results, the 2022 Annual Report and Accounts as well as the 2023 AGM Notice, going concern and the Viability statement in February 2023. The Board received regular updates on the Group's ESG initiatives, building on the 2021 and 2022 disclosures and issuing standalone ESG and TCFD reports in April 2023. The Board also considered and approved the delayed release of the Company's 2023 half year and year-end results.

People

The Board received an update on the all-employee survey carried out, and also received feedback from Caroline Thomson on the employee engagement session carried out in Creative Solutions in October 2023.

Financial

The Board approved the detailed process including publication of a prospectus for the equity raise for £125.0 million during December 2023.

Group Chief Executive, Stephen Bird, receives a product update from Divisional Chief Executive, Nicola Dal Toso at the Production Solutions site in Bury St Edmunds, UK.

Marco Pezzana, Chief Operating Officer and Media Solutions Divisional Chief Executive awards an employee whose pictures appear in a local exhibition – Cassola Fotografia.

Stephen Bird, Group Chief Executive, hosting a Town Hall for Media Solutions colleagues in Cassola, Italy.

Attendance at 2023 Board and Committee meetings

	Board		Audit		Remuneration		Nominations	
	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice
Number of meetings	6	10	4	3	4	1	2	2
Directors:								
Ian McHoul[1]	6 (6)	10 (10)	–	–	–	–	2 (3)	0 (2)
Erika Schraner[2]	6 (6)	10 (10)	4 (4)	3 (3)	4 (4)	0 (1)	2 (2)	2 (2)
Teté Soto	6 (6)	10 (10)	4 (4)	3 (3)	4 (4)	1 (1)	2 (2)	2 (2)
Caroline Thomson	6 (6)	10 (10)	4 (4)	3 (3)	4 (4)	1 (1)	2 (2)	2 (2)
Richard Tyson	6 (6)	10 (10)	4 (4)	3 (3)	5 (5)	1 (1)	2 (2)	2 (2)
Stephen Bird	6 (6)	10 (10)	–	–	–	–	2 (2)	2 (2)
Andrea Rigamonti	6 (6)	10 (10)	–	–	–	–	–	–
Anna Vikström Persson (joined 1 May 2023)	5 (5)	9 (9)	3 (3)	3 (3)	3 (3)	0 (0)	2 (2)	2 (2)
Graham Oldroyd[3] (joined 12 October 2023)	1 (1)	5 (5)	0 (1)	0 (0)	1 (1)	0 (0)	0 (0)	2 (2)
Stephen Harris (joined 9 November 2023)	1 (1)	1 (1)	1 (1)	0 (0)	1 (1)	0 (0)	0 (0)	0 (0)

The number shown in brackets denotes the number of meetings the Director could have attended during 2023. 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 or Chair of the Committee as appropriate.

1 Ian McHoul did not attend one of the scheduled Nominations Committee and the two short notice Nominations Committee meetings as they related to his succession plans. These meetings were chaired by the Senior Independent Director, Richard Tyson.

2 Erika Schraner could not attend one short notice Remuneration Committee meeting held in April 2023 due to a prior engagement, however Erika provided her feedback and input to the Committee Chair in advance of the meeting.

3 Graham Oldroyd could not attend one scheduled Audit Committee meeting in December 2023 due to a pre-existing commitment which existed before his appointment to the Board. Graham provided his input to the Audit Committee Chair in advance of the meeting.

Image: The Tillmann Brothers

Section 172 statement

The Board confirms that during the year ended 31 December 2023, 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 42 to 43 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	Page 78 and 79
		Strategic framework/Market opportunity	Page 8 to 11
		Dividends	Page 33
		Our stakeholders	Page 42 to 43
B	The interests of the Company's employees	Our people	Page 42 and 62
		Employee engagement	Page 63 and 88
		Employee health and wellbeing	Page 63
		Diversity and inclusion	Page 64
C	The need to foster the Company's business relationships with suppliers, customers and others	Customer engagement	Page 42
		Supplier engagement and relationships	Page 42
		Anti-bribery and corruption and modern slavery	Page 69
D	The impact of the Company's operations on the community and the environment	Responsible business	Page 60
		Supporting our communities/giving back	Page 66
E	The desirability of the Company maintaining a reputation for high standards of business conduct	Values and culture at Videndum	Page 78
		Code of Conduct and whistleblowing service	Page 69 and 70
		Workforce policies	Page 69 and 70
F	The need to act fairly as between members of the Company	Shareholder engagement	Page 87
		AGM	Page 146
		Rights attached to shares	Page 143

How the Board considers Section 172 matters

Methods used by the Board to perform their duties under the Companies Act 2006 include:

- 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.
- Blue Sky strategy sessions and detailed Divisional and Group strategy reviews held where 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 considers all ESG matters carefully as it continues to develop its ESG programme across the Group, as outlined in Responsible business from page 44.
- 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.

During the second half of the year, it was apparent that the wider macroeconomic environment was having an adverse effect on the Company's financial position. The Board took the decision not to pay a 2023 interim dividend to shareholders to conserve cash. The Board also considered and approved the decision to undertake an equity raise, which culminated in raising £125.0 million and helped to strengthen the Company's Balance Sheet. This demonstrated the Board's proactivity in considering all stakeholders in its decision making and ultimately, the consequences of its decisions in the longer-term viability of the Group.

After a rigorous and successful external audit tender process carried out in May 2023, the Audit Committee unanimously recommended the appointment of PricewaterhouseCoopers LLP as the Company's auditor to the Board for consideration and ultimate approval. The Board approved the appointment of PricewaterhouseCoopers LLP and the audit transition has been progressing to plan. The full year 2023 results will be Deloitte's last audit for Videndum and PricewaterhouseCoopers LLP's appointment as external auditor will be put forward as a resolution to shareholders at the Company's 2024 AGM.

Further details on stakeholder engagement and how the Board considers its duties under Section 172 when making major decisions can be found on pages 42 and 43 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. As illustrated throughout the £125.0 million equity raise process, they have been supportive and 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 2023, the Board communicated extensively with all key investors to ensure they remained informed and supportive of all key business decisions.

Investor meetings and roadshows

During 2023, the Board continued to engage with numerous institutional investors both virtually and face-to-face. These were centred around major events such as the 2022 full year results, 2023 half year results and the £125.0 million equity raise process, and were attended by the Group Chief Executive, Group Chief Financial Officer, and Group Communications Director.

The Chairman additionally met with several shareholders during 2023 to hear their views and discuss business progress.

Annual General Meeting ("AGM")

The Company's AGM was held on 11 May 2023 at 41 Portland Place, London W1B 1QH. All resolutions at the 2023 AGM were passed with a majority of votes in favour. The detailed outcome of resolutions at the 2023 AGM is available on our website under "Corporate Governance". The 2024 AGM will be held at 116 Pall Mall, London, SW1Y 5ED on Wednesday, 19 June 2024 at 9.00am. 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.

We also held a General Meeting on 7 December 2023 associated with the approval of the £125.0 million equity raise. The outcome of voting at this meeting is also available on our website.

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. No such vote against or concerns were raised during 2023.

Annual Report

The Annual Report is available to all shareholders. It is normally published in March/April 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, 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.

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 – Caroline Thomson. The Board continually reviews its employee engagement mechanisms to ensure they remain effective and open for employees to provide feedback. The Board considers that these engagement methods with employees as presently structured are effective in engaging with Videndum's workforce, providing ample opportunity for the view of employees to be shared with the Board.

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 annually meets with a number of employees at several sites to receive first-hand employee feedback.

In October 2023, Caroline held several employee engagement sessions with employees in the Creative Solutions Division based in Irvine, California and Cary, North Carolina. The sessions covered a range of issues including new starters to the business and induction process, health and safety, culture in the workplace, remuneration and benefits, Group and divisional communications, diversity and sustainability. Feedback from each session was shared with Divisional senior management and the Board to understand employees' views and to 'check the pulse' of employees' views. These sessions are extremely valuable and give the Board greater insight into the views and morale of employees, and help to shape and develop the Board's decision making and to address any concerns on matters such as remuneration, benefits, working environment and overall Group strategy. We plan on holding similar sessions in 2024 and in future years.

Read more on page 63

Employee surveys

We gather feedback from all employees to assess their levels of engagement. We conduct an annual all-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. Responses from these surveys are analysed by HR and plans developed to act on feedback.

Read more on page 63

Whistleblowing

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

Read more on page 70 and 104

All-employee communication and Divisional townhall meetings

The Group Chief Executive regularly communicates with all employees to provide an update on business performance and operations. These are usually centred around year-end and half year reporting but are held at other times of the year. In addition, the Group Chief Executive visits several sites every year and meets with employees to update them on performance and to hear first-hand their views of the business. Divisional CEOs also hold all-employee Divisional townhall meetings during the year for the same purpose in an informal environment.

Intranet

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

A combination of feedback from our annual employee surveys, interaction with Caroline Thomson and other communication methods outlined, illustrates that our employee engagement programme is valued by employees and the Board. We are confident that our employees are able to engage with the Board and senior management, enabling the Company's business and performance to be understood and the views of employees to be expressed and considered.

Image: Pie Aerts

The Board's major decisions in 2023

The following major decisions were taken by the Board and its Committees during 2023, taking into consideration the duties to all key stakeholders under Section 172 of the Companies Act 2006:

1.

Divestment of non-core businesses and restructuring

In October 2023, Lightstream was sold for consideration of US$500,000. Amimon was also held for sale. The Board determined that neither Lightstream or Amimon were core businesses for the Group. In the UK, the Rycote windshield production was moved to the Ashby-de-la-Zouche factory and in the US, audio R&D and microphones production moved to the audio centre of excellence in Portland, the manufacturing of Wooden Camera products moved from Dallas, US to the Cartago site in Costa Rica and Videndum Media Solutions' US distribution moved out of New Jersey to the Savage facilities in Arizona.

Read more on page 13 and 29

2.

Developed succession plans for the Board

The Nominations Committee developed succession plans for the Board and during the year there were several changes in Directors, including the appointment of a new Chairman Designate. The Nominations Committee also considered an update on talent and succession plans for executive talent below Board level.

Read more on page 96

3.

Approval of 2023 half year and 2022 full year financial results

The Board approved the full year results for year ended 31 December 2022 in February 2023 and the interim results for 2023 in September 2023. The Board also considered and approved trading updates to the market during the year, particularly around the impact of the US writers' and actors' strikes.

Read more on page 84

4.

£125.0 million equity raise

In response to the macroeconomic headwinds facing the business in 2023, the Board approved an equity raise of £125.0 million to help strengthen the Group's Balance Sheet. The equity raise was supported by investors and completed in December 2023.

Read more on page 84

5.

Developed Group-wide ESG initiatives

Despite other challenges, in 2023 we continued to enhance our ESG programme across the Group and we will publish our third detailed ESG report in May 2024. Notable success included the launch of Salt-E Dog and the installation of solar panels at the Feltre facility in Italy.

Read more on page 44

6.

External audit tender process

The Audit Committee carried out an external audit tender in May 2023 and recommended to the Board that PricewaterhouseCoopers LLP be appointed as the external auditor with effect from the 2024 AGM.

Read more on page 111

Image: Chris Grubisa

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.

Non-Executive

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.
- Encourages an ethical culture that promotes transparency, open debate and challenge.
- Ensures that the Board plays a part in the development of strategy and offers constructive challenge.
- Ensures effective engagement between the Board and all stakeholders.
- As previously announced, Ian McHoul will step down from the Board at the conclusion of the 2024 AGM and will be succeeded by Stephen Harris.
- As Chairman of the Nominations Committee, leads the work of the Committee in connection with Board composition and succession planning.

Caroline Thomson
Non-Executive Director tasked with Employee Engagement and Chair of the Remuneration Committee

- Attends key employee and business events.
- Monitors the effectiveness of employee engagement programmes and surveys.
- Provides updates to the Board on employee engagement matters and any employee issues.
- As Chair of the Remuneration Committee, guides 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 and serves as an intermediary for the other directors and shareholders, as well as leads the evaluation of the Chairman's performance.
- 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.
- In 2023, Richard Tyson, as Senior Independent Director, led the search process for a new Chair of the Board.

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 narrative reporting, internal controls, oversight of the internal audit function and work of the external auditor.
- Responsible for leading the integrity of narrative reporting, internal controls, oversight of the internal audit function and external auditor.
- Erika Schraner will not seek re-election at the 2024 AGM. The Board has started the search for a new Chair of the Audit Committee.

Independent Non-Executive Directors (Graham Oldroyd, Stephen Harris, Teté Soto and Anna Vikström Persson)

- Offer constructive challenge and advice to the Executive Directors, assisting in development of Group-wide 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 senior management.
- Oversee development of succession planning for senior management and executive roles.
- Review integrity of financial reporting and disclosures.
- Ensure that financial and risk appetite and mitigating controls are appropriate and robust.

Executive

Stephen Bird
Group Chief Executive

- Provides Executive leadership across the Group.
- Informs the Chairman and Board of strategic and operational issues facing the Group.
- Develops and executes the Group's strategy and commercial objectives and implements decisions of the Board and its Committees.
- Ensures that the right corporate culture is set from the top.
- Manages the Group's 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, as well as IT.
- 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.
- 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.
- Responsible for Group HR, employee share schemes, Group risk management, insurance programme and pension schemes.
- Helps determine and 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, Stephen Harris, Erika Schraner, Teté Soto, Anna Vikström Persson, Graham Oldroyd, 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 98. 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 2023 internal Board evaluation as detailed on page 99 covers the performance assessment of each Director. Upon their respective appointment dates, Anna Vikström Persson, Graham Oldroyd and Stephen Harris were deemed to be independent Non-Executive Directors 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 2023, the Board was comprised of the Chairman, seven 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 the 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 2023

- 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.
- 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, Stephen Harris, Caroline Thomson, Richard Tyson, Erika Schraner, Teté Soto, Anna Vikström Persson and Graham Oldroyd.

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
- M&A and private equity
- People and culture

Board gender diversity

- Male: **6**
- Female: **4**

Board tenure

- 0-5 years: **5**
- 5-7 years: **3**
- 7 years +: **2**

Nominations Committee Chairman's letter

Ian McHoul

Chairman of the Nominations Committee

Dear Shareholder

The Nominations Committee is responsible for setting and monitoring the Board's balance of skills, experience and knowledge in order to provide the diversity of thinking and perspective required to provide effective leadership. The Nominations Committee operates under terms of reference that are available on our website.

Succession planning and Director appointments

An important area of work for the Nominations Committee under my Chairmanship is succession planning around the Board and senior management across the Company. We need to have a management team with the right skills, diversity and experience to sustainably operate and grow the business. In 2023, the Committee received updates on talent and succession plans across the senior management teams in the Divisions. The Board and its Committees have regular exposure to the senior management team to see and hear first-hand from our executive talent.

As Chairman of the Nominations Committee, I lead the Committee in the process of reviewing the structure, size and composition (including skills, knowledge, experience and diversity) of the Board and in making recommendations to the Board with regard to any changes. This also covers succession planning for Directors and senior executives in the Group.

Once the Board has identified the need for a new Director, I as Chairman, engage 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 myself as 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, the search 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 2023 and followed the process above for the recruitment of Anna Vikström Persson. The same process was followed but using the services of Spencer Stuart for the appointments of Graham Oldroyd and Stephen Harris. Neither the Company nor any individual Director has any relationship with Hedley May or Spencer Stuart.

The Committee oversaw the recruitment processes for Anna Vikström Persson, who joined the Board on 1 May 2023 as an independent Non-Executive Director; Graham Oldroyd, who joined the Board on 12 October 2023 as an independent Non-Executive Director and finally, Stephen Harris, who joined the Board on 9 November 2023 as a Non-Executive Director and Chairman Designate, with the purpose to succeed myself as Chairman. For the recruitment of Stephen Harris, since it related to my own succession, Richard Tyson as Senior Independent Director led that process with the support of the Group Chief Executive.

As Chairman Designate, Stephen Harris has a period of handover with me before taking over as Chairman of the Board.

Both Anna Vikström Persson and Graham Oldroyd have undertaken inductions to the Group, involving site visits and meeting with senior management and advisors. Stephen Harris has also commenced an induction process with the Group involving site visits and meeting with senior management.

Diversity and inclusion

The Nominations Committee and the Board consider 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, which is the same for the Board and all its Committees.

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 report upon this issue annually in our Annual Report. Our Diversity and Inclusion Policy is available on our website: videndum.com/responsibility/our-people/. More information on diversity in the workplace is provided in our 2023 ESG Report, to be published in May 2024.

The Responsible business section on page 64 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 a requirement to disclose gender and ethnic diversity at Board and executive management level. The following tables set out the gender and ethnic diversity of both the Board and the Operations Executive as at 31 December 2023.

As at 31 December 2023, 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), that at least 40% of individuals on the Board of Directors are women and that at least one individual on the Board of Directors is from a minority ethnic background. 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. The Board currently comprises 40% women. This follows the appointments of Graham Oldroyd and Stephen Harris in late 2023 and remains under review as and when new Board opportunities arise and is supported by the succession planning activities of the Nominations Committee. One Director – Anna Vikström Persson – has identified as being from a minority ethnic background.

The Chairs of both the Remuneration and Audit Committees are currently 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, Swedish, Italian and Spanish heritage.

The information set out in the tables below 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 2023.

Engagement with key stakeholders

During 2023, we engaged with several major shareholders on Board succession matters. We used the feedback received to help shape our succession planning.

Committee performance

The performance of the Nominations Committee was considered through the annual Board evaluation process, which in 2023 was the subject of an internal review. From the responses provided, it was found that the Committee was well-managed and effectively covered Board and senior executive succession plans. In conclusion, it was found that the Nominations Committee was operating effectively.

Ian McHoul
Chairman of the Board and Nominations Committee Chairman
22 April 2024

Reporting table on 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	6	60%	4	10	83.34%
Women	4	40%	0	2	16.66%
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)	9	90%	4	11	91.66%
Mixed/Multiple ethnic groups	0	0%	0	1	8.33%
Asian/Asian British	1	10%	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 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 2023 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.

Marco Pezzana, Chief Executive Officer of the Media Solutions Division, was appointed as Group Chief Operating Officer on 27 February 2023. Marco continues to report to Stephen Bird, Group Chief Executive and retains responsibility for the Media Solutions Division as its Chief Executive Officer. He assumed 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 rationalise and accelerate Videndum's growth.

The Nominations Committee continued in 2023 to review plans around Board succession for both Executive and Non-Executive Directors while being mindful of the Company's business needs. This culminated in various Board changes as outlined on page 96. 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 seven 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) [1]	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 [2]	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
Anna Vikström Persson	1 May 2023	1 May 2026	1 May 2029	Annually from 1 May 2030 onwards
Graham Oldroyd	12 October 2023	12 October 2026	12 October 2029	Annually from 12 October 2030 onwards
Stephen Harris (Chairman Designate)	9 November 2023	9 November 2026	9 November 2029	Annually from 9 Nov 2030 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

1 Ian McHoul will not stand for reappointment at the 2024 AGM and will cease to be a Director from the close of the 2024 AGM.

2 Erika Schraner has also informed the Board that she will not seek re-election at the 2024 AGM and will cease to be a Director from the close of the AGM.

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 reappointment 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.

As stated previously, Ian McHoul will not be seeking reappointment at the Company's 2024 AGM and will cease to be a Director at the conclusion of the 2024 AGM. Stephen Harris will succeed Ian McHoul as Chairman.

Erika Schraner will not seek re-election at the 2024 AGM. The Board has started a search for a new Chair of the Audit Committee.

Director induction

Upon appointment, each Director is provided with an extensive, tailored induction to the Group. This includes meeting with senior Head Office and Divisional management, meeting the Company's main external advisors including Investec and Jefferies as well as the external auditor, and visits to the key operational facilities in the Group. The Group Company Secretary coordinates this induction process.

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 2023, 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 their attendance at meetings is set out on page 85 of this report. Due to the pressures on the business in 2023, there were a number of short notice Board and Committee meetings and all Directors accommodated these meetings where possible.

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 2023

In 2023, an internal Board evaluation was conducted and consisted of the following:

- Evaluation of the performance of the Board;
- Evaluation of the performance of the Audit, Remuneration and Nominations Committees; and
- Evaluation of the Chairman.

The evaluation was carried out by way of Directors completing a series of questionnaires coordinated by the Group Company Secretary and the following points came out of the evaluation:

Performance and Strategy:

- Macroeconomic challenges in 2023 put the Board and business under increased stress significantly impacting performance and progress against strategy.
- Further work around strategy, particularly emerging market dynamics (including artificial intelligence) is needed.
- While the Board was not pleased with the need for the Group to raise £125.0 million of equity in response to challenges faced by the business, the process around this was well executed.

Governance:

- Governance is satisfactory, but further work is needed around risk management particularly at macro market levels and risk around cyber security remains an issue. Given the challenges in 2023, the Board and organisation needs to be open to further learnings.
- ESG programme, despite the challenges faced by the business, remained on track with progress towards goals made.
- Given the challenges faced in 2023, the Board's opportunity to see operations first-hand and to meet with the wider employee base was adversely impacted. Despite this, the Board remained informed about the views of employees through employee surveys and the Non-Executive responsible for employee engagement.

Priorities for 2024:

- Ensuring a strong financial recovery for the business.
- Undertaking a detailed review of Group strategy in light of market dynamics and shaping the business accordingly.
- A successful transition around the composition of the Board, notably with Stephen Harris succeeding Ian McHoul as Chairman.
- Developing plans around executive talent and succession.
- Ensuring a successful transition of the external auditor from Deloitte to PricewaterhouseCoopers.

The last externally facilitated evaluation was in 2021 and it is the plan to carry out an externally facilitated evaluation in 2024.

Nominations Committee Report continued

Board performance against 2023 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 2023 and progress made throughout the year.

2023 Board objective	Progress during 2023
Board succession Continue to develop plans and execute around Board succession ensuring that the collaborative culture and dynamic is preserved and the Board's performance continues to be optimised. Ensure that new appointments receive an appropriate induction to the Group.	– Anna Vikström Persson joined the Board as an independent Non-Executive Director with effect from 1 May 2023. – Graham Oldroyd joined the Board as an independent Non-Executive Director with effect from 12 October 2023. – Ian McHoul will not seek reappointment as a Director at the 2024 AGM. Stephen Harris was appointed to the Board as an independent Non-Executive Director and Chairman Designate with effect from 9 November 2023. – Erika Schraner will not seek re-election at the 2024 AGM. The Board has started a search for a new Chair of the Audit Committee. – Each newly appointed Director has or is receiving an induction to the Group including site visits and meetings with senior employees.
Executive team succession Progress succession plans for the Group CEO tied into delivery of the Group's strategic ambition. Develop the executive team such that there is a succession transition to new leadership if and when the CEO decides to step down.	– The Board received regular updates on Board and senior management succession along with talent and succession plans throughout the Group. – Marco Pezzana attended all Board meetings from February 2023 in his position as Group Chief Operating Officer.
Strategy (1) Develop proposals to maximise value for Creative Solutions and execute as appropriate. Develop Group-wide strategy, with options dependent on the outcome of the Creative Solutions process.	– The Board's Blue Sky strategy sessions covered extensive updates from across the Group including Creative Solutions. – Divisional strategy updates given in June 2023. – The Board took the decision to exit all non-core markets, specifically medical and gaming and to concentrate R&D investment and capital expenditure where the Company holds competitive advantage. – Lightstream was sold in October 2023 to Xsolla for US $500,000 and Amimon is held for sale.
Strategy (2) Develop and execute as appropriate, proposals to reorganise the Group so as to optimise both revenue opportunities and cost efficiencies.	– Throughout the year, the Board reviewed plans to restructure the Group as appropriate in response to the macroeconomic challenges faced.

2023 Board objective	Progress during 2023
Growth and Performance Progress towards delivery on the 2022 Capital Markets Day aspiration to become a £600.0m revenue/£100.0m operating profit business by 2025. Deliver an outturn for 2023 making progress towards the strategic ambition but delivering performance in line with the 2023 budget and shareholder expectations including managing the Group's net debt, against the backdrop of a challenging global economy in 2023.	– The Group's plans were significantly held back due to the impact of macroeconomic headwinds and the writers' and actors' strikes in 2023. – In the second half of the year, the Board's attention turned to the requirement for an equity raise of £125.0 million to strengthen the Group's Balance Sheet.
Customers, Markets, R&D, Technology Develop the Board's understanding of its customers, markets, major R&D projects and technology impacting each of its Divisions with regular updates.	– During 2023, the Board received information and insight into existing and emerging technologies, including artificial intelligence, which could be utilised by, or posed a threat to the Group either in its operations or products. – The Board received updates on R&D and key customer trends from each of the Divisions as part of Divisional strategic reviews.
Governance Continue to develop and evolve the Group's governance arrangements and reporting including ESG programme and risk management.	– The Board oversaw the Group's governance, risk and ESG programme throughout the year reporting in line with the UK Corporate Governance Code. – The Board received training on key updates to the UK governance horizon, including the 2024 UK Corporate Governance Code. – Progress on ESG programme with published ESG and TCFD Reports in April 2023 and progress towards carbon neutral and net zero targets including installation of solar panels at the Feltre site in Italy. – The Audit Committee oversaw a deep dive into the control environment during 2023 with areas for improvement identified and corrective measures implemented. – The Audit Committee oversaw an audit tender in 2023, culminating in the recommendation to appoint PricewaterhouseCoopers LLP as the Group's auditor from the 2024 AGM.
Risk Continue to assess the Group's risk appetite and tolerance tied to the Group's operations and strategic growth plans.	– The Board considered and approved the Group's principal risks in the 2022 Annual Report and Accounts and as part of the 2023 half year results. – The Group's overall risk appetite was reviewed at the Board meeting in December 2023. – Divisional strategic reviews in 2023 covered Divisional strategic and operational risks.

Audit, risk and internal control

Overview

The Audit Committee plays a pivotal 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). Erika Schraner will not seek re-election at the 2024 AGM. The Board has started the search for a new Chair of the Audit Committee.

Richard Tyson, Caroline Thomson and Teté Soto. Anna Vikström Persson and Graham Oldroyd joined the Audit Committee upon their appointments to the Board on 1 May 2023 and 12 October 2023, respectively.

Other members of the Board, Operations Executive and other senior management including the Head of Group Risk Assurance, 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.
- Ensures the successful transition of external audit services from Deloitte LLP to PricewaterhouseCoopers LLP.

Role of the Audit Committee

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 shareholders 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

Dr Erika Schraner

Audit Committee Chair

Dear Shareholder

On behalf of the Committee, I am pleased to present our report for the year ending 31 December 2023.

The Audit Committee plays a critical role in ensuring the integrity and transparency of the Group's financial reporting, as well as overseeing the effectiveness of the Group's internal control and risk management systems. Our mandate is to provide independent oversight of the Group's financial reporting and disclosure processes, as well as to monitor compliance with laws, regulations and ethical standards. This 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.

2023 was a turbulent year for the business as it was faced with several challenges. The Committee focused early in 2023 on the financial reporting and disclosures associated with the 2022 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 2022 financial statements were a true and fair reflection of the state of the Group and had been properly prepared in accordance with IFRS accounting standards and in conformity with the requirements of the Companies Act 2006.

The Committee also oversaw the overall risk management of the Group in 2023. Risk appetite and tolerance are directly discussed at Board level. Apart from the ordinary operational risks subject to the annual risk management review process, the business was exposed to increasing risks from geo-political tensions, economic headwinds, US writers' and actors' strikes and continued risk surrounding cyber security. The Committee reviewed the Operations Executive's response to these risks and is satisfied that appropriate mitigation is being taken.

During 2023 after certain risks had been identified and as requested by the Board, the Committee performed a detailed evaluation of the Group's internal control and compliance framework. Ernst & Young LLP was retained to provide support, assistance and advice. During the latter part of 2023, the Committee oversaw the implementation of the continuous improvements.

The combination of macroeconomic headwinds and the US writers' and actors' strikes together contributed to management and subsequently, the Board, determining at the 2023 half year that a material uncertainty existed that may cast significant doubt on the Group's ability to continue as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The key judgements surrounding the material uncertainty were the length and depth of the ongoing writers' and actors' strikes, as well as the length of time over how long it takes to recover once the strikes end, and the recovery from the broader macroeconomic challenges faced by the Group.

At the time of approving the financial statements for the year ended 31 December 2023, given the sensitivities of forecasts on key assumptions, which are linked to the precise timeline and pace of recovery from the strikes and the financial impact on the Company of any slower than expected recovery, and macroeconomic conditions, the Board also determined that a material uncertainty exists which may cast doubt on the Group's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group announced on 8 August 2023 that the release of its results for the six-month period ended 30 June 2023 had been delayed because more time was required to finalise its half year financial reporting. On 13 March 2024 it also announced that the release of its results for the year ended 31 December 2023 had been delayed because more time was required to finalise its full year financial reporting, including the treatment of certain adjusting items relating to FY 2023.

The Audit Committee further supported the Board with the £125.0 million equity raise and publication of a prospectus on 21 November 2023.

Review of material issues

The Audit Committee has a key role in ensuring 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 true and fair 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.

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 109 to 110.

Audit Committee Chair letter continued

External auditor transition

As previously reported, Deloitte LLP, informed the Audit Committee in September 2022 that from 2024 it would no longer be able to act as auditor for the Company. The Audit Committee on behalf of the Board conducted a formal audit tender process, which included gathering information, and receiving presentations and technical demonstrations of audit techniques and processes from various audit firms in May 2023. The audit tender process is detailed on page 111. The Committee and the Board unanimously agreed that PricewaterhouseCoopers LLP will become the successor external audit firm and a resolution will be put to a shareholder vote at the 2024 AGM for their appointment and to allow the Board to set their remuneration accordingly.

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 2024 AGM and will be happy to answer any questions from our shareholders.

I have informed the Board of my intention not to seek re-election at the forthcoming AGM. I intend to pursue new opportunities as Videndum, supported by a successful equity raise, enters a new phase. The Board has started the search for a new Chair of the Audit Committee.

ESG, climate change and TCFD

The ESG Committee reviews Videndum's effectiveness and controls in matters relating to ESG across the business. The Committee reports to the Board on a regular basis and the Audit Committee has oversight of reporting on TCFD and financial risks tied to climate change. You can read more on our TCFD programme and progress made from page 47 and in our standalone ESG and TCFD reports for 2023.

2023 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 2023 have appropriately addressed any critical accounting judgements and key sources of estimation uncertainty.
- The correct and appropriate accounting policies for all Divisions have been adopted.

Whistleblowing

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 kept abreast of any whistleblowing reports and outcomes of any investigations. There were eight whistleblowing reports during 2023. All cases were thoroughly investigated, internally with the support of independent third party service providers as required.

Committee performance and effectiveness

The performance of the Committee was considered through the annual Board evaluation process, which in 2023 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. Significant time had been given to debate on risk assurance throughout the Group, including controls, cyber security and mitigation actions.

Overall, the Committee finds that the Group's financial reporting, internal controls and risk management systems, are effective and the governance practices are appropriate. The Audit Committee will continue to monitor these areas closely to ensure that the Group remains committed to transparency, accountability, and sound financial management. In 2024, the Committee will continue to focus on evolving risk management, internal controls, cyber security, business continuity and TCFD reporting. It will seek in particular, to address the FRC's new UK Corporate Governance Code issued in January 2024 and ensure that the Board has greater visibility into the risk management process and material controls. It will also oversee the external auditor transition from Deloitte to PricewaterhouseCoopers.

The Committee's objectives are set annually, the progress of which is reviewed at every Committee meeting. The Committees' 2023 objectives and performance against them are set out on page 110. The Committee has set itself objectives for 2024 and will report on them in the 2024 Annual Report.

I would like to thank the Committee members, the rest of the Board and our external service providers for their support during 2023.

Dr Erika Schraner
Audit Committee Chair
22 April 2024

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 satisfies the requirement of having appropriate and relevant financial and governance experience, and leadership skills, as well as a commitment to ongoing education and development to effectively carry out her role. Additionally, she has provided guidance in the overall enhancement of the Group's cyber security. Page 77 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 2023, the Committee met on four scheduled occasions, in February, June, August and December. There were three additional Audit Committee meetings also held during the year to discuss the external audit tender, whistleblowing investigations and for the review and recommendation to the Board for the approval of the half-year financial statements, following a delay from the scheduled August 2023 meeting.

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

Erika Schraner maintains close contact with the Group Chief Financial Officer, Group Chief Executive, Head of Group Risk Assurance and members of the senior audit team at Deloitte LLP as well as PricewaterhouseCoopers LLP as the new incoming external auditor. 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, Alistair Pritchard, the Chairman of the Board, the Group Chief Executive, the Group Chief Financial Officer, the Group Chief Operating Officer, the Group Financial Controller, and the Head of Group Risk Assurance 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.

Scheduled Audit Committee meetings held in 2023

20 February 2023	21 June 2023	7 August 2023	11 December 2023
Financial and narrative reporting			
– Received the accounting presentation and judgemental issues report, and the report on going concern and viability for the year ended 31 December 2022. – Recommended the approval of the 2022 Annual Report and Accounts, agreeing when taken as a whole is fair, balanced and understandable. – Reviewed the letter of representation issued to the external auditor for the full year results prior to being agreed by the Board.	– Received an accounting update and report on going concern, discontinued operations and factoring.	– Received the accounting presentation and judgemental issues report, and the report on going concern for the half year ended 30 June 2023. – Reviewed the letter of representation issued to the external auditor for the half year results prior to being agreed by the Board.	– Tax and Treasury updates.
External audit			
– Received a full year report from the external auditor on the 2022 financial statements and accounting disclosures. – Reviewed effectiveness of external auditor	– Discussed the results of the audit tender process and made a recommendation to the Board to appoint PricewaterhouseCoopers LLP as the new auditor. – Presented the 2023 half year audit plan and initial planning report on the 2023 full year audit. – Presented update on TCFD to be reported on in the 2023 Annual Report and Accounts. – Considered an update on potential audit fees for 2023.	– Received half year report from the external auditor on the 2023 half year financial statements and accounting disclosures. – Discussed and approved the audit fees for 2023.	– Received the final planning report on the 2023 external audit. – Considered the 2023 year-end process to date by the external auditor. – Discussed the external audit transition process for the first half of 2024.

Audit Committee Report continued

20 February 2023	21 June 2023	7 August 2023	11 December 2023
Governance			
– Agreed the disclosures in the 2022 Audit Committee report.	– Update on governance and proposed changes to the UK Corporate Governance Code.	– Group whistleblowing 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 2024. – Updates 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. – Received the risk assurance report of internal audit activities from 2022 and plans for 2023 and status of key controls. – Approved the 2023 internal audit programme.	– Risk assurance update against the 2023 risk assurance programme. – Update on cyber security.	– Bi-annual review of the principal risks identified across the Group and progress against agreed 2023 risk assurance programme. – Update on cyber security.	– Risk assurance update against 2023 risk assurance programme and agreed the risk assurance and internal audit programme for 2024. – Received full year report of internal audit activity in 2023, internal audit plans for 2024 and status of key controls. – Update on cyber security and reviewed business continuity plans for 2024.

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 Company assets. 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 Division 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 Division 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, significant restructuring 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, each Division conducts a self-assessment of its internal controls. Every year, the results of these assessments are reviewed by the Head of Group Risk Assurance 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 Head of Group Risk Assurance. The Group's principal risks and uncertainties and mitigation for them are set out on pages 36 to 41 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, including horizon scanning, identifying key actions, initiatives and risks, including emerging risks and opportunities, to deliver the Group's long-term strategy. This involves a comprehensive review of macroeconomic , social and political trends. The Group has identified artificial intelligence as an emerging risk and opportunity, which may also affect demand for specific products within the Group. This risk is being monitored proactively. The threat of geopolitical instability was also identified as an emerging risk.

- 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 once every quarter. 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 Audit Committee is satisfied that an adequate framework is in place to manage risks and internal controls, however it was agreed during 2023 that additional resources would need to be deployed to this area, in order to meet increased regulatory requirements and increased risks, and other ad hoc requirements such as investigatory work. As a result, the Group increased Risk Assurance headcount, and increased budget assigned to internal audits conducted with the support of co-source internal audit providers. The Group also recognised that additional work is needed in order to reinforce a culture of compliance, therefore additional budget was assigned to training on ethics and recommunicating the Group's Code of Conduct. Some further improvements will be made in 2024 as the Group responds to the 2024 UK Corporate Governance Code, and will further strengthen its risk management processes.

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 controls and risk, and risk management

The Committee's role is to review the effectiveness of the internal control, compliance and risk management systems which it carries out in support of the Board's formal review of significant risks and material controls. The Committee values the internal audit function and has enhanced this proposition in 2024 by increasing headcount and making use of co-source functions to further support and drive enhancements across controls. The internal audit plan is based on a review of the Group's key risks which are considered high risk or have not been subject to a recent audit. During the internal and external audits, a number of control findings were identified.

Management have committed to fully addressing control findings raised by our auditors at the prior period end through their audit response plan. Key controls have been implemented in 2023, most noticeably relating to the strengthening of revenue related controls during the latter stages of H2 2023. Furthermore, in relation to revenue, an external independent firm was appointed in 2023 who assessed the design of the newly initiated controls, with no issues noted. The Committee was consulted on the initial plan for H2 2023 implementation and received regular updates from management on implementation.

Following internal and external year-end audits, further findings were identified, and areas of continuous improvement noted. Management is developing a robust plan to address the findings and will be regularly communicating updates to the Audit Committee. As most of these areas occur bi-annually, management is confident that a strong plan will be implemented in 2024 to address these observations. The key findings relate to the judgemental areas, and specifically relate to inventory provisioning, review controls over going concern, acquired intangibles impairments, and adjusting items. It is recognised that further improvements are required to address these control findings and the Committee will continue to oversee actions taken to remediate the remaining control observations. Set out below is a summary of the key features of the Group's internal controls and risk management system.

Internal audit

Internal audit is independent of management and has a reporting line to the Chair of the Audit Committee, providing independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management. An internal audit plan for 2023 was prepared and agreed with the Audit Committee at its February 2023 meeting and progress against the internal audit plan was tracked throughout the year.

The Head of Group Risk Assurance conducted several internal audits and additional assurance reviews during 2023, 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.

The Audit Committee reviews the output of the internal audit function to assess the quality of deliverables and breadth of assurance provided. In early 2024, resource in the internal audit function was expanded by one headcount and through the use of an internal audit co-source provision.

External audit

Deloitte were appointed as the Company's external auditor at the Company's AGM in May 2018, following a formal tender process. In September 2022, Deloitte LLP informed the Company that it would not continue to audit the Company after FY23. The Audit Committee considered changing the external audit for the FY23 audit and several external audit firms were contacted. They informed the Company that while they would be interested in the FY24 audit, there would not be sufficient time and resources to complete risk assessment procedures, and the orderly transition for FY23.

With that, a resolution to reappoint Deloitte for a further 12 months was submitted at the Company's AGM on 11 May 2023. Alistair Pritchard was appointed as the engagement audit partner with effect from the 2023 AGM, taking over as lead engagement partner from David Halstead. Deloitte's final audit will be for the financial year ended 31 December 2023. The Board recommends to shareholders the appointment of PricewaterhouseCoopers LLP as external auditor with effect from the Company's 2024 AGM.

Communications with the Financial Reporting Council ("FRC")

During 2023, the FRC wrote to the Company in relation to the disclosure around non-current tax assets in relation to EU State Aid investigation and Directors' remuneration around the estimated value of the 2020 LTIP award in the Company's 2022 Annual Report and Accounts. Following the Company's response to this matter, the FRC responded to our explanations and closed their enquiries. Enhanced disclosure with regard to the EU State Aid non-current tax asset disclosure has been made to the 2023 Annual Report and Accounts. The 2023 Remuneration report also clarifies the exact value of the 2020 LTIP award that vested on 21 September 2023 to Executive Directors. In their letter, the FRC also highlighted for consideration our presentation of certain other items in the Financial Statements and, following this, we have made a small number of minor disclosure improvements in the 2023 Financial Statements. The Audit Committee reviewed and approved the changes proposed by management. The review carried out by the FRC provides

Audit Committee Report continued

no assurance that the Annual Report and Accounts were correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Audit independence and fees

The Audit 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. 2023 saw a substantial increase in fees paid to the external auditor. The primary drivers for the incremental audit work resulted from enhanced work around going concern and the associated disclosure, extended work on adjusted items, enhanced procedures around revenue following its elevation to a key audit matter, and a lower materiality and threshold being applied by Deloitte to perform their testing. Additionally, non-audit fees were paid to Deloitte for their role as the Reporting Accountant in 2023.

The fees payable for 2023 and previous years are as follows:

	2023	2022	2021	2020	2019	2018
Fees payable to Deloitte for the audit of the Company's financial statements	£1.4m	£0.9m	£0.5m	£0.2m	£0.1m	£0.1m
Fees payable to Deloitte for audit of subsidiaries	£1.0m	£0.8m	£0.8m	£0.5m	£0.5m	£0.4m
Fees related to corporate finance transactions	£0.9m	£nil	£nil	£nil	£nil	£0.2m
Fees related to non-audit services	£0.5m	£0.1m	£0.1m	£0.1m	£0.1m	£0.3m
Total fees payable to Deloitte	£3.8m	£1.8m	£1.4m	£0.8m	£0.7m	£1.0m

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 2023, the non-audit services policy was followed with no exceptions. During 2023, £0.5 million (2022: £0.1 million) was paid to Deloitte in respect of non-audit work compared to an audit fee of £2.4 million (2022: £1.7 million). This non-audit work mainly comprised the review of the half yearly financial statements and additional assurance-related services.

The approval of Deloitte LLP to act as the Reporting Accountant in relation to Videndum's £125.0 million equity raise in 2023 was approved by the Audit Committee and the Financial Reporting Council. The associated fees totalled £0.9m.

External auditor effectiveness

The effectiveness of the external auditor and the audit process is assessed by the Audit 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.

Management was instrumental in delivering the external audit and the key attributes have been drawn out below:

- The management team involved in the audit process is well organised, prepares good quality papers and is committed to the value of independent audit and the development of respected professional relationships with the auditors.
- The audit timetable set by management allows sufficient time for robust quality control and takes into account the auditor's input about the time needed to conduct a quality audit.
- Management is proactive in seeking early input from the auditor, for instance on the application of new accounting standards or accounting for complex, unusual or sensitive transactions. The auditor is afforded sufficient time to consult with specialists and experts and conclude on these areas, raising relevant issues for the audit committee to pursue further with management where appropriate.
- Management takes seriously the control observations and deficiencies raised by the external auditor, together with any

challenges regarding the control environment or individual controls raised by internal audit or by the audit committee, and remediates deficiencies or weaknesses in a timely fashion.

- Encouraged by the audit committee, management considers all proposed audit adjustments and prefers to book all but trivial audit adjustments.

Throughout the external audit, the Audit Committee has provided rigorous challenge around certain judgements made, as an example around the going concern material uncertainty conclusion, the budget supporting going concern and the associated disclosures. The Audit Committee assessed the improved disclosures which resulted from both the FRC review of the 2022 annual report and through the external auditor's review and satisfied themselves with the enhanced disclosure.

However, the culmination of the challenging environment required management and the external auditor further time to complete the half-year and year-end 2023 audits and delayed the announcement of both results.

The Audit Committee is satisfied that the external audit process for 2023 was effective in meeting Governance requirements and fully addressing audit risk areas.

2023 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, financial 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 Going Concern and Viability statement. The Board understands the Audit Committee's review process and reviews the Annual Report to ensure that it is fair, balanced and understandable. The contents of the financial statements and the Going Concern and Viability statements were reviewed by the Committee at the 19 April 2024 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 2023 are set out below:

Significant accounting issue	How it was addressed
Going concern	The Audit Committee considered whether it was appropriate to prepare the financial statements on a going concern basis. Management prepared a number of severe but plausible downside scenarios. Management presented and discussed the forecasts with the Audit Committee and noted that there is a possibility under certain scenarios whereby the Group's covenants are breached. The material uncertainty relates to the timing of the recovery from the challenges faced in 2023 and it is due to this uncertainty that the Audit Committee deemed that a material uncertainty exists on going concern and that adequate disclosure is presented within the financial statements. The Audit Committee recommended to the Board that a material uncertainty exists. Refer to section 1 on page 161 for further information. The forecast was performed through to 2026, which is the time period over which the viability assessment is reviewed. The Board concluded that is was appropriate to prepare the financial statements on a going concern basis.
Working capital valuation	The Audit 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 2023 year-end process. 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 Audit Committee concurred with management's assessment of the Group's working capital position. Refer to section 3.3 on page 187 for further disclosure and quantification around working capital and the exiting of the motion controls inventory.
Provisions and liabilities	The Audit 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 Audit 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 Audit 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. The Audit Committee has agreed with the conclusions reached by management and the associated disclosure in the financial statements. The provision has decreased from £7.9 million in 2022 to £5.5 million at the end of 2023. Refer to section 3.5 on page 192 for further detail.
Adjusting items and discontinued operations	The Audit Committee considered the validity of adjusting items and discontinued operations that were reported in 2023. Adjusting items from continuing operations included within profit before tax were £20.1 million which relate to the amortisation of intangibles assets that are acquired in a business combination (£4.0 million), impairment of assets (£7.3 million), acquisition related charges (£1.3 million), integration, restructuring costs and other costs (£4.9 million), and amortisation of loan fees on borrowings for acquisitions and other interest (£2.6 million). The Committee robustly challenged management around certain adjusting items, specifically on certain restructuring projects. Refer to section 2.2 on page 171 for further detail. The external auditor presented their findings with regard to key audit testing over adjusting items and the treatment of discontinued operations. The Committee agreed with management's accounting and disclosures.

Audit Committee Report continued

Significant accounting issue	How it was addressed
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. Adjusting items from discontinuing operations included within profit before tax were £54.5 million which relate to amortisation of intangible assets (£2.2 million), acquisition related charges (£1.4 million), goodwill impairment (£26.8 million), acquired intangibles impairment (£14.0 million), development costs impairment (£9.1 million), fixed assets impairment (£0.3 million), integration costs (£0.4 million) and amortisation of loan fees on borrowings for (£0.3 million). The treatment of discontinued operations in relation to Lightstream, Amimon, and Syrp were considered, and the Committee agreed with the proposed reporting treatment.
Acquired intangibles	The Committee critically reviewed management's assessment of acquired intangible assets tested for impairment. 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 2023, the Group's deferred tax asset increased by £2.2 million to £55.4 million. Management has also considered the FRC Thematic review published in September 2022 in relation to IAS 12 and has increased disclosures surrounding the deferred tax asset recognition and sensitivities, including in relation to the material uncertainty around going concern. 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 2023 and an assessment of progress against each.

2023 Audit Committee objective	Progress during 2023
External auditor Carry out an external audit tender process in early 2023 and ensure an orderly handover from Deloitte LLP.	An audit tender process was carried out in May 2023 with the Committee recommending the appointment of PricewaterhouseCoopers LLP as external auditor with effect from the 2024 AGM, subject to shareholder approval. Five audit firms were invited to participate in the tender including two challenger firms. Three proceeded to the final stage, including one challenger firm. The selection committee included the Audit Committee members and management representatives. Input from the Divisions was also considered.
Cyber security Track progress on the Group's cyber security initiatives at each meeting in the year. Define a plan and provide updates on NIST assessment and propose adjustments to the approach to cyber security as appropriate.	The Committee received regular updates on cyber security initiatives during 2023 and was tasked with implementing various solutions in all Divisions to streamline cyber security. During 2023, cyber awareness training was rolled out to all employees. NIST assessments continued throughout the year and will continue into 2024.
Risk management and Business continuity Continue to review the key risks affecting the Group including the macro-economic background, inflation and regulations in the UK and internationally. Assess the adequacy and efficacy of current risk appetite and update this as necessary.	Risk management and business continuity updates were received regularly through the year from the Head of Group Risk Assurance. The Committee recommended to increase the staff in the Risk Assurance function and to retain a third party internal audit firm to add capacity to the team ahead of the 2024 UK Corporate Governance Code changes. Both recommendations were taken on board by management and are expected to be completed in early 2024.
ESG / TCFD Obtain regular updates on ESG and TCFD initiatives in the Group and ensure the climate change framework is appropriate for the Group.	Regular updates were provided to the Committee throughout 2023 by the Head of Group Risk Assurance and in preparation for the year end reporting for 2023.
Governance Keep abreast of the main governance updates in the UK.	The Committee received updates on UK corporate governance from Deloitte LLP, particularly on the 2024 UK Corporate Governance Code.
Management of personnel Manage effectively changes in the Committee's composition, within the finance and risk assurance teams and with the external auditor.	There were several Board and Committee changes in the year and the Committee recommended the approval of PricewaterhouseCoopers LLP as external auditor of the Company, with effect from the 2024 AGM, subject to shareholder approval.

Audit tender process – 2023 for financial year-end 2024 onwards

In 2023, the Audit Committee led a thorough competitive tender process, supported by the Head of Group Risk Assurance, Group Company Secretary and other members of senior management, taking into account the FRC's guidelines on audit tenders during the process.

A timetable for the tender process was produced with the purpose to secure a successor firm to Deloitte for the 2024 year-end audit onwards. The timetable allowed sufficient time to enable any new auditor firm to fully prepare to assume responsibility for a complex and international audit across the Group and to plan for an orderly transition of non-audit services if there were to be a change of auditor.

The Audit Committee, after an initial evaluation, decided on three firms, giving careful consideration to all potential firms that were invited to tender. The Chair of the Audit Committee held meetings with audit partners from candidate firms, supported by the Group Chief Financial Officer, Group Financial Controller and Head of Group Risk Assurance, to assess interest and capability to tender for the audit with a focus on geographical coverage, capability and resources to conduct a complex and international audit.

Following review, the Committee gave approval for a request for proposal to be issued to the shortlisted candidate firms that were eligible to tender. These were issued to candidate firms in March 2023, including full details of the selection criteria to be applied by the Committee.

To ensure that every candidate firm received sufficient information about the Group to adequately inform their tender proposal, each firm attended a series of meetings with members of the Committee and senior management across the Group to discuss key topics. The firms were also provided with equal access to a broad range of information about the Group and the scope of its audit requirements through a data room. Management invited the firms to present to them across a number of areas, such as a use of information technology within the external audit. The firms were invited, and welcomes the opportunity, to visit key locations in the UK, Italy and USA.

The Committee reviewed the tender proposals from each of the candidate firms and met in May 2023 to receive presentations from each firm, led by the proposed Audit Partner of each firm. All members of the Audit Committee attended the presentations as well as key members of senior management involved in the process.

Each firm was rated by the Audit Committee on their audit approach, audit service, fees, capability and competence, team set up, behaviour and deliverables and were rated accordingly.

Audit Committee recommendation

Following a thorough review of each of the candidate firms' proposals and presentations, review of the FRC's review of the firms, results the partners received from internal reviews and partner availability, the Audit Committee was satisfied that each firm had fully participated in the tender process, had demonstrated the capability, geographical reach and capacity to act as the external auditor and, where applicable, would be able to demonstrate independence within required timeframes if selected. Senior management held debrief sessions with each tendering firm to provide feedback to independent partners on the overall process.

At the June 2023 Audit Committee, the Audit Committee subsequently and unanimously recommended PricewaterhouseCoopers LLP as the preferred audit firm, giving supporting justification for the recommendation. The Audit Committee's recommendation was accepted by the Board and a resolution proposing the appointment of PricewaterhouseCoopers LLP as the external auditor for financial year-ending 31 December 2024, will be put forward to shareholders for approval at the Company's 2024 AGM.

Remuneration report

Annual statement

Caroline Thomson

Remuneration Committee Chair

Dear Shareholder

Videndum's Directors' Remuneration report for 2023 comprises three separate sections:

- Section 1 – my annual statement setting out the work of the Remuneration Committee in 2023 and priorities for 2024.
- Section 2 – the Directors' Remuneration Policy ("the Policy") that sets out the Company's policy on Directors' remuneration that was approved by shareholders at the Company's AGM in May 2023.
- Section 3 – the 2023 Annual Report on Remuneration sets out the remuneration paid to Directors in 2023 as well as details of how the Committee intends to implement our Policy for 2024. Shareholders will have the opportunity for an advisory vote on the Directors' Remuneration report at the 2024 AGM.

2023 proved to be a very challenging year for Videndum with several macroeconomic headwinds significantly impacting the financial performance of the business. These included weakened consumer confidence, higher interest rates and retailers and distributors destocking across our three Divisions. The effects of this were compounded by the US writers' and actors' strikes that started in May 2023 and ran through to the end of the year and severely impacted the Company's performance. These events and the Group's financial position resulted in the Directors seeking approval from shareholders to a £125.0 million equity raise that completed on 8 December 2023. The Directors believe that this equity raise will allow Videndum to focus its resources on strategic execution and long-term value creation for shareholders from our market-leading, premium brands focused on the content creation market.

As a consequence, remuneration for the Executive Directors was impacted in several ways. Appropriate performance conditions could not be set as a result of the business uncertainty. This and the material decline in the Company's share price meant that no LTIP awards were made in 2023 to Executive Directors. The weakened financial performance of the Group has also meant that no bonus has been earned in respect of 2023 by the Executive Directors. The structure and outcomes for executive remuneration in 2023 under our Remuneration Policy are therefore aligned to the experience of our shareholders. It is also noteworthy that both Executive Directors significantly participated in the equity raise demonstrating their confidence and commitment to the Company. Indeed, all the Directors and some senior managers together contributed £1.2 million of proceeds.

The Group Chief Executive and his senior leadership team worked tirelessly during 2023 against this challenging backdrop and it is clear to the Board and Remuneration Committee that management was and is fully committed to ensuring that Videndum remains well placed to recover from these events.

During 2023 we renewed our Directors' Remuneration Policy at the 2023 AGM with over 99% of shareholders voting in favour of the new policy. The 2023 AGM also approved the 2022 Remuneration report with over 97% support and renewed the Long Term Incentive Plan rules with over 99% support. The Remuneration Committee is grateful for this level of support which gives assurance that the Committee has structured the Company's remuneration arrangements in the right way to deliver remuneration in line with the Company's performance and aligned to shareholders interests.

Remuneration outcomes for 2023 performance

At the start of 2023, the Committee awarded a salary increase to Stephen Bird of 5% with effect from 1 April 2023 to reflect the same level of increase given to the wider employee population and to ensure that his remuneration remained in line with CEOs of similar sized companies. Andrea Rigamonti's salary was not increased as he had only just been appointed to the role of Group Chief Financial Officer in December 2022.

Having set financial targets for the 2023 Annual Bonus Plan at its February 2023 meeting it became evident that due to macroeconomic challenges and the impact of the writers' and actors' strikes the Company would not achieve threshold profit targets for the 2023 Annual Bonus Plan.

The Committee acknowledges the extraordinary efforts of the Executive Directors and senior management throughout 2023 to protect the business and that performance in respect of the Cash Conversion* metric and Personal Objectives would have merited payment of a partial bonus. However, given the experience of shareholders and also taking into account that many of our employees were on short-time working in 2023 the Committee has determined to exercise its discretion and that no bonus should be payable to the Executive Directors in respect of 2023.

The 2023 Annual Bonus Plan was based 50% on Group adjusted profit before tax* ("PBT"), 25% on Group cash conversion* and 25% on personal objectives, and full details of the targets and outcomes are set out on page 127 to 129.

LTIP awards made in September 2020 to Executive Directors achieved 46.9% of their performance conditions that were measured to 28 February 2023 with an absolute share price of £11.63 achieved compared to a share price at the time of the award of £7.53 and vested at that level on 21 September 2023. The Committee when considering this vesting level was mindful of the deterioration in the Company's share price between the end of the performance period and the vesting date. It noted that the macroeconomic events including the US writers' and actors' strikes, were events beyond management's control. The Committee considered the need to retain and incentivise management and that the vesting profile of LTIP awards over the last five years showed zero vesting for three of those years. The level of total realised pay was also a consideration. This demonstrated that there is no history of soft targets being set for the LTIP. The 2020 LTIP award had been delayed as a consequence of the impact of COVID-19 on the business and management in the period following COVID-19 had delivered on recovering the business from the impact the pandemic had. On this basis, the Committee felt that vesting at this level was an equitable outcome for all stakeholders and in the long-term interests of the Company.

The LTIP award made on 3 March 2021 had its performance based two thirds on adjusted Earnings Per Share* ("EPS") growth and one third on the Company's Total Shareholder Return ("TSR") performance measured against a comparator group through to 31 December 2023. Neither performance condition achieved threshold and the 2021 award lapsed in its entirety on 3 March 2024.

The Committee usually makes Executive Directors and senior managers LTIP awards and RSP awards in March/April. In 2023 this was not possible due to the challenging macroeconomic conditions and particularly the impact of the US writers' and actors' strikes. The Committee was unable to set meaningful performance conditions which both stretch and motivate management. Given this situation the Committee, during 2023, decided that no LTIP awards would be made to Executive Directors. This decision was a necessity in the circumstances the business faced but is clearly not ideal in terms of retaining and incentivising the Executive Directors and senior management and the Committee will take this into account when making awards in 2024.

The Committee approved some modest retention awards of Restricted Share Plan ("RSP") awards in October 2023 to provide retention for key talent in the Group, excluding the Executive Directors. This was considered essential by the Committee to retain and motivate key talent during a particularly challenging and unsettling time for the Group. This RSP award will deliver shares to participants remaining employed with Videndum by the vesting date of March 2026.

Governance and performance of the Remuneration Committee in 2023

The Remuneration Committee during 2023 comprised the following:

Caroline Thomson – Chair

Richard Tyson, Erika Schraner, Teté Soto, Anna Vikström Persson (from 1 May 2023) and Graham Oldroyd (from 12 October 2023).

All members of the Remuneration Committee are independent Non-Executive Directors of the Company.

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 2023, we invited the Chairman of the Board, Ian McHoul, Group Chief Executive, Stephen Bird, Group Chief Financial Officer, Andrea Rigamonti, the Chairman Designate, Stephen Harris, the Group Chief Operating Officer, Marco Pezzana 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 advice 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 2023 I engaged with several shareholders in the run-up to the 2023 AGM.

The Remuneration Committee held four scheduled meetings in 2023 and one short notice meeting. All members of the Committee attended all meetings in 2023 except for the short notice meeting held in April 2023 which Erika Schraner due to a pre-existing commitment was unable to attend. Despite this, Erika Schraner gave feedback in advance of the meeting on the meeting's business. 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 2023, the following specific business was covered at each meeting:

February 2023 – approved the 2022 Annual Remuneration report submitted to the 2023 AGM; approved the Policy report to cover Directors' remuneration that was also submitted to the 2023 AGM for approval; approved new LTIP rules to be submitted to the 2023 AGM for approval; approved the outcome of the 2022 Annual Bonus Plan including an assessment of Executive Directors' personal objectives for 2022 and bonus deferral; update on the indicative outcome of 2020 LTIP awards against performance measures; considered the structure of 2023 LTIP awards and associated performance conditions; approved the final structure of the 2023 Annual Bonus Plan; and approved personal objectives for the Executive Directors for 2023.

April 2023 – short notice meeting – considered the proposed structure and performance conditions to be tied to proposed 2023 LTIP awards. Due to challenges with setting performance conditions given the uncertainty around the Company's performance, the Committee deferred making an award.

August 2023 – considered an update on the proposed 2023 LTIP award and associated performance conditions; the Committee decided it could not set LTIP awards at this time; approved the final vesting level for the 2020 LTIP award.

October 2023 – update on executive remuneration trends provided by FIT Remuneration Consultants; considered an update on proposed 2023 LTIP awards; approved the making of RSP awards to senior executives in the business (excluding Executive Directors); and considered the impact upon share schemes with a potential equity raise for the Company.

December 2023 – considered the proposed structure for the 2024 bonus plan; considered an update on the 2023 bonus plan and potential outcome; 2024 pay rises for Executive Directors and Operations Executive members; decided that no 2023 LTIP awards could be made due to macroeconomic uncertainty; and adjustment of share awards following the £125 million equity raise.

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 2023, it set the following ones and has measured progress against each.

Remuneration report continued

2023 Remuneration Committee objectives	Progress during 2023
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 updated Policy and LTIP rules were put to shareholders at the Company's AGM on 11 May 2023 and both resolutions were approved with over 99% support from shareholders voting.
2. Prepare and publish a Remuneration report for 2022 setting out clear disclosures and narrative to support remuneration paid (including 2022 bonus) and that ensures sufficient shareholder support at the 2022 AGM.	Remuneration report for 2022 received over 97% support from shareholders at the 2023 AGM demonstrating significant support to the operation of Directors' remuneration and the associated disclosures.
3. Ensure that 2023 incentives (covering the LTIP and Annual Bonus Plan) are set at an appropriate level with suitably stretching performance conditions that balance interests of shareholders and also incentivise management to deliver stretching performance.	Challenging market conditions during 2023 made the setting of performance conditions for the LTIP impossible given the severe downturn in performance. Consequently, no LTIP awards were made in 2023. While financial targets for the 2023 Annual Bonus Plan were set, the downturn in performance culminating in the raising of £125 million of equity means that no bonus was paid for 2023.
4. Review the performance of the Committee's remuneration adviser, FIT Remuneration Consultants.	FIT Remuneration Consultants provided independent advice to the Committee throughout 2023 including advice on a new Policy report and Annual Remuneration report, both of which received significant support from shareholders at the 2023 AGM. FIT Remuneration Consultants further provided guidance to the Committee in dealing with remuneration matters against the background of challenging market conditions and the outcome of executive remuneration is reflective of the Company's performance in 2023.
5. Ensure that incentive arrangements drive growth in the business.	Market challenges for 2023 undermined the performance for the business. Incentive arrangements with the exception of the 2020 LTIP award have not achieved threshold performance conditions and have either lapsed or are unlikely to vest.
6. Put in place appropriate retention and incentive arrangements tied to Creative Solutions.	RSP awards for Creative Solutions employees vested in 2023 and secured retention of talent within Creative Solutions with minimal regretted leavers for the business.
7. Progress with succession around committee membership including the chair.	During 2023 Anna Vikström Persson and Graham Oldroyd joined the Committee with a view to progressing succession for the Committee.

Apart from the process of setting itself objectives and measuring progress against each, the Remuneration Committee was also subject in 2023 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 2023 Remuneration Committee evaluation included:

- The Remuneration Committee performed well in 2023, meeting high standards in terms of governance despite a very challenging business environment.
- Remuneration Committee meetings are well run with good governance and a rigorous cycle of business followed and the Committee Chair effectively leads the Committee.
- The Remuneration Committee has taken into account the views and experience of shareholders and remuneration outcomes for 2023 are in line with shareholders and other stakeholders experience.
- The Directors' Remuneration Policy is well structured and delivered outcomes in 2023 in line with performance of the business. A priority for the Committee in 2024 is to support the business recovery with appropriately set performance conditions tied to variable remuneration.
- The performance of the Committee's advisor, FIT Remuneration Consultants, was good and supported the Committee on executive remuneration during a challenging year for the Group.
- Succession for the Committee Chair is an issue that requires attention in 2024.

An externally facilitated evaluation will be conducted in 2024.

Implementation of the Policy in 2024

The Committee has approved salary increases for the Executive Directors to be implemented with effect from 1 July 2024 (a deferral of six months) to ensure that the business is showing recovery from 2023 and also to be aligned with the wider workforce. Stephen Bird's salary will be increased by 4% reflecting the same rate for employees and taking into account inflation and remuneration packages for very experienced chief executives. The Committee noted in the 2022 Annual Report that it would look over time to increase Andrea Rigamonti's remuneration in accordance with the policy as Andrea's experience, contribution and importance to the Group increases. The Committee therefore has approved an increase with effect from 1 July 2024 of 10% for Andrea Rigamonti taking into account his remuneration package agreed upon his appointment in December 2022 and to reflect his increasing value to the business and his experience in the role.

Having reviewed fees paid by the market for similar sized companies, the time commitment required by the Chairman and Non-Executive Directors and the Company's current financial performance, it has been agreed that the fees paid to the Chairman and Non-Executive Directors will not be increased in 2024.

The 2024 Annual Bonus Plan for Executive Directors must support the recovery of the business following the challenges experienced in 2023 and deliver against challenging targets for 2024 as well as incentivising and driving the right behaviours. Its structure has similar financial targets as used in 2023 (Group adjusted PBT*, free cash flow and personal objectives) and is tied to delivery of the 2024 budget. The 2024 Annual Bonus Plan is structured so that Profit and free cash flow conversion measures are independently assessed. Financial targets and personal objectives for the 2024 Annual Bonus Plan, against which actual performance will be measured, will be disclosed in the 2024 Remuneration report. Malus and clawback provisions will also operate on the 2024 Annual Bonus Plan.

The Committee intends to make awards under the LTIP to the Executive Directors and Restricted Shares to the senior leadership team in 2024 and will take into account the fact that no LTIP awards were made in 2023. The structure of LTIP awards to the Executive Directors will be in line with the Directors' Remuneration Policy and details of the award including performance conditions will be announced to the market when the awards are made. The 2024 LTIP award will take account of both the fall in the share price and the absence of any award in 2023.

Committee priorities for 2024

The Committee in 2024 will focus on the following matters:

- Securing shareholder approval at the 2024 AGM for the 2023 Annual Remuneration report.
- After a period of disruption building a more stable remuneration policy on firm foundations which has the confidence of shareholders and helps motivate and retain key managers.
- Ensuring that the 2024 Annual Bonus Plan drives performance and rewards recovery of the business especially given challenging market conditions.
- Granting LTIP awards in 2024 with suitable award levels and performance conditions that motivate and retain management and drive the recovery of the business.
- Succession planning for the Committee.

Annual General Meeting

The Company's AGM in 2024 will consider an advisory vote on the Annual Remuneration report covering Directors' remuneration paid in 2023. I encourage all shareholders to vote in favour of this resolution. I will attend the AGM and be available to answer 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
22 April 2024

* 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 226 to 232. APMs are indicated by a * throughout this report.

Directors' Remuneration Policy

2023 Directors' Remuneration Policy ("the Policy")

The following is a summary of the Policy that covers remuneration for Directors of the Company for a three-year period from the Company's AGM on 11 May 2023 until the Company's AGM in 2026. The full Policy, as approved by shareholders, is available on the Company's website – videndum.com – and is contained in the 2022 Annual Report.

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 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* ("EPS") 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. The equity raise of £125.0 million on 8 December 2023 is one such event and adjustment of existing share scheme awards is set out on page 134 of this 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 121, 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 121 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.

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. This award will vest to him on 1 July 2024. Details of this legacy award for Andrea Rigamonti are set out on page 136.

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 Directors shareholdings are set out on page 132 of this Report.

Performance measures

The Annual Bonus Plan is based on both personal and Group 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.

Directors' Remuneration Policy continued

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 141.

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).

Illustrative remuneration performance scenarios

The following charts set out scenarios for the remuneration of Stephen Bird and Andrea Rigamonti for 2024 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 and Andrea Rigamonti's salary for 2024 (increased with effect from 1 July 2024).

Notes to illustrative remuneration performance scenarios:

- Fixed pay – base salary as at 1 July 2024 for Stephen Bird and Andrea Rigamonti.
- The total value of benefits received in the year ended 31 December 2023 which included car allowance, private healthcare, income protection and any Sharesave options granted during 2023.
- 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 threshold – 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.

Directors' Remuneration Policy continued

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 page 88 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, 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 133. 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).

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, 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 treating fairly 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.

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.

Directors' Remuneration Policy continued

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 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 videndum.com.

Consideration of shareholder views

The Committee took into account the views of its shareholders concerning the 2023 Policy for the remuneration of Directors that was approved at the 2023 AGM. This followed a consultation process in late 2022 and early 2023. This consultation gave assurance to the Remuneration Committee on the structure of the Policy.

The Company received over 97% support for the 2022 Annual Report on Remuneration at the 2023 AGM, and over 99% support for the Directors' Remuneration Policy report. This indicates a strong level of support from shareholders to the Company's remuneration policy and operation of that policy.

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 and the Annual Statement will be put to an advisory vote at the 2024 AGM.

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 2023 and 2022.

	Salary/ fees £	Benefits[1] £	Pension[2] £	Annual bonus[3,6] £	LTIP[4] £	Total £	Total fixed remuneration	Total variable remuneration
Executive Directors								
Stephen Bird								
2023	**507,199**	**35,653**	**40,576**	**0**	**0**	**583,428**	**583,428**	**0**
2022	488,868	31,292	97,774	307,987	224,956[4]	1,150,877[4]	617,934	532,943[4]
Andrea Rigamonti (appointed 13 December 2022)[5]								
2023	**310,000**	**25,670**	**24,800**	**0**	**0**	**360,470**	**360,470**	**0**
2022	16,439	1,336	1,315	8,564	0	27,654	19,090	8,564
Chairman and Non-Executive Directors								
Ian McHoul								
2023	**181,750**	**0**	**0**	**0**	**0**	**181,750**	**181,750**	**0**
2022	175,000	0	0	0	0	175,000	175,000	0
Caroline Thomson								
2023	**69,738**	**0**	**0**	**0**	**0**	**69,738**	**69,738**	**0**
2022	67,750	0	0	0	0	67,750	67,750	0
Richard Tyson								
2023	**62,738**	**0**	**0**	**0**	**0**	**62,738**	**62,738**	**0**
2022	53,144	0	0	0	0	53,144	53,144	0
Erika Schraner (appointed 1 May 2022)								
2023	**64,738**	**0**	**0**	**0**	**0**	**64,738**	**64,738**	**0**
2022	39,007	0	0	0	0	39,007	39,007	0
Teté Soto (appointed 24 Nov 2022)								
2023	**54,738**	**0**	**0**	**0**	**0**	**54,738**	**54,738**	**0**
2022	5,395	0	0	0	0	5,395	5,395	0
Anna Vikström Persson (appointed 1 May 2023)								
2023	**36,933**	**0**	**0**	**0**	**0**	**36,933**	**36,933**	**0**
2022	0	0	0	0	0	0	0	0
Graham Oldroyd (appointed 12 October 2023)								
2023	**12,171**	**0**	**0**	**0**	**0**	**12,171**	**12,171**	**0**
2022	0	0	0	0	0	0	0	0
Stephen Harris (appointed 9 November 2023)								
2023	**7,974**	**0**	**0**	**0**	**0**	**7,974**	**7,974**	**0**
2022	0	0	0	0	0	0	0	0
Total								
2023	**1,307,979**	**61,323**	**65,376**	**0**	**0**	**1,434,678**	**1,434,678**	**0**
2022	845,603	32,628	99,089	316,551	224,956	1,518,827	977,320	541,507

Annual Report on Remuneration continued

Directors' single figure of total remuneration (audited) continued

Notes:
1 Taxable benefits include car allowance, healthcare cover and income protection.
2 Stephen Bird received a pension contribution of 20% of base salary in the year ended 31 December 2022 which was 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. Andrea Rigamonti received a pension contribution of 8% of salary.
3 For the 2023 Annual Bonus Plan, Stephen Bird's and Andrea Rigamonti'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.
4 The 2020 LTIP award had a performance period running to 28 February 2023 and vested on 21 September 2023 at a rate of 46.9% . The 2022 Remuneration report provided an estimated value for the vesting based on performance conditions being assessed at 31 December 2022 and with an indicated vesting level of 46.8% and using a closing mid-market share price of £10.78 based on 31 December 2022. The final vesting outcome and actual value delivered to participants is updated and shown in the table above for 2022. The value in the table above has been updated to reflect the actual value received by the Executive Directors on 21 September 2023 (£3.095 per share) in contrast to the value shown in the 2022 Remuneration report. Full details of the 2020 LTIP award are set out on page 129. The LTIP award for 2021 failed to achieve its performance conditions and lapsed in full on 4 March 2024. Details are set out on page 130 of this report.
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 In 2023, the Remuneration Committee used discretion not to pay a bonus under the Annual Bonus Plan to the Executive Directors. Despite a bonus being earned under certain elements (personal objectives and cash conversion*), the Committee took the view that no bonus should be paid to reflect the experience of shareholders in 2023 and employees, many of whom were on short-time working.

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 2023.

Executive Director	2023 salary
Stephen Bird	£507,199
Andrea Rigamonti	£310,000

(2) Benefits

The single figure of total remuneration table sets out the total value of benefits received by each Executive Director in 2023. Details are as follows:

Executive Director	Car allowance	Healthcare cover	Income protection	Other (Sharesave)	Total
Stephen Bird	£25,356	£5,497	£4,800	£0	£35,653
Andrea Rigamonti	£18,323	£2,547	£4,800	£0	£25,670

(3) Pension allowance

The table below sets out the value of the cash payment in lieu of pension for each Executive Director in 2023.

Executive Director	Pension allowance
Stephen Bird (representing 8% of base salary)	£40,576
Andrea Rigamonti (representing 8% of base salary)	£24,800

Stephen Bird's pension contribution was reduced to 8% of base salary with effect from 1 January 2023 (from 20%). 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 2023, 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 structure of the 2023 Annual Bonus Plan was as follows:

– 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 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 2023 performance and two-thirds based on the full year 2023 performance).

– Under the rules of the 2023 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 2023. The financial targets were set by the Board and Remuneration Committee at the beginning of 2023.

– The personal objective element of the 2023 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 – 2023 personal objectives

Objective	Assessment
Continue to build a world-class organisation including: development of the Group Chief Operating Officer and Group Chief Financial Officer; keep the Operations Executive team motivated with increasing attention around succession. **(20%)**	Objective largely achieved despite the impact of macroeconomic events in 2023, notably including the promotion of Marco Pezzana to the role of Chief Operating Officer, retention of the Operations Executive and development of the Group Chief Financial Officer following his appointment in December 2022 in an extremely challenging financial year.
Deliver Group strategy including: reposition the Group's stated financial ambition with stakeholders; develop strategic thinking and execution around Creative Solutions; execute on strategic ambition for other parts of the Group including audio ambition; and development of defence strategy. **(35%)**	Objective significantly impacted by macroeconomic environment in 2023. The business determined to focus Creative Solutions on its core content creation market and to divest of both Lightstream (sold October 2023) and Amimon (held for sale).
Develop Group structure: with the Group Chief Operating Officer develop and deliver cross divisional operating synergies and a Group-wide operating structure to support the strategy and maximise value. **(20%)**	Restructuring initiatives in 2023 delivered circa £8.0 million cash savings in 2023. Wider plans to optimise the Group structure were impacted by the macroeconomic environment.
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 neutral by 2025; net zero by 2035; ensure that main operational sites have specific plans for emissions reductions tied to Group targets; develop the Group's product sustainability and life cycle of products; and progress gender diversity in the organisation particularly in the senior leadership. **(15%)**	Progress on the Group's ESG programme in 2023 continued to be made including publication of standalone ESG and TCFD Reports in April 2023, an 18% reduction in Scope 1 and 2 emissions in 2023 moving towards carbon neutral and net zero targets, continuing collection of Scope 3 emissions data and progress on product sustainability including the successful launch of Salt-E Dog, a sodium battery designed and built for the motion picture and television industry that delivers reliable power that is cleaner and more environmentally safe than fossil fuel or lithium generators.
Develop the Board's knowledge particularly around markets, customers, R&D and technological developments. **(10%)**	Objective significantly impacted by macroeconomic environment in 2023 and Board changes.

Annual Report on Remuneration continued

Andrea Rigamonti – 2023 personal objectives

Objective		Assessment
Build a world-class finance organisation: recruit a Group Financial Controller; development of direct reports; ensure appropriate delegation to direct reports; limit turnover and develop career paths for wider finance teams; and evolve Financial Planning and Analysis team. **(25%)**	→	Foundation steps taken towards a world class finance team notwithstanding the delays in the half-year and year-end results. Successfully recruited and inducted a Group Financial Controller and ensured clarity of reporting with four direct reports. Despite the macroeconomic challenges in 2023, successfully retained the wider finance team and elevated the team's capabilities notably responding to a series of challenging events in 2023.
Deliver 2023 performance: deliver H1 and 2023 financial performance in line with consensus; develop and execute on self-help plans; execute on an audit tender; execute term loan refinancing; and simplification of Group structure. **(20%)**	→	Objective significantly impacted by the macroeconomic environment in 2023 and the writers' and actors' strikes. Despite these challenges, successfully developed and delivered on self-help cost control measures with the Group Chief Operating Officer, delivering circa £8.0 million cash savings in 2023. Executed on an audit tender with the outcome being the recommended appointment of PricewaterhouseCoopers LLP. Renegotiated financial covenants tied to the Group's finance arrangements and delivered on an equity raise of £125 million.
Progress delivery of Group strategy in line with ambition: progress restructuring initiatives with the Group Chief Operating Officer; develop in conjunction with the Group CEO the Group's strategy; and minimise macroeconomic challenges upon strategic ambition. **(15%)**	→	Objective significantly impacted by the macroeconomic environment, but delivered on self-help cost control measures. Supported the Group Chief Executive on a strategy review particularly focusing on costs, leverage and net debt implications.
Proactively manage Investor Relations programme including: leading financial aspects of IR meetings with investors and analysts; and proactively developing the share register including with prospective investors. **(10%)**	→	Supported a proactive investor relations programme in 2023 culminating in the £125 million equity raise.
Progress with personal development given appointment to Group CFO role in December 2022: work with an experienced coach to broaden vision, behavioural and leadership; leverage third party resources to support development; and regular engagement with Board Chair and Audit Chair and Group Chief Operating Officer. **(20%)**	→	Engaged with an external mentor in 2023 to develop broader vision, behavioural and leadership competencies coupled with attendance at the Deloitte Academy to broaden skills.
Review the Group's risk management approach and activities, incorporating a formal Board review of risk appetite and risk tolerance. **(10%)**	→	Delivered a detailed risk appetite and tolerance update to the Board ensuring a more considered risk management process.

The personal objectives set out above are a summary and are underpinned by more detailed objectives which are considered to be commercially sensitive. The 2023 personal objectives were set by the Board and Remuneration Committee at the start of 2023. Despite both Executive Directors performing strongly in 2023, the Committee, due to the financial performance of the Company and experience of shareholders in 2023 as well as that many employees for the Group were on short-time working, decided that no bonus would be payable under the personal objectives element of the 2023 Bonus Plan.

2023 annual bonus outcome

The table below sets out the annual bonus outcome for Executive Directors in respect of the year ended 31 December 2023 including the financial trigger points used in determining whether a bonus was payable. While the Executive Directors in 2023 performed strongly during a very challenging year for the Group, the Committee, in light of the experience of shareholders and also with many of the Group's employees on short-time working, decided that no bonus was payable to the Executive Directors for 2023. This outcome does not reflect the performance of the individuals but is simply reflective of the financial performance of the Group due to external factors beyond management's control.

Name	Bonus potential	Elements of bonus potential	Threshold	Target	Maximum	Actual Group performance/ assessment of personal objective performance	Payout	Total
Stephen Bird	125% of annual salary	50% Group adjusted PBT*	£45.9m	£54.0m	£62.1m	£1.0m	£0	0%
		25% Group Conversion of adjusted operating profit* into adjusted operating cash flow*	H1: 45.0% FY: 63.0%	50.0% 70.0%	55.0% 77.0%	H1: 93.4% FY: 84.4%	£0	0%
		25% personal objectives				0%	£0	
		Payout due to Executive Director at each level	£160,410	£320,819	£641,638			
						Total	**£0**	**0%**
Andrea Rigamonti	125% of annual salary	50% Group adjusted PBT*	£45.9m	£54.0m	£62.1m	£1.0m	£0	0%
		25% Group Conversion of adjusted operating profit* into adjusted operating cash flow*	H1: 45.0% FY: 63.0%	50.0% 70.0%	55.0% 77.0%	H1: 93.4% FY: 84.4%	£0	0%
		25% personal objectives				0%	£0	
		Payout due to Executive Director at each level	£96,875	£193,750	£387,500			
						Total	**£0**	**0%**

For the 2023 Annual Bonus Plan, a straight-line sliding scale operated 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 2023 and at that point in time considered that they were appropriate and sufficiently stretching for 2023. Having set the financial targets in February 2023, it became evident that a combination of challenging macroeconomic factors combined with the US writers' and actors' strikes in mid-2023 meant that the Company's financial performance would be materially lower than those set for the 2023 Bonus Plan. The material decline in the Company's share price during 2023, the suspension of dividend payments to shareholders, a large number of employees on short-time working and culminating in the Board raising £125 million from shareholders by way of an equity raise in December 2023 led the Committee to decide to exercise discretion and determine that no bonus would be paid for 2023. The Remuneration Committee acknowledged the tremendous dedication of the Executive Directors and senior management who all worked tirelessly during 2023 but it was clear to the Committee that no bonus could be paid for 2023.

In the event that a bonus is earned, half of the annual bonus (after tax) is deferred into the DBP. The deferred bonus is 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.

(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 on 21 September 2023 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 only vested if stretching absolute targets around share price were met and if Videndum's relative TSR was also in the top half of the FTSE 250 constituents (excluding financial services companies and investment trusts).

Annual Report on Remuneration continued

For the awards to vest in full, Videndum's share price needed to be £18 or higher on 28 February 2023 and Videndum's relative TSR needed to 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 retained discretion to reduce vesting of the 2020 LTIP if it felt 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 was based on the achievement of absolute share price targets by 28 February 2023, whereby 25% of the total award would 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 reached £18. Vesting between these prices operated on a straight-line basis in accordance with the Directors' Remuneration Policy and in line with the table below.
- No shares vested 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 was that the award was also 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 needed 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 effectively worked as a downward modifier and none of the shares vested if Videndum's performance were below the median at the end of the performance period. This performance condition was 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 operated 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 also took into account a ROCE* underpin to ensure the underlying financial performance of the business as part of the vesting outcome. The Committee also retained 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.

Outcome

FIT Remuneration Consultants on behalf of the Committee assessed the final outcome of the 2020 LTIP award as at 28 February 2023. That assessment was that 46.9% of the 2020 LTIP award vested based on: Videndum's absolute share price for the three months ended 28 February 2023 being £11.63 and Videndum's relative TSR being ranked at the 82nd percentile against the comparator group. The remuneration table on page 125 shows the value actually delivered to the Directors in respect of the vesting 2020 LTIP award that vested on 21 September 2023. It is noted that the Company's ROCE* for the year ended 31 December 2022 was 18.8% (2021: 18%, 2020: 4.2%).

LTIP awards made in 2021 and vesting in respect of performance to 31 December 2023

For awards made in 2021, 33% of an award was 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 operated between each of the above points. Below threshold performance none of the award will vest.

67% of the award is subject to adjusted Earnings Per Share* 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.

The Company's adjusted basic EPS* for the year ended 31 December 2023 was 8.5 pence and the Company's TSR for the three-year performance period ended 31 December 2023 was -56% and with the Company ranked at the 8th percentile against the comparator group. Neither the TSR performance condition or EPS* performance condition achieved threshold performance and so the 2021 award did not vest and lapsed in full on 4 March 2024.

LTIP award – 2023

The Committee would normally make an LTIP award to the Executive Directors following the announcement of the prior year results in March/April each year. This would be on the basis of an award representing 150% of salary for the Group Chief Executive and 125% for the Group Chief Financial Officer. The Committee at its February 2023 meeting considered the structure of such an award with performance conditions based on the following:

– Adjusted EPS* growth over a three-year period with threshold set at a certain level of EPS* and full vesting set at a higher level of EPS* and with a straight-line progression between each point.

– TSR – 33% of the award is based on the Company's TSR performance measured 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.

– Vesting of an award would normally be underpinned by Remuneration Committee discretion that takes into account, in particular, ROCE* performance over a three-year performance period for the EPS* element of the award.

Given the significant impact of macroeconomic events coupled with the writers' and actors' strikes, the Committee made no LTIP awards in 2023 on grounds that it was not possible to set meaningful performance conditions at such a turbulent time for the Group.

Deferred Bonus Plan 2023 awards

The following table provides details of the awards made under the DBP on 3 April 2023 in respect of the 2022 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 2022 annual bonus for the Group CEO. Andrea Rigamonti's deferral of 2022 bonus was at a proportional level given his appointment as Group CFO with effect from 13 December 2022. Normally, Executive Directors are required to defer 50% of any after tax annual bonus into the DBP. The 2023 DBP award will be released on the third anniversary of the award – 3 April 2026.

Director	Type of award	Number of shares awarded	Face value[1]	End of holding period
Stephen Bird	Shares awarded using deferred Annual Cash Bonus	9,093	£80,492	100% of award on 3 April 2026
Andrea Rigamonti[2]		317	£2,805	100% of award on 3 April 2026

1 Face value has been calculated using the Company's share price at the date of the award of £8.76.

2 Andrea Rigamonti became a Director on 13 December 2022. His 2023 DBP award will remain in the Employee Benefit Trust and only vest at the end of the deferral period on 3 April 2026.

Payments to past Directors for loss of office (audited)

There were no payments to past Directors of the Company for loss of office in 2023.

Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors were paid the following fees in 2023:

Role	2023 annual fee	Comment
Chairman	£184,000	Fee increased to £184,000 with effect from 1 April 2023 from £175,000 reflecting a 5% increase given to the wider UK workforce in 2023 and also benchmarked against roles for Chairman of similar sized listed companies and the time commitment for the role
Non-Executive Director	£55,400	Base fee increased to £55,400 with effect from 1 April 2023 from £52,750 reflecting a 5% increase given to the wider UK workforce and benchmarked against roles for non-executive directors of similar sized listed companies and the time commitment for the role
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.

Annual Report on Remuneration continued

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 2023 with his holding representing 223% as at 31 December 2023. Andrea Rigamonti's shareholding as at 31 December 2023 represents 53% 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 below 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 2023. In December 2023 each Director participated in the equity raise that completed on 8 December 2023 and the increase in their respective shareholdings through this is reflected in the following table.

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.

Executive Directors' shareholdings as at 31 December 2023 (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%	306,364	22,745	153,018	0	0	223%
Andrea Rigamonti	200%	46,842	317	13,388	990	8,680	53%

Chairman and Non-Executive Directors' shareholdings as at 31 December 2023 (audited)

Director	1 January 2023 or date of appointment if later	31 December 2023
Ian McHoul (Chairman)	20,000	38,726
Erika Schraner	3,805	7,550
Teté Soto	268	5,436
Caroline Thomson	8,407	15,897
Richard Tyson	2,654	6,399
Graham Oldroyd (appointed 12 October 2023)	0	37,453
Anna Vikström Persson (appointed 1 May 2023)	0	26,217
Stephen Harris (appointed 9 November 2023)	0	112,359

- The closing mid-market share price on 29 December 2023 (the last trading day of the year) was £3.48 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 in the case of the Executive Directors, also through share incentive schemes (or similar) – see the disclosures below.
- Stephen Bird's share interests include 22,745 shares (at 31 December 2023) 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 2024, 2025 and 2026, 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 2023 Stephen Bird had the following share dealings:
  - On 3 April 2023 exercised and retained award shares under the DBP for 2020 over 5,676 ordinary shares and 347 dividend shares.
  - On 3 April 2023 acquired 9,093 ordinary shares through the DBP that are held in the Employee Benefit Trust.
  - On 29 September 2023 transferred 20,000 shares to his former spouse in compliance with a court order.
  - On 29 September 2023 retained 38,394 ordinary shares following the exercise of the 2020 LTIP award that vested at a rate of 46.9%.
  - 2,000 shares of Stephen Bird's holding are held by his spouse.

- Andrea Rigamonti's share interests include 317 shares (at 31 December 2023) 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 2026. Neither these shares nor any of the other shares held by Andrea Rigamonti have any performance conditions attached to them. During the year ended 31 December 2023 Andrea Rigamonti had the following share dealings:
  - On 1 March 2023 acquired 3,500 ordinary shares.
  - On 3 April 2023 acquired 317 ordinary shares through the DBP that are held in the Employee Benefit Trust.
  - On 9 May 2023 acquired 3,500 ordinary shares.
- On 8 December 2023, following shareholder approval at a General Meeting on 7 December 2023, each Director subscribed for new ordinary shares in the Company at a price of £2.67 per share. This direct placement was tied into the £125.0 million equity raise also approved by shareholders at that same General Meeting. Each Director's respective subscription was as follows:-
  - Ian McHoul – 18,726 ordinary shares.
  - Stephen Harris – 112,359 ordinary shares.
  - Stephen Bird – 93,632 ordinary shares.
  - Andrea Rigamonti – 37,453 ordinary shares.
  - Caroline Thomson – 7,490 ordinary shares.
  - Richard Tyson – 3,745 ordinary shares.
  - Erika Schraner – 3,745 ordinary shares.
  - Teté Soto – 3,745 ordinary shares.
  - Anna Vikström Persson – 26,217 ordinary shares.
  - Graham Oldroyd – 37,453 ordinary shares.
- There has been no change to the Directors' shareholdings described in the table above in the period from 31 December 2023 to 22 April 2024, the date of signing of this report.

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 and Germany). The Scheme and Plan are open to all the Group's employees in those countries, including the Executive Directors, and approximately 1,100 of the Group's employees participate in this valuable benefit. As at 31 December 2023 Stephen Bird's and Andrea Rigamonti's participation in the UK Scheme is shown below.

Director	Date of grant	At 1 January 2023 (shares)	Options exercised during the year	Options lapsed during the year	Options granted or adjusted during the year	At 31 December 2023 (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	2,282	0	0	552	690[1]	1 November 2023	30 April 2024
Andrea Rigamonti[4]	27 September 2021	984	0	0	6	990	1272	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. Stephen Bird lapsed his sharesave option in December 2023.

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.

4 Andrea Rigamonti's sharesave option was adjusted as a consequence of the open offer element of the £125.0 million equity raise with effect from 8 December 2023 in line with HMRC approved methodology. The original exercise price was £12.80.

Annual Report on Remuneration continued

Long Term Incentive Plan

Each year the Executive Directors are made a conditional award of shares in the Company. 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. Due to challenging macroeconomic circumstances in 2023 no LTIP awards for 2023 were made. The following table sets out the outstanding awards under the LTIP as at 31 December 2023 for the Executive Directors. As explained on page 131 of this Report, no LTIP awards were made in 2023.

Director	Date of award	Awards at 1 January 2023	Awards exercised during the year	Associated dividend shares with the exercised award	Awards lapsed during the year	Awards made during the year[3]	At 31 December 2023	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	21 Sept 2020[1]	126,023	59,124	13,546	66,899	–	–	753	309.5	200% of annual salary	25%	28 February 2023
	3 March 2021[2]	96,273	–	–	–	648	96,921[3]	986	–	200% of annual salary	25%	31 December 2023
	11 March 2022	55,722	–	–	–	375	56,097[3]	1097	–	125% of salary	25%	31 December 2024
Total		**278,018**	**59,124**	**13,546**	**66,899**	**1,023**	**153,018**					
Andrea Rigamonti (appointed 13 December 2022)	11 March 2022	13,299	–	–	–	89	13,388[3]	1097	–	N/A	25%	31 December 2024
Total		**13,299**	**–**	**–**	**–**	**89**	**13,388**					

1 The LTIP award made on 21 September 2020 had a performance period running to 28 February 2023 and vested at a level of 46.9% on 29 September 2023.

2 The LTIP award made on 3 March 2021 failed to achieve its performance conditions and lapsed in full on its third anniversary of 3 March 2024.

3 Following the £125.0 million equity raise that completed on 8 December 2023, outstanding LTIP awards for 2021 and 2022 were adjusted to reflect the open offer element of the equity raise in line with HMRC approved methodology.

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. As explained on page 129 of this Report, no bonus was payable to the Executive Directors for 2023. The following table sets out the outstanding awards under the DBP as at 31 December 2023 for the Executive Directors.

Director	Date of award	Awards at 1 January 2023 (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 2023	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	1 April 2020[1]	5,676	5,676	347	–	–	–	581	–	50% of annual bonus	Not applicable	Shares held in Employee Trust to third anniversary of award date
	13 May 2021[2]	2,537	–	–	–	–	2,537	1394	–	50% of annual bonus	Not applicable	Shares held in Employee Trust to third anniversary of award date
	4 April 2022[3]	11,115	–	–	–	–	11,115	1351	–	50% of annual bonus	Not applicable	Shares held in Employee Trust to third anniversary of award date
	3 April 2023[4]	–	–	–	–	9,093	9,093	885	–	50% of annual salary	Not applicable	Shares held in Employee Trust to vest on third anniversary of the award
Total		**19,328**	**5,676**	**347**	**–**	**9,093**	**22,745**					
Andrea Rigamonti	3 April 2023[4]	–	–	–	–	317	317	885	–	50% of annual salary	Not applicable	Shares held in Employee Trust to vest on third anniversary of the award
Total		**–**	**–**	**–**	**–**	**317**	**317**					

1 The DBP award made on 1 April 2020 vested on its third anniversary of 1 April 2023. The award plus associated dividend shares were paid out to Stephen Bird on 3 April 2023.

2 The DBP award made to Stephen Bird on 13 May 2021 will vest on the third anniversary of the award on 13 May 2024.

3 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.

4 The DBP award made on 3 April 2023 to Stephen Bird covered 50% of the bonus earned in respect of the financial year ended 31 December 2022. Andrea Rigamonti's DBP award on 3 April 2023 represented a proportion of his bonus earned in 2022 and is tied to his appointment as a Group Chief Financial Officer on 13 December 2022. The award will vest on its third anniversary of 3 April 2026.

Annual Report on Remuneration continued

Restricted Share Plan ("RSP")

Before being appointed a Director on 13 December 2022 and not in connection with his service as a Director, 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 July 2024	8,680[1]	Remaining employed at vesting date with Videndum	£14.65

[1] The number of ordinary shares awarded has been adjusted to reflect the open offer element of the £125.0 million equity raise on 8 December 2023 in line with HMRC approved methodology (original amount 8,622 adjusted to 8,680).

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 2023. 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 2023, 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 2023.

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 %
2023	Stephen Bird	£583,428	0%	0%
2022	Stephen Bird	£1,150,877	50.4%	46.9%
			£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)	

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 2023 and the years ended 31 December 2022, 2021 and 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	2022/23 Annual salary	2022/23 Taxable benefits	2022/23 Annual bonus
Stephen Bird, Group Chief Executive	2.5%	2.5%	-7%	0%	0%	324%	3%	3%	-45%	5%	5%	-100%
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	n/a	n/a	n/a
Ian McHoul, Chairman	0%	n/a	n/a	0%	n/a	n/a	3%	n/a	n/a	5%	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	5%	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	5%	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	5%	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	5%	n/a	n/a
Anna Vikström Persson (appointed 1 May 2023)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Graham Oldroyd (appointed 12 October 2023)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Stephen Harris (appointed 9 November 2023)	n/a	n/a	n/a	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%	2.92%	3%	3%	-42%	5%	5%	-100%

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 2023 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 2023 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 2022 paid in March 2023 as bonus information for 2023 is not calculated until March 2023 for many UK employees. It is therefore not possible to use 2023 bonus data since the 2023 Annual Report was approved on 22 April 2024. 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
2023	Option C	22:1	14:1	8:1
		£26,901	£42,172	£69,489

The actual salaries paid for each UK employee at the respective quartiles for 2023 were: 25th percentile – £25,427; 50th percentile – £38,035; and 75th percentile – £59,000. The change in the pay ratios from 2019 to 2023 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 2023 and 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 widens where annual bonuses and long-term incentives are payable. The impact of challenging macroeconomic factors in 2023 coupled with the writers' and actors' strikes in 2023 have significantly impacted the Group's performance in 2023 with the result that variable remuneration has been significantly reduced. We consider that the use of Option C and the percentiles shown for UK employees are reasonably representative.

Relative importance of spend on pay

The following table sets out for the year ended 31 December 2023 compared to the year ended 31 December 2022 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 2023	Year ended 31 December 2022	% change
Total remuneration paid to all Videndum employees	£95.8m	£114.4m	-16.3%
Total dividends paid to shareholders	£0m	£18.0m	-100%

Statement of implementation of Directors' Remuneration Policy in the year ending 31 December 2024

This section provides an overview of how the Committee is proposing to implement the Remuneration Policy in 2024.

(1) Base salary

The table below sets out the 2024 base salary for each Executive Director, together with the percentage increase from 2023. Salary increases in 2024 are to be implemented with effect from 1 July 2024 and the figure in brackets shows the base salary for the period from 1 January 2024 to 30 June 2024.

Executive Director	2023 salary	Increase
Stephen Bird	£533,800 (£513,310)	4%
Andrea Rigamonti	£342,000 (£310,000)	10%

The Committee decided that in line with normal practice, a 4% increase for Stephen Bird's salary was merited for 2024 and with effect from 1 July 2024. This was based on several factors including: (i) that the wider employee population across the Group received a 4% increase for 2024; (ii) in recognition of the skills, experience and high performance of Stephen Bird and his contribution to the Group; (iii) the need to provide a remuneration package to the Executive Directors that is competitive and retains and incentivises the individuals; and (iv) in recognition of a period of sustained high inflation in the wider labour market.

Andrea Rigamonti's salary of £342,000 has been determined on the basis that it reflects his growing value to the Company and his experience in the role following his appointment in December 2022 and compared to market data for comparable roles with other FTSE SmallCap companies with input from the Committee's remuneration consultants. His salary on appointment was set at a level that was around 15% below his predecessor's salary reflecting Andrea Rigamonti's experience. The increase of 10% will be with effect from 1 July 2024. As noted in the 2022 Remuneration report, the Remuneration Committee would look over time to increase Andrea Rigamonti's remuneration in accordance with the Policy as Andrea's experience, contribution and importance to the Group increased.

(2) Benefits

Benefits, including car allowance, private healthcare and income protection will be paid at the same rate as in 2023.

(3) Pension allowance

Pension allowances paid to Executive Directors are set out in the table below. 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. Stephen Bird's and Andrea Rigamonti's pension contributions in the table below reflects that base salaries in 2024 as set out in (1) above.

Executive Director	Pension allowance
Stephen Bird (8% of salary)	£41,884
Andrea Rigamonti (8% of salary)	£26,080

Annual Report on Remuneration continued

(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 2024 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 2024 Annual Bonus Plan will be measured.

Core measures for 2024 Annual Bonus Plan	Weighting (% of overall opportunity)
Adjusted Group profit before tax*	50%
Free 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 free cash flow measures are independently assessed. Both the Profit Before Tax and Free cash flow performance measures are to be measured against targets set for the Full Year 2024. The Committee considers that the specific targets and personal objectives for 2024 are commercially sensitive at this time 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 of 150% of salary in the case of the Group Chief Executive and 125% of salary for the Group Chief Financial Officer. These awards will be made in the 42-day period following the announcement of the full year results for the year ended 31 December 2023 that will be announced on 22 April 2024. The performance conditions for the 2024 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 2023, to be announced on 22 April 2024. 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 targets. Any awards vesting under the LTIP 2024, 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 quantum for awards to the Executive Directors for the 2024 will be confirmed at the time of the award but will be within limits for the Policy on remuneration.

(6) Chairman and Non-Executive Directors' remuneration

The fee structure for the Chairman and Non-Executive Directors for 2024 is set out in the following table. It has been agreed that fees for 2024 will not be increased from their level in 2023.

Role	2024 fee	2023 fee
Chairman (Ian McHoul)	£184,000	£184,000 (£175,000)[1]
Non-Executive Directors' base fee	£55,400	£55,400 (£52,750)[2]
Chairman Designate[5]	£210,000	–
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 increased on 1 April 2023 to £184,000 per annum. This increase in 2022 and 2023 reflected 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 agreed that no fee increase for 2024 would be implemented. In 2023, a 5% increase to the base fee would be applied 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 fees of 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 88 and 92 of the Annual Report.

5 Upon his appointment as Chairman at a date to be confirmed in 2024, Stephen Harris' fee as Chairman will be £210,000 per annum. Until such appointment, Stephen Harris will receive the Non-Executive Directors' base fee.

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 AGM held on 11 May 2023, shareholders were asked to vote on the new Remuneration Policy Report and for an advisory vote on the Directors' Annual Remuneration report for the year ended 31 December 2022. Both resolutions were approved by shareholders on a poll at the 2023 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
To approve the Directors' Remuneration Policy – to cover Directors remuneration for the period from the 2023 AGM through to the 2026 AGM	38,446,561	5,001	252,150
	99.2%	0.8%	

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 2022	37,802,074	927,732	41,102
	97.6%	2.4%	

As at the date of the Company's AGM on 11 May 2023 the Company had 46,596,422 ordinary shares in issue. 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.

The Remuneration Committee

The Remuneration Committee comprised the following members during 2023: Caroline Thomson – Chair, Richard Tyson, Erika Schraner, Teté Soto, Graham Oldroyd (from 12 October 2023) and Anna Vikström Persson (from 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 2023 the following individuals attended meetings of the Committee: Ian McHoul (Board Chairman), Stephen Bird (Group Chief Executive), Andrea Rigamonti (Group Chief Financial Officer), Marco Pezzana (Group Chief Operating Officer and Divisional CEO, Media Solutions), Stephen Harris (Chairman Designate) and Jon Bolton (Group Company Secretary and HR Director). Representatives of the Committee's remuneration advisor, FIT Remuneration Consultants, also attended meetings in 2023.

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 113 and 141 to 142 of this Annual Report.

Annual Report on Remuneration continued

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 2023 the level of fees paid to remuneration advisors totalled £60,060 (2022: £44,759) and was charged on a time basis. This fee covered advice relating to disclosures in the 2022 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 retention 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 operate 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 2023 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 2023 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
22 April 2024

Directors' report

Directors

The Directors who held office at 31 December 2023 and up to the date of this report are set out on pages 76 and 77 along with their biographies and photographs.

Anna Vikström Persson joined the Board as an independent Non-Executive Director from 1 May 2023 and became a member of the Audit, Remuneration and Nominations Committees.

Graham Oldroyd was appointed an independent Non-Executive Director with effect from 12 October 2023 as well as becoming a member of the Audit, Remuneration and Nominations Committees.

On 26 September 2023, the Company announced Ian McHoul's intention not to seek re-election at the Company's 2024 Annual General Meeting due to personal reasons. After a search process, as outlined in the Nominations Committee Report on page 96, the Company announced the appointment of Stephen Harris to the Board as an independent Non-Executive Director and Chairman Designate with effect from 9 November 2023. Stephen Harris will succeed Ian McHoul as Chairman on a date to be confirmed.

Erika Schraner has also informed the Board that she will not seek re-election at the 2024 AGM and will cease to be a Director from the close of the AGM.

All Directors of the Company, with the exception of Ian McHoul and Erika Schraner as outlined previously, will stand for reappointment as Directors at the Company's 2024 AGM 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 112 to 142.

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.

Equity raise

On 7 December 2023, shareholders approved the £125.0 million equity raise which helped to strengthen the Company's Balance Sheet. The equity raise comprised a Firm Placing of 28,122,472 Ordinary Shares at £2.67 per New Ordinary Share and a Placing and Open Offer of 18,748,315 New ordinary Shares at £2.67 per New Ordinary Share. Following shareholder approval at a general meting, the equity raise completed on 8 December 2023. The price of £2.67 represented a 3.3% discount to the closing share price on 20 November 2023. Directors' participation in the equity raise is set out on page 133.

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.

Share capital and powers for the Company issuing or buying back its own shares

The Company was authorised by shareholders at the 2023 AGM to purchase in the market up to 10% of the Company's issued share capital, as permitted under the Company's Articles of Association. No shares were bought back under this authority during the year ended 31 December 2023 and up to the date of this report. 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 205 summarises the rights of the ordinary shares as well as the number issued during 2023. An analysis of shareholdings is shown on page 234. The closing mid-market price of a share of the Company on 31 December 2023, together with the range during the year, is also shown on page 234. For details of own shares held by the Company see note 4.3 to the consolidated financial statements.

This standard authority is renewable annually and the Directors will seek to renew it at the 2024 AGM.

The Directors were granted authority at the 2023 AGM to allot ordinary shares up to a nominal amount of £931,776, which, at the time represented 4,658,884 ordinary shares of 20 pence each. This authority will apply until the conclusion of the 2024 AGM. At the 2024 AGM, shareholders will be asked to grant an authority to allot ordinary shares up to a nominal amount of £1,884,017 (representing 10% of the Company's issued share capital).

At the 2023 AGM, a special resolution was passed to authorise the Directors to allot ordinary shares for cash without first offering them to existing shareholders in proportion to their existing shareholdings. At the 2024 AGM, shareholders will be asked to renew this authority – in line with the latest institutional shareholder guidelines – to make non-pre-emptive issues for cash only and otherwise up to a nominal amount of £942,008 (representing 5% of the Company's issued share capital).

Directors' report continued

A special resolution will also be proposed at the 2024 AGM to renew the Directors' authority to repurchase up to 10% of the Company's issued ordinary shares in the market. While the Directors have no present intention of exercising the authority to make market purchases, the authority provides the flexibility to allow them to do so in the future and any shares purchased pursuant to this authority may be held in treasury or may be cancelled.

Dividends

No final dividend has been recommended by the Board given the current financial performance of the business. The Board will look to resume dividend payments when appropriate to do so.

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, as at 22 April 2022:

Shareholder	Number of voting rights	% of voting rights
Alantra Asset Management	21,463,126	22.78%
Aberforth Partners	14,638,741	15.54%
Royal London Asset Management	7,566,024	8.03%
M&G Investments	5,938,279	6.30%
Janus Henderson Investors	3,992,785	4.24%
BGF Investments	3,227,700	3.43%
Invesco	2,851,393	3.03%

Committees of the Board

The Board has established Audit, Nominations and Remuneration Committees. Details of these Committees, including membership, governance and their activities during 2023, are contained in the Governance section of this Annual Report and in the Remuneration report.

Stakeholder engagement

The Board's engagement with various stakeholders is outlined on pages 42 to 43 and pages 87 and 88.

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 did not purchase any of its own shares during 2023 and 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 in the table on the left.
- 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.

Amendments to the Company's Articles of Association were approved by shareholders at the 2023 AGM to bring them into line with market best practice.

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 2021 AGM empowering the Directors to make political donations, it is confirmed that no such donations were made in the year ended 31 December 2023. 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 2 to 71.
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 71.
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 74 to 75 and 80 to 82.
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.	Page 198.
Responsible business	– Explanation of our approach to business ethics, employees, community and the environment.	Pages 60 to 70.
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 88. Stakeholder engagement on pages 87.
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 86.

Going concern

The Board has, as at the date of signing these financial statements, determined that, given the sensitivities over the timeline and pace of recovery from the strikes and the financial impact on the Group (including potential covenant breaches) of a slower than expected recovery and worsening macroeconomic conditions, a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The full going concern and viability statement is outlined on pages 31 to 33.

* 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 the Glossary on page 226. 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.

Directors' report continued

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), 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.
- 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

On 5 January 2024 certain land and buildings of the Production Solutions Division were sold for a net sale price of £2.5 million.

There were no other events after the Balance Sheet date that require disclosure.

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.

Responsibility Statement of the Directors in respect of the Annual Report and Accounts

Each of the Directors, whose names and functions are listed on page 76 to 77 of the Annual Report and Accounts, confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole; and
- the Strategic report and Directors report (including the Governance report) include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Annual General Meeting ("AGM")

The 2024 AGM will be held at 9.00am on Wednesday, 19 June 2024 at 116 Pall Mall, London SW1Y 5ED. 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. Voting at the AGM will be conducted by way of a poll and shareholders are encouraged to submit a completed proxy form in line with the Notice of AGM.

Auditor

Deloitte LLP will continue in office as auditor to complete the 2023 year-end audit, however separate resolutions will be proposed at the 2024 AGM concerning the appointment of PricewaterhouseCoopers LLP and to authorise the Board to agree their remuneration.

The Directors' report was approved and authorised for issue by the Board of Directors on 22 April 2024 and signed on its behalf by

Jon Bolton
Group Company Secretary
22 April 2024

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 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- 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; and
- the related 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 and IFRSs as issued by the IASB. 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. Material uncertainty related to going concern

We draw attention to Section 1 of the notes to the financial statements, which indicates the sensitivities of the forecasts on key assumptions, which are linked to the timeline and pace of recovery from the Strikes and the financial impact on the Group (including potential covenant breaches) of any slower than expected recovery, and worsening macroeconomic conditions.

As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Evaluated past performance of the Group as impacted by the actors' and writers' strikes and other macroeconomic headwinds;
- Obtained the terms of the Group's financing facilities and the recent equity raise and evaluated the terms including the nature of the facilities, repayment terms and revised covenants;
- Obtained an understanding of the Directors' assessment over going concern including relevant controls (see also section 7.2);
- Challenged the assumptions in the Directors' forecasts including the base case and reasonable downside scenarios, by performing sensitivity analysis, evaluating contradictory evidence including market research, and testing historical accuracy of forecasts and testing the underlying data;
- Checking the consistency of forecasts and assumptions with each other and those used in other areas;
- Assessing the feasibility of the Directors' mitigating actions by considering additional facts or information available; and
- Assessing the appropriateness of disclosures in the financial statements.

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; and
- The directors' identification in the financial statements of the material uncertainty related to the group's and parent company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant section of this report.

Independent auditor's report to the members of Videndum plc continued

4. Summary of our audit approach

Key audit matter	The key audit matters that we identified in the current year were: – Going concern (see material uncertainty related to going concern section) – Valuation of inventory obsolescence provision – Revenue cut-off – Deferred taxation 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 £1.3 million (2022: £2.6 million) which was determined based on a blended approach of adjusted profit before tax*, revenue and net assets.
Scoping	The group has subsidiaries across several global locations. Our scoping is determined based on their contribution to revenue and net assets. Based on this, we have identified certain entities as full scope audits, certain entities where we performed audit procedures on specified balances and certain entities where we performed analytical procedures. The entities subject to either full scope audits or procedures on specified account balances collectively accounted for 84% (2022: 80%) of Group revenue and 81% (2022: 75%) of net assets. We utilised Deloitte teams in the USA and Italy for the audits of entities in those locations.
Significant changes in our approach	We have identified the material uncertainty related to going concern (section 3 of this report) and revenue cut-off as key audit matters in the current year. We continue to recognise the valuation of inventory obsolescence provision and deferred taxation as key audit matters (refer to section 5 below). We also used a different basis for materiality compared to the prior year (refer to section 6 below).

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. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

5.1. Valuation of inventory obsolescence provision (→)

Key audit matter description	At 31 December 2023, the gross inventory balance from continuing and discontinuing operations was £124.3 million (2022: £130.5 million), against which there was £28.8 million (2022: £23.2 million) provision. Significant management judgement is involved in determining the adequacy of the inventory obsolescence provision across a wide range of products, held within different geographical regions, and set against a backdrop of ever-changing technology in the image capture and sharing market as well as the writers' and actors' strikes that occurred during 2023. In respect of future forecast usage management consider the provision as a percentage of sales demand for previous years, and use historic information on the consumption of inventory and inventory write offs as part of a retrospective review of discontinued and slow moving inventory items which form part of the inventory provision. Additionally management perform overlays to the provision to comply with IAS 2. 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 obsolescence provisioning as a key accounting estimate in note 1. The Audit Committee report on page 103 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 the Group's judgements and the assumptions used; specifically by assessing the provision percentages in relation to sales demand with comparison to prior years; – Challenging management's overlays to the base provision calculation; – Assessing the integrity of the underlying calculation by checking the accuracy of the ageing of discontinued and slow-moving inventory items as well as assessing the rate of the current and prior year consumption of inventory; – Assessing the level of inventory write-offs in the year as part of a retrospective review of the accuracy of the overall inventory provision at 31 December 2022; – Assessing the exposure of inventory relating to slow-moving ranges but for which no provision is included; – Assessing how the impact of the writers' and actors' strikes, the macroeconomic environment in which the group operates in, and lower than expected consumer confidence has been factored into the inventory provisioning; and – Assessing the appropriateness of the disclosures made in relation to inventory provisioning in the Group's financial statements.
Key observations	Based on the audit procedures performed we are satisfied the overall inventory provision is appropriate. During the course of our audit process we identified and reported to the Audit Committee a number of control observations (please refer to section 7.2 for further information).

5.2. Revenue cut-off (!)

Key audit matter description	During the year the Group recognised total revenue of £306.9m (2022: £442.5m) as disclosed in note 2. The Group determines the point at which the revenue performance obligation has been fulfilled based on different shipping terms and estimates the delivery times to the point at which control passes to the customer. The Group uses a variety of shipping terms which can result in different revenue recognition points. The complexity and variety of shipping methods along with varying delivery timeframes and application of any discounts and incentives requires judgement and a change in any of these can make it difficult for the Group to determine when the performance obligation has been fulfilled. The increase in risk classification from the prior year reflects the variety of shipping terms and arrangements and challenging macroeconomic conditions as well as the impact of the writers' and actors' strikes. We therefore deem this a potential fraud risk for our audit. The accounting policy is described in note 1 where this is also included as a critical accounting judgement. These significant judgement areas are also referred to within the Audit Committee report on page 109-110.
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 the recognition of revenue in the appropriate period; – Selecting a sample of the revenue transactions in the period both pre and post year-end to assess whether revenue has been recorded appropriately, – Reviewing and assessing the commercial arrangements, to determine the correct point of revenue recognition for different shipping arrangements and agreements with customers; – Testing a sample of revenue transactions at each component, responsive to the risk identified, and obtaining support for appropriate revenue recognition including shipping documentation and payments received; – Performing post-year end debit and credit notes testing to ensure transactions have been recorded in the correct period; and – Inspecting any changes to contractual terms, customer incentives, credit terms, or whether any side agreements have been made around the year end to test revenue has been recorded in the correct period.
Key observations	Based on the audit procedures performed we are satisfied revenue has been appropriately recorded in 2023. During the course of our audit process we identified and reported to the Audit Committee a number of control observations (please refer to section 7.2 for further information).

Independent auditor's report to the members of Videndum plc continued

5.3. Deferred Tax

Key audit matter description	At 31 December 2023, the deferred tax asset (net after deferred tax liabilities) has increased to £44.2 million (2022: £43.7 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. Based on the facts and circumstances and forecasts at the balance sheet date, management concluded that deferred tax assets are appropriate to be recognised. The Group have continued to recognise deferred tax assets, acknowledging there is a material uncertainty with respect to going concern as discussed in note 4.2. Further information on the deferred tax asset 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, considering 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 considering whether they are consistent with evidence obtained in other areas of the audit; – Evaluating the corroborating and contradictory evidence to assess whether it is probable that the affected entities will be able to use all available deferred tax assets; – Assessing the consistency of the deferred tax forecast with other forecasts prepared by management, such as the going concern forecast; – Assessing the historical accuracy of forecasts by comparing the current period actual trading performance against the Board approved forecasts; and – Assessing the appropriateness of the disclosures made in the Group's 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	£1.3 million (2022: £2.6 million)	£1.2 million (2022: £2.5 million)
Basis for determining materiality	The materiality that we used for the Group financial statements was £1.3 million which was determined based on a blended approach of adjusted profit before tax (excluding acquisition related charges and integration and restructuring costs), revenue and net assets. In the prior year we based materiality on 5% of adjusted profit before tax.	Parent company is initially determined based on 1% of net assets, which is capped at 95% of Group materiality. This is consistent with the prior year.
Rationale for the benchmark applied	We have changed the basis on which we have determined materiality in the current year to reflect the deterioration of the Group's performance. We have used a blended approach to determine a materiality that is appropriate for a business of this size and most relevant for the users of the financial statements. Materiality of £1.3 million represents 100% of adjusted profit before tax (2022: 2.2%), 0.4% of revenue (2022: 0.3%) and 0.9% of net assets (2022: 1.3%).	Net assets benchmark has been used as this is a non-trading holding company and it is the most relevant metric to users of the financial statements.

6.2. 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	60% (2022: 70%) of Group materiality	60% (2022: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining the decreased performance materiality for the current period, we considered the following factors: – the continued adverse impact of the macroeconomic environment and the implications for the going concern assessment; – the overall quality of the control environment including internally identified control observations; and – the level of corrected and uncorrected misstatements identified in previous audits.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £65,000 (2022: £130,000), 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 main trading subsidiaries of the group and divided these into full scope audits, specified account balance audits and analytical reviews.

Our scoping is determined based on components' contribution to revenue and net assets. The subsidiaries that were subject to either a full scope audit or audits of specified account balances collectively covered 84% (2022: 80%) of Group revenue and collectively covered 81% (2022: 75%) of net assets. These audit procedures were performed to materiality levels applicable to each component, which was lower than the Group materiality level and ranged from £1.2 million to £0.5 million (2022: £2.5 million to £0.7 million).

At the Group 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 full scope or specified scope audits.

7.2. Our consideration of the control environment

In the current year we planned to obtain an understanding of relevant controls within a number of key business processes and test the operating effectiveness of the revenue controls.

With the assistance of our IT specialists we also obtained an understanding of the relevant IT controls within the above mentioned business processes and those which underpin the revenue cycle.

The results of our testing identified a number of control deficiencies. The nature of these deficiencies, including those relating to IT, primarily related to:

- The precision of controls around the inventory provision calculations;
- Preparation of the going concern and acquired intangible impairment models and the precision of the management review controls of these models;
- Precision of review controls around monthly reconciliations and comparison of actuals to budget;
- Completeness of controls over accounting for marketing related costs and any changes in customer terms; and
- The level of management challenge relating to the classification of adjusting items.

As such we extended the scope of our substantive procedures in response to the identified deficiencies and did not place reliance on controls.

We intended to take controls reliance in revenue across the Group however we were only able to achieve this in two components.

As described in the Internal controls and risk management section on page 107, the Audit Committee will continue to oversee the actions taken to remediate the findings.

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 17. 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.

Independent auditor's report to the members of Videndum plc continued

7.4. Working with other auditors

The Group audit was conducted exclusively by the global network of Deloitte member firms under the direction and supervision of the 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 audits and audits 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 auditors' 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 each component auditor and assessment of the component auditors' independence.
- Designing the audit procedures for all significant risks to be addressed by 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, US and UK sites. Each component team was led by a component partner, with direction and supervision provided by the Group audit partner.

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: frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit, the Group's in-house legal counsel, the directors 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, valuations, pensions, IT, financial instrument and fraud 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 following areas: revenue cut-off, impairment cut-off and the valuation of the 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, pensions 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.

11.2. Audit response to risks identified

As a result of performing the above we identified valuation of inventory obsolescence provision and revenue cut-off as key audit matters related to the potential risk of fraud or non-compliance with laws and regulations. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

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 and in-house 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 reviewing correspondence with HMRC;
- in addressing the risk of fraud in the impairment of Lightstream, testing the appropriateness of the timing of the recognition of the impairment by obtaining an understanding of the key assumptions used in the model and challenging these by performing independent sensitivity analysis; reviewing pre and post year end Board minutes for any contradictory evidence with respect to the timing of the impairment; and challenging management's communications evidencing the timeline of events resulting in an impairment; 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 auditors, 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.

Independent auditor's report to the members of Videndum plc continued

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 pages 31-33;
- 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 on pages 31-33;
- the directors' statement on fair, balanced and understandable set out on page 146;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 36-41;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 36-41; and
- the section describing the work of the audit committee set out on pages 103-111.

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 of 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 6 years, covering the years ended 31 December 2018 to 31 December 2023.

This will be our final year as auditor, with PwC LLP succeeding us as auditor of the Group for the year ending 31 December 2024.

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) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

22 April 2024

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 2023

	Notes	2023 £m	2022[1] £m
Continuing operations			
Revenue	2.1	**306.9**	442.5
Cost of sales		**(193.0)**	(251.7)
Other income		**0.7**	–
Gross profit		**114.6**	190.8
Operating expenses	2.1/2.2	**(119.3)**	(141.8)
Operating (loss)/profit	2.1	**(4.7)**	49.0
Comprising			
– Adjusted operating profit		**12.8**	66.2
– Adjusting items in operating (loss)/profit from continuing operations	2.2	**(17.5)**	(17.2)
Finance income		**2.4**	3.0
Finance expense		**(16.5)**	(9.8)
Net Finance expense	2.3	**(14.1)**	(6.8)
(Loss)/profit before tax		**(18.8)**	42.2
Comprising			
– Adjusted profit before tax		**1.3**	60.2
– Adjusting items in (loss)/profit before tax from continuing operations	2.2	**(20.1)**	(18.0)
Taxation	2.4	**6.7**	4.7
Comprising			
– Taxation on adjusted (loss)/profit		**2.9**	(15.6)
– Adjusting items in taxation		**3.8**	20.3
(Loss)/profit for the year after tax from continuing operations		**(12.1)**	46.9
Loss for the year after tax from discontinued operations	3.4	**(66.0)**	(14.0)
(Loss)/profit for the year attributable to owners of the parent		**(78.1)**	32.9
Earnings per share from continuing operations			
Basic earnings per share	2.5	**(24.4)p**	101.8p
Diluted earnings per share	2.5	**(24.4)p**	97.9p
Earnings per share from discontinued operations			
Basic earnings per share	2.5	**(133.1)p**	(30.4)p
Diluted earnings per share	2.5	**(133.1)p**	(30.4)p
Earnings per share from continuing and discontinued operations			
Basic earnings per share	2.5	**(157.5)p**	71.4p
Diluted earnings per share	2.5	**(157.5)p**	68.7p

1 2022 has been re-stated to present discontinued operations separately from the continuing operations. See note 3.4 "Discontinued operations and non-current assets classified as held for sale".

Average exchange rates		
Euro	1.15	1.17
US$	1.24	1.24

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	**2023 £m**	2022 £m
(Loss)/profit for the year		**(78.1)**	32.9
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit obligation	5.2	**0.1**	9.1
Related tax		**–**	(2.1)
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences on foreign currency subsidiaries		**(12.2)**	22.6
Net investment hedges – net gain/(loss)		**–**	(5.8)
Fair value of cash flow hedges reclassified to the Income Statement		**(4.2)**	2.2
Effective portion of changes in fair value of cash flow hedges		**2.9**	3.2
Tax associated with changes in cash flow hedges		**0.3**	(1.4)
Other comprehensive (expense)/income, net of tax		**(13.1)**	27.8
Total comprehensive (expense)/income for the year attributable to owners of the parent		**(91.2)**	60.7

Consolidated Balance Sheet

As at 31 December 2023

	Notes	2023 £m	2022 £m
Assets			
Non-current assets			
Intangible assets	3.1	**152.6**	217.9
Property, plant and equipment	3.2	**56.4**	66.6
Employee benefit asset	5.2	**4.2**	3.9
Trade and other receivables	3.3	**5.2**	7.4
Derivative financial instruments		**2.3**	3.8
Non-current tax assets	2.4	**3.1**	3.0
Deferred tax assets	2.4	**55.4**	53.2
Total non-current assets		**279.2**	355.8
Current assets			
Inventories	3.3	**94.5**	107.3
Contract assets	3.3	**2.0**	1.8
Trade and other receivables	3.3	**47.1**	67.1
Derivative financial instruments		**1.8**	2.3
Current tax assets	2.4	**5.7**	4.1
Cash and cash equivalents	4.1	**8.7**	15.8
Total current assets		**159.8**	198.4
Assets of the disposal group classified as held for sale	3.4	**12.3**	–
Total assets		**451.3**	554.2
Liabilities			
Current liabilities			
Bank overdrafts	4.1	**4.0**	–
Interest-bearing loans and borrowings	4.1	**0.2**	36.0
Lease liabilities	4.1	**5.6**	6.0
Contract liabilities	3.3	**2.4**	2.5
Trade and other payables	3.3	**42.5**	78.8
Derivative financial instruments		**0.1**	0.9
Current tax liabilities	2.4	**7.8**	16.7
Provisions	3.5	**3.1**	5.5
Total current liabilities		**65.7**	146.4
Non-current liabilities			
Interest-bearing loans and borrowings	4.1	**99.0**	138.5
Lease liabilities	4.1	**28.4**	28.8
Other payables	3.3	**1.2**	1.8
Employee benefit liabilities	5.2	**2.9**	3.1
Provisions	3.5	**0.8**	2.4
Deferred tax liabilities	2.4	**11.2**	9.5
Total non-current liabilities		**143.5**	184.1
Liabilities of the disposal group classified as held for sale	3.4	**4.6**	–
Total liabilities		**213.8**	330.5
Net assets		**237.5**	223.7
Equity			
Share capital		**18.9**	9.4
Share premium		**133.7**	24.3
Translation reserve		**(13.0)**	(0.8)
Capital redemption reserve		**1.6**	1.6
Cash flow hedging reserve		**2.9**	3.9
Retained earnings		**93.4**	185.3
Total equity	4.3	**237.5**	223.7
Balance Sheet exchange rates			
Euro		**1.15**	1.13
US$		**1.27**	1.21

Approved and authorised for issue by the Board of Directors on 22 April 2024 and signed on its behalf by:

Andrea Rigamonti
Group Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	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 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 and 1 January 2023		**9.4**	**24.3**	**(0.8)**	**1.6**	**3.9**	**185.3**	**223.7**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(78.1)**	**(78.1)**
Other comprehensive (expense)/income for the year		**–**	**–**	**(12.2)**	**–**	**(1.0)**	**0.1**	**(13.1)**
Total comprehensive loss for the year		**–**	**–**	**(12.2)**	**–**	**(1.0)**	**(78.0)**	**(91.2)**
Contributions by and distributions to owners								
Dividends paid		**–**	**–**	**–**	**–**	**–**	**(11.6)**	**(11.6)**
Own shares purchased		**–**	**–**	**–**	**–**	**–**	**(3.7)**	**(3.7)**
Own shares sold		**–**	**–**	**–**	**–**	**–**	**1.2**	**1.2**
New shares issued, net of costs	4.3	**9.5**	**109.4**	**–**	**–**	**–**	**(0.8)**	**118.1**
Share-based payment charge, net of tax		**–**	**–**	**–**	**–**	**–**	**1.0**	**1.0**
Balance at 31 December 2023		**18.9**	**133.7**	**(13.0)**	**1.6**	**2.9**	**93.4**	**237.5**

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	**2023 £m**	2022 £m
Cash flows from operating activities			
(Loss)/profit for the year		**(78.1)**	32.9
Adjustments for:			
Net finance expense		**14.5**	6.8
Taxation		**(2.6)**	(8.2)
Depreciation		**14.4**	15.3
Impairment of fixed assets	3.1/3.2	**53.8**	1.9
Amortisation of intangible assets		**14.0**	18.3
Net loss on disposal of property, plant and equipment		**0.3**	–
Fair value (gains)/losses on derivative financial instruments		**(0.2)**	0.1
Foreign exchange losses		**–**	0.6
Share-based payment charge		**1.5**	8.9
Earnout charges and retention bonuses		**1.7**	4.5
Loss on disposal of business before tax		**1.0**	–
Cash generated from operating activities before changes in working capital, including provisions		**20.3**	81.1
Decrease/(increase) in inventories		**7.6**	(8.0)
Decrease/(increase) in trade debtors		**16.3**	(6.8)
Decrease in other debtors and contract assets		**0.7**	1.8
(Decrease)/increase in trade creditors		**(20.5)**	1.3
Decrease in other creditors and contract liabilities		**(12.3)**	(6.9)
(Decrease)/increase in provisions		**(2.3)**	2.8
Cash generated from operating activities		**9.8**	65.3
Interest paid[1]		**(15.4)**	(9.4)
Tax paid		**(10.5)**	(7.2)
Net cash (used in)/from operating activities		**(16.1)**	48.7
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and software		**0.2**	–
Purchase of property, plant and equipment		**(4.8)**	(7.1)
Capitalisation of software and development costs		**(13.7)**	(13.1)
Acquisition of businesses, net of cash acquired	3.7	**(1.6)**	(33.2)
Disposal of business	3.4	**(0.9)**	–
Net cash used in investing activities		**(20.8)**	(53.4)
Cash flows from financing activities			
Proceeds from the issue of shares, net of costs		**118.1**	1.3
Proceeds from the sale of own shares		**1.2**	3.1
Own shares purchased		**(3.7)**	(5.8)
Principal lease repayments[1]		**(6.7)**	(6.4)
Repayment of interest-bearing loans and borrowings		**(313.9)**	(93.8)
Borrowings from interest-bearing loans and borrowings		**240.0**	130.3
Dividends paid		**(11.6)**	(18.0)
Net cash from financing activities		**23.4**	10.7
(Decrease)/increase in cash and cash equivalents	4.1	**(13.5)**	6.0
Cash and cash equivalents at 1 January		**15.8**	7.9
Effect of exchange rate fluctuations on cash held		**2.4**	1.9
Cash and cash equivalents and overdrafts at 31 December		**4.7**	15.8

1 Total cash outflow for leases is £8.2 million (2022: £7.9 million) of which £1.5 million (2022: £1.5 million) relates to interest and £6.7 million (2022: £6.4 million) to principal lease repayments.

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") 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 2023 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 45 to 57, 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 226-232 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

Background and context

2023 was an exceptionally challenging year for Videndum, with the Group suffering from the prolonged adverse impacts of three major headwinds. These headwinds were (1) the weakened macroeconomic climate, (2) destocking of inventory by retail customers and distribution partners, and (3) the US writers' and actors' strikes (together "the strikes").

First, from late 2022, the Group's performance from its consumer and Independent Content Creator ("ICC") markets was impacted by macroeconomic conditions, mainly the increase in interest rates and inflation, which led to weakening demand and customers delaying purchases.

Second, concerns amongst the Group's retail customers and distribution partners regarding the global economy, higher interest rates, and their working capital levels, led to destocking. These two headwinds affected the consumer segment as well as the ICC segment (together c.40-50% of Group revenue).

Third, the unprecedented and unforeseen impact from the lengthy strikes significantly affected demand for the Group's high-end cine and scripted TV products (c.20% of Group revenue exposed to the US cine market, and a further c.10% to global cine markets). During the early part of the first half of 2023, demand from the cine and scripted TV markets weakened as contract renewal negotiations between the Writers Guild of America ("WGA") and Alliance of Motion Picture and Television Producers ("AMPTP") created uncertainty for the Group's customers. Negotiations subsequently broke down and the WGA called a strike for the first time since 2007. Whilst the WGA strike officially commenced on 2 May 2023, the impact from the decline in orders received by Videndum began to be noticed in the months leading up to May 2023. On 14 July 2023, the Screen Actors Guild – American Federation of Television and Radio Artists ("SAG-AFTRA"), the actors' union who had also been conducting its own contract renewal negotiations with the AMPTP, also started strike action. This resulted in all cine and scripted TV productions ceasing in the US and spreading globally where US actors were involved. In addition, the strikes meant that some of the Group's new product launches were delayed.

The adverse impact on revenue from continuing operations in 2023 from the strikes was c.£60 million, the reduction from destocking was c.£25 million, and the residual reduction of c.£50 million was from challenging trading conditions across our markets impacting demand in the consumer and ICC segments.

Against this challenging backdrop, the Group took significant mitigating actions, including agreeing covenant amendments with its lending banks, cost reductions including restructuring projects, and developed plans to conserve cash.

The Group has had, and continues to have, support from its lending banks which was evidenced in 2023 by the Group agreeing an extension of £35 million of its Revolving Credit Facility ("RCF"), as well as negotiating and agreeing Amended Covenants.

Self-help actions taken to reduce discretionary costs in the short-term included applying La Cassa Integrazione Guadagni Ordinaria ("CIGO"), the non-refundable Italian government supported furlough programme, in the Group's Italian-based facilities to partly mitigate the lower demand whilst ensuring employees were looked after and retained by the business. In addition, reduced marketing and travel spend was implemented across the Group, shortened working hours were implemented at the Creative Solutions Division, hiring freezes, and bonuses across the Group were not awarded.

The Group implemented several restructuring projects to reduce its cost base and focus on the more profitable areas. The most noticeable activities included the disposal of the Lightstream business, commencing the sale process of Amimon, the closure of the Syrp research and development centre in New Zealand and the exit from the motion controls market, moving Media Solutions' US distribution out of New Jersey into its Savage facilities in Arizona, transferring Wooden Camera operations from Texas to Costa Rica, and moving Rycote operations to the Ashby-de-la-Zouch factory in the UK.

The combined benefit of the self-help and restructuring actions was to reduce costs by c.£13 million in 2023 versus 2022. However, the actions only partly mitigated the weaker trading, and as a result, having reviewed all options, the Board decided that an equity raise was required. Videndum successfully completed an equity raise in December 2023, generating net proceeds of £117.9 million. Refer to note 4.3 "Share capital and reserves" for further information on the equity raise. The principal purpose of the equity raise was to repay indebtedness and improve the Group's capital position. These proceeds were used to reduce external debt, which meant that the two term loans were repaid (£44.0 million) and the remaining balance was used to reduce the drawn down amount on the RCF facility by £73.9 million.

Section 1 continued

Basis of Preparation continued

Borrowing facilities and financial position at 31 December 2023 and at 31 March 2024

The Group has a committed £200 million Multicurrency Revolving Credit Facility ("RCF") with a syndicate of five banks with a term until 14 February 2026 (see note 4.1 "Net debt").

At 31 December 2023, liquidity (cash headroom) was £105.3 million, comprising £100.6 million unutilised RCF and £8.7 million of cash less £4.0 million utilised overdraft. Liquidity at 31 March 2024 totalled £112.1 million, comprising £94.7 million unutilised RCF and £17.4 million of cash with £nil utilised overdraft.

The RCF lending covenants relate to net debt:EBITDA and EBITA:net interest (see "Glossary of alternative performance measures ("APMs")" for the definition of these measures as set out in the RCF), which historically are tested at 30 June and 31 December, to be no higher than 3.25x and at least 4.0x respectively ("Existing Covenants").

During 2023, given the challenges facing the Group, particularly the unpredictability of the end of the strikes and uncertainty relating to the timing and pace of the market recovery, the macroeconomic climate and destocking, the Group proactively negotiated amended covenants ("Amended Covenants") to the RCF with its lending banks.

As a result of the good relationship between the Group and its lending banks, the Group agreed with its lending banks:

- an extension of £35 million of its RCF from 14 February 2025 to 14 February 2026, which was confirmed on 19 July 2023 and brought this commitment to be in line with the remainder of the RCF which matures at the same time in February 2026 (the total RCF facility is £200 million);
- to amend the "Existing Covenants" to the new "Amended Covenants" as follows:
  - net debt:EBITDA to be no higher than 4.25x (December 2023) and 3.75x (June 2024);
  - EBITA:net interest of at least 1.25x (December 2023) and 1.75x (June 2024).

No restrictions apply to these Amended Covenants, for example there are no restrictions on declaring a dividend but new testing dates for 31 March 2024 (net debt:EBITDA to be no higher than 4.25x and EBITA:net interest of at least 1.5x) and 30 September 2024 (net debt:EBITDA to be no higher than 3.75x and EBITA:net interest of at least 3.25x) were agreed. From 31 December 2024, the covenants are net debt:EBITDA to be no higher than 3.25x and EBITA:net interest of at least 4.00x. The test dates in 2025 are 30 June and 31 December.

At 31 December 2023 these ratios were 3.3x for net debt: EBITDA and 2.0x for EBITA:net interest (31 December 2022: 2.1x and 9.8x respectively). At 31 March 2024 these ratios were 3.0x for net debt: EBITDA and 2.2x for EBITA:net interest.

Base case

The Board is continuing to monitor the Group's ability to meet its lending covenants. As part of the Board's consideration of the appropriateness of adopting the going concern basis of accounting in preparing the 2023 year-end financial statements, a range of scenarios have been modelled over the 12 months following the signing of the Group's Annual Report. For this, the Board has considered base case projections and several severe, but plausible, downside scenarios.

The base case follows the Board-approved budget for 2024 which acknowledges the challenges and opportunities being faced by the Group and assumes a recovery in the cine and scripted TV segment during 2024, following the ending of the strikes. It also assumes that the ICC/consumer segment will continue to deteriorate, albeit at a lower rate than 2023. The Board approved budget for 2024 is within the range of forecasts approved by the Directors as part of the equity raise.

The base case assumed a slower recovery in January and February 2024, with improvement thereafter. This forecast is partly supported by the contracted revenue relating to the 2024 Summer Olympic games and the typical seasonal uplift in Q2 and Q4.

The Q1 2024 budget assumed an improvement in revenue of 5% when compared to Q1 2023. The FY 2024 budget assumes an improved second half, including the assumptions of a recovery from the challenges previously discussed and the generation of revenue from new product launches. The recovery in H2 2024 forecasts revenue to be broadly in line with H2 2022. The overall budgeted revenue acknowledges the current challenges faced in 2024 and contains a judgement around the speed of recovery from the challenges faced in 2023. The 2024 budget therefore does not assume to reach 2022 levels.

The most material judgements for the 2024 budget relate to how long it will take for the Group's financial performance to recover from the strikes and how much worse or better the macroeconomic environment might be in 2024 vs 2023. The Group does not plan to make any structural changes under the scenarios that have been modelled. The judgements and sensitivities are expanded on in further detail below. The base case does not forecast a breach of covenants in 2024. In terms of liquidity, the lowest point between the time of signing these financial statements and April 2025 is £113 million at 30 April 2024.

Current sell-side analysts' forecasts are below this budget for 2024, as is typical for this stage in the financial year.

Severe but plausible downside assessment

In acknowledging the challenges faced in 2023, the Board has also modelled several severe but plausible downside scenarios. The material judgements considered in these scenarios are:

- estimating the recovery from the strikes, both in terms of the length of the recovery and the quantum thereof, which is at a slower pace than the base case;
- trading conditions and, in particular, the impact of the macroeconomic environment being worse than expected; and
- continuing self-help actions that would partly offset the effects of the above.

Whilst most of the Group's modelled forecasts do not result in breaching covenants, there are severe but plausible downside scenarios which would result in a breach of the Amended Covenants at the test dates from 30 June 2024. The severe but plausible scenarios that exist assume (1) a slower recovery in the cine and scripted TV market in 2024; (2) a worsening macroeconomic environment for the Group's consumer/ICC products; and (3) no additional mitigation.

The most severe modelled slower recovery assumes that the ICC/consumer segment declines by 30% on 2023 and that the cine and scripted TV market only recovers to 50% of 2022. Under these scenarios, there would be a breach of the Amended Covenant at each of the 2024 test dates from 30 June 2024. In the event that the results for Q2 2024 were to be the same as Q1 2024, this would result in a breach of the Amended Covenant at 30 June 2024. Albeit the average revenue uplift between the first and second quarters of the year over the last ten years, excluding 2020 (COVID-19), has been 22% and every Q2 has been higher than Q1.

The Board, in light of its experience, past practice and performance, and historical evidence and current trading, considers that (a) it is not possible to determine the length of time it will take to recover from the strikes, (b) there is limited forecasting visibility supportable by externally sourced market evidence, (c) the typical levels of the Group's order book are between one and two months sales, and (d) the impact of the macroeconomic environment on ICC and retail customers and distribution partners remains uncertain.

The Board is proactively managing the options available to the Group to mitigate risks and deliver cost and cash saving measures as set out in the "Mitigation plans" below.

Trading update for the first quarter of 2024

Although industry confidence in the post-strike recovery remains strong, the Group did not see the significant pick up in the cine and scripted TV market that it was expecting to happen in the month of March. As a result, although orders for the first quarter of 2024 were 6% ahead at constant currency than the same period of 2023 (strikes began in May 2023), revenue was 3% below at constant currency. Adjusted operating profit was £0.7 million behind the prior year, reflecting a consistent treatment for bonus accruals, with continuing tight control on costs, capex, and working capital. The macroeconomic environment for the sell-out from the Group's customers for its consumer/ICC products continued to decline, albeit at a slower rate than experienced throughout 2023.

Compared to base case, orders for the first quarter of 2024 were 9% below, at constant currency, with revenue 8% below, at constant currency. Revenue was £8.1 million below base case and, reflecting a consistent treatment for bonus accruals in both the base case and Q1 results, adjusted operating profit was £3.0 million below base case.

The Group has reforecast Q2 2024 ("Outlook"), in light of the unexpected weakness in Q1 2024 and current expectations from its Divisions, including a lower rate of recovery in the cine and scripted TV market which, in the Outlook, is anticipated to pick-up only from June 2024. The Outlook represents current expectations and lies within the range of plausible downside scenarios, and would not result in a breach of covenants at 30 June 2024.

Material uncertainty

The Board has, at the date of signing these financial statements, determined that given the sensitivities over the timeline and pace of recovery from the strikes and t he financial impact on the Group (including potential covenant breaches) of a slower than expected recovery and worsening macroeconomic conditions, a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Mitigation plans

The Board implemented mitigating actions during 2023 to offset the lost revenue. These included the restructuring projects and cost reductions previously mentioned. The benefits of these actions was to reduce 2023 costs by c.£13 million versus 2022. The majority of the reduction will remain in 2024, with discretionary costs returning in a phased and controlled manner, as trading conditions improve.

The Board is proactively managing the mitigating options available to the Group. These include:

- cost and cash saving measures in addition to those factored into the forecast;
- incremental revenue generating activities; and
- renegotiating the committed facility, extension and quantum, and the lending covenants.

As a result of the challenging trading conditions experienced in Q1 2024, the Group has developed a set of actions being delivered during Q2 2024 that will reduce costs and secure incremental revenue opportunities in addition to those included in the Outlook set out above. Cost and revenue actions have currently highlighted Q2 operating profit benefits of £3.8 million, with £2.1 million being within the Group's control.

During the second quarter of 2024, the Group will negotiate with its banks an amendment and extension of its RCF. As part of this process, the Group will also endeavour to agree with its banks a new relaxation of its covenants, along with a reduction of the overall committed facility, currently £200 million.

Notwithstanding the above material uncertainty, the Board has, on balance of the available evidence and modelled scenarios, concluded that there is a reasonable prospect that improvements in the Group's performance, along with mitigating actions, will be achieved and it is appropriate to adopt the going concern basis of accounting in preparing the 2023 year-end financial statements.

Section 1 continued

Basis of Preparation continued

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 Financial Statements 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.

Critical accounting judgements and key sources of estimation uncertainty

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 judgements in applying the Group's accounting policies

The following are critical accounting 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.

Going concern assessment

There were material judgements made by the Board to determine if the Group is a going concern. These judgements are disclosed under "going concern" in Section 1 "Basis of Preparation". The key judgements surrounding the going concern assessment relate to the recovery of the business from headwinds faced during 2023 by the Group.

Assets held for sale and discontinued operations

The critical judgement is in relation to determining if the assets held for sale and those that have been abandoned meet the criteria to be classified as a discontinued operation under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", particularly if they represent either a separate major line of business or a geographical area of operations. Management has deemed that all three assets have met this requirement and if this criteria was not met then it would not be accounted for as a discontinued operation. Amimon and Lightstream, were disclosed as a non-current asset held for sale as at 30 June 2023. Since then, a war broke out in the Middle East which has impacted the sales process and the Group has further impaired Amimon as at 31 December 2023. The intention as at 31 December 2023 and at the time of signing the 2023 financial statements, is to dispose of Amimon and generate as much value as possible. Lightstream was sold during 2023 and Syrp was closed in 2023. See note 3.4 "Discontinued operations and non-current assets classified as held for sale".

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".

Key sources of estimation uncertainty in applying the Group's accounting policies

The following are the key sources of estimation uncertainty 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.

Impairment of discontinued operations

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. Estimations and assumptions were applied by Management in determining the recoverable amount of these assets. These estimations relate predominantly to the valuation and estimated disposal proceeds provided by an independent third-party, both of which impacted the final carrying value. The valuation provided an indicator as to how much the Amimon business could be sold for in an arm's length transaction. This valuation combined with additional relevant information, such as the macroeconomic climate and current situation in the Middle East, along with Amimon's balance sheet determined a reasonable estimate of fair value less costs to sell. This led to a range of potential valuations, ultimately leading to a further impairment being booked in the second half of 2023. The ultimate carrying value recorded on the balance sheet, is therefore sensitive to the possible range of net disposal proceeds. Further detail about the assumptions used and sensitivities are set out in note 3.4 "Discontinued operations and non-current assets classified as held for sale".

Pension benefits

The actuarial valuations associated with the pension schemes involve making assumptions about discount rates and life expectancy. All assumptions are reviewed at each reporting date. Further details about the assumptions used and sensitivities are set out in note 5.2 "Pensions".

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 and sensitivities on tax losses.

Impairment of acquired intangibles

The impairment of acquired intangibles involve making assumptions. The most judgemental assumptions include determination of the WACC, growth rates, operating leverage and operating cash conversion. All assumptions are reviewed at each reporting date. Further details about the assumptions used and sensitivities are set out in note 3.1 "Intangible assets".

Inventory

Provisions are required to write down slow-moving, excess and obsolete inventory to its net realisable value. Management assessed the level of inventory provisioning by category and judgements and estimates were made in determining if a provision was required and at what level. The key estimates relate to supply chains and their lead times, future selling price, anticipated future sales of products over particular time periods, the susceptibility of the underlying product to obsolescence and current year trading performance. The anticipated level of future sales is determined primarily based on actual sales over a specified historic reference period, which has been enhanced to a period of between six and 24 months, which is determined by Management and is deemed appropriate to the type of inventory. Further details about the sensitivities are set out in note 3.3 "Working capital".

Section 1 continued

Basis of Preparation continued

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IFRS 17: "Insurance Contracts"
- Amendments to IAS 1: "Presentation of Financial Statements" and IFRS Practice Statement 2: "Making Materiality Judgements" – Disclosure of accounting policies
- Amendments to IAS 12: "Income Taxes" – Deferred tax relating to assets and liabilities arising from a single transaction – Following this amendment the deferred tax assets and deferred tax liabilities relating to lease liabilities and lease assets which were disclosed net in the prior year have been disclosed gross in both the current and prior year. Refer to note 2.4 "Tax" for more detail. International tax reform – Pillar two model rules
- Amendments to IAS 8: "Accounting Polices, Changes in Accounting Estimates and Errors" – Definition of accounting estimates

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.

At the date of authorisation of these financial statements, the Group has not applied any new or revised IFRS Accounting Standards that have been issued but are not yet effective. The standards applicable to the Group are shown below:

- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

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 (Loss)/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 (Loss)/profit before tax (including segmental information)

This shows the analysis of the Group's profit/(loss) 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 (distributors, dealers, retailers, e-tailers and intermediaries) 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.

Section 2 continued

Results for the Year continued

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		Production Solutions	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Analysis of revenue from external customers, by location of customer				
United Kingdom	**11.9**	17.7	**11.0**	15.3
The rest of Europe	**51.7**	75.2	**21.9**	32.7
North America	**52.3**	74.4	**47.3**	63.3
Asia Pacific	**31.8**	42.8	**13.1**	16.3
The rest of the World	**6.0**	7.7	**7.9**	10.2
Total revenue from external customers	**153.7**	217.8	**101.2**	137.8
Inter-segment revenue[1]	**0.1**	0.1	**1.1**	0.4
Total revenue	**153.8**	217.9	**102.3**	138.2
Adjusted operating profit/(loss)	**11.4**	35.1	**12.1**	31.4
Amortisation of intangible assets that are acquired in a business combination	**(3.9)**	(4.3)	**(0.1)**	(0.2)
Impairment of assets	**(4.5)**	–	**(1.7)**	–
Acquisition related charges	**(1.0)**	(4.3)	**(0.3)**	(0.1)
Integration, restructuring and other costs	**(3.4)**	(0.9)	**(0.5)**	(1.0)
Operating profit/(loss)	**(1.4)**	25.6	**9.5**	30.1
Finance income				
Finance expense				
Net finance expense				
(Loss)/profit before tax				
Taxation				
Loss on disposal of discontinued operation after tax				
(Loss)/profit for the year				
Segment assets	**206.8**	242.5	**112.7**	119.7
Unallocated assets				
Cash and cash equivalents				
Non-current tax assets				
tax assets				
Deferred tax assets				
Total assets				
Segment liabilities	**47.2**	62.8	**26.5**	38.9
Interest-bearing loans and borrowings	**0.6**	0.6	**–**	–
Unallocated liabilities				
Bank overdrafts				
Current tax liabilities				
Deferred tax liabilities				
Total liabilities				
Non-current assets, by location				
United Kingdom	**10.0**	10.3	**31.2**	33.3
The rest of Europe	**38.9**	37.4	**0.3**	0.4
North America	**75.2**	85.8	**17.3**	20.4
Asia Pacific	**0.4**	2.4	**1.0**	0.8
The rest of the World	**8.3**	8.7	**8.6**	9.5
Total non-current assets[2]	**132.8**	144.6	**58.4**	64.4
Cash flows from operating activities[3]	**14.7**	26.5	**4.3**	30.5
Cash flows from investing activities	**(7.3)**	(39.9)	**(5.1)**	(5.3)
Cash flows from financing activities	**(2.9)**	(2.9)	**(2.1)**	(2.1)
Capital expenditure				
Property, plant and equipment	**2.6**	3.6	**1.9**	3.0
Software and development costs	**3.2**	3.2	**3.4**	2.4

1 Inter-segment pricing is determined on an arm's length basis. These are eliminated in the Corporate column.
2 Non-current assets exclude employee benefit asset, derivative financial instruments and non-current tax assets.
3 A cash outflow of £1.5 million previously included in the 2022 Corporate and unallocated has been reclassified to Media Solutions Division (£0.7 million) and Discontinued operations (£0.8 million).
4 In the Production Solutions Division, certain land and buildings of £2.5 million have been classified as a disposal group held for sale within the year.

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.

The £60.5 million (2022: £17.5 million) operating loss of discontinued operations comprises £3.4 million (2022: £2.1 million) in Media Solutions Division and £57.1 million (2022: £15.4 million) in Creative Solutions Division.

The Lightstream and Amimon businesses, which are part of the Creative Solutions Division, and Syrp which is part of the Media Solutions Division, have been classified as discontinued operations in the current year. Their performance in this year and comparative years are therefore part of discontinued operations as presented in note 3.4 "Discontinued operations and non-current assets classified as held for sale".

Creative Solutions		Corporate and unallocated		Continuing operations		Discontinued operations and non-current assets held for sale[4]		Continuing and discontinued operations	
2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
3.1	5.5	**–**	–	**26.0**	38.5	**–**	–	**26.0**	38.5
7.1	9.3	**–**	–	**80.7**	117.2	**0.5**	0.7	**81.2**	117.9
34.5	60.6	**–**	–	**134.1**	198.3	**6.7**	6.4	**140.8**	204.7
6.4	10.1	**–**	–	**51.3**	69.2	**0.8**	1.2	**52.1**	70.4
0.9	1.4	**–**	–	**14.8**	19.3	**0.1**	0.4	**14.9**	19.7
52.0	86.9	**–**	–	**306.9**	442.5	**8.1**	8.7	**315.0**	451.2
0.3	0.1	**(1.5)**	(0.6)	**–**	–	**–**	–	**–**	–
52.3	87.0	**(1.5)**	(0.6)	**306.9**	442.5	**8.1**	8.7	**315.0**	451.2
0.8	16.7	**(11.5)**	(17.0)	**12.8**	66.2	**(6.3)**	(6.2)	**6.5**	60.0
–	(1.4)	**–**	–	**(4.0)**	(5.9)	**(2.2)**	(5.0)	**(6.2)**	(10.9)
(1.1)	(2.3)	**–**	–	**(7.3)**	(2.3)	**(50.2)**	(1.3)	**(57.5)**	(3.6)
–	–	**–**	–	**(1.3)**	(4.4)	**(1.4)**	(4.9)	**(2.7)**	(9.3)
(0.6)	(1.0)	**(0.4)**	(1.7)	**(4.9)**	(4.6)	**(0.4)**	(0.1)	**(5.3)**	(4.7)
(0.9)	12.0	**(11.9)**	(18.7)	**(4.7)**	49.0	**(60.5)**	(17.5)	**(65.2)**	31.5
				2.4	2.3	**–**	0.1	**2.4**	2.4
				(16.5)	(9.1)	**(0.4)**	(0.1)	**(16.9)**	(9.2)
				(14.1)	(6.8)	**(0.4)**	–	**(14.5)**	(6.8)
				(18.8)	42.2	**(60.9)**	(17.5)	**(79.7)**	24.7
				6.7	6.0	**(4.1)**	2.2	**2.6**	8.2
				–	–	**(1.0)**	–	**(1.0)**	–
				(12.1)	48.2	**(66.0)**	(15.3)	**(78.1)**	32.9
40.2	107.4	**6.4**	8.5	**366.1**	478.1	**12.3**	–	**378.4**	478.1
		8.7	15.8	**8.7**	15.8	**–**	–	**8.7**	15.8
		3.1	3.0	**3.1**	3.0	**–**	–	**3.1**	3.0
		5.7	4.1	**5.7**	4.1	**–**	–	**5.7**	4.1
		55.4	53.2	**55.4**	53.2	**–**	–	**55.4**	53.2
				439.0	554.2	**12.3**	–	**451.3**	554.2
7.8	20.6	**5.5**	7.5	**87.0**	129.8	**4.6**	–	**91.6**	129.8
–	–	**98.6**	173.9	**99.2**	174.5	**–**	–	**99.2**	174.5
		4.0	–	**4.0**	–	**–**	–	**4.0**	–
		7.8	16.7	**7.8**	16.7	**–**	–	**7.8**	16.7
		11.2	9.5	**11.2**	9.5	**–**	–	**11.2**	9.5
				209.2	330.5	**4.6**	–	**213.8**	330.5
–	–	**1.4**	1.7	**42.6**	45.3	**2.5**	–	**45.1**	45.3
–	–	**–**	–	**39.2**	37.8	**–**	–	**39.2**	37.8
21.6	42.7	**–**	0.5	**114.1**	149.4	**–**	–	**114.1**	149.4
–	–	**–**	–	**1.4**	3.2	**–**	–	**1.4**	3.2
–	38.0	**–**	–	**16.9**	56.2	**7.1**	–	**24.0**	56.2
21.6	80.7	**1.4**	2.2	**214.2**	291.9	**9.6**	–	**223.8**	291.9
4.0	14.2	**(31.8)**	(15.5)	**(8.8)**	55.7	**(7.3)**	(7.0)	**(16.1)**	48.7
(4.3)	(3.3)	**–**	–	**(16.7)**	(48.5)	**(4.1)**	(4.9)	**(20.8)**	(53.4)
(0.9)	(0.9)	**29.7**	17.5	**23.8**	11.6	**(0.4)**	(0.9)	**23.4**	10.7
0.1	0.3	**–**	–	**4.6**	6.9	**0.2**	0.2	**4.8**	7.1
4.1	2.8	**–**	–	**10.7**	8.4	**3.0**	4.7	**13.7**	13.1

One customer (2022: one) accounted for more than 10% of external revenue. In 2023, the total revenue from this customer, which was recognised in all continuing operations was £38.9 million (2022: £60.8 million).

Section 2 continued

Results for the Year continued

Operating expenses

	2023 £m	2022 £m
Analysis of operating expenses		
Adjusting items in operating profit	**17.5**	17.2
Adjusting items in cost of sales[1]	**(4.2)**	(2.6)
– Adjusting items in operating expenses[1]	**13.3**	14.6
– Other administrative expenses	**49.8**	58.7
Adjusting items and administrative expenses	**63.1**	73.3
Marketing, selling and distribution costs	**41.3**	51.3
Research, development and engineering costs	**14.9**	17.2
Total operating expenses from continuing operations	**119.3**	141.8
– Adjusting items in operating expenses	**54.2**	11.3
– Other administrative expenses	**2.6**	3.2
Adjusting items and administrative expenses	**56.8**	14.5
Marketing, selling and distribution costs	**1.7**	2.4
Research, development and engineering costs	**5.6**	5.3
Total operating expenses from discontinued operations	**64.1**	22.2

1 Adjusting items in (loss)/profit before tax from continuing operations are £20.1 million (2022: £18.0 million) of which £13.3 million (2022: £14.6 million) are recognised in operating expenses, £4.2 million (2022: £2.6 million) in cost of sales and £2.6 million (2022: £0.8 million) in finance expense.

Adjusting items in operating loss from discontinued operations are £54.5 million (2022: £11.3 million), of which £54.2 million (2022: £11.3 million) are recognised in operating expenses and £0.3 million (2022: £nil) in finance expense.

See note 2.2 "Adjusting items".

Operating profit

	2023 £m	2022 £m
The following items are included in total operating profit		
Fees payable to Deloitte for the audit of the Company's financial statements	**1.4**	0.9
Fees payable to Deloitte for:		
– The audit of the subsidiaries	**1.0**	0.8
– Audit-related assurance services	**0.5**	0.1
– Non-audit related assurance services	**0.9**	–

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 226 to 232. 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 acquired intangible assets:

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.

Amortisation of capitalised development costs:

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.

Impairment charges:

The impairment of disposed entities or groups of asset(s) held for sale are adjusted for to ensure consistency between periods.

Impairment of goodwill, acquired intangible assets and capitalised development costs:

Impairments to acquired intangibles arose as a result of the estimated net present values of cash flows being lower than the carrying value at year end.

Within discontinued operations the impairment of goodwill, acquired intangibles and capitalised development costs resulted from the assets being classified as non-current assets held for sale, measured at the lower of the carrying amount and the expected fair value less costs to sell.

Impairment of property, plant and equipment:

Impairment of property, plant and equipment resulted from the asset being classified as non-current assets held for sale, measured at the lower of the carrying amount and the expected fair value less costs to sell.

Impairment of inventory:

The impairment of inventory relates to a discontinuation of product lines which are significant in nature and not considered by the Group to be part of the normal operating result of the business.

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.

Section 2 continued

Results for the Year continued

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:

These are upfront borrowing fees related to funding for acquisitions and do not reflect the ongoing funding cost of the investment.

Unwind of discount on liabilities and other interest: This is discount being unwound on the payment of deferred consideration, and interest charged on deferred retention payments, both relating to acquisitions.

The above are adjusted to ensure consistency between periods.

Unwind of discount on liabilities and other interest:

Unwinding of discounts and interest charged on deferred payments relating to 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;
- 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.

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/(loss), adjusted profit/(loss) before tax and adjusted profit/(loss) 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.

	2023 £m	2022 £m
Continuing operations		
Amortisation of intangible assets that are acquired in a business combination	**(4.0)**	(5.9)
Impairment of assets[1]	**(7.3)**	(2.3)
Acquisition related charges[2]	**(1.3)**	(4.4)
Integration, restructuring, and other costs[3]	**(4.9)**	(4.6)
Adjusting items in operating (loss)/profit from continuing operations	**(17.5)**	(17.2)
Finance expense – amortisation of loan fees on borrowings for acquisitions and other financing initiatives	**(2.6)**	(0.8)
Adjusting items in (loss)/profit before tax from continuing operations	**(20.1)**	(18.0)

1 The impairment of assets of £7.3 million (2022: £2.3 million) relates to inventory: £3.7 million (2022: £1.7 million), which mainly comprises the discontinuation of the motion controls market and Wooden Camera inventory following the relocation to Costa Rica; land and buildings: £1.5 million (2022: £nil) which is predominantly the £1.3 million impairment of the building which was classified as non-current assets held for sale; acquired intangible assets: £1.8 million (2022: £nil) and capitalised development costs: £0.3 million (2022: £0.6 million).

2 Acquisition related charges of £1.3 million (2022: £4.4 million) comprise a retention payment charge of £1.1 million (2022: £3.4 million) relating to continued employment, transaction costs relating to the acquisition of Audix of £nil million (2022: £0.4 million), the effect of fair valuation of acquired inventory of £0.1 million (2022: £0.5 million), and the effect of fair valuation of acquired property, plant and equipment of £0.1 million (2022: £0.1 million).

3 Integration, restructuring and other costs of £4.9 million (2022: £4.6 million) relate mainly to site rationalisation and other restructuring activities of which employee related charges were £4.1 million (2022: £3.7 million); and corporate related initiatives £0.8 million (2022: £0.9 million). The most significant restructuring projects entered into in 2023 were:
Creative Solutions Division: exit costs relating to the migration of the Wooden Camera manufacturing plant from Texas to Costa Rica.
Media Solutions Division: exit costs relating to the closure of Videndum Media Distribution US ("VMD US") and incorporation of its operations into Savage, which involved moving from New Jersey to Phoenix; and the rationalistion of the UK operations of Rycote to Videndum Media Distribution UK ("VMD UK") within the UK. The consolidation of VMD US operations into Savage will result in improved efficiency and capability, delivering savings and new opportunities for further incremental synergies in the coming years, mainly within logistics. The rationalisation of Rycote to VMD UK will reduce costs and streamline production.
Corporate initiatives incurred relate to the multi-year rebranding initiative which commenced in 2022 and other one off projects.
Corporate: initiatives incurred in 2023 relating to corporate activities and rebranding.

The two significant restructuring charges relate to:

Motion Controls: during the second half of 2023, the Group took a strategic decision to close Syrp, its Media Solutions mechatronic research and development centre in New Zealand, and exit from the lower margin motion control product category. A restructuring charge of £2.4 million (2022: £nil) was incurred reflecting inventory losses incurred and the write-down to net realisable value of the motion control inventory which has been reported within adjusting items.

During this period, the disposal of inventory, resulted in revenue of £1.2 million recognised within operating profit from continuing operations and associated cash flows of £1.1 million, which are not expected to be part of underlying operations of the business going forward. The remaining £0.9 million of inventory at hand, which has been written down to fair value is expected to be disposed during first half of 2024.

Wooden Camera: the restructuring project within Creative Solutions involved the relocation of Wooden Camera to Costa Rica from Texas and resulted in the scrapping of £1.0 million worth of inventory.

The retention payment charge of £1.1 million relates to Quasar: £0.3 million, Savage: £0.6 million and Audix: £0.2 million. The charge incurred in 2022 was £3.4 million relating to Quasar: £0.1 million, Savage: £0.7 million and Audix: £2.6 million.

An amount of £4.2 million (2022: £2.6 million) was adjusted from cost of sales. This related to the fair value uplift of £0.1 million (2022: £0.5 million) relating to acquired inventory sold by the Group since the business combination, inventory impairment was £3.7 million (2022: £1.7 million), and redundancy costs £0.4 million (2022: £0.4 million).

	2023 £m	2022 £m
Discontinued operations		
Amortisation of intangible assets that are acquired in a business combination	**(2.2)**	(5.0)
Impairment of assets[1]	**(50.2)**	(1.3)
Acquisition related charges[2]	**(1.4)**	(4.9)
Integration, restructuring, and other costs[3]	**(0.4)**	(0.1)
Adjusting items in operating loss from discontinued operations	**(54.2)**	(11.3)
Finance expense – unwind of discount on liabilities and other interest	**(0.3)**	–
Adjusting items in loss before tax from discontinued operations	**(54.5)**	(11.3)

See note 2.5 "Earnings per share" for the above, net of tax.

1 The impairment of assets charge of £50.2 million (2022: £1.3 million) relates to goodwill: £26.8 million (2022: £nil), acquired intangible assets: £14.0 million (2022: £nil), capitalised development costs: £9.1 million (2022: £1.3 million), and land and buildings: £0.3 million (2022: £nil). The goodwill, acquired intangibles and capitalised development costs resulted from the recognition of Lightstream and Amimon as non-current assets held for sale at the half year 2023.

2 Acquisition related charges of £1.4 million comprise a retention payment charge relating to continued employment of £1.1 million (2022: £2.5 million), transaction costs relating to the acquisition of businesses of £0.3 million (2022: £0.6 million), and grant payments in excess of liability recognised at acquisition of £nil (2022: £1.8 million).

3 Integration, restructuring and other costs of £0.4 million (2022: £0.1 million), relates to the closure of the Syrp operations in New Zealand, within the Media Solutions Division.

To ensure fair review of the development and performance of the business and of the position of the Group from a cash flow standpoint, the table below shows a reconciliation from "Net cash (used in)/from operating activities" to "Adjusted net cash from operating activities", considering the impact of cash flows from discontinued operations and cash flows associated with items disclosed as adjusting within the income statement.

	2023 £m	2022 £m
Net cash (used in)/from operating activities	**(16.1)**	48.7
Add back:		
Adjusting items in net cash (used in)/from operating activities		
– Net cash used in operating activities from discontinued operations	**7.3**	7.0
– Earnout and retention bonuses	**3.6**	0.3
– Transaction costs	**–**	0.6
– Cash generated from the sale of impaired inventory	**(1.1)**	–
– Restructuring and integration costs	**6.4**	2.0
Adjusted net cash from continuing operating activities	**0.1**	58.6

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 external loans that are not net investment hedges;
- fair value gain/loss on interest rate swaps designated as cash flow hedges;
- interest expense on lease liabilities;
- interest expense on borrowings and deferred payments;
- interest receivable on funds paid on account or invested;
- unwind of discount on liabilities; and
- net interest expense on net defined benefit pension scheme.

Net finance expense

	2023 £m	2022 £m
Finance expense		
Interest expense on interest-bearing loans and borrowings[1]	**(16.3)**	(8.3)
Fair value gain on interest rate swaps designated as cash flow hedges	**3.0**	0.7
Interest expense on net defined benefit pension scheme[2]	**(0.1)**	(0.1)
Interest expense on lease liabilities	**(1.5)**	(1.4)
Other interest expense[3]	**(1.6)**	–
	(16.5)	(9.1)
Finance income		
Net currency translation gains	**2.0**	2.3
Other interest income	**0.2**	–
Interest income on net defined benefit pension scheme[2]	**0.2**	–
	2.4	2.3
Net finance expense from continuing operations	**(14.1)**	(6.8)
Finance expense		
Interest expense on lease liabilities	**–**	(0.1)
Net currency translation losses	**(0.1)**	–
Unwind of discount on liabilities and other interest[4]	**(0.3)**	–
	(0.4)	(0.1)
Finance income – net currency translation gains	**–**	**0.1**
Net finance expense from discontinued operations	**(0.4)**	**–**

1 Interest expense on interest-bearing loans and borrowings of £16.3 million (2022: £8.3 million) relates to interest expense of £14.4 million (2022: £7.0 million); amortisation of loan fees £0.7 million (2022: £0.5 million); and an adjusting amount of £1.2 million (2022: £0.8 million) relating to loan fees on borrowings for acquisitions of £0.6 million (2022: £0.8 million) and other financing initiatives of £0.6 million (2022: £nil). See note 2.2 "Adjusting items".

2 See note 5.2 "Pensions".

3 Other interest expense of £1.6 million (2022: £nil) includes an adjusting amount of £1.4 million (2022: £nil) relating to other financing initiatives, not related to underlying trading that has been written off during the year. See note 2.2 "Adjusting items".

4 Unwind of discount on liabilities and other interest of £0.3 million (2022: £nil) is an adjusting charge in loss before tax from discontinued operations. See note 2.2 "Adjusting items".

At the end of 2021, the Group entered into material Term Loans, refer to note 4.1 "Net debt" for further details, and following the increase in interest rates throughout 2023, this resulted in a material increase in finance expense.

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.

Section 2 continued

Results for the Year continued

Tax – Income Statement

	2023 £m	2022 £m
The total taxation charge/(credit) in the Income Statement is analysed as follows:		
Summarised in the Income Statement as follows		
Continuing operations		
Current tax	**1.0**	9.0
Deferred tax	**(7.7)**	(13.7)
	(6.7)	(4.7)
Discontinued operations		
Current tax	**(0.6)**	(0.5)
Deferred tax	**4.7**	(3.0)
	4.1	(3.5)
Continuing and discontinued operations		
Current tax	**0.4**	8.5
Deferred tax	**(3.0)**	(16.7)
	(2.6)	(8.2)
Adjusting items		
Continuing operations		
Current tax	**(1.8)**	(1.7)
Deferred tax	**(2.0)**	(18.6)
	(3.8)	(20.3)
Discontinued operations		
Current tax	**(0.4)**	–
Deferred tax	**(5.2)**	(0.4)
	(5.6)	(0.4)
Continuing and discontinued operations		
Current tax[1]	**(2.2)**	(1.7)
Deferred tax[2]	**(7.2)**	(19.0)
	(9.4)	(20.7)
Before adjusting items		
Continuing operations		
Current tax	**2.8**	10.7
Deferred tax	**(5.7)**	4.9
	(2.9)	15.6
Discontinued operations		
Current tax	**(0.2)**	(0.5)
Deferred tax	**9.9**	(2.6)
	9.7	(3.1)
Continuing and discontinued operations		
Current tax	**2.6**	10.2
Deferred tax	**4.2**	2.3
	6.8	12.5

1 Current tax credit of £2.2 million (2022: £1.7 million credit) was recognised in the year of which £1.6 million credit (2022: £0.7 million credit) related to restructuring and integration costs, £nil million charge (2022: £nil) related to tax on the acquisition and disposal of businesses, £0.6 million credit (2022 £0.2 million credit) related to financial expense and £nil relates to non-taxable Foreign exchange (2022: £0.8 million credit).

2 Deferred tax credit of £7.2 million (2022: £19.0 million credit) was recognised in the year of which £2.6 million credit (2022: £0.7 million credit) relates to restructuring and impairment costs, £0.7 million credit (2022: £1.7 million credit) to acquisitions, £3.9m million credit (2022: £2.3 million credit) to amortisation and impairment of intangible assets and £nil (2022: £14.3 million) credit relates to a deferred tax asset recognition. Further details on deferred tax assets are below.

	2023 £m	2022 £m
Current tax expense/(credit)		
Charge for the year	**1.9**	8.9
Adjustments in respect of prior years	**(1.5)**	(0.4)
Total current tax expense	**0.4**	8.5

The Group current tax charge of £0.4 million (2022: £8.5 million) charge represents UK current tax charge £0.7 million (2022: £3.2 million) with the remaining £0.3 million credit (2022: £5.3 million charge) relating to overseas tax.

	2023 £m	2022 £m
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	**(2.8)**	(16.4)
Adjustments in respect of prior years	**(0.2)**	(0.3)
Total deferred tax credit	**(3.0)**	(16.7)

The Group deferred tax credit of £3.0 million (2022: £16.7 million credit) represents US deferred tax credit of £7.4 million credit (2022: £15.0 million credit), UK deferred tax charge of £0.4 million (2022: £0.1 million charge) with £4.0 million charge (£1.8 million credit) relating to overseas tax.

	2023 £m	2022 £m
Tax charge/(credit) recognised in Statement of Changes in Equity ("SOCIE")		
Current tax recognised in SOCIE[3]	**–**	–
Deferred tax recognised in SOCIE[4]	**0.6**	0.4
	0.6	0.4

3 No current tax deductions have been reflected in the SOCIE in both the current and prior year.
4 A deferred tax charge of £0.6 million (2022: £0.4 million charge) relating to the impact of share-based payments on outstanding options, has been reflected in the SOCIE.

Reconciliation of Group tax charge/(credit)

	2023 £m	2022 £m
(Loss)/profit before tax	**(80.7)**	24.7
Income tax using the domestic corporation tax rate at 23.5% (2022: 19%)	**(19.0)**	4.7
Effect of tax rates in foreign jurisdictions	**1.5**	1.1
Beneficial tax rates and incentives[5]	**(0.6)**	(0.6)
Non-deductible expenses	**1.1**	1.3
Non-taxable income	**(0.8)**	(1.0)
Non-deductible impairment of goodwill and intangible assets	**5.4**	–
Other – including movement on assessment of tax risks	**1.2**	(0.3)
UK rate change	**–**	0.1
Movement on unrecognised deferred tax	**–**	2.1
Impact of losses and other tax attributes derecognised relating to discontinued operations[6]	**10.2**	–
Deferred tax asset increase relating to recognition of US tax losses[7]	**–**	(14.3)
Adjustments in respect of prior years	**(1.6)**	(1.3)
Total income tax credit in Income Statement	**(2.6)**	(8.2)

5 The beneficial tax rates and incentives of £0.6 million credit (2022: £0.6 million credit) relates to the beneficial tax rate in Costa Rica.
6 The derecognised amount of £10.2 million relates to £1.2 million derecognised in FY23 and £9.0 million relates to derecognition of FY22 tax losses and other tax attributes.
7 The Deferred tax asset increase relates to a one-off recognition of the US tax losses in FY22 arising from an increase in forecasted sustainable profits, see note "Deferred tax assets and liabilities" below.

On 24 May 2021 the UK government substantively enacted to increase the UK corporation tax from 19% to 25% with effect from 1 April 2023.

The applicable UK tax rate for the period 1 January 2023 to 31 December 2023 was 23.5% (FY22: 19%).

On 22 February 2024, the 2024 Finance Act was enacted. The existing temporary full expensing relief for expenditure on plant and machinery was made permanent on 22 February 2024. There is no tax impact on the income statement but this does provide an acceleration of tax relief with a resulting in an estimated upfront cash tax saving of c.£0.6 million for FY24.

Section 2 continued

Results for the Year continued

Tax – Balance Sheet

Current tax

The current tax liability of £7.8 million (2022: £16.7 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 £5.7 million (2022: £4.1 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 £3.1 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

In October 2017, the European Commission ("EC") opened a State Aid investigation into the Group Financing Exemption in the UK controlled foreign company ("CFC") rules (an exemption introduced into the UK tax legislation in 2013). In common with other UK-based international companies whose intragroup finance arrangements are in line with current controlled foreign company rules, Videndum is affected by this decision.

In June 2019, the UK government submitted an appeal to the EU Commission against its decision. In common with a number of other affected taxpayers, Videndum has also filed its own annulment application.

In 2021 the Group received a Charging Notice and Interest Charging Notice from HMRC, and accordingly paid £3.0 million. The Group considers it probable that its appeal against the Charging Notice and/or its annulment application against the European Commission's ("EC") State Aid decision will be successful and as such has recorded a non-current asset in relation to the payment on the basis that it will ultimately be refunded.

It is considered possible, however, that the appeal and/or annulment might be unsuccessful which would result in a liability contingent on the outcome.

In 2022, the General Court of the European Union upheld the EC's original decision to the Court of Justice of the European Union ("CJEU"). The applicants in both of the lead cases making applications for annulment of which the Group's own annulment application is currently stood behind have appealed against this judgement.

On 11 April 2024, the Advocate General delivered an independent, but non-binding, opinion on the case, stating that the CJEU should set aside the judgement of the General Court and annul the EC's decision which found that the UK provided State Aid to certain multinational groups between 2013 and 2018. The final judgement is expected to be delivered in the coming months, although there is no prescribed timeframe for the issue of that final decision.

Management remains of the view that it is probable that its appeal and/or its annulment application will be successful based on the technical facts of the case.

The non-current tax asset at 31 December 2023 is £3.1 million which represents the £3.0 million described above plus £0.1 million interest receivable.

Deferred tax assets and liabilities

	2023 £m	**Recognised in income £m**	**Recognised in goodwill and reserves £m**	**Exchange movements £m**	**Transfer between categories £m**	2022 £m
Assets						
Inventories	**2.3**	**(0.5)**	**–**	**–**	**–**	2.8
Intangible assets	**1.9**	**0.9**	**–**	**(0.1)**	**–**	1.1
Tax losses[1]	**36.8**	**3.9**	**–**	**(1.8)**	**–**	34.7
Property, plant, equipment and other	**9.1**	**(2.3)**	**(0.6)**	**(0.5)**	**–**	12.5
Lease liability[2]	**5.3**	**3.4**	**–**	**(0.2)**	**–**	2.1
	55.4	**5.4**	**(0.6)**	**(2.6)**	**–**	53.2
Liabilities						
Pension	**(2.5)**	**1.6**	**–**	**0.2**	**–**	(4.3)
Property, plant, equipment and other	**(1.0)**	**–**	**–**	**–**	**–**	(1.0)
Intangible assets	**(2.6)**	**(0.6)**	**0.3**	**–**	**–**	(2.3)
Right-of-use assets[2]	**(5.1)**	**(3.4)**	**–**	**0.2**	**–**	(1.9)
	(11.2)	**(2.4)**	**0.3**	**0.4**	**–**	(9.5)
Net	**44.2**	**3.0**	**(0.3)**	**(2.2)**	**–**	43.7

	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[1]	34.7	10.8	–	2.8	(0.4)	21.5
Property, plant, equipment and other	12.5	5.5	(1.1)	0.5	(0.8)	8.4
Lease liability[2]	2.1	2.1	–	–	–	–
	53.2	18.6	(1.3)	3.5	(1.2)	33.6
Liabilities						
Pension	(1.0)	–	(2.1)	–	1.1	–
Property, plant, equipment and other	(2.3)	(0.7)	(1.4)	–	0.1	(0.3)
Intangible assets	(4.3)	0.7	–	(0.5)	–	(4.5)
Right-of-use assets[2]	(1.9)	(1.9)	–	–	–	–
	(9.5)	(1.9)	(3.5)	(0.5)	1.2	(4.8)
Net	43.7	16.7	(4.8)	3.0	–	28.8

1 The table below shows deferred tax on losses.
2 See note "Deferred Tax on leases" below.

	Gross 2023 £m	**Tax 2023 £m**	Gross 2022 £m	Tax 2022 £m
Recognised	**160.0**	**36.8**	165.9	34.7
Unrecognised [3]	**9.0**	**1.9**	9.0	1.9
Total	**169.0**	**38.7**	174.9	36.6

3 Excludes unrecognised losses in FY23 in respect of Amimon Ltd, a discontinued business, of gross £56.9 million and tax £9.1 million. The unrecognised tax losses have no expiry date.

Section 2 continued

Results for the Year continued

Deferred Tax

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 2023, Videndum has recognised deferred tax assets of £55.4 million (2022: £53.2 million).

Deferred tax assets of $42.5 million are recognised in respect of losses, interest and other temporary differences in the Group's US business, which have no time expiry. While the DTA has increased in the current year due to additional losses, the Group considers there to be convincing positive evidence of forecast future taxable profits to support the recognition of these deferred tax assets.

In assessing the probability of recovery, the Directors have reviewed the Group's three-year Plan that has been used for both the going concern, viability assessment and the goodwill and fixed asset impairment testing. This plan anticipates a recovery of the US business following the end of the actors' and writers' strike in December 2023. The strike was a one-off event and is not expected to reoccur in the immediate future.

The assessment has also considered the fact that there is a material uncertainty in relation to going concern. This uncertainty predominately relates to the short-term timing of the business recovery over the coming months. The recognition of the DTA is predominately based on longer-term 10+ year forecasts, as such it is still probable that the losses will be recovered in full and that the short-term uncertainty does not undermine the longer-term forecasts.

The three-year plan and DTA forecast and the forecasts for going concern, viability assessment and goodwill use consistent assumptions.

A risk factor of 8% has been applied to US taxable profit forecasts after three years, 2027 onwards, to take into account the reduction in reliability of forecasts as they extend into the future. The majority of the DTAs are expected to be recovered by 2034 (11 years) after taking into account tax law restrictions.

The Group continues to hold the Amimon business as a discontinued business. At 31 December 2023 the Group has reviewed the DTA in relation to the Israeli tax losses and other temporary differences. Given there is an ongoing conflict in Israel and while the Group continues to search for a suitable purchaser, it has been concluded that the DTA of £9.0 million as at 31 December 2022 is not supportable and has been derecognised in full.

The deferred tax asset decrease of £0.2 million (2022: £4.8 million decrease) recognised in goodwill and reserves relates to the following: £nil recognised in SOCIE in relation to defined benefit obligations, £0.6 million decrease reflected in the SOCIE in relation to share options, £0.3 million increase relating to financial instruments, and £nil 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 £142.7 million at 31 December 2023 (2022: £171.8 million). As dividends remitted from overseas subsidiaries to the UK should be exempt from additional UK tax, no significant tax charges would be expected.

Deferred Tax on leases

Following the amendment to IAS 12 in connection with "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction", which applies for annual reporting periods beginning on or after 1 January 2023, the deferred tax assets and deferred tax liabilities relating to Videndum's lease liabilities and lease assets are disclosed above separately. In FY22 the deferred tax assets and liabilities were disclosed net and have for FY23 been disclosed gross.

Sensitivity analysis on tax losses

Changes in the estimated future US taxable forecasted profits will affect future profits and therefore the recoverability of the deferred tax assets. To demonstrate the impact of these changes on the recoverability of deferred tax assets, sensitivities involving a 5% increase and decrease in margin in the US markets which encompasses Teradek, Audix and Savage business units have been modelled.

A 5% increase in net operating margin has no impact on the deferred tax asset ("DTA") recognition or the forecast timing of the use of the US tax losses. A 5% decrease in net operating margin has no impact on the recognition of the deferred tax asset but results in the majority of the DTA's being expected to be recovered by 2035 (12 years).

2.5 Earnings per share

Earnings per share ("EPS") is the amount of post-tax profit/(loss) attributable to each share.

Basic EPS is calculated on the profit/(loss) 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".

A negative basic EPS is not adjusted for the effects of dilutive share options.

The adjusted EPS measure is calculated based on adjusted profit/(loss) 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:

	2023 £m	2022 £m
(Loss)/profit for the financial year from continuing operations	**(12.1)**	46.9
Add back adjusting items, all net of tax:		
Amortisation of intangible assets that are acquired in a business combination, net of tax	**3.3**	3.9
Impairment of fixed assets, net of tax	**6.2**	2.3
Acquisition related charges, net of tax	**1.1**	2.9
Integration, restructuring and other costs, net of tax	**3.7**	3.1
Finance expense – amortisation of loan fees on borrowings for acquisitions and other interest, net of tax	**2.0**	0.6
Current tax credit[1]	**–**	(0.8)
Deferred tax credit[2]	**–**	(14.3)
Add back adjusting items from continuing operations, all net of tax:	**16.3**	(2.3)
Adjusted profit after tax from continuing operations	**4.2**	44.6
Loss for the financial period from discontinued operations	**(66.0)**	(14.0)
Add back adjusting items, all net of tax:		
Amortisation of intangible assets that are acquired in a business combination, net of tax	**1.9**	4.8
Impairment of intangible assets	**45.5**	1.3
Acquisition related charges, net of tax	**0.9**	4.7
Integration, restructuring and other costs, net of tax	**0.3**	0.1
Finance expense – unwind of discount on liabilities and other interest, net of tax	**0.3**	–
Add back adjusting items from discontinued operations, all net of tax:	**48.9**	10.9
Add back loss on disposal of discontinued operation after tax	**1.0**	–
Adjusted loss after tax from discontinued operations	**(16.1)**	(3.1)
(Loss)/profit for the financial year	**(78.1)**	32.9
Adjusted (loss)/profit after tax	**(11.9)**	41.5

1 A current tax credit of £nil (2022: £0.8 million) relates to non-taxable foreign exchange gains.
2 A deferred tax credit of £nil (2022: £14.3 million) relates to the recognition of deferred tax assets.

	Weighted average number of shares '000		Adjusted earnings per share		Earnings per share	
	2023 Number	2022 Number	**2023 pence**	2022 pence	**2023 pence**	2022 pence
From continuing operations[1]						
Basic	**49,584**	46,064	**8.5**	96.8	**(24.4)**	101.8
Dilutive potential ordinary shares	**318**	1,850	**(0.1)**	(3.7)	**–**	(3.9)
Diluted	**49,902**	47,914	**8.4**	93.1	**(24.4)**	97.9
From discontinued operations[2]						
Basic	**49,584**	46,064	**(32.5)**	(6.7)	**(133.1)**	(30.4)
Dilutive potential ordinary shares	**318**	1,850	**–**	–	**–**	–
Diluted	**49,902**	47,914	**(32.5)**	(6.7)	**(133.1)**	(30.4)
From continuing and discontinued operations[2]						
Basic	**49,584**	46,064	**(24.0)**	90.1	**(157.5)**	71.4
Dilutive potential ordinary shares	**318**	1,850	**–**	(3.5)	**–**	(2.7)
Diluted	**49,902**	47,914	**(24.0)**	86.6	**(157.5)**	68.7

1 For the year ended 31 December 2023, potential 318,000 ordinary shares are dilutive for the purposes of adjusted earnings per share but antidilutive for statutory earnings per share.
2 318,000 (2022: 1,850,000) potential ordinary shares are antidilutive for both adjusted earnings per share and statutory earnings per share.

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 Discontinued operations and non-current assets classified as held for sale
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:

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.

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 £94.8 million at 31 December 2023 (£125.7 million at 31 December 2022) is allocated to: Media Solutions: £52.7 million (2022: £55.4 million); Production Solutions: £31.1 million (2022: £31.9 million); and Creative Solutions: £11.0 million (2022: £38.4 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, heatwaves, 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 2028; 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 already implemented or committed to at the balance sheet date 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 2028 – 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 2027 and 2028 were assumed to be 9% and 4% for Media Solutions, 1% and 5% for Production Solutions and 8% and 4% for Creative Solutions respectively (2022: 2% for Media Solutions and Production Solutions and 10% for Creative Solutions for both 2026 and 2027).

Growth rates for the period beyond 2028 were assumed to be 2.0% for Media Solutions and Production Solutions, and 4.0% for Creative Solutions (2022: 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% (2022: 15%) for Media Solutions; 14% (2022: 14%) for Production Solutions; and 16% (2022: 14%) for Creative Solutions.

No reasonably possible change of key assumption 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, which is the most sensitive assumption and therefore the only sensitivity provided, would need to increase by c.10% points for Media Solutions; c.25% points for Production Solutions; and c.28% points for Creative Solutions.

<u>Impairment tests for acquired intangible assets</u>

The key sources of estimation uncertainty relate to the discount and terminal growth rates. A 2% increase in the discount rate or a 2% decrease in the terminal growth rate would decrease the value in use by c.£2.0 million for the acquired intangible assets relating to the acquisition of Savage.

Section 3 continued

Operating Assets and Liabilities continued

Intangible assets

	Total £m	Goodwill £m	Acquired intangible assets £m	Software £m	Capitalised development costs £m
Cost					
At 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 and 1 January 2023	**354.5**	**126.2**	**142.3**	**20.2**	**65.8**
Currency translation adjustments	**(13.6)**	**(4.5)**	**(6.0)**	**(0.6)**	**(2.5)**
Additions	**13.7**	**–**	**–**	**0.7**	**13.0**
Disposals	**(21.9)**	**(11.2)**	**(9.8)**	**(0.4)**	**(0.5)**
Held for sale	**(63.7)**	**(15.3)**	**(28.4)**	**–**	**(20.0)**
At 31 December 2023	**269.0**	**95.2**	**98.1**	**19.9**	**55.8**
Amortisation and impairment losses					
At 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 and 1 January 2023	**136.6**	**0.5**	**85.1**	**17.5**	**33.5**
Currency translation adjustments	**(6.1)**	**(0.4)**	**(3.7)**	**(0.5)**	**(1.5)**
Amortisation in the year	**14.0**	**–**	**6.2**	**0.9**	**6.9**
Impairment losses in the year [1]	**52.0**	**26.8**	**15.8**	**–**	**9.4**
Disposals	**(21.9)**	**(11.2)**	**(9.8)**	**(0.4)**	**(0.5)**
Held for sale	**(58.2)**	**(15.3)**	**(28.4)**	**–**	**(14.5)**
At 31 December 2023	**116.4**	**0.4**	**65.2**	**17.5**	**33.3**
Carrying amounts					
At 1 January 2022	173.7	99.0	46.0	2.5	26.2
At 31 December 2022 and 1 January 2023	217.9	125.7	57.2	2.7	32.3
At 31 December 2023	**152.6**	**94.8**	**32.9**	**2.4**	**22.5**

1 Goodwill impairment losses of £26.8 million relate to Amimon: £15.0 million, Lightstream: £11.2 million and Syrp: £0.6 million.
Acquired intangible asset impairment losses of £15.8 million relate to Lightstream: £7.5 million, Amimon: £6.3 million, Savage: £0.8 million, Lowepro: £0.6 million, Quasar: £0.4 million and Syrp: £0.2 million. Following the impairment charges, the acquired intangible assets in the above entities were fully impaired apart from Savage and Lowepro in which the assets were written down to their recoverable amounts of £15.6 million and £3.1 million respectively. Recoverable amount was determined as value in use. Discount rates applied were 12.7% and 11.7% respectively.
Capitalised development impairment losses of £9.4 million relate to Amimon: £8.4 million, Lightstream: £0.5 million, £0.3 million relate to various abandoned projects due to the exit from the motion controls market and Syrp: £0.2 million. Following the impairment charges, capitalised development costs in the above entities were fully impaired apart from Amimon, in which the asset was written down to recoverable amount, being fair value less cost to sell, of £5.5 million. The main valuation input used was a market value obtained from an independent valuer. The estimated costs of disposal were a significant unobservable input, therefore the fair value of the capitalised development costs is classified as a level 3 fair value.

The carrying value of individually material acquired intangible assets is £nil (2022: £2.6 million) for software and algorithms, £11.2 million (2022: £13.1 million) for trademarks, £nil (2022: £3.2 million) for patents, £15.9 million (2022: £19.7 million) for customer relationships and £5.3 million (2022: £13.8 million) for technology. The remaining amortisation period of these intangible assets is between nine and 19 years for trademarks, eight years for customer relationships and 19 years for technology.

The carrying value of individually material capitalised development costs is £6.8 million (2022: £3.0 million) with a remaining amortisation period of five years.

Amortisation of intangible assets of £14.0 million (2022: £18.3 million) and impairment losses of £52.0 million (2022: £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".

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 useful economic lives of property, plant and equipment is not deemed to be significant.

Section 3 continued

Operating Assets and Liabilities continued

Property, plant and equipment

	Total £m	Land and buildings £m	Plant, machinery and vehicles £m	Equipment, fixtures and fittings £m
Cost				
At 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 and 1 January 2023	**197.1**	**85.9**	**99.5**	**11.7**
Currency translation adjustments	**(5.7)**	**(2.8)**	**(2.6)**	**(0.3)**
Transfers between asset categories	**–**	**–**	**(0.2)**	**0.2**
Additions	**12.5**	**7.3**	**4.1**	**1.1**
Disposals	**(11.4)**	**(4.3)**	**(5.4)**	**(1.7)**
Held for sale	**(5.0)**	**(3.9)**	**(1.0)**	**(0.1)**
At 31 December 2023	**187.5**	**82.2**	**94.4**	**10.9**
Depreciation				
At 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 and 1 January 2023	**130.5**	**43.8**	**78.5**	**8.2**
Currency translation adjustment	**(3.7)**	**(1.4)**	**(2.1)**	**(0.2)**
Transfers between asset categories	**–**	**–**	**(0.2)**	**0.2**
Depreciation charge in the year	**14.4**	**6.6**	**6.7**	**1.1**
Impairment losses in the year[1]	**1.8**	**1.4**	**0.4**	**–**
Disposals	**(10.5)**	**(3.8)**	**(5.2)**	**(1.5)**
Held for sale	**(1.4)**	**(1.0)**	**(0.3)**	**(0.1)**
At 31 December 2023	**131.1**	**45.6**	**77.8**	**7.7**
Carrying amounts				
At 1 January 2022	60.7	37.5	20.6	2.6
At 31 December 2022 and 1 January 2023	66.6	42.1	21.0	3.5
At 31 December 2023	**56.4**	**36.6**	**16.6**	**3.2**

1 Land and buildings impairment losses of £1.4 million comprise £1.3 million relating to the impairment of the building classified as non-current asset held for sale, and £0.1 million relating to the relocation of the Wooden Camera operations to Costa Rica. The recoverable amount of the building classified as a non-current asset held for sale is £2.5 million determined as fair value less cost to sell. The main valuation input used was a market value of £2.5 million determined by an independent offer. The estimated costs of disposal were a significant unobservable input, therefore the fair value of the capitalised development costs is classified as a level 3 fair value.

Plant, machinery and vehicles impairment losses of £0.4 million relates to the write-off of assets in the Production Solutions Division: £0.2 million, and the Media Solutions Division: £0.2 million.

Plant, machinery and vehicles includes equipment rental assets with an original cost of £11.6 million (2022: £11.7 million) and accumulated depreciation of £9.3 million (2022: £8.8 million).

Capital commitments at 31 December 2023 for which no provision has been made in the accounts amount to £nil (2022: £nil).

Property, plant and equipment of £3.6 million classified as assets held for sale within the year comprises land and buildings of £2.5 million in Continuing operations (Production Solutions Division) and £1.1 million in Discontinued operations (Creative Solutions Division).

Depreciation is included within the operating expenses and cost of sales disclosed on the consolidated Income Statement.

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.

During the second half of 2023, the Group took a strategic decision to close Syrp, its Media Solutions mechatronic research and development centre in New Zealand, and exit from the lower margin motion control product category. A restructuring charge of £2.4 million (2022: £nil) was incurred reflecting inventory losses incurred and the write-down to net realisable value of the motion control inventory which has been reported within adjusting items.

During this period, the disposal of inventory, resulted in revenue of £1.2 million recognised within operating profit from continuing operations and associated cash flows of £1.1 million, which are not expected to be part of underlying operations of the business going forward. The remaining £0.9 million of inventory at hand, which has been written down to fair value is expected to be disposed of during the first half of 2024.

The key estimates relating to the inventory provision include; consideration of supply chain and their lead times, future selling price, anticipated future sales of products over particular time periods, the susceptibility of the underlying product to obsolescence and current year trading performance. The anticipated level of future sales is determined primarily based on actual sales over a specified historic reference period, which has been enhanced to a period of between six and 24 months, which is determined by Management and is deemed appropriate to the type of inventory.

The inventory provision calculation is based on a standard Group policy which is reviewed in detail and overlain with a range of management estimates based on the specific circumstances around each line of inventory. Updating the specific management overlays by 30% would result in an additional £1.3 million impairment being booked or released.

Contract assets and 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 performance obligations are satisfied 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.

Amounts recoverable on contracts are included in contract assets and represent revenue recognised in excess of payments on account.

Factoring of trade receivables

Trade receivables are derecognised through schemes with a financial institution, where the counterparty assumes the risk of non-payment by the customer. The transfer is on a limited recourse basis in which there is no obligation to the factor for non-payment by a customer and substantially all risks and rewards have been transferred.

Derecognition occurs when cash is received from the financial institution (less reverse factoring discount).

On 28 June 2023 the Group signed a €20.0 million (£17.3 million) uncommitted evergreen receivables factoring facility. The amount of receivables factored at year end was £7.9 million (2022: £nil), maximum usage during the year was £8.2 million.

Contract liabilities and payables

Trade payables are generally recognised at the value of the invoice received from a supplier.

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.

Section 3 continued

Operating Assets and Liabilities continued

Inventories

	2023 £m	2022 £m
Raw materials and components	**35.7**	35.7
Work in progress	**7.4**	8.9
Finished goods	**52.4**	62.7
Total inventories, net of impairment provisions	**95.5**	107.3
Finished goods, net of impairment provisions – discontinued operations	**(1.0)**	–
Inventories, net of impairment provisions – continuing operations	**94.5**	107.3

Continuing operations:

Inventories of continuing operations recognised as an expense during the year ended 31 December 2023 amounted to £193.0 (2022: £251.7 million). These were included in cost of sales.

Inventory of continuing operations of £94.5 million (2022: £107.3 million) is stated net of impairment provisions of £28.1 million (2022: £23.2 million). During the year £7.2 million (2022: £5.1 million) was recognised as an expense resulting from the impairment and write-down of inventory. A reversal of £0.8 million (2022: £1.6 million) was recognised as a reduction of the amount of inventory recognised as an expense.

Discontinued operations:

Inventories of discontinued operations recognised as an expense during the year ended 31 December 2023 amounted to £4.5 million (2022: £4.0 million). These were included in cost of sales.

Inventory of discontinued operations of £1.0 million is stated net of impairment provisions of £0.7 million. During the year £0.3 million was recognised as an expense resulting from the write-down of inventory.

Contract assets

As at 1 January 2022 the balance of contract assets was £2.9 million.

Trade and other receivables

	2023 £m	2022 £m
Current receivables		
Trade receivables, net of impairment provisions	**36.5**	54.7
Recoverable VAT	**3.7**	5.1
Other receivables	**3.3**	2.8
Right to returned goods	**0.5**	0.4
Prepayments	**4.8**	4.1
Total current receivables	**48.8**	67.1
Discontinued operations – trade receivables, net of impairment provisions	**(1.3)**	–
Other receivables – discontinued operations	**(0.4)**	–
Current receivables – continuing operations	**47.1**	67.1
Non-current receivables		
Other receivables[1]	**5.7**	7.4
Discontinued operations – other receivables	**(0.5)**	–
Non-current receivables – continuing operations	**5.2**	7.4
Total receivables – continuing operations	**52.3**	74.5

1 Other receivables include an amount of £3.7 million (2022: £4.3 million) relating to the recoverable by the Group under the escrow and indemnity arrangement with the vendors of Savage, acquired in 2021.

	2023 £m	2022 £m
Gross trade receivables – ageing[2]		
Not yet due	**30.4**	46.4
1-30 days	**5.3**	6.9
31-60 days	**0.8**	1.7
61-90 days	**0.6**	0.9
over 90 days	**2.6**	2.9
Gross trade receivables	**39.7**	58.8

2 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 2023	**4.1**	**2.3**	**1.8**
Net increase/(decrease) during the year	**0.7**	**(0.1)**	**0.8**
Utilised during the year	**(1.5)**	**(0.5)**	**(1.0)**
Currency translation adjustments	**(0.1)**	**–**	**(0.1)**
Balance at 31 December 2023	**3.2**	**1.7**	**1.5**

Contract liabilities

As at 1 January 2022 the balance of contract liabilities was £2.6 million.

Trade and other payables

	2023 £m	2022 £m
Current trade and other payables		
Trade payables	**20.8**	42.3
Other tax and social security costs	**5.0**	5.9
Expected refunds to customers	**1.0**	0.5
Accruals	**10.5**	14.0
Other creditors[3]	**7.9**	16.1
Total current trade and other payables	**45.2**	78.8
Trade payables – discontinued operations	**(0.8)**	–
Other payables – discontinued operations	**(1.9)**	–
Current trade and other payables – continuing operations	**42.5**	78.8
Non-current payables		
Other non-trade payables – continuing operations	**1.2**	1.8
Total trade and other payables – continuing operations	**43.7**	80.6

3 Other creditors includes an amount of £2.7 million (2022: £9.6 million) relating to employee benefits.

3.4 Discontinued operations and non-current assets classified as held for sale

Discontinued operations

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the assets and liabilities of the Syrp business, which is part of the Media Solutions Division, Amimon business, which is part of the Creative Solutions Division, and land and buildings of £2.5 million within the Production Solutions Division have been classified as a disposal group held for sale within the year.

Discontinued operations are businesses that have been sold, abandoned, or which are held for sale and contribute to a separate major line of business or geographical area of operations. Amimon, Lightstream, and Syrp have all been classified as discontinued operations in the current year.

Section 3 continued

Operating Assets and Liabilities continued

These operations meet the definition of a discontinued operation due to them all being separate major lines of business and part of a single coordinated plan to be disposed of.

As at 30 June 2023 Amimon was classified as an asset held for sale and a discontinued operation.

On 2 October 2023 the Group sold its Lightstream business based in the US for a cash consideration of $0.5 million (£0.4 million) resulting in a loss on disposal before tax of £1.0 million after taking into account £1.4 million costs of disposal. Immediately before the initial classification of Lightstream as held for sale, the carrying amounts of all the assets and liabilities in the disposal group were measured in accordance with applicable IFRSs. As a result of measuring the disposal group at the lower of carrying amount and fair value less costs to sell, an impairment charge of £19.2 million (goodwill: £11.2 million; acquired intangibles: £7.5 million; capitalised development costs: £0.5 million) was incurred.

On 31 December 2023 the Syrp business based in New Zealand was closed. Employee termination costs of £0.4 million were incurred and an impairment charge of £0.4 million was made to plant, machinery and vehicles. The property lease was terminated on 21 January 2024.

On 5 January 2024 certain land and buildings of the Production Solutions Division were sold for a net sale price of £2.5 million.

The tables below shows the results of the discontinued operations which are included in the Consolidated Income Statement and Consolidated Statement of Cash Flows respectively, and the effect of the disposal group on the Group Balance Sheet.

Sensitivities

The key source of estimation uncertainty relates to the estimated disposal proceeds, which would have an impact on the final carrying value. There is a direct correlation between the estimated disposal proceeds and the final carrying value. A £2 million increase/decrease in estimated disposal proceeds would cause a £2 million increase/decrease in the carrying value.

a) Income Statement – discontinued operations	Notes	**2023 £m**	2022 £m
Revenue	2.1	**8.1**	8.7
Expenses		**(68.6)**	(26.2)
Operating loss		**(60.5)**	(17.5)
Comprising			
– Adjusted operating loss		**(6.3)**	(6.2)
– Adjusting items in operating loss	2.2	**(54.2)**	(11.3)
Finance expense		**(0.4)**	–
Loss before tax		**(60.9)**	(17.5)
Comprising			
– Adjusted loss before tax		**(6.4)**	(6.2)
– Adjusting items in loss before tax	2.2	**(54.5)**	(11.3)
Taxation		**(4.1)**	3.5
Comprising taxation on			
– Taxation on adjusted loss		**(9.7)**	3.1
– Adjusting items in taxation		**5.6**	0.4
Loss after tax from discontinued operations		**(65.0)**	(14.0)
Loss on disposal of discontinued operation after tax		**(1.0)**	–
Loss after tax from discontinued operations attributable to owners of parent		**(66.0)**	(14.0)

b) Statement of Cash Flows – discontinued operations	**2023 £m**	2022 £m
Net cash used in operating activities	**(7.3)**	(7.0)
Net cash used in investing activities	**(4.1)**	(4.9)
Net cash used in financing activities	**(0.4)**	(0.9)
Net cash used in discontinued operations	**(11.8)**	(12.8)
Loss on disposal of discontinued operation after tax	**(1.0)**	–
Add back share-based payment charge	**0.1**	–
Disposal of business in cash flow	**(0.9)**	–

c) Assets and liabilities of the disposal group classified as held for sale	2023 £m
Assets	
Intangible assets	**5.5**
Property, plant and equipment[1]	**3.6**
Inventories	**1.0**
Trade and other receivables	**1.7**
Other non-current receivables	**0.5**
	12.3
Liabilities	
Lease liabilities	**(0.3)**
Trade payables	**(0.8)**
Other payables	**(1.9)**
Current provisions	**(0.6)**
Non-current provisions	**(1.0)**
	(4.6)

1 Property, plant and equipment of £3.6 million classified as assets held for sale within the year comprises land and buildings of £2.5 million in Continuing operations (Production Solutions Division) and £1.1 million in Discontinued operations (Creative Solutions Division).

Section 3 continued

Operating Assets and Liabilities continued

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	Tax-related provisions £m	Grant repayment £m	Other £m
At 1 January 2023	**7.9**	**1.4**	**2.1**	**2.0**	**1.8**	**0.6**
Provisions made during the year	**8.3**	**0.3**	**7.6**	**0.1**	**0.1**	**0.2**
Provisions utilised during the year	**(10.2)**	**(0.4)**	**(9.5)**	**–**	**(0.3)**	**–**
Provisions reversed during the year	**(0.3)**	**(0.1)**	**–**	**(0.2)**	**–**	**–**
Currency translation adjustments	**(0.2)**	**–**	**–**	**(0.1)**	**(0.1)**	**–**
At 31 December 2023	**5.5**	**1.2**	**0.2**	**1.8**	**1.5**	**0.8**
Current	3.7	1.0	0.2	1.8	0.5	0.2
Non-current	1.8	0.2	–	–	1.0	0.6
	5.5	1.2	0.2	1.8	1.5	0.8
Current	0.6	–	–	–	0.5	0.1
Non-current	1.0	–	–	–	1.0	–
Discontinued operations	1.6	–	–	–	1.5	0.1
Current	3.1	1.0	0.2	1.8	–	0.1
Non-current	0.8	0.2	–	–	–	0.6
Continuing operations	3.9	1.2	0.2	1.8	–	0.7

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 2024.

Tax-related provisions

In relation to Savage, which was acquired in 2021, the Group recognised a provision of £1.8 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 £0.1 million was reversed during the year. 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 £1.8 million included in trade and other receivables. This is expected to be resolved by 2025.

Grant repayment

A provision of £1.5 million in Amimon relates to grant re-payments to the Israeli Innovation Authority ("IIA"). The amounts repayable are based on royalties from future sales of the products that were developed using the grant fund. A payment of £0.3 million was made during the year.

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 2023.

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 2023, the financial effect of revising lease terms arising from the effect of exercising extension and termination options was a decrease of £1.3 million in the recognised lease liabilities.

As at 31 December 2023, potential future cash outflows of £9.1 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 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)
Business combinations	4.4	4.4	–	–
At 31 December 2022 and 1 January 2023	**59.8**	**57.3**	**2.0**	**0.5**
Currency translation adjustments	**(2.0)**	**(1.9)**	**(0.1)**	**–**
Additions	**7.7**	**6.9**	**0.6**	**0.2**
Termination of leases	**(5.0)**	**(4.0)**	**(0.8)**	**(0.2)**
At 31 December 2023	**60.5**	**58.3**	**1.7**	**0.5**
Depreciation				
At 1 January 2022	22.5	21.2	0.8	0.5
Currency translation adjustment	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)
At 31 December 2022 and 1 January 2023	**27.0**	**25.7**	**1.1**	**0.2**
Currency translation adjustments	**(0.9)**	**(0.9)**	**–**	**–**
Depreciation charge in the year	**6.4**	**5.8**	**0.5**	**0.1**
Impairment losses in the year	**0.2**	**0.2**	**–**	**–**
Depreciation on termination of lease	**(4.7)**	**(3.8)**	**(0.8)**	**(0.1)**
At 31 December 2023	**28.0**	**27.0**	**0.8**	**0.2**
Carrying amounts				
At 1 January 2022	28.5	27.3	1.1	0.1
At 31 December 2022 and 1 January 2023	32.8	31.6	0.9	0.3
At 31 December 2023	**32.5**	**31.3**	**0.9**	**0.3**

Total cash outflow for leases is £8.2 million (2022: £7.9 million) of which £1.5 million (2022: £1.5 million) relates to interest and £6.7 million (2022: £6.4 million) to principal lease repayments.

3.7 Acquisitions

This note outlines how the Group has accounted for businesses that it has acquired.

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. This process continues as information is finalised, and accordingly any 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 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".

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 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, a deferred consideration of US$2.0 million (£1.6 million) was paid in January 2023.

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	Cash and cash equivalents[2] £m	Total £m
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 and opening at 1 January 2023	(174.5)	(34.8)	(209.3)	15.8	(193.5)
Other cash flows	**–**	**–**	**–**	**67.1**	**67.1**
Repayments	**313.9**	**6.7**	**320.6**	**(320.6)**	**–**
Borrowings	**(240.0)**	**–**	**(240.0)**	**240.0**	**–**
Leases entered into during the year	**–**	**(7.7)**	**(7.7)**	**–**	**(7.7)**
Leases – early termination	**–**	**0.4**	**0.4**	**–**	**0.4**
Fees incurred	**0.3**	**–**	**0.3**	**–**	**0.3**
Amortisation of fees	**(1.3)**	**–**	**(1.3)**	**–**	**(1.3)**
Foreign currency	**2.4**	**1.1**	**3.5**	**2.4**	**5.9**
Discontinued operations	**–**	**0.3**	**0.3**	**–**	**0.3**
Closing at 31 December 2023 from continuing operations	**(99.2)**	**(34.0)**	**(133.2)**	**4.7**	**(128.5)**

1 Interest-bearing loans and borrowings include unamortised fees and transaction costs of £0.8 million (2022: £1.7 million).
2 Cash and cash equivalents include bank overdrafts of £4.0 million (2022: £nil).

On 14 February 2020, the Group signed a new £165.0 million five-year (with one optional one-year extension) multi-currency 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. The one-year extension was agreed with four syndicate banks in January 2022 and the fifth syndicate bank extended in July 2023, increasing the RCF maturity to 14 February 2026. In December 2022, a £35.0 million accordion was agreed with four syndicate banks, resulting in the total commitments increasing to £200.0 million. The Group was utilising 51% of the RCF as at 31 December 2023.

During the second half of 2023, the Group agreed new covenants with its lending banks, that apply instead of the existing covenants for the following testing periods: net debt:EBITDA to be no higher than 4.25x (December 2023) and 3.75x (June 2024); and EBITA:net interest of at least 1.25x (December 2023) and 1.75x (June 2024). No restrictions apply to these new covenants but new testing dates were introduced for March 2024 (net debt:EBITDA to be no higher than 4.25x and EBITA:net interest of at least 1.5x) and September 2024 (net debt:EBITDA to be no higher than 3.75x and EBITA:net interest of at least 3.25x) have been agreed.

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 (expiry 14 November 2024) amortising Term Loan with a syndicate of four banks to facilitate the acquisition of Savage. Following the payment of 25% of the original amount during 2022 and 20% in June 2023, the outstanding balance of US$29.1 million (£23.3 million) was pre-paid on 11 December 2023 and the facility cancelled.

On 7 January 2022, the Group signed a new US$47.0 million (£38.8 million) three-year (maturity 7 January 2025) amortising Term Loan with a syndicate of four banks to facilitate the acquisition of Audix. Following the payment of 25% of the original amount during 2022 and 20% in June 2023, the outstanding balance of US$25.9 million (£20.7 million) was pre-paid on 11 December 2023 and the facility cancelled.

The RCF was reduced by £73.9 million on 11 December 2023, following the receipt of the equity proceeds.

The Group has uncommitted bank overdraft facilities totalling £4.3 million and a £5.0 million committed bank overdraft facility, which is carved out of the £200.0 million revolving credit facility when in use. As at 31 December 2023, £4.0 million bank overdrafts were in use.

Section 4 continued

Capital Structure continued

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 two years 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 from the translation of income and expenses which arises 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 from continuing operations for the year ended 31 December 2023 would have increased/decreased by approximately £1.3 million (2022: £2.3 million) from a ten cent stronger/weaker US Dollar against Sterling and by approximately £0.5 million (2022: £2.4 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 from continuing and discontinued operations for the year ended 31 December 2023 would have increased/decreased by £1.2 million (2022: £0.3 million) from a ten cent stronger/weaker US Dollar against Sterling and by approximately £0.5 million (2022: £2.4 million) from a ten cent stronger/weaker Euro against Sterling.

It is estimated that the Group's equity for the year ended 31 December 2023 would have increased/decreased by £4.4 million (2022: £9.3 million) from a ten cent stronger/weaker US Dollar against Sterling; by approximately £0.8 million (2022: £0.5 million) from a ten cent stronger/weaker Euro against Sterling; and by £0.1 million (2022 £0.1 million) from a one thousand stronger/weaker Japanese Yen 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 75% (2022: 75%) of its borrowings at fixed rate. At 31 December 2023, the Group's variable interest rate borrowings were mainly denominated in Sterling and US Dollars, with 69% 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 2023, it is estimated that a general increase of 1% in interest rates would decrease the Group's profit before tax by approximately £0.8 million (2022: £0.7 million) and a general decrease of 1% in interest rates would increase the Group's profit before tax by approximately £0.7 million (2022: £0.7 million).

For the year ended 31 December 2023, it is estimated that a general increase of 1% in interest rates would increase the Group's equity by approximately £0.6 million (2022: £1.0 million) and a general decrease of 1% in interest rates would decrease the Group's equity by approximately £0.6 million (2022: £1.0 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 51% (2022: 57%) of the £200.0 million multi-currency RCF as at 31 December 2023.

The two Term Loans totalling $55.0 million (£44.0 million) were pre-paid and facilities cancelled on the 11 December 2023 following the receipt of funds from the equity raise.

The Group was utilising €9.1 million (£7.9 million) of the €20.0 million (£17.3 million) receivables factoring facility as at 31 December 2023. See note 3.3 "Working capital".

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 (2022: 10%) 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. 85% (2022: 77%) of the Group's cash and cash equivalents are held in counterparties with a credit rating of A- or above; 11% (2022: 18%) with credit ratings between BBB+ and BBB- with the remaining 4% (2022: 5%) held at banks with a credit rating of BB+ or lower. Transactions involving derivative financial instruments are managed centrally. These are only with banks that are part of the Group's multi-currency RCF and all of which have strong credit ratings between BBB+ and A+. 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 £nil (2022: £0.6 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 2023 (millions)**	**Average exchange rate of contracts**	As at 31 December 2022 (millions)	Average exchange rate of contracts
Cash flow hedging contracts (buy/sell)					
GBP/USD forward exchange contracts	USD	**16.8**	**1.18**	27.8	1.21
EUR/USD forward exchange contracts	USD	**33.4**	**1.05**	58.6	1.05
GBP/EUR forward exchange contracts	EUR	**28.7**	**1.13**	15.3	1.15
GBP/JPY forward exchange contracts	JPY	**627.6**	**172.8**	288.0	155.6
EUR/JPY forward exchange contracts	JPY	**1,235.0**	**152.8**	656.0	138.4

A net gain of £1.2 million (2022: £2.9 million loss) 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 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.

The table below provides further information on the Group's forward contracts.

	2023 £m	2022 £m
Forward exchange contracts asset	**2.7**	2.1
Forward exchange contracts liability	**–**	(0.9)
Recognised in OCI	**2.5**	(1.4)
Reclassified from OCI to the Income Statement	**(1.2)**	2.9
Maturity dates	**January 2023 to December 2025**	January 2022 to December 2024
Hedge ratio	**1:1**	1:1
Change in value of hedging instruments since 1 January	**2.5**	(1.4)
Change in value of the hedged item used to determine hedge effectiveness	**(2.5)**	1.4

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 2023**	**Weighted average fixed rate**[1]	Maturity	Nominal amounts as at 31 December 2022
Interest rate swap contracts					
USD Interest rate swaps float (SOFR) to fix	USD	**40.0**	**5.18%**	Sep24	**35.0**
GBP Interest rate swaps float (SONIA) to fix[1]	GBP	**37.0**	**1.01%**	Jan25	**47.0**

[1] In addition to these fixed rates, the margin relating to the interest swapped of the underlying RCF or term loans continues to apply.

The Group entered into a new $40.0 million floating-to-fixed interest rate swap to replace the maturing $35.0 million swap in September 2023. As at 31 December 2023, a total of £68.4 million (£137.9 million 31 December 2022) remain in place following the maturity of the $35.0 million (£27.5 million) swap and the early closures of the $55.0 million (£44.0 million) and £10.0 million swaps, due to the underlying debt repayment following the equity raise. Swaps currently in place cover 69% of the variable loan principle outstanding.

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 2023 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 net finance cost for interest rate swaps.

The table below provides further information on the Group's interest rate swaps:

	2023 £m	2022 £m
Interest rate swaps asset	**1.4**	4.0
Interest rate swaps liability	**(0.1)**	–
Recognised in OCI	**0.3**	4.6
Reclassified from OCI to the Income Statement	**(3.0)**	(0.7)

During the period ended 31 December 2023 a net gain of £3.0 million (2022: £0.7 million) 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.

Maturity dates	**January 2024 to January 2025**	January 2023 to January 2025
Hedge ratio	**1:1**	1:1
Change in value of hedging instruments since 1 January	**0.3**	4.6
Change in value of the hedged item used to determine hedge effectiveness	**(0.3)**	(4.6)
Interest rate swap average hedged rate for the year	**(2.4%)**	(1.9%)

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.

Of the £45.6 million US Dollar and £11.9 million Euro debt held at December 2023, £36.1 million US Dollar and £11.3 million Euro debt was designated as at 31 December 2023.

The table below provides further information on the Group's net investment hedging relationships:

	2023 £m	2022 £m
Hedge ratio	**1:1**	1:1
Change in value of hedging instruments due to foreign currency movements since 1 January	**–**	5.8
Change in value of the hedged item used to determine hedge effectiveness	**–**	(5.8)

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 £40.8 million (2022: £40.7 million loss) and is split as follows:

- net investment hedges loss from continuing operations of £11.7 million (2022: £11.8 million loss); and
- hedging relationships for which hedge accounting is no longer applied, a loss of £29.1 million (2022: £28.9 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[1] £m	Floating rate borrowings £m
US Dollar	**45.6**	**31.4**	**14.2**
Sterling	**45.9**	**37.0**	**8.9**
Euro	**12.5**	**0.6**	**11.9**
Japanese Yen	**–**	**–**	**–**
Unamortised fees and transaction costs	**(0.8)**	**–**	**(0.8)**
At 31 December 2023	**103.2**	**69.0**	**34.2**
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

1 Of the £69.0 million fixed rate borrowings, £68.4 million is fixed synthetically using interest rate swaps.

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.

Section 4 continued

Capital Structure continued

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
2023					
Unsecured interest-bearing loans and borrowings including bank overdrafts	**(103.2)**	**(123.2)**	**(8.3)**	**(114.9)**	**–**
Lease liabilities	**(34.3)**	**(40.2)**	**(7.2)**	**(23.4)**	**(9.6)**
Trade payables	**(20.8)**	**(20.8)**	**(20.8)**	**–**	**–**
Provisions	**(1.5)**	**(1.5)**	**(0.5)**	**(1.0)**	**–**
Forward exchange contracts outflow	**(0.1)**	**(0.1)**	**(0.1)**	**–**	**–**
Total outflows	**(159.9)**	**(185.8)**	**(36.9)**	**(139.3)**	**(9.6)**
Forward exchange contracts inflow	**–**	**–**	**–**	**–**	**–**
Net outflows	**(159.9)**	**(185.8)**	**(36.9)**	**(139.3)**	**(9.6)**
2022					
Unsecured interest-bearing loans and borrowings including bank overdrafts	(174.5)	(200.0)	(46.6)	(153.4)	–
Lease liabilities	(34.8)	(34.9)	(6.7)	(18.5)	(9.7)
Trade payables	(42.3)	(38.1)	(38.1)	–	–
Provisions	(1.8)	(1.8)	(0.3)	(1.5)	–
Forward exchange contracts outflow	(0.9)	(42.2)	(42.2)	–	–
Total outflows	(254.3)	(317.0)	(133.9)	(173.4)	(9.7)
Forward exchange contracts inflow	–	41.3	41.3	–	–
Net outflows	(254.3)	(275.7)	(92.6)	(173.4)	(9.7)

The Group had the following undrawn borrowing facilities at the end of the year:

Expiring in:	2023 £m	2022 £m
Less than one year		
– Uncommitted facilities	**2.8**	3.5
More than one year but not more than five years		
– Committed facilities	**97.3**	86.3
Total	**100.1**	89.8

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 2023 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, authorised and fully paid		
At 1 January 2023	**46,585**	**9.4**
New shares issued for equity raise	**47,330**	**9.5**
Share-based payments awards	**286**	**–**
At 31 December 2023	**94,201**	**18.9**

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.

At 31 December 2023, 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	**203**	**552p-1280p**	**2024-2028**
International Sharesave Schemes	**762**	**552p-1280p**	**2024-2026**
	965		

Share capital and share premium

Equity raise:

On 8 December 2023, the Company issued 47,329,954 new ordinary shares for an offer price of 267.0 pence, generating gross proceeds of £126.4 million. Expenses of £8.5 million were incurred and have been offset in the share premium account leaving net proceeds of £117.9 million.

Share-based payments awards:

The Company issued 285,454 shares for share-based payments awards, generating gross proceeds of £0.2 million.

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 and interest rate swaps 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.

Section 4 continued

Capital Structure continued

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 2023, the Employee Benefit Trust held 12,428 (2022: 291,044) ordinary shares at 20 pence nominal value. The Company holds no shares in treasury (2022: nil).

The Employee Benefit Trust purchased 100,200 own shares on 29 September 2023 (average price of 329.9p per share) used to satisfy the Restricted Share Plan ("RSP") on the same day.

Dividends

Dividends are recognised through equity on the earlier of their approval by the Company's shareholders or their payment.

	2023 £m	2022 £m
Amounts arising in respect of the year		
Interim dividend for the year ended 31 December 2023 of nil pence (2022: 15.0p) per ordinary share	–	6.9
Proposed final dividend for the year ended 31 December 2023 of nil pence (2022: 25.0p) per ordinary share	–	11.6
	–	18.5
The aggregate amount of dividends paid in the year		
Final dividend for the year ended 31 December 2022 of 25.0p (2021: 24.0p) per ordinary share	**11.6**	11.1
Interim dividend for the year ended 31 December 2023 of nil pence (2022: 15.0p) per ordinary share	–	6.9
	11.6	18.0

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

	2023 £m	2022 £m
Employee costs, including Directors' remuneration, comprise:		
Government grants repaid voluntarily towards employee costs[1]	**(0.2)**	–
Wages and salaries	**82.5**	96.5
Redundancy costs	**4.8**	1.5
Employers' social security costs	**11.7**	12.9
Employers' pension costs – defined benefit schemes	**0.2**	0.1
Employers' pension costs – defined contribution schemes	**3.7**	4.0
Other employment benefits	**3.2**	3.6
Share-based payment charge	**1.6**	8.9
	107.5	127.5

1 This excludes amounts paid directly to employees by governments. There were no unfulfilled conditions or other contingencies attached to this government assistance.

Details of Directors' remuneration and share incentives are disclosed in the Remuneration Report.

	2023 Total	2022 Total
Monthly average number of employees during the year		
Media Solutions	**800**	904
Production Solutions	**539**	569
Creative Solutions	**267**	306
Head Office	**28**	27
From continuing operations	**1,634**	1,806
From discontinued operations	**83**	102
	1,717	1,908

Section 5 continued

Other Supporting Notes continued

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 2023 was £3.7 million (2022: £4.0 million). There were no outstanding or prepaid contributions to these plans as at 31 December 2023 (or at 31 December 2022).

Defined benefit schemes

The Group's defined benefit schemes are disclosed below:

	2023 £m	2022 £m
Amounts recognised on the Group Balance Sheet		
Plan assets		
– Equities	**0.1**	12.6
– Bonds	**36.7**	19.5
– Other	**13.6**	17.6
Total fair value of plan assets	**50.4**	49.7
Present value of defined benefit obligation	**(49.1)**	(48.9)
Net asset recognised on the Group Balance Sheet	**1.3**	0.8

	2023 £m	2022 £m
Analysis of net recognised deficit		
Total funded plan (UK pension scheme)	**4.2**	3.9
Total unfunded plans (non-UK pension schemes)	**(2.9)**	(3.1)
Net asset recognised on the Group Balance Sheet	**1.3**	0.8

	2023 £m	2022 £m
Amounts recognised in the Group Income Statement		
– Administration costs incurred during the period	**0.2**	0.2
– Past service gains	**–**	(0.1)
Included in operating expenses	**0.2**	0.1
Net interest expense on net defined benefit pension scheme liabilities	**0.1**	0.1
Total amounts charged to the Group Income Statement	**0.3**	0.2

UK pension scheme

The UK defined benefit pension scheme, being significant, is disclosed below.

The UK defined benefit scheme is in an actuarial surplus position at 31 December 2023 (measured on an IAS 19 "Employee Benefits" basis) of £4.2 million (31 December 2022: £3.9 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 2024 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.

Impact on defined benefit obligation ("DBO") of changes in the three key individual assumptions

	2023	2022
Discount rate increased by 0.25% points (2022: 0.1% points)	**-3%**	-1%
Inflation increased by 0.25% points (2022: 0.1% points)	**+2%**	+1%
Life expectancy increased by one year	**+4%**	+3%

A decrease in the assumptions noted above results in an equal and opposite movement to those disclosed.

The sensitivity applied is based on a reasonable possible change expected in the underlying assumptions.

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.

	2023 % pa	2022 % pa
Assumptions used by the actuary to value the liability of the defined benefit plan, on 31 December, were:		
Price inflation (RPI)	**3.0**	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	**21.8/24.3**	22.2/24.7
Life expectancy of male/female aged 65 in 2037	**22.4/25.1**	22.8/25.5
Pension increase rate (% pa)	**Various**	Various
Discount rate (% pa)	**4.5**	4.8

Section 5 continued

Other Supporting Notes continued

	2023 £m	2022 £m
Change in DBO for the year to 31 December		
Present value of DBO at start of year	**45.8**	74.8
Interest cost	**2.1**	1.4
Actuarial loss on experience	**0.7**	0.8
Actuarial gain on demographic assumptions	**(1.2)**	–
Actuarial loss/(gain) on financial assumptions	**0.9**	(28.9)
Actual benefit payments	**(2.1)**	(2.2)
Past service gains	**–**	(0.1)
Present value of DBO at end of year	**46.2**	45.8

At 31 December 2023, the weighted average duration of the scheme's DBO was 13 years (2022: 13 years). The proportion of DBO in respect of pensions in payment is approximately 56% and that in respect of deferred pensioners is approximately 44%.

	Fair value 2023 £m	Quoted split %	Unquoted split %	Fair value 2022 £m
Scheme assets and proportion which have quoted market price, at 31 December				
Bonds	**36.7**	**100**	**–**	19.5
Equities	**0.1**	**–**	**100**	12.6
Infrastructure	**3.0**	**–**	**100**	9.0
Cash/non-cash assets	**10.5**	**–**	**100**	8.5
Insurance policies	**0.1**	**–**	**100**	0.1
Total value of assets	**50.4**			49.7

Note: The asset values shown are, where relevant, estimated bid values of market securities.

	2023 £m	2022 £m
Change in fair value of assets for the year to 31 December		
Fair value of assets at start of year	**49.7**	70.2
Interest income on scheme assets	**2.3**	1.3
Return on scheme assets greater/(less) than discount rate	**0.5**	(19.7)
Contributions by the employer	**–**	0.1
Actual benefit payments	**(2.1)**	(2.2)
Fair value of assets at end of year	**50.4**	49.7

	2023 £m	2022 £m
Development of net Balance Sheet position at 31 December		
Present value of defined benefit obligation	**(46.2)**	(45.8)
Assets at fair value	**50.4**	49.7
Net defined benefit scheme asset	**4.2**	3.9

	2023 £m	2022 £m
Reconciliation of net Balance Sheet position		
Net defined benefit scheme asset/(liability) at start of year	**3.9**	(4.6)
Contributions by the employer	**–**	0.1
Total amounts credited to the Income Statement	**0.2**	–
Remeasurement effects recognised in OCI	**0.1**	8.4
Defined benefit scheme asset at end of year	**4.2**	3.9

	2023 £m	2022 £m
Amounts recognised in the Income Statement		
Past service gains included in operating expenses	**–**	(0.1)
Net interest (income)/expense on net defined benefit pension scheme asset	**(0.2)**	0.1
Total amounts credited to the Income Statement	**(0.2)**	–

	2023 £m	2022 £m
Amounts recognised in OCI		
Actuarial loss due to liability experience	**0.7**	0.8
Actuarial gain due to liability assumption changes	**(0.3)**	(28.9)
Actuarial gain arising during the period	**0.4**	(28.1)
Return on scheme assets (greater)/less than discount rate	**(0.5)**	19.7
Remeasurement effects recognised in OCI	**(0.1)**	(8.4)

	2023 £m	2022 £m
Defined benefit pension scheme cost		
Past service gains	**–**	(0.1)
Net interest (income)/expense on net defined benefit pension scheme asset	**(0.2)**	0.1
Remeasurement effects recognised in OCI	**(0.1)**	(8.4)
Total defined benefit pension scheme credit	**(0.3)**	(8.4)

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

The awards granted under this scheme include a portion linked to a non-market condition (adjusted EPS) as well as a portion linked to a market condition (Total Shareholder Return, "TSR"). 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.

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)

The RSP was introduced in 2019 to support retention plans for key employees, excluding Directors. 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 2023 was £1.6 million (2022: £8.9 million). This includes an amount of £0.6 million (2022: £1.4 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 2020 UK Sharesave Scheme and 2020 International Sharesave Scheme as at 31 December 2023, 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	**723**	**5.52**	**0.42**
£8.51-£10.50	**1**	**9.84**	**0.68**
£10.51-£11.50	**94**	**11.30**	**2.35**
£11.51-£14.00	**147**	**12.37**	**1.33**
Total	**965**	**7.13**	**0.75**

Movements in these share option plans were as follows:

	Sharesave (thousands)	Weighted average exercise price (£)
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	7.49
Exercised during 2023	**(54)**	**10.63**
Cancelled during 2023	**(168)**	**8.35**
Forfeited during 2023	**(95)**	**8.93**
Lapsed during 2023	**(23)**	**8.48**
Awards at 31 December 2023	**965**	**7.13**
Awards exercisable at 31 December 2023	**151**	**5.66**

The weighted average share price at the date of exercise for share options exercised during the year was £6.11 (2022: £11.88).

Section 5 continued

Other Supporting Notes continued

Arrangement	**Restricted Share Plan**
Nature of arrangement	**Share award plan**
Date of grant	**09 Oct 2023**
Number of instruments granted (thousands)	**198**
Exercise price	**n/a**
Share price at date of grant	**Various**
Contractual life (years)	**Up to 2.5 years**
Expected option life (years)	**Up to 2.5 years**
Vesting conditions	**Up to 2.5-year service period**
Settlement	**Shares**
Expected volatility[1]	**n/a**
Risk-free interest rate	**n/a**
Expected dividend yield	**n/a**
Expected departures (per annum from grant date)	**7%**
Expected outcome of non-market based related performance condition	**n/a**
Expected outcome of non-vesting condition[2]	**n/a**
Fair value per granted instrument determined at the grant date	**£3.18**
Valuation model	**n/a**

5.4 Contingent liabilities

Tax-related contingent liabilities are disclosed in note 2.4 "Tax".

There are no other contingent liabilities at 31 December 2023.

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 Videndum DB 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 13 (2022: 14) key management personnel during the year, including the Executive Directors, is shown in the table below:

	2023 £m	2022 £m
Salaries	**3.5**	3.5
Employers' social security costs	**0.7**	0.9
Performance-related bonuses	**–**	1.7
Share-based payment (income)/charge[1]	**(0.9)**	1.8
Other short-term employee benefits	**0.4**	0.4
Employers' pension costs – defined contribution schemes	**0.3**	0.5

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 2023 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

Section 5 continued

Other Supporting Notes continued

Company	Country of incorporation	Issued securities
Videndum Group 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
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[32]	Ordinary shares of US$0.001 each
Videndum Media Distribution US Inc.	United States[5]	Ordinary shares of NPV
Videndum Production Solutions Inc	United States[39]	Ordinary shares of US$0.01 each
Mount Olive 2016, LLC	United States[17]	Membership units of NPV
Offhollywood, LLC	United States[5]	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

Company	Country of incorporation	Issued securities
WHDI LLC	United States[32]	Membership unit of NPV
Savage Paper Specialties, LLC	United States[36]	Membership units of NPV
Savage Universal LLC	United States[32]	Membership units of NPV
Superior Paper Specialties, LLC	United States[32]	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
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 Removed
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.68, 2F, Hu Mei Street, Da Shu Ling, Qing Tang Village, Xiao Jin Kou Town, Huizhou 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

5.7 Subsequent events

On 5 January 2024 certain land and buildings of the Production Solutions Division were sold for a net sale price of £2.5 million.

There were no other events after the Balance Sheet date that require disclosure.

Company Balance Sheet

As at 31 December 2023

	Notes	**2023 £m**	2022 £m
Fixed assets			
Intangible assets	f)	**–**	0.1
Property, plant and equipment	g)	**1.4**	1.6
Investments in subsidiary undertakings	h)	**547.7**	603.5
Other receivables	i)	**2.3**	3.8
Non-current tax assets		**3.1**	3.0
		554.5	612.0
Current assets			
Debtors	i)	**127.1**	85.6
Cash at bank and in hand		**–**	2.2
		127.1	87.8
Liabilities falling due within one year			
Creditors	j)	**(86.4)**	(111.4)
Provisions	l)	**–**	(0.6)
		(86.4)	(112.0)
Net current assets/(liabilities)		**40.7**	(24.2)
Total assets less current liabilities		**595.2**	587.8
Liabilities falling due after one year			
Creditors	j)	**(147.1)**	(232.2)
Provisions	l)	**(0.1)**	(0.1)
		(147.2)	(232.3)
Net assets		**448.0**	355.5
Capital and reserves			
Called up share capital	m)	**18.9**	9.4
Share premium account		**133.7**	24.3
Cash flow hedge reserve	o)	**1.0**	3.0
Other reserves	n)	**58.8**	58.8
Profit and Loss Account		**235.6**	260.0
Shareholders' funds		**448.0**	355.5

The Company's loss after tax for the year ended 31 December 2023 was £10.5 million (2022: profit £0.2 million).

Approved and authorised for issue by the Board of Directors on 22 April 2024 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

	Notes	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 2022		9.3	23.1	0.1	58.8	271.5	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
Total comprehensive income for the year		–	–	2.9	–	0.2	3.1
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		–	–	–	–	9.0	9.0
Balance at 31 December 2022 and 1 January 2023		**9.4**	**24.3**	**3.0**	**58.8**	**260.0**	**355.5**
Total comprehensive income for the year							
Loss for the year		**–**	**–**	**–**	**–**	**(10.5)**	**(10.5)**
Fair value of cash flow hedges reclassified to the Income Statement		**–**	**–**	**(3.0)**	**–**	**–**	**(3.0)**
Effective portion of changes in fair value of cash flow hedges		**–**	**–**	**0.3**	**–**	**–**	**0.3**
Tax associated with changes in cash flow hedges		**–**	**–**	**0.7**	**–**	**–**	**0.7**
Total comprehensive income for the year		**–**	**–**	**(2.0)**	**–**	**(10.5)**	**(12.5)**
Contributions by and distributions to owners							
Dividends paid		**–**	**–**	**–**	**–**	**(11.6)**	**(11.6)**
Own shares purchased		**–**	**–**	**–**	**–**	**(3.7)**	**(3.7)**
Own shares sold		**–**	**–**	**–**	**–**	**1.2**	**1.2**
New shares issued, net of costs	m)	**9.5**	**109.4**	**–**	**–**	**(0.8)**	**118.1**
Share-based payment charge, net of tax		**–**	**–**	**–**	**–**	**1.0**	**1.0**
Balance at 31 December 2023		**18.9**	**133.7**	**1.0**	**58.8**	**235.6**	**448.0**

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.

Critical accounting judgements and key sources of estimation uncertainty

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.

Key sources of estimation

The Directors have reviewed the estimates and deemed that there are no key sources of estimation uncertainty that will result in a material change in the assets and liabilities of the Company within the next financial year.

Critical accounting judgements

The following are critical accounting 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 or amendments

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.

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 information related to key management personnel, and 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.

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"

Notes to the Company Financial Statements continued

d) Employees

	2023 £m	2022 £m
Employee costs comprise:		
Wages and salaries	**3.9**	4.7
Employers' social security costs	**0.1**	0.5
Employers' pension costs – defined contribution schemes	**0.2**	0.2
Share-based payment charge	**(0.3)**	0.9
	3.9	6.3

	2023	2022
Monthly average number of employees during the year	**28**	27

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 "(Loss)/Profit before tax (including segmental information)" of the Group's consolidated financial statements under "Fees payable to Deloitte for the audit of the Company's financial statements".

f) Intangible assets

	Capitalised software £m
Cost and net book value	
At 31 December 2022	**0.1**
Depreciation	**(0.1)**
At 31 December 2023	**–**

g) Property, plant and equipment

	Total £m	**Right-of-use assets – Leasehold land and buildings £m**	**Leasehold improvements £m**
Cost			
At 31 December 2022 and 1 January 2023	**3.6**	**3.1**	**0.5**
Cost at 31 December 2023	**3.6**	**3.1**	**0.5**
Accumulated depreciation			
At 31 December 2022 and 1 January 2023	**2.0**	**1.5**	**0.5**
Depreciation charge in the year	**0.2**	**0.2**	**–**
At 31 December 2023	**2.2**	**1.7**	**0.5**
Carrying amounts			
At 31 December 2022 and 1 January 2023	**1.6**	**1.6**	**–**
At 31 December 2023	**1.4**	**1.4**	**–**

h) Investments in subsidiary undertakings

	Total £m	Shares in Group undertakings £m	Loans to Group undertakings £m
Cost			
At 1 January 2023	**895.8**	**736.0**	**159.8**
Additions	**132.0**	**132.0**	**–**
Disposals/repayments	**(395.0)**	**(236.8)**	**(158.2)**
At 31 December 2023	**632.8**	**631.2**	**1.6**
Provisions			
At 1 January 2023	**292.3**	**292.3**	**–**
Impairment losses	**3.6**	**3.6**	**–**
Disposals	**(210.8)**	**(210.8)**	**–**
At 31 December 2023	**85.1**	**85.1**	**–**
Net book value			
At 1 January 2023	**603.5**	**443.7**	**159.8**
At 31 December 2023	**547.7**	**546.1**	**1.6**

The additions to shares in Group undertakings during the year reflect an increase in the Company's subsidiary holding, Videndum Group Holdings Limited.

The disposals to shares in Group undertakings during the year reflect a wider Group rationalisation of financing companies.

The investment in Lightstream of £3.6 million was fully impaired during the year.

The Company's investments in subsidiaries as at 31 December 2023 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.

During the year the Group entered into restructuring projects that resulted in rationalisation of intercompany loans.

i) Debtors

	2023 £m	2022 £m
Amounts falling due within one year		
Amounts owed by subsidiary undertakings[1]	**122.9**	80.7
Other debtors	**1.0**	0.1
Prepayments	**0.4**	0.2
Derivative financial instruments – interest rate swap[2]	**–**	1.6
Derivative financial instruments – forward exchange contracts[2]	**1.7**	1.6
Deferred tax assets[3]	**1.1**	1.4
	127.1	85.6
Long-term receivables		
Derivative financial instruments – interest rate swap[2]	**1.4**	2.4
Derivative financial instruments – forward exchange contracts[2]	**0.9**	1.4
Total receivables	**129.4**	89.4

1 Amounts owed by subsidiary undertakings are unsecured and payable on demand.

2 Derivative financial instruments of £1.4 million (2022: £4.0 million) relate to interest rate swaps. Of the amounts included in Derivative financial instruments – forward exchange contracts, £nil (2022: £0.9 million) relate to contracts with subsidiary undertakings which mirror the terms of contracts held by the Company with external third parties. Details of these derivatives are included in note 4.2 "Financial instruments" of the Group's consolidated financial statements.

3 Deferred tax asset of £1.1 million is made up of £0.8 million losses and £0.3 million other temporary timing difference. In 2022, deferred tax asset of £1.4 million is made up of £1.2 million share options and £0.2 million relating to other temporary timing differences. Deferred tax asset in respect of £0.8 million losses in FY23 is supported by profit forecasts which show that the losses will be utilised within one year.

Notes to the Company Financial Statements continued

j) Creditors

	2023 £m	2022 £m
Amounts falling due within one year		
Bank overdraft (unsecured)	**3.4**	–
Bank loans (unsecured)	**–**	36.0
Lease liabilities	**0.2**	0.3
Amounts owed to subsidiary undertakings	**77.8**	69.8
Derivative financial instruments – forward exchange contracts	**1.7**	1.6
Deferred tax	**0.3**	1.0
Trade payables	**1.2**	1.3
Other creditors	**–**	0.1
Accruals	**1.8**	1.3
	86.4	111.4

	2023 £m	2022 £m
Amounts falling due after more than one year		
Bank loans (unsecured)	**89.1**	137.9
Lease liabilities[1]	**1.3**	1.5
Taxation and social security	**–**	0.4
Derivative financial instruments – forward exchange contracts	**0.9**	1.4
Amounts owed to subsidiary undertaking	**55.8**	91.0
	147.1	232.2

1 Lease liabilities of £1.3 million (2022: £1.5 million) comprise £0.8 million (2022: £0.8 million) of amounts falling due after more than one year and less than five years, and £0.5 million (2022: £0.7 million) of amounts falling due after more than five years.

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 £2.6 million (2022: £2.1 million) relate to contracts with subsidiary undertakings which mirror the terms of contracts held by the Company with external third parties.

During the year the Group entered into restructuring projects that resulted in rationalisation of intercompany loans.

Bank loans reduced during the year as a result of significant transactions relating to the repayment of the two term loans totalling £44.0 million (US $55.0 million) and £73.9 million Revolving Credit Facility, following the receipt of the equity proceeds. Details in relation to the term loans are set out in note 4.1 "Net debt" of the Group's consolidated financial statements.

Lease payments of £0.3 million were made in the year.

k) Contingent liabilities

There are no contingent liabilities at 31 December 2023 (2022: £nil).

l) Provisions

	Provisions £m
At 31 December 2022 and 1 January 2023	**0.7**
Provisions utilised during the year	**(0.6)**
At 31 December 2023	**0.1**

Provisions of £0.1 million relates to dilapidations.

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 Annual Report on Remuneration on pages 123 to 140 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 Videndum DB 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

There were no events after the Balance Sheet date that require disclosure.

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.

The APMs refer to continuing operations; 2022 has been represented to ensure fair comparability.

APM	Closest equivalent IFRS measure	Definition and purpose		
Income Statement measures from continuing operations				
Adjusted gross profit	Gross profit	Calculated as gross profit before adjusting items. The table below shows a reconciliation: See note 2.1 "(Loss)/profit before tax (including segmental information)".		
			2023 £m	2022 £m
		Gross profit	**114.6**	190.8
		Adjusting items in cost of sales	**4.2**	2.6
		Adjusted gross profit	**118.8**	193.4
Adjusted gross profit margin	None	Calculated as adjusted gross profit divided by revenue.		
Adjusted operating expenses	Operating expenses	Calculated as operating expenses before adjusting items. The table below shows a reconciliation: See note 2.1 "(Loss)/profit before tax (including segmental information) – operating expenses".		
			2023 £m	2022 £m
		Operating expenses	**119.3**	141.8
		Adjusting items in operating expenses	**(13.3)**	(14.6)
		Adjusted operating expenses	**106.0**	127.2
Adjusted operating profit	(Loss)/profit before tax	Calculated as (Loss)/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, impairment of disposed entities or groups of asset(s) 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.		
			2023 £m	2022 £m
		(Loss)/profit before tax	**(18.8)**	42.2
		Net finance expense	**14.1**	6.8
		Adjusting items in operating (loss)/profit	**17.5**	17.2
		Adjusted operating profit	**12.8**	66.2

APM	Closest equivalent IFRS measure	Definition and purpose
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 net finance income/(expense)	None	Calculated as finance expense, less finance income, and less amortisation of loan fees on borrowings for acquisitions and other financing initiatives. The table below shows a reconciliation:

	2023 £m	2022 £m
Finance expense	**(16.5)**	(9.1)
Finance income	**2.4**	2.3
Adjusting finance expense – amortisation of loan fees on borrowings for acquisitions and other financing initiatives	**2.6**	0.8
Adjusted net finance expense	**(11.5)**	(6.0)

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 from continuing operations		
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 reconciliation. See "Five Year Financial Summary" on page 233.

Glossary of Alternative Performance Measures ("APMs") continued

APM	Closest equivalent IFRS measure	Definition and purpose
Cash flow measures from continuing operations continued		
Adjusted operating cash flow	Net cash from operating activities	Free cash flow before payment of interest, tax, restructuring, integration and other costs, retention bonuses and transaction costs relating to the acquisition of businesses, and before proceeds from sale of impaired inventory. 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.

	2023 £m	2022 £m
(Loss)/profit for the period from continuing operations	**(12.1)**	46.9
Add back:		
Taxation and net finance expense	**7.4**	2.1
Adjusting items in operating (loss)/profit	**17.5**	17.2
Adjusted operating profit	**12.8**	66.2
Depreciation excluding effect of fair valuation of property, plant and equipment	**14.0**	14.4
Amortisation of capitalised software and development costs	**6.5**	5.7
Adjusted trade working capital movement[1]	**(1.1)**	(15.6)
Adjusted non-trade working capital movement[1]	**(7.1)**	(2.4)
Adjusted provision movement[1]	**–**	(0.7)
Other:		
– Net loss on disposal of property, plant and equipment and software	**0.2**	–
– Fair value losses on derivative financial instruments	**(0.2)**	–
– Foreign exchange losses	**(0.3)**	0.6
– Share-based payments	**1.0**	6.9
– Proceeds from sale of property, plant and equipment and software	**0.3**	–
Purchase of property, plant and equipment	**(4.6)**	(7.0)
Capitalisation of software and development costs	**(10.7)**	(8.4)
Adjusted operating cash flow	**10.8**	59.7
Interest paid	**(15.3)**	(9.3)
Tax paid	**(10.4)**	(7.2)
Income/(payments) relating to:		
Restructuring and integration costs	**(6.4)**	(2.0)
Proceeds from sale of impaired inventory	**1.1**	
Retention bonuses	**(3.6)**	(0.3)
Transaction costs	**–**	(0.6)
Free cash flow	**(23.8)**	40.3
Proceeds from sale of property, plant and equipment and software	**(0.3)**	–
Purchase of property, plant and equipment	**4.6**	7.0
Capitalisation of software and development costs	**10.7**	8.4
Net cash (used in)/from operating activities	**(8.8)**	55.7

1 See "Adjusted trade working capital movement" and "Adjusted non-trade working capital movement" and "Adjusted provision movement" below for a reconciliation.

APM	Closest equivalent IFRS measure	Definition and purpose
Adjusted trade working capital movement	None	The adjusted trade working capital movement includes movements in inventories, trade debtors and trade creditors, excluding movements relating to adjusting items.

	2023 £m	2022 £m
Decrease/(increase) in inventories	**6.9**	(7.5)
Decrease/(increase) in trade debtors	**17.1**	(6.7)
(Decrease)/increase in trade creditors	**(20.2)**	0.8
Decrease/(increase) in trade working capital	**3.8**	(13.4)
Deduct inflows from adjusting charges:		
Effect of fair valuation of acquired inventory	**(0.1)**	(0.5)
Adjustments for integration, restructuring and other costs	**(3.7)**	(1.7)
Proceeds from the sale of impaired inventory	**(1.1)**	–
Adjusted trade working capital movement	**(1.1)**	(15.6)

APM	Closest equivalent IFRS measure	Definition and purpose
Adjusted non-trade working capital movement	None	The adjusted non-trade working capital movement includes movements in other debtors, other creditors and contract assets/liabilities, excluding movements relating to adjusting items.

	2023 £m	2022 £m
Decrease in other debtors and contract assets	**0.5**	1.9
Decrease in other creditors and contract liabilities	**(10.9)**	(4.6)
Increase in non-trade working capital	**(10.4)**	(2.7)
Deduct inflows from adjusting charges:		
Adjustments for integration, restructuring and other costs, transaction costs relating to acquisition of businesses, and retention bonuses	**3.3**	0.3
Adjusted non-trade working capital movement	**(7.1)**	(2.4)

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.

	2023 £m	2022 £m
Increase/(decrease) in provisions	**(1.9)**	1.1
Adjustments for integration, restructuring and other costs	**1.9**	(1.8)
Adjusted provision movement	**–**	(0.7)

Glossary of Alternative Performance Measures ("APMs") continued

APM	Closest equivalent IFRS measure	Definition and purpose
Other measures from continuing operations		
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".
Dropthrough	None	Dropthrough is the change in adjusted operating profit as a percentage of the change in revenue.
Organic revenue	None	Organic revenue is revenue from existing business, and not from new mergers and acquisitions.
Organic adjusted operating profit	None	Organic adjusted operating profit is adjusted operating profit from existing business, and not from new mergers and acquisitions.
Organic growth	None	Organic growth is the growth achieved year-on-year from existing business, and not from new mergers and acquisitions.
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.
Organic revenue at constant currency	None	Calculated as organic revenue at constant currency. The table below shows a reconciliation: See "Consolidated Income Statement" See "Constant currency", "Organic revenue" and "Organic growth" above for definitions.

	2023 £m
Adjusted operating profit for the last 12 months	**12.8**
Capital employed at the beginning of the year	**296.3**
Capital employed at the end of the year	**289.1**
Average capital employed	**292.7**
Adjusted ROCE %	**4.4%**

	2023 £m
2022 Revenue	**442.5**
Add from acquisitions	**0.1**
2022 Organic revenue	**442.6**
2023 Revenue	**306.9**
Exclude effects of foreign currency exchange rates:	
Translational effects	**0.3**
Transactional effects	**(4.1)**
2023 Organic revenue at constant currency	**303.1**
Organic growth at constant currency %	**(32%)**

APM	Closest equivalent IFRS measure	Definition and purpose
Organic adjusted operating profit at constant currency	None	Calculated as organic adjusted profit at constant currency. The table below shows a reconciliation: See "Consolidated Income Statement" See "Adjusted operating profit" above for a reconciliation. See "Constant currency", "Organic adjusted operating profit" and "Organic growth" above for definitions.

	2023 £m
2022 Adjusted operating profit	**66.2**
Add from acquisitions	**–**
2022 Organic adjusted operating profit	**66.2**
2023 Organic adjusted operating profit[1]	**12.8**
Exclude effects of foreign currency exchange rates:	
Translational effects	**(0.4)**
Transactional effects	**(2.8)**
Organic adjusted operating profit at constant currency	**9.6**
Organic growth at constant currency %	**(85%)**

1 See "Adjusted operating profit" above for a reconciliation.

APM	Closest equivalent IFRS measure	Definition and purpose
Cash conversion	None	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.
Adjusted EBITDA	None	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:

	2023 £m
Adjusted operating profit for the last 12 months	**12.8**
Add back:	
Depreciation excluding effect of fair valuation of property, plant and equipment	**14.0**
Amortisation of capitalised software and development costs	**6.5**
Adjusted EBITDA	**33.3**

APM	Closest equivalent IFRS measure	Definition and purpose
Covenant EBITDA	None	Calculated as adjusted EBITDA for the last 12 months before share-based payment charge, and after interest income/(expense) unrelated to gross borrowings. The table below shows a reconciliation:

	2023 £m
Adjusted EBITDA for the last 12 months	**33.3**
Add back share-based payment charge	**1.0**
Add back material items of an unusual nature	**4.1**
Add interest income unrelated to gross borrowings[1]	**1.4**
Covenant EBITDA	**39.8**

1 See "Interest income/(expense) unrelated to gross borrowings" below for a reconciliation.

Glossary of Alternative Performance Measures ("APMs") continued

<table>
<thead>
<tr><th>APM</th><th>Closest equivalent IFRS measure</th><th>Definition and purpose</th></tr>
</thead>
<tbody>
<tr><td>Covenant EBITA</td><td>None</td><td>Calculated as Covenant EBITDA for the last 12 months less depreciation of tangible fixed assets and amortisation of intangibles (other than those already excluded from adjusted operating profit).
The table below shows a reconciliation:
<table>
<tr><th></th><th>2023
£m</th></tr>
<tr><td>Covenant EBITDA for the last 12 months</td><td>39.8</td></tr>
<tr><td>Less depreciation excluding effect of fair valuation of property, plant and equipment</td><td>(14.0)</td></tr>
<tr><td>Covenant EBITA</td><td>25.8</td></tr>
</table></td></tr>
<tr><td>Interest income/(expense) unrelated to gross borrowings</td><td>None</td><td>This is currency translation gains/(losses), other interest income/(expense), interest income/(expense) on net defined benefit pension scheme, and amortisation of loan fees on borrowings, excluding those on borrowings for acquisitions and other financing initiatives.
<table>
<tr><th></th><th>2023
£m</th></tr>
<tr><td>Net currency translation gains</td><td>2.0</td></tr>
<tr><td>Other interest income</td><td>0.2</td></tr>
<tr><td>Interest income on net defined benefit pension scheme</td><td>0.2</td></tr>
<tr><td>Interest expense on net defined benefit pension scheme</td><td>(0.1)</td></tr>
<tr><td>Other interest expense</td><td>(1.6)</td></tr>
<tr><td>Amortisation of loan fees on borrowings</td><td>(1.9)</td></tr>
<tr><td>Less amortisation of loan fees on borrowings for acquisitions and other financing initiatives</td><td>2.6</td></tr>
<tr><td>Interest income unrelated to gross borrowings</td><td>1.4</td></tr>
</table></td></tr>
<tr><td>Covenant net interest</td><td>None</td><td>Calculated as adjusted net finance income/(expense)[1] for the last 12 months less interest income/(expense) unrelated to gross borrowings[1].
<table>
<tr><th></th><th>2023
£m</th></tr>
<tr><td>Adjusted net finance expense for the last 12 months</td><td>(11.5)</td></tr>
<tr><td>Less interest income unrelated to gross borrowings</td><td>(1.4)</td></tr>
<tr><td>Covenant net interest</td><td>(12.9)</td></tr>
</table>
1 See "Adjusted net finance income/(expense)" and "Interest income/(expense) unrelated to gross borrowings" above for a reconciliation.</td></tr>
<tr><td>Net debt</td><td>None</td><td>See note 4.1 "Net debt" for an explanation of the balances included in net debt, along with a breakdown of the amounts.</td></tr>
<tr><td>Covenant net debt</td><td>None</td><td>Calculated as Net debt before unamortised loan fees on borrowings, and before lease liabilities from discontinued operations.
<table>
<tr><th></th><th>2023
£m</th></tr>
<tr><td>Net debt</td><td>128.5</td></tr>
<tr><td>Add back unamortised loan fees on borrowings</td><td>0.8</td></tr>
<tr><td>Add back lease liabilities from discontinued operations</td><td>0.3</td></tr>
<tr><td>Covenant net debt</td><td>129.6</td></tr>
</table></td></tr>
</tbody>
</table>

Five Year Financial Summary

Years ended 31 December

	Continuing operations		Continuing and discontinued operations				
	2023 £m	2022 £m	**2023 £m**	2022 £m	2021[1,2] £m	2020[1] £m	2019[1] £m
Continuing operations	**306.9**	442.5	**306.9**	442.5	–	–	–
Discontinued operations	**–**	–	**8.1**	8.7	–	–	–
Revenue	**306.9**	442.5	**315.0**	451.2	394.3	290.5	376.1
Continuing operations	**12.8**	66.2	**12.8**	66.2	–	–	–
Discontinued operations	**–**	–	**(6.3)**	(6.2)	–	–	–
Adjusted operating profit	**12.8**	66.2	**6.5**	60.0	46.2	9.9	52.4
Adjusted net interest on interest-bearing loans and borrowings	**(13.7)**	(7.5)	**(13.7)**	(7.5)	(3.2)	(3.9)	(3.7)
Interest on lease liabilities	**(1.5)**	(1.4)	**(1.5)**	(1.5)	(1.0)	(0.8)	(0.9)
Other net financial income	**3.7**	2.9	**3.6**	3.0	0.4	0.3	0.2
Adjusted profit before tax	**1.3**	60.2	**(5.1)**	54.0	42.4	5.5	48.0
Cash generated from operating activities	**16.9**	72.2	**9.8**	65.3	65.7	34.0	59.2
Interest paid	**(15.3)**	(9.3)	**(15.4)**	(9.4)	(4.5)	(5.9)	(4.3)
Tax paid	**(10.4)**	(7.2)	**(10.5)**	(7.2)	(6.5)	(3.1)	(6.3)
Net cash from operating activities	**(8.8)**	55.7	**(16.1)**	48.7	54.7	25.0	48.6
Net capital expenditure on property, plant and equipment, software and development costs	**(15.0)**	(15.4)	**(18.3)**	(20.2)	(21.6)	(15.5)	(18.1)
Free cash flow	**(23.8)**	40.3	**(34.4)**	28.5	33.1	9.5	30.5
Capital employed							
Total assets	**451.3**	554.2	**451.3**	554.2	441.1	334.6	360.6
Current liabilities	**(65.7)**	(146.4)	**(65.7)**	(146.4)	(116.5)	(114.0)	(77.8)
Total assets less current liabilities	**385.6**	407.8	**385.6**	407.8	324.6	220.6	282.8
Less defined benefit asset	**(4.2)**	(3.9)	**(4.2)**	(3.9)	–	–	–
Less deferred tax assets	**(55.4)**	(53.2)	**(55.4)**	(53.2)	(33.6)	(24.6)	(21.0)
Add the current portion of interest-bearing liabilities	**0.2**	36.0	**0.2**	36.0	13.2	50.6	0.2
Less non-current lease liabilities	**(28.4)**	(28.8)	**(28.4)**	(28.8)	(24.6)	(11.5)	(12.4)
	297.8	357.9	**297.8**	357.9	279.6	235.1	249.6
Exclude discontinued operations:							
Less total assets	**(12.3)**	(67.1)	**–**	–	–	–	–
Add current liabilities	**3.6**	4.9	**–**	–	–	–	–
Add non-current lease liability	**–**	0.6	**–**	–	–	–	–
	289.1	296.3	**297.8**	357.9	279.6	235.1	249.6
Statistics							
Adjusted operating profit (%)	**4.2**	15.0	**2.1**	13.3	11.7	3.4	13.9
Adjusted effective tax rate (%)	**n/a**	25.9	**n/a**	23.2	24.3	25.4	24.4
Adjusted basic earnings per share (p)	**8.5**	96.8	**(24.0)**	90.1	69.9	9.0	80.6
Basic earnings per share (p)	**(24.4)**	101.8	**(157.5)**	71.4	56.4	(11.6)	44.9
Dividends per share (p)	**–**	40.0	**–**	40.0	35.0	4.5	12.3
ROCE (%)	**4.4**	25.5	**2.0**	18.8	18.0	4.1	20.9
Year-end mid-market share price (p)	**348**	1,078	**348**	1,078	1,420	917	1,100

1 Capital employed was restated in these years for the exclusion of deferred tax assets, and changes to IFRS 16 "Leases" in 2020.

2 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, **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

The Company's Registrar is Equiniti Limited.

Equiniti provides a range of services to shareholders.

Extensive information including many answers to frequently asked questions can be found online.

Use the QR code to register for FREE at shareview.co.uk

Equiniti's registered address is:

Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Alternatively you can contact the Group Company Secretary either by phone on +44 (0)20 8332 4600 or email on info@videndum.com.

Share price information

The closing mid-market price of a share of Videndum plc on 31 December 2023 was £3.48. During 2023, the share price fluctuated between £2.73 and £11.67. The Company's share price is available on our website with a 15-minute delay, and from the Financial Times website, **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, **fca.org.uk/scams**, or via their consumer helpline: 0800 111 6768.

Annual General Meeting

The Company's Annual General Meeting will be held at 9.00am on Wednesday, 19 June 2024 at 116 Pall Mall, London, SW1Y 5ED.

Analysis of shareholdings as at 31 December 2023

Shares held	Number of holders	% of holders	Number of shares	% of shares
Up to 1,000	370	44.26%	124,456	0.13%
1,001 to 5,000	221	26.44%	530,798	0.56%
5,001 to 10,000	57	6.82%	391,831	0.42%
10,001 to 50,000	78	9.33%	1,864,709	1.98%
50,001 to 100,000	38	4.55%	2,748,273	2.92%
100,001 and over	72	8.61%	88,540,674	93.99%
Total	**836**	**100%**	**94,200,741**	**100%**
Institutions and companies	288	34.41%	92,389,072	98.08%
Individuals including Directors and their families	548	65.59%	1,811,669	1.92%
Total	**836**	**100%**	**94,200,741**	**100%**

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