ITV PLC
ANNUAL REPORT & ACCOUNTS 2023

MORE THAN TV

OUR *purpose*

We entertain and connect with millions of people in the UK and globally, reflecting and shaping culture and building brands with brilliant content and creativity.

OUR *2026 vision*

To be a leader in UK advertiser-funded streaming and an expanding global force in content.

OUR *strategy*

Our strategy is focused on three strategic pillars illustrated below. 2023 was the year of peak investment for Streaming, which together with the successful execution of our strategy and the efficiencies delivered to date have made ITV more robust. ITV has a leading, scaled, global Studios business, a high growth Streaming service and a cash generative linear advertising business. This ensures that we are well placed to grow profits from here as we continue to drive material efficiencies, invest behind our strategic priorities and deliver returns to shareholders.

Read more on page 10

expand STUDIOS

Further expanding by genre, geography and customer and growing faster than market

supercharge STREAMING

Driving digital viewing and revenue through ITVX and Planet V, ITV's leading addressable advertising platform

Vertically Integrated Producer Broadcaster and Streamer

optimise BROADCAST

Digitally transforming as we continue to attract commercial broadcast audiences of unparalleled scale

CONTENTS

STRATEGIC REPORT

ONLINE

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

KEY FINANCIALS[1]

Group external revenue
£3,624m
-3% (2022: £3,728m)

Cost savings
£24m
(2022:£23m)

Group adjusted EBITA
£489m
-32% (2022: £717m)

Net debt
£553m
(2022: £623m)

Adjusted EPS
7.8p
-41% (2022: 13.2p)

Profit to cash conversion
102%
(2022: 75%)

Statutory operating profit
£238m
-54% (2022: £519m)

Leverage
1.0x
(2022: 0.8x)

Statutory EPS
5.2p
-51% (2022: 10.7p)

Dividend
5.0p
(2022: 5.0p)

FURTHER READING

Social Purpose Impact Report
Read more at itvplc.com/socialpurpose

Pay Gap Report
Read more at itvplc.com/investors/governance

ALTERNATIVE PERFORMANCE MEASURES

Strategic Report

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

The Strategic Report is prepared in line with the relevant provisions of the Companies Act 2006 and the 2018 Corporate Governance Code (Code) and the Company has had regard to the guidance issued by the Financial Reporting Council. It is intended to provide shareholders and other stakeholders with a better understanding of the Company, of its position in the markets within which it operates, and of its prospects. In setting out the Company's main risks and uncertainties and throughout, this report and accounts contains statements that are based on knowledge and information available at the date of preparation of the Strategic Report, and what are believed to be reasonable judgements, and therefore cannot be considered as indications of likelihood or certainty.

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

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

AN INTRODUCTION TO ITV AND ITS BUSINESS MODEL

WHO WE ARE

ITV is a vertically integrated producer broadcaster and streamer, consisting of ITV Studios and Media & Entertainment (M&E).

ITV TOTAL REVENUE

ITV Studios
£2,170m
(2022: £2,096m)

M&E*
£2,090m
(2022: £2,249m)

* Includes £490 million of digital revenues[1] (2022: £411 million)

ITV GROUP ADJUSTED EBITA**

ITV Studios
£286m
(2022: £259m)

M&E
£205m
(2022: £464m)

** A full reconciliation between our adjusted and statutory numbers is included in our APMs section

1. M&E digital revenue includes revenue from digital advertising, subscription, linear addressable advertising, digital sponsorship and commercial partnerships, ITV Win (digital competitions platform) and other revenues from digital business ventures

OUR TWO DIVISIONS

ITV Studios

ITV Studios is a scaled and global creator, owner and distributor of high-quality TV content. It operates in 13 countries, across over 60 labels and has a global distribution network. It is diversified by genre, geography and customer in the key creative markets around the world.

ITV Studios is the largest producer in the UK, one of the largest unscripted producers in the US and one of the top three producers in the majority of the international markets in which it operates. ITV Studios has established relationships with key content buyers and leading creative talent in those markets; and with a combined content library of over 90,000 hours, it is also one of the pre-eminent global distributors.

Media & Entertainment

ITV is the largest commercial broadcaster and streamer in the UK, delivering unrivalled audience scale and reach. M&E includes Streaming and Broadcast through which we distribute content via ITVX, our free advertiser-funded streaming service, and via our free-to-air linear TV channels. Our content is also distributed on third-party partner platforms, such as Sky and Virgin.

ITVX also includes a subscription tier, ITVX Premium, which provides subscribers with all of ITVX's programming ad-free along with other exclusive content.

ITV offers advertisers a unique combination of mass simultaneous reach, targeted advertising, and commercial and creative partnerships, in a brand safe environment across ITVX and our linear TV channels.

Refer to the Operating and Financial Performance Review for further details on our divisions

58%
of revenue generated outside the UK
(2022: 60%)

19
formats sold in 3+ countries
(2022: 19)

32%
total revenue from streamers
(2022: 22%)

37%
of revenue from scripted productions
(2022: 34%)

12.5m
monthly active users
(2022: 10.5m)

1,505m
total streaming hours
(2022: 1,192m)

91%
of the top 1,000 commercial broadcast TV programmes
(2022: 93%)

32.6%
share of commercial viewing
(2022: 33.8%)

OUR STRATEGIC ASSETS AND COMPETITIVE ADVANTAGES

ITV's business model is based on a unique set of strategic assets and competitive advantages which enable us to grow our diversified revenue streams and create value for our shareholders.

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

Group

- **Integrated producer, broadcaster and streamer model creates valuable synergies**
- **Strong, trusted brand, products and culture**
- **A high-performing, agile and diverse workforce**

ITV Studios

- **Creates and owns the rights to world-class content**
- **Broad global customer base with major networks, streamers and broadcasters**

ITV Media & Entertainment

- **M&E is differentiated from global streamers with primarily uniquely British content**
- **Deep commercial relationships with advertisers**
- **Owns Planet V, an intuitive self-serve addressable advertising platform**
- **Strong data capabilities with one of the largest first-party datasets in the UK**

USING OUR STRATEGIC ASSETS AND COMPETITIVE ADVANTAGES WE AIM TO GROW...

OUR DIVERSIFIED REVENUE STREAMS

ITV Studios

Original production
We create and produce original scripted and unscripted content commissions for a diverse customer base of global streamers, major networks and local free-to-air and pay TV broadcasters and operators across our production bases.

Formats
We create some of the world's most successful unscripted formats which we license globally to maximise the value from our programme rights.

Distribution
We own the rights to a significant catalogue of programmes that we license to broadcasters and streamers internationally through our global distribution network.

Media & Entertainment

Advertising
ITVX and our free-to-air linear TV channels drive significant digital and linear advertising revenues due to our ability to deliver mass simultaneous audiences and targeted advertising at scale.

Commercial and creative partnerships
Using the power of our brands we help advertisers engage with audiences in different ways. We provide unique and innovative commercial and creative partnerships across ITVX and our free-to-air linear TV channels. These include sponsorship, product placement and advertiser-funded programming.

Subscription, competitions and third-party revenues
In the UK, we generate streaming subscription revenue through our ad-free tier, ITVX Premium. We monetise our consumer interactions through competitions associated with our programme brands. We also receive third-party revenue from distributing our channels and streaming services to other platforms and services.

SUPPORTED BY OUR...

RISK MANAGEMENT FRAMEWORK

ITV operates in an increasingly complex business environment and our risk management framework provides the business with the tools to identify, assess, manage and continually review our risks.

Management and the Board can adapt the strategy to ensure we are striking the right balance between risk-taking and risk mitigation, that any underlying risks in the strategy are being appropriately managed and therefore enabling the successful delivery of the strategy.

Our business model enables us to create value for all our key stakeholders, see page 6 for further detail.

INVESTOR PROPOSITION

Reasons to INVEST

ITV is delivering long-term value for shareholders through:

1 Driving significant benefits from our unique position:

- As a vertically integrated producer, broadcaster and streamer

Refer to the Chief Executive's Statement on page 8 for further details on these benefits

2 Growing its leading, scaled and diversified global Studios business:

- ITV will grow faster than the global content market, at a margin of 13-15%

Refer to Our More than TV Strategy on page 10 and Operating and Financial Performance Review on page 18 for further details

3 Driving strong momentum in streaming:

- Delivering significant growth in digital viewing and digital advertising, providing data-driven targeted advertising at scale through Planet V (ITV's addressable advertising platform) in a trusted, brand safe environment

Refer to our KPIs on page 14 and Operating and Financial Performance Review on page 18 for further details

4 Optimising Broadcast as we continue to attract mass linear TV audiences:

- Which remain highly valuable to advertisers as they grow their businesses and drives cash generation for the Group

Refer to our KPIs on page 14 and Operating and Financial Performance Review on page 18 for further details

5 Increasing profit over the medium term:

- As we continue to rebalance the business towards the growth drivers of ITV Studios and advertiser funded streaming and deliver further efficiencies

Refer to Our More than TV Strategy on page 10 and KPIs on page 14 for further details

6 Delivering against our KPIs across the Group:

- On track to deliver our KPI targets in 2026

Refer to our KPIs on page 14 for further details

7 Maintaining a robust balance sheet, strong cash generation and disciplined capital allocation framework:

- Invest organically in line with strategic priorities; manage financial metrics consistent with investment grade metrics over the medium term; sustain a full year ordinary dividend of at least 5.0p, which will grow over the medium term; consider value-creating inorganic investment against strict criteria when appropriate; and any surplus capital will be returned to shareholders
- £235 million share buyback to be completed within the next 18 months

See the Finance Review on page 45 for further details

CHAIR'S STATEMENT

2023 WAS A CHALLENGING BUT PRODUCTIVE YEAR

In a nutshell, 2023 was a challenging but productive year. Economic headwinds were present throughout the year impacting our financial performance but we made good progress strengthening the internal capabilities of the organisation and hitting a number of key milestones on our strategic journey to be 'More Than TV', evolving from a legacy broadcaster to a more sustainable media and entertainment business.

Taking the financials first. Total external revenues were down 3% on the prior year as cost of living pressures affected household demand for goods and services and led advertisers to trim their marketing budgets. Adjusted EBITA[1] declined 32% reflecting both the drop in revenues and planned investment in ITVX. Free cash flow was £361 million, up 29% vs 2022. The balance sheet remains strong and the Board has proposed a final dividend of 3.3p taking the dividend for the full year to 5.0p, in line with the prior year. This is a total return of around £200 million.

The Board has also announced a £235 million share buyback which will be completed within the next 18 months.

The media and entertainment industry continues to evolve rapidly. Technology advances are dramatically increasing the choices available, not just in terms of content, but also how, when and where it can be consumed. The emergence of generative AI is a potential game changer in the world of production while the competitor set is shifting, from national TV broadcasters to international streamers and global tech corporations who are increasingly the gatekeepers to our audience. These structural shifts are material and require us to be on our mettle and take appropriate action. We need to ensure our internal ways of working are as sharp and agile as they can be, that we are ready to take difficult decisions to keep our cost base down and have a clear strategy that is future focused and plays to our strengths.

Our 'More Than TV' strategy has three main objectives:

- Expand Studios
- Supercharge Streaming
- Optimise Broadcast

During the year we made good progress on each of the three.

Studios grew revenue and profit to record levels deploying its global scale and strength to win business across all major genres and geographies.

In streaming, ITVX had a successful launch year, proving technically robust and attracting large cohorts of new viewers with the quality and depth of its content.

And our linear broadcast business continued to demonstrate its extraordinary, continuing ability to generate mass, simultaneous audiences. In addition, innovations such as the upgraded iteration of Planet V reinforced ITV's position as the clear leader for advertisers in UK commercial television.

It is the blending of these three strategic elements that makes ITV unique. Together they form an integrated model that allows us to consistently secure world-class content, provides outstanding flexibility and reach for UK advertisers and attracts the best writers and producers to work with us. The model is strengthened by our long-standing status as a Public Service Broadcaster (PSB). A Media Bill is progressing well through Parliament and its final adoption into law will fundamentally update the current regulatory framework and provide enhanced, welcome support to PSBs whose objective voice at a time of such dynamic change has never been more important.

ITV is a special organisation to be a part of and it's clear from the frequent engagement surveys we run and our high levels of colleague retention, that people like to work here. They are proud of what we do, of the lead we show on important issues whether it's mental health; diversity, equity and inclusion; or of the open and respectful way we try to treat each other. Nothing is ever perfect and we are eager to find opportunities to improve, but the values of this Company are sound.

There have been a number of changes to our Board during the year. Anna Manz, Mary Harris and Duncan Painter stepped down and I would like to thank them sincerely for their efforts. The Board and the wider Company have benefited enormously from their time with us. In their place I am pleased to welcome Dawn Allen and Marjorie Kaplan. Two highly accomplished leaders who bring different experiences to the Board table and from whom I am sure we will learn much.

> *Finally my thanks to Carolyn and the leadership team for their exceptional efforts during some challenging times and to all my ITV colleagues for their continuing commitment and passion for the cause.*

ANDREW COSSLETT CBE
CHAIR OF THE BOARD

1. Refer to APMs section for the reconciliation between our adjusted and statutory numbers.

OUR KEY STAKEHOLDERS

Our strategy is aligned with the requirements of each of our stakeholders so that we are creating and delivering value for all.

CUSTOMERS

Including but not limited to the following:

Agencies and advertisers

We deliver advertisers value through a unique combination of mass simultaneous reach on our linear TV channels, targeted digital advertising powered by Planet V – our proprietary adtech platform, and through commercial and creative partnerships around our quality programme brands on our linear channels and ITVX.

Broadcasters, networks and streamers

We deliver high-quality TV productions globally, across a range of genres which broadcasters and streamers can monetise through their own business models.

Platforms

We have strong relationships with aggregators who broadcast our content and pay us for its inclusion on their platforms.

VIEWERS AND SUBSCRIBERS

Our content offering is varied and high quality, which audiences can watch and engage with, for free or through a subscription, across a variety of channels and platforms in a trusted, brand-safe environment.

PARTNERS

We collaborate closely with our partners and aim to cultivate strong working relationships. We ensure all suppliers understand and adhere to our Supplier Code of Conduct.

OUR COLLEAGUES, PROGRAMME PARTICIPANTS AND EVERYONE WE WORK WITH

We protect, invest in and develop our on and off-screen talent, and create a culture that nurtures them to be productive, commercial and creative. People, and their physical and mental health and safety, are our priority at ITV.

Refer to the Our People section for further details.

CITIZENS

As a Public Service Broadcaster (PSB) in the UK, ITV can help shape culture for good. Our provision of free, universally accessible, high-quality content along with a trusted news service, helps to inform citizens, shape public sentiment, drive national conversations and support democratic debate.

Refer to Social Purpose for further details.

SHAREHOLDERS, DEBT PROVIDERS AND ANALYSTS

Through the successful execution of our strategic priorities, we will create value for and deliver returns for our investors (equity and debt).

Refer to the Investment Proposition section for further details.

LEGISLATORS AND REGULATORS

ITV takes its responsibilities and obligations as a PSB seriously and conducts business in line with the appropriate laws and regulations, to ensure we operate ethically and responsibly.

See Our Commitment to Section 172 and the Stakeholder Engagement section for further details of ITV's key stakeholders and how we engage with them.

MARKET REVIEW

The markets in which we operate are dynamic, increasingly competitive and rapidly changing. The global content market is large and attractive, with all platforms needing access to the best content to attract viewers at scale. Ongoing changes in viewing habits, coupled with an ever-evolving advertising landscape, bring both challenges and opportunities to ITV.

TREND ONE

Global demand for content

The global content market is large and attractive with all platforms needing a mix of content to succeed in a very competitive market. Going forward we expect to see growth in key segments of the global content market in which we operate, including content licensing, streamers demand for unscripted content and cost effective premium scripted content. 2024 will be impacted by the 2023 US writers and actors strikes delaying productions until 2025 and weaker demand from free-to-air broadcasters (FTA) in Europe who are holding back spend until they see more certainty in the advertising market.

Size of global content market in 2023

$226bn

(Source: Estimate from Ampere Analysis: Feb 2024 – excludes spend from film studios)

How we are responding

Delivery of ITV Studios' strategic priorities will ensure ITV gains share over the medium term. By expanding our scripted and unscripted business and further diversifying our customer base, ITV can capture the growth in content spend in key segments in which we operate including licensing and demand from streaming platforms for unscripted content and cost-effective premium scripted content.

Growing our global formats ensures we have a range of high-value formats which we can monetise internationally, through production, format sales and licensing. Our distribution business can also capitalise on the value of our extensive catalogue of formats and scripted content. This contributes to our higher overall ITV Studios margin relative to our industry peers.

As a vertically integrated producer broadcaster and streamer, ITV Studios also benefits from demand for its content from ITV's FTA linear TV channels and our free advertiser-funded streaming service, ITVX, providing M&E with a strong and secure content supply.

Link to risk	Link to strategy
2	E

TREND TWO

Fragmentation in viewing and changing habits

While the average viewing time per person per day remains stable at 4.5-5 hours per day (Source: Ofcom), the competitor set has become increasingly fragmented over time. From PSBs (e.g. BBC, ITV), to global streaming services (e.g. Netflix, Disney+), and user-generated video-sharing platforms (e.g. YouTube, TikTok), viewers now have an unparalleled level of choice and flexibility about what, how, where and when they watch content.

Average viewing time per person per day

4 hours 28 mins

(Source: Ofcom Media Nations. Previous 5-year average of 5 hours per day – incl. COVID-19 years)

How we are responding

As a commercial PSB in the UK, we provide the nation with the flexibility to watch content whenever and wherever, while maximising commercial value.

In December 2022, we launched ITVX which provided a step-change in ITV's streaming offering and now has over 17,000 hours of free content. This has led to significant growth year-on-year in monthly active users of our streaming service, up 19% and streaming hours, up 26%.

Live viewing, whether via ITVX or on linear TV channels, remains a major focus: ITV is home to more commercial audiences of scale than any other broadcaster or streaming platform in the UK.

In 2024, we will invest around £1.275 billion in high-quality, trusted content across a wide range of genres, including large family entertainment shows, sport, drama, and news which will drive both video on demand and live viewing on ITVX, and mass audiences on linear TV channels.

Link to risk	Link to strategy
4	S O

TREND THREE

The UK advertising market

The UK advertising market is worth £36 billion, growing at 7% compound annual growth rate (CAGR) in the past decade. Growth slowed in 2023 (forecast to be +3% in 2023 vs. +9% in 2022), with high inflation leading to reduced marketing budgets. There was also a decrease in venture capital funding, which had funded significant advertising activity in recent years from new market entrants.

Total market growth has largely been driven by online advertising, which is expected to be up 5% in 2023 and up 16% CAGR over the last ten years.

Online is the largest category of advertising spend (75% of the market) followed by TV advertising (14% of the market). (Source: AA WARC).

The TV advertising market is increasingly competitive, with global streaming platforms (Amazon, Netflix, Disney+) having now launched, or shortly set to launch, streaming advertising propositions.

2023 UK advertising market

£36bn

(Source: AA WARC. 2022: £35 billion)

How we are responding

ITV offers our advertising clients something no streamer can – mass simultaneous reach, targeted advertising at scale and commercial and creative partnerships in a brand-safe environment. This remains a considerable market differentiator along with our deep, established relationships with advertisers and agencies.

ITV's FTA linear TV channels offer unique scale and reach and it remains a cost-efficient and important part of marketing campaigns.

ITVX delivers the scale and breadth of digital audiences which provides inventory for Planet V, our addressable advertising platform, to create and deliver targeted advertising at scale. This underpins our ability to compete for digital video budgets and gain share in this growing addressable advertising market, illustrated by our 19% growth in digital revenues in 2023.

Link to risk	Link to strategy
3	S O

Key E Expand Studios globally S Supercharge Streaming O Optimise Broadcast

Refer to the Strategy section in the CEO's Statement and to the Operating and Financial Performance Review for further details

CHIEF EXECUTIVE'S STATEMENT

EXECUTING OUR MORE THAN TV STRATEGY

The successful execution of ITV's strategy of investing in and growing both production in ITV Studios, and ITVX in Media and Entertainment (M&E), is evident through the robust financial and operating performance in 2023, despite a challenging macroeconomic environment.

ITV Studios delivered record revenues and profits as the business continued to demonstrate its strong market position, with outstanding creative deliveries globally. In Media and Entertainment, ITVX drove significant growth in digital viewing and advertising revenues, with the investment on plan. It was the year's biggest and most successful streaming launch in the UK, firmly establishing its place in the market, and winning the award for Best On-Demand Service at the Edinburgh TV Festival.

Financial highlights

2023 was the second-highest revenue outturn in ITV's history. Total ITV group revenue was down 2% and total external revenue declined by just 3% in 2023 despite the severe decline in linear advertising. ITV's growth drivers continued to perform well, with 4% growth in ITV Studios and 19% growth in digital revenues helping to substantially offset a 15% decline in linear advertising due to the challenging advertising market. In total, M&E revenues were down 7% in the year.

As expected, group adjusted EBITA was down 32% at £489 million which reflects the decline in linear advertising revenue and the planned investment in ITVX. Adjusted EPS was down 41% at 7.8p. We have reached a peak level of net investment in our streaming business in 2023 and we continue to expect to grow profits from here.

Statutory profit before tax was down 61% and statutory EPS decreased by 51% to 5.2p.

There was strong cash generation in the year, with 102% profit to cash conversion and a robust balance sheet, net debt of £553 million and net debt to adjusted EBITDA leverage of 1.0x.

In line with ITV's dividend policy, the Board has declared a final dividend of 3.3p (2022: 3.3p), giving an ordinary dividend of 5.0p per share for the full year 2023 (2022: 5.0p)

As announced on 01 March 2024, ITV sold its 50% holding of BritBox International to BBC Studios for a total consideration of £255 million. The Board will return the entire net proceeds to shareholders through a share buyback of £235 million which we expect to complete within the next 18 months.

Our Purpose, Vision and More than TV Strategy

The strong operating performance in 2023 demonstrates that the strategy we started implementing in 2018, and evolved in 2022 with the launch of ITVX, is working. We have been able to withstand macroeconomic headwinds because of the actions we have taken to reposition ITV towards higher, sustainable growth areas in global production and digital. The business is demonstrably more balanced and has strong delivery momentum as we continue to drive our strategy.

The media landscape continues to evolve rapidly and is more competitive for viewers and advertising, with recent new entrants. We are in a far stronger position than we were in 2018, to focus on ITV's value drivers and competitive advantages and are confident that we can compete, as evidenced by a very strong programming slate: Mr Bates vs The Post Office is the highest audience drama on any platform for five years; Fool me Once by ITV Studios' Quay Street Productions is in Netflix's top 10 English-language dramas of all time, and ITV Commercial consistently outperforms the market.

Our purpose remains unchanged, we entertain and connect with millions of people in the UK and globally, reflecting and shaping culture and building brands, with brilliant content and creativity.

Our vision is that by 2026 ITV will be a leader in UK advertiser-funded streaming, and an expanding global force in content. We are focused on three strategic pillars to deliver this vision:

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

These pillars are underpinned by a number of priorities, and we have set key performance indicators and targets to deliver by 2026. With the strong progress we have made to date, we are on track and confident we can deliver against these targets. The following page provides further detail on our strategic priorities, why they are important and what they drive.

Integrated producer broadcaster and streamer

ITV has a unique market position as a global and diversified vertically integrated producer broadcaster and streamer with content central to everything we do. This model benefits both divisions and therefore the Group:

For ITV Studios it:

- Provides a sustainable base of core commissions which gives stability in a changeable industry;
- Helps with attracting and retaining industry-leading talent which is key to a successful creative business;
- Provides a platform to make Studios' content famous and enables cross-promotion, supporting the international sale of our content and formats, and the monetisation of our IP across our business models

For M&E it:

- Provides access to world-class content for ITV's linear TV channels and ITVX, driving viewing growth;
- Enables deeper and more creative and productive partnerships with advertisers, driving revenue;
- Helps protect from content price inflation

For the Group, this gives us a real competitive advantage, providing attractive economics as we operate across the entire value chain, and benefit from diversification in a cyclical industry.

ITV Studios

ITV Studios is a scaled and global creator, owner and distributor of high-quality content operating in 13 countries and across 60+ labels; diversified by genre, geography and customer in the key creative markets around the world.

ITV Studios benefits from its scale as the largest producer in the UK, one of the largest unscripted producers in the US and one of the top three in the majority of the remaining international markets in which it operates. ITV Studios is a trusted supplier with well-established relationships with key content buyers and leading creative talent in those markets.

In 2023 we further delivered against our four strategic priorities (as set out in the Strategy section on the following page) and we remain on track to achieve all our 2026 KPI targets and deliver a 5% total organic revenue CAGR target from 2021 to 2026 – ahead of the market, and operate at industry-leading margins of 13 to 15%.

We have grown our scripted business with 316 hours of high-end scripted content delivered in 2023, an increase of 14% from the prior year. This has helped to further diversify our customer base, with almost a third of Studios revenues coming from streaming platforms in 2023, up from 22% in 2022.

We also continued to monetise our global formats with 19 formats in 2023 sold in three or more countries (2022: 19). Supported by our integrated model the final priority is to attract and retain the leading talent in the industry. We have seen outstanding creative deliveries from recent talent deals and acquisitions including Fool Me Once and After the Flood from Quay Street Productions, One Piece from Tomorrow Studios, and Big Beasts from Plimsoll Productions.

The global content market is large and attractive, with all platforms needing a mix of content to succeed in a very competitive landscape to attract audiences. We expect to see growth in key segments in which we operate – content licensing, demand from streaming platforms for unscripted content and cost effective premium scripted content.

ITV Studios is very well positioned to take advantage of this growth and to grow our market share over the medium term, driven by our scale and diversified position, our investment in development and creative talent and our high-quality IP.

As previously guided, 2024 will be impacted delays in production as a result of the writers' and actors' strike in the US, combined with the continuation of weaker demand from FTA broadcasters in Europe who are holding back spend until they see more certainty in the TV advertising market.

▲ **AN AUDIENCE WITH KYLIE** aired on ITV in December 2023.

◀ **THE LONG SHADOW** is a true-crime drama and was the most-watched series of the year on ITVX.

Media & Entertainment (M&E)

ITV M&E is the largest commercial broadcaster and streamer in the UK, delivering unrivalled audience scale and reach. It is underpinned by two strategic pillars; Supercharge Streaming and Optimise Broadcast.

By Supercharging Streaming, we aim to drive digital revenues through ITVX and Planet V (ITV's proprietary, self-service programmatic addressable advertising platform).

We launched ITVX on time and our investment is on plan and on budget. In our first full year of ITVX we delivered a step change in viewing and digital revenues were up 19%. We increased the number of monthly active users by almost 20%, up to 12.5 million and those users are spending more time engaging with the platform with streaming hours up 26% to 1.5 billion hours. Brand awareness is now up to over 90% and we have seen a significant increase in streaming hours for light viewers who are harder to reach, up 65%, and our key target audience of 25-54s which was up 47%.

The key focus of ITVX is our ad-funded proposition which is where we have channelled our efforts and resources in its launch year. In addition, we have ITVX Premium, a subscription service, which is primarily an ad-free offering for viewers. The number of paid-for UK subscribers declined marginally year on year as we started transitioning subscribers from our standalone app, BritBox UK, into ITVX Premium, combined with the closure of the ITV Catch Up service on Amazon Prime Video Channels.

In 2024, the BritBox UK service on Amazon Prime Video Channels and the Britbox UK standalone app will close as we further simplify our offering. This will consolidate all our subscribers under one ITVX Premium brand and will give us complete ownership of the subscriber base. The closure of these services is expected to impact subscriber numbers and subscription revenues in 2024.

Planet V is the platform enabling the growth of ITV's digital advertising – it is a market-leading addressable advertising platform which creates and delivers targeted advertising at scale.

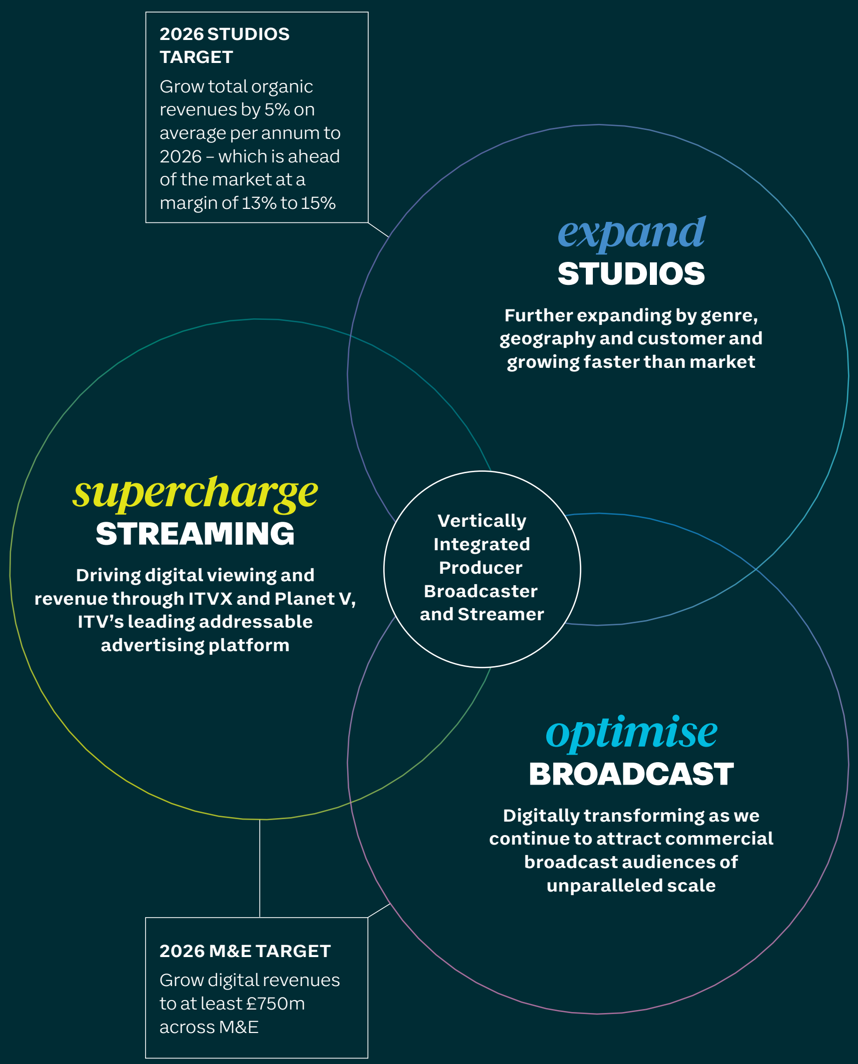
It enables us to create sophisticated audience segments and serve ads directly to them. All the major agencies are using Planet V and see it as an intuitive, easy-to-buy self-serve platform, allowing them to streamline their approach to planning and buying. ITV has one of the largest first-party data sets in the UK, with over 40 million registered users on ITVX. Agencies and advertisers can make use of this alongside their own data and other first and third-party datasets, to create more precise addressable campaigns. Advertisers are prepared to pay more for this increasingly sophisticated and valuable ad inventory.

OUR MORE THAN TV STRATEGY

Our strategy is focused on three strategic pillars 1) Expand Studios; 2) Supercharge Streaming; and 3) Optimise Broadcast. These pillars are underpinned by a number of priorities (detailed below) to ensure that ITV is best placed to capitalise on the opportunities presented by the rapidly changing viewing, content production and advertising environments. These pillars are not independent. They work together – reinforcing each other, creating synergies and delivering value.

To support the successful delivery of the strategy, we have key performance indicators (KPIs) and related targets to be delivered from 2021 to 2026 which we are on track to deliver. The key to successfully delivering this strategy is digitally transforming everything we do.

The successful execution of our strategy to date has made ITV more robust. ITV has a leading, scaled, global Studios business, a high growth Streaming service and a cash generative linear advertising business. This ensures that we are well placed to grow profits from here as we continue to drive material efficiencies, invest behind our strategic priorities and deliver returns to shareholders.



ITV Studios – STRATEGIC PRIORITIES AND KPI TARGETS

Expanding UK and global productions is central to ITV's strategy. ITV Studios' ambition is to be a leading force in the creation and ownership of intellectual property (IP), global content production and distribution. We are achieving this by focusing on our four strategic priorities to drive revenue and profit growth.

	PRIORITIES	WHY IT'S IMPORTANT	FY 2026 TARGET	FY 2023
STUDIOS	1. Grow our scripted business	To meet the growing global demand for scripted content particularly from streaming platforms	400 high-end scripted hours per annum	316 hours (2022: 276 hours)
	2. Grow our global formats business	To maximise international monetisation of high-value formats	20 formats sold in three or more countries	19 formats (2022: 19 formats)
	3. Further diversify our customer base	To capture the growth in content spend from local and global streaming platforms	30% of total revenues from streaming platforms	32% (2022: 22%)
	4. Attract and retain leading talent	Key to creative success of a Studios business	N/A	N/A

WHAT IT DRIVES

Growth in total organic revenue of 5% on average per annum to 2026[1] which is ahead of the market

Delivers adjusted EBITA[2] margins of 13% to 15%

In 2023, total organic revenue grew 3% at an adjusted EBITA margin of 13.2%

MEDIA & ENTERTAINMENT – STRATEGIC PRIORITIES AND KPI TARGETS

ITV's M&E strategy is based on two core pillars: Supercharge Streaming and Optimise Broadcast, with strategic priorities to drive growth in digital revenues and maintain strength in linear.

	PRIORITIES	WHY IT'S IMPORTANT	FY 2026 TARGET	FY 2023
STREAMING	1. Attract more monthly active users to ITVX	ITV's reach is key to retaining and attracting advertisers	Grow monthly active users to 20 million	12.5 million (2022: 10.5 million)
	2. Increase the time users spend on ITVX	ITV's scale is key to retaining and attracting advertisers	Grow total streaming hours to 2 billion hours	1,505 million hours (2022: 1,192 million hours)
	3. Increase UK subscriber base	Monetising ITV viewers who are willing to pay for ad-free and additional content	Grow subscribers to 2.5 million	1.3 million (2022: 1.4 million)
BROADCAST	4. Maintain our strength in delivering mass linear audiences	ITV's mass linear audiences remains very important to UK advertisers	Maintain a share of at least 80% of the top 1,000 programmes	91% (2022: 93%)
	5. Maintain ITV's position in UK broadcast market	ITV's scale remains very important to UK advertisers	Maintain a share of commercial viewing of 33%	32.6% (2022: 33.8%)

WHAT IT DRIVES

Growth in digital revenues to at least £750m by 2026

Revenues from linear TV advertising, commercial and creative partnerships, and sponsorship

In 2023, total digital revenues were £490 million, up 19% year-on-year

1. Average annual growth rate from 2021.
2. Refer to APMs for detail on our adjusted measures.

This capability underpins our ability to now compete for online video budgets, particularly budgets allocated to platforms such as YouTube, and take share in this growing addressable advertising market.

The progress we have made in Streaming and against our KPIs means that we are confident of delivering at least £750 million of digital revenues by 2026, with the focus continuing to be ad-funded.

We have started 2024 really well and will further enhance ITVX in 2024 building on the momentum we have. We will increase the depth and breadth of content, deliver continuous improvements in the product and user experience, and expand its distribution and marketing.

Within Broadcast, we have now digitally transformed the business and will continue to do so as we become increasingly agile and adapt to changing viewer habits. Internally this means we are always looking at ways to increase our efficiency and productivity, whether that is through the operational use of AI or ensuring our cost base is the right shape and size. Externally for viewers, it is ensuring we continue to engage our audiences through live content such as sports and successful entertainment shows to continue to deliver mass audiences which are so valuable to advertisers, together with the personalisation and targeting that comes with ITVX.

ITV continues to be the best destination for advertisers to reach valuable mass audiences in the UK. Our share of those mass linear TV audiences continued with over 90% of the top 1,000 programmes appearing on ITV and our share of commercial viewing has also been broadly maintained at just under 33%. This robust performance demonstrates ITV's unique market-leading position in broadcast in the UK

What sets ITV apart from all its competitors commercially is the ability to deliver four things:

- Mass simultaneous reach,
- Sophisticated targeted advertising
- Commercial and creative partnerships
- A brand-safe and trusted environment.

All of this ensures that we can remain highly competitive in an increasingly competitive market.

ITVX's strong performance has continued into 2024. Total advertising revenue (TAR) is expected to be up 3% in Q1 compared to the same period in 2023, with continued strong growth in digital advertising revenues.

Refer to the Operating and Financial Performance Review for further details of ITV Studios and M&E's strategic priorities and how the divisions performed in the year.

Cost and efficiency programme

Our existing cost saving programme of £150 million between 2019 and 2026, has delivered £130 million of annualised savings to date and we are on track to deliver the full £150 million by 2025 – one year early.

We are now in the early stages of a new strategic restructuring and efficiency programme across the Group to reshape the cost base, enhance profitability, and support the growth drivers of Studios and Streaming. We are building on the foundations we have established in digital and data and the significant progress we have made in transforming ITV from a linear broadcaster to a multi-platform broadcaster and streamer.

Savings will come mainly from technology and operational efficiencies, organisational redesign across Group, M&E and ITV Studios and permanent reductions in discretionary spend across the Group.

By the end of 2024 we expect the programme to have delivered incremental annualised savings of at least £50 million gross per year, giving a £30 million in year gross benefit in 2024. There will be c.£50 million of one-off costs to deliver these savings. The ongoing programme is designed to deliver further incremental material savings over a number of years which will further build ITV's resilience. We will provide further information as the programme progresses.

Our Social Purpose

We reach millions of viewers globally, through our content, and in the UK, through our linear channels and ITVX. We are proud of our position as a Public Service Broadcaster (PSB) in the UK, telling the stories that are at the heart of culture and society. We have the opportunity to advocate for positive change from social issues to environmental matters and beyond, providing the UK public with unbiased information and diverse perspectives.

Our Social Purpose strategy has four focus areas: Better Health; Diversity, Equity and Inclusion; Climate Action and Giving Back.

2023 saw us reach the major milestone for Better Health in surpassing our five-year goal which was to encourage audiences to take over 200 million actions to support their mental or physical wellbeing. We hit an extraordinary 249 million actions by the end of 2023 with our flagship mental health campaign, Britain Get Talking, playing a significant role in achieving our target.

Our Giving Back activity in 2023 continued with our biggest fundraising event, Soccer Aid for UNICEF. Since its launch in 2006, over £90 million has been raised. As we move forward, our Giving Back work will shift towards supporting the next generation called Better Futures.

▼ **THE BAY** returned for its fourth series on ITV in 2023. It is produced by Tall Story Pictures (an ITV Studios label).

▶ **SHETLAND** is a crime drama produced by Silverprint Pictures (an ITV Studios label) for the BBC.

▼ **THREE LITTLE BIRDS** is a drama written by Sir Lenny Henry and inspired by his mother's journey to Britain in the late 1950s. It aired on ITV1 and ITVX in October 2023.

Climate Action remains a priority across our whole organisation, ensuring we achieve Net Zero by 2050 in how we make, broadcast and stream our shows, and use our reach to inform and inspire audiences to make greener choices. Our first Climate Transition Plan is published alongside this report.

ITV continues to consolidate our Diversity, Equity and Inclusion work. We have championed diversity across our biggest shows introducing a range of new voices on-screen and off-screen and have created new opportunities for under-represented groups to thrive in our business.

Refer to the Social Purpose section for further details on the work we have done in 2023.

Duty of Care

Supporting the mental and physical health and safety of colleagues and others who work with ITV and those participating in our productions remains a key priority. We are committed to addressing promptly, fairly and confidentially all concerns and monitoring the channels we have in place to ensure they remain appropriate. During 2023 we continued to strengthen our Speaking Up programme by driving continuous communication, awareness and training of our speaking up channels for individuals to register concerns, including our speaking up hotline, SafeCall. I continue to chair the Duty of Care Operating Board which meets regularly.

Following the outcome of the external KC Review, which found that ITV's handling of the case surrounding Phillip Schofield and This Morning was adequate and appropriate. In 2024 we will focus on implementing the recommendations arising from the review. This includes enhanced speaking up related training focused on different parts of the Group and further strengthening our complaints handling processes.

Regulation

The Media Bill which is currently working its way through Parliament, will update the legal and regulatory framework for television, particularly delivered online. This should help ensure that content from PSBs, including ITV, will be included and easily discoverable on all major streaming platforms, on fair commercial terms. Once the Bill becomes law, we will remain fully engaged with Ofcom and the government throughout any subsequent processes necessary for its full implementation.

In May 2023, we submitted our application to Ofcom for the renewal of our Channel 3 licenses, which expire on 31 December 2024. We are fully engaged in the process, which we expect to conclude in the first half of 2024.

Colleagues

Our colleagues are central to everything that we do and are fundamental to the success of ITV. They have played a significant role in delivering our strategy effectively this year and I am incredibly grateful for the hard work and commitment all our colleagues show. I always appreciate how our people love collaborating with each other and with so many partners externally, and how motivated they are to be part of making great shows that lift people and change people's lives.

We have continued to invest in the development of our colleagues and in ensuring we have an inclusive culture where everyone can be their authentic selves. I am pleased that in our 2023 Engagement and Culture Survey, 75% of colleagues who responded, feel like they belong at ITV.

In 2024 we will be running a series of Roadshows across ITV and I am really looking forward to meeting many of our colleagues from all areas of the business. With their input, commitment and energy, ITV will continue to successfully execute our strategy.

Outlook

We have made great progress towards our 2026 KPIs. 2023 was the year of peak investment for Streaming, which together with the successful execution of our strategy and the efficiencies delivered to date have made ITV more robust. ITV has a leading, scaled, global Studios business, a high growth Streaming service and a cash generative linear advertising business. This ensures that we are well placed to grow profits from here as we continue to drive material efficiencies, invest behind our strategic priorities and deliver returns to shareholders.

CAROLYN MCCALL
CHIEF EXECUTIVE

KEY PERFORMANCE INDICATORS

Our KPIs and related targets for 2026 align our performance and accountability with our strategic priorities. This is detailed further in the Strategy section of the Chief Executive's Statement.

All KPIs are reported on a six-month basis. The following are reported quarterly: ITV Studios total revenue growth, total digital revenue, total streaming hours, share of commercial viewing and share of top 1,000 commercial broadcast TV programmes.

Refer to the Operating and Financial Performance Review for further details on the performance of all our KPIs.

ITV GROUP

Adjusted EPS[1]

Adjusted EPS represents the adjusted profit after tax[1] attributable to each equity share in the year. It is an important measure as we aim to create long-term value for our shareholders.

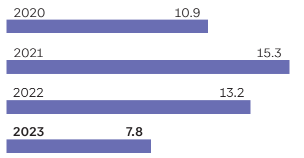
Performance

Adjusted EPS decreased by 41% from 13.2p to 7.8p. Strong growth in ITV Studios adjusted EBITA[1], up 10%, was offset by a decline in total advertising revenues (TAR), down 8%, and an increase in M&E costs from the planned investment in content for ITVX, higher streaming related costs and third-party commercial payaways.

2023

7.8p

-41% on 2022



Cost savings

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

Performance

We delivered £24 million of permanent cost savings in 2023, which is ahead of the £15 million in year target. To date, we have delivered £130 million of our 2019 to 2026 target of £150 million.

We are now in the early stages of a new strategic restructuring and efficiency programme across the Group which will deliver incremental annualised savings of at least £50 million gross per year, giving a £30 million in year gross benefit in 2024.

2023

£130m

cumulative savings since 2018

2026 Target

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

Profit to cash conversion[1]

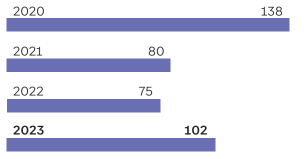
One of ITV's strengths is its cash generation, reflecting our ongoing tight management of working capital balances. Profit to cash conversion serves as a key indicator in measuring our effectiveness. It is calculated as our adjusted cash flow as a proportion of adjusted EBITA[1].

Performance

Profit to cash conversion was 102% in the year. The strong outturn compared to 2022 was due a favourable movement in working capital from the unwind of programme rights and inventory previously built up for the launch of ITVX. In addition, there has been a reduction in production inventories predominantly in the US as a result of the 2023 writers' and actors' strike.

2023

102%



2026 Target

Maintain at around 85%

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

EXPAND STUDIOS

UK AND GLOBAL PRODUCTION

ITV Studios total organic revenue growth[2]

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

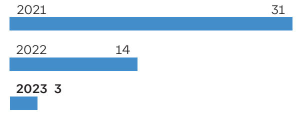
Performance

Total organic revenue was up 3% following a strong 2022 which was up 14%. Organic revenue excludes the benefit of our acquisitions of Plimsoll Productions and Lingo Pictures in 2022, and the unfavourable impact of a £15 million foreign exchange movement.

ITV Studios total revenue grew 4% to £2,170 million.

2023

+3% on 2022



Note: 2020 was down 25% due to the impact of the COVID-19 pandemic.

2026 Target

Grow by 5% on average per annum (from 2021)

ITV Studios adjusted EBITA[2] margin %

This is the key profitability measure used across the ITV Studios business. The margin is calculated on ITV Studios total revenue.

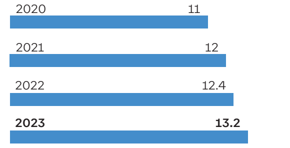
Performance

ITV Studios adjusted EBITA margin was 13.2% (2022: 12.4%), which is restored within the targeted range.

2023

13.2%

+0.8 basis points on 2022



2026 Target

Deliver in the 13% to 15% range

Total high-end scripted hours

Total high-end scripted hours is an important measure in assessing the success of our strategic priority, to grow our scripted business. High-end scripted hours include new commissions or returning franchises that have a higher cost per hour than continuing drama.

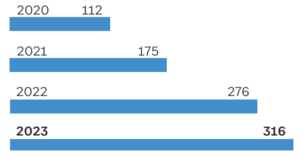
Performance

The number of high-end scripted hours produced by ITV Studios increased by 14% to 316 hours in 2023 driven by titles such as Big Beasts, Fool Me Once and Love Island in the UK, and Twin Love and Physical in the US.

2023

316hrs

+14% on 2022



2026 Target

Grow to 400 hours

Number of formats sold in three or more countries[3]

The Studios business is focused on maximising the international monetisation of high-value formats. A good measure of international success is when a format is commissioned in three or more countries in the year.

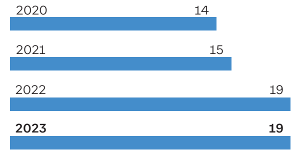
Performance

The number of formats sold in three or more countries was 19, which was flat year-on-year. Recent formats that have sold in three or more countries include; My Mum, Your Dad; Pranked; and Song of my Life.

2023

19 formats

flat on 2022



2026 Target

Grow to 20 formats

% of ITV Studios total revenue from streaming platforms

Over the medium term, the key driver of growth in the global content market is expected to be from streaming platforms. The percentage of ITV Studios total revenue from streaming platforms is an important measure of delivering its strategic priority of further diversifying its customer base and meeting its 2026 total organic revenue growth target.

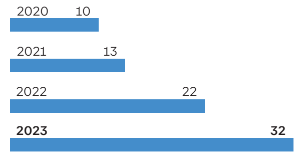
Performance

The percentage of ITV Studios total revenue from streaming platforms grew to 32%, hitting the target three years early. Meeting this target is impacted by the phasing of deliveries and therefore our target is to maintain at least 30%. Notable deliveries to streaming platforms in 2023 included: Squid Games: The Challenge and One Piece for Netflix, and Franklin for Apple TV+.

2023

32%

+10 basis points on 2022



2026 Target

Grow to 30% of ITV Studios total revenue

2. Our APMs are defined within the APMs section of this report. It also includes a full reconciliation between our adjusted and statutory results
3. Spin-offs such as Love Island Games, are considered distinct from the original format (i.e. Love Island) for the purpose of this indicator

KEY PERFORMANCE INDICATORS CONTINUED

M&E
SUPERCHARGE STREAMING

Total digital revenue[1]

Total digital revenue comprises all revenue streams from our digital businesses, predominantly digital advertising. It is an important measure of the acceleration of our digital strategy as we supercharge streaming.

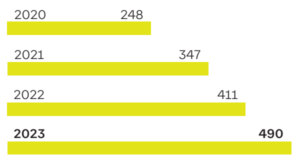
Performance

Total digital revenue grew 19% to £490 million. The growth was driven by digital advertising revenue, which was up 21%. This was marginally offset by a decline in competition revenues through ITV Win.

2023

£490m

+19% on 2022



2026 Target

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

Total streaming hours[2]

Increasing the time users spend streaming ITV content is a key strategic priority. It drives scale which is important to attract and retain advertisers, and contributes to total digital revenue growth.

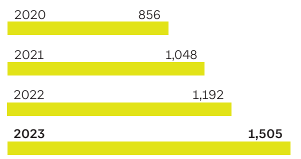
Performance

Total streaming hours increased 26% to 1,505 million hours. This growth reflects our high-quality content offering, along with our investment in ITVX to enhance the product and user experience and to expand our distribution and marketing activity. This has helped retain and attract more users who have watched content for longer.

2023

1,505m hrs

+26% on 2022



2026 Target

Double (compared to 2021) to 2bn hours

Monthly active users (MAU)[3]

Attracting more monthly active users to ITVX is a key strategic priority. It increases reach which is important to attract and retain advertisers and contributes to total digital revenue growth.

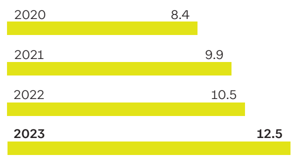
Performance

Monthly active users grew 19% to 12.5 million. As with total streaming hours, the growth in monthly active users has been driven by investment in the quality and scale of content on ITVX, the enhanced product and user experience, and the expanded distribution and marketing activity.

2023

12.5m

+19% on 2022



2026 Target

Double (compared to 2021) to 20m

UK subscribers[4]

UK subscribers capture total UK subscriptions to ITV streaming platforms. It is an important measure of how we are monetising ITV viewers who are willing to pay for ad-free and additional content.

Performance

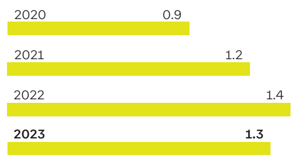
Total UK subscribers as of 31 December 2023 was down 7% year-on-year as we transitioned subscribers from our standalone app, BritBox UK, into ITVX Premium, combined with the closing of the legacy ITV Catch Up service on Amazon Prime Video Channels.

The key focus of ITVX is our ad-funded proposition which is where we have channelled our efforts and resources in its launch year.

2023

1.3m

-7% on 2022



2026 Target

Double (compared to 2021) to 2.5m

1. Total digital revenue includes revenue from digital advertising, subscriptions, linear addressable advertising, digital sponsorship and partnerships, ITV Win and any other revenues from digital business ventures
2. Total streaming hours is the total number of hours viewers spent watching ITV across all streaming platforms, reported at a device level. This figure includes both ad-funded and subscription streaming. In 2022, full year results, total streaming hours were reported as 1,139 million hours, which included some estimates of total streaming viewing from third-party data providers and has been updated to reflect more recently available and accurate data
3. Monthly active users captures the average number of registered users throughout the year who accessed our owned and operated on-demand platforms each month
4. UK subscribers are users of ITVX's premium tier and the BritBox UK standalone service. It includes those who pay ITV directly, those who are paid for by an operator, and free trialists. Before the launch of ITVX in December 2022, this also included ITV Hub+ subscriptions

M&E
OPTIMISE BROADCAST

Share of top 1,000 commercial broadcast TV programmes[5]

Maintaining our strength in delivering mass commercial linear TV audiences enables ITV to attract and retain advertisers and command a premium from them.

Performance

Our 2023 share was 91%, which was down 2% points year-on-year, with 2022 benefiting significantly from the FIFA World Cup. In 2023, dramas such as Unforgotten and The Bay, entertainment formats such as Britain's Got Talent and Saturday Night Takeaway and sporting events such as Rugby World Cup, helped to maintain ITV's strong commercial mass audience proposition.

2023

91%

-2 basis points on 2022

2026 Target

Maintain a share of at least 80%

Share of commercial viewing[6]

Maintaining ITV's number one position in the UK broadcast market helps us attract and retain advertisers and is vital to maximising advertising revenues.

Performance

Share of commercial viewing decreased by 1.2% points to 32.6% in 2023, with strong viewing for the FIFA World Cup benefiting our share in 2022.

2023

32.6%

-1.2 basis points on 2022

2026 Target

Maintain at 33%

5. The share of top 1,000 commercial broadcast TV programmes is measured by BARB based on viewing figures. This includes TV viewing from transmission and seven days post-transmission on catch up, as well as six weeks prior to the transmission window. It excludes programmes with a duration of <ten minutes. This metric is calculated as a 12-month rolling average to normalise seasonal scheduling
6. Share of commercial viewing is the total viewing of audiences over the period achieved by ITV's family of channels as a proportion of all ad-supported commercial broadcaster viewing in the UK. ITV Family includes ITV, ITV2, ITV3, ITV4, ITVBe, CITV, ITV Breakfast, CITV Breakfast and associated 'HD' and '+1' channels. Note that CITV closed down and became a fully on demand service on ITVX in September 2023

OPERATING AND FINANCIAL PERFORMANCE REVIEW

ITV continued to successfully execute its strategy in 2023 despite the challenging macroeconomic environment. It delivered a robust financial performance with ITV Studios recording its highest-ever revenues and profit, and within Media & Entertainment (M&E), ITVX drove a step change in key viewing metrics and delivered strong growth in digital advertising revenues.

FINANCIAL HIGHLIGHTS[1]

Twelve months to 31 December	2023 £m	2022 £m	Change £m	Change %
ITV Studios	**2,170**	2,096	74	4
M&E	**2,090**	2,249	(159)	(7)
Total revenue	**4,260**	4,345	(85)	(2)
Internal supply	**(636)**	(617)	(19)	(3)
Total external revenue	**3,624**	3,728	(104)	(3)
ITV Studios adjusted EBITA	**286**	259	27	10
M&E adjusted EBITA	**205**	464	(259)	(56)
Adjusted EBITA	**491**	723	(232)	(32)
Unrealised profit in stock adjustment	**(2)**	(6)	4	67
Group adjusted EBITA	**489**	717	(228)	(32)
Group adjusted EBITA margin	**13%**	19%		(6%) pts
Statutory operating profit	**238**	519	(281)	(54)
Profit before tax (adjusted)	**396**	672	(276)	(41)
Adjusted EPS (p)	**7.8p**	13.2p	(5.4p)	(41)
Statutory EPS (p)	**5.2p**	10.7p	(5.5p)	(51)

KEY FINANCIALS[1]

Group external revenue
£3,624m
-3% vs 2022

Total ITV Studios revenue
£2,170m
+4% vs 2022

Total digital revenue
£490m
+19% vs 2022

Group adjusted EBITA
£489m
-32% vs 2022

Statutory operating profit
£238m
-54% vs 2022

Adjusted EPS
7.8p
-41% vs 2022

Statutory EPS
5.2p
-51% vs 2022

Net debt
£553m
31 Dec 2022: £623m

1. We measure performance through a range of metrics, particularly through our APMs and KPIs, as well as statutory results, all of which are set out and defined in the APMs section

Group financial overview

2023 was the second-highest total revenue outturn in ITV's history. While total revenue decreased by 2% and total external revenue was down by 3% in 2023, our growth drivers continued to perform well. ITV Studios grew by 4% and digital revenues[2] grew by 19%, both of which substantially offset a 15% decline in linear advertising due to the challenging advertising market. Total non-advertising revenue grew by 3%.

Group adjusted EBITA decreased by 32%, reflecting the challenging advertising market and planned investment in ITVX. ITV Studios adjusted EBITA increased by 10%, with the margin 13.2% restored to within our target range. M&E adjusted EBITA decreased by 56% for the reasons noted above.

We continue to focus on reducing costs and driving efficiencies. In the year, we exceeded our £15 million cost savings target, delivering £24 million of permanent cost savings across the business, which included headcount savings from changes in our operating model in M&E, permanent operational efficiencies across ITV Studios and M&E, property savings from our US Studios business, and contractual renegotiations.

Our existing cost saving target of £150 million between 2019 and 2026, has delivered £130 million of annualised savings to date and we are on track to deliver the full £150 million by 2025 – one year early.

2. Includes revenue from digital advertising, digital sponsorship and our subscription services

We are now in the early stages of a new strategic restructuring and efficiency programme across the Group to reshape the cost base, enhance profitability, and support the growth drivers of Studios and Streaming. We are building on the foundations we have established in digital and data and the significant progress we have made in transforming ITV from a linear broadcaster to a multi-platform broadcaster and streamer.

Savings will come mainly from technology and operational efficiencies, organisational redesign across Group, M&E and ITV Studios, and permanent reductions in discretionary spend across the Group.

By the end of 2024 we expect the programme to have delivered incremental annualised savings of at least £50 million gross per year, giving a £30 million in year gross benefit in 2024. There will be c.£50 million of one-off costs to deliver these savings. The ongoing programme is designed to deliver further incremental material savings over a number of years which will further build ITV's resilience. We will provide further information as the programme progresses.

Total operating exceptional items were £77 million (2022: £65 million) which included £24 million of acquisition-related expenses and £25 million of restructuring and transformation costs. This stems from the Group-wide commitment to reduce the overhead cost base, and includes restructuring and transformation programme costs to deliver our strategy (see note 2.2 to the financial statements for further detail).

Adjusted financing costs were up year-on-year at £29 million (2022: £26 million) largely due to higher market interest rates at similar levels of debt. Statutory net financing costs were £45 million, up year-on-year (2022: £26 million) due to charges related to acquisition-related put and call options.

Our adjusted effective tax rate was 21.5% (2022: 20.1%) and the statutory effective tax rate was (8.3%) (2022: 13.2%). The lower statutory effective tax rate in the year was due to higher HETV tax credits relative to the tax charge, and a proportionally lower profit before tax in the year compared to 2022.

Adjusted EPS for the year was 7.8p (2022: 13.2p), with statutory EPS decreasing from 10.7p to 5.2p. See the Finance Review for further detail.

Our profit to cash conversion (which is an APM) in 2023 was high at 102% (2022: 75%). Conversion in 2023 has been distorted by the writers' and actors' strike in the US, and it will also impact 2024. In 2023 there was a release in working capital which will reverse in 2024 as we resume US scripted productions. Across the two years we expect profit to cash conversion to be at the normal levels of around 80%.

At 31 December 2023 we had £361 million of free cash flow (31 December 2022: £280 million), our net debt was £553 million (31 December 2022: £623 million) and our net debt to adjusted EBITDA was 1.0x (31 December 2022: 0.8x). Refer to the Finance Review for more detail.

We have good access to liquidity. At 31 December 2023, we had cash and committed undrawn facilities totalling £1,240 million, including total cash of £340 million (31 December 2022: £1,098 million, including total cash of £348 million).

We have a clear capital allocation policy and our priorities remain unchanged (see the Finance Review for further details).

The Board recognises the importance of the ordinary dividend to ITV shareholders. Reflecting its confidence in the business and its strategy, as well as the continued strong cash generation, the Board has declared a final dividend of 3.3p, giving a full year ordinary dividend of 5.0p per share for 2023, which is a total return of c.£200 million (2022: 5.0p). The Board remains committed to paying a full year ordinary dividend of at least 5.0p in 2024, which it expects to grow over the medium term, whilst balancing further investment in our strategy and our commitment to investment grade metrics over the medium term.

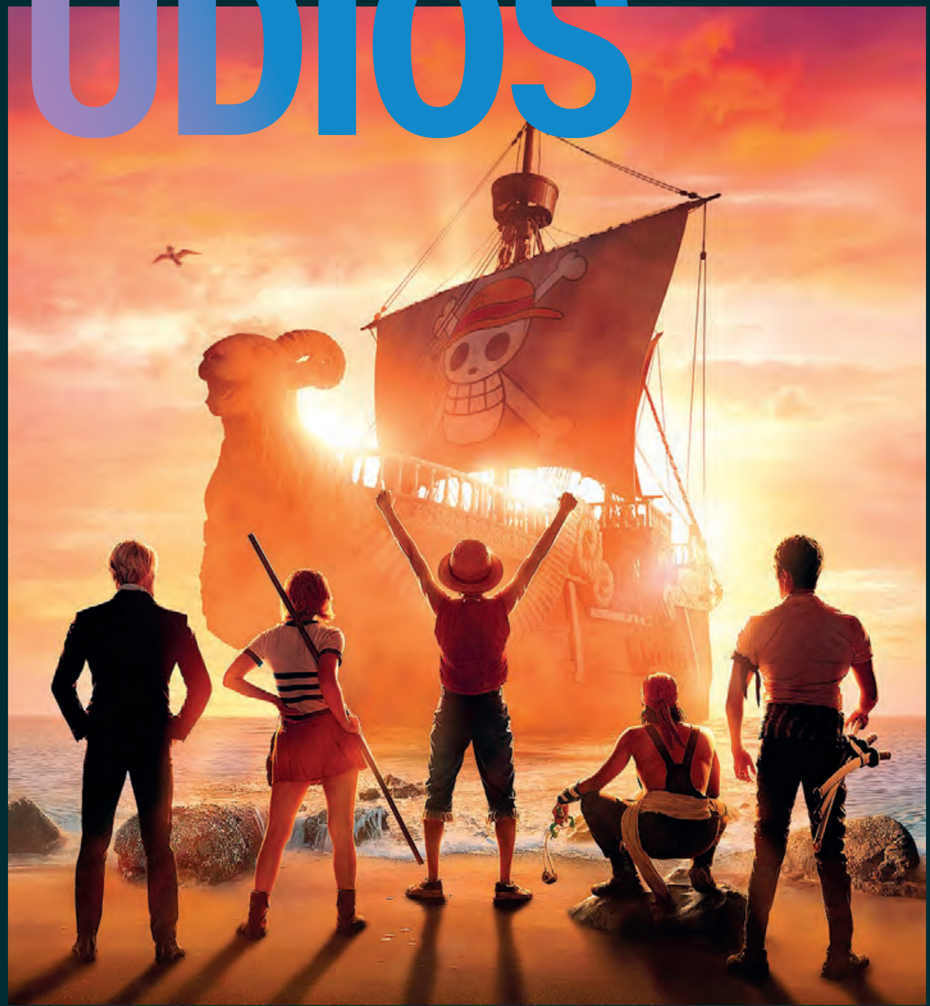
On 01 March 2024 ITV announced the sale of its 50% shareholding in BritBox International to BBC Studios for a cash consideration of £255 million. The Board intends to return the entire net proceeds to shareholders through a £235 million share buyback which will be completed within the next 18 months.

We remain focused on managing our cash and costs while continuing to invest in delivering our strategic priorities. Our robust balance sheet allows us to do this while delivering returns to shareholders.

A range of scenarios reflecting ITV's principal risks has been modelled and considered in the assessment of ITV's longer-term viability. Refer to page 72 for further details.

▲ **ARCHIE** is a drama based on the life of Cary Grant. It was produced for ITVX by ITV Studios and Britbox International.

ITV STUDIOS



ITV Studios is a scaled and global creator, owner and distributor of high-quality TV content operating in 13 countries and across 60+ labels; diversified by genre, geography and customer in the key creative markets around the world.

▲ **ONE PIECE** is based on a Japanese manga series and produced by Tomorrow Studios in the US (a partnership with ITV Studios) for Netflix. It has been recommissioned for a second season. Image courtesy of Netflix.

ITV Studios benefits from scale, being the largest producer in the UK, one of the largest unscripted producers in the US and one of the top three in the majority of the remaining international markets in which it operates. ITV Studios is a trusted supplier with well established relationships with key content buyers and leading creative talent in those markets; and with a combined content library of over 90,000 hours, it is also one of the pre-eminent global distributors.

The global content market is large, (c.$226 billion in 2023) and attractive with all platforms needing a mix of content to succeed in a very competitive market. Going forward, we expect to see growth in the key segments in which ITV Studios operates, including content licensing and demand from streaming platforms for unscripted content and cost effective premium scripted content which we are well positioned to take advantage of. We are confident that we will continue to grow our market share to 2026 driven by our scale; our diversification by customer; geography and genre; a strong track record of high-quality content; a very strong slate for 2024 and beyond; and our leading creative talent.

Over the last six years ITV Studios revenue (excluding acquisitions) has grown by around 5% CAGR, faster than the market of around 4% CAGR (Source: Ampere Analysis – based on the ITVS addressable market).

ITV Studios' ambition is to be a leading force in the creation and ownership of intellectual property (IP), global content production and distribution. We are achieving this by focusing on our four strategic priorities to drive revenue and profit growth:

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

We have KPI targets for 2026 which reflect the key drivers of growth and value. See the Strategy section within the CEO Report for more details on our KPIs, why they are important and how they will enable us to deliver total organic revenue growth of 5% on average per annum over the five years from 2021 to 2026 – ahead of the market, at an adjusted EBITA margin of 13% to 15%.

▼ **FOOL ME ONCE** is a thriller made by Quay Street Productions (an ITV Studios label) for Netflix. It is one of Netflix's all-time top ten English language dramas. Image courtesy of Netflix.

Growing our scripted business

Growing our scripted business is one of our key strategic priorities

Scripted content plays a key role in attracting and retaining viewers and subscribers on both FTA and streaming platforms. This together with the increase in the number of streaming platforms has led to an increase in original scripted commissions in the UK, US, Australia and Europe. Furthermore, over recent years there has been increasing demand for locally produced non-English language scripted content. With our global production presence and a strong track record for delivering high-quality scripted content, ITV Studios is well-positioned to cater to this demand, and importantly grow its share of the market.

ITV has a portfolio of scripted labels in the UK and internationally, which creates and produces high-quality content with global appeal for both FTA and streaming platforms. We continue to see good momentum in our creative pipeline with several of our 2023 deliveries, such as Mr Bates vs The Post Office, Fool Me Once and One Piece gaining global attention and driving significant audiences on their respective platforms.

In 2023, ITV Studios high-end scripted hours increased by 14% year-on-year to 316 hours (2022: 276 hours) and we remain on track to produce 400 hours of high-end scripted content per annum by 2026.

Global Partnerships (previously Global Formats and Distribution) plays a key role in growing scripted value across the business. Global Partnerships invests around £70 million annually to acquire the distribution rights (across both scripted and unscripted genres) in ITV Studios-produced content and selective third-party content. Having the integrated producer-distributor relationship enables Global Partnerships to make strategic investment decisions around content funding. By finding co-production partners and licensees around the world for our scripted catalogue (of more than 22,000 hours), Global Partnerships maximises the value of these projects over a long-term sales lifecycle.

Growing our Global Formats business

Unscripted content also remains important to ITV Studios. Through our Global Partnerships business, we monetise our portfolio of some of the world's most successful travelling entertainment formats, as well as maximise commercial opportunities from our brands. We are focused on driving growth across our unscripted offering by monetising our existing high-value formats effectively as well as supporting the creation of new global formats.

Our portfolio of world-class brands includes our established formats such as The Voice (one of the most successful unscripted format brands in the world), Love Island, The Chase, Come Dine With Me, Hell's Kitchen and I'm A Celebrity...Get Me Out Of Here!. These formats continue to sell in new territories and attract mass audiences for our clients. They are highly sought after by both traditional broadcasters and streaming platforms, offering cost-effective content with a proven track record of audience success. We also have several new formats that have been commissioned in our UK, US and international production bases, with the potential to be future global hits. These include My Mum, Your Dad (our first global format to originate from the US); I Kissed A Boy; and Make Love Fake Love.

As well as protecting our biggest brands, we are also focused on expanding our franchises by creating successful spin-offs that allow us to evolve existing formats. Examples include The Voice, which now has six spin-off versions; Love Island has two new spin-offs, Love Island Games and Love Island All Stars; and I'm A Celebrity...Get Me Out Of Here! South Africa is a new spin-off in the UK.

In 2023, across our Global Partnerships business, we sold 63 unique formats internationally (2022: 64), 19 of which were sold to three or more countries (2022: 19). By 2026, we expect to have 20 such formats, with a view that one of these may be a significant new format like The Voice or Love Island.

Our Global Partnerships business also focuses on leveraging our vast content library and maximising the value of both primary and secondary windows with FTA broadcasters, Pay TV and streaming platforms – a growth area for the business. Global Partnerships has recently launched a collection of owned and operated FAST[1] channels across the world which features our content, on platforms such as Pluto, Samsung and Rakuten. This aligns with the business strategically positioning itself to adapt to the evolving media landscape, taking advantage of various distribution channels and platforms to reach a global audience.

1. Free Ad-supported Streaming TV

Further diversifying our customer base

As the demand for content from streaming platforms grows globally, this presents a significant opportunity for ITV Studios to further diversify its customer base and remains a key priority of ITV Studios strategy to grow its market share and meet its 2026 KPI targets.

In the US, we have well-established and trusted relationships with all the major streaming platforms. We currently have scripted or unscripted projects either in development or commissioned by all of them. In 2023, over 40% of US unscripted revenues and nearly 100% of US scripted revenues came from streaming platforms.

The percentage of ITV Studios total revenues from streaming platforms increased to 32% (2022: 22%) in 2023 and exceeds our 2026 target of 30%. This has been impacted by the phasing of large deliveries in the year and therefore we are maintaining our target at 30%. Deliveries in 2023 included the following for Netflix: Fool Me Once – one of their all-time top 10 English language dramas, Squid Game: The Challenge, One Piece, and SUBURRÆTERNA; Playdate for Disney+; Franklin, Physical and Big Beasts for Apple TV+; Twin Love for Amazon; and Love Island US and Love Island Games for Peacock.

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

▲ **LOVE ISLAND ALL STARS** is a reality series and is a spin-off from the globally successful format, Love Island.

▶ **SUBURRÆTERNA** is an Italian crime drama produced by Cattleya (an ITV Studios label) for Netflix. Image courtesy of Netflix.

▲ **SQUID GAME: THE CHALLENGE** is a reality competition series produced by The Garden (an ITV Studios label) for Netflix. It was one of Netflix's most-watched unscripted originals in 2023. Image courtesy of Netflix.

Attracting and retaining leading talent

A key part of ITV Studios investment strategy and its overall success is its ability to attract and retain the best creative talent. ITV Studios offers talent a unique combination of creative independence, an entrepreneurial culture, and the resources of a global studio business. This includes access to ITV Studios global distribution network, and in the UK, the benefit of being a vertically integrated producer broadcaster and streamer. We are proud to be able to continue to attract the best talent in the market, most recently welcoming Plimsoll Productions, Lingo Pictures and Ben Stephenson, who set up a transatlantic scripted label, Poison Pen Studios, in ITV Studios.

ITV has successfully integrated its new labels – many set up through recent talent deals – and they have delivered an impressive slate of programmes, including A Year On Planet Earth and Big Beasts, both from Plimsoll Productions in the UK, Prosper from Lingo Pictures in Australia, Fool Me Once, Playdate and After the Flood from Quay Street Productions in the UK, and Night in Paradise from Windlight Pictures in Germany. This strong pipeline demonstrates ITV Studios commitment and success in nurturing and leveraging top creative talent to deliver engaging and high-quality content.

ITV Studios 2023 financial performance

Twelve months to 31 December	2023 £m	2022 £m	Change £m	Change %	Organic Change* %
ITV Studios UK	**962**	822	140	17	16
ITV Studios US	**395**	467	(72)	(15)	(13)
ITV Studios International	**445**	465	(20)	(4)	(8)
Global Partnerships	**368**	342	26	8	8
Total ITV Studios revenue	**2,170**	2,096	74	4	3
Total ITV Studios costs	**(1,884)**	(1,837)	(47)	(3)	(2)
Total ITV Studios adjusted EBITA**	**286**	259	27	10	8
ITV Studios adjusted EBITA margin	**13.2%**	12.4%			

* The organic change assumes exchange rates remain consistent with the comparative period and it removes the impact of acquisitions in the current or comparative period.
** Includes the benefit of production tax credits. Refer to Alternative Performance Measures for key adjustments to EBITA and adjusted EBITA.

Twelve months to 31 December	2023 £m	2022 £m	Change £m	Change %
Sales from ITV Studios to M&E	**629**	611	18	3
External revenue	**1,541**	1,485	56	4
Total ITV Studios revenue	**2,170**	2,096	74	4

Twelve months to 31 December	2023 £m	2022 £m	Change £m	Change %
Scripted[1]	**802**	723	79	11
Unscripted	**1,057**	1,038	19	2
Core ITV[2] and Other	**311**	335	(24)	(7)
Total ITV Studios revenue	**2,170**	2,096	74	4

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

ITV Studios delivered its highest-ever revenues and profits in 2023. Total revenue was up 4%, and external revenue was up 4% driven predominantly by growth in the UK. Sales from ITV Studios to M&E were up 3%, with several new dramas for ITV1 and ITVX. Total organic revenue at constant currency was up 3%, impacted by a £15 million unfavourable foreign exchange movement in the year and a £65 million inorganic contribution from Plimsoll Productions and Lingo Pictures which were both acquired in 2022.

Reflecting our presence in key global production markets, 58% of ITV Studios revenue was generated outside the UK (2022: 60%).

ITV Studios adjusted EBITA was up 10% year-on-year, with our adjusted EBITA margin of 13.2% (2022: 12.4%) restored to within our 13% to 15% target range. There was a £3 million unfavourable impact from foreign exchange. During the year, £13 million of permanent cost savings were delivered relating to operational efficiencies, our US property move and a permanent reduction in discretionary spend.

We continue to look at ways to drive efficiencies and improve margins over the medium term, including rationalising our property footprint, using technology and data to drive cost and revenue efficiencies, utilising our production hubs for our key global formats, taking further steps to digitise our production processes, as well as using remote editing more routinely and the operational use of AI where possible. We remain committed to our adjusted EBITA margin guidance of 13% to 15%.

▲ **QUEER EYE** is a reality series produced by ITV Studios America for Netflix and is in its eighth season. Image courtesy of Netflix.

▶ **MY MUM, YOUR DAD** is an unscripted format originating in ITV America. It had its first series in the UK in 2023 and has been sold to ten countries.

ITV Studios UK

ITV Studios UK has a diverse range of scripted and unscripted titles for broadcasters and streaming platforms. The business is built upon many long-running and recurring titles, the majority of which are sold to the M&E business for transmission on ITV's family of linear TV channels and ITVX. The core portfolio includes daytime programmes such as Good Morning Britain, This Morning, Loose Women, and Lorraine; the soaps: Coronation Street and Emmerdale; and entertainment programmes such as The Voice, The Chase, Love Island and I'm A Celebrity...Get Me Out Of Here!

ITV Studios UK saw strong revenue growth in 2023, up 17% to £962 million (2022: £822 million) and up 16% to £920 million on an organic basis, which adjusts for the acquisition of Plimsoll Productions in 2022. It had an impressive slate of deliveries for a broad customer base, which included a Love Island winter and summer series, I'm a Celebrity...Get Me Out Of Here! South Africa, After the Flood, and Grace, all for ITV; as well as The Completely Made-Up Adventures of Dick Turpin for AppleTV+, Squid Game: The Challenge for Netflix – which was one of their most watched unscripted original productions globally in 2023, Vigil, World On Fire, The Outlaws, and Shetland for the BBC, and Dinner With The Parents for FreeVee. 61% of revenue was derived from sales to the M&E business (2022: 65%).

Deliveries expected in the first half of 2024 include internal sales to M&E of new and returning entertainment programmes such as Love Island All Stars, Saturday Night Takeaway, and the Chase, and returning dramas, The Bay and Vera. External sales include The Reluctant Traveller for Apple TV+, Missing You for Netflix and The Gathering for Channel 4.

ITV Studios US

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

In 2023, ITV Studios US total revenue declined by 15% to £395 million (2022: £467 million) and by 13% to £405 million on an organic basis when adjusted for the unfavourable foreign exchange impact. The decrease in revenue year-on-year reflects the phasing of large, unrepeated scripted and unscripted deliveries year-on-year, including Snowpiercer, Let The Right One In and Hell's Kitchen, combined with lower demand from networks.

Within ITV Studios America (scripted), 2023 deliveries included Franklin for Apple TV+ which is ITV Studios America's biggest scripted production to date, Physical S3 for AppleTV+, as well as executive producing One Piece for Netflix – which was one of the platform's most-watched original scripted productions globally in 2023. ITV America (unscripted) saw the delivery of new and returning titles such as Love Island and Love Island Games for Peacock, The Prank Panel for ABC and Twin Love for Amazon.

In 2024, ITV Studios America will be impacted by the US writers' and actors' strikes in 2023 which delayed the development of several projects which were due for delivery in 2024. This will delay around £80 million of revenue from 2024 to 2025.

In the first half of 2024, unscripted deliveries from ITV America are expected to include Queer Eye for Netflix and Alone for History Channel.

ITV Studios International

ITV Studios International produces original scripted and unscripted content across our production bases, as well as local versions of key formats developed through our Global Partnerships business. Growing our European scripted business allows us to benefit from the demand for locally-produced content with global appeal, and we have scripted projects in production and development with Amazon, Netflix, Paramount+, and Disney+, as well as local streaming platforms, such as Videoland in the Netherlands, and Stan in Australia.

Revenue within ITV Studios International decreased by 4% to £445 million (2022: £465 million) in 2023, and by 8% to £428 million on an organic basis when adjusted for the unfavourable impact of foreign currency and the acquisition of Lingo Pictures in 2022. This decline reflects lower deliveries year-on-year, mainly in Italy and Germany and some scripted deliveries being delayed to 2024. Deliveries in 2023 included I'm A Celebrity... Get Me Out Of Here! in Germany and Australia, Love Island in Australia, as well as Diana and SUBURRÆTERNA from Cattleya in Italy, and Prosper from Lingo Pictures in Australia.

Deliveries expected in the first half of 2024 include Comedy Camp in France, as well as key formats such as I'm A Celebrity...Get Me Out Of Here!, The Voice and The Chase being delivered across multiple countries.

Global Partnerships

Global Partnerships saw good revenue growth in 2023, up 8% year-on-year to £368 million (2022: £342 million) and 8% to £369 million on an organic basis when adjusted for the unfavourable impact of foreign currency. The business benefited from the international distribution of returning titles such as World On Fire and Vigil, and has leveraged the breadth and depth of its extensive catalogue with sales to other broadcasters and streaming platforms globally – which are a growth area for Global Partnerships. Finished programming sales of unscripted formats were also good, including The Voice, Love Island and The Graham Norton Show, all delivering across multiple different territories.

2024 and beyond should see an increased pipeline of new content for Global Partnerships . New titles expected to sell internationally in 2024 include A Cruel Love: The Ruth Ellis Story and After The Flood.

▲ **LOOSE WOMEN** is a daytime panel programme produced by ITV Studios Daytime. It has been on ITV since 1999.

◀ **CORONATION STREET** is the UK's largest Soap and has been on ITV since 1960.

OUTLOOK

ITV Studios remains on track to deliver total organic revenue growth of 5% on average per annum from 2021 to 2026 – ahead of the market, at an adjusted EBITA margin of 13% to 15%.

Going forward we expect to see growth in key segments in which we operate – content licensing, demand from streaming platforms for unscripted content and cost effective premium scripted content which we are well positioned to take advantage of.

We are confident that we will continue to grow our market share to 2026 driven by our scale; our diversification by customer; geography and genre; a strong track record of high-quality content; a very strong slate for 2024 and beyond; and our leading creative talent.

As previously guided, 2024 will be impacted by the 2023 US writers' and actors' strikes which will delay around £80 million revenue from 2024 to 2025. In addition, we are seeing weaker demand from FTA broadcasters in Europe who are holding back spend until there is more certainty in the advertising market.

MEDIA & ENTERTAINMENT

Media & Entertainment (M&E) is the largest commercial broadcaster and streamer in the UK, delivering unrivalled audience scale and reach. It includes Streaming and Broadcast, distributing content through ITVX, our free advertiser-funded streaming service, and our free-to-air linear TV channels.

▲ **MR BATES VS THE POST OFFICE** is a drama series based on true events. It was produced by ITV Studios and was ITV's biggest new drama in over a decade.

ITV's M&E strategy recognises and capitalises on the change in viewer behaviour and the evolving needs of advertisers. It is based on two strategic pillars: Supercharge Streaming and Optimise Broadcast. Our focus is to retain our existing viewers and advertisers while also attracting new ones. ITV offers viewers the choice to watch whenever and however they wish, with a strong reputation for brilliant content suited to British audiences. ITV offers advertisers a unique combination of mass simultaneous reach, targeted advertising at scale, and commercial and creative partnerships in a brand-safe and reliably measured environment.

Our strategic pillars have KPIs and 2026 targets which reflect the key drivers of growth and value. See the Strategy section within the CEO's Report for more details on these KPIs, why they are important and how they will enable us to grow digital revenues to at least £750 million by 2026, and drive revenues from linear TV advertising, commercial and creative partnerships, and sponsorship.

Supercharge Streaming

Growing and enhancing our streaming service ITVX

We successfully launched ITVX in December 2022 (which combined our previous offerings ITV Hub, ITV Hub+ and BritBox UK) to transform our streaming service from a catch up service to a content destination and to deliver the inventory to fulfil the growing demand for our digital advertising. Although the main focus of ITVX is the free ad-funded offering, there is also a subscription tier, ITVX Premium.

ITVX's strong performance in its first year is evident by the step change in our KPIs and other viewing metrics as we attract more users who are engaging for longer across our streaming platforms year-on-year. In 2023, the service:

- Attracted more users – monthly active users (MAUs) increased by 19% to 12.5 million year-on-year (2022: 10.5 million)
- Attracted a larger audience – total streaming hours were up 26% to 1,505 million (2022: 1,192 million[1])
- Increased viewing by our target audience – streaming hours amongst light viewers who are harder to reach, increased by 65%, and streaming hours among the 25-54 age group demographic increased by 47%
- Increased engagement and content discovery – streaming hours per viewer, was up 27% and 90% of users that watched an ITVX exclusive, went on to watch other content on the platform
- Increased brand awareness – growing from around 60% at launch to over 90%[2] in 2023

This increased reach and frequency of viewers provide advertisers with valuable addressable audiences at scale in a brand-safe and measured environment. Our robust data and analytics capabilities enable us to offer high-value, data-driven inventory and to generate higher digital revenues, which was up 19% year-on-year.

To deliver and maintain this strong performance we focus our ITVX investment on enhancing the depth and breadth of content, continuous improvements in the product and user experience, and expanding the distribution and marketing of ITVX.

Content: There are over 25,000 hours of content available (including over 7,000 hours exclusively on the premium ad-free tier), including on-demand content from our five linear TV channels, FAST channels, exclusive ITVX content (such as anime, true crime and US box sets), ITVX Kids, and over 300 films creating one of the UK's largest free film libraries. Programmes which contributed significantly to the year-on-year increase in streaming hours include: Love Island, Rugby World Cup, The Only Way Is Essex and Big Brother.

We are constantly testing, learning and evolving our content proposition and windowing strategy between ITVX and our linear TV channels to optimise viewing and monetisation. We are implementing many of the insights gained during 2023 and utilising the data we have, particularly around how we window exclusives, such as dramas, on our platforms.

News is an important driver of viewing and our ITV News proposition is now fully embedded within ITVX, with News streaming hours up 20% year-on-year and we have launched exclusive 90-second ITV News bulletins, a new News category page on the service and regional short and long-form catch up.

▲ **THE RUGBY WORLD CUP** aired exclusively on ITV and ITVX in 2023. The semi-final between England and South Africa was ITV1's biggest peak audience of the year.

◀ **ITV NEWS** ITV has been providing trusted and impartial news for more than 60 years.

1. The full year 2022 comparative for total streaming hours has been restated from 1,139 million due to it including some estimates of total streaming viewing from third-party data providers. This has since been updated to accurately reflect the actual outcome
2. ITV / YouGov – base: 4,659 Nat Rep UK Adults – Dec 2023

Product: Throughout 2023, we have implemented a series of enhancements to improve ITVX's product and user experience. This included the integration of deeper personalisation in Q4, driving content recommendations specific to users. We have started to see positive results with an uplift in MAUs and streaming hours, and an increase in repeat visits by lighter users, who are harder to reach and a key target for us to attract to the service. In addition, ITVX Kids launched in the second half of 2023 as a fully digital experience; and over 90% of our content on ITVX is now subtitled.

In the first half of 2024, we will continue to integrate personalisation across the user experience and utilise it as a driver for marketing. We will further monetise our inventory, by introducing features such as Pause Ads, which seamlessly play ads when a user pauses content, and roll-out new ways for clients to sponsor collections of content across the service. We will also be introducing subtitles on adverts, something that is extremely important to our advertising clients.

Distribution: The integration of ITVX into third-party platforms substantially increased in 2023, with over 40 new ways for a user to access the service. We have improved the discoverability of ITVX on third-party platforms which has helped drive bigger audiences to our content and the service is now available in almost 100% of UK households.

The introduction of ITVX on Sky Q in Q1 2023, combined with stronger partnerships with both Sky and Virgin has resulted in streamed, on demand viewing with targeted advertising, replacing viewing recorded by users which cannot be monetised. We can now deliver targeted advertising across all our channels on mobile and web, enabling better monetisation opportunities across these platforms.

In 2024, ITVX will roll-out on PlayStation 4 and 5. We will further improve the discoverability of ITVX on third-party platforms through creating additional links that bring users directly into ITVX programmes from the main screens of their devices. The launch of Freely, the new TV streaming service which combines live TV and catch up of the FTA broadcasters will also help make ITV, along with the other PSB's, more accessible. All of this will further expand our distribution footprint, making our content more widely available.

▲ **I'M A CELEBRITY...GET ME OUT OF HERE!** returned in 2023 for its 23rd series in the UK. It was the year's most-watched programme for 16-34s on any channel.

▶ **UNFORGOTTEN** is a UK crime drama. It returned for its fifth series in 2023 with the final episode being the most-watched programme on ITVX.

Marketing: Our marketing strategy following ITVX's launch has been focused on driving awareness, consideration and viewing to the service to support the delivery of our KPIs. We have seen awareness for both adults and light viewers grow strongly and our campaigns have helped contribute to the increase in MAUs and streaming hours during the year.

Marketing is an important tool to continue to attract users and viewing on ITVX, and also on our linear TV channels. We see an opportunity to adopt a more responsive approach helping highlight popular programs to commercial valuable audiences. The opportunity and returns from this area are very attractive. In 2024 we will increase our marketing spend by £15 million to drive both streaming and linear viewing. This will include investing in data and on the prominence of our content on third-party platforms; campaigns to engage more 25-54 year-old light viewers – who are highly valuable to advertisers – showcasing the breadth and depth of our quality content; along with continuous focus on measurement and optimisation of our investment. We will continue to evaluate content and marketing ROI and adjust as necessary.

ITVX Premium offers users the opportunity to enjoy all ITVX programming ad-free plus exclusive content and access to BritBox UK (content from the ITV and BBC libraries). Although the main focus of ITVX's launch has been to promote the ad-funded service, we have improved the premium offering by incorporating additional content from our partnership with StudioCanal and worked with third-party platforms to enable greater prominence on device interfaces. We are now simplifying our viewer proposition for ITVX Premium and taking ownership of the relationship with the subscribers. As a result, in 2023, UK streaming subscriptions declined marginally to 1.3 million (2022: 1.4 million) as we transitioned users from our standalone app, BritBox UK, to ITVX Premium, combined with the closure of the Amazon ITV catch up channel.

In addition, in 2024 the BritBox UK service on Amazon Prime Video Channels and the BritBox UK standalone app will also close as we further simplify our offering. This will consolidate all our subscribers under one ITVX Premium brand, and will give us complete ownership of the subscriber base. The closure of these services is expected to impact subscriber numbers and subscription revenues in 2024.

Optimise Broadcast

Continuing to deliver unrivalled audiences with high-quality programming

Within our Broadcast business, we operate the largest family of free-to-air commercial television channels in the UK. These channels provide unparalleled audience scale and reach, as well as targeted demographics demanded by advertisers. Despite the growth in streaming viewing, linear TV remains important for both our viewers and advertisers.

To optimise Broadcast and maintain our USP of delivering mass audiences for advertisers, we will continue to invest in live content, such as sports and large entertainment shows, as well as dramas, factual and news. In total ITV invests over £1.2 billion annually in our content budget across all our linear TV channels and ITVX in order to drive these mass audiences on our linear TV channels, and live and on demand viewing on ITVX.

Over the last few years, linear TV audiences in the UK have gradually declined with audiences spending an increasing amount of time on streaming platforms, both ad-funded and paid. In 2023, total ITV viewing (which includes viewing of all ITV content, across all devices) was down 5% to 13.1 billion hours. For the first ten months of the year, the growth of ITV's digital viewing largely offset the decline in linear viewing, however November and December 2023 were impacted by the strong viewing comparatives of the FIFA World Cup in 2022. Total broadcaster viewing (broadcaster viewing across all devices) declined by 3% in the year and total broadcaster and subscription streaming service viewing (viewing of all broadcaster and subscription streaming servicecontent across all devices) declined by 1% (Source: ITV, BARB).

Despite the challenging linear viewing landscape, our share of the top 1,000 commercial broadcast TV programmes was 91% in 2023 (2022: 93%) and our share of commercial viewing[3] was 32.6% (2022: 33.8%) and we continue to have the largest share of commercial viewing versus our commercial competitors. Content such as I'm A Celebrity...Get Me Out Of Here!, Love Island, Unforgotten, The Bay and the Rugby World Cup, all contributed to our viewing KPIs remaining ahead of our 2026 targets, in the year.

We have an exciting schedule for 2024 to keep our audiences informed and entertained. This includes entertainment shows Celebrity Big Brother and Wheel of Fortune, new dramas Breathtaking, Protection and Ruth Ellis, along with sporting events including UEFA Euros and both men's and women's international football qualifiers.

▼ **THE FIFA WOMEN'S WORLD CUP** took place in July 2023 with the tournament reaching 22 million viewers and having over 16 million streams on ITVX.

Strong linear and online advertising proposition

While the advertising market is getting more competitive, ITV is in a good position to be able to compete for advertising in a long-term growing advertising market with its unique combination of mass simultaneous reach, targeted advertising and commercial and creative partnerships. ITV has deep relationships with agencies and advertisers; brand-safe and measured advertising and a strong track record of commissioning and producing content which appeals to UK audiences.

Mass simultaneous reach

Television continues to be a highly effective and efficient medium for advertisers to achieve mass scale and reach. As the viewing and advertising landscape becomes more fragmented, the scale and reach provided by television, and particularly ITV, becomes even more valuable to advertisers. With global steaming platforms entering the advertising market and introducing ad-supported tiers to their subscription plans, ITV's USP as the largest commercial public service broadcaster in the UK remains incredibly important. The advertising and viewing proposition ITV provides to clients is unparalleled, and something that no streamer can match.

Targeted advertising – Planet V

Planet V is ITV's wholly-owned, scaled programmatic addressable advertising platform with an intuitive self-service interface that allows agencies and advertisers to seamlessly and cost-effectively buy highly targeted video advertising on ITVX. Planet V is the second-largest programmatic video advertising platform in the UK after Google and utilises ITV's extensive data assets and capabilities to provide compelling advertising products for advertisers. ITVX has over 40 million registered users, giving ITV and its advertisers one of the largest first party data sets in the UK. Being wholly owned ensures that all the returns generated by the platform go directly to ITV without any value leakage through third-party commissions.

The platform is used by over 2,000 users in the UK and offers agencies and advertisers access to over 20,000 data-targeting options to create sophisticated audience segments.[4] They can also incorporate their own first-party data in a GDPR-compliant environment using InfoSum (an identity infrastructure provider) and monitor their campaigns through a custom-built user interface. Advertisers are prepared to pay more for this increasingly sophisticated and valuable ad inventory.

3. ITV's share of viewing as a proportion of all commercial ad-funded channels in the UK
4. The accuracy of our Video-On-Demand audience data has been subject to independent verification by PwC.

With the expansion of ITVX's online inventory and reach, ITV is well positioned to meet the increasing demand for targeted advertising. We have a significant opportunity to partake in the addressable market of around £6.8 billion in 2023 (Source: AA/WARC Q3 2023 Expenditure Report), and have the foundations in place to successfully compete for the long tail of advertisers within the online video market which were previously inaccessible to ITV due to their scale and targeting requirements. Since we launched Planet V we have attracted in excess of 1,000 new advertisers to ITV.

ITVX and Planet V have helped drive growth in digital advertising revenue in the year, up 21%.

Commercial and creative partnerships

ITV's Commercial team delivers strategic commercial and creative partnerships with advertisers who highly value ITV's large and targeted audiences to establish and grow their own brands. This includes product placement, ad-funded programming and other partnerships that leverage the strength of our programme brands to help advertisers connect with audiences in unique ways. As a vertically integrated producer broadcaster and streamer, we have the advantage of having editorial, commercial, creative, and production teams working together, creating valuable opportunities for advertisers.

Our Commercial team also has various initiatives to attract and engage advertisers, attracting over 250 new brands to TV and nearly 400 digital-only advertisers to ITV in 2023. For example:

- ITV AdVentures Ignite: Encouraging digitally native brands to advertise on television for the first time
- ITV AdVentures Invest: Through our Media for Equity program, we take minority stakes in direct-to-consumer businesses in return for advertising inventory across ITV's linear TV channels and ITVX, for example, Flarin, a pain relief brand, and Resi, an architectural design company
- ITV Ad Labs: This brings together all innovations under one proposition and includes data solutions which can securely match client data with ITV's existing registered first-party audience and Boots' Advantage Card and Tesco's Dunnhumby Clubcard databases.

M&E 2023 financial performance

Twelve months to 31 December	2023 £m	2022 £m	Change £m	Change %
Total advertising revenue	**1,778**	1,931	(153)	(8)
Subscription revenue	**59**	54	5	9
SDN	**48**	55	(7)	(13)
Partnerships and other revenue	**205**	209	(4)	(2)
M&E non-advertising revenue	**312**	318	(6)	(2)
Total M&E revenue	**2,090**	2,249	(159)	(7)
Content costs	**(1,293)**	(1,216)	(77)	(6)
Variable costs	**(153)**	(130)	(23)	(18)
M&E infrastructure and overheads	**(439)**	(439)	–	–
Total M&E costs	**(1,885)**	(1,785)	(100)	(6)
Total M&E adjusted EBITA*	**205**	464	(259)	(56)
Total adjusted EBITA margin	**10%**	21%		

* Refer to APMs for key adjustments to EBITA

Twelve months to 31 December	2023 £m	2022 £m	Change £m	Change %
Digital advertising revenue	**415**	343	72	21
Subscription revenue	**59**	54	5	9
Other	**16**	14	2	14
Total digital revenue	**490**	411	79	19

Total M&E revenue was down 7% in 2023 with the decrease predominantly driven by the expected decline in total advertising revenue which was down 8% to £1,778 million. Digital revenue[5], an important Streaming KPI, was up 19% in the year and within this, digital advertising revenues were up 21% year-on-year.

M&E non-advertising revenues were down 2% in 2023, with growth in subscription revenue offset by the expected and continuing decline in SDN revenue, and a reduction in partnerships and other revenue. Further detail on the year-on-year movement is included on the following page.

Total M&E costs were up 6% in the year and within this, content costs was up 6% reflecting the additional planned investment in content for ITVX which was partially offset by a reduction in content amortisation to reflect the windowing of content between linear and streaming, as previously guided.

Variable costs were up 18%, driven by an increase in bandwidth costs and other streaming-related costs, along with third-party commercial payaways.

M&E infrastructure and overhead costs were flat year-on-year with inflation and the investment in headcount associated with ITVX, offset by a reduction in the employee bonus payout and permanent cost savings of £11 million delivered in the year relating to the renegotiation of transmission contracts and property savings.

M&E adjusted EBITA was down 56% with a margin of 10% reflecting the challenging advertising market and planned investment in ITVX.

5. Includes revenue from digital advertising, digital sponsorship and our subscription services

▲ **THE MASKED SINGER** continues to drive mass audiences and returned for its fifth series in January 2024.

Total advertising revenue (TAR)

TAR was down 8% year-on-year in 2023 which was in line with our expectations.

The start of 2023 saw TAR down 10% in Q1 and down 11% in Q2 against tough comparatives and the challenging macroeconomic environment. Q3 was up 1% and Q4 was down 9% with October up 2%, November down 15% and December down 14% against strong comparatives in 2022 from the FIFA World Cup.

As expected, most TAR categories were down year-on-year, with the largest being Finance, down 31% driven by online and retail banks and insurance companies. Publishing and Broadcasting was down 28% with decreases from streaming platforms and social media sites, and Entertainment and Leisure was down 18% with declines from gaming, music and film companies.

Categories that increased spend during the year included FMCGs, who used brand advertising to help push through price increases to consumers. Airlines and Travel were up 3%, driven by online holiday companies and overseas tourism boards.

After many years of double digit growth, e-commerce companies, excluding gambling, decreased 29% driven by online car and retail brands, as a result of the reduced availability of venture capital funding.

Subscription revenue

Subscription revenue is generated directly from the premium tier of ITVX, our standalone BritBox UK app, and BritBox UK and ITV Catch Up services on Amazon Prime Video Channels. It does not include BritBox International, which is included within JVs and Associates.

In 2023, subscription revenue increased by 9% due to the annualisation of subscribers in 2022, combined with new ITVX Premium subscribers. This was partly offset by a reduction in subscribers on our BritBox UK standalone app and the closure of ITV Catch Up on Amazon Prime Video Channels.

In 2024 the BritBox Amazon and the BritBox direct to consumer service will close, which will impact our number of subscribers and subscription revenues in 2024.

SDN

SDN generates revenue by licensing video streams to broadcast channels, radio stations and data providers on digital terrestrial television (DTT) or Freeview. SDN customers include ITV and third parties. SDN's current licence has been renewed until 2034.

In 2023, external revenue (non-ITV) declined as expected by 13%. This decrease is primarily due to the renewal of long-term contracts with third parties at current market rates, in the current and prior year. This trend is expected to continue.

Partnerships and other revenue

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

Partnerships and other revenue declined by 2% in the year mainly driven by lower competition revenue.

We expect Partnerships and other revenues to decline in 2024 following our decision to revise our partnership agreements to allow ITVX viewers to watch in HD, and allow ITV to target ads to a much larger proportion of those viewers, using Planet V.

BritBox International

On 01 March 2024, ITV announced the sale of its 50% shareholding in BritBox International to the BBC Studios for £255 million. ITV Studios will continue to receive an ongoing revenue stream from BritBox International similar to current levels for the use of ITV content under new extended licensing agreements.

Prior to this date, BritBox International was ITV's joint venture with the BBC, providing an ad-free subscription streaming service offering the most comprehensive collection of British content available in the US, Canada, Australia, South Africa and the Nordics (made up of Sweden, Finland, Denmark and Norway). Subscribers on 31 December 2023 were 3.7 million. (31 December 2022: 3.0 million). BritBox International revenue and profit or loss, is included in share of profits/losses on JVs and not within M&E adjusted EBITA.

OUTLOOK

We remain on track to deliver at least £750 million of digital revenues by 2026.

We have had a good start to 2024 and will build on ITVX's successful launch year through continuous improvements in content, product, distribution and marketing.

ITVX's strong performance in 2023 has shown us that we can grow viewing significantly with slightly lower overall content spend. Therefore we expect to marginally reduce our content cost in 2024 to around £1,275 million as we further optimise linear, evolve our windowing strategy and improve personalisation. At the same time we will increase our marketing spend by £15 million to drive both streaming and linear viewing. We will continue to evaluate content and marketing ROI and adjust as necessary.

Compared to the same period in 2023, TAR is expected to be up 3% in Q1 2024, with continued strong growth in digital advertising revenues.

SOCIAL PURPOSE

Reflecting AND SHAPING CULTURE

At the heart of ITV's purpose to reflect and shape culture is our Social Purpose, which is all about shaping culture for good: changing ITV for the better and using our content and reach to inspire positive change in the wider world.

2023 marks the culmination of five years of focus on Better Health, while our work on Climate Action and Diversity, Equity and Inclusion (DEI) continues to mature. From 2024, our health pillar will have a sharper focus on Mental Wellbeing, building on the work of our landmark campaign Britain Get Talking to encourage everyone to look after their mental health proactively. Our work to support others through giving time, money and using our platform will be reshaped towards supporting the next generation, under the name Better Futures.

Our social impact is tracked through extensive, regular research commissioned from YouGov and other partners. Performance and plans are reviewed by the Board annually and the Management Board quarterly. Progress against climate action targets is reviewed quarterly by the ITV Studios and M&E Boards and progress against diversity targets is reviewed quarterly by the Management Board. The Board Nominations Committee and Audit and Risk Committee also review progress against diversity targets and carbon emissions targets.

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

Refer to our 2023 Social Purpose Impact Report for further details on all our Social Purpose priorities. It is available to download at: www.itvplc.com/socialpurpose/overview

Our Social Purpose agenda focuses on four key areas where we can have the biggest impact:

- MENTAL *Wellbeing*
- BETTER *Futures*
- CLIMATE *Action*
- DIVERSITY, *Equity and Inclusion*

MENTAL *Wellbeing*

Creating a culture where we all do more to look after our mental wellbeing.

OUR GOAL

Inspire 200 million actions to support better mental and physical health by 2023

SUSTAINABLE DEVELOPMENT GOAL

Mental wellbeing has been our primary social cause since 2019, and we have surpassed our five year target of encouraging 200 million actions to support mental or physical health by 2023. This has been achieved through behaviour change campaigns in advertising airtime, and editorial content across the year.

Off-screen we continued to focus on the wellbeing of our people, producers and participants.

The Campaigns

Britain Get Talking

Britain Get Talking is ITV's flagship mental health campaign, designed to encourage people to connect with one another to improve their mental wellbeing. Supported by Mind, YoungMinds and Scottish Action for Mental Health (SAMH) in Scotland, in 2023 the campaign focused on the growing mental health crisis in young people.

Ant & Dec, alongside a number of other famous faces launched a campaign to encourage schools to set a unique piece of homework ahead of World Mental Health Day.

Designed in collaboration with a child psychologist and our charity partners, the task encouraged young people to share their thoughts and feelings openly. This was accompanied by dedicated programming integrated into our evening schedule, focusing on mental health.

THE RESULTS

7.2 million people started a conversation, or had a better quality conversation, with a friend or family member due to our Britain Get Talking campaign[1]

Tackling online trolling

ITV partnered with The Cybersmile Foundation on a new campaign titled 'Would you say it' to develop three TV ads to help tackle the rise in online trolling. We also developed a social media awareness training module for programme participants in addition to existing extensive welfare measures.

THE RESULTS

Over ¼ of 16-34 year olds (28%) said they plan to think twice before posting on other people's social media posts as a result of seeing the campaign[2]

Behind the Scenes

Mental health in the media conference

In March we ran a conference series to open up conversations about mental health portrayals on-screen, and approaches off-screen, developed in partnership with the Film and TV Charity, Mind, YoungMinds, SAMH and Campaign Against Living Miserably (CALM). Almost 1,000 participants attended from across streaming, broadcast, advertising and production sectors of the TV industry.

Colleague wellbeing

This is a priority at ITV. Refer to the Our People section (page 40) for details on how we support the mental health and wellbeing of our colleagues, and our Duty of Care charter on pages 81 and 98.

THE RESULTS

249 million actions to support better mental and physical health achieved since 2019, surpassing our goal of 200 million[3]

▼ BRITAIN GET TALKING

1. Extrapolated from YouGov, November 2023 (Sample: 2,016 UK adults)
2. YouGov Tracker (1,011 nat rep sample, April 2023)
3. Data extrapolated from YouGov and other nationally representative surveys of the UK public commissioned by ITV and charity partners. For more details on each campaign, see www.itvplc.com/socialpurpose

BETTER *Futures*

Supporting the next generation in our industry, across the UK and around the world.

SUSTAINABLE DEVELOPMENT GOALS

1 No Poverty · 2 Zero Hunger · 3 Good Health and Well-Being · 4 Quality Education

Mentoring and volunteering

In 2023 ITV continued its mentoring partnership with Creative Access, an organisation that helps people from under-represented communities access careers and progress to leadership in the creative industries.

ITV colleagues were also involved in training workshops, including Media Trust's Creativity Work's: Multimedia Training programme and ITV Academy's Creative Access Showcase in Manchester.

THE RESULTS

90 mentoring partnerships and 559 hours of mentoring took place in 2023. There have been 340 partnerships since the scheme began[1]

1. Data supplied by Creative Access
2. Data supplied by Veg Power
3. Daily Mile school registrations, data provided by The Daily Mile

Encouraging actions to improve children's physical health

Eat Them To Defeat Them

Now in its fifth year, ITV continued its award-winning partnership with Veg Power to encourage children to eat more vegetables. Sky and Channel 4 together matched ITV's airtime commitment, enabling a £3 million media campaign, with additional funding from an alliance of supermarket and food brands.

THE RESULTS

77% of parents whose children took part in the school campaigns said they ate more vegetables as a result

£132m veg sales as a direct result of our Eat Them To Defeat Them campaign since it launched in 2019[2]

The Daily Mile

ITV continued its partnership with The Daily Mile encouraging schoolchildren to do 15 minutes of daily exercise to tackle lowering levels of physical activity in children in the UK. The 'Thrive' campaign re-ran in September and October, highlighting the positive impact of daily exercise in improving mood and memory, as well as attention in class.

THE RESULTS

32,730 more children took up the Daily Mile as a result of the campaign

Nearly half a million children have signed up to The Daily Mile since ITV began supporting the campaign in April 2019[3]

Soccer Aid for UNICEF

2023 saw the 12th Soccer Aid for UNICEF match, marking 17 years of the ITV and UNICEF partnership. Teams of former professional footballers and celebrities came together to raise money for UNICEF's work helping children who are facing conflict, disasters, and other crises around the world.

The match took place in front of over 63,000 fans and was broadcast exclusively on ITV and STV.

THE RESULTS

£14.6 million raised in total from the match and Soccer Aid week TV specials. Over £90 million has been raised since the start of Soccer Aid

CLIMATE *Action*

Shows with the biggest impact on audiences and the smallest impact on the planet.

OUR GOALS

- **Net Zero:** Reducing emissions we control by 46.2% and those we can influence by 28% by 2030, and all emissions by 90% by 2050
- **100% sustainable supply chain** by 2030
- **Zero Waste** by 2030
- **100%** albert certified and trained each year
- **Increase visibility and impact** of climate action content on-screen

SUSTAINABLE DEVELOPMENT GOALS

7 Affordable and Clean Energy · 12 Responsible Consumption and Production · 13 Climate Action

Context

As the impacts of climate change worsen and the transition to a sustainable economy accelerates, it is increasingly important for companies to integrate climate action into strategic decision making.

To address this, we are publishing our initial Climate Transition Plan alongside the 2023 Annual Report and Accounts. This details how we will transform ITV to meet our ambitious targets, while using our reach and influence to inspire behaviour change in audiences. For more information on our climate action progress, refer to our 2023 Social Purpose Impact report.

Targets, data and governance

We are continuously improving our data. ITV's Scope 1 and 2 (controlled by ITV) and Scope 3 (influenced by ITV) emissions for 2023 were independently assured by ERM Certification and Verification Services Limited (ERM CVS), and we have published an updated Basis of Reporting document. Our Scope 3 data quality is improving thanks to more company-level data into our calculations and engagement with our supply chain.

Reducing our emissions

Reducing our Scope 1 and 2 emissions (controlled by ITV)

ITV's Scope 1 and 2 emissions are decreasing on track with our targets, with a 52% reduction compared to our baseline year. Our market-based Scope 2 figures have reduced by 28% since their apparent spike in 2022 which arose from limited evidence around renewable energy sources for several sites at the time. Energy-efficiency measures in our hub sites, including LED lighting, motion sensors and solar energy generation, have driven the reduction in Scope 1 and 2 emissions.

THE RESULTS

Our Scope 1 & 2 emissions have decreased by 52% since our baseline year

69% of our electricity comes from renewable energy

Reducing our Scope 3 emissions (influenced by ITV)

ITV's Scope 3 footprint has decreased by 17% compared to our baseline year.

Business Travel emissions have increased by 13% compared to 2022, but remain below pre-COVID-19 levels with a 45% reduction compared to 2019. ITV is introducing prompts to our booking system to encourage colleagues to choose lower emission travel.

Purchased Goods and Services are the largest contributor to ITV's Scope 3 emissions; of these, 65% come from our productions. We use BAFTA albert sustainability certification to tackle this and work with broadcasting peers to support sector-wide change.

THE RESULTS

Our Scope 3 emissions have decreased by 17% since our baseline year

Zero Waste

We are continuously taking steps to improve our data quality and monitor waste in our offices and production activities, all while working towards a circular economy from office equipment to props.

On-screen

As a founding signatory of the Climate Content Pledge, ITV is committed to doing more to reach and engage audiences with climate action content. Shows from Daytime to The Masked Singer and Love Island incorporate climate content.

Biodiversity

We recognise how critical it is for businesses to address the biodiversity crisis. In preparation for future reporting requirements, we are reviewing the actions we can take across our production activities, supply chain engagement and office improvements to manage our nature related dependencies, risks and opportunities.

Streamlined Energy and Carbon Reporting (SECR) – based on data for the year ended 31 December 2023

Scope		Description	Unit	2023 UK	2023 Global (excl. UK)	2023 Total	2022 UK	2022 Global (excl. UK)	2022 Total	Change UK	Change Global (excl. UK)
1		Emissions from gas, refrigerants and owned vehicles	tCO_2e	**1,448**	**284**	**1,731***	1,608	335	1,943	**-10%**	**-15%**
2	Location-based	Electricity emissions using geographical location	tCO_2e	**3,827**	**756**	**4,582***	4,261	1,101	5,361	**-10%**	**-31%**
2	Market-based	Electricity emissions using purchased electricity factor	tCO_2e	**1,669**	**794**	**2,463***	2,570	868	3,438	**-35%**	**-8%**
1 & 2	Location-based	Total Emissions	tCO_2e	**5,274**	**1,039**	**6,314**	5,869	1,435	7,304	**-10%**	**-28%**
1 & 2	Market-based	Total Emissions	tCO_2e	**3,116**	**1,078**	**4,194**	4,178	1,202	5,381	**-25%**	**-10%**
		Direct & Indirect Energy Consumption	kWh	**24,793,533**	**4,417,537**	**29,211,070**	26,975,667	5,501,408	32,477,075	**-8%**	**-20%**
		Total revenue	£m	**£4,260**			£4,345			**-2%**	
1 & 2	Location-based	Normalised emissions to revenue	tCO_2e/£m	**1.238**	**0.244**	**1.482**	1.351	0.330	1.681	**-8%**	**-26%**
1 & 2	Market-based	Normalised emissions to revenue	tCO_2e/£m	**0.732**	**0.253**	**0.985**	0.962	0.277	1.238	**-24%**	**-9%**
3		Purchased goods and services	tCO_2e		**274,626**			291,120		**-6%**	
3		Capital goods	tCO_2e		**217**			1,844		**-88%**	
3		Fuel and Energy-related activities	tCO_2e		**1,856**			2,170		**-14%**	
3		Upstream transportation and distribution	tCO_2e		**558**			1,338		**-58%**	
3		Waste	tCO_2e		**64**			62		**3%**	
3		Business travel	tCO_2e		**24,078**			21,392		**13%**	
3		Commuting	tCO_2e		**8,564**			8,113		**6%**	
3		Upstream leased assets	tCO_2e		**14,361**			14,373		**-0%**	
3		Use of sold products	tCO_2e		**487,910**			485,171		**1%**	
3		Investments	tCO_2e		**21,312**			14,568		**46%**	
3		Total Scope 3			**833,546***			840,150		**-1%**	
Total Scope 1, 2 & 3 (Market-Based)			tCO_2e		**837,740**			845,531		**-1%**	

Methodology

2023 emissions data covers global operations for which we have operational control. We use the Greenhouse Gases (GHG) Protocol Corporate Accounting and Reporting Standard and the latest conversion factors from the Department for Energy Security and Net Zero to calculate Scope 1 and Scope 3 Business Travel emissions, and the latest conversion factors from the International Energy Agency to calculate Scope 2 emissions in tonnes of carbon dioxide equivalents.

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

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

24% of our market-based Scope 1 and 2 data set is based on estimated data, which makes up 1% of the total data set. Estimates are calculated from previous consumption trends and published benchmarks.

Our Scope 2 footprint decreased in 2023 because of energy efficiencies in our buildings and an increase in renewable energy procurement.

The calculation methodology for the Scope 3 category 'Purchased Goods and Services' in 2023 includes actual supplier data provided via the CDP (Carbon Disclosure Project), and the use of V6 CEDA EEIO (Environmentally Extended Economic Input Output) factors, which are the GHG-Protocol recommended factors for estimating carbon emissions based on spend data. The supplier-specific data accounted for 3.5% of ITV's total spend and was calculated using an average data method, apportioning the total direct, indirect and upstream emissions of a company based on their yearly revenue and the proportion to which ITV spent with them.

Where actual data was not available, ITV spend data was multiplied by the latest CEDA EEIO factors. ITV will continue to monitor and improve our emissions data quality, with an initial focus on actual supplier specific data.

Energy efficiency initiatives

- A metering project has been launched to better understand the source of our energy use, helping to proactively reduce energy consumption
- The lighting in our Leeds archive has been swapped to LED lighting, using an estimated quarter of the energy previously being used
- Photovoltaic panels have been installed at our Emmerdale set as part of a wider solar installation project
- Three boilers and three chillers have been switched off in Leeds, having been replaced by newer and more efficient cooling and heating systems

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

DIVERSITY *Equity & Inclusion*

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

OUR GOALS

Champion diversity through our mainstream content, create equitable opportunities at ITV and across the industry, and create an inclusive culture at ITV. Build accessibility and disability equity into everything we do at ITV.

SUSTAINABLE DEVELOPMENT GOALS

Overview

In 2023, we have continued to focus on interventions that drive long-lasting improvements. Highlights include investing £22.8 million of our ringfenced Diversity Commissioning Fund (DCF) reaching £54.2 million over two years; Step Up 60 where 185 diverse creatives have stepped up into more senior production roles over three years; and delivering the Amplify senior leadership programme for Deaf, Disabled or Neurodivergent colleagues.

We made progress towards all of our 2025 target areas at the All Colleagues level. At senior levels, progress towards our targets has been slower, however we have made improvements overall. In 2023, we ran a successful campaign to increase diversity data completion rates up to 82%.

In 2024, we will maintain and build on our success, seeking out more diverse ideas, production companies, and talent. We will continue to collaborate across the industry to drive systemic change.

Mainstream Content

We have committed £80 million of ITV's content commissioning budget over three years (2022 to 2024) to drive racial and disability equity within our mainstream content. Alongside this, the £500,000 Development Fund helps to develop people and ideas that can qualify for the DCF. As well as creating new content, the fund helped us continue investing in shows like Sorry, I Didn't Know, which returned for a fourth series in 2023. We commissioned diverse-led production companies including Douglas Road Productions, Flicker Productions, Fuuse Films, Tall Story Pictures and TriForce Productions.

We have made impactful improvements in the lead presenters of our biggest shows with Maya Jama (Love Island) and AJ Odudu (Big Brother). ITV Studios continues to make groundbreaking diverse content including I Kissed A Boy, the UK's first dating show for gay men.

THE RESULTS

We increased our commissioning spend with **diverse-led production companies** by more than 50% in the first year of our fund compared to 2021.

Diversity Commissioning Fund spend: £54.2 million including £41.1 million with diverse-led production companies (across 2022 to 2023).

Diversity Development Fund spend: Nearly £400,000 has been used to date to fund the development of over 30 projects including the pilot of Big Zuu's 12 Dishes in 12 Hours leading to it being commissioned for a series.

▶ BIG ZUU'S 12 DISHES IN 12 HOURS

◀ ELLIE SIMMONDS: FINDING MY SECRET FAMILY

Creating Opportunities

In 2023, Fresh Cuts, which supports up-and-coming Black filmmakers to direct their first film for ITV as part of Black History Month, returned for a second year. We ran a range of initiatives for 21 promising diverse writers. We also launched initiatives such as Amplify: The Companies, which nurtures and elevates ten production companies owned by People of Colour and Deaf, Disabled, or Neurodivergent leaders.

We created Production Principles in 2021 as part of the commissioning process to embed DEI practices in every programme ITV commissions, and we reviewed and refreshed these in 2023.

THE RESULTS

475 productions have made commitments to embed DEI practices into their programmes through the Production Principles.

185 diverse creatives stepped up into more senior production roles through Step Up 60.

Inclusive Culture

Our first colleague network launched in 2012, and since then they have been vital in shaping our inclusive culture. Our five Colleague Networks are Able, Balance, Embrace, Pride and the Women's Network. Some networks have global branches outside the UK. Network chairs sit on our Inclusion and Diversity Council chaired by ITV's CEO. They share feedback on colleagues' experiences with senior leadership and the DEI team.

In our inaugural line manager survey, 85% of colleagues agreed that their managers build an inclusive team environment. In 2024, we will work to improve the experiences of Black, Mixed Race/Dual Heritage and other minority ethnic colleagues as ITV's engagement and culture survey found that these groups feel less included.

Our Cultural Advisory Council is now in its third year. These independent external advisers from a range of industries advise and challenge us on our DEI plans.

THE RESULTS

Our colleague networks continue to grow with over 1,900 colleagues part of at least one network and a total of over 3,000 members across all five.

Over 450 colleagues completed DEI training, with over 180 senior leaders and managers trained across Australia, Germany and the Netherlands. Results showed improved understanding, awareness and confidence across all locations.

Accessibility and Disability Equity

Accessibility forms the critical foundation of our strategy. We launched the world's first free 24/7 British Sign Language channel on ITVX. ITV is an active member of the TV Access Project (TAP), a joint initiative created by the UK's main broadcasters and streamers to embed accessibility and achieve full inclusion for Disabled people by 2030.

We have built accessibility into our productions from the start. We designed the Big Brother house with accessible ramps and a stair lift and remodelled the Ant & Dec's Saturday Night Takeaway set to include visible ramps as the main stage entrance.

THE RESULTS

ITV Studios hired our first in-house Access Coordinator who embeds accessibility in productions across all our in-house drama labels.

ITV developed new Event Inclusion and Access Guidelines, which help us, our partners, and suppliers make our biggest events inclusive and accessible.

Targets for 2025

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

Disability	Class	Ethnicity	Gender	LGBTQ+
12% Deaf, Disabled, Neurodivergent, or with a long-term health condition	**33%** from working class backgrounds	**20%** People of Colour at the 'All colleagues' level at ITV **15%** People of Colour at senior levels	**50%** Women	**7%** Lesbian, Gay, Bisexual, Transgender or Queer

In 2023, at an All colleagues and Manager level, we have already exceeded many of our 2025 representation targets, as detailed in the following table. Our diversity data campaign was successful in increasing the number of colleagues sharing their data and, while this has given us a clearer picture of our workforce, it has also resulted in an increase in the proportion of colleagues from professional backgrounds and a decrease in those from working class backgrounds, which is below our target across all levels. In 2024, we will continue to work to improve representation in ITV's workforce, on and off-screen, sharpening our focus on Deaf, Disabled and Neurodivergent leads on-screen. We will also maintain our focus on representation at senior levels where we have further to improve across all characteristics.

UK diversity data

		ITV UK workforce			On and off-screen	
Characteristic	2025 Target	All colleagues (2023)	Managers (2023)	Senior Leaders (2023)[1]	On-screen (Diamond Sixth Cut, 2021-22)[2]	Off-screen (Diamond Sixth Cut, 2021-22)[2]
Age 50+	–	20.9%	26.9%	52.5%	23.7%	21.1%
Deaf, Disabled or Neurodivergent	12%	12.3%	10.5%	7.6%	8.6%	5.5%
People of Colour	20% at the 'All colleagues' level, 15% at senior levels	15.2%	11.6%	14.4%	23.6%	16.0%
Lesbian, Gay, Bisexual, Trans or Queer (LGBTQ+)[3]	7%	9.6%	8.5%	7.0%	24.0%	20.7%
Women	50%	53.2%	50.3%	49.3%	49.5%	46.4%
Working class background[4]	33%	28.9%	31.5%	20.4%	N/A[4]	N/A[4]

Our UK workforce figures include UK permanent and PAYE fixed-term employees only as of 31 December 2023 (it does not include freelance, contingent or agency workers) and are based on the number of employees who chose to share diversity data, including those who select 'prefer not to say'. Due to rounding, figures do not always total 100%.

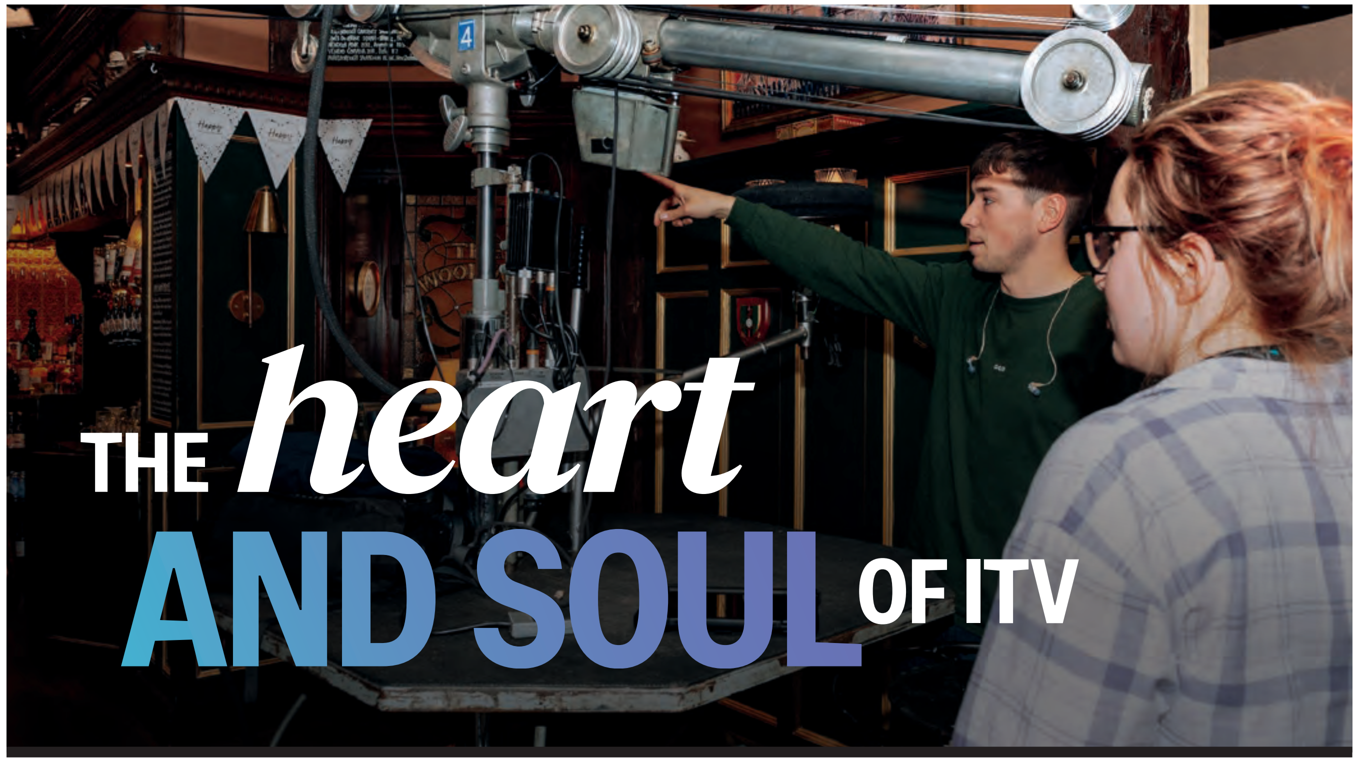
1. Our Senior Leader population is a defined group of approximately 220 colleagues including the Management Board, colleagues who report to a Management Board member and/or are on the list of top FTE salaries (excluding on-screen talent). Our Manager population is approximately 900 colleagues distinct from our Senior Leaders. We updated these categories in 2023 following guidance from Ofcom – while there is some overlap with our previous categories, these figures are not directly comparable to previous reports
2. On-screen and off-screen representation is measured using Diamond, an industry-wide system for monitoring diversity in broadcasting. This data is from the latest Sixth Cut report. Diamond collects diversity data from cast, contributors, crew and production companies. Diamond does not currently measure class / socio-economic background, but we are ensuring this will be included in the current project to update Diamond. The LGBTQ+ figures combine the Diamond figures for LGB+ and transgender populations. More information about Diamond can be found at: www.creativediversitynetwork.com/diamond
3. Our LGBTQ+ target combines sexual orientation and gender identity. We measure these separately and combine these categories
4. When analysing our class data, we excluded responses from people who answered 'don't know', 'not applicable', 'prefer not to say' etc. This enables us to compare with national benchmarks. This method is slightly different to how we analyse other diversity characteristics (based on all colleagues who share data, including those who respond 'prefer not to say') as those questions do not have a 'don't know' option. We followed expert advice on how to analyse and interpret this information. Class is not measured on-screen and off-screen through Diamond yet, so our 33% target applies to our workforce including senior leaders

Note: Under the Companies Act 2006, we are required to report on the gender breakdown of our senior managers – this statutory definition is broader than our definition of Senior Leaders. Of our global workforce of 6,743 who disclosed their gender (3,003 men, 3,740 women), 357 were senior managers (190 men, 167 women), which includes senior leaders and directors on the Boards of undertakings of the Group (to the extent there are additional individuals), but exclude individuals who sit as directors on the Board of the Company.

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

For more information on our Diversity Acceleration Plan, including further data such as intersectional data and specific breakdowns, refer to: www.itv.com/inclusion/articles/diversity-acceleration-plan

OUR PEOPLE



Our people are the heart of ITV; from the diary room on Big Brother, developing the technology to power ITVX, to the creation of new formats internationally, we empower and support them to build and grow their skills and capabilities, for now, and the future. This will ensure ITV's enduring legacy and continued success, delivering its strategic priorities, within a creative and inclusive culture where everyone thrives and delivers their best work.

Composition of our workforce

Our workforce, or 'colleagues' are a mix of permanent and fixed-term employees, freelancers (individuals who provide their services on a specific project or programme for a finite period of time); and contractors (companies or suppliers who provide a service to ITV) all playing their part.

Investing in the development of our people

We have committed to building a high performing, creative, innovative and diverse workforce by adopting a comprehensive and inclusive approach to investing in and rewarding all our colleagues.

This is demonstrated through a range of development opportunities, including the ITV Academy. This provides development programmes for our production colleagues, traineeships and entry-level pathways, aimed at addressing current and future skills gaps in partnership with ScreenSkills, Creative Access and the National Film and Television School.

Refer to page 34 for further details.

We offer apprenticeships in ITV Studios and Media & Entertainment, as well as across our Corporate Functions.

Our 'open to all students' work experience campaigns have positively impacted participants and managers alike, whilst supporting our Diversity, Equality and Inclusion strategy. Our work experience placements offer a launchpad for students to enhance their readiness for a place on our apprenticeship programme.

All colleagues have access to online, on-demand and in-person development workshops. This enables us to continue to build leadership and line manager capability and support personal skills development, wellbeing and resilience for all colleagues.

Over the last year, we have created focused development opportunities to build the digital and data capabilities in support of the delivery of our digital transformation, an example being the second series launch of ITV Fast Forward, a collection of one-hour immersion sessions exploring the use of Generative AI, Design Thinking, Machine Learning and digital disruptors.

We continue to equip leaders, managers and colleagues with the tools and resources to manage a hybrid workforce through our Smart working framework which centres on a 'value exchange', considering business and team requirements balanced with an individual's preferred working pattern.

Our Talking Performance approach, based on up to four performance conversations a year, continues to be a key priority. We have used data from our employee engagement and culture surveys to further strengthen our approach to performance management. As a result of these actions, we saw positive results in the 2023 Engagement and Culture Survey;

- 72% of colleagues responded favourably to: 'My manager gives me useful feedback on how well I am performing'
- 84% of colleagues responded favourably to: 'I know what I need to do to be successful in my role.'

Management development

Throughout 2023 we have refreshed our line manager development offering, introducing a series of in-person Leadership workshops sponsored by our CEO. This included:

- The Art of Brilliant Leadership – centred on positive psychology and developing high performing teams
- Resilient Leader – giving leaders the awareness and tools to manage their resilience and equip their teams with the support they need to thrive in a changing environment

THE ITV WAY

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

Make it brilliant
Creativity for everyone

Make it new
Openness to change, without barriers

Make it together
Collaborating and embracing differences

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

Attracting and retaining talent is critical to delivering our More Than TV strategy and our digital transformation. In 2023 we continued our Digital Skills Programme to address shorter-term resourcing gaps as well as build the digital capabilities we need across technology, product and data over the next three to five years.

Our approach to attracting and retaining talent and information on how the Remuneration Committee considers workforce remuneration is detailed on page 117.

Building an inclusive culture

Ensuring we have an inclusive environment where everyone can be their authentic self and thrive, is critical to the delivery of our strategic priorities.

Our inclusive culture ensures that ITV remains a great place to work for everyone and supports the delivery of our strategic priorities and our Diversity Acceleration Plan. We value the creativity that diversity brings to our business and continue to provide support and development for leaders and managers to build inclusive teams through a series of training programmes being; Inclusive Hiring and Inclusive Leader, as well as two specific programmes on Race Fluency and Creating Disability Inclusion.

ITV is committed to recruiting, retaining and developing disabled people with the Department for Work and Pensions renewing our Disability Confident Leader accreditation. Through this, we commit to giving full and fair consideration to the employment of people with a disability or health condition, and guarantee an interview to candidates with a disability who meet the minimum requirement for a role. We also work with specialist providers to ensure that the recruitment process, and all training, career development and promotion opportunities are accessible and inclusive to all colleagues with a disability and that they have equal career opportunities for growth and progression. We continue to be members of the 'Valuable 500,' the global business collective made up of 500 CEOs and their organisations innovating together for disability inclusion. In 2024, we will take part in the Generation Valuable leadership programme where one disabled ITV colleague will be part of their global leadership programme and will be mentored by our CEO.

Refer to page 37 for more information on our Diversity, Equality and Inclusion strategy.

Engagement

The voice of our colleagues is an integral part of how we measure and assess our culture, helping us to identify what is important, how it feels to work at ITV and agreeing on organisational wide and locally driven actions as a result.

2023 saw four key engagement activities:

- Creation and launch of a line manager survey to understand our colleagues' view of line manager capability
- A series of cultural deep-dive focus groups externally facilitated by Inclusive Employers
- Bi-annual engagement and culture survey for employees
- Creation and launch of an engagement and culture survey for freelancers

Our line manager survey identified management strengths in wellbeing, technical capability and resilience. It identified some areas of focus for future development for managers to enable them to give specific feedback that can be actioned regularly and help colleagues follow through on innovative ideas. The previously described Leadership workshops were designed as a result.

Mental health, wellbeing and duty of care

Supporting the mental and physical health of colleagues remains a key priority, particularly in light of the changing ways of working.

The Mental Health Advisory Group (MHAG), chaired by Baroness Ruth Davidson in 2023 and Pat Younge from 2024, continued to meet regularly throughout the year. The MHAG membership includes experts from leading mental health charities such as Mind, YoungMinds and SAMH, as well as independent advisers and representatives from across ITV and STV.

In 2023 the MHAG discussed a wide range of subjects, including; building line manager capability to have open, honest and effective wellbeing conversations, the new Employee Assistance Programme (now extended to freelancers and international colleagues) and the role of leaders in managing change. ITV's important role as a convenor of mental health conversations, mental health trends and industry challenges has been at the forefront of our social purpose campaigns in 2023, including the award-winning Britain Get Talking.

By providing support, guidance and challenge the MHAG helps ensure that ITV's commitment to the mental health and wellbeing of colleagues, production staff and freelancers, programme participants and the viewing public remains industry-leading.

Additionally, our Duty of Care Operating Board ensures that ITV's duty of care processes continue to evolve. Refer to pages 81 and 98 for further information about the role of the Duty of Care Operating Board and its activities in 2023.

The importance of raising workplace concerns and 'speaking up' has been re-emphasised to all our colleagues, to ensure they have awareness of, and feel empowered to, raise concerns through our Speaking Up framework, refer to pages 99 and 113.

For further information on how the Board and management engage with the workforce, refer to page 94.

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

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

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

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

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

Production tax credits

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

In 2024, the adjustment we make to add back high-end production tax credits to EBITA will change. See the Tax note on page 47 of the Finance Review Section for further details.

Exceptional items

These items are excluded to reflect performance in a consistent manner and in line with how the business is managed and measured on a day-to-day basis. They are typically material amounts related to costs, gains or losses arising from events that are not considered part of the core operations of the business, though they may cross several accounting periods. These include, but are not limited to, costs directly related to acquisition activity, costs related to major reorganisation and restructuring programmes, material onerous contracts, significant impairments, employee-related tax provisions related to earlier financial periods (IR35) and other items such as legal settlements and non-routine legal costs (e.g. legal costs related to items which are themselves considered to be exceptional items). We also adjust for the tax effect of these items.

See note 2.2 to the financial statements for further detail.

Acquisition-related costs

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

Restructuring and reorganisation costs

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

Amortisation and impairment

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

Net financing costs

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

Reconciliation between statutory and adjusted results

Twelve months to 31 December	2023 Statutory £m	2023 Adjustments £m	2023 Adjusted £m	2022 Statutory £m	2022 Adjustments £m	2022 Adjusted £m
EBITA[1]	**404**	**85**	**489**	668	49	717
Exceptional items (operating)[2]	**(77)**	**77**	**–**	(65)	65	–
Amortisation and impairment[3]	**(89)**	**25**	**(64)**	(84)	57	(27)
Operating profit	**238**	**187**	**425**	519	171	690
Net financing costs[4]	**(45)**	**16**	**(29)**	(26)	–	(26)
Share of profits on JVs and associates	**–**	**–**	**–**	8	–	8
Profit before tax	**193**	**203**	**396**	501	171	672
Tax[5]	**16**	**(101)**	**(85)**	(66)	(69)	(135)
Profit after tax	**209**	**102**	**311**	435	102	537
Non-controlling interests	**1**	**–**	**1**	(7)	–	(7)
Earnings	**210**	**102**	**312**	428	102	530
Shares (million), weighted average	**4,023**	**–**	**4,023**	4,010	–	4,010
EPS (p)	**5.2p**	**–**	**7.8p**	10.7p	–	13.2p
Diluted EPS (p)[6]	**5.2p**	**–**	**7.7p**	10.6p	–	13.1p

1. £85 million (2022: £49 million) adjustment relates to production tax credits which we consider to be a contribution to production costs and working capital in nature rather than a corporate tax item. EBITA is not a statutory measure
2. Exceptional items of £77 million (2022: £65 million) largely relate to acquisition-related expenses, restructuring, transformation and property move costs. Refer to the Finance Review
3. £25 million (2022: £57 million) adjustment relates to amortisation and impairment of assets acquired through business combinations and investments. We include only amortisation on purchased intangibles, such as software within adjusted profit before tax
4. £16 million (2022: £nil) adjustment is for non-cash interest cost. This provides a more meaningful comparison of how the business is managed and funded on a day-to-day basis
5. Tax adjustments are the tax effects of the adjustments made to reconcile profit before tax and adjusted profit before tax. A full reconciliation is included in the Finance Review
6. Weighted average diluted number of shares in the period was 4,059 million (2022: 4,046 million)

Adjusted EBITDA (used to calculate the group's leverage) for the year is £535 million (2022: £770 million), calculated by adding back depreciation of £46 million (2022: £53 million) to adjusted EBITA (which is shown in the table above).

OTHER ALTERNATIVE PERFORMANCE MEASURES

Total revenue

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

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

Twelve months to 31 December	2023 £m	2022 £m
External revenue (Statutory)	**3,624**	3,728
Internal supply	**636**	617
Total revenue (Adjusted)	**4,260**	4,345

ITV Studios organic revenue growth

ITV Studios organic revenue growth adjusts revenue growth for the impacts of foreign currency and acquisitions in the current or comparative period. Current period revenues are measured at constant currency which assumes exchange rates remain consistent with the comparative period. The table below shows the calculation of our organic revenue growth within ITV Studios:

Twelve months to 31 December	2023 £m	2022 £m	Change £m	Change %
ITV Studios total revenue	**2,170**	2,096	74	4
Adjustment for constant currency	**15**	–	–	–
Adjustment for acquisitions in prior period	**(65)**	(32)	(33)	103
ITV Studios total revenue – organic basis	**2,120**	2,064	56	3

Net pension surplus/deficit

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

Profit to cash conversion

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

Covenant net debt and covenant liquidity

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

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

	31 December 2023 £m	31 December 2022 £m
Statutory operating profit	**238**	519
Exceptional items	**77**	65
Amortisation and impairment	**89**	84
EBITA	**404**	668
Depreciation	**46**	53
Right of use assets depreciation	**(19)**	(25)
Interest charged on lease liabilities	**(4)**	(4)
Covenant adjusted EBITDA	**427**	692

	31 December 2023 £m	31 December 2022 £m
Net debt (including IFRS 16 lease liabilities)	**(553)**	(623)
Impact of IFRS 16 lease liabilities	**115**	132
Long-term trade payables	**(25)**	(17)
Other pension asset	**48**	47
Covenant net debt	**(415)**	(461)
Covenant adjusted EBITDA*	**427**	692
Covenant net debt to adjusted EBITDA*	**1.0x**	0.7x
Cash and cash equivalents	**340**	348
Undrawn RCF	**600**	450
Undrawn CDS facility	**300**	300
Covenant liquidity**	**1,240**	1,098

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

** Covenant liquidity is defined as cash and cash equivalents plus undrawn committed facilities.

FINANCE REVIEW

CHRIS KENNEDY
GROUP CHIEF FINANCIAL OFFICER AND CHIEF OPERATING OFFICER

This Finance Review focuses on the more technical aspects of our financial results while the operating and financial performance of the Group, M&E and ITV Studios has been discussed within the Operating and Financial Performance Review.

Our Alternative Performance Measures (APMs) section, explains the adjustments we make to our statutory results. This enables focus on the key measures that we report on and use as KPIs across the business. See earlier sections for further details.

Twelve months to 31 December	2023 £m	2022 £m	Change £m	Change %
ITV Studios total revenue	**2,170**	2,096	74	4
Total advertising revenue	**1,778**	1,931	(153)	(8)
M&E non-advertising revenue	**312**	318	(6)	(2)
M&E total revenue	**2,090**	2,249	(159)	(7)
Total non-advertising revenue	**2,482**	2,414	68	3
Total group revenue	**4,260**	4,345	(85)	(2)
Internal supply	**(636)**	(617)	(19)	(3)
Group external revenue	**3,624**	3,728	(104)	(3)
Group adjusted EBITA	**489**	717	(228)	(32)
Group adjusted EBITA margin	**13%**	19%		(6)
Statutory operating profit	**238**	519	(281)	(54)
Adjusted EPS	**7.8p**	13.2p	(5.4p)	(41)
Statutory EPS	**5.2p**	10.7p	(5.5p)	(51)
Dividend per share	**5.0p**	5.0p		
Net debt as at 31 December	**(553)**	(623)	70	11

Exceptional items

Twelve months to 31 December	2023 £m	2022 £m
Acquisition-related expenses	**(24)**	(4)
Restructuring and transformation costs	**(25)**	(28)
Property costs	**(10)**	(24)
Costs relating to the passing of Her Majesty Queen Elizabeth II	**–**	(16)
Sports rights impairment reversal	**–**	5
Pension related costs	**–**	(4)
Employee-related tax provision	**3**	(10)
Insured trade receivable	**3**	23
Legal settlements	**(13)**	–
Legal and other costs	**(11)**	(7)
Operating exceptional items	**(77)**	(65)
Total exceptional items	**(77)**	(65)

Total exceptional items in the period were £77 million (2022: £65 million). Acquisition-related expenses of £24 million (2022: £4 million) are predominantly performance-based, employment-linked consideration to former owners, and professional fees related to acquisitions and potential acquisitions.

Restructuring and transformation costs of £25 million (2022: £28 million) relate to one-off restructuring projects in respect of the Group-wide commitment to reduce the overhead cost base, as well as reorganisation and transformation programme costs to deliver our strategy. Significant projects include the implementation of a new cloud-based ERP solution and rationalisation of the Studios operational structures outside the UK.

Property costs relate to the London office move to Broadcast Centre. No further exceptional costs are expected related to this move.

Employee-related tax provisions credit of £3 million relates to the release of provisions in respect of years that are no longer in scope and confirmation from HMRC that certain individuals are no longer under review in respect of IR35. The £10 million charge in 2022 reflected an increase in the provision for potential employment taxes due to HMRC in relation to the employment status of individuals contracted by the Group for periods before 2022.

In 2017, the Group recorded a bad debt provision of US$41 million related to trade receivables for The Voice of China. As the Directors anticipated recovering the amount either from the counterparty or from trade credit insurance, US$37 million was treated as an exceptional cost and the insurance excess of US$4 million was treated as an operating cost. US$34 million of cash received in 2018 and 2019 on behalf of the debtor was placed under review and the bad debt provision remained in place. During 2022, the review was completed, leading to the release of the corresponding bad debt provision of which £23 million was treated as an exceptional credit. During 2023, a settlement of the remaining claim was agreed upon with insurers resulting in an exceptional credit of £3 million.

Legal settlements of £13 million relate to settlements or proposed settlements on a number of significant legal cases which are considered to be outside the normal course of business.

Legal and other costs relate primarily to legal costs for matters considered to be outside the normal course of business, including Box Clever, The Voice of Holland, the UK Competition and Markets Authority (CMA) investigation and the Phillip Schofield KC Review.

Net financing costs

Twelve months to 31 December	2023 £m	2022 £m
Financing costs directly attributable to loans and bonds	(24)	(26)
Cash-related net financing costs	(5)	1
Amortisation on bonds and gilts	–	(1)
Adjusted financing costs	**(29)**	(26)
Net pension interest	8	–
Other net financial losses and unrealised foreign exchange	(24)	–
Statutory net financing costs	**(45)**	(26)

Adjusted financing costs were £29 million (2022: £26 million) largely due to financing costs attributable to loans and bonds. Statutory net financing costs were £45 million (2022: £26 million) mainly driven by charges related to acquisition-related put and call options.

JVs and associates

Our share of profits from JVs and associates in the period was £nil (2022: profit of £8 million). This was our share of the net profits and losses arising from our investments, such as BritBox International, Bedrock Entertainment and Blumhouse Television. The reduction year-on-year primarily results from the phasing of the delivery of productions.

Profit before tax

Statutory profit before tax decreased significantly year-on-year to £193 million (2022: £501 million) as a result of the impact of the challenging advertising market and planned ITVX investment.

Twelve months to 31 December	2023 £m	2022 £m
Statutory profit before tax	**193**	501
Production tax credits	85	49
Exceptional items	77	65
Amortisation and impairment*	25	57
Adjustments to net financing costs	16	–
Adjusted profit before tax	**396**	672

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

Tax

Adjusted tax charge

The total adjusted tax charge for the year was £85 million (2022: £135 million), corresponding to an effective tax rate on adjusted PBT of 21.5% (2022: 20.1%), which is lower than the standard UK corporation tax rate of 23.5% (2022: 19%). We expect the adjusted effective tax rate to be around 25% in 2024, as a result of the increase in the UK statutory rate to 25% from April 2023.

On a reported basis, there is a tax credit of £16 million (2022: £66 million tax charge) which corresponds to an effective tax rate of (8.3%) (2022: tax charge rate 13.2%). This rate in 2023 is lower than in previous years due to the impact of higher HETV tax credits relative to the tax charge, as well as a proportionally lower profit before tax in the period compared to the prior year. The adjustments made to reconcile the statutory tax charge with the adjusted tax charge are the tax effects of the adjustments made to reconcile PBT and adjusted PBT, as detailed in the previous table.

Twelve months to 31 December	2023 £m	2023 Effective tax rate	2022 £m	2022 Effective tax rate
Statutory tax (credit)/charge	**(16)**	**(8.3)%**	66	13.2%
Production tax credits	85	100%	49	100%
Charge for exceptional items	12	15.6%	8	12.3%
Charge in respect of amortisation and impairment*	6	24.0%	12	21.1%
Charge in respect of adjustments to net financing costs	(2)	(12.5)%	–	–
Adjusted tax charge**	**85**	**21.5%**	135	20.1%

* In respect of intangible assets arising from business combinations and investments. Also reflects the cash tax benefit of tax deductions for US goodwill.
** As a percentage of adjusted profit before tax.

Cash tax

Cash tax paid in the year was £32 million (2022: £55 million) and is net of £38 million of production tax credits received (2022: £31 million). The majority of the cash tax payments were made in the UK. The cash tax paid is lower compared to the previous year due to lower profits and higher production tax credits received. A reconciliation between the tax charge for the year and the cash tax paid in the year is shown below.

Twelve months to 31 December	2023 £m	2022 £m
Tax credit/(charge) (statutory)	**16**	(66)
Temporary differences recognised through deferred tax*	7	44
Prior year adjustments to current tax	12	(9)
Current tax, current year	**35**	(31)
Phasing of tax payments (including in respect of pension contribution benefits)	(20)	(6)
Production tax credits – timing of receipt	(47)	(18)
Cash tax paid (statutory)	**(32)**	(55)

* Further detail is included within Note 2.3 of the financial statements.

Changes to the current UK system of Audio-Visual tax credits

On 29 November 2023, the UK government issued final legislation to reform the current system of Audio-Visual Expenditure Credit ('AVEC') tax credits to merge the four existing AVEC schemes (Film, High-End Television (HETV), Children's Television and Animation) into a single scheme and has reviewed the qualifying criteria. The AVEC legislation was substantively enacted on 5 February 2024 and can be claimed on expenditure incurred from 1 January 2024.

The new scheme is one of expenditure credits as opposed to corporate tax relief, requiring a change to the accounting treatment to include them within statutory operating profit rather than within the consolidated tax charge. The effect of this change in legislation will therefore be to increase our EBITA, adjusted EBITA, adjusted EBITA margin, profit before tax and tax expense but will leave our profit after tax unchanged, this is compared to the previous HETV accounting treatment. We continue to assess the impact on the Group and do not anticipate there to be a material change in the net economic value.

Base Erosion and Profit Shifting (BEPS) Pillar Two

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15% for large groups and for financial years beginning on or after 31 December 2023. Taxation balances are adjusted for a change in tax law if the change has been substantively enacted by the balance sheet date. However the amendments to IAS 12 'Income Taxes' Pillar Two income taxes provides an exemption from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules.

Based on an initial analysis of the current year financial data, most territories in which the Group operates are expected to qualify for one of the safe harbour exemptions such that top-up taxes should not apply. In territories where this is not the case there is the potential for Pillar Two taxes to apply, but these are not expected to be material. The Group continues to refine this assessment and analyse the future consequences of these rules.

Tax strategy

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

www.itvplc.com/investors/governance/policies

We have four key strategic tax objectives:

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

Our tax strategy is aligned with that of the business and its commercial activities and establishes a clear Group-wide approach based on openness and transparency in all aspects of tax reporting and compliance, wherever the Company and its subsidiaries operate. The strategy confirms that ITV does not engage in or condone tax evasion or the facilitation of tax evasion in any form and that we have in place reasonable procedures to prevent the facilitation of tax evasion. Within our overall governance structure, the governance of tax and tax risk is given a high priority by the Board, and Audit and Risk Committee (ARC). The ITV Global Tax Strategy, approved by the Board and ARC in September 2023, and as published on the ITV plc website, is compliant with the UK tax strategy publication requirement set out in Part 2 Schedule 19 of the Finance Act 2016.

EPS – adjusted and statutory

Overall, adjusted profit after tax was down at £311 million (2022: £537 million). Non-controlling interest was a share of losses of £1 million (2022: share of profit of £7 million) which is the net result from the non-ITV owned share in entities such as Plimsoll, Cattleya and Tomorrow Studios.

Adjusted basic EPS was down 41% to 7.8p in the year (2022: 13.2p). The weighted average number of shares increased year-on-year to 4,023 million (2022: 4,010 million). Diluted adjusted EPS in the year was 7.7p (2022: 13.1p) reflecting a weighted average diluted number of shares of 4,059 million (2022: 4,046 million).

Statutory EPS decreased by 51% to 5.2p (2022: 10.7p).

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

Dividend per share

The Board recognises the importance of the ordinary dividend to ITV shareholders. Reflecting its confidence in the business and its strategy, as well as the continued strong cash generation, in line with ITV's dividend policy, the Board has declared a final dividend of 3.3p (2022: 3.3p), giving an ordinary dividend of 5.0p per share for the full year 2023 (2022: 5.0p), a total payout of around £200 million. The Board remains committed to paying a total dividend of at least 5.0p in 2024, which it expects to grow over the medium term, whilst balancing further investment to support our strategy and our commitment to investment grade metrics over the medium term.

Dividends are distributed based on the realised distributable reserves (within retained earnings) of ITV plc (the Company) and not based on the Group's retained earnings.

The dividend timetable is as follows:

Announcement	Thursday 7 March 2024
Ex-dividend date	Thursday 11 April 2024
Record date	Friday 12 April 2024
Dividend paid	Thursday 23 May 2024

Acquisitions

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

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

We have generally structured our deals with earnouts or with put and call options in place for the remainder of the equity, capping the maximum consideration payable by basing a significant part of the consideration on future performance. This has allowed us to lock in creative talent and ensure our incentives are aligned, and also reduce our risk by only paying for the actual, not expected, performance delivered over time.

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

Acquisition-related liabilities or performance-based employment-linked earnouts are amounts estimated to be payable to previous owners. The estimated future payments as at 31 December 2023 are £105 million and are sensitive to forecast profits as they are based on a multiple of earnings. The range of reasonably possible outcomes for the liability is between £86 million and £147 million. The estimated future payments, treated as employment costs, are accrued over the period the sellers are required to remain with the business, and those not linked to employment are recognised at acquisition at their time discounted value.

We closely monitor the forecast performance of each acquisition and, where there has been a change in expectations, we adjust our view of potential future commitments. Expected future payments of £105 million have increased by £16 million since 31 December 2022, due to increases in forecast profits.

At 31 December 2023, £78 million of expected future payments had been recorded on the balance sheet, with the balance of £27 million to be accrued over the period in which the sellers are required to remain with the business.

There were no acquisitions during 2023.

Cash generation

Profit to cash conversion

Twelve months to 31 December	2023 £m	2022 £m
Adjusted EBITA	**489**	717
Working capital movement	**90**	(150)
Adjustment for The Voice of China cash received*	**–**	23
Adjustment for production tax credits	**(47)**	(18)
Depreciation**	**46**	53
Share-based compensation	**16**	19
Acquisition of property, plant and equipment and intangible assets***	**(70)**	(78)
Lease liability payments (including lease interest)	**(26)**	(26)
Adjusted cash flow	**498**	540
Profit to cash ratio (adjusted EBITA/adjusted cash flow)	**102%**	75%

* Cash received in 2018 and 2019 for The Voice of China was placed under review and treated as an exceptional cash receipt and excluded from the profit to cash conversion calculation. In 2022, the review completed and the cash was released. This adjustment shows the conversion of exceptional cash to operating cash.

** Depreciation of £46 million (2022: £53 million) includes £28 million (2022: £33 million) which relates to ITV Studios and £18 million (2022: £20 million) relating to Media & Entertainment.

*** Except where disclosed, management views the acquisition of property, plant and equipment and intangibles as business as usual capex, necessary to the ongoing investment in the business.

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

Twelve months to 31 December	2023 £m	2022 £m
Cash generated from operations	**488**	537
Cash outflow from exceptional items	**68**	53
Cash generated from operations excluding exceptional items	**556**	590
Adjustment for production tax credits	**38**	31
Adjustment for The Voice of China cash received	**–**	23
Acquisition of property, plant and equipment and intangible assets	**(70)**	(78)
Lease liability payments (including lease interest)	**(26)**	(26)
Adjusted cash flow	**498**	540

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

In the year, we generated £498 million of operational cash (2022: £540 million) from £489 million of adjusted EBITA (2022: £717 million), resulting in a profit to cash ratio of 102% (2022: 75%). The increase in our profit to cash ratio year-on-year reflects a favourable movement in working capital due to the unwind of programme rights and inventory previously built up for the launch of ITVX. In addition, there has been a reduction in production inventories predominantly in the US as a result of the 2023 writers' and actors' strike.

Free cash flow

Twelve months to 31 December	2023 £m	2022 £m
Adjusted cash flow	**498**	540
Net interest paid (excluding lease interest)	**(27)**	(37)
Adjusted cash tax*	**(70)**	(86)
Pension funding	**(40)**	(137)
Free cash flow	**361**	280

* Adjusted cash tax of £70 million is total net cash tax paid of £32 million plus receipt of production tax credits of £38 million, which are included within adjusted cash flow from operations, as these production tax credits relate directly to the production of programmes.

Our free cash flow after payments for interest, cash tax and pension funding was £361 million (2022: £280 million).

Funding and liquidity

Debt structure and liquidity

The Group's financing policy is to manage its liquidity and funding risk for the medium to long term. ITV uses debt instruments with a range of maturities, has access to appropriate short-term borrowing facilities and has a policy to maintain a minimum of £250 million of cash and undrawn committed facilities available at all times. We have three committed facilities in place to maintain our financial flexibility, which includes a £500 million multilateral Revolving Credit Facility (RCF). £83 million of this facility matures in January 2028, and £417 million remains committed until January 2029. The RCF has leverage and interest cover covenants which require us to maintain a covenant net debt to adjusted EBITDA ratio of below 3.5x and interest cover (adjusted EBITDA to net finance charges) above 3.0x.

At 31 December 2023, ITV's financial position was well within its covenants. During the year, the Group secured an additional £100 million of committed funding via a bilateral RCF which matures in 2028. The terms and conditions, including financial covenants, are aligned to the £500 million multilateral RCF facility.

We also have a bilateral financing facility of £300 million, which is free of financial covenants and matures on 30 June 2026. At 31 December 2023, all facilities were undrawn (31 December 2022: only £50 million from the £500 million RCF was drawn), which with cash and cash equivalents of £340 million, provided total liquidity of £1,240 million (31 December 2022: £1,098 million). This provides us with sufficient liquidity to meet the requirements of the business in the short to medium term under a variety of scenarios, including a severe but plausible downside scenario.

After acquisition-related costs, pension and tax payments, we ended the period with reported net debt of £553 million (31 December 2022: £623 million).

Reported net debt

At 31 December	2023 £m	2022 £m
Gross cash	340	348
Gross debt (including IFRS 16 lease liabilities)	(893)	(971)
Net debt	**(553)**	(623)

Financing – gross debt

We are financed using debt instruments and facilities with a range of maturities. Borrowings at 31 December 2023 were repayable as follows:

Amount repayable as at 31 December 2023	£m	Maturity
€600 million Eurobond*	535	Sep 2026
£230 million term loan	230	Jul 2027
Other loans	13	Various
Total debt repayable on maturity**	778	

* Includes £15 million currency component of swaps held against euro-denominated bond.
** Excludes £115 million of IFRS16 Lease Liabilities.

The Group's €259 million Eurobond which matured in December 2023 was refinanced by drawing on the £230 million committed four year term loan, maturing in July 2027. The term loan has the same financial covenants as ITV's Revolving Credit Facility and is excluded from the total committed undrawn facilities of £900 million.

Capital allocation and leverage

In line with our capital allocation policy, our priorities remain as follows: to invest organically in line with our strategic priorities; manage our financial metrics consistent with our commitment to investment grade metrics over the medium term; sustain a regular ordinary dividend which can grow over the medium term; continue to consider value creating inorganic investment against strict financial and strategic criteria, and any surplus capital will be returned to shareholders.

Our objective is to run an efficient balance sheet and manage our financial metrics appropriately, consistent with our commitment to investment grade metrics over the medium term. At 31 December 2023, our leverage, or net debt to adjusted EBITDA was 1.0x (31 December 2022: 0.8x).

Credit ratings

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

Foreign exchange

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

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

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

Production inventories, contract assets and liabilities

In 2023, contract assets increased by £17 million, production inventories decreased by £259 million and contract liabilities decreased by £185 million compared to 31 December 2022. Contract assets increased due to UK scripted growth with streaming platforms. The production inventories decrease was driven predominantly by key US and UK deliveries. Contract liabilities decreased due to the phasing of production deliveries, particularly in the US and the UK.

Pensions

The net pension surplus for the defined benefit schemes at 31 December 2023 on an accounting basis was £209 million (31 December 2022: £192 million). The movement in the year was driven by employer contributions and a reduction in liabilities due to changes in demographic assumptions partly offset by a fall in corporate bond yields.

The net pension assets include £48 million of gilts, which are held by the Group as security for future unfunded pension payments to four former Granada executives, the liabilities of which are included in our pension obligations. A full reconciliation is included within note 3.7 to the financial statements.

Deficit funding contributions

The accounting surplus or deficit does not drive the deficit funding contribution. The Group's deficit funding contributions in 2023 were £40 million, which included £37 million following the agreement of the 2019 Triennial valuation of the main section of the Scheme, and £3 million annual payment under the London Television Centre pension funding partnerships. Further details are included in Note 3.7 to the financial statements.

SDN pension funding partnership

In 2010, ITV established a Pension Funding Partnership (PFP) with the Trustees backed by SDN, which was subsequently extended in 2011. The PFP addressed £200 million of the funding deficit in Section A of the defined benefit pension scheme and under the original agreement, a payment of up to £200 million was due in 2022. The existing PFP agreement was amended and extended to 2031. As a result of this agreement, payments of £94 million were made under the SDN PFP arrangement in 2022. The Group is committed to up to nine annual payments of £16 million from 2023. These payments are required if the Scheme is calculated to be in a technical deficit. This calculation is based upon the most recent triennial valuation updated for current market conditions. The partnership's interest in SDN provides collateral for these payments. The £16 million payment under the SDN PFP was not required to be paid in 2023. However, this assessment is made on an annual basis and therefore the £16 million payment may resume in 2024. The Group retains day-to-day operational control of SDN and SDN's revenues, profits and cashflows continue to be consolidated in the Group's accounts. On completion of the final payment in 2031, the Scheme's partnership interest will have been repaid in full and it will have no right to any further payments.

Post balance sheet event

On 01 March 2024 the Group announced the sale of its entire 50% interest in BritBox International to its joint venture partner BBC Studios for a cash consideration of £255 million. The Board intends to return the entire net proceeds to shareholders through a £235 million share buyback which will be completed within 18 months. Refer to notes 3.4 and 5.3 to the financial statements for further details.

Planning assumptions for the full year 2024

The following planning assumptions for 2024 are based on our current best view but may change depending on how events unfold over the rest of the year.

Profit and Loss impact:

- Total content costs are expected to be around £1,275 million as we further optimise linear, evolve our windowing strategy and improve personalisation. We will invest an additional £15 million in marketing
- Delivery of £40 million of savings – comprising of £10 million from our existing £150 million cost saving target and £30 million of additional in year savings as part of the new strategic restructuring and efficiency programme
- Adjusted financing costs are expected to be around £35 million
- The adjusted effective tax rate is expected to be 25% over the medium term in line with the UK statutory tax rate of 25%
- Exceptional items are expected to be around £90 million mainly due to costs associated with the new strategic restructuring strategic restructuring and efficiency programme and digital transformation costs

Cash impact

- Total capex is expected to be around £75 million as we further invest in our digital capabilities
- The cash cost of exceptionals is expected to be around £90 million mainly due to costs associated with the restructuring and efficiency programme and digital transformation cost
- Profit to cash conversion is expected to be around 80% out to 2026. In 2024 profit to cash conversion will be lower reflecting an increase in working capital. Across 2023 and 2024 we expect cash conversion to be around 80%
- Total pension deficit funding contributions for 2024 are expected to come down year on year. More detailed guidance will be given following the completion on the triennial valuation
- The Board has proposed a final dividend of 3.3p, which will be paid in May 2024. This gives a full year dividend of 5.0p. Going forward, the Board intends to pay a full year ordinary dividend of at least 5.0p, which it expects to grow over the medium term

CMA Investigation

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

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

Foreign exchange sensitivity

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

Currency	Revenue £m	Adjusted EBITA £m
US dollar	+/-40-55	+/ – 5-7
Euro	+/ – 40-50	+/-7-9

CHRIS KENNEDY
GROUP CFO & COO

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

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

Refer to page 2 for details on our Business Model.

ENVIRONMENT

Policies	Due diligence and implementation	Outcomes of policies and related KPIs	Related principal risks (pages 57 to 64)
• Our Environmental Management Policy sets out our commitment to reaching our Science Based Targets on carbon emissions by 2030. In addition, we are part of the Business Ambition for 1.5 degrees, setting additional 2050 goals for 90% carbon emissions reduction across all Scopes • We disclose against the Task Force on Climate-related Financial Disclosures (TCFD) framework our exposure to climate-related risks and processes to mitigate these risks • ITV's commitment to climate action has been assessed by the Carbon Disclosure Project and given an A rating, putting ITV in the top 2% of disclosing companies for leadership in transparency and corporate reporting • Our Supplier Code of Conduct sets out our expectation of our suppliers to align with our 2030 environmental targets	• We evaluate and monitor climate change risks and progress against our environmental targets through our governance structure, which includes the Climate Action Delivery Group, and is referenced in further detail in our TCFD report (see page 65) • Progress against our environmental targets is reported to the Studios, Media & Entertainment, and Management Boards up to four times a year, and annually to the PLC Board. The Audit and Risk Committee also has oversight of environmental matters (see page 114) • All colleagues and Board members are required to complete mandatory training on climate action	• Climate Action is one of the priorities of ITV's Social Purpose strategy (see page 35). See more on this and our GHG data • We are active members of the industry sustainability body BAFTA albert, and are committed to reducing the impact of production emissions by ensuring all the programmes produced or commissioned in the UK are albert certified	• Climate change is not currently recognised as a principal risk of the Group, but is categorised as an emerging risk and kept under regular review through our risk management framework. However, principal risks are assessed with a climate risk lens. We have identified specific climate risks for ITV through climate scenario analysis • For our TCFD report see page 65

COLLEAGUES

Policies	Due diligence and implementation	Outcomes of policies and related KPIs	Related principal risks (pages (57 to 64)
• Our Code of Ethics and Conduct (Our Code) promotes the highest standards of ethical business, underpinning our values and corporate culture • Adherence is a key requirement of our overall compliance framework • Our Diversity, Equity and Inclusion strategy is aligned with and supports our business strategy • Our employment and recruitment policies are based on equal opportunities and non-discrimination and set out our commitment to an open and inclusive culture • ITV's Duty of Care Charter sets out our commitment to the physical and mental health and safety of employees, participants and others we work with • ITV has a 'Speaking Up' framework for anyone working for or with ITV to raise concerns and grievances in confidence (and if they wish anonymously), as well as a freelancer complaints procedure • We also have policies on bullying, harassment and dignity at work, and grievances	• All colleagues and Board members complete annual mandatory training aligned with Our Code. • Our Code is reviewed regularly and approved by the Audit and Risk Committee • Our Inclusion and Diversity Council, chaired by the Chief Executive, drives the organisation's diversity and inclusion agenda (see page 37) • Progress against our diversity targets is reported to the Studios and Media & Entertainment Boards biannually, the Management Board four times a year, the Nominations Committee regularly, and the PLC Board annually • The Audit and Risk Committee reviews the Group's health and safety procedures at least annually, and receives regular reports from the Duty of Care Operating Board, which the Chair of the Audit and Risk Committee attends • Our Speaking Up framework is monitored and reviewed by the Audit and Risk Committee biannually. Statistics on concerns raised are reviewed at each Board meeting	• The Speaking Up framework has been enhanced, making it easier to raise concerns and support ITV's open culture • Diversity, Equity and Inclusion is one of the four priorities of ITV's Social Purpose strategy (see page 32) • ITV has ranked third in the FTSE 250 index and is the top media company within the index for women in leadership roles. ITV was also one of 20 FTSE 250 companies with at least five women on its Board. (Source: FTSE Women Leaders Review February 2024)	• Non-compliance with laws and regulations is recognised as a principal risk. The Board has zero tolerance for known and deliberate non-compliance. We regularly assess potential risks associated with employee conduct and ethics as part of our compliance processes • Failure to deliver our Diversity Acceleration Plan is not recognised as a standalone principal risk but is recognised as an important factor within the recruitment and retention of talent principal risk and remains under review, monitored by the Nominations Committee • Failure to create the right organisational culture, which allows colleagues to speak up, and failure to extend an adequate duty of care or a major health and safety incident are recognised as principal risks

SOCIAL IMPACT

Policies	Due diligence and implementation	Outcomes of policies and related KPIs	Related principal risks (pages 57 to 64)
• Social Purpose is a core enabler in delivering ITV's overall strategy. We use ITV's scale and creativity to shape culture for good not just within ITV but across the UK and other markets that we might impact. We have set and published ambitious targets which align to the United Nations Sustainable Development Goals (UN SDGs)	• We evaluate and monitor all our Social Purpose campaigns and progress against our goals. 2023 carbon emissions data has been independently verified by a third party • ITV's Mental Health Advisory Group, chaired by Baroness Ruth Davidson in 2023 and succeeded by Pat Younge in 2024, comprises external expert advisers and ITV representatives and provides guidance on best practice for looking after the welfare of people, productions and campaigns • In 2023, ITV introduced a psychologist professional development programme to expand the pool of registered psychologists working in television. It was delivered in partnership with the BBC and accredited by the British Psychological Society and aimed at supporting ITV and BBC programmes in their duty of care to contributors • ITV is a member of the Responsible Media Forum • Progress against our targets and the impact of our campaigns are reported to the Management Board four times a year, monthly in social purpose papers and annually to the PLC Board	• Our Social Purpose strategy has four priorities relating to Mental Wellbeing, Better Futures, Climate Action and Diversity, Equity and Inclusion, (see pages 32) • The Social Purpose strategy is aligned with the UN SDGs. ITV has identified nine SDGs where it can have the most impact, (see page 32)	• Social impact matters are not considered to be a standalone principal risk, however social impact matters which influence other principal risks are detailed in our Risks and Uncertainties section

HUMAN RIGHTS

Policies	Due diligence and implementation	Outcomes of policies and related KPIs	Related principal risks (pages 57 to 64)
• ITV is fully committed to ensuring that we do not participate in the violation of human rights and expects the same of our suppliers. We are a founding member of the television Industry and Human Rights Forum set up to identify and proactively address labour rights issues in the television industry and raise awareness beyond it • ITV's Modern Slavery Statement sets out the steps taken to identify, address and prevent modern slavery and human trafficking in our business and supply chain • Our Supplier Code of Conduct sets out our expectation of suppliers to protect human rights of workers and communities impacted by operations and supply chains	• Ultimate oversight sits with the Board • ITV's Modern Slavery Working Group is responsible for overseeing modern slavery risk management for ITV in a manner that places concerns for potential victims at the centre. It agrees on strategies for addressing key risks identified and raises awareness among ITV's decision-makers of labour rights considerations and seeks their support for appropriate initiatives • Our Modern Slavery Statement is reviewed by the Board on an annual basis. and can be found in the Governance section of our ITV PLC website	• No incidences of human rights abuse or modern slavery have been identified • Our Code of Ethics and Conduct explains ITV's aim to address and identify the risks of modern slavery • Suppliers are required to comply with our Supplier Code of Conduct and address the risk of modern slavery in their operations and supply chains	• Legal and regulatory non-compliance (including labour rights issues) is recognised as a principal risk with the Board having zero tolerance for known and deliberate non-compliance. We have a compliance and risk management framework in place to identify potential risks and mitigate these

ANTI-CORRUPTION AND ANTI-BRIBERY

Policies	Due diligence and implementation	Outcomes of policies and related KPIs	Related principal risks (pages 57 to 64)
• Our Code of Ethics and Conduct (Our Code) promotes the highest standards of ethical business and reinforces the importance of awareness of compliance requirements • Our Anti-Bribery Policy sets out our responsibilities and provides information and guidance on what bribery is and how to deal with bribery and corruption issues. Those working for or with us must observe and uphold the policy • Our Sanctions Policy ensures that the business complies with all relevant international and financial sanctions in force at the time by the US, UN, EU or UK government • Our Supplier Code of Conduct sets out our expectation of our suppliers to comply with all anti-bribery laws	• All colleagues and Board members are required to complete annual mandatory training aligned with Our Code, and systems are in place through the Speaking Up framework to enable employees to identify and raise issues, including suspected wrongdoing, fraud or malpractice in the workplace • Bespoke training on the Anti-Bribery Policy is provided to employees working in roles or territories at higher risk of bribery and corruption issues • Compliance with the Anti-Bribery Policy is kept under review and reported to the Management Board and Audit and Risk Committee biannually • Bribery and corruption risks are reviewed annually by the Audit and Risk Committee, as is wider policy compliance	• We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, as well as implementing and enforcing effective systems to counter bribery and corruption	• Legal and regulatory non-compliance (including with the Bribery Act 2010) is recognised as a principal risk. We have a compliance programme in place to mitigate the risk of bribery, which is articulated in our Anti-Bribery Policy

RISKS AND UNCERTAINTIES

Risk Landscape

The increasing pace of change in the market and the continued impact of the macroeconomic environment and global uncertainty means we must continue to be agile in the way we implement our strategy and manage the resulting risks.

Our approach

The focus in 2023 has been on evolving our approach to risk management to ensure it remains appropriate for the risk landscape and proportionate so as not to stifle creativity. We started the year by reassessing our risk landscape and deep diving into the risk categories that this is made up of. The learnings from this exercise allowed us to adapt our approach to further drive standardisation in our risk management processes and enhance our understanding of ITV's most critical risks.

Our approach places emphasis on the importance of collaboration between the Central teams that set expectations and the Divisions. On a periodic basis, the Divisions review their exposure to the key risk categories managed centrally to identify any significant and emerging risks that might affect their performance. In addition, the Divisional Leadership teams bring together their most significant risks and uncertainties, including emerging risks, for discussion and prioritisation. This 'top-down' and 'bottom-up' approach is facilitated and overseen by the Group Risk team.

Emerging risks

Given the changing landscape in which we operate, we have increased our focus during 2023 on identifying and understanding the emerging risks we face so we can proactively take action now. This involved expanding the ongoing horizon scanning performed to embed it as a key consideration when assessing the current position of each principal risk category.

Our two key emerging risks are climate and the transformative impact of Generative Artificial Intelligence (Generative AI).

SPOTLIGHT ON…

CLIMATE

- We approach the actual and emerging risks associated with the climate no differently to how we manage any other risk faced by ITV. The activities taken to manage our responsibilities related to emerging regulations, investor expectations and our external disclosure requirements are of particular interest to the Board.
- Upskilling and educating the business forms the basis for ensuring we have effective management and accountability for our environmental obligations. This is supported by a network of green leads to support both the owners of climate-related risks and colleagues across ITV to transform our business so we are fit to thrive in a sustainable economy. Our Sustainability team acts as the glue to oversee these activities, join the dots and provide advice and guidance.
- Whilst we do not categorise Climate as a standalone principal risk, which could materially threaten our viability or strategy, we recognise that climate needs to be considered as part of our everyday activities and is intrinsically linked to many of our risks.
- For more information on our climate-related risks, see our Climate-Related Financial Disclosures Report.

Risk appetite

To help focus the way we manage our principal risk categories, the Board has defined our risk appetite for each one to enable us to strike the right balance between risk taking and risk mitigation. Our risk appetite reflects ITV's willingness to be innovative and open to ideas as we pursue our strategy, whilst maintaining our low tolerance in operational areas, such as duty of care, data protection and corporate compliance.

Risk leadership and governance

Our leadership plays an important role in ensuring risk management is considered in key decision making. Each of our principal risk categories has a Management Board sponsor. They articulate each risk, how we manage them and the actions being taken to operate within our risk appetite.

ITV's risk oversight and governance framework has been set up to assist the PLC Board in fulfilling its responsibility for overseeing the management of risk across ITV.

The Risk and Compliance Steering Committee (RCSC) plays an integral part in assisting the Management Board in overseeing the management of risk across ITV. It provides the central teams and divisions with a route to escalate risks and commissions deep dives into principal and emerging risks to enhance understanding of the key drivers, mitigating activities and identify further management activity required.

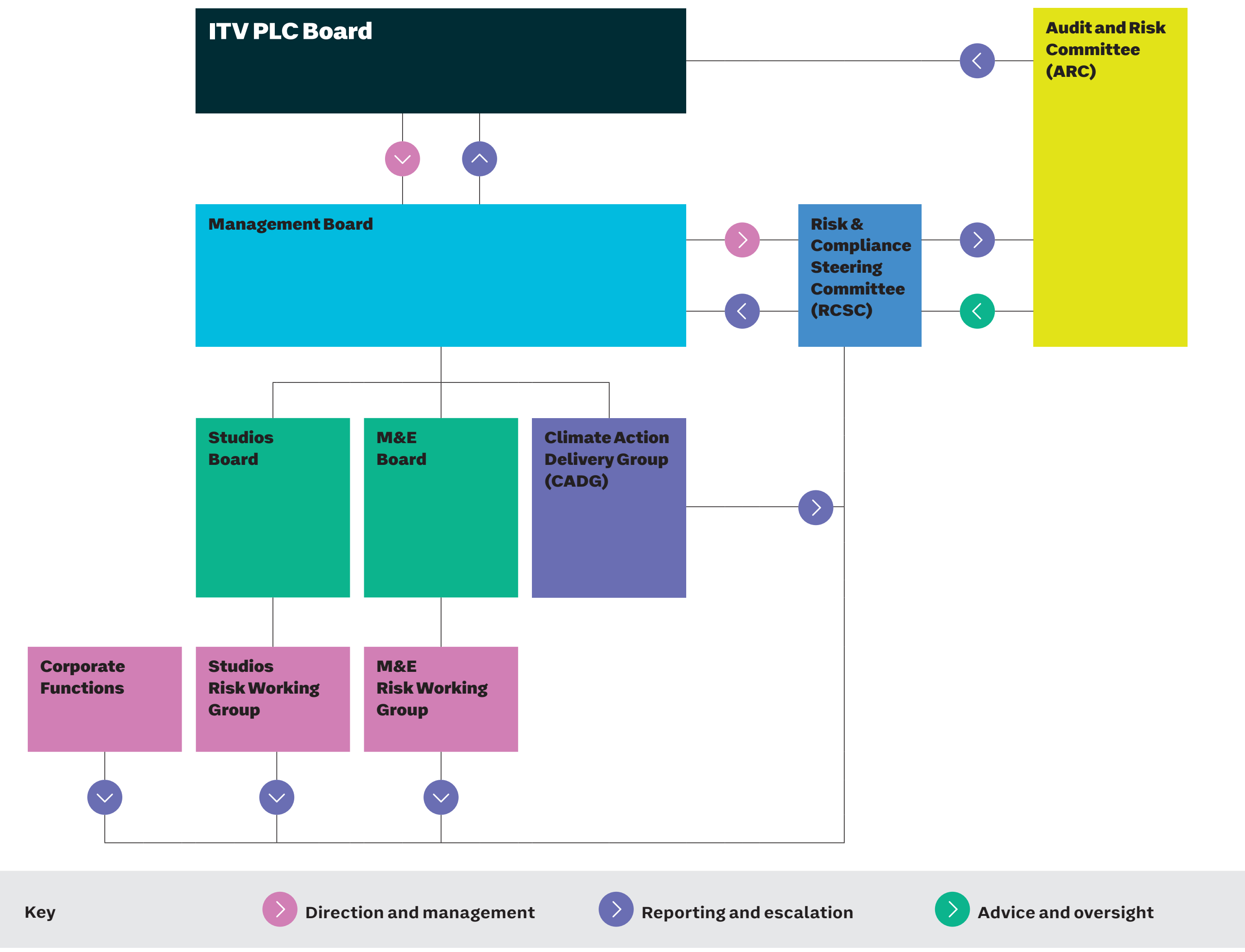
The Management Board conducts a robust assessment of principal and emerging risks faced by the Group twice a year. This includes consideration of the potential impact and probability of each of these occurring. The outcome of these assessments is presented to the Audit and Risk Committee and the PLC Board for review and approval.

SPOTLIGHT ON…

CLIMATE

- The Climate Action Delivery Group (CADG) has been established to support the Management Board in overseeing the management of climate-related risks. This Group, chaired by the CFO/COO, meets four times a year to review and challenge progress against plans, deep dive into escalated risks and identify areas where further management activity is required.
- The CADG plays an important role in ITV's risk oversight and governance. It reports and escalates key risks to the RCSC that are considered as part of the Management Board's robust assessment of principal and emerging risks. It also provides updates to the Management Board, Audit and Risk Committee and PLC Board on progress against climate-related targets and our climate-related disclosures for review and challenge.

OUR RISK OVERSIGHT AND GOVERNANCE STRUCTURE AT A GLANCE



Risk Management Effectiveness

The PLC Board continues to monitor the effectiveness of risk management at ITV. An independent assessment of ITV's risk management framework and practices was conducted during Q4 2023 as part of the 2023 internal audit plan. The review concluded that significant progress has been made over the last year to achieve an effective state for principal risk management within ITV, with a number of opportunities to enhance the framework and practices identified and reflected in our risk management plans for 2024.

Changes to principal risks during the year

The ongoing management and monitoring of ITV's most critical risks throughout the year has led to changes to the principal risks from the previous reporting period (H1 2023). These included:

- Splitting 'cyber-attack or data breach incident' into two separate principal risks to enhance transparency, improve accountability and enable us to establish more focused mitigation strategies
- Removing 'Pensions Deficit' as the ITV pension scheme position has significantly improved
- The addition of 'Third-Party Risk Management' to recognise the increasing complexity and importance of our third-party relationships and the potential these have to cause significant damage to our reputation
- Promoting 'Operational Resilience' to recognise the importance of being able to withstand and recover from our technology and/or services being compromised.

Principal risks and mitigations

Set out below is a description of each of our principal risks and how they are being managed and mitigated.

Key	Link to strategy	Risk direction of travel (after current mitigations)	Emerging risks
	E Expand Studios globally	↑ Risk is increasing	£ Indicates where there are macroeconomic related factors, which may influence the risk.
	S Supercharge Streaming	↓ Risk is reducing	Indicates where there are climate-related factors, which may influence the risk.
	O Optimise Broadcast	− Risk remains static	Indicates where there are AI-related factors, which may influence the risk.

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

STRATEGIC RISKS

1. Streaming

Link to strategy: S

MB Sponsor: Managing Director, Streaming, Interactive & Data

Description	What this risk category covers:	Some of the things we do to manage it:
ITVX does not grow at the pace required to deliver the desired strategic or financial outcomes Link to Viability Scenarios: 1 | 2 | 6	• How we attract viewers to our streaming services in an increasingly competitive and challenging market • How we maintain strong relationships with platforms and distributors • How we create a competitive subscription proposition whilst continuing to drive ad-funded video on demand viewing • How we manage the complexity of the infrastructure and technology chains involved in the transition to streaming	• Continue to invest in our streaming capability (e.g. personalisation) • Continue to evolve our partnership & distribution strategy • Continue to invest in content and marketing • Ongoing monitoring of our performance KPIs • Horizon scanning of the external market
£ Risk direction: 2023: − 2022: ↑	**Examples risks in this category:** • Inability to maximise prominence and inclusion • Increased competition for viewer attention • Maintaining pace with the market and viewer expectations	**Some of the metrics we track:** • Monthly Active Users (MAUs) • Total Streaming Hours • UK Subscribers • Digital Revenues • Share of Voice

2. Content Market

Link to strategy: E

MB Sponsor: Managing Director. ITV Studios

Description	What this risk category covers:	Some of the things we do to manage it:
Fundamental changes in the content market may result in reduced opportunities, non-renewal of premium programmes, and/or impact the profitability of ITV Studios content Link to Viability Scenarios: N/A	• The impact the structural decline in linear audiences has on programming budgets and slots for free-to-air (FTA) broadcasters • The impact increased vertical integration (traditional and streaming platforms) and market consolidation have on intensifying market competition • The impact that market changes could have on the demand for, and profitability of ITV's content	• Continue to invest in developing, attracting and retaining world-class creative talent • Continue to grow and maintain relationships with a diverse customer base, including global streamers • Continue to seek opportunities to increase market share and drive efficiencies across our productions
£ Risk direction: 2023: ↑ 2022: −	**Examples risks in this category:** • Content spend cuts from FTA broadcasters and streamers • Inability to grow streamer customer base as they become a growing part of the content market • Increased pressure on our pricing, rights and production premium	**Some of the metrics we track:** • ITV Studios total organic revenue growth • ITV Studios adjusted EBITA margin % • Total high-end scripted hours • Number of formats sold in three or more countries • % of ITV Studios total revenue from streaming platforms

3. Commercial

Link to strategy: S O

MB Sponsor: Managing Director, Commercial

Description	What this risk category covers:	Some of the things we do to manage it:
Increasing competition and challenging advertising market conditions impact our revenue stream affecting our ability to fund our content budget Link to Viability Scenarios: 1 | 2 | 4 | 6	• How we compete for share of advertising spend in a challenging macroeconomic environment and with the large streamers launching advertising tiers • The impact redistribution of advertising budgets away from broadcasting to online platforms could have on ad revenue • How we respond to continued tightening of data protection and privacy regulations that impact our ability to provide targeted advertising	• Continue to enhance our integrated advertising proposition to offer i) mass simultaneous reach, ii) data driven target addressable and iii) the ability to integrate brands creatively into our content and the future development of outcome-based advertising products • Continue to invest and extend Planet V to offer unrivalled addressability at scale • Continue to offer a unique creative proposition to advertisers through brand partnerships, product placements, sponsorships, advertiser funded programmes (AFPs) and digital advertising solutions • Continue to invest in an outcomes proposition that enables advertisers to measure the effectiveness of their campaigns • Build strategic partnerships with advertisers and agencies • Continue to monitor the actual and potential advertising restrictions

Risk direction	Examples risks in this category:	Some of the metrics we track:
2023: ↑ 2022: ↑	• Structural decline in broadcast advertising • Increased competition for market share from the larger streamers introducing ad tiers and the growth of online video • Failure to grow monetisable streaming viewers	• Total Advertising Revenue (TAR) • Category spend

4. Changing Viewer Habits

Link to strategy: S O

MB Sponsor: Managing Director, Media & Entertainment

Description	What this risk category covers:	Some of the things we do to manage it:
Inability to respond to changing viewing habits and deliver the forecasted audiences/viewing for both linear and streaming will result in failure to monetise and deliver against Commercial revenue targets Link to Viability Scenarios: 1 | 2 | 3 | 6	• How we attract our most commercially valuable viewers to both linear and streaming content • How we drive reach, scale and simultaneous viewing across linear and streaming • How we anticipate, respond and adapt to the shift towards digital viewing, whilst we maintain and increase our share of media time • How we ensure that our content is accessible wherever, whenever, and however viewers choose to engage with it • How we retain viewers and increase the volume of the content they consume	• Continue to invest in and showcase great content on our channels and ITVX, with a focus on our most commercially valuable viewers • Continue to invest in marketing • Continue to evolve our partnership and distribution strategy to position ourselves where our viewers are • Continue to invest in ITVX to ensure viewers spend longer on the platform once they're there e.g. personalisation • Continue to focus on understanding viewer habits to optimise the relationship between linear and streaming to help drive the way we commission content for ITVX to grow overall reach

Risk direction	Examples risks in this category:	Some of the metrics we track:
2023: ↑ 2022: ↑	• Accelerated decline in linear viewing • Inability to capitalise on the shift to digital viewing through ITVX • Increase competition for viewer attention from large streamers introducing ad tiers and the growth of online video	• Share of commercial viewing • Share of Top 1000 commercial broadcast TV Programmes • TV Viewing – Hours per person per day (adults & 16 to 34s) • Ad viewing time trends

5. Content Pipeline

Link to strategy: S O

MB Sponsor: Managing Director, Media & Entertainment

Description	What this risk category covers:	Some of the things we do to manage it:
Lack of diversified commissioning pipeline (whilst balancing/maintaining mass simultaneous reach on linear TV; attracting light viewers on ITVX; and managing rising content costs) may impact total viewing Link to Viability Scenarios: 1 | 2 | 3 | 6	• How we anticipate and adapt to changes in the tastes and habits of viewers • How we develop a quality and appealing content pipeline that is both resilient to changes in viewer preferences, as well as being financially viable • How we leverage the value of being an integrated producer, broadcaster and streamer to enable us to continue to provide unrivalled viewers of scale for UK advertisers and to grow our digital revenues • How we ensure we are commissioning content by, with and for everyone (Diversity, Equity & Inclusion) whilst also considering the impact our behaviours and those portrayed through our content have on society and the wider environment	• Our data and insights team focuses on understanding the preferences of our most commercially valuable viewers to help drive the way we commission content • Continue to invest in content and talent • Continue to focus on our key franchises and brands to ensure editorial protection • Continue to evolve the way we commission and acquire content as well as innovating how we fund content (e.g. partnerships, Advertiser Funded Programmes (AFPs) and co-productions) • Continue to focus on maintaining strong relationships with independent studios from whom we commission content • Continue to invest in live sports, high-end drama and entertainment programmes to maintain mass simultaneous reach and to attract our most commercially valuable viewers • Continue to commission content by, with and for everyone (e.g. £80 million Diversity Commissioning fund) and to identify ways to make our content accessible to all (e.g. Dedicated British Sign Language (BSL) FAST channel)

Risk direction	Examples risks in this category:	Some of the metrics we track:
2023: ↑ 2022: −	• Increased cost of content driven by rising costs of production and increased competition from competitors • Failing to secure the right talent at the right price • Accelerated decline in linear viewing and growth of other digital offerings	• Share of Commercial Viewing • Share of Top 1000 commercial broadcast TV Programmes • Total Streaming Hours • UK Subscribers

6. Partnerships

Link to strategy: S O

MB Sponsor: Chief Finance Officer / Chief Operating Officer

Description	What this risk category covers:	Some of the things we do to manage it:
An inability to develop and maintain adequate relationships with major platform and distribution providers may result in reduced brand prominence, viewers being unable to find our content and a lack of fair value for that content Link to Viability Scenarios: 1 | 2 | 6	• How we develop and maintain strong partnerships with major platforms and distribution partners to maximise prominence and inclusion of our content • How we manage the trade-offs inherent in our commercial arrangements with our platforms and distribution partners • How we actively plan for long term changes in traditional distribution (DTT & DSat) as viewing continues to transition online (IP)	• Continue to supercharge our streaming service to strengthen our offering to our most commercially valuable viewers and advertisers • Work closely with Ofcom and the government (DCMS) to modernise the PSB regulatory regime • Continue to evolve our partnership and distribution strategy to reduce reliance on single platforms and secure more advantageous commercial relationships • We have a dedicated team that continues to build relationships with the major distribution providers and platforms to ensure ITV remains attractive from a distribution perspective • Continue to collaborate with the other PSBs to a compelling consumer controlled entry point to our content in readiness for the shift to IP only viewing through Freely • Proactive involvement of the ITV Legal team to ensure we continue to operate within our framework

Risk direction	Examples risks in this category:	Some of the metrics we track:
2023: − 2022: ↑	• Failure to negotiate and re-negotiate favourable carriage terms with platforms and distribution partners • Our partners demanding a direct or indirect financial return for continued carriage • The increasing prevalence of biased algorithmic or AI personalisation impacting the prominence of our content	• Relationship health check status

7. Data

Link to strategy: E S O

MB Sponsor: General Counsel and Company Secretary

Description	What this risk category covers:	Some of the things we do to manage it:
Failure to ensure appropriate access to consistent and trustworthy data and remaining compliant with our regulatory obligations. We must ensure the whole of ITV follows the applicable data regulations while anticipating and adequately preparing for future ones. Link to Viability Scenarios: 4	• How we create value and enable efficiency while providing a robust framework for data governance • How we identify the data we have, who is responsible for looking after it, how it moves around ITV, who is using it and how is it being used/what is it being used for • How we remain vigilant in protecting our corporate data and the personal data we are entrusted with whilst following today's global data regulations and anticipating and preparing for tomorrow's	• We structure our approach to data use and management around three pillars – Privacy by design, Security by design and Value by design. • Continue to use the OneTrust privacy compliance management tool to determine whether a Data Protection Impact Assessment (DPIA) is required • Data privacy lawyers and data governance experts are embedded within each of the business areas to act as partners, monitor data activity and usage, and educate the business on their data obligations • We have established policies and procedures which set out what is expected of people across ITV with respect to data • We provide mandatory data privacy and data governance training and promote good data behaviour through awareness campaigns • We perform due diligence on our third parties prior to onboarding • AI SteerCo was established to provide oversight of the use and implications of AI for ITV
Risk direction: 2023 2022	**Examples risks in this category:**	**Some of the metrics we track:**
	• Using data to inform decision making without understanding its quality, accuracy, validity, ownership or legality • Failing to comply with data protection laws or regulations that apply to ITV • Unintentional data exposure (corporate or personal) as a result of insufficient employee awareness of data governance and data privacy • Cyber-attacks from well organised threat groups targeting ITV resulting in a data breach	• Mandatory Training • Data Subject Requests • Total investigated incidents • High Risk DPIA's

COMPLIANCE RISKS

8. Policy & Regulation

Link to strategy: S O

MB Sponsor: Group Director of Strategy, Policy & Regulation

Description	What this risk category covers:	Some of the things we do to manage it:
We engage with regulators and governments to put our case to shape the future regulation that protects viewers whilst ensuring PSBs can compete fairly and deliver their remits. We must then be in compliance with these regulations whilst maintaining trust and delivering our strategy Link to Viability Scenarios: 1 | 2 | 6	• The impact the new Media Bill will have on the visibility and viability of our content distribution and advertising businesses • The impact changes in advertising regulation may have on our Total Advertising Revenue (TAR) • The impact of emerging regulations and policy on our business (e.g. sustainability and child protection) • How unfavourable changes to European Works quotas could impact the demand for UK content • How we continue to meet the expected requirements of a Public Service Broadcaster (PSB)	• Continue to monitor potential policy, legal and regulatory developments • Analyse the impact of potential changes and proactively put forward our position during the development of new policies, legislation and regulations. • Continue to engage with the government and regulators on the PSB regime and other topics relevant to our industry • Actively participating in consultations on areas which may impact ITV and collaborating with other organisations in the industry, where appropriate in line with our competition law obligations. e.g. with pan-European report on possible European Works quota changes • Horizon scanning to identify future changes, analysing the impact this would have on ITV and agreeing our position (e.g. medium to long term future of DTT)
Risk direction: 2023 2022	**Examples risks in this category:**	**Some of the metrics we track:**
	• Regulation not keeping pace with the market • Keeping up with evolving regulation • Failing to comply with standards, rules, requirements and obligations • Continuing to fulfil the requirements of being a Public Service Broadcaster (PSB) • Renewal of Channel 3 nations, regions and breakfast licenses	• Regulatory outlook

9. Corporate Compliance

Link to strategy: E S O

MB Sponsor: General Counsel and Company Secretary

Description	What this risk category covers:	Some of the things we do to manage it:
We seek to remain compliant with all substantive laws. Key areas of compliance activity in respect of relevant laws, for example, those relating to anti-bribery & corruption, modern slavery, anti-competitive behaviour, competition, trade sanctions and Speaking Up Link to Viability Scenarios: N/A	• Breaches of corporate compliance could lead to prosecution, fines, litigation or a regulator stepping in, which might impact our reputation and our ability to operate if it resulted in the loss of licenses • How we set the expectations of our people and develop the operational infrastructure and tools to drive and make compliance easy for the business	• Through our Code of Ethics & Conduct, we foster a culture where colleagues know the standards expected of them and can speak up if something's not right • We implement a robust tailored compliance programme based on our risk assessment, including undertaking compliance monitoring and effectiveness reviews • Promote good compliance behaviour in our colleagues, through awareness and mandatory training • Work with the business to support the adoption and implementation of compliance policies and standards • Conduct due diligence on potential third parties • Horizon scan to prepare for legislative changes and developing policies to address them
Risk direction: 2023 2022	**Examples risks in this category:**	**Some of the metrics we track:**
	• Being exposed to third parties or colleagues engaging in unlawful or non-compliant activities on ITV's behalf • Inadequate operational infrastructure to drive and support the execution of a strong third party risk management process • Lack of clear infrastructure and appropriate culture for compliance matters in the business	• Speaking Up • Mandatory training

OPERATIONAL RISKS

10. Cyber Security

Link to strategy: E S O

MB Sponsor: Chief Technology Officer

Description	What this risk category covers:	Some of the things we do to manage it:
We aim to protect ITV, our content, our colleagues, our viewers and our partners from harm and financial loss caused by cyber security events. We adapt our controls accordingly to detect and respond to the evolving threat Link to Viability Scenarios: 4	• A successful cyber-attack could lead to 'black screens' and result in a commercial impact due to operational disruption or critical system outage • A catastrophic data breach could result in ITV receiving a fine from the Information Commissioner's Office (ICO) of up to 4% of worldwide turnover • Failure to maintain trust and live up to regulatory, viewer, partner and other stakeholder expectations related to cyber security could weaken our reputation	• Implement a robust cyber security risk management (NIST) framework to protect our applications, systems and networks • Monitor external threats and gather intelligence on evolving cyber techniques, tactics, capabilities and the threat landscape • Maintaining a vigilant security setup to quickly detect and respond to cyber risks before they become incidents, whilst continuing to invest in new and emerging cyber defence and security tooling • Promote good security behaviour in our colleagues, through awareness campaigns and mandatory training • Perform due diligence on our third parties and monitor our online applications and technical validation • Model a severe but plausible hypothetical cyber-attack scenario annually and facilitate cyber exercises with the Management Board to simulate an attack to rehearse how ITV would respond and identify and implement improvement areas • Continue to focus on ITV's recovery capability and minimal viable company
Risk direction: 2023 2022	**Examples risks in this category:**	**Some of the metrics we track:**
	• Cyber-attacks from organised threat groups targeting ITV • Being exposed to third parties with vulnerabilities that can access our systems • End of life legacy IT estate vulnerabilities • Labels IT infrastructure Independent to Group	• Attack path stats (by severity) • Endpoint-related incidents (No. per quarter & trends) • ITVX Bot Attacks • Minimum Viable Company (MVC) Recovery Capability • Third party assessment (critical suppliers)

11. Transformation

Link to strategy: E S O

MB Sponsor: Chief Finance Officer / Chief Operating Officer

Description

We are accelerating transformation delivery to build a simpler, more efficient and dynamic ITV in pursuit of our More Than TV Strategy

Link to Viability Scenarios: N/A

What this risk category covers:

- Failing to deliver our transformation ambitions will adversely impact our efficiency, financial performance, and viewer experience while impacting our reputation
- We are focused on enabling and driving digital transformation by enhancing organisational agility, improving commercial control and flexibility and embedding a culture of achievement
- We do this while remaining cognisant of the volume, speed and extent of change required to achieve this

Some of the things we do to manage it:

- Our Transformation Operations Directors Office (TODO) focuses on operational issues and reducing the risk involved in a number of significant and costly transformation activities
- Management Board sponsors, and experienced and skilled programme directors across all transformation programmes
- Continue to instil new ways of working through implementing Agile and standardising tooling
- Continue to upskill key business stakeholders with sufficient knowledge to hold their programme teams to account.
- Monthly Transformation Steering Group (TSG) to track the overall portfolio delivery and programme dependencies
- Group Design Authority (GDA) and Group Investment Committee (GIC) to manage technical design and investment across the portfolio

Examples risks in this category:

- Inadequate change management to overcome resistance to change
- Insufficient resource, lack of required capabilities and reliance on contractors / third parties
- Failure to manage complex interdependencies
- Transformation programmes fail to deliver the intended value

Some of the metrics we track:

- Programme Milestones
- Programme Benefits

Risk direction:

2023	2022
–	–

12. People

Link to strategy: E S O

MB Sponsor: Chief People Officer

Description

An inability to attract, develop and retain key creative, commercial, technical and managerial talent could adversely affect our business

Link to Viability Scenarios: N/A

What this risk category covers:

- To attract and retain the right people in the right places for an organisation as complex and diverse as ITV, we need to have effective strategic workforce planning
- Day-to-day people management activities include managing high levels of recruitment, onboarding and terminations, and providing access to relevant training and development opportunities
- Failure to engage our people to ensure their health and wellbeing and create a diverse and inclusive workplace could impact our performance and growth ambitions

Some of the things we do to manage it:

- Continue to develop our Employee Value Proposition (EVP)
- Continue to evolve our approach to mandatory training and speaking up through updating existing modules, introducing new modules and phasing the launch throughout the year
- Ongoing development of succession plans for business critical and management roles (including nominated deputies).
- Continue to identify future talent (High potential programme), support the development of people of colour (RISE programme), develop the skills needed to help drive the business forward (Digital skills programme) and offer industry-leading production training (ITV Academy)
- Our global Employee Assistance Programme (EAP) is available to permanent, fixed term and freelance colleagues, as well as to dependents.
- Create an inclusive culture through Disability Access Passports, Amplify, Fresh Cuts and continuing our Step Up 60 initiative
- Run engagement surveys and targeted pulse surveys to deep dive into specific topics

Examples risks in this category:

- Failure to attract and retain colleagues in a highly competitive industry
- Technological advancements resulting in a workforce skills gap
- The actions of onscreen talent impacting ITV's reputation and brand
- Failing to maintain a diverse organisation impacting our innovation and creativity

Some of the metrics we track:

- Resignation Index
- New Hires (Women, Disability, Colour and LGBTQ+)Diversity Data (Demographic and disability information)

Risk direction:

2023	2022
–	↑

13. Duty of Care

Link to strategy: E S O

MB Sponsor: Chief Executive Officer

Description

Failure to extend an adequate duty of care or the occurrence of a major health and safety incident could result in physical and mental harm, loss of human life and reputational damage

Link to Viability Scenarios: N/A

What this risk category covers:

- Ensuring we run our business safely with consideration to our duty of care and the impact we could have on society
- Supporting the mental and physical health and safety of colleagues, those working with ITV and those participating in and contributing to our productions, is a key priority
- Our commitment to addressing promptly, fairly and confidentially all concerns and monitoring the channels we have in place to ensure they remain appropriate

Some of the things we do to manage it:

- We maintain a 'Speaking Up' framework that allows anyone working for or with ITV to raise concerns in confidence through Safecall , alongside other channels to raise concerns.
- Continue to drive awareness of 'Speaking up' through communications and mandatory duty of care training module
- We have a comprehensive operational risk management process, and through this, we identify risks to both people's physical and mental health and safety and put in place measures to manage them appropriately
- The ITV Feel Good offering continues to provide advice, support, resources and tools for inspiring and enabling colleagues to look after their own well-being and have a balanced and healthy working lifestyle in a hybrid world
- We continue to evolve the Participant Aftercare Programme (PAP)
- We support participants through the Participant Crisis Care Stabilisation Pathway, an Out of Hours Welfare Helpline and a 'call off' contract with the Nightingale Hospital
- Partner with the BBC, to develop an Industry Media Psychologist Development Programme
- Our social purpose campaigns seek to support the viewing public, including the award-winning Britain Get Talking.
- Continue to monitor and respond to historical issues to further strengthen our Duty of Care policies

Examples risks in this category:

- Failure to appropriately support individuals working with ITV in our pursuit of editorial content that is relevant and entertaining
- Failure to adequately consider the impact our content could have on society

Some of the metrics we track:

- Speaking Up data
- Accident/Incident Data

Risk direction:

2023	2022
–	–

14. Third Party Risk Management

Link to strategy: E S O

MB Sponsor: Chief Finance Officer / Chief Operating Officer

Description

ITV relies on a wide range of third parties to operate its business. We therefore must have robust processes in place for risk assessing, onboarding and the ongoing management

Link to Viability Scenarios: N/A

What this risk category covers:

- The robustness of our due diligence process for onboarding third parties to make sure they meet our standards
- How we adequately monitor and manage the impacts of third-party relationships
- Maintaining a holistic alongside a detailed overview of the third parties ITV engages with

Some of the things we do to manage it:

- Continue to evolve our Third Party Risk Management (TPRM) framework to support ITV with assessing and managing risks associated with vendor relationships
- Ongoing input from the risk domain leads to enhanced due diligence performed across all third-party relationships
- Our supplier code of conduct sets out the minimum standards we expect of all suppliers
- Continue to extend the use of the Prevalent platform to automate the risk management of our vendors
- Continue to set expectations in contracts for talent
- Ongoing monitoring of our distribution providers

Examples risks in this category:

- Failure to adequately assess, monitor and manage the impacts of third-party relationships
- Colleagues bypass the due diligence process
- Lack of holistic overview of the third parties ITV engages with

Some of the metrics we track:

- The development and agreement of metrics for the new principal risk is underway

Risk direction:

2023

New Risk

15. Operational Resilience

Link to strategy: E S O

MB Sponsor: Chief Finance Officer / Chief Operating Officer

Description	What this risk category covers:	Some of the things we do to manage it:
A major business continuity incident with linear/online transmission or a critical ad system may result in service interruption and revenue loss **Link to Viability Scenarios:** 4	• Maintaining business operations, including our ability to broadcast linear TV, distribute & stream content and generate Ad revenue is imperative • We recognise the complexity of the infrastructure and technology our critical business operations rely on, and the impact these being compromised could have on our resilience. In particular, the number of third parties we rely on, the increasing number of platform partners that we broadcast content across/through, the range of broadcasting operations (i.e., multiple regions, sites and across multiple systems) and the continually evolving methods by which we distribute content • We seek to build resilience into our key IT systems and focus on maintaining robust and tested disaster recovery and business continuity plans	• Continue to focus on understanding the minimal viable company and ITV's recovery capability • Annual major incident scenario testing and ahead of major live events • Maintain and regularly update business continuity and disaster recovery plans • Continue to review and monitor operational performance • Continue to closely manage our broadcast chain partners and suppliers to ensure the risk of incidents is minimised
	Examples risks in this category:	**Some of the metrics we track:**
Risk direction: 2023 New Risk	• Lack of resilience in our key IT systems • Inadequate IT disaster recovery plans to meet ITV's business operation needs • Ineffective operational business continuity plans	• The development and agreement of metrics for the new principal risk is underway

CLIMATE RELATED FINANCIAL DISCLOSURES

Our commitment to Climate Action

We recognise the climate crisis and the impact it may have on both the wider world and the success of our business. We are committed to providing greater transparency regarding ITV's exposure to climate-related risk and the mitigating actions we are taking to enhance our preparedness, responsiveness and resilience in the face of these uncertainties.

This climate related financial disclosure report has been prepared to meet the minimum requirements outlined within the Task Force on Climate-related Financial Disclosures (TCFD) as well as the mandatory reporting requirements set out in the Companies Act relating to Climate-related Financial Disclosures (CFD). We have also released our first Climate Transition Plan which sets out ITV's climate ambitions and our plans to transition the business to a net-zero pathway. For more information, see our Climate Transition Plan.

TCFD and CFD Summary Disclosure

The table below signposts where the TCFD recommendations and CFD requirements can be found in the report.

	Task Force on Climate-related Financial Disclosures (TCFD) Recommendation	Relevant Section		Companies (Strategic Report) (Climate-related Financial Disclosure (CFD)) Regulations	Relevant Section
Governance					
A.	Describe the board's oversight of climate-related risks and opportunities.	Risk leadership and governance (page 66)	**A.**	Describe the Company's governance arrangements in relation to assessing and managing climate-related risks and opportunities.	Risk leadership and governance (page 66)
B.	Describe management's role in assessing and managing climate-related risks and opportunities.	Our Approach (page 66)			
Strategy					
A.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Strategy (page 66)	**D.**	Describe i) the principal climate-related risks and opportunities arising in connection with the Company's operations, and ii) the time periods by reference to which those risks and opportunities are assessed.	Strategy (page 66)
B.	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Strategy (page 66)	**E.**	Describe the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy.	Strategy (page 66)
C.	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Detailed Risks Strategy (page 66) Resilience (page 71)	**F.**	An analysis of the resilience of the Company's business model and strategy, taking into account consideration of different climate-related scenarios.	Detailed Risks Strategy (page 66) Resilience (page 71)
Risk Management					
A.	Describe the organisation's processes for identifying and assessing climate-related risks.	Risk Management (page 66)	**B.**	Describe how the Company identifies, assesses, and manages climate related risks and opportunities.	Risk Management and Governance (page 66)
B.	Describe the organisation's processes for managing climate-related risks.	Governance (page 66)			
C.	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Risk Management and Governance (page 66)	**C.**	Describe how processes for identifying, assessing, and managing climate related risks are integrated into the Company's overall risk management process.	Risk Management and Governance (page 66)

	Task Force on Climate-related Financial Disclosures (TCFD) Recommendation	Relevant Section		Companies (Strategic Report) (Climate-related Financial Disclosure (CFD)) Regulations	Relevant Section
Metrics and Target					
A.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Metrics & Targets (page 71)	**H.**	Describe the key performance indicators 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.	Metrics & Targets (page 71)
B.	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Metrics & Targets (pages 36 and 71)		N/A	
C.	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Strategy (page 66)	**G.**	Describe the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.	Metrics & Targets (page 71)

Risk management

Our approach to identifying, assessing, managing and monitoring climate-related risks and opportunities

ITV's risk management framework provides the guardrails for risk management activities and the risk management process supports central functions and divisions to identify, assess, manage, monitor and report on risks, including climate-related risks.

Climate change is not currently categorised by the Board as a Group 'Principal Risk' as it is unlikely to have a substantial financial impact in the next three years. It has however been identified as a key 'Emerging Risk' to ITV with the potential to impact the way we do business in the medium to long term. We continue to assess climate risks with management and the Board every six months.

We focus on the day-to-day management of climate risks. Ownership is assigned to all risks with mitigations and progress against action plans reviewed and challenged by the Climate Action Delivery Group (CADG). Risk owners have responsibility for monitoring the risks and opportunities, including implementing appropriate management strategies with support provided by the Risk and Social Purpose teams.

We assess climate related risks and opportunities at Group, Divisional (Studios and M&E) and entity level. ITV's principal risks with the potential to be most impacted by climate change are *Commercial, Content Market and Content Pipeline*. We are taking action through our Social Purpose goals to mitigate and manage their impacts both today and in the future, ensuring we continue to build resilience to climate-related physical and transition risks.

Governance

Our governance structures support the PLC Board, committees and senior management to ensure that climate change is integrated into our strategy, business process and decision making. For more information on climate governance, see the Risk and Uncertainties section.

Assessing and Managing climate-related risks and opportunities

Each business area is supported by Green Leads and Green Teams that follow the risk management process to identify, assess and manage climate-related risks and opportunities on a day-to-day basis. They work closely with the Sustainability team which plays a key role in reviewing these risks and opportunities.

The CADG is a sub-committee of the Management Board that meets quarterly and receives updates from the Green Leads. It provides oversight and direction over ITV's climate action agenda, implementation of strategies, environmental targets and climate related risks and opportunities. Outcomes of these meetings are reported to the Management Board and Divisional Boards quarterly to inform decision making.

Remuneration Incentives

The Management Board members have emission reduction targets included in their bonuses and all senior management have Environmental, Social and Corporate Governance (ESG) objectives. These measures encourage leadership to actively contribute to reducing ITVs carbon footprint. All colleagues consider their contributions to ITV's Climate Action and ESG targets in their Talking Performance reviews and through a yearly mandatory training module.

Strategy

To date, ITV has not experienced a material impact or cost from climate risks and opportunities. We continue to track these impacts (such as costs from extreme weather events), to monitor if and when this does become the case.

Our Methodology and Assumptions

We review the Climate Scenario Analysis (CSA) on a three year cycle and update the scenarios using the latest science. The assumptions on which our CSA is built have not changed since our last assessment. Our key risk areas remain:

1. Changes in the advertising sector
2. Increased costs in the transition to a low carbon world
3. Resilience of productions to extreme weather events

For each of the key risk areas, we conducted quantitative modelling and qualitative assessment of the potential impact both physical and transitional risks may have on our business in a 1.5°C, 2°C and 3+°C warming scenario, as at 2030, assuming our business model and activities remain the same as today.

Our overall assessment of the risks, indicates that as a business ITV is not significantly exposed to physical or transition climate risks in our operations and our Group business strategy remains relevant even in light of evolving climate risks. The risks (individually or collectively) do not represent a threat to our long-term viability, liquidity or ability to operate and no risks were identified which suggested we need to impair balance sheet assets. The Detailed Risks section that follows, describes the risks we have considered to arrive at this conclusion.

Given the evolving nature of climate change and the future policy changes governments globally are considering, there remains a number of uncertainties in our modelling. We will continue to review our risks and opportunities in this light and intend to continue building on this analysis by modelling further risks and opportunities, as they are identified. As the risks and opportunities have remained consistent with previous years, the methodology used for modelling has remained consistent.

The RAG rating indicates ITV's exposure to the key climate related risk areas based on the two opposing scenarios of 'action' and 'no action' in response to climate change, using an amalgamation of financial impacts and benefits.

RAG Key

Risks	Opportunities
Minimal increase in expenditure and / or reduction in revenue	**Significant benefit**
Moderate increase in expenditure and / or reduction in revenue	**Moderate benefit**
Significant increase in expenditure and / or reduction in revenue	**Minimal benefit**

Detailed Risks

Time Horizon Key

Impact time horizon	From (years)	To (years)	Aligned to
Short-term	0	1	ITV Annual reporting period
Medium-term	1	3	ITV Long term viability assessment period and strategic planning cycle
Long-term	3	10+	ITV science-based and Net Zero targets*

*This has been extended to align with our additional 2050 emissions commitments

1. CHANGES IN THE ADVERTISING SECTOR

Context	Scenario	Impact
Context The advertising market continues to shift to the promotion of low-carbon products and sustainable communications with increased pressure from governments, regulators, as well as from agencies and brands from within the industry. Including: • Stricter advertising regulations or outright bans for carbon insensitive brands and products. • Major brands shrink or fail to survive. • Increased use of carbon calculators in planning and buying media (e.g. capping frequency of ad campaigns to reduce carbon emissions).	**Current policies (3°C+)** (High carbon scenario impact)	**Revenue loss –** minimal Advertising regulators continue to look unfavourably at greenwashing and companies with a high carbon footprint. We will need to consider the reputational impacts of the adverts we broadcast and advertisers we work with.
	SDS (2°C+) (Low carbon scenario impact)	**Revenue loss –** minimal Advertisers considered as carbon-insensitive or environmentally damaging and therefore subject to bans on advertising of their products or services are limited. This impact will be replaced by clients advertising low carbon alternative products.
Time horizon Medium – Long-term **Impact Area** Revenue Loss	**NZE by 2050 (1.5°C+)** (Very low carbon scenario impact)	**Revenue loss –** moderate Governments introduce strict policies to influence consumption behaviours and a higher proportion of our high emitting advertising clients are subject to bans. However, we are able to replace a portion of this revenue through clients advertising low carbon alternative products.

How we are building our resilience to a 2°C or less scenario

There remains uncertainty around the timing and impact of advertising restrictions. In order to prepare for the potential changes, we are:

- Monitoring the regulatory landscape and engaging with parliamentarians and the UK government to make the case for evidence-based regulation of advertising to limit the impact of advertising restrictions on ITV.
- Continuing to work with advertisers to seek out alternative options to replace potential lost revenue.
- Monitoring the share of our advertising revenue that is aligned with our climate targets and the Net Zero transition
- Trialling incentives with one major agency customer to provide additional media for sustainable brands in their client base
- Working with advertisers to improve the effectiveness of climate-related advertising
- Working closely with collaborative project Ad Net Zero and the advertising sector to support the development of industry wide approaches to the Net Zero transition
- Scaling our existing sustainable partnerships (e.g. eBay / Love Island and Big Brother / Vinted)
- Developed digital targeting opportunities to enable advertisers to reach 'climate conscious' consumers.

Based on our understanding of the context around this risk and all actions in place to prepare, we are confident that we are building resilience against the potential implications of this risk on ITV

Metrics	Targets
Percentage of revenue aligned to our climate action objectives: • Percentage of i) top 100 advertisers and ii) major media agencies scoring good or excellent against climate action goals (based on a methodology created by ITV to allow us to start tracking how our revenue aligns to our net zero transition) • Percentage of Commercial colleagues completing climate awareness training **Upcoming metrics:** Carbon footprint of adverts running on ITV platforms	We do not currently have any specific targets in respect of this risk, and will reassess the need for specific action once we have a better understanding of the relevant indicators.

Link to existing principal risk

Commercial

2. INCREASED COSTS IN THE TRANSITION TO A LOW CARBON WORLD

Context All businesses will face costs associated with the transition to Net Zero and a low carbon economy. Carbon emissions taxation is being imposed by more nations worldwide to limit and reduce carbon intensive activities causing climate change. We may be exposed to increased costs of operating in all areas of our business. This could come from increased environmental regulation, carbon pricing or emissions taxation, investment in low carbon technologies as well as throughout our supply chain. In addition, shifts in supply and demand due to climate related impacts may result in ITV not being able to source materials for production due to costs. **Time horizon** Medium **Impact Area** Expenditure increase	**Current policies (3°C+)** (High carbon scenario impact)	**Expenditure increase –** minimal The Current Policies' scenario assumes that no carbon pricing is introduced and therefore the increased costs are limited as it stays business as usual.
	SDS (2°C+) (Low carbon scenario impact)	**Expenditure increase –** moderate Increased costs may be felt from the wider transition to a low carbon economy. However, the SDS scenario does not provide an indication of how government or regulation may intervene in this area.
	NZE by 2050 (1.5°C+) (Very low carbon scenario impact)	**Expenditure increase –** moderate Increased costs may be felt from wider transitions to a low carbon economy. Highest impact expected in terms of increased costs passed on through the supply chain.

How we are building our resilience to a 2°C or less scenario

We are actively seeking to limit the amount of carbon we emit in our business. We continue to focus on increasing our use of renewable energy, assessing the maturity of our suppliers in relation to managing climate related risks and partnering with peers to support an industry-wide transition approach. Examples of how we are building our resilience include:

- Consolidating our London offices from three sites to two;
- Focusing our office and productions investment on improving resilience
- Adopting a centralised approach to procuring and maintaining electric vehicles and the supporting infrastructure.
- Transitioning to the cloud, using partners aligned to our Net Zero targets and data centres powered by renewable energy

Metrics	Targets
• Scope 1, 2 and 3 footprint; • percentage of our electricity coming from a renewable energy tariff; • number of key suppliers aligned with our targets	• 46.2% reduction of scope 1 and 2 by 2030; 28% reduction of scope 3 by 2030 (base year 2019); • 100% of our electricity coming from renewable tariff by 2025; • 100% of our key suppliers aligned with our targets by 2025.

Link to existing principal risk

Not currently linked to a principal risk. However, it is linked to our climate emerging risk.

3. RESILIENCE OF PRODUCTIONS TO EXTREME WEATHER EVENTS

Context If governments and organisations fail to adequately respond to climate change, we are likely to see an increase in physical climate risks, such as extreme weather events. Extreme weather events have the capacity to significantly impact ITV productions. This may result in operational interruption resulting in delay in delivering content, meeting consumer contracts and unforeseen costs. **Time horizon** Medium **Impact Area** Expenditure increase	**Current policies (3°C+)** (High carbon scenario impact)	**Expenditure Increase –** moderate An increase in the frequency and severity of extreme weather events will result in costs associated with adapting our approach to how we film, travel and maintain business operations as well as challenges to obtaining insurance. We do however continue to evolve our resilience and continuity plans to ensure they can respond to extreme weather events.
	SDS (2°C+) (Low carbon scenario impact)	**Expenditure Increase –** minimal to moderate The world is already experiencing the impacts of extreme weather events globally, and whilst the frequency and severity of these events under this scenario is assumed to be manageable, we anticipate we will feel these impacts more, with some corresponding financial consequences.
	NZE by 2050 (1.5°C+) (Very low carbon scenario impact)	**Expenditure Increase –** minimal As the world is already experiencing the impacts of extreme weather events globally, the increase in frequency and severity of these events in this scenario is assumed to be manageable within ITV's existing business continuity procedures.

How we are building our resilience to a 2°C or less scenario

Within the international ITV Studios business, the environment and potential weather events are key considerations when making decisions on filming locations and as part of risk assessments. Should a situation arise, we would respond on a case-by-case basis, supported by our existing business continuity measures, which include insurance, evacuation protocols to ensure we keep talent and crew safe, and sourcing alternative filming locations. This resilience and agility continue to be tested.

We have implemented a Weather Notification System to enhance our response to extreme weather events. Including real time monitoring of meteorological data, customised alerts tailored to production areas, and direct notifications to allow for proactive awareness.

Metrics	Targets
• Data on cost of damage from extreme weather events (by geography), to assess our exposure to the risk and the priority areas • Insurance captives	• Targets being developed

Link to existing principal risk

Operational Resilience.

Detailed opportunities

Our More than TV strategy, and our history of being a climate leader in our sector, put us in a good position to benefit from the opportunities that exist as we transition to a sustainable world. We see a number of opportunities taking shape which are linked to our relationship with audiences and advertisers, and to the operational changes we are making. While these opportunities are not significant to our financial success, we believe it is important to capitalise on these in order to ensure ITV continues shaping culture for good; remains attractive to talent, customers and partners; retains its reputation for social care; and is resilient to risk.

1. AUDIENCES (REPUTATIONAL BENEFITS)

Context

Our social purpose agenda of shaping culture for good is core to ITV's strategy. We have a strong track record in using our brand, reach, talent and programming to engage a mass audience on climate related themes and solutions.

By reflecting the challenges that people are facing in modern Britain, we can remain relevant and attractive to a mass audience, supporting brand perceptions and helping to maintain our reach in the market.

Time horizon

Short – Medium term

Opportunity Impact

Alignment to corporate strategy – high

Importance to social purpose of shaping culture for good – high

Potential increase in audience / viewership – minimal / moderate

How we are capitalising

It is difficult to attribute positive perception of the ITV brand to our environmental activity. However, we approach this in a number of ways:

- Run monthly audience surveys to monitor how the ITV brand is perceived, which includes questions on our environmental credentials
- Track the impact of campaigns and their effect on the perception of the ITV brand (e.g. Love Island and eBay partnership)

Metrics in development

- ITV brand perception; bespoke indicators relating to specific campaigns, allowing ITV to track the level of engagement across the audience

Targets

We do not currently set specific targets in this area.

2. COMMERCIAL: GROWING OUR REVENUE FROM NET ZERO ALIGNED BRANDS, PRODUCTS AND SERVICES

Context

We expect to see growth in the volume of advertising for brands, products and services aligned to the Net Zero transition over the coming years. By establishing ourselves as a reputable and trusted environment for advertisers to showcase their sustainability credentials, we can grow the volume of advertising with existing clients and new low carbon businesses.

Time horizon

Short – Medium term

Opportunity Impact

Alignment to corporate strategy – high

Commercial opportunity – moderate

How we are capitalising

We have created a 'sustainability fund' which we are trialling with one of our media agency partners which they can use to support sustainable advertisers in their portfolio, offering them additional airtime with ITV to help them grow their business through advertising.

Metrics in development

The metrics in this area are in development.

Targets

We do not currently have targets in this area, as we are still exploring the appropriate methodology for developing indicators, and their integration into our existing activity.

3. OPERATIONAL: COST REDUCTIONS AND WIDER BENEFITS OF INNOVATIONS

Context

By developing targets to reduce emissions involved in the production of our content, we have an opportunity to develop innovative and more efficient ways to produce and deliver our content. These changes can also improve our resilience and reduce costs, as well as opening new creative opportunities.

Time horizon

Short – Longer term

Opportunity Impact

Alignment to corporate strategy – high

Cost saving – minimal/moderate*

How we are capitalising

We continue to focus on innovative ways to produce and deliver our content:

- Remote production technology (e.g. FIFA Women's Football World Cup, Men's Rugby World Cup and Love Island)
- Testing virtual production technologies for scripted productions
- Cloud based editing to reduce travel and post production energy use
- Monitor clean mobile power solutions that are coming to market and have begun testing and trialling solutions (e.g. battery technology)

In addition, we continue to explore ways to reduce our energy expenditure through sustainable technologies e.g. use of solar panels on our office buildings and production locations. Whilst these may require initial investment, they will help reduce costs in the longer term and support our energy resilience.

Metrics in development

We are driving a range of actions and innovative practices to reduce our production emissions. We will explore setting new indicators, for instance around the share of our productions using remote production technologies, amount of fuel avoided due to large scale battery technology, or any other key practices, if they prove helpful in our transition. An update of our activity and decarbonisation levers in this area can be found as part of our Climate Transition Plan.

Targets

We do not currently have targets in place in this area, as we are still developing the indicators that are most relevant.

Resilience

We continue to focus on ensuring ITV remains resilient to a 2°C or lower scenario by continuing to review the actions we're taking, developing new metrics, improving our data quality in these areas, upskilling teams and engaging with others in the industry. Our strategic objectives within our Transition plan focus on enhancing our climate resilience across the business.

As we continue to evolve our climate scenario analysis, this will help to improve ITV's overall resilience and preparedness to mitigate against climate risks in varying degrees of potential outcomes. ITV's strategy remains flexible and will be annually reviewed to make sure that it remains resilient in the face of ITV's risks.

Metrics and Targets

Our Journey to date

Setting ambitious targets and reporting on our progress accurately and transparently are critical to our successful sustainability transition. As part of our Climate Transition Plan, we are establishing more granular decarbonisation levers that can be integrated into our business planning. ITV does not currently implement an internal carbon price, but we recognise the value this may present in the future.

We have also started developing new indicators to better navigate and monitor the climate related risks and opportunities as well as our impact in accelerating the economy-wide transition to Net Zero.

Our approach to developing these new metrics is still evolving, as we identify the approaches and methodologies that are the most useful in driving business decisions, meeting stakeholders' needs and emerging industry standards.

Following best practice in setting our Net Zero ambition

Our emissions reduction targets were updated in 2022 to align with the Net Zero definition of the Science Based Target initiative (SBTi). This year, our additional 2050 targets to reduce all of our emissions by 90% (base year 2019) have been validated by SBTi. Our 2030 targets, which were validated by SBTi in 2020, remain unchanged.

ITV emissions reduction targets

Emission reduction	2030	2050
Scope 1 and 2	46.2%	90-95%
Scope 3	28%	

We use metrics that are applicable to past, current and future data, meaning that they are consistent across our business and allow for trend analysis. Our methodology aligns to GHG Protocol Corporate Accounting and Reporting Standard, and best practice approaches that relate to our sector. All details can be found in our Basis of Reporting. We have not implemented any changes in the KPI calculation methodologies compared to previous years.

ERM CVS provided limited assurance of our full carbon footprint in 2023 following ISAE3000 methodology.

Explanation of trends in line with targets

In 2023, our Scope 1 and 2 footprint has reduced by 52% compared to 2019, ahead of our targeted trajectory of 17% reduction. Main drivers include a shift to renewable electricity tariffs across a majority of our sites, a transition to low emission fleet vehicles, and ongoing modernisation of our sites. Business travel emissions remain firmly ahead of our targets, with a 45% reduction from 2019, ahead of the 10% reduction that was targeted. The most material Scope 3 category is Purchased Goods and Services, which has decreased in 2023 by 13% compared to 2019, slightly ahead of our targeted trajectory of 10% reduction.

Given that we are still working on improving the data quality of this category, with plans to increase the share of Company level data in the short term, we are focusing on our supplier engagement and decarbonisation activities as a priority.

LONG-TERM VIABILITY STATEMENT (LTVS) DISCLOSURE

How we assess prospects and risks

The Board continually assesses ITV's prospects and risks at its meetings, including the following:

- Holding 'Strategy Days' twice a year, to oversee the delivery of the Strategy and consider changes or new initiatives to further improve the ITV Strategy.
- Considering ad-hoc topics on aspects of the strategy at Board meetings.
- Performing a robust assessment of the principal and emerging risks twice a year.

As part of the assessment of prospects and risks, the Board and management routinely receive briefings and consider topics related to changing viewer habits, competitor strategies, the broadcasting advertising market and developments in the global content market. It is also kept informed of ITV's resilience to environmental and climate related risks; technological advancements in the areas of Generative Artificial Intelligence (AI) and how the ITV Strategy responds to these; and sessions led by external analysts on investors' perceptions of the ITV business

The Board and management continued to closely scrutinise the impact of the current macroeconomic environment on the business. This included identifying cost interventions/mitigations to respond to possible severe downside scenarios; and increasing the focus and detail provided in financial performance reviews and reforecasting to track performance.

How we assess viability

When assessing the longer-term viability of ITV, we considered

- ITV's strategy and business plan (pages 2 and 10);
- The principal risks and uncertainties (pages 55 to 64);
- The Group's financing facilities including covenant clauses and future funding plans (page 50);
- The long range financial plan and cash forecast; and
- Other sensitivity factors or risks which have the potential to materially impact liquidity and/or covenant headroom in the assessment period.

Based on this review a set of hypothetical severe but plausible scenarios were developed. These scenarios have then been modelled against the first three years of the long range financial plan and cash forecast, both individually and collectively, in order to assess viability.

Whilst all principal risks identified could have an impact on ITV's performance, the scenarios reflect the specific risks which could potentially impact the Group's financial position and viability during the period to 31 December 2026.

The output from this modelling was reviewed by the Audit and Risk Committee in detail, with a report from the Committee to the Board to support the Board's review and approval. In reaching its view, the Board and Committee also considered external views, including analyst and other industry commentary, to understand the wider market views on the Group's future prospects, and the external auditor's findings and conclusions on this matter.

Assessment period for viability

The Board is of the view that a three year assessment period (to 31 December 2026) continues to be the most appropriate. The factors the Board considered in adopting this timeframe were as follows:

- ITV's long range financial and strategic planning cycle
- Visibility over ITV's advertising business is short term. Advertising remains cyclical and closely linked to the UK and global economic growth and impacted by the uncertain macroeconomic environment.
- The commissioning process and life cycle of programming gives the Studios division a more medium-term outlook. However, while non-returning brands are replaced with new commissions, over time there is less visibility as programmes can experience changes in viewer demand or come to a natural expiration
- Technology in the media industry continues to rapidly change the demand for content and also how it is consumed
- ITV's business model does not typically necessitate investment in large capital projects that would require a longer-term horizon assessment or returns
- Pension funding, which is one of ITV's key funding obligations, is agreed triennially with the Trustees of the pension scheme

Assumptions Applied

For the LTVS, we have assumed:

- EBITA impacts from LTVS scenarios flow through to cash in full except for tax savings at 25%, with the exception of settlement impacts (in scenarios 4 and 5) and Scenario 5 remedial costs which are assumed to be disallowable for tax purposes
- Any settlements related to ongoing litigation or fines will be treated as exceptional items (and therefore excluded from covenant calculations)
- No acquisitions are made (consistent with 'Base case')
- Management and employee Incentive payments (such as the annual bonus) are assumed to reflect the Impact of the LTVS scenario assumptions on earnings
- Dividends of 5.0p per share maintained throughout, resulting in around £180 million of dividends paid out per year following the disposal of ITV's 50% shareholding in BritBox International.
- Identified cost savings continue to deliver to plan

We have also assumed that the revolving credit facilities of £500 million and £100 million are available throughout the period and that the Credit Suisse CDS facility of £300 million (which matures in June 2026) and the EUR 600 million Eurobond (which matures in September 2026) are re-financed (and not repaid from cash reserves). The intention is to refinance a significant proportion of the 2026 full year financing arrangements well before maturity.

Taking into account current operational and financial performance, the Board has analysed the impact of the following hypothetically severe but plausible scenarios. These scenarios were assessed in isolation and as combinations of two or three risks and, although not regarded as plausible but as a reverse stress test, an assessment of all scenarios occurring simultaneously was undertaken:

	Scenario Modelled	Link to Principal risks or Accounting judgements and estimates
1+2	**A significant and sustained downturn in advertising revenue from 2024, as a result of a decline in the advertising market and linear viewing, driven by macroeconomic factors or increased competition from large streamers. In this scenario we also fail to replace the advertising revenue lost as result of the confirmed restrictions on High in Fat, Salt or Sugar (HFSS) and potential restrictions on other advertising categories (e.g. gambling and high carbon products).** **Additionally, our Streaming strategy fails to fully deliver the expected consumption hours (for the digital advertising element) or subscriber growth (for the SVOD element), impacting revenue** *Advertising revenues year on year (including digital advertising revenues) (2024 vs 2023 – 3%; 2025 vs 2024 – 4%; 2026 vs 2025 – 4%)* *Total EBITA impact in 2024 is £62 million, followed by an impact of £130 million in 2025 and £203 million in 2026.* **Business area impacted:** Media & Entertainment	Principal Risk 1: Streaming; Principal Risk 3: Commercial; Principal Risk 4: Changing Viewer Habits; Principal Risk 5: Content Pipeline; Principal Risk 6: Partnerships; and Principal Risk 8: Policy & Regulation Further detail on how we mitigate these risks is provided in the principal risk and uncertainties section (pages 55 to 64)
3	**A number of key programme brands within the ITV Studios division are not recommissioned and new format growth does not materialise** *The scenario assumes key shows come to an end from 2024 (2024 EBITA impact: c. £28 million; 2025 EBITA impact c. £58 million and 2026 EBITA impact: c. £77 million).* **Business area impacted:** Studios	Principal Risk 4: Changing Viewer Habits Principal Risk 5: Content Pipeline Further detail on how we mitigate these risks is provided in the principal risk and uncertainties section (pages 55 to 64)
4	**ITV is subject to a cyber-attack which results in a major operational disruption, critical system outage or loss of intellectual property (IP), customer or business data** *This scenario assumes that a class action is filed against ITV, following a major cyber attack which results in a blank screen causing £100 million of lost advertising revenue, which requires a substantial compensation payment and results in a fine from the Information Commissioner's Office (ICO).* **Business area impacted:** Group	Principal Risk 3: Commercial Principal Risk 7: Data Principal Risk 10: Cyber Security Principal Risk 15: Operational Resilience Further detail on how we mitigate these risks is provided in the principal risk and uncertainties section (pages 55 to 64)
5	**Settlements for ongoing litigation are significantly higher than estimated, resulting in large one-off cash payments** *This scenario assumes a higher than provisioned cash outflow in 2024 and 2025 in respect of settlements for ongoing litigation.* **Business area impacted:** Group	The complexity and potential scale of the ongoing litigation cases result in a lack of certainty in the final liabilities and payments. Further detail of the accounting judgements and estimates applied to ongoing litigation and earnouts are provided in Section 1 to the Financial Statements. An overview the assessments performed by the Audit and Risk Committee with respect to these accounting judgements is provided within the Audit and Risk Committee report from pages 106 to 116
6	**A combination of scenarios 1 to 3 above occurring simultaneously.** *This scenario would result in an EBITA impact of £90m in 2024, £188m in 2025 and £280 million in 2026. Neither covenant is breached at any time during the assessment period and liquidity headroom is maintained* **Business area impacted:** Group	Principal Risk 1: Streaming; Principal Risk 3: Commercial; Principal Risk 4: Changing Viewer Habits; Principal Risk 5: Content Pipeline; Principal Risk 6: Partnerships; and Principal Risk 8: Policy & Regulation Further detail on how we mitigate these risks is provided in the principal risk and uncertainties section (pages 55 to 64)

We have considered the impact of climate change risks and do not believe they would have a significant financial impact on the business in the assessment period. Please refer to our Climate-related Financial Disclosures section for further details.

Viability assessment

Our balance sheet and liquidity position remains strong. At 31st December 2023, this comprised unrestricted cash of £340.5 million; undrawn Revolving Credit Facilities (RCF) of £500 million and £100 million available throughout the viability period; and undrawn bilateral facility/CDS of £300 million maturing in June 2026 (assumed to be replaced with a new facility).

During the viability period, the €600 million Eurobond maturing September 2026 is assumed to be refinanced.

We have considered both the individual scenarios and various combinations of the scenarios in order to assess viability. Our modelling concludes that If all scenarios were to occur concurrently (considered implausible), management action would be required to ensure the leverage covenant in the Revolving Credit Facility (RCF) is not breached in 2026.

Potential Mitigations

In the unlikely event that all scenarios were to impact ITV concurrently, ITV would breach it's RCF Net Debt / EBITDA covenant in H2 2026 with a ratio of 3.94x compared to the threshold of 3.5x. The threshold is not breached in any other half-yearly period during the assessment period. ITV could eliminate the need for any further management action in H2 2026 by exercising its option under the terms of the RCF to increase the covenant threshold to 4.0x for up to 2 consecutive half-yearly periods. Interest cover remains greater than 3.0x throughout the viability period.

Viability Statement

Based on the above, the Board has a reasonable expectation that ITV will remain viable and be able to continue operations and meet its liabilities as they fall due over the three year-period ending 31 December 2026. The assessment has been made with reference to ITV's strategy and the current position and prospects and risks.

The Strategic Report was approved by the Board and signed on its behalf by:

CHRIS KENNEDY
GROUP CFO & COO
07 March 2024

CHAIR'S GOVERNANCE STATEMENT

ANDREW COSSLETT
CHAIR

Dear Shareholder

I am pleased to present our Corporate Governance Report for 2023.

Year in review

The Board remains committed to maintaining effective corporate governance and integrity, enabling us to deliver our strategy for the long-term benefit of our stakeholders.

Throughout the year, ITV was focused on delivering its strategic priorities, with the executive team investing in a dynamic programme of digital modernisation. The Board has been kept well informed of management's plans, particularly following the launch of ITVX and our vision for streaming and content.

We held two Board Strategy days, one in June to review the Strategy and a second in December to hear an update on progress and consider the rapidly changing environment.

Diversity

We fully recognise the importance of diversity and inclusion at all levels, through the entire organisation including the Board. We are encouraged by the significant progress against the core initiatives of ITV's Diversity Acceleration Plan, launched in July 2020. It's encouraging to see management's commitment and achievements receive public recognition. We are pleased with our gender and ethnic diversity representation on the Board, 45.45% and 18.2% respectively, exceeding the FCA Listing Rules, Hampton-Alexander and Parker targets. For more detail you can refer to our UK workforce diversity data in the Diversity and Inclusion report.

Engaging with our stakeholders, including our workforce

As a Board we focus on how we engage with our stakeholders and how we deliver a positive impact for them. Relationships with our stakeholders in the UK and internationally are vital to building a successful and sustainable business. My statement in the Strategic Report sets out the ways in which we engaged with stakeholders during 2023.

Shareholder feedback is regularly considered during Board meetings and is an important factor in decision-making. We meet regularly with shareholders, through one-to-one meetings, conferences and at the Annual General Meeting. The 2023 Annual General Meeting was a physical meeting, with the opportunity for shareholders to ask questions before and during the meeting.

The health and wellbeing of our colleagues is a significant priority. As part of the open two-way dialogue with colleagues there is a Board appointed Workforce Engagement Director. Their role is to work closely with the colleague Ambassador network and regularly provide feedback to the Board. Edward Bonham Carter, our Senior Independent Director, has acted in this role since 2019 and stepped down in April. The Board would like to convey our thanks to him for serving in this role for the past four years. Graham Cooke has taken over the position and for information on Graham's role and work, and the Board's workforce engagement activities, please see pages 94 to 95.

The Board sought to balance the interests of all stakeholders throughout the year. Please see page 83 for examples of key strategic issues considered and Board decisions taken in 2023, and pages 92 to 93 for an explanation of how the Board has had regard to the section 172 matters (including certain key stakeholder considerations).

Throughout the year, ITV was focused on delivering its strategic priorities, with the executive team investing in a dynamic programme of digital modernisation. The Board has been kept well informed of Management's plans, particularly following the launch of ITVX and our vision for streaming and content.

The 2018 UK Corporate Governance Code (the Code)

During 2023, the Company fully complied with all the provisions of the Code. The Code (July 2018), issued by the Financial Reporting Council (FRC), and associated guidance are available on the FRC website at www.frc.org.uk.

The Board notes the release by the FRC of the revised Corporate Governance Code 2024 and will work to ensure full compliance with all elements of the new Code over the next couple of years.

Taking each of the main headings of the Code:

BOARD LEADERSHIP AND COMPANY PURPOSE

The Board's ultimate objective is the long-term sustainable success of the Company. Read more about our strategy in the Strategic Report and how the Board achieves this through, amongst other things, stakeholder and workforce engagement (pages 84 to 91) and establishing a clear and aligned Company purpose, strategy and values. Please also see pages 96 to 99 for how the Board assesses and monitors culture.

DIVISION OF RESPONSIBILITIES

The Board consists of two Executive Directors, eight independent Non-executive Directors and the Non-executive Chair, who was considered independent on appointment to the Board. For Board meeting attendance, please see page 82. Additional external appointments of Board members during 2023 received prior Board approval. The Directors' other time commitments are in line with the key institutional investor and investor body guidelines.

COMPOSITION, SUCCESSION AND EVALUATION

The Nominations Committee Report sets out its activities and areas of focus during 2023, including Board and management level succession planning and recruitment, Board composition and skills, Board and Company diversity progress updates and the Board evaluation which took place during the year.

AUDIT, RISK AND INTERNAL CONTROL

The Audit and Risk Committee Report describes the work of the Committee and how it discharges its roles and responsibilities. The Committee reviewed the enterprise risk management framework, as well as assessing management's review and strengthening of the Group's internal controls, increasing its focus on IT general controls. The Committee also monitored the effectiveness of the external auditor, the internal auditor and the quality of audits. The Company's disclosures regarding risk management and internal controls are on page 112 , and details of how the Committee focused on audit quality are set out on pages 114 and 115.

REMUNERATION

The Remuneration Report describes the work of the Remuneration Committee and sets out how executive remuneration is aligned to the Company's purpose, values and strategy. It also describes how the Committee considered workforce remuneration and related policies in its decision-making regarding executive remuneration.

Culture

Good performance relies on the Company's culture being aligned with its purpose, values and strategy. As ITV continues to become an increasingly digital business and adopts new ways of working to improve agility, the Board recognises the importance of continuing to foster and monitor the culture across the organisation. Please see pages 96 to 99 for the key ways in which the Board and Committees monitored culture during 2023.

Changes on the Board

Through the Nominations Committee, we focus on Board succession and composition to ensure we have the appropriate balance of skills, independence, experience and diversity.

During the year Mary Harris, Anna Manz and Duncan Painter stepped down and we appointed two new Non-executive Directors, Marjorie Kaplan in September and Dawn Allen in October.

2024 Annual General Meeting

The 2024 AGM will be held on Thursday 2 May, at 11.00. The meeting arrangements are available to view on the Company's website.

I would like to take this opportunity to thank my fellow Board members, the Management team and our colleagues in the wider workforce, who served during another challenging year for the Group. As we navigate 2024 the Board will continue to work with the management team to deliver on our strategic initiatives, ensure the wellbeing of our colleagues and build a successful and sustainable business for all stakeholders.

ANDREW COSSLETT
CHAIR
7 March 2024

BOARD OF DIRECTORS

Committee membership

- A Audit and Risk
- N Nominations
- R Remuneration

Terms of engagement for the Non-executive Directors and written responsibilities for the Chair, Chief Executive and Senior Independent Director are available on our website: www.itvplc.com/investors/governance

ANDREW COSSLETT
R N
Chair, Chair of the Nominations Committee

Appointed to the Board on 1 June 2022 and as Chairman on 29 September 2022

Key areas of expertise: Business transformation, Media and Media IP, Strategy, Remuneration, People and Talent

Key skills and experience: Andrew is an experienced chair who has spent his career in a range of consumer facing sectors. His early career was with Unilever in a variety of branding and marketing roles. He then spent 14 years at Cadbury Schweppes in senior international roles before becoming Chief Executive Officer (CEO) for InterContinental Hotels Group (IHG). Andrew was at IHG for six years, creating value by leveraging the power of its brands alongside executing a programme of significant transformational and cultural change. He served as CEO for Fitness First, where he was instrumental in successfully repositioning the business and brand. Andrew served as a non-executive director of the Rugby Football Union (RFU) from 2012, where he was appointed chair from 2016 until 2021. Andrew received a CBE for services to the RFU in the 2022 New Year's Honours List.

Current external appointments: Chair, Kingfisher plc

CAROLYN MCCALL
Chief Executive

Appointed Chief Executive and to the Board on 8 January 2018

Key areas of expertise: Business transformation, Creative Industry, Digital, Media and Media IP, Regulation and Public Policy, Strategy, People and Talent

Key skills and experience: Carolyn has an impressive track record in media and experience of leading digital transformational change both in an international and regulated environment. She has clear strategic acumen and a strong record of driving operational excellence and delivering value to shareholders. Carolyn created the More Than TV strategy when she joined in 2018. Carolyn has been instrumental in accelerating the strategy into Phase Two, having successfully executed Phase One. She continues to execute the strategy effectively through her strong leadership of the Company ensuring ITV's transformation into a successful digitally led media and entertainment company. Previously she was Chief Executive of easyJet plc for seven years and spent over 20 years at the Guardian Media Group holding a number of senior roles, including CEO of Guardian News and Media and then four years as Chief Executive of Guardian Media Group. She has previously served as a Non-executive Director of Lloyds TSB, Tesco plc and New Look Group plc. In 2008, Carolyn was awarded an OBE for her services to women in business and in 2016 a Damehood for her services to the aviation industry.

Current external appointments: Non-executive Director, Bridgepoint Group plc; Trustee of the Development Board of the Royal Academy of Arts.

CHRIS KENNEDY
Group CFO and COO

Appointed as Group CFO on 21 February 2019 and as Group CFO and COO on 2 December 2021

Key areas of expertise: Business transformation, Creative Industry, Digital, Finance and Treasury, Audit, Sustainability and ESG, Media and Media IP, Strategy, Technology and Data

Key skills and experience: Chris has a strong media background, holding senior management positions over a 17-year career at EMI. Chris' experience in executing and driving strategy has played a key role in ITV's digital acceleration into Phase Two of the More than TV strategy, and ensuring ITV's transformation into a successful digitally led media and entertainment company, as well as driving a rationalisation/cost savings initiative. He was previously Chief Financial Officer of Micro Focus International plc, ARM Holdings and easyJet plc where he spent five years and was voted FTSE 100 CFO in 2015. As the business continues to evolve and develop, he took on the broader role of Chief Operating Officer and Chief Finance Officer in December 2021.

Current external appointments: Non-executive Director, Chair of the Audit Committee and member of the Nomination Committee, Whitbread plc; Non-executive Director of the Great Ormond Street Hospital for Children NHS Foundation Trust; Trustee of the EMI Group Archive Trust.

SALMAN AMIN
R N
Independent Non-executive Director

Appointed to the Board on 9 January 2017

Key areas of expertise: Business transformation, Digital, Media and Media IP, Strategy, Remuneration, People and Talent, Sustainability and ESG

Key skills and experience: Salman brings to the Board a wealth of experience in global businesses having worked for over 30 years managing global brand advertising and media spend. Previously he was COO, Global Commercial Division at SC Johnson & Son, and has held positions at Procter & Gamble and PepsiCo.

Current external appointments: Chief Executive Officer, Pladis.

EDWARD BONHAM CARTER
A N R
Senior Independent Director, Workforce Engagement Director (up to June 2023)

Appointed to the Board on 11 October 2018

Key areas of expertise: Business transformation, Finance and Treasury, Sustainability and ESG, Strategy, People and Talent, Audit, Remuneration

Key skills and experience: Edward brings to the Board a wide range of City experience and invaluable insight in the understanding of stock markets and investor expectations. He was previously Vice Chairman of Jupiter Fund Management plc (2014) having joined Jupiter in 1994 as a UK fund manager and held the position of Chief Investment Officer from 1999 to 2010 and Group Chief Executive until 2014. He started his career at Schroders as an investment analyst before moving to Electra Investment Trust where he was a fund manager.

Current external appointments: Senior Independent Director, Land Securities Group plc; Trustee, The Esmee Fairbairn Foundation; Chairman, Netwealth Investments Ltd.

BOARD OF DIRECTORS CONTINUED

MARGARET EWING

A N

Independent Non-executive Director, Chair of the Audit and Risk Committee

Appointed to the Board on 31 October 2017

Key areas of expertise: Business transformation, Finance and Treasury, Audit, Sustainability and ESG, Strategy, Regulation and Public Policy

Key skills and experience: Margaret has extensive experience in financial accounting, corporate finance, strategic and corporate planning having served as a Managing Partner of Deloitte LLP and Chief Financial Officer of BAA plc and Trinity Mirror plc. Margaret also held Non-executive Director and Audit Committee positions with Standard Chartered plc and Whitbread plc and was an external member of the Audit and Risk Committee of the John Lewis Partnership. Margaret was a managing partner of public policy regulation for Deloitte UK. Margaret's skills and experience give her substantial insight into the Company's reporting and risk management processes.

Current external appointments: Non-executive Director and Chair of the Audit and Compliance Committee and member of the Nominations Committee of International Consolidated Airlines Group, S.A.; Senior Independent Director, Chair of the Audit and Risk Committee and member of the Nominations Committee of ConvaTec Group plc.

SHARMILA NEBHRAJANI

R N

Independent Non-executive Director, Chair of the Remuneration Committee

Appointed to the Board on 10 December 2020

Key areas of expertise: Business transformation, Digital, Finance and Treasury, Audit, Sustainability and ESG, Media and Media IP, Regulation and Public Policy, Strategy, Remuneration, People and Talent

Key skills and experience: Sharmila has strong public sector, commercial, government and non-profit experience across a wide range of sectors, including utilities, financial services, media, global health and medical research. Earlier in her career, she held the post of Chief Operating Officer at BBC Future Media & Technology, where she managed the business functions of bbc.co.uk, including the launch of the iPlayer. Sharmila studied medicine at the University of Oxford, is a Chartered Accountant and was awarded an OBE in 2014 for services to medical research.

Current external appointments: Non-executive Director, Chair of the Remuneration Committee, Member of the Corporate Sustainability and Nominations Committees, Severn Trent plc; Non-executive Director, member of the Audit and Risk, Remuneration and Nominations Committees, Halma plc; Non-executive Director and Chair of the Audit and Risk Committee, Coutts & Co; Chairman of National Institute for Health and Care Excellence; Non-executive Director, University of Oxford; and World Fellow, Yale University.

GRAHAM COOKE

A N

Independent Non-executive Director, Workforce Engagement Director (from June 2023)

Appointed to the Board on 1 May 2020

Key areas of expertise: Business transformation, Digital, Media and Media IP, Strategy, Technology and Data

Key skills and experience: Graham has extensive technical and digital experience, a focus in user-centric product design, coupled with in-depth knowledge of the e-commerce and digital sectors. He is the founder of Qubit, the leading provider of e-commerce personalisation technology. Prior to founding Qubit, he spent five years working at Google. His most recent role there was as global leader on Google's strategy for conversion rate improvement. Graham has been working with web technology since 1995, designing and building websites with emergent technology.

Current external appointments: Director, Qubit Digital; Non-executive Director, RWS Holdings PLC.

GIDON KATZ

Independent Non-executive Director

Appointed to the Board on 17 July 2022

Key areas of expertise: Creative Industry, Digital, Media and Media IP, Strategy, Technology and Data

Key skills and experience: Gidon has extensive digital and streaming services experience, along with in-depth knowledge of tech product and platform businesses having been responsible for the transformation of Now TV in the UK and the development and highly successful launch of Peacock. He joined Roku in 2022 as Senior Vice President of Consumer at Roku, prior to joining Roku he was President of Direct to Consumer for NBCU, launching Peacock in the U.S. Before moving to the U.S, Gidon led Sky's streaming service 'Now' for six years, having previously launched Virgin Media's VOD service. He holds a BA/MA from the University of Cambridge and an MSc in International Relations from The London School of Economics and Political Science.

Current external appointments: President of Consumer Experience, Roku

DAWN ALLEN

A

Independent Non-executive Director

Appointed to the Board on 2 October 2023

Key areas of expertise: Business transformation, Digital, Finance and Treasury, Audit, Strategy, Technology and Data

Key skills and experience: Dawn has extensive financial, commercial and international experience having held global roles in large scale businesses across consumer-related sector. She joined Tate & Lyle PLC in 2022 as Chief Financial Officer where she has been heavily involved in developing the global strategy, digital capabilities and processes. Prior to this she was Global CFO & VP, Global Transformation at Mars where, during a 25-year career, she held a number of key senior financial roles in Europe and the US including Global Divisional CFO, Food, Drinks and Multi Sales and Regional CFO Wrigley Americas.

Current external appointments: Chief Financial Officer, Tate & Lyle PLC

MARJORIE KAPLAN

Independent Non-executive Director

Appointed to the Board 1 September 2023

Key areas of expertise: Business Transformation, Creative Industry, Media and Media IP, Strategy

Key skills and experience: Marjorie has extensive brand, content and audience strategy experience having spent 20 years as a senior executive in the global media industry at Discovery, now Warner Bros Discovery, where she oversaw dramatic growth at multiple major networks in the US, building new franchises and unlocking revenue opportunities across platforms and then was responsible for strategy, coordination and execution of the International Division's global content activities across the portfolio worldwide. She has substantial experience in both the US and Europe with a track record as a change agent, transforming and growing global brands and businesses, and building vibrant organisations.

Current external appointments: Head of Faculty at Merryck & Co; Non-executive Director of ProSiebenSat.1 Media SE in Germany, ARTDAI and Trustee at The Grierson Trust.

MANAGEMENT BOARD

JULIAN BELLAMY

Managing Director, ITV Studios

Appointed: February 2016

Experience: Julian joined ITV in 2014 as Managing Director of ITV Studios in the UK. He was promoted to Managing Director of ITV Studios and appointed to the Management Board in February 2016.

He has responsibility for running ITV's global production and distribution business that creates, produces and sells finished programmes and formats in the UK and internationally.

Julian's previous roles included Creative Director and Head of Commissioning at Discovery Networks International, Head of Programming at Channel 4 and prior to that he ran BBC3 and E4. He also spent time as Channel 4's Head of Factual Entertainment and was a commissioning editor of Channel 4 News and Current Affairs.

DAVID OSBORN

Chief People Officer

Appointed: October 2014

Experience: David joined ITV as the HR Director for ITV Studios in 2011, leading the HR agenda for the ITV Studios Division through the early stages of transformation.

In 2014 he was promoted to Group HR Director and appointed to the Management Board. To reflect an increased portfolio, in 2022 David became Chief People Officer and is responsible for the People Strategy for ITV globally, ensuring People decisions are central to everything we do at ITV. He has responsibility for Health, Safety and Security and Duty of Care for all who work at ITV, behind the scenes and in front of the camera. In addition, he leads the Human Resources, Workplace Services and Pensions teams.

Prior to joining ITV David has worked across a number of different industries and sectors including Marks and Spencer Plc, Mars Inc., Visa International, Vodafone and EMI Music.

CAROLYN MCCALL

Chief Executive

Appointed: January 2018

Experience: Biography on page 77.

KEVIN LYGO

Managing Director, Media & Entertainment

Appointed: August 2010

Experience: Kevin joined ITV as Managing Director of ITV Studios and a member of the Management Board in 2010. He became Director of Television in February 2016 and in October 2020 he was appointed Managing Director of the newly created Media & Entertainment Division.

As well as having overall responsibility for the Media & Entertainment Division, Kevin continues to run the Broadcast business unit (one of the two business units making up the Division) and to oversee the commissioning of popular programming delivering ITV's USP of mass simultaneous reach.

Kevin's previous roles included Director of Television and Content at Channel 4, Director of Programmes at Channel 5 and a number of positions at the BBC, including Head of Independent Commissioning for Entertainment.

RUFUS RADCLIFFE

Managing Director, Streaming and Interactive

Appointed: April 2017

Experience: Rufus joined ITV as Group Marketing and Research Director in 2011. He was promoted to Chief Marketing Officer and appointed to the Management Board in 2017.

In 2019 he took on additional responsibility for the Direct to Consumer division as Chief Marketing Officer and Director of Direct to Consumer. In October 2020 he was appointed Managing Director of On Demand, one of the two business units making up the newly created Media & Entertainment Division.

Rufus now leads our streaming, interactive and data teams.

Before joining ITV, Rufus spent 10 years at Channel 4, and prior to that held various positions at McCann Erickson and JWT.

CHRIS KENNEDY

Group CFO and COO

Appointed: February 2019

Experience: Biography on page 77.

KELLY WILLIAMS

Managing Director, Commercial

Appointed: December 2014

Experience: Kelly joined ITV in 2011 as Group Commercial Director. He was promoted to Managing Director Commercial and appointed to the Management Board in 2014. He is the Chair of Thinkbox, the marketing body for commercial TV in the UK, a member of the BARB Strategy Board and sits on the RTL AdAliance International Board.

He has responsibility for all commercial advertising deals across the ITV family of channels.

Prior to joining ITV, Kelly was the Sales Director at Channel 5 and prior to that held various positions at UKTV, Sky and Thames Television.

MANAGEMENT BOARD CONTINUED

KYLA MULLINS
General Counsel and Company Secretary

Appointed: January 2019

Experience: Kyla joined ITV as General Counsel and Company Secretary and member of the Management Board in 2019.

She has responsibility for legal, company secretariat, compliance and regulatory matters across the ITV Group.

Prior to joining ITV, Kyla held senior legal positions in the media, entertainment, strategic outsourcing and aviation sectors. She was General Counsel and Company Secretary at easyJet plc and Mitie Group plc; Global General Counsel of EMI Music; and Group Legal Director at ITV plc and Granada Media. Kyla is currently Chair of Independent Television News (ITN) and is also a Non-executive Director on the Board of Northern Ballet.

PAUL MOORE
Group Communications and Corporate Affairs Director

Appointed: July 2018

Experience: Paul joined ITV as Group Communications and Corporate Affairs Director and a member of the Management Board in 2018.

He has responsibility for all Group communications including corporate and internal communications, public affairs, programme publicity and the Social Purpose strategy.

Prior to joining ITV, Paul was the Communications and Public Affairs Director at easyJet plc for eight years and before this worked for FirstGroup and Virgin Atlantic Airways where he was Director of Corporate Affairs for ten years. Paul first started his career as a civil servant and worked for the Department of Transport.

ADE RAWCLIFFE
Group Director of Diversity and Inclusion

Appointed: September 2020

Experience: Ade joined ITV as Head of Diversity Commissioning in 2017. She was later promoted to Director of Creative Diversity, before taking on the role of Group Director of Diversity and Inclusion and joining the Management Board in 2020.

Ade has responsibility for all diversity and inclusion related matters across the Group, including leading, developing and growing ITV's Diversity, Equity and Inclusion strategy on and off screen.

Prior to joining ITV, Ade spent over ten years at Channel 4, most recently leading Creative Diversity, where she supported and nurtured the careers of diverse creative talent and sought out and commissioned a slate of developments which encouraged diversity, risk-taking and innovation.

Ade is currently a Board Member of Independent Television News (ITN) Trustee of BAFTA, Chair of BAFTA's Learning, Inclusion and Talent Committee, and a Trustee of the National Trust.

MAGNUS BROOKE
Director of Strategy, Policy and Regulation

Appointed: February 2021

Experience: Magnus joined ITV in 2006 and was promoted to the Management Board in February 2021.

He has Board responsibility for ITV's strategy, policy and regulatory teams, which includes overseeing ITV's corporate strategy development and leading on interaction with UK and European regulators, government and parliamentary committees.

From 2014 to 2019 Magnus was Chairman of the Board of the Brussels based Association of Commercial Television in Europe, which represents Europe's commercial broadcasters to the EU institutions. Magnus is a Director and Chair of the Remuneration Committee of Everyone TV (formerly DUK) which runs the Freeview and Freesat platforms and he was a Non-executive Director of the news provider ITN for three years from 2019 to 2022.

Prior to joining ITV Magnus was Head of the BBC Director General's Office. He began his career as a solicitor specialising in regulatory and competition law at City of London law firm Ashurst, where he also trained.

SIMON FARNSWORTH
Chief Technology Officer

Appointed: January 2024

Experience: Simon joined ITV as Chief Technology officer and member of the Management Board in January 2024. He has overall responsibility for technology strategy and implementation

Prior to joining ITV, he served as News UK's EVP, Chief Technology Officer and prior to that held key roles at Discovery Globecast Australia and Telstra Broadcast Services.

CORPORATE GOVERNANCE

The written responsibilities of the Chair, Senior Independent Director and Chief Executive are available on the ITV plc website: www.itvplc.com

OUR GOVERNANCE STRUCTURE

The PLC Board

Responsible for providing leadership to the Group's business, including setting the Group's purpose, strategy and values and promoting its long-term sustainable success.

PLC Board Committees

The terms of reference for each Committee are documented and agreed by the PLC Board. These terms of reference are reviewed annually and are available on our website: www.itvplc.com/investors/governance/terms-of-reference.

Nominations Committee

See the Nominations Committee Report.

Remuneration Committee

See the Remuneration Report.

Audit and Risk Committee

See the Audit and Risk Committee Report.

Duty of Care Operating Board

Consisting of key Management Board members, including the Chief Executive and the independent Chief Psychological Officer. The Operating Board oversees the Group's duty of care processes on screen and across ITV, monitors and assesses the processes in place to ensure they continue to be effective and evolve as necessary. The Operating Board meetings are chaired by the Chief Executive, and the Audit and Risk Committee Chair attends on behalf of the Board.

Disclosure Committee

Consists of the Chair of the Board, Chief Executive, Audit and Risk Committee Chair, Group CFO & COO, and General Counsel and Company Secretary. The Director of Investor Relations also attends meetings. The Committee assists the Company in meeting its disclosure obligations, and reviews and approves regulatory and other announcements before publication but post the Board's approval given subject to final agreed changes.

Our Ambassador Network

Discusses and inputs into significant proposals and initiatives impacting our colleagues.

Our designated Workforce Engagement Director reports back to the Board on the Network's activities and his engagement with the Network.

Chief Executive

Responsible for the day-to-day running of the Group's business and performance, the development and implementation of strategy and promoting our culture and standards.

Management Board

Led by the Chief Executive, the Management Board members are collectively responsible for overseeing and driving the overarching Group financial and operational performance and executing on the strategic initiatives required to deliver the Group's strategy set by the Board. The Management Board balances the needs and resources of the business divisions to make decisions based on what's best for ITV as a whole.

Studios Board

Responsible for developing and implementing strategic objectives and operational plans for the ITV Studios business, monitoring operational and financial performance, and assessing and managing risk, in line with the Group's risk management framework.

Media & Entertainment Board

Responsible for developing and implementing strategic objectives for the Media & Entertainment business (Broadcast, Commercial, Streaming (ITVX), Interactive and Data business units), monitoring operational and financial performance, and assessing and managing risk, in line with the Group's risk management framework.

PLC Board and Committee membership and attendance

PLC Board and Committee membership and attendance at scheduled meetings in 2023 is set out below.

In addition, chaired by the Senior Independent Director, the Non-executive Directors met without the Chair or management during the year to discuss the Chair's performance, and also met with the Chair without the management present, on an informal basis throughout the year to discuss matters relevant to the Group. The Non-executive Directors met with the Chief Executive to discuss Management Board talent and succession.

	Attendance at scheduled meetings				
Committee members	PLC Board[1]	Audit and Risk	Remuneration	Nominations	Disclosure
Andrew Cosslett (Chair)	8/8	5/5*	5/5	4/4	4/4
Dawn Allen[2]	2/8	1/5	–	–	–
Salman Amin	8/8	–	5/5	4/4	–
Edward Bonham Carter[3]	8/8	5/5	3/5	4/4	–
Graham Cooke[4]	8/8	5/5	–	2/4	–
Margaret Ewing[9]	8/8	5/5	–	2/4	3/4
Mary Harris[5]	2/8	1/5	–	2/4	–
Marjorie Kaplan[6]	3/8	–	–	–	–
Gidon Katz	8/8	–	–	–	–
Chris Kennedy	8/8	5/5	3/5*	1/4*	4/4
Anna Manz[7]	5/8	3/5	3/5	–	–
Carolyn McCall	8/8		2/5*	1/4*	4/4
Sharmila Nebhrajani[4]	8/8	–	5/5	2/4	–
Duncan Painter[8]	7/8	–	4/5	–	–

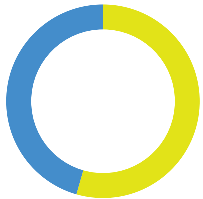
* Indicates where a Director has attended all or part of a PLC Board or Committee meeting by invitation (i.e. when not a member or prior to being a Director). The Executive Directors did not attend parts of any Committee meetings where to do so would result in a conflict of interest.

A number of ad hoc Board and Committee meetings were held during 2023 though these are not reflected in this table.

1. In June and December half-day strategy sessions were held with a scheduled Board meeting held on the same day. Together these are included in the table as one meeting
2. Dawn Allen joined the Board on 2 October 2023
3. Edward Bonham Carter joined the Remuneration Committee in April 2023
4. Graham Cooke, Margaret Ewing and Sharmila Nebhrajani joined the Nominations Committee in April 2023
5. Mary Harris stepped down from the Board on 3 May 2023
6. Marjorie Kaplan joined the Board on 1 September 2023
7. Anna Manz stepped down from the Board on 31 August 2023
8. Duncan Painter stepped down from the Board on 30 November 2023
9. Margaret Ewing was unable to attend a Disclosure Committee because of another commitment

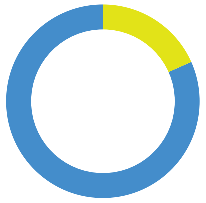
BOARD COMPOSITION

GENDER



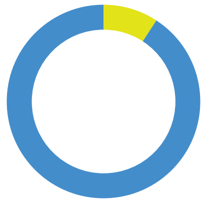
- Men 6
- Women 5

ETHNICITY



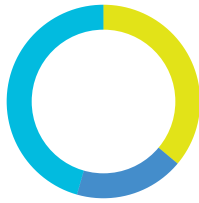
- People of Colour 2
- White 9

DISABILITY



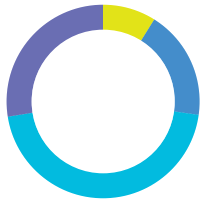
- Disability or long-term health condition 1
- No disability or long-term health condition 10

BOARD TENURE



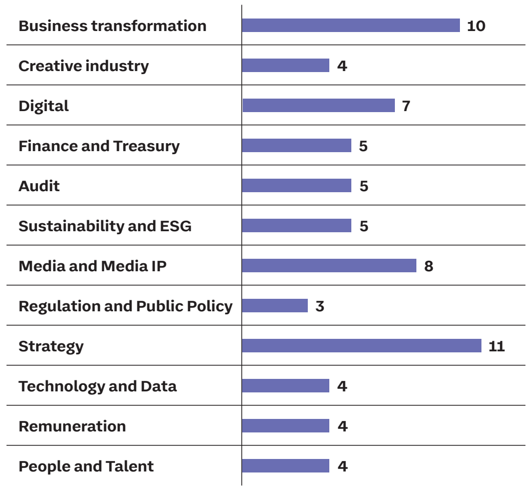
- 0–2 years 4
- 2–5 years 2
- 5–9 years 5

AGE



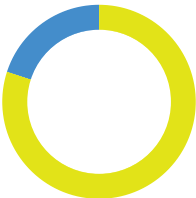
- 36–45 1
- 46–55 2
- 56–65 5
- 66–75 3

BOARD SKILLS AND EXPERIENCE



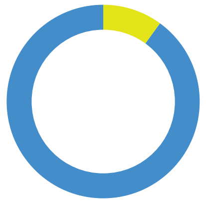
MANAGEMENT BOARD COMPOSITION*

GENDER



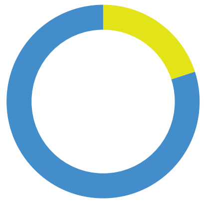
- Men 8
- Women 2

ETHNICITY



- People of Colour 1
- White 9

DISABILITY



- Disability or long-term health condition 2
- No disability or long-term health condition 8

* Carolyn McCall and Chris Kennedy are not included in these tables. They are included in the Board composition numbers above.

KEY STRATEGIC MATTERS CONSIDERED BY THE BOARD IN 2023

Stakeholder groups

- S Shareholders (including debt providers)
- C Colleagues
- P Partners
- CZ Citizens
- PP Programme participants
- VC Viewers and subscribers
- CT Customers (including advertisers)
- LR Legislators and regulators

PERFORMANCE	Link to principal risks	Link to key stakeholders
Reviews of capital structure, liquidity, investor proposition and valuation	1, 2, 3, 4, 5, 6, 8, 11	S LR
Reviewed and approved trading results and financial reporting	9	S LR
Reviewed and approved the budget and five year plan	All principal risks	S C P CZ PP VC CT LR
Evaluation of business operations to optimise opportunities and performance including deep dives into value drivers	2,3,4,6	S C P
Partnerships and distribution review	6	P VC
Programme of cost and complexity reduction	11	S C P VC CT
Evaluation of merger, acquisition and divestment opportunities and review of investments	2, 3, 6, 11	S P
Consideration and approval of material contracts	9	S P
Principal risks and emerging risks review and updates	All principal risks	S C P CT LR
ITV Together programme improving ways of working for the business	11,13	C VC CT
Investor engagement and insight	N/A	S C LR
SUPERCHARGE STREAMING		
Evolving the ITV strategy and progress in delivering the vision for an integrated ad-funded/subscription streaming platform for the ITVX launch	1, 2, 3, 4, 5, 6, 11	S C P VC CT LR
Recruitment and retention of talent to develop, implement and promote the ITVX strategy	12	S C
OPTIMISE BROADCAST		
Planet V progress, linear addressable, video on demand and linear integration	2,3,4,5	S P VC CT
A review of the Commercial trading model	3	S CT LR
Future proofing – Next Generation Platform	10, 15	S C P
EXPAND STUDIOS GLOBALLY		
Evolution of Studios strategy – continued international expansion, new streamer markets and changing rights models, monetisation of the Global Partnership Division	2, 11, 12	P VC CT
REGULATION		
Continued focus on key policy and regulatory issues, including the PSB review, Media Bill and corporate governance reforms. These continue to be kept under close review along with other issues that could have a potential short, medium and long-term impact on the business	8,9	S C LR
OTHER		
Speaking Up monitoring and update	13	C CZ PP VC
Social Purpose strategy including environmental targets and mental health and 'giving back' campaigns	4, 13	S C CZ VC CT
Crisis management processes and protocols	15	S C CZ VC CT
Legal and compliance updates, including CMA investigations and Phillip Schofield KC review	8,9	S C CT
Review and annual approval of relevant Group compliance, HR and governance policies	8,9,13	S LR
Climate-related risks and short to medium-term impacts, reporting on ESG matters	4, 8, 11	S C CZ VC CT
Diversity and Inclusion, how this aligns and supports the ITV Strategy (continue to drive mainstream disability accessibility and building an inclusive culture)	9, 11, 13	S C CZ VC
Cyber Security – fraud prevention strategy	10	S C P CZ PP VC CT LR
Transformation Office progress review and updates	11	S C

For further information on principal risks please see pages 57 to 64.

STAKEHOLDER ENGAGEMENT

Complying with the 2018 Corporate Governance Code, we ensure that we engage with our stakeholders as it is fundamental to the successful delivery of our strategy. The Board's clear understanding of stakeholders' issues, expectations and perspectives ensures that stakeholder views are carefully considered during decision-making processes.

The Board both directly engages with relevant stakeholders and assesses details provided by management and other colleagues to allow the Directors to understand how organisational decisions have taken stakeholder interests into account and also to influence future decision-making. The General Counsel and Company Secretary supports the Board in ensuring that due consideration is given to stakeholder issues and papers submitted to the Board detail the impact of proposals on key stakeholder groups

At least once a year, the Board identifies its key stakeholders, reviews the issues that matter to them most and discusses potential enhancements to engagement with them. The Board also has the opportunity to give feedback on areas needing more focus as part of our Board evaluation. Our Section 172 statement on pages 92 to 93 includes examples of how the Board and its Committees had regard for stakeholder interests through its discussions and decision-making during the year.

The table below sets out the key stakeholders which the Board has identified as being important to ITV's success and some of the key engagement mechanisms used in 2023.

VIEWERS AND SUBSCRIBERS

Description	Link to strategic priorities
Through regular engagement, the Board recognises the evolution of ITV's relationship with viewers, which has been pivotal in shaping the Company's strategy.	Optimise Broadcast; Supercharge Streaming: see Our Strategy

Forms of engagement	Outcomes and impact on principal decisions
Board and Committee reviews and assessments • Analysis of target audiences and viewing habits, as part of Board strategy sessions, particularly with the focus of increasing reach for our ITVX product • Regular Chief Executive reports to the Board on viewing and subscription figures • Board session on viewer performance, including subscriber trends as well as marketing updates regarding new viewers' and subscribers' experiences on the ITVX platform • Reviews by Management and Divisional Boards, on which Executive Directors sit, of viewer sentiment, concerns and/or data through internal research studies; monitoring of linear viewing figures; compliance reports and Ofcom reports • Reviews by members of the Management Board and senior ITV employees of feedback from viewer services (which serves as a conduit for viewers to channel their comments and/or concerns) and monitoring the complaint process	• Growing, enhancing and integrating our ad-funded and subscription streaming services on ITVX, through investment in product, content, distribution, data, tech and analytics • Use of one content budget for the M&E division as a whole to enable the business to optimise its content (including its windowing) strategy and enhance its experience for viewers • Decision to make changes to schedules to enhance viewing performance • Board discussions benefited from Graham Cooke and Duncan Painter's technical, digital and commercial expertise. The Board also benefited from Gidon Katz and Marjorie Kaplan's streaming knowledge and expertise

Key issues or priorities identified	Read more
• Changing viewer habits (a principal risk) • Driving awareness, through programming and campaigns, of key social, environmental and topical issues with ITV playing an important role as a trustworthy and accurate source of information • Authentic representation of the diversity of modern Britain on-screen	Our Business Model (from page 2) Key Performance Indicators (from page 14) Social Purpose strategy (from page 32) Risks and Uncertainties (from page 55)

CUSTOMERS (INCLUDING ADVERTISERS)

Description	Link to strategic priorities
Customers (including sponsorship, content buyers and advertiser relationships) are integral to monetising our content and delivering on our strategy.	Expand Studios globally; Supercharge Streaming: see Our Strategy

Forms of engagement	Outcomes and impact on principal decisions
Meetings and presentations • Attendance by Board members at the ITV 2023 Palooza event in November, reflecting on one year of ITVX, launching the Head First award, an advertiser-facing wellbeing initiative, and celebrating ways ITV had helped to build brands during the year through creativity and addressable advertising • Meetings between the Executive Directors and their industry counterparts (many of whom are also buyers of Studios content) • Regular engagement by the Chief Executive and various members of the Management Board with advertisers and agencies through key ITV and industry events • Meetings between members of the Management Board and senior ITV employees with potential buyers of Studios content • Annual Northern ITV Showcase event **Board and Committee reviews and assessments** • Review of the advertising market and content spend • Board strategy sessions on: the evolving commercial strategy to address ITV advertising clients' needs; video on demand and linear addressable advertising to support ITV's streaming ambitions, including feedback from clients, subscription streaming market growth and impact on Studios, including analysis of major subscription streaming buyers across territories, regular ITVX's launch updates • Regular Board updates on key relationships and developments in the advertising market, including ITV's engagement and relationship initiatives with its advertisers and agencies, and potential growth opportunities for the Studios business • Regular reports on Commercial and Studios performance by the Chief Executive to the rest of the Board	• Strengthened customer proposition and priorities for the supercharged streaming strategy. Board discussions benefited from Gidon Katz's streaming knowledge and expertise • Board support for the launch of addressable advertising initiatives on both ITVX and linear. Board discussions on this topic benefited from Graham Cooke and Duncan Painter's digital and commercial expertise • Endorsement of: innovative initiatives in response to advertisers' and agencies' desired outcomes, assessments and recommendations to deliver growth in Studios; and recommendations to manage risk and opportunities associated with the growing subscription streaming market • Investment in ITV AdVentures Media for Equity initiative, offering TV advertising to potential leading, high-growth, digital-first companies in the UK in return for equity • Investment in, and creation of, new Studios labels to cater to growing markets and customer base • Global Producers Retreat allow feedback about learning, collaboration and sharing of creative ideas

Key issues or priorities identified	Read more
• Continue to promote ITVX for the content investments made during the year • Mitigate the risk of detrimental advertising market changes (a principal risk) • Maintaining commercial broadcaster relationships and further developing scripted talent (a priority for streamers in some markets) • Continue to educate our customers on the effectiveness of TV advertising (including impact of TV advertising versus online advertising) • Delivering audience profile and size to optimise advertising sales • Further creation and exploitation of IP to drive viewing and enhance IP monetisation opportunities	Our Business Model (from page 2) Key Performance Indicators (from page 14) Risks and Uncertainties (from page 55)

PARTNERS (INCLUDING SUPPLIERS, OTHER BROADCASTERS AND PLATFORM OWNERS)

Description	Link to strategic priorities
Strong relationships with our partners are fundamental to our business and operating model, and to ensure we meet the high standards of conduct that we set ourselves.	Optimise Broadcast: see Our Strategy

Forms of engagement	Outcomes and impact on principal decisions
Meetings and presentations • Executive Directors' engagements (meetings, conferences) with key suppliers and partners (including broadcaster and distribution partners) • Regular Chief Executive counterpart meetings with key partners • Executive Directors held a Commercial Clients event at the Palooza event in November 2023, attended by Board members **Board and Committee reviews and assessments** • Strategy sessions on the impact of the supercharged streaming strategy on third parties (including PSBs, suppliers and platform owners) • Board oversight of significant contracts with suppliers or partners • Board update on engagement with third-party suppliers, including supplier management policies, processes and controls • Chief Executive reports on key/strategic partner relationships and Group CFO & COO reports on important negotiations with key partnerships, at every Board meeting • Board review of ITV's Modern Slavery Statement in February, including report on steps taken to identify, address and prevent modern slavery in our operations and supply chains • Audit and Risk Committee review of the Group's supplier payment practices and the procedures in place to safeguard both ITV and suppliers from fraud	• Development of ITV's Partnership strategy • Consideration of key themes/risks across supplier stakeholder groups and how they are being addressed by management • Strengthened creative talent through new partnerships and strong development slates • Further collaboration with streaming platforms to drive reach and consumption • Board support for targeted engagement with distribution partners to define approach to the supercharged streaming strategy • Endorsement of partnership initiatives to develop commercial addressable propositions and support ITV's data strategy • Understanding and management of the risks related to our relationships with/positions of our partners

CITIZENS

Description	Link to strategic priorities
As a public service broadcaster, we strive to reflect, remain in touch with, and shape public sentiment and national conversations. Our engagement in this stakeholder category is an integral part of our Social Purpose strategy.	Social Purpose: see our Social Purpose strategy

Forms of engagement	Outcomes and impact on principal decisions
Meetings and presentations • Chief Executive met with other broadcaster CEOs to agree further collaboration on our shared Climate Content Pledge, announced at COP26, and joined other broadcaster CEOs in hosting an event on Climate Storytelling for 80 CEOs and senior leaders, including an interview with Bill Gates and briefing from the UK Climate Change Committee • Chief Executive hosted and participated in an event for NSPCC's Childline to raise awareness of childhood mental health challenges and raise funds **Board and Committee reviews and assessments** • Group CFO & COO's overall responsibility for ITV's climate action agenda and leadership of ITV's Climate Action Delivery Group • Board receipt of annual updates on Social Purpose, the Group's climate-related agenda, including risk, opportunities and targets, and Diversity and Inclusion (including progress against ITV's Diversity Acceleration Plan). The Board agreed ITV's ongoing commitment to mental wellbeing as our primary social cause • Board sessions to assess the key risks to ITV, including environmental risk, their potential impact, ITV's resilience and opportunities for improvement • Audit and Risk Committee monitoring of compliance with and integrity of, and progress on climate change reporting targets and reported metrics, particularly with regards to TCFD; reports to the Board on its outcome (see page 114) • The Management Board receives a monthly update on ESG (as part of standard Board reports) and a quarterly review of climate action data and progress. M&E and Studios Boards receive twice yearly updates on climate action • The Management Board approved first ITV's Climate Transition Plan which is published on 20th March 2024	• Deepened understanding of opportunities for climate action and storytelling, with plan for further training for wider ELT from Climate Change Committee • Deepened understanding and awareness of ESG and factors influencing ITV's corporate purpose, to inform Board decisions • The Climate Action Delivery Group meets quarterly, chaired by the Group CFO & COO to review ITV's quarterly carbon emissions data across Scopes 1,2 and 3 (business travel) and to bring a leadership team together to update on their divisional goals and progress against Climate Action Plans, and to oversee delivery of ITV's Climate Transition Plan. Ongoing commitment to The Climate Content Pledge (with other major broadcasters) to promote climate story-telling on-screen • Mental Health in the Media conference series hosted by ITV to encourage the TV and advertising industries to take a deeper look at mental health on-screen and off-screen • ITV developed an Inclusive Language Guide as an internal tool to create a shared way to communicate inclusively. Colleagues accessed the guide over 3,000 times in 2023 • ITV's Cultural Advisory Council, which Chief Executive and Management Board members attend, comprising a group of independent external advisers from a range of different industries and specialisms who advise, challenge and counsel ITV on its diversity and inclusion activities • Commitment to The Climate Content Pledge (with other major broadcasters) to promote climate story-telling on-screen • Delivery of outcomes is supported by Board members' active consumption of our national and regional news services, with follow-up discussions and liaisons on future plans with Management Board members and senior leaders

Key issues or priorities identified	Read more
• Harnessing our unique mass-reach platform and the power of our programmes to raise awareness and action on issues that are important and help shape culture for good, with particular emphasis on mental health • Our sustainability and commitment to climate action, embedding sustainability into business and usual processes alongside targeted initiatives to reduce carbon and support a circular economy • Our contribution to wider society through our Better Futures programme, including charitable fundraising through Soccer Aid for UNICEF and volunteering • Our focus and commitment to increasing on and off-screen diversity through our Diversity Acceleration Plan	Task Force on Climate-related Financial Disclosures (from page 65) Social Purpose strategy (from page 32) Our Climate Transition Plan (itvplc.com/socialpurpose/climateaction)

LEGISLATORS AND REGULATORS

Description	Link to strategic priorities
The Board is committed to its responsibility as a public service broadcaster (PSB) and conducting business in line with the appropriate laws and regulation, to ensure we operate in an ethical and responsible way.	Availability of viewer content: see Our Strategy

Forms of engagement	Outcomes and impact on principal decisions
Meetings and presentations • Meetings with government ministers and officials and shadow ministers on key issues of concern, initiatives or consultation. This includes meetings between the Chief Executive and the Secretary of State for Department for Culture, Media and Sports (DCMS), Shadow Secretary of State for Culture, Media and Sport and regular meetings between the Chief Executive and the Minister of State for Media, Tourism and Creative Industries • Counterpart meetings with Ofcom on a wide range of policy and regulatory issues (which included Chairs' and regular Chief Executives' meetings) • Regular engagement with the Audit and Risk Committee Chair in relevant stakeholder forums (including with leaders from the Department for Business and Trade, FRC, Audit Committee Chairs Independent Forum, 100 Group and Big 4 audit firms) regarding the proposals for corporate governance and audit reform • Participation by the Chief Executive as a member of the Prime Minister's Build Back Better Business Council • Participation by the Chief Executive on the government's Levelling Up Council • Periodic engagement by senior ITV employees with other regulators including the CMA, ICO and the European Commission • Chief Executive participation at the ITV All Party Parliamentary Group • Hosted the Conservative Arts & Creative Industries Network, Labour Creatives in MediaCity, and ITV Summer Parliamentary reception **Board and Committee reviews and assessments** • Updates from the Chief Executive on policy and regulation at every Board meeting • Regular reports to the Board and Audit and Risk Committee on compliance and significant litigation matters • Board briefings on ITV's PSB strategy, Cabinet reshuffle and ministerial meetings • Updates to the Audit and Risk Committee from the Committee Chair and external auditor regarding FRC developments and proposed regulatory changes	• Collaboration and focus on important societal issues such as social mobility and diversity • Extensive interaction with government, Ofcom and parliament in relation to the renewal of ITV's PSB licences and securing endorsement of the scope of the Media Bill

Key issues or priorities identified	Read more
• HFSS advertising ban and other possible advertising restrictions • Media Bill • PSB regulation and the PSB licence renewal process • Legal and regulatory compliance (including tax) – (non-compliance is a principal risk) • Regulatory policy changes (a principal risk) • Monitoring potential change to the AVMS Directive in 2025/6	Our Business Model (from page 2) Social Purpose strategy (from page 32) Risks and Uncertainties (from page 55)

PROGRAMME PARTICIPANTS

Description	Link to strategic priorities
The safety of participants is of paramount importance to the Board. The Board takes its duty of care to them very seriously, and obtains regular assurance over the support and processes in place to safeguard their physical and mental health and wellbeing. ITV's approach to risk management is led from ITV Plc Board level, assisted by specialists who drive good practice within the business. ITV production teams are trained in the identification and management of health and safety risks, and in producing programme-specific risk assessments. Our continuous review of risk involves our central risk support team and external experts as required, in considering all stages of the production process, including pre-filming screening, care during production, and aftercare of participants after filming and broadcast.	Expand Studios globally: see Our Strategy

Forms of engagement	Outcomes and impact on principal decisions
Meetings and presentations • Chief Executive attendance at Mental Health Advisory Group (MHAG) meeting, which three other Management Board members regularly attend (two of whom are members of the Advisory Group) throughout the year • Chief Executive chairs the Duty of Care Operating Board which includes Management Board members and is attended by specialist advisers including ITV's Independent Chief Medical Officer and Independent Consultant Clinical Psychologist and, on behalf of the Board, the Chair of the Audit and Risk Committee • Annual duty of care presentation to the Audit and Risk Committee, which in 2023 was attended by the Chair and other members of the Board of Directors **Board and Committee reviews and assessments** • Regular Board updates on duty of care processes and issues, and on the Duty of Care Operating Board's discussions and activities (including feedback from ITV's Mental Health Advisory Group and updates on the ITV2/CALM partnership), through updates from the Audit and Risk Committee Chair, who is a standing attendee of the Duty of Care Operating Board • Appointment of an Independent Chief Medical Advisor and an Independent Consultant Clinical Psychologist to ITV • Board review of progress against ITV's Diversity Acceleration Plan to accelerate change in diversity and inclusion on screen • Board updates on any challenges relating to, or publicity surrounding, duty of care processes relating to any programmes produced or broadcast by ITV • Annual Audit and Risk Committee reviews of duty of care and health and safety processes, including duty of care risks and mitigations • Board review of minutes from the Duty of Care Operating Board meetings, as well as updates to the operating model, cadence of meetings and Duty of Care Charter • The Board considered the internal audit reveiw of our safeguarding processes and effectiveness of policies	• Observation of the mental health protection of Love Island (series 9) programme participants conducted by an Independent Consultant Clinical Psychologist • Formal Social Media guideline introduced to protect Love Island participants and their families from the adverse effects of social media • Meetings with mental health advisers who support ITV productions on-set to ensure there was clarity of roles and accountabilities especially with regards to healthcare regulatory, privacy and ethical obligations • An annual review of ITV's guidance on protecting programme participants and contributors • Participant Aftercare Programme (PAP) is a company-funded counselling service, extended to offer support to participants under 18, and to News, Daytime, Scripted, and Continuing Drama productions • Developed standards and vetting procedure for engaging mental health advisers to support productions • In an industry first, ITV initiated a training programme in partnership with the BBC, and approved by the British Psychological Society, to build capacity of registered psychologists working in the media in response to an acknowledged shortage of appropriately qualified specialists • Introduced a fast-track arrangement with a specialist hospital to support participants in severe distress • An online Duty of Care training programme was developed and launched in Q3 2023 • A programme of assurance visits by ITV's Duty of Care Team and HR, allowing for a two-way sharing of good practice, promotion of a standardised approach and encouragement of early engagement and notification of incidents have taken place, and will continue into Q1 24 • Introduced a 24/7 help line by a health provider for participants or their family members to contact in order to close the gap in out-of-hours service • Monthly Duty of Care/Welfare Team meetings to share best practice with productions • Regular peer mentoring by two Independent Consultant Clinical Psychologists to support mental health advisers working on higher risk and ITV formats • Regular consultation with ITV's Independent Chief Medical Officer and Consultant Clinical Psychologist to manage high profile and high risk healthcare incidents • On-screen campaign to discourage online trolling was developed and ran across key reality shows

Key issues or priorities identified	Read more
• Internal review of duty of care to ensure there is a Group-wide approach • Evaluation of the role and professional development of Welfare Producers • Review the impact of social media on participants • Review processes in place to support senior talent • Review policies for working with highly vulnerable contributors • Ensure there is consistent and high quality collection and analysis of welfare data	Our Business Model (from page 2) Risks and Uncertainties (from page 55) Social Purpose strategy (from page 32) Our People (from page 40)

SHAREHOLDERS (INDIVIDUAL AND INSTITUTIONAL), BOND HOLDERS AND OTHER PROVIDERS OF DEBT AND ANALYSTS

Description	Link to strategic priorities
Delivering for our investors (equity and debt) and understanding their views and interests ensures the business continues to be successful in the long term and therefore can deliver for all our stakeholders.	Deliver value for shareholders: see Our Strategy

Forms of engagement

Meetings and presentations
- Chief Executive and Group CFO & COO presented the full year results and the Interim results and took questions from analysts
- Chair, Chief Executive and Group CFO & COO held regular meetings with our largest shareholders
- The Chief Executive and Group CFO & COO held meetings with target investors based in the UK, US and parts of Europe
- The Chief Executive and Group CFO & COO both attended investor conferences during the year. These included the Citi, UBS, JP Morgan TMT, Barclays TMT and Morgan Stanley TMT conferences
- Chair, Chief Executive and Group CFO & COO held a Fund Managers' dinner in November with a small group of senior fund managers
- Chief Executive and Group CFO & COO held meetings with equity sales teams and analysts
- The Board attended the AGM, with an opportunity for shareholders to ask questions before, during and after the meeting
- The Remuneration Committee Chair met with Columbia Threadneedle, Dimensional Fund Advisors and Schroders to discuss the Remuneration Policy renewal
- Regular dialogue throughout 2023 between the Group CFO & COO, Group Finance Director and Group Treasurer, and the Rating Agencies and The Core Banking Group

Board and Committee reviews and assessments
- Group CFO & COO reports on analyst consensus, latest shareholder feedback, changes in share register and key shareholder engagement activities undertaken by the Executive Directors and Investor Relations team
- Board updates from the Company's brokers and advisers on market performance, bid defence and capital structure, and on shareholder sentiment regarding ITV's performance, strategy and dividend policy
- Board members' careful scrutiny of analyst reports throughout the year
- Update to the Board on ITV's Climate Disclosures, assurance over its carbon footprint and actions being taken to prepare for further climate-related regulations

Outcomes and impact on principal decisions
- Consideration of feedback to inform, amongst other things, ITV's long-term strategy, five year plan, dividend policy, capital allocation and approach to ESG and other governance issues
- Board discussion on investor sentiment and action for management to conduct further analysis of ITV's existing and prospective investor base with the evolution of the equity story
- Announcement of the Board's intention to pay an interim dividend of 1.7p and propose a final dividend of 3.3p for 2023
- Maintained investment grade credit ratings; refinanced the £230 million bond which matured in December 2023 with a £230 million Term Loan maturing July 2027; extended the maturity of the £500 million RCF; and agreed a new £100 RCF with Lloyds which mature across 2028 and 2029

Key issues or priorities identified
- Strategy and investment priorities
- Strategic progress and delivery against strategic and financial KPIs and targets
- Capital allocation and leverage
- Share price performance
- ESG data and performance

Read more

- Our Business Model (from page 2)
- Investor Proposition (page 4)
- Social Purpose strategy (from page 32)
- Task Force on Climate-related Financial Disclosures (from page 65)

COLLEAGUES

Description	Link to strategic priorities
The workforce is integral to the day-to-day operations and the practical execution of strategy. Effective engagement mechanisms provide the Board with important insights and priorities, as well as ensuring the workforce voice is considered in the Board's decision-making.	Delivery of strategy: see Our Strategy

Forms of engagement

Meetings and presentations
- Regular participation by the Workforce Engagement Director and Management Board members at Ambassador meetings (our former workforce advisory panel)
- Regular Chief Executive's vodcast to update and discuss regulatory and other challenges for ITV
- Board members engaged directly with senior management and colleagues from across the business
- Full Engagement and Culture survey (September 2023), and Line Manager Capability survey (Summer 2023)

Board and Committee reviews and assessments
- Regular Workforce Engagement Director updates to the Board
- Employee engagement included as part of Chief Executive report at every Board meeting
- Board receipt of vodcasts from the Chief Executive to colleagues
- Board and Management Board receipt of feedback from ITV's staff networks, through regular updates on Social Purpose and Diversity and Inclusion
- Nominations Committee session on talent and succession planning
- Theme from Line Manager Capability survey results addressed by a series of leadership development labs and ongoing management training

Outcomes and impact on principal decisions
- Board discussions benefited from the Workforce Engagement Director's direct insight into sentiment and topics that matter most to colleagues
- Ambassadors have been consulted on a range of business issues during 2023 including: ITV Together; 2023 Engagement and Culture survey; Speaking Up; 2023 new approach to Mandatory training; and 2023/24 Annual Pay Review
- Consideration of feedback to inform, amongst other things, communication with colleagues, development opportunities and action planning by the Management Board and Senior Leadership Team, and localised planning by line managers across the business
- The Workforce Engagement Director listened to the feedback and issues raised by the Ambassadors and shared them with the Board
- Ongoing engagement, feedback and discussion with colleagues regarding their views on the successful delivery of the Diversity Acceleration Plan
- Opportunity for Board members to talk to employees openly and transparently about the Remuneration Committee's approach to reward at ITV and gain insight into priorities for colleagues through the Ambassador Q&A and discussion session on remuneration
- ITV Fast Forward events with insightful topics and speakers
- Board review of feedback and results from the 2023 career and development pulse survey
- Investment in people initiatives, including diversity and inclusion training, and ways of working
- Investment in mental health and wellbeing support for colleagues
- Assurance over ITV's bench strength and succession pipeline and continued progress to broaden diversity across the business and endorsement of our 2023 people priorities

Key issues or priorities identified
- Transparent and honest culture and ethos
- Flexible and digital ways of working
- Mental health and wellbeing support
- Progress on our Diversity Acceleration Plan commitments
- Retention and recruitment of talent (a principal risk)
- Internal cultural change (a principal risk)

Read more

- Risks and Uncertainties (from page 55)
- Social Purpose strategy (from page 32)
- Engaging with our Workforce (from page 94)

OUR COMMITMENT TO SECTION 172(1)

The Directors consider that they have acted, in good faith, in a way that is most likely to promote the success of the Company for the benefit of its members and stakeholders as a whole, having regard (among other matters) to the matters set out in Section 172(1)(a-f) of the Companies Act 2006.

The Board regularly considers stakeholder groups and their most significant issues, views and interests as well as the financial and long-term impact of key actions throughout its decision-making process. The Board also undertakes a formal assessment on an annual basis of whether the key stakeholders identified remain appropriate.

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

The below table outlines other areas of this report which detail how the Directors have had regard to the S172 factors

S172 Factor	Further Information Can Be Found	S172 Factor	Further Information Can Be Found
A **The likely consequence of any decisions in the long term**	Business Model: pages 2 to 3 Our Strategys: pages 10 to 13 Stakeholder Engagement: pages 84 to 91	**B** **Interest of employees**	Business Model: pages 2 to 3 Stakeholder Engagement: pages 84 to 91 People and Culture: pages 40 to 41 and 96 to 99 Remuneration Report: pages 117 to 142
C **Fostering the Company's business relationships with suppliers, customers and others**	Business Model: pages 2 to 3 Stakeholder Engagement: pages 84 to 91 Our People: pages 40 to 41	**D** **Impact of operations on the community and environment**	Business Model : pages 2 to 3 Stakeholder Engagement: pages 84 to 91 TCFD Report: pages 65 to 71
E **Maintaining a reputation for high standards of business conduct**	Business Model: pages 2 to 3 TCFD: pages 65 to 71 Risk Management: page 112 Audit Committee Report: pages 106 to 116	**F** **Acting fairly between members of the Company**	Business Model: pages 2 to 3 Stakeholder Engagement: pages 84 to 91 Remuneration Report: pages 117 to 142

Set out below are a couple of examples of some of the key strategic issues considered by the Board during the year and in reaching their decision, how the Directors have had regard to the S172 factors of:

ITVX

To promote the success of ITV, the Board carries out frequent market reviews, keeps abreast with emerging trends and where judged necessary, will modify the Strategy in order to deliver its plan and safeguard the long-term business impact and the interests of its members and stakeholders.

The Board identified that digital viewing continues to grow at the expense of live linear viewing. To adapt to these viewing habits, the Board transformed M&E strategy to be streaming-led, and evolved Content strategy to grow engagement with ITV's streaming service.

Following extensive analysis, modelling and careful consideration, which included the financial implications and impact on key stakeholders, customers, investors and colleagues, the Board recognised that ITVX, an integrated AVOD/SVOD platform, would best compliment the evolved strategy, address the ongoing changes in viewing habits, and accelerate the delivery of ITV's strategic priorities and long-term value. ITV's new streaming service ITVX was launched at the end of 2022.

To ensure that ITVX continued to deliver the desired outcome post launch, the Board kept close review on the technology and product plans for its continued rollout. It noted the increased engagement with clients, partners and customers needed to promote awareness and ensure the product's success. Internal deep dive sessions were held to understand ITVX's performance throughout the year and challenges it encountered. Where deemed necessary, activities were tailored in order to ensure its delivery and safeguard the long-term success of ITV.

ITV TOGETHER

In 2022, the Board approved ITV Together, a global transformation programme to evolve the way ITV worked, bringing in a simpler, modern and connected way of working in a simplified technology landscape.

The Board believe that collaborative and connected digital ways of working delivered by ITV Together will deliver and have a positive long-term impact to the business and safeguard the interest of its shareholders. Accordingly, following an in-depth analysis of the readiness of programme it approved the launch of Wave 1 of the programme in April 2023.

The Board received regular updates during and after the launch period taking into consideration the impact on colleagues and the disruption to the business as existing systems were migrated onto the Oracle Fusion system.

The Board were then kept apprised throughout the year on the project's development and implementation plan. It received regular updates on management communication and engagement plans with colleagues, partners and suppliers. Feedback from colleagues were sought to improve functionality. When the Board became aware of certain challenges being faced by colleagues, implementation plans were revised and communicated to the Group. This demonstrated the Board's commitment to keep in forefront, interest of the colleagues as well as its other stakeholders.

ENGAGING WITH OUR WORKFORCE

The Board ensures effective engagement with the workforce using two of the methods stipulated under the Code: a designated Workforce Engagement Director, and a formal workforce advisory panel (our Ambassador network). Edward Bonham Carter had the role from 2019 and was succeeded by Graham Cooke in June 2023. The Board extends its thanks to Edward for his valuable contributions.

The Board recognises the benefits of personal interaction and informal discussion to both learn more about day-to-day operations and the practical execution of strategy, as well as to gather direct insights into workforce sentiment. Colleagues have direct contact with the Chief Executive through her 'Ask Carolyn' email address and the Chair has regular meetings with Management Board members and Divisional heads, who provide feed-back on workforce issues. The Committee Chairs also have individual meetings with colleagues in relation to the business of their Committee meetings.

Our Ambassador network

Our Ambassador network was established in 2015 and represent colleagues' interests in all parts of the Group, shares information and helps inform our culture by giving our colleagues a voice.

- Each Ambassador usually represents approximately 50 colleagues from their business area, called their constituency
- There are approximately 100 Ambassador constituencies which are organised into five UK regional groups and c.20 of these Ambassadors represent our international groups
- The Ambassadors normally meet in their groups four times a year and in 2023 the Ambassadors have been engaged in a range of programmes and topics.

Engagement with Ambassadors is primarily through in-person meetings on a quarterly basis. In 2023, 24 meetings were held, 16 of which were with UK Ambassadors covering London West, London Central, Leeds and Manchester, and the remaining eight meetings with international Ambassadors (representing all ITV territories). Of the 24 meetings, nine were attended by the designated Workforce Engagement Director.

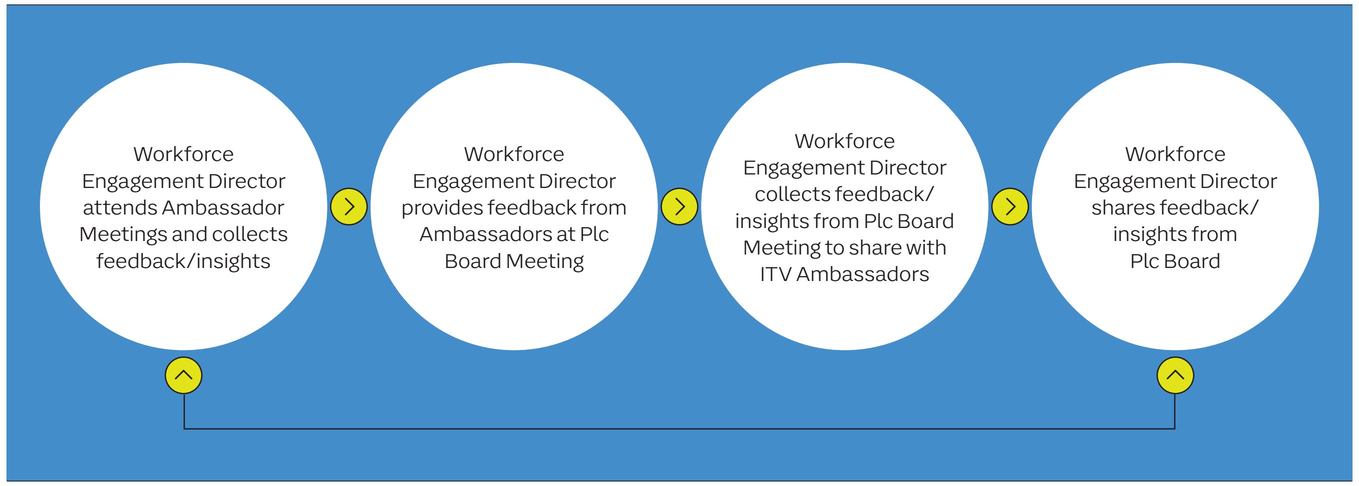
The Workforce Engagement Director also joined the first (since 2019) in-person Ambassador Forum in Autumn 2023 which was attended by over 80 Ambassadors (UK and International).

The active two-way dialogue and attendance at Ambassador meetings also provides an opportunity to share insights into external factors affecting ITV, which the Ambassadors then share with their constituents. Hearing feedback first hand gives the Workforce Engagement Director a broad perspective of company culture, morale, and priorities for colleagues and the impact of operational changes.

Regular verbal updates on feedback on employee topics and issues of interest and/or concern, were provided to the Board by the Workforce Engagement Director. These regular updates ensure that the employees voices are considered during Board and Committee discussions.

Ambassadors regularly share how valuable the network is to them and their constituents, particularly in relation to having Board representation at meetings to hear firsthand business and strategic updates which they in turn can share more locally.

AMBASSADOR FEEDBACK LOOP



What were the takeaways from Ambassador meetings during 2023?

2023 has again been a year of change for colleagues, with an ongoing focus on digital, organisational and strategic transformation. Throughout the year the Ambassadors have been updated on the More Than TV strategy, with particular focus on ITVX during its launch year, they were asked to share feedback from their constituents on how the strategy and ITVX was being perceived in their constituencies as this was a key strategic focus for the M&E business.

The Board's views on key 2023 topics were regularly shared, including the performance of ITVX post its launch in Q4 2022, the changing media and regulatory landscape (subscription streaming market growth, US writers' strike, HFSS advertising ban, PSB regulation, changes in viewer habits and the advertising market), and how this has affected ITV.

The Ambassadors have been engaged and updated on the ITV Together programme (Oracle Fusion), with the programme team having regularly sought feedback from Ambassadors and their constituencies to inform their plans for the initial launch and stabilisation period, as well as shaping future communications and engagement activity. This led to the introduction of local super-users to champion and support new processes and minimise workarounds.

The ever-changing macro-environment and the continuing impact of increasing living costs has continue to be a key focus. The UK Ambassadors were given an insight into ITV's approach to the pay review process and the different factors that are considered when the proposed pay offer was shared with them. They were asked to give their reactions together with any questions they had. Their engagement and feedback were greatly appreciated and the final pay offer was amended as a result.

Ambassadors were asked to gather feedback from their constituents about awareness, knowledge and trust in the Speaking Up process and channels. Whilst the majority were aware of the policy and Speak Up channels, Ambassadors indicated that there are varying levels of awareness, confidence and trust in the process. This will be addressed in the 2024 Q1 Ambassador meetings with a planned in-depth and practical session to raise awareness and trust in the Speak Up process. The intention is that the Ambassadors will then be well equipped to support their local constituents in understanding the importance of raising concerns via our Speak Up channels.

The Ambassadors were given an overview of the Engagement and Culture survey and Mandatory Training and were asked to encourage their constituents to complete both the survey and mandatory training. The Ambassadors were updated on the new, staggered approach to mandatory training and its importance and were asked for feedback and to work with local managers to ensure full completion in their areas. The headline results from the engagement and culture survey were shared with the Ambassadors and they gave their initial reactions. The Ambassadors have been asked to play a proactive role, partnering with their local line managers; to share, explore and agree actions based on local results; and to record local actions on a central IT platform.

What are the key areas of focus for engagement in 2024?

The Workforce Engagement Director will continue to attend Ambassador meetings to engage on important topics, such as Speaking Up, ITV's digital transformation, action planning linked to the 2023 Engagement and Culture survey and exploring how to further raise the Ambassadors' profile.

VALUES IN ACTION – UNDERSTANDING AND MONITORING OUR CULTURE

Continuing to build and promote a culture of openness and integrity, with inclusion, diversity and equity at the heart are critical to our success as well as supporting long-term value for our stakeholders.

The Board recognises that ITV's culture is a key enabler of ITV's digital transformation, and therefore understands the importance of monitoring and fostering it. Aligning our values and purpose with our strategy is critical to our success. Our business model is regularly reviewed by the Board to ensure it continues to deliver our strategy and is aligned with our purpose.

To allow ITV to deliver on our strategic priorities and become a truly digitally-led business, our culture needs to continue to evolve, aligning at all stages in our development with our purpose and values. We hold regular leader and manager briefings to provide updates on our strategic priorities and build understanding of our vision and purpose.

The Board considers culture formally on an annual basis and through ongoing feedback received, observations from various third parties (e.g. auditors) and its own interactions with management and their teams during the year, and is able to satisfy itself that the policies, practices and behaviours within the Group are aligned with ITV's purpose (including its Social Purpose), vision, values and strategy. Through the Board's discussion of relevant topics, as well as the Chief Executive's focus on people and culture in her Board reports, culture is considered, whether implicitly or explicitly, at each Board meeting.

We continually look for opportunities to enhance ITV's approach to consider culture. The Phillip Schofield KC Review concluded that ITV has an effective Disciplinary and Grievance procedure which works well in practice and applied appropriately in most incidents. The review also found that senior management are wedded to the importance of an open culture and has given ITV helpful direction as to how we can improve further. In response, ITV has created a small working group to review and implement the recommendations.

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

Over the last year we have focused on specific areas:

- The Board received reports on identified cultural initiatives; the conclusions of the Engagement and Culture survey benchmarks; and updates on the actions arising from these surveys
- Ongoing engagement with the international offices demonstrates the alignment with the overall ITV culture and values (2023 Full Engagement and Culture survey, ongoing Mandatory training, International Ambassadors and Inclusion activity)
- All freelancers complete our Code of Ethics and Conduct mandatory training module, giving them an understanding of the expectations as they relate to our ITV values and culture. We also undertook an Engagement and Culture survey with our freelancer population in Autumn 2023
- Continued use of the anti-bullying, harassment and discrimination app called 'Call It!' across our productions, enabling both freelancers and ITV employees to report incidents of bullying, harassment and discrimination quickly and anonymously. This is in addition to the ITV-wide Speak Up channels
- Our People and Legal teams have developed a Group policy governance framework to clarify and maintain accountability for owning, improving and approving changes to new and existing policies. This provides a clear, structured approach to policy development to ensure that policies are consistent across all business areas, consistently implemented so that they achieve their intended outcome and are aligned with our organisational values. Our People policies are being reviewed in line with this framework and some updates have already been implemented i.e. the new Relationships at Work policy
- A new cultural data dashboard is being developed following the upgrades to Oracle – Fusion

OUR ITV VALUES

Our ITV values underpin the culture at ITV and these are embedded through our Code of Conduct:

Creativity
From everyone, for everyone, every day

Collaboration
Working together at pace

Inclusion
Respecting and embracing differences

Integrity & judgement
If something doesn't feel right, speak up

THE ITV WAY

The ITV Way encapsulates the values that underpin the culture at ITV:

Make it Brilliant
Creativity for everyone

Make it New
Openness to change, with no barriers

Make it Together
Collaborating and embracing differences

KEY HIGHLIGHTS

92%
Completion rate of Code of Ethics and Conduct annual training (up from 89% in 2022)

7.7%
Resignation Index (down from 9.26% in 2022)

78%
of employees through the ITV Rise programme have stayed on at ITV and had a job title change (promotion)

24
Ambassador meetings during 2023 (up from 22 in 2022)

75%
feel like they belong at ITV

66%
think they have access to the learning and development opportunities they need to do their job well

The table below sets out the framework of policies and practices which underpin our culture and explains key ways in which the Board and/or Committees monitor and gain insight to ITV's culture.

ENGAGEMENT AND FEEDBACK CHANNELS

How the Board monitors culture	Cultural insight gained
Review assessments of the Company's culture through the 2023 line manager effectiveness survey, bi-annual engagement and culture survey, measurements of organisational culture benchmarked against peers, and how ITV's values link to its purpose and behaviour.	Understanding strengths and opportunities in ITV's culture, and that ITV's values and stated purpose authentically reflect its culture and behaviours.
Outcome	
The Board continues to monitor insights gained from the Engagement and Culture survey conducted in 2023. Through updates from the Chief Executive the Board received assurance that ITV's culture is aligned to its purpose and values, while recognising the cultural evolution required to deliver strategy as ITV becomes increasingly digital. The Board, through the Audit and Risk Committee, gets feedback from external and internal auditors on culture and alignment to purpose and values across the organisation, as observed whilst undertaking audits and engaging with management.	
How the Board monitors culture	**Cultural insight gained**
Interactions with and feedback from Board members through: (i) the Chief Executive (including access to the regular Chief Executive's vodcast and Q&A and her updates on people priorities and communications at every meeting); and (ii) engaging regularly (directly and indirectly) with colleagues through numerous engagement mechanisms (see page 94 to 95 for details regarding the Board's workforce engagement, including the Workforce Engagement Director and Ambassador Network).	A better understanding of day-to-day operations, the practical execution of strategy and the cultural context in which colleagues work. Further insight into how colleagues have been supported in the move to White City, changes to ways of working with the introduction of the Oracle Fusion transformation, as well as the platform across the Newsrooms. The Chief Executive's vodcast Q&A sessions provide the Board with insight about morale and important topics for colleagues, for example ITV's commitment to diversity and inclusion; impact of intense external media focus on ITV; and hybrid ways of working.
Outcome	
Vodcast viewing figures and feedback are shared with the Chief Executive and used to shape vodcasts and ensure content is what colleagues want to hear.	

POLICIES AND PRACTICES

How the Board monitors culture	Cultural insight gained
Regular Board updates and relevant Committee updates on a broad range of risk and business integrity matters, including fraud, compliance, bribery, corruption and modern slavery, and standard supplier protocols and procedures. This is done through review of internal audit reports, Speaking Up data, compliance questionnaires, compliance reports, risk deep dives, incident reports, policies and training.	A broad understanding of practices and behaviours and how these align with the purpose, values and strategy of the Group, including an understanding of the approach to supply chain partners and the culture of risk ownership in the business.
Outcome	
The Board and its Committees provide appropriate scrutiny and challenge of management and receive assurance over ITV's approaches to managing risk and business integrity matters.	
How the Board monitors culture	**Cultural insight gained**
As part of the Board's culture assessment, reviews of ITV's values as set out in ITV's Code of Ethics and Conduct.	How the Code of Ethics and Conduct promotes the highest standards of ethical business underpinning ITV's values and corporate culture.
Outcome	
The Board was satisfied that ITV's Code of Ethics and Conduct embodies ITV's values and culture and will continue to review this code annually to ensure it remains aligned to ITV's purpose (including its Social Purpose), vision, values and strategy and that there is appropriate compliance across the Group.	
How the Board monitors culture	**Cultural insight gained**
Completion of mandatory training modules by all Board members on the Code of Ethics and Conduct, DE&I, Competition Law, Respecting each other at work, Fire Safety, Anti-Bribery & Corruption, Data Privacy & Protection, Cyber Security, Economic Crime (money laundering, tax evasion, sanctions), and Climate Action. Subsequent review of the understanding and embedding of the Code of Ethics and Conduct and related policies and standards through this training.	A deeper understanding of how ITV's values and standards are communicated and how colleagues are kept safe and secure and act in a compliant way.
Outcome	
All members of the Board will continue to undertake training on an annual basis, to ensure their understanding of how colleagues are kept safe and secure and act in a compliant way remains current.	

RECRUITMENT AND RETENTION

How the Board monitors culture	Cultural insight gained
Annual review session by the Nominations Committee of senior management talent and succession planning led by the Chief Executive.	As well as a review of succession plans, this session also provided the Board with opportunity to understand how we had delivered the 2023 ITV people priorities, with focus on our key people processes, as well as how we are managing the people challenges and risks as we lean into our digital transformation and phase two of the More Than TV strategy.

Outcome

The session was led by the Chief Executive, with a robust conversation on senior level succession planning as well as enabling the Nominations Committee to ask questions and challenge the strength of the succession plans. Additionally, the pre-read provided the Committee with details on the steps taken to deliver and execute on the 2023 people plan across our key people processes, including: selection and hiring of key talent; performance management; learning & development; and engagement. The paper also outlined any areas of risk as it relates to our people, and how this is being mitigated.

SAFETY, WELLBEING AND MENTAL HEALTH

How the Board monitors culture	Cultural insight gained
Review by Audit and Risk Committee of the improvements to the Group's risk management processes and systems that drive health and safety behaviours in the areas of operational security, business continuity and duty of care. This includes the systems in place for our stakeholders to identify and raise health and safety issues, including duty of care and Speaking Up concerns.	Insight into the safety behaviours across all business areas (international and UK), including the culture of ownership of risk.

Outcome

Through regular Board updates from the Chief Executive and from the Audit and Risk Committee, the Board will continue to ensure the right processes and procedures are in place for the safety of our colleagues, suppliers, programme participants and viewers, and that ITV continues to uphold high standards of duty of care.

How the Board monitors culture	Cultural insight gained
Audit and Risk Committee review of duty of care updates from the Duty of Care Operating Board (also reported to the Board), on the processes and standards in place for colleague and other relevant stakeholder's wellbeing. Feedback from the Ambassador and Network groups, and Mental Health Advisory Group (external experts), included guidance and support on ITV's approach to mental health and wellbeing with colleagues, production teams, participants in our programmes and viewers.	How the mental wellbeing processes and support for colleagues and stakeholders continue to enhance ITV's culture where social inclusion is embraced and mental health issues are understood, accepted and safeguarded.

Outcome

The Board, through the Chief Executive and Duty of Care Operating Board continues to regularly monitor colleague wellbeing (including mental health) and the efficacy of initiatives on culture. The Audit and Risk Committee Chair attends all Duty of Care Operating Board meetings, on behalf of the Board, providing Board oversight, challenge and support and enabling direct feedback to the Board. In 2023 there was an internal audit on Safeguarding and Duty of Care controls with a focus on compliance with the provisions under Ofcom's Broadcasting Code. The review highlighted examples of good practice in the design and implementation of the controls, but made some key recommendations around operational effectiveness which have been addressed.

SOCIAL PURPOSE, DIVERSITY EQUITY AND INCLUSION

How the Board monitors culture	Cultural insight gained
Annual review of ITV's Social Purpose strategy, performance and plans.	How ITV's Social Purpose campaigns influence culture internally as well as externally.

Outcome

The Board will continue to monitor key priorities and initiatives in pursuit of ITV's Social Purpose strategy.

How the Board monitors culture	Cultural insight gained
Annual review of Diversity Equity and Inclusion. Regular updates on progress on ITV's Diversity Acceleration Plan and feedback from ITV's inclusion networks. Regular monitoring by Nominations Committee of progress against diversity targets, with diversity on the Board agenda at least annually. Chief Executive attendance at ITV's Cultural Advisory Council, comprising a group of independent external advisers from a range of different industries and specialisms who advise, challenge and counsel ITV on its diversity, Equity and inclusion activities.	The impact the Diversity Acceleration Plan is having on colleague sentiment and ITV's reputation as having an inclusive culture, and the latter's appeal to future employees. How ITV's culture is enabling progress to be accelerated through Group-wide diversity and inclusion initiatives.

Outcome

The Nominations Committee will continue to monitor progress being made to meet diversity targets to ensure recruitment and succession initiatives support ITV's Diversity, Equity and Inclusion strategy. See pages 37 to 39 for outcomes related to Diversity, Equity and Inclusion.

SPEAKING UP

How the Board monitors culture	Cultural insight gained
The Board receives data on Speaking Up reports received via the independent Safecall facility and other relevant channels available across ITV, at every Board meeting. In addition, the Audit and Risk Committee reviews and monitors the effectiveness of the Speaking Up policy, processes and framework annually and receives Speaking Up reports at least twice a year providing analysis of complaints received, those substantiated, process for investigating, themes and actions taken. Feedback is given to the Board. Review conducted by the internal audit function in 2023 of the effectiveness of the Speaking Up process. See page 113 for the Speaking Up framework's implementation in 2023.	A perspective on the nature of colleague concerns and trends in the behaviours of colleagues generally. Insight into how concerns are handled by ITV and indications of how the alternative routes for raising all risk concerns are being utilised.

Outcome

The Audit and Risk Committee will continue to monitor the effectiveness of the Speaking Up framework, and feed back to the Board on how this has supported the openness of ITV's culture.

REMUNERATION

How the Board monitors culture	Cultural insight gained
Review by the Remuneration Committee of the wider employee reward framework, including gender, ethnicity, disability and LGBTQ+ pay gaps, CEO pay ratios and how our approach to Directors' remuneration aligns with our approach for the overall workforce. Integration of ESG measures into incentive targets. Live Q&A and remuneration discussion for Ambassadors hosted by the Remuneration Committee Chair, which was reported back to the Committee.	Insight into the role that remuneration and setting performance goals, has on promoting the right behaviours and the extent to which incentives and rewards are aligned with culture.

Outcome

The Remuneration Committee will continue to report to the Board on colleague sentiment in relation to retention and reward initiatives.

BOARD EVALUATION

An evaluation of the Board and its Committees is carried out annually and externally facilitated every three years, with an internal review conducted this year.

BOARD EVALUATION CYCLE

Year 1 (2023)

Year 1 (2023) internal review focused on year 1 issues raised and any new issues arising. The process for internal review is determined on a year-on-year basis.

Year 2 (2024)

Year 1 progress reviewed internally, and any areas of focus identified ahead of the external evaluation in 2025.

Year 3 (2025)

Independent, externally facilitated review of:

- Performance against targets set for 2024
- An external evaluation carried out by an advisory firm
- Areas of focus identified for 2026

In 2023, the Board undertook an internally facilitated evaluation using bespoke online questionnaires. A description of the process followed for this year's review is detailed below.

STAGES 1–5

Stage 1

Evaluation process planning

JULY – SEPTEMBER 2023

The General Counsel and Company Secretary undertook a detailed review of the externally-run 2022 Board evaluation in order to develop the approach for 2023, incorporating recommendations from the 2018 Code, Parker Review and FRC Guidance on Board Effectiveness. A focused questionnaire was designed to gather individual Directors' perceptions of the effectiveness of the Board and its operations.

Stage 2

Questionnaire responses and one-to-one meetings

OCTOBER – NOVEMBER 2023

The questionnaires were issued to Directors.

The General Counsel and Company Secretary, regular attendees of the Board and Committee meetings and some external advisers also completed certain sections of the questionnaires to allow their views to be taken into account.

Directors were asked to comment on a range of issues including:

- Board composition and diversity; dynamics and expertise; time management; Board support; stakeholders and workforce engagement; strategic oversight; risk management and internal controls; succession planning; and priorities for change
- Committee and Committee Chair effectiveness; annual plans and agendas; Committee composition; and time management
- The Chair's relationships and communications with Board members; chairing and managing of Board meetings; and relationships with the Company's shareholders
- Each individual's preparation for and attendance at meetings; ability to commit sufficient time; relationships with fellow Board members; the extent to which knowledge and experience are drawn upon; and overall contribution

Stage 3

Evaluation and reporting

DECEMBER 2023

The General Counsel and Company Secretary collated the individual responses, including analysis of themes and proposed actions. A detailed report, setting out the findings of the evaluation, was provided to the Chair for consideration with the resulting report being tabled to the Board for further consideration and comment in December 2023.

The evaluation found that the Board and its Committees continue to operate to a high standard. The Directors work effectively together and value each other's contributions at Board and Committee meetings.

The Senior Independent Director led a separate evaluation of the Chair with the Non-executive Directors to appraise the Chair's performance. It was concluded that Andrew Cosslett's performance and contribution were strong and that he demonstrates effective leadership.

Stage 4

Consider results and agree actions

FEBRUARY 2024

The Board discussed the findings and endorsed the proposed action plan at its meeting in February 2024. The findings of the evaluation exercise were fully considered when making recommendations in respect of the appointment and reappointment of individual Directors, and included an assessment of their independence, time commitment and individual performance. The respective 2024 AGM Resolutions were considered and agreed by the Board. The proposed actions arising from the evaluation were thoroughly discussed and agreed for implementation and monitoring.

Stage 5

Monitor progress

FROM FEBRUARY 2024 ONWARDS

The Board will continue to oversee the progress made in relation to the agreed actions to ensure their timely completion.

The Nominations Committee will also continue to play a key role in monitoring the actions relating to Board succession, composition, recruitment and induction.

2023 INTERNAL EVALUATION OUTCOMES AND ACTIONS

Areas of focus identified:	Our key follow up actions:	
Succession planning for the Executive leadership team.	A key focus for the Nominations Committee in 2024, with recommendations on next steps to be presented to the Board.	The General Counsel and Company Secretary is responsible for driving the actions forward. They compiled an action plan listing specific actions to address the findings of the evaluation and further enhance the Board's effectiveness. The Board will monitor the implementation of the follow-up actions and review progress against the recommendations.
A reweighting of agendas to include more time for strategic discussion.	Agendas and board papers reviewed to ensure there is a clear link to strategy and KPIs for all matters tabled.	
Greater engagement and interaction with management, and opportunities to meet with other layers of the organisation. More engagement with material stakeholders and partners.	Continue having members of the Executive Leadership Team attend and present at Board meetings. Plan opportunities for more director engagement with the wider management Group. Consider more trips away from London for the Board.	
More time reserved for Non-executive Director only sessions.	Work to set up future Board sessions with material stakeholders and partners. NED-only sessions build into Board meetings.	

PROGRESS AGAINST 2022 ACTIONS

Action	Outcome
To increase focus on and gain deeper insight into the development of strategy and related topics identified in the Board Evaluation.	The Chair held one-to-one sessions with the Non-executive Directors to establish the degree of alignment and identify any gaps in current strategy/KPIs/narrative. The Chair fed the findings back to the Management team and then the Board with the recommendations for review. This included spending more time in Board meetings discussing strategy, focusing on specific issues for deeper discussion and how to manage reporting of progress (e.g. in Board packs). A programme of deep dives into value drivers and strategic KPIs was delivered across the year. As a result the Directors were in agreement that they had correctly identified the main strategic challenges and now had good oversight of delivery.
To consider the future demands on the business and how to ensure that the Board is equipped to support the business and the Management team.	The Chair considered the composition of the Board. Two new Non-executive Directors were appointed in the year to provide content and finance expertise. A detailed review of succession planning for the Management Board and its direct reports was conducted with the Chief Executive at the scheduled annual session at the November Nominations Committee meeting (which was held after the evaluation questionnaires had been completed by Directors).

DIRECTORS' ONGOING DEVELOPMENT AND TIME COMMITMENTS

Ongoing training and development

The ongoing development of Board members is crucial to ensure that they remain well-informed of changes to the business environment in which ITV operates (including on legal, regulatory, compliance and governance matters), and effective in providing challenge on a wide range of topics. The Chair, with the support of the General Counsel and Company Secretary, keeps the training and development needs of Directors under review.

During the year, all Directors were provided with briefings, presentations, deep dives, teach-ins and guest speakers on a range of subjects, including a deep dive on the proposed governance and audit reform proposals. The Directors' development and training programme covered topics identified in the 2022 Board evaluation, as areas on which Directors felt they could benefit from additional training or support. The programme included:

- Attending deep dive sessions on the value drivers for both the Studios and M&E divisions and the KPIs underpinning them
- Attending a session on the PSB licence renewal presented by Matthew Horsman from Mediatique
- Attending a session on future media landscape presented by BCG
- Completing the refreshed mandatory training for colleagues (on ITV's Code of Ethics and Conduct, Cyber Security, Data Protection and Privacy, Climate Action and Diversity, Equity and Inclusion)

Directors are encouraged to ask for any support they need and are reminded that there is always an open line to management on any topic. Non-executive Directors also have access to relevant professional technical briefings from the audit firms, including the Deloitte Academy Director updates. In addition, each Director may obtain independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities.

Tailored induction for new Directors

The General Counsel and Company Secretary assists the Chair in designing and facilitating an induction programme for new Directors and their ongoing training.

Each newly appointed Director receives a comprehensive induction programme designed to give them a thorough overview and understanding of the business covering the Company's core purpose and values, strategy, key business areas and operations, and corporate governance structure. This is tailored to take into account a Director's previous experience and their responsibilities. Directors are also briefed on their roles and responsibilities as directors of a listed company. For Non-executive Directors, specific Committee responsibilities relevant to their Committee memberships are covered, to enable them to function effectively as quickly as possible.

During 2023, there were two new appointments to the Board, Marjorie Kaplan and Dawn Allen. For both Directors the induction programme included the following elements:

- One-to-one meetings with both Executive and each of the Non-executive Directors
- Briefing from the Chief Executive on the Group's strategy, and from the Chief Executive and Group CFO and COO on operational matters
- Briefing from the Group CFO and COO on financial matters
- Briefings from the General Counsel and Company Secretary and the Director of Investor Relations on legal and governance matters and shareholder relationships, which were followed up by sessions with the Group's brokers and external advisers
- Briefings from senior executives and managers across our key business areas and operations, including Studios, Media & Entertainment, Commercial, Policy and Regulatory Affairs, Investor Relations, Diversity and Inclusion, Social Purpose, Reward and Remuneration, Communications and Technology
- Access to a library of reference materials, including key information on our governance framework, recent financial data and the policies supporting our business practices, including our share dealing policies, conflicts of interest procedure and gifts and hospitality policy

In addition, their inductions covered deep dives relevant to their new roles at ITV, their background and experience.

Both Directors also requested and received additional follow-up sessions on areas where they wanted to further their knowledge, or felt they could support management with their experience.

Time commitments

The Directors have demonstrated a strong commitment to their roles on our Board and Committees with full attendance at Board and Committee meetings in 2023, see page 82. The Directors have all given careful consideration to their external time commitments to ensure that they are able to devote an appropriate amount of time to their roles at ITV. For each Director, the Board considers that the external time commitments that they are required to devote do not compromise their commitment to their roles (on the ITV Board, Committees and otherwise). The Nominations Committee reviews, on an ongoing basis, Directors' time commitments against the recommended guidance from investor bodies and ITV's top shareholders, to anticipate any perception of 'over boarding' at the forthcoming AGM. The Committee was able to confirm that it was fully satisfied with the amount of time each Director devoted to the business.

During 2023, the Board considered changes in the time commitments of the Directors. There were no role changes or new appointments that needed the Board's additional consideration.

NOMINATIONS COMMITTEE REPORT

In this report

The purpose of this report is to highlight the role that the Nominations Committee plays in ensuring that the Board has the appropriate balance of skills, experience, knowledge and background to provide the breadth, depth, diversity of thinking and perspective needed to effectively deliver long-term sustainable success.

ANDREW COSSLETT
CHAIR

Who is on the Committee

The Committee is composed entirely of Non-executive Directors (NEDs).

The current members are:
- Andrew Cosslett (Chair)
- Salman Amin
- Edward Bonham Carter
- Graham Cooke
- Margaret Ewing
- Sharmila Nebhrajani

Full details of attendance at Committee meetings can be found on the table on page 82

Detailed biographies can be found on pages 77 and 78

Our role

Following each meeting, the Committee communicates its main discussion points and findings to the Board.

The Committee's terms of reference can be accessed on our website.

www.itvplc.com/investors/governance

The main role of the Committee is to:
- Regularly review Board composition and the balance of skills, knowledge, experience and diversity
- Determine when appointments and retirements are appropriate, and lead on any Director searches
- Give full consideration to succession planning and oversee the development of a diverse pipeline for succession, at Board and senior management levels
- Set measurable objectives on Board diversity and monitor progress on these objectives, as well as review Company-wide targets

Meetings in 2023

In addition to Committee members, the Chief Executive, Chief People Officer and General Counsel and Company Secretary regularly attended meetings of the Committee.

January
- Identification of need for a NED with content and media expertise
- Review of Board Diversity Policy
- Director time commitments and 'over boarding' considerations
- Re-election of Directors at the AGM
- Review of draft Nominations Committee Report in Annual Report
- Proposed 2023 Committee schedule

April
- Changes to the composition of the Committee and appointment of a new workforce engagement director
- Identification of a need for a NED with finance experience

July
- Indicative timeline and process for internal board evaluation
- Annual review of terms of reference
- Annual review of the register of interests
- Company diversity progress update

November
- People strategy review (including review of executive succession plans)
- Company diversity progress update

The Committee also held a number of ad hoc meetings in relation to the Non-executive Director searches including discussions on candidate specifications, longlists and approval of shortlists, and discussions on the candidates following the interview.

Annual review

An annual review of the performance of the Committee is conducted each year.

- In 2023, an internally facilitated Board evaluation was undertaken, which included a review of the Committee. The results are summarised on page 101.
- Overall, the evaluation concluded that the Committee is working effectively and responding appropriately to its terms of reference.
- As part of the Committee's succession planning agenda, the key priorities identified for 2024 were to embed the two new Non-executive directors and to continue its focus on Executive and Non-executive succession planning, as well as senior management talent retention and succession.

BOARD DIVERSITY

45.45%

female Board representation

In line with Parker Review, the Listing Rules and Hampton-Alexander Review recommendations

18.18%

People of Colour Board representation

Board composition and succession planning

Composition

During the year, the Committee undertook an analytical review of Board composition, assessing the range and balance of skills, experience, diversity, knowledge and independence to identify any gaps and inform the Non-executive Director searches. The review concluded that the representation of Board diversity was strong and the Directors as a whole had the right skills, knowledge and experience to enable ITV to execute its strategy. However, the departure of Sir Peter Bazalgette in 2022 meant there was a requirement for specialised creative industry skills experience. In anticipation of the departure of Anna Manz in 2023, a further gap was identified in finance skills and expertise. Two searches were instigated as discussed further below.

Non-executive Director succession planning

The Committee continues to keep succession under review for each of the non-executive roles to take account of tenure and to ensure the size, structure, composition and diversity of the Board and its Committees are appropriate, identifying internal candidates or where an external search may be needed, both for emergency and longer-term succession.

Executive Director and Management Board succession planning

During the year, the Chief Executive and Chief People Officer reported on the succession planning measures in place for the Management Board (including the Executive Directors), as well as the direct reports to Management Board members. This included Management Board and Executive Leadership Team bench strength analysis for each role identifying short and medium-term successors and the diversity of the pipeline. The Committee was satisfied that the Company has effective executive succession planning processes in place, including appropriate development plans for key individuals, and was able to understand the areas where external candidates may need to be considered. The Committee also had a session on improving the strength, depth and diversity of our talent.

Board searches

The Committee approved the appointment of SRI/Mission Bay for the search for a Non-executive Director with specialised creative industry skills experience and Lygon Group for the search for a Non-executive Director with financial expertise. Other than the provision of search services, neither SRI/Mission Bay or Lygon Group have any other connection with the Company or any individual director. SRI/Mission Bay had previously supported the recruitment of Non-executive Directors to the Board.

The specifications for both vacancies set out the agreed key skills, experience and character profile being sought to fit with the current balance, membership and dynamics of the Board and were approved by the Committee. As in prior years, the Committee focused on diversity as part of the selection criteria, selecting the highest calibre candidates for appointment to the Board, based on merit and objective criteria.

In each case a shortlist of candidates was interviewed by all the members of the Nominations Committee (led by the Chairman), the Chief Executive and Group CFO and COO. Following this, the Committee recommended the appointments of Marjorie Kaplan and Dawn Allen, which the Board subsequently approved.

The Committee is satisfied that these appointments further strengthen the mix of expertise on the Board. Marjorie Kaplan has extensive brand, content and audience strategy experience with a track record as a change agent. Dawn Allen has extensive financial, commercial and international experience having held a number of senior financial roles in large scale global businesses.

Both the new Non-executive Directors undertook a comprehensive induction programme. See page 102 for further information.

Board diversity policy

Our objective to drive the benefits of a diverse senior management team and wider workforce is underpinned by our Board Diversity Policy.

Our belief is that diversity at all levels is incredibly important as it allows the organisation to harness the benefit of differences in skills, experience, culture, personality, background and work-style. We are proud of our commitment to driving further diversity on a Group-wide basis. Please refer to pages 37 to 39 for further information on our Group-wide diversity plan and targets.

Set out below are the objectives of our Board Diversity Policy and our assessment of performance against them. These objectives ensure that both appointments and succession planning support the development of a diverse pipeline.

Ensure ITV has a development pipeline of high calibre senior executive candidates and encourage senior executives to obtain external board experience

The ongoing development of senior leaders, to ensure we retain the best talent to broaden their skill sets and experience to prepare them for future senior roles, is important to us. ITV runs a high potential leadership programme, building a pipeline of diverse talent for senior level roles. The Rise Programme launched in 2020 continues to promote People of Colour talent progression at the manager level by providing People of Colour colleagues greater visibility with senior leaders through networking and sponsorship, alongside career coaching. The programme also works with managers and Senior Leadership Team advocates to build race confidence and accelerate an inclusive culture change at ITV.

Bespoke development initiatives are in place for senior executives who have been identified as potential successors, based on particular development needs. These include:

- External executive coaching, with clear coaching objectives (including 360 degrees feedback where relevant)
- Psychometric testing, such as the Hogan Leadership series that identifies leadership strengths, derailers and values
- Mentoring by a Non-executive Director
- Business School executive education programmes
- Non-executive Director and Trustee appointments where there is a suitable match and development support for those interested in these opportunities

Maintain at least 30% female Directors on the Board over the short to medium term

As at 31 December 2023, the Board had 45.45% female representation, including one Executive Director and two Committee Chairs. We have therefore exceeded the target of 40% of women on the Board set by ITV and the FCA Listing Rules, as well as the Hampton-Alexander target of 33%. Whilst the Board recognises that an effective Board with broad strategic perspective requires diversity, ultimately the Board appoints candidates based on merit and assesses potential Directors against measurable, objective criteria.

Our principles for Board diversity also apply to our Management Board and senior management below this level. We are therefore pleased that the FTSE Women Leaders Review ranked ITV third out of the FTSE 250 and top of the Media sector for representation of women in leadership, with 52.4% women in the Combined Executive Committee and Direct Reports.

Maintain at least 10% Directors who are People of Colour on the Board over the short to medium term

As at 31 December 2023, the Board had 18.18% representation of People of Colour with two Directors represented on the Board. We therefore also comply with the recommendation of the Parker Review and the FCA Listing Rule requirement to have at least one director of colour on the Board.

Use search firms who have signed up to the Voluntary Code of Conduct on gender diversity

The Board supports the provisions of the Voluntary Code of Conduct for Executive Search Firms which addresses gender diversity on corporate boards and best practice for related search processes. Both executive search agencies used in 2023 for our Non-executive Directors are signatories to the Code.

Ensure the Non-executive Director search pool is sufficiently wide and covers candidates who are People of Colour and candidates with a wide range of expertise, skills and backgrounds, and that shortlists include at least 50% female candidates

When conducting a Non-executive Director search, the Committee works closely with the executive search agency to compile a long and shortlist of candidates made up of at least 50% female candidates as well as candidates from various backgrounds and industries, including People of Colour. Candidates were identified and interviewed and their skills and qualities were assessed against measurable, objective criteria.

ANDREW COSSLETT
CHAIR
7 March 2024

Listing Rule 9.8.6R (10)

In accordance with Listing Rule 9.8.6R (10), our gender and ethnicity data in the format set out in LR9 Annex 2.1 as at 31 December 2023 is set out below.

The Board and Management Board members are asked to complete a diversity monitoring form to confirm which of the categories set out in the below they identify with. As Carolyn McCall and Chris Kennedy sit on both the PLC and Management Boards they have been counted in both totals.

Gender	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, Chair and SID)	Number of the executive management 1	Percentage of executive management
Men	6	54.45	3	8	72.73
Women	5	45.45	1	3	27.27

Ethnicity	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, Chair and SID)	Number of the executive management	Percentage of executive management
Asian	2	18.18	–	–	–
Black/African/Caribbean	–	–	–	1	9
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Other minority ethnic group	–	–	–	–	–
White	9	81.82	4	10	91

A copy of the Board Diversity policy can be found on our website **www.itvplc.com/investors/governance/directors**

AUDIT AND RISK COMMITTEE REPORT

MARGARET EWING
CHAIR, AUDIT AND RISK COMMITTEE

WHO IS ON THE COMMITTEE

Composition

The current members of the Committee are:

- Margaret Ewing (Chair)
- Dawn Allen
- Edward Bonham Carter
- Graham Cooke

Full details of attendance at Committee meetings can be found on the table on page 82.

Detailed biographies can be found on pages 77 and 78.

The Committee is composed entirely of independent Non-executive Directors. In 2023, Anna Manz and Mary Harris retired from the Committee (and Board), with Dawn Allen joining in October 2023.

The Committee members have, between them, a wide range of relevant sector and financial experience, enabling the Committee to fulfil its terms of reference. This includes providing independent and robust challenge to management and our internal and external auditors, to ensure there are effective and high-quality controls in place and appropriate judgements are taken. For the purposes of the Code, the Board considers that Margaret Ewing and Dawn Allen, and Anna Manz until her retirement from the Board, have recent and relevant financial experience.

Dear Shareholder

On behalf of the Board, I am pleased to present the 2023 Audit and Risk Committee Report which sets out the key areas of focus during 2023.

During 2023, despite the challenging economic environment, the Group accelerated its proposition as a vertically integrated producer, broadcaster and streamer, further developing ITVX following its launch, growing the global studios business and digitally transforming the Broadcast business. ITV colleagues have, despite an incredible workload, risen to the challenge and delivered positively and effectively. In this environment, the Committee has continued to focus on risk management, internal controls and the ongoing restructuring, financial and accounting implications of the strategy implementation.

Throughout 2023 I have maintained regular dialogue with all members of the Committee, the Group CFO & COO, and other members of management, including meeting with relevant 'agenda topic owners' prior to each Committee meeting, ensuring the Committee would be provided with the necessary information to enable it to guide, challenge and advise and, when required, make informed decisions. I also met with ITV's legal advisers in respect of ongoing litigation and other legal matters and met privately throughout the year with the lead partner of our external auditor, PwC, and lead partner of EY, ITV's provider of outsourced internal audit.

A significant event in 2023 was the go live in April of wave 1 of the ITV Together Oracle Fusion finance and HR systems and functional transformation. A detailed post go live stabilisation plan with clear focus on change management, governance and priority actions is in place and has been communicated to impacted teams across the Group. When the Board visited colleagues in Manchester, I held meetings with the teams in the Group's Global Finance Operations (GFO) most impacted by the development, launch and ongoing stabilisation of the transformation. This enabled me to gain a good understanding of the ongoing challenges and the implications for resourcing, morale and welfare of the impacted teams, which I fed back to relevant management, the Committee and the Board.

Management has continued to implement a detailed programme of remediation and enhancement to address internal control issues highlighted by the internal and external auditors in 2022 and further identified as a result of the ITV Together implementation. The Committee received reports from management, and the external and internal auditors, at each of its meetings on the progress in the execution of the remediation programme. The Committee recognises that good progress has been made in this area and is confident the Group has an effective control environment; however, the Committee also acknowledges that the Group is on a journey of maturity and improved formalisation, automation and monitoring of its control processes and this will continue to be an area of key focus for the Committee during 2024.

The Committee has spent considerable time reviewing and scrutinising the Group's financial results, ensuring it had clear oversight of the evolving impact of the Group's strategy on the business and its financial affairs plus emerging risks. This included adjusted performance measures and exceptional items, progress of certain legal and regulatory matters and disclosure and provisioning implications, programme rights impairment and the implications of the proposed reform of the system of audio-visual tax credits. Details of the significant financial reporting issues we considered can be found in this report.

Information regarding the Board's stakeholder engagement is set out on pages 84 to 91, which also indicates where the Committee took account of the views of the Company's key stakeholders and considered their interests in its discussions and decision-making. Whilst we note that the Government's previously proposed corporate governance reforms are not being introduced, the Committee is pleased that management took the decision to continue to implement 'no regrets' improvements. The Group continues to focus on strengthening its internal controls environment and has robust plans in place that will put the Company in a strong position to comply with the controls' effectiveness statement requirement, introduced in the FRC's revised Corporate Governance Code issued in January 2024 and applicable from 1st January 2026.

I was delighted when ITV gained a gold award for best FTSE 250 Annual Report and Accounts at the Corporate & Financial Awards, and was Highly Commended by the Corporate Reporting Awards. At ITV, we strive to ensure we maintain clear and coherent reporting that provides a clear link from purpose to strategy to operations, and the Committee was delighted that colleagues' efforts and focus have been recognised in this way.

I personally want to thank all ITV personnel involved in the Group's corporate and financial integrity, controls, recording and reporting for their immense effort, fortitude and loyalty during 2023 – a year that has delivered very significant change and improvement within ITV in a very short time frame.

I hope that you find this report informative and can continue to take assurance from the work undertaken by the Committee this year.

MARGARET EWING
CHAIR, AUDIT AND RISK COMMITTEE
7 March 2024

2023 Key Matters

Matters considered at the meetings are set out on the pages that follow.

Meetings in 2023

The Committee held five scheduled meetings during the year, and a number of ad hoc meetings.

In addition to Committee members, the Chair of the Board, Group CFO and COO, Group Director of Finance, Group Finance Controller, General Counsel and Company Secretary, Group Director of Risk Management, Head of Internal Audit (EY) and External Audit lead partner (PwC) regularly attend meetings. There were a number of sessions during the year when the Committee met the External Audit lead partner and, separately, the Head of Internal Audit without executives present.

Our role

The Committee's terms of reference, reviewed annually and last updated in July 2023, can be accessed on our website.

The Committee's principal responsibilities are to oversee and provide assurance to the Board on the integrity and quality of financial reporting, effectiveness of audit arrangements and robustness and effective operation of internal controls, compliance and risk management processes. The Committee meeting agendas are tailored to ensure emerging topics are included and to allow for ad hoc discussion and reviews (including ad hoc meetings when required). A summary of the Committee's activities from the date of our 2022 report and until the date of this report is detailed on the following pages.

ANNUAL REVIEW

In 2023, an internally facilitated evaluation of the Committee's performance was undertaken. Participants in the evaluation, in addition to Committee members, included all regular Committee meeting attendees.

The evaluation concluded that the Committee continues to work effectively, is highly engaged and is responding appropriately to its terms of reference.

Although the evaluation did not identify any concerns, the Committee has agreed that the areas it will focus on in 2024 will include:

1. The ongoing programmes of enhancement of the financial, IT, reporting, compliance and operational control frameworks
2. Stabilisation of Wave 1 of ITV Together (the finance, HR and production accounting transformation programme) and approval of the business case and timing for commencement of Wave 2
3. Fraud and risk management improvements, including data governance and privacy and speaking up processes
4. Readiness to comply with all existing and emerging regulations and legislation regarding sustainability, climate and other ESG related matters

In addition, the Chief Executive and other members of the Management Board will be invited to attend relevant parts of Committee meetings on a more regular basis to provide additional strategic and operational insight to the Committee's reviews and decision-making.

FINANCIAL REPORTING

Our role	Reviewed
• Monitor the integrity of published financial information and review and challenge significant financial reporting issues, estimates and judgements • Review the appropriateness of accounting policies and practices • Provide advice to the Board on whether the Annual Report and Accounts are fair, balanced and understandable and the appropriateness of the risk disclosures, going concern statement, the longer-term viability statement and the statement regarding effectiveness of the internal controls	• Quarterly, interim and full year results statements, prior to recommendation to Board for approval, together with supporting reports from the Group Director of Finance highlighting all key judgements and estimates • External auditor reports, including progress updates, regarding interim review and full year audit • Final draft 2023 Annual Report and Accounts, prior to recommendation to Board for approval, including review of the Group Financial Statements, Principal and Emerging Risks disclosure and assessment that the Annual Report and Accounts is fair, balanced and understandable • Assessment of appropriateness of going concern and viability statements, including management reports on all key judgements, scenario assumptions, supporting analysis/ evidence, reporting and disclosures • Litigation updates, including status reports and potential impact on financial results in respect of Box Clever, the Voice of Holland and CMA matters • Key accounting judgements • Reports on potential acquisitions and earnout liabilities and performance against acquisition business case criteria • Pension matters, including the IAS 19 accounting surplus and underlying assumptions • Assessment of appropriateness of identification and classification of exceptional items • Regular tax updates and recommendation of updated tax strategy to Board for approval, having ensured the relationship with tax authorities, particularly HMRC, is collaborative, open and transparent • Treasury policies, updates and funding strategy • Share plan anticipated performance outcomes for FY23 • Developments in financial and corporate reporting • Implications for financial reporting of stabilisation phase of ITV Together programme • Finance team structure and resourcing • Process to allow subsidiary entities to be considered for audit exemption using a parental guarantee • Progress in preparation, audit and filing of all FY22 subsidiary statutory accounts by regulatory filing dates

SIGNIFICANT AUDIT RISKS AND ACCOUNTING JUDGEMENTS

In planning its agenda and reviewing the audit plans of the internal and external auditors, the Committee has considered significant operational and financial issues and risks which may have had an impact on the Company's financial statements, internal controls and/or the delivery and execution of the Company's strategy (including changes in the nature and significance of some of the Group's Principal Risks).

The Committee focused on assessing whether management had made appropriate judgements and estimates in preparing the Company's financial statements, particularly with regard to the significant issues listed below. These issues were subject to robust challenge and debate between management, the external auditor and the Committee. The Committee also reviewed detailed external auditor reports outlining work performed and any issues identified in respect of key judgements and estimates – see the Independent Auditor's Report on pages 149 to 155. The Committee concluded there was no significant disagreement or unresolved issue that required referral to the Board.

Risk of fraud (particularly in revenue recognition)

Issue	Action taken by the Committee	Outcome/future actions
The nature of ITV's business, including advertising and production, means that there are potential risks of revenue recognition and other fraud, including collusion with advertisers, facilitation payments, fraudulent payments to suppliers or employees and manipulation of profits or hiding fraud by use of accounting journals.	Review of the work undertaken to update the GFO Finance Fraud Prevention Framework following the implementation of the Oracle Fusion platform and the subsequent impact on the controls in place to prevent and detect fraud across all aspects of the Group, including the international studios businesses. The Committee also considered the Group's changing risk landscape and the implications for non-financial fraud risk. In addition, the Committee reviewed the results of PwC's data auditing techniques for advertising revenue, journals and payroll as well as their conclusions relating to fraud risk in revenue recognition.	In anticipation of the UK's new corporate offence of 'failure to prevent fraud', the Committee discussed ITV's plan to respond to the new legislation during 2024 including: • Updating the Fraud Risk Management policy and the fraud risk assessment • Monitoring of high-risk financial controls • Delivery of targeted training • Reviewing ITV's due diligence processes and contractual provisions The Committee agreed with management's assessment that the overall control framework remained effective and the Group's revenue recognition processes included a robust control framework to effectively mitigate the risk of material financial fraud.

Exceptional items including Alternative Performance Measures

Issue	Action taken by the Committee	Outcome/future actions
During 2023, management proposed a number of matters to be classified as exceptional items. (See note 2.2 to the financial statements and page 172 for an explanation of the exceptional items policy).	The Committee continued to closely scrutinise the application of the Group's policy on exceptional items, spending considerable time reviewing the existing policy and challenging management's proposed classification. The Committee scrutinised in particular those exceptional items that recur over a number of years, such as restructuring, transformation and property costs, or frequently occurred, e.g. legal costs, and considered the views of the external auditor.	The Committee concluded that the policy in respect of exceptional items and management's approach to exceptional items were appropriate. The Committee also recognised that management had exercised discipline on the categorisation of costs as exceptional items, the policy had been applied consistently and the amounts were clearly disclosed in the Annual Report and Accounts. The Committee will continue to review the exceptional items policy and definitions regularly, consider evolving regulatory scrutiny and the impact of exceptional items on reported earnings.

Review of legal cases

Issue	Action taken by the Committee	Outcome/future actions
ITV is subject to ongoing legal disputes where the outcome is not certain, including the quantum of liability (actual or possible) in respect of the Box Clever pension scheme deficit and the two separate UK Competitions and Markets Authority (CMA) investigations that commenced in 2022 and 2023.	Throughout 2023, the Committee reviewed management's updates on its various outstanding legal cases and any potential liability that might arise from them. In addition, twice during the year, the Committee Chair met with the Company's various external legal advisers to understand their perspectives on the status of the various legal cases. In respect of Box Clever, the Committee considered the response from and management's interactions with the Pensions Regulator, views of external actuarial and legal advisers and the level of provision for the case and disclosure, given the high level of uncertainty of the final outcome and the legal process, which could continue for a number of years. With regards to the two separate CMA investigations, The Committee considered the contingent liability disclosure proposed by management and agreed with management's conclusion that it is not possible to reliably quantify any liability that might result from the investigations due to the early stage of each of them. The Committee discussed the provisions held and related disclosures in respect of all other material legal cases.	Following considerable discussion and input from the external auditor and legal adviser, the Committee agreed that the provision and disclosure made in respect of Box Clever was appropriate, given the status of discussions with the Pensions Regulator. See note 3.7 to the financial statements. The Committee also agreed that the contingent liability disclosure proposed by management in relation to the CMA investigations was appropriate. The Committee also considered other ongoing legal matters and agreed with management's proposed position and related disclosures.

OTHER SIGNIFICANT ISSUES IMPACTING FY23 AND/OR FUTURE YEARS

Acquisitions and related liabilities

Issue	Action taken by the Committee	Outcome/future actions
Acquisition liabilities are amounts payable to former owners of businesses acquired for remaining minority shareholdings. The payments are linked to the financial and/or operating performance of the business over future periods and are usually linked to continued employment.	The Committee reviewed management's process to determine the expected future payments and the related year end liability, including the classification of those costs linked to employment as exceptional. In 2022 the Group acquired a majority stake in Plimsoll Productions. During 2023, the Committee considered management's post-acquisition review and, in light of the review, the appropriateness of the anticipated future payments. In addition, the Committee reviewed the conclusions of EY's internal audit of Plimsoll's production financial controls and compliance with ITV's Group policies.	The Committee agreed with management's assessment of expected future payments for Plimsoll and other previous acquisitions. The Committee was pleased to note that the integration of Plimsoll with ITV had been successful, including adoption of ITV's policies, a good controls environment and ongoing transition to ITV corporate network and systems.

Pensions risk management

Issue	Action taken by the Committee	Outcome/future actions
Managing the impact of economic turbulence in the year on the investment strategy of the ITV Pension Scheme and the valuation of pension assets and liabilities.	The Committee received an update on the management of the Group's pension risks, with a focus on investment governance and strategy. Strong risk management and maintaining the risk exposure in balance were fundamental objectives.	The Committee noted the update and was confident that the actions taken meant that the risks identified continued to be managed and maintained as previously agreed with the Committee.

Treasury and financial risk management

Issue	Action taken by the Committee	Outcome/future actions
During 2023 the Committee considered updates from management on the impact of financial risks affecting the business.	The Committee reviewed the Group's debt maturity profile and the options to address the short-term refinancing needs of the business, with a term loan from relationship banks being proposed. Subsequently, an assessment was considered on management of the longer-term financing requirements, which included a proposal to implement an Euro Medium Term Note programme (during H1 2024). The annual review of treasury policies focused on mitigation of foreign exchange risk.	The Committee considered, supported and approved management's proposed policy changes and the actions taken to mitigate other financial risk. The Committee also recommended to the Board the approval of the financing proposals of management to ensure the Group retains appropriate liquidity to support delivery of the Group's strategy, particularly in the current uncertain and volatile economic and political environment.

IR35

Issue	Action taken by the Committee	Outcome/future actions
From April 2021 the responsibility for undertaking IR35 employment status assessments, and where necessary withholding PAYE and paying NICs, passed to the employer, rather than remaining with individuals and their personal service companies. ITV has been in continuous discussion with HMRC on this matter throughout 2023.	The Committee considered updates from management on developments in the application of IR35 and status of ongoing discussions with HMRC regarding the tax status and treatment of 'front of camera' presenters who were not employees. During the latter part of 2023, the Committee considered management's proposed changes to the provision recorded at 30 June 2023, updated to reflect ongoing discussions and agreements reached with HMRC, including the removal of certain prior years no longer in scope. Management proposed to classify those amounts related to prior years as exceptional given their materiality and nature.	The Committee considered and supported management's proposed increased provision and proposed accounting treatment, taking into account the external auditor's views. The Committee noted that the outcome of ITV's negotiations with HMRC and the implications for the relevant 'front of camera' individuals.

OTHER SIGNIFICANT ISSUES IMPACTING FY23 AND/OR FUTURE YEARS

Organisation for Economic Co-operation and Development (OECD) Base Erosion Profit Shifting (BEPS 2.0) Agreement – Pillar 2

Issue	Action taken by the Committee	Outcome/future actions
The UK substantively enacted Finance (No2) Act 2023 in June 2023 introducing a global minimum effective tax rate of 15% for large groups and for financial years beginning on or after 31 December 2023.	The Committee received a briefing on the anticipated financial and compliance impact of Pillar 2, informed by advice from professional advisers engaged to assist management in navigating the detailed and complex legislation.	The Committee concluded that management was in a good position to perform accurate and detailed Pillar 2 calculations in 2024 and was comfortable that the financial impact to the Group would not be material. The Committee will continue to monitor the Group's approach to and implementation of Pillar 2.

Audio-Visual Expenditure Credits (AVEC)

Issue	Action taken by the Committee	Outcome/future actions
HM Treasury and HMRC have established a new audio-visual tax regime (AVEC) to replace the current High-End Television (HETV) Tax Credit regime in the UK which results in a reduced effective tax rate and a potential Pillar 2 top-up tax liability.	The Committee received a briefing from management on the impact of the new UK tax credit regime and a recommendation to adopt the new AVEC regime at the earliest opportunity.	The Committee considered and supported management's recommendation noting that this would have no impact on the Group's future reported and adjusted profit after tax.

Going concern and viability assessments

Issue	Action taken by the Committee	Outcome/future actions
In light of the continuing uncertain economic environment, the Committee applied considerable scrutiny to management's assumptions, stress testing and scenario analyses supporting the going concern and viability statements as well as seeking impartial external views on ITV's viability.	The Committee reviewed and challenged management's process and assessment of going concern, longer-term prospects and viability by considering forecast cash flows, base case and downside scenario analysis, the results of further stress testing of those scenarios, and other principal risks, including continuing uncertainty in the macro environment. In reaching its view, the Committee also considered: (i) analyst and other expert commentary to understand the wider market views on the Group's future financial performance and viability; (ii) Board approved financial forecasts; (iii) the Group's financing facilities including covenant tests and future funding plans; and (iv) the external auditor's findings and conclusions on this matter. The Committee also considered the adequacy and accuracy of the disclosures in the 2023 Annual Report and Accounts in respect of the Group's ability to continue as a going concern and its future viability.	Following this thorough review and strong challenge of management's assumptions, the Committee considered the assessment to be appropriate and recommended the draft viability statement and related disclosures for approval by the Board. The Committee also concluded that it remained appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements and the relevant Annual Report and Accounts disclosure was appropriate. See pages 162 and 163. Given the uncertain economic outlook, and its impact on the demands for content production and advertising, the Committee will continue to closely monitor the Group's financial status and prospects.

Impairment assessment

Issue	Action taken by the Committee	Outcome/future actions
The continued uncertainty in the economic environment, with increasing costs, inflation and interest rates, and its impact on the trading outlook for the Group may give rise to indicators of impairment of value of certain Group assets.	The Committee considered and challenged: • Management's assessment of the level of aggregation of assets for cash-generating units (CGUs) and agreed that no changes were required • The basis for calculating the discount rate for each CGU, having sought the external auditor's views on the methodology applied and outcome, and consequently agreed that the discount rates were considered appropriate in the current economic environment • Management's assessment of impairment, incorporating the cash flows used to assess going concern and viability assessment, and noted that no impairment was required in either the base case or other scenarios. In 2023, management engaged external advisers to assist in reassessing and improving the Group's approach to content/programme rights valuation. Following this review, the decision was taken to revert to a whole portfolio assessment.	Having received the views of the external auditor following their detailed audit of the management's assessment of the carrying value of CGUs, including goodwill, the Committee agreed that no impairment of CGUs is required. The Committee agreed with management's conclusion that sports rights should be assessed for impairment as part of the whole portfolio of programme rights.

RISK MANAGEMENT AND INTERNAL CONTROLS

Our role	Committee reviewed:
• Assist the Board to establish and articulate overall risk appetite and oversee and advise the Board on specific strategic risk exposures and mitigations • Review the risk identification and mitigation processes and undertake deep dives into high-risk business areas or processes • Review the effectiveness of the internal control and risk management processes • Oversee appropriate compliance, speaking up and fraud prevention arrangements	• Biannually, management's conclusions regarding principal and emerging risks and uncertainties and associated mitigations • Progress in implementing the enhanced ERM framework, including enhancements to the risk governance structure • Progress in improving operational risk management capability for security, duty of care, and crisis management • Insurance arrangements and policies, including how those support mitigation of principal and other financial risks • Progress in implementing the financial controls framework and effectiveness review for the ITV Together programme • Ongoing programme of improvements to technology and IT-related controls and governance environment • Mapping of the internal audit plan to key principal and operational risk areas to understand assurance coverage • Outcome of the risk focused audits undertaken by the internal auditors, including implementation of agreed actions to address audit conclusions • Enhancements to the Speaking Up policy and report on ongoing actions taken to strengthen Speaking Up processes and further increase awareness across the organisation, including reflection of the relevant recommendations arising from the Committee's deep dive review in July 2023 and the external review by Jane Mulcahy KC • Progress in implementation of data privacy and governance enhancements, including actions arising from the internal audit of the effectiveness of relevant processes • Biannually, effectiveness of compliance framework and monitoring • The M&A approvals process and approved amendments • Fraud risk and fraud prevention, detection and controls framework and its effectiveness • Transformation Programme updates, particularly in respect of ITV Together • Deep dives on the Group's resilience to key risks, including cyber, crisis management, duty of care and Speaking Up • The internal audit conclusions and recommendations regarding the effectiveness and maturity of the second lines of defence in respect of the Group's financial, IT general and compliance controls

Risk management

Recognising the evolving nature of the risk landscape, due to the increasing pace of change in the industry, the continued impact of the macroeconomic environment and global instability, ITV needs to be able to be agile in flexing aspects of its strategy implementation and manage resulting risks smartly. The Committee's focus for 2023 therefore has been on evolving ITV's approach to risk management to ensure it remains appropriate and proportionate as well as enhancing the understanding of ITV's most critical risks. This has included focus on progress in optimising the practices and behaviours of the second line of defence and introducing more collaboration and structure across financial, IT, compliance and operational controls, with the Committee providing challenge and direction as appropriate.

Financial internal controls

Throughout 2023, the Committee received regular updates on management's ongoing enhancements to the Group's controls environments, including financial and IT controls, finance fraud risk prevention, cyber security, data privacy processes and capability, Speaking Up effectiveness, compliance programme, and resilience to risk, including crisis management and business continuity.

Although certain aspects of the Group's control environment are immature, with some existing deficiencies (particularly in respect of IT general controls, where mitigations have been implemented to address these weaknesses), the Committee is satisfied that the Group's internal controls over financial reporting operated effectively throughout the year, with no material weaknesses identified. This was principally based on a programme of internal audit reviews, independent Group finance assurance reviews, and monthly management financial control self-assessments and the reviews undertaken by the external auditors as part of their 2023 audit plan. During 2023, the Committee was regularly presented with observations following second line design reviews conducted by the Financial Governance and Compliance team post Oracle Fusion Go-Live (part of the ITV Together programme), with a particular focus on controls automation progress and fraud controls. Moreover, where specific areas for improvement were identified, it was noted that mitigating workaround controls and processes were in place. These updates provided the Committee with the opportunity to increase the scope of its own review and obtain additional visibility over the financial control environment during the year, particularly those areas not covered in the Internal Audit plan. In addition, the Committee considered the suite of automated analytics that enable ongoing monitoring of high-risk financial transactions and access controls across Group systems.

In 2024, the Committee intends to continue with focused bi-annual (and in respect of certain areas of internal controls, quarterly) sessions with the relevant change programme and compliance, financial, operational and technology controls sponsors and leadership teams. In particular, the Committee will focus on strategic initiatives being implemented within the Group's technology function, with the objective of improving the overall IT control maturity. Key activities in 2024 will include updates to the IT controls framework, completion of control design assessments for applicable systems, control gap remediation and rollout of awareness sessions across Group Technology. The Committee notes the roadmap of activities for 2024, which includes controls self-certification and independent assurance testing across the IT controls landscape, to enable a cultural shift and more proactive management of risks.

ITV Together

Oracle Fusion went live on 11 April 2023, changing the operations and interaction of colleagues, HR, Finance and Production Finance processes.

The Committee noted that a change of this nature and size was complex, and was pleased that it launched with minimal disruption to the business with a high volume of users and transactions being processed.

However, due to system and reporting issues identified, various processes and controls did not operate as anticipated, with alternative manual controls implemented to mitigate any risk. Consequently, Deloitte conducted a post implementation review in the second half of 2023, focusing on project governance, resourcing and change management, the outcomes of which were communicated to the Committee.

Throughout 2023 the Committee closely monitored the programme of remediation and the effectiveness of the mitigations. In addition, the Committee Chair held a number of meetings with the programme leadership to receive detailed briefings on the progress of the change management plan, providing challenge and support.

In the last few months of 2023, the ITV Together programme moved into Stabilisation and Adoption of the Oracle Fusion solution phase, with the embedding of new ways of working following hyper care, running until June 2024. During this phase the Committee will monitor delivery of enhancements to meet the target finance control automation objective; alongside fully embedding the end-to-end IT controls to ensure Oracle Fusion is robust and sufficiently controlled, enabling reliance over the process and control automation.

Speaking Up

The Board continued to receive regular reports on issues raised during 2023 via Safecall, the independent whistleblowing facility, and other complaint notification channels available within ITV, with the Committee reviewing an overview summary for the year. This included an assessment of any identified trends or themes in complaints, the nature of any noteworthy allegations, the corrective measures implemented to address substantiated complaints, and the process applied to triage and correctly investigate complaints. The Committee also considered the actions taken by management as a result of the investigations' conclusions and recommended additional actions where appropriate, overseeing the investigation of all significant issues reported.

The Committee received regular updates on the status of and improvements to ITV's awareness campaign, alongside an internal audit completed at the end of 2022, the results of which highlighted the need to drive continued awareness and focused training to ensure that communications are effective. The Committee noted significant progress that had been made during 2023, which was demonstrated in the strong scores for awareness of the programme and the routes for raising concerns in the engagement survey.

The Committee also noted the actions that had been taken in 2023 to strengthen recording and collation of relevant data to provide a better insight into concerns being raised through the various channels available across the Group, including the Safecall facility. During 2023, listening circles/focus groups were introduced, which were run by an external provider, inviting colleagues and freelancers to participate in confidential discussions about areas of concern.

The Committee welcomed the development of a programme of mandatory training for line managers on managing grievances, disciplinaries, concerns and complaints.

The recommendations arising from the KC's review of This Morning included a more targeted approach to Speaking Up related training for different parts of the Group and a further strengthening of the concerns and complaints process. The Committee will monitor management's implementation of these enhancements during 2024.

Crisis Management

Over the past year, a series of significant external, non-ITV specific incidents and the evolving global landscape have underscored the necessity for a structured and robust crisis management response capability at ITV.

During 2023, the revised crisis management framework and plan was subject to internal audit review by EY, as well as tested via a series of simulated exercises facilitated by Deloitte, the results of both being reported to and discussed by the Committee, and progress in implementing the agreed resulting changes monitored by the Committee.

The Committee acknowledged that the good progress in 2023 provides a solid foundation for continued improvement in 2024, including the requirement to conduct regular training and simulated exercises across the Group in order to ensure ITV's resilience and readiness to effectively respond to crisis events.

Cyber Security

The Committee recognises that ITV has a unique range of factors that impact how management focuses on cyber to enable the future business strategy whilst managing the immediate risks by reducing dependence on legacy systems, building security into the delivery of its strategy and creating a cyber culture that provides consistent defence over a devolved organisation.

The Committee received regular updates throughout 2023 and is pleased with the maturity and effective progress achieved.

The Group has adopted the internationally recognised NIST cybersecurity maturity framework and the Committee is supportive of the cyber team using this internationally recognised standard in the development of ITV's approach.

During 2023, the Committee received regular updates on progress in adopting a programme of enhancement to the Group's maturity framework, which included:

- Development of a new security operations capability to detect and protect against cyber in public cloud estate
- Expanded coverage of controls across the Group's international businesses – to improve how to track and measure threats, and changes in cyber culture
- Continued assessment of third-party suppliers/vendors to identify risks

For 2024, the Committee will continue to regularly review the enhancements in the Group's cyber security profile, which will include additional focus on improving API security, increasing defence against AI-based email attacks and bolstering defences against data loss with an aim to achieve target maturity by the end of the year.

CLIMATE-RELATED GOVERNANCE

Our role	Items covered
Review of ITV's global environmental and climate risk mitigation strategy, targets, progress and reporting in compliance with the Task Force on Climate-related Financial Disclosures (TCFD), Climate-related Financial Disclosures (CFD) and other environmental reporting requirements, and readiness for publishing a Climate Transition Plan, in accordance with the UK government's Transition Plan Taskforce recommendation, alongside preparation for EU Corporate Sustainability Reporting Directive disclosure in 2026. Assessing the integrity of the targets and data included in the reporting and obtaining appropriate assurance on its completeness, reasonableness and accuracy.	Reviewed: • Report from the independent provider of limited assurance over Greenhouse Gas (GHG) emissions data, including Scope 1, 2 and 3 • ITV's TCFD reporting, including ITV climate scenario analysis and consequential risks and impact (including financial). • Climate risk embedded into ITV's Principal Risks • Roadmap to achieve Net Zero detailed in Climate Transition Plan, published alongside Annual Report and Accounts.

Climate-related governance

The Committee plays a key role in the governance of climate-related risks and opportunities and the Group's compliance with environmental and climate risk related regulatory reporting requirements. During 2023, management briefed the Committee on progress in further embedding climate action, risks and opportunities into the running of the business (and potential financial implications), including the planned publishing of its first Climate Transition Plan in 2024 and the steps taken to enhance ITV's alignment to the TCFD and CFD criteria and related disclosures. The Committee agreed with management's assessment that the financial impact of known risks and opportunities is not material.

The Committee also reviewed the methodology and internal quality assurance processes over GHG emissions reporting, following the implementation of a new environmental reporting system across ITV, and the results of the independent limited assurance provided over carbon footprint data. ITV has appointed EcoAct as its sustainability partner to advise on TCFD and CFD recommendations and best practice and highlight areas for improvement. In addition to reviewing ITV's 2023 TCFD disclosure against TCFD and CFD recommendations, EcoAct has also assessed the report against the Climate Financial Disclosure recommendations, following changes to the Companies Act.

The Committee is encouraged by the continued progress made by management to meet the minimum requirements for TCFD disclosures, and in starting to deliver against ITV's ambitious environmental targets. The Committee also noted the significant improvements in the management of environmental targets and climate-related risks and opportunities and the continuing progress made to enhance the approach and to strengthen the quality of reporting that will continue into 2024.

A key area of focus for the Committee during 2024 will be ensuring the Company continues to respond appropriately to the rapidly changing and new regulations and reporting requirements, extending the limited assurance to a wider set of indicators and agreeing with management a timeline for upgrading to reasonable assurance.

INTERNAL AUDIT

Our role	Items covered
• Monitor and review the effectiveness and independence of the internal audit function • Review and approve the internal audit plan and monitor its implementation, approving any amendments to the plan • Review the continued appropriateness of the outsourcing of the internal audit function, oversee the tendering of the internal audit contract and approve the appointment of the internal auditor and the remuneration and terms of engagement	• Performed an assessment of internal audit independence and effectiveness • Approved the 2023 and 2024 internal audit plans • Reviewed internal audit reports including a review of activity, key recommendations arising from audits, themes across audits, status reports on action plans and regulatory and programme compliance • Annual review of risk acceptance of audit findings • Meeting regularly with the internal auditor in the absence of management

Internal audit

EY was appointed ITV's internal auditor with effect from April 2022. The Committee continues to support ITV's current model of a fully outsourced internal audit function, which allows best practice in terms of risk-based approach and auditing techniques, continuous robust and independent challenge, and the use of specialists in high-risk areas and across the various geographies.

The Committee assesses the effectiveness of the internal audit throughout the year using a number of measures, including the Committee's private sessions with the internal audit partner, reports from internal audit on the development and delivery of the internal audit plan, communication of results of reviews performed and the completion of agreed actions arising from reviews. In addition, the Committee formally considered the effectiveness and quality of the internal audit provision in a private discussion between the Committee members and Group CFO & COO (who also represented management's views on the quality of the internal audit provision). The discussion was guided by a series of questions circulated by the Committee Chair, which included internal auditor independence and objectivity, resourcing, involvement in business discussions on risk, and communications between the internal auditor and the Committee.

The Committee concluded that overall it was pleased with the quality and insight provided by the internal audits completed, particularly the specialist audits, with material improvements in various control areas and processes being implemented as a result of internal audit recommendations. In reaching this conclusion the Committee acknowledged that the EY internal audit team is still familiarising itself with the various businesses of the Group and developing appropriate relationships with senior management, whilst maintaining the independence of management.

Prior to the start of the year, the Committee considered and approved the 2023 internal audit plan, which was structured to align with ITV's strategic drivers and principal risks and addressed operational, financial, compliance and technology controls and a number of key operational risks. The internal audits performed provided assurance over areas deemed to be of greater risk and relative importance to the Group in 2023. The internal auditor also provided the Committee (and therefore the Board) with valuable insight on the culture across the Group and the reflection of the Group's values by management and other employees. A cultural assessment is routinely incorporated in audit ratings.

The Committee is satisfied that, during 2023, delivery of the approved internal audit strategy and plan provided timely and appropriate assurance on the effectiveness of controls in place to successfully manage relevant Group principal risks.

EXTERNAL AUDITOR

Our role	Items covered
• Oversee the relationship with the external auditor • Review the quality and effectiveness of the external audit, including approval of the annual audit plan, and the procedures and controls designed to ensure auditor independence and objectiveness • Review and make recommendations to the Board on the tendering of the external audit contract, and the appointment, remuneration and terms of engagement of the external auditor	• Regularly meeting with the external auditor in the absence of management • Review, challenge and subsequent approval of H1 review and FY23 audit strategy/plans • PwC's reports on the H1 review and FY23 audit progress, findings and conclusions • Auditor opinion on FY23 financial statements • Recommendation to reappoint PwC at 2024 AGM • Approval of non-audit services policy • Approval of 2023 audit fee proposal • Consideration of the ongoing independence of the external auditor and the evidence of quality and effectiveness in the delivery of the audit • Review outcome for FY22 external audit quality indicators (AQIs), setting of the 2023 AQI measures and subsequent consideration and monitoring of performance against these, including post the FY23 audit

External audit effectiveness and quality

The Committee is cognisant of the fact that assessing external audit quality is a key responsibility within its remit. Set out below are the specific areas that the Committee focused on in assessing audit quality, including relevant outcomes:

- **Identification of Audit Quality Indicators (AQIs):** In 2022 seven AQIs were identified as useful in enabling the Committee to assess the effectiveness and quality of the external audit. In July 2023 the Committee reviewed performance of these AQIs against the 2022 targets and concluded that the adoption of AQIs was a meaningful and valuable tool for all parties. Seven AQIs were identified and have been used for the 2023 audit. A final review of the performance of the AQIs against the 2023 targets will be undertaken in May 2024.
- **Audit plan and strategy:** The Committee discussed PwC's detailed audit plan and strategy, including the intended scope of the audit, identification of significant and elevated audit risks, the level of materiality proposed and the principles of PwC's centrally directed audit approach. The Committee welcomed the plan to enhance the focus on utilising data-enabled auditing approaches to maximise efficiencies and insight from the auditor's testing. Following discussion and challenge, the Committee agreed the methodology adopted for determining materiality and the scope of the audit.
- **Auditor's reporting (written and verbal) to the Committee:** The Committee reviewed the effectiveness of the audit throughout the year, taking into account (amongst other things) the delivery of the approved audit strategy, approach to adjusting the audit plan to reflect changes in risk assessment during the year and insight and robust challenge around the key accounting judgements and in dealing with management.
- **Interaction with auditor:** The numerous interactions with the auditor provided the Committee with an insight into the quality of the audit process and the audit leadership team, and with the opportunity to assess the auditor's challenge of management's views. In addition, the Committee Chair met regularly with the lead audit partner, receiving early insight to the progress of the audit and any issues emerging, including the auditor's views or concerns regarding the capacity within the finance teams, given the ongoing challenges related to the introduction of the new Oracle Fusion system and ways of working. The Committee noted that PwC challenged management robustly on key judgements and estimates, accounting treatments and disclosures. The Committee also reviewed PwC's 2023 transparency report.

- **Internal evaluation session:** Drawing the above assessments together, and key to the determination of a high-quality audit, was a formal internal assessment session attended by the Committee members and the Group CFO & COO. This session was informed by circulating in advance themes for discussion, including the audit plan and strategy, execution of the agreed plan and conclusion, team performance and communications, firm-wide procedures (including resources, support and culture), and insights and the reporting PwC shared with the Committee. The Group CFO & COO's input to this session was informed by a prior meeting with relevant members of the finance team, and other relevant teams, to ensure that feedback was obtained from all levels and divisions of the Group that interacted with PwC. The Committee spent time discussing the degree of challenge and robustness of approach to the audit.

The assessments above enabled the Committee to conclude that PwC has continued to provide a high-quality robust audit, which it conducted with rigour and effective and constructive challenge, including questioning key accounting issues, and exercising professional scepticism in its review of management's assumptions, judgements and assertions.

The Committee appreciated, in particular, the understanding of the business and the quality of communications of the lead and technology audit partners, the detailed risk-based planning (with clear explanations for any subsequent deviations) and the structured, pragmatic approach to finding the right solution, supported by the effective use of PwC internal experts and specialists.

Audit tender and rotation

PwC was appointed as the external auditor for ITV effective from 1 January 2021, following a formal competitive tender process, including seeking investor views and agreement. The current PwC lead audit partner, Jonathan Lambert, has led the audit since the beginning of PwC's tenure at ITV. The Company will put the external audit contract out to public tender at least every ten years and will seek the rotation of the audit partner in line with regulation and professional and ethical guidance.

The Company confirms that it has complied with the provisions of the CMA's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

Independence and objectivity

In addition to the above assessment of the effectiveness and quality of the audit, the Committee seeks to assess and ensure the objectivity and independence of the external auditor through:

- Focus on the assignment and rotation of key personnel
- The adequacy of audit resource

The Policy on the Independence and Objectivity of External Auditors (approved in February 2024), which includes restrictions on the provision of non-audit services and the hiring of former external auditor employees. This policy is available on the governance section of ITV's website: www.itvplc.com/investors/governance/policies

Non-audit services

In accordance with the Independence and Objectivity of External Auditors policy, in 2023 the Company incurred fees for non-audit services of approximately £1,500,000 (2022: £155,000) which related principally to reporting accountant work on a proposed acquisition and the review of the interim financial information. For information on audit fees see note 2.1 to the financial statements.

Committee conclusions and confirmations

Fair, balanced and understandable

The Board is required to provide its opinion on whether it considers that the Company's 2023 Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Committee discussed the preparation of the Company's 2023 Annual Report and Accounts with the Board. To support the Board in providing its opinion, the Committee considered the assigned responsibilities for content and overall cohesion and clarity of the Annual Report and Accounts and assessed the quality of reporting through discussion with Management and the external auditor. Specific areas of challenge included the presentation of exceptional items, the equal prominence of GAAP and non-GAAP financial measures within the front half of the Annual Report and Accounts and the description of going concern and viability statement assumptions.

The process included considering each of the elements (fair, balanced and understandable) on an individual basis to ensure ITV's reporting was comprehensive in a clear and consistent way, and in compliance with accounting standards and regulatory and legal requirements and guidelines. The reviews carried out by internal functions within the Company and independent reviewers were undertaken with a view to ensuring that all material matters have been reflected in the Company's 2023 Annual Report and Accounts, and that they correctly reflect:

- The Company's position and performance as described on pages 18 to 31
- The Company's business model as described on pages 2 and 3
- The Company's strategy, as described on pages 10 to 13

Following its review, the Committee advised the Board that the Company's Annual Report and Accounts for the year ended 31 December 2023 were fair, balanced and understandable.

REMUNERATION REPORT

In this report

The purpose of this report is to set out for shareholders the principles and policy we apply to remuneration for our Directors and to update you on how we have applied these for the financial year ended 31 December 2023. The report also aims to demonstrate how our current approach and our Remuneration Policy align with our strategy, support the retention of key talent and reward them for strong performance.

READ MORE

SHARMILA NEBHRAJANI OBE
CHAIR, REMUNERATION COMMITTEE

Dear Shareholder

Despite a challenging and rapidly evolving market backdrop, this has been a year of progress for ITV. Economic headwinds have negatively impacted the broader sector, however we continued to make progress on strengthening the capabilities of the organisation and hitting a number of key milestones on our strategic journey to be 'More than TV', evolving from a legacy broadcaster to a more sustainable media and entertainment business.

We delivered against each of our three main strategic objectives. Studios grew revenue and profits to record levels, deploying its global scale and strength to win business across all major genres and geographies. In streaming, ITVX had a successful launch year, proving technically robust and through the quality and depth of its content attracted large cohorts of new viewers. The linear broadcast business continued to demonstrate its extraordinary ability to generate mass, simultaneous audiences. In addition, innovations such as Planet V, the platform enabling the growth of ITV's digital advertising, reinforced ITV's position as the clear leader in UK commercial television.

Macroeconomic pressures have depressed advertising volumes across the market. Continued cost of living pressures have affected consumer demand and this has resulted in reduced marketing spend by many advertisers, impacting ITV's financial results. Total revenues for 2023 were slightly down on the prior year at £4,260m. Although there was an expectation that adjusted EBITA for 2023 would fall as a result of planned strategic investment, the outcome of £489m was towards the lower-end of our forecasts reflecting a more challenging external environment. We are pleased to see that the balance sheet remains robust, enabling our targeted strategic investment programme to continue and securing the dividend for the full year at 5.0p, consistent with last year. We are now in the early stages of a new strategic restructuring and efficiency programme across the Group to reshape the cost base, enhance profitability, and support the growth drivers of Studios and Streaming. By the end of 2024 we expect the programme to have delivered incremental annualised savings of at least £50 million gross per year, giving a £30 million in year gross benefit in 2024.

The pace of change for the sector continues to be significant. Technology advances are dramatically increasing the choices for consumers, the emergence of generative AI is a potential game changer in the world of production and the competitor set is now made up of international streamers and global tech corporations rather than national television businesses. In light of these structural shifts it is essential that the business continues to evolve and respond. 2024 will be another pivotal year with a focus on reshaping the organisation, so that ITV can be a sustainable media and entertainment business for the long term.

Policy renewal

In line with the usual three-year cycle, the Director's Remuneration Policy will require renewal at the 2024 AGM.

As part of the last policy renewal, shareholders approved the adoption of Restricted Shares as our primary long-term incentive vehicle. The rationale for this model included:

- Simple structure – highly effective pay model in a competitive global media talent market
- Addresses inherent advertising market volatility – the performance of the business continues to be inherently linked to the buoyancy of the highly cyclical advertising market. This often makes long-term target setting challenging
- Rewards strategic investment and transformation – focus on execution of our investment strategy to deliver long-term sustainable performance, rather than short-term gain. The structure provides flexibility, by allowing the delivery of the strategy to be judged over the longer term, rather than within fixed three year performance periods
- Focuses executives on long-term stewardship of the brand

As our strategic transformation continues and given that the Restricted Share scheme is only in its third year of operation, the Remuneration Committee has concluded that the current remuneration structure continues to support our strategic goals and enables the business to remain agile in a dynamic and cyclical sector where viewer behaviours continue to evolve. We therefore propose to roll forward the previous policy with only minor amendments.

As part of the policy renewal process we engaged with a number of our major investors. Consistent with the messaging received in prior years, it was clear that while the majority of investors and mainstream proxy voting agencies continue to support our approach to pay, a minority of investors retain reservations. Although we are mindful of the diverse views of our investors, we have opted to retain the current pay approach as it continues to support our strategy. The 2021 policy represented a major shift in approach and the first Restricted Share awards under this policy will not be released until 2026; it therefore feels premature to make further radical change at this stage.

The Board continues to maintain dialogue with investors, and the Remuneration Committee has engaged with them on numerous occasions over recent years. In many cases remuneration proposals have been adapted in direct response to their feedback. In line with our normal approach, we will continue to keep the effectiveness of our approach to pay, developments in the market, and evolving investor sentiment under review.

In terms of implementing the policy for 2024, the Committee has approved a salary increase of 3% for both the Chief Executive and Group CFO & COO which is in line with other senior executives but below the 5%-6% increase applied for the majority of employees. Incentive opportunities for both executives will be consistent with prior years.

The performance measures and weightings for the 2024 annual bonus are similar to 2023 with the addition of a cost savings metric (worth 10% of the award) to reflect the scale and importance of this priority, with 50% linked to adjusted EBITA. Consistent with prior years the targets for the annual bonus have been set to reflect internal and external forecasts for the Company, including significant budgeted cost savings and critical investment spend. We remain mindful of the impact of share price volatility on future share awards and investor concerns regarding potential windfalls. The Committee will consider this at the point of grant and at vesting. Where necessary, the Committee retains the ability to adjust vesting outcomes to ensure they are appropriate.

Incentive outcomes

The Company's resilient performance despite economic headwinds was reflected in the incentive outturns. The 2023 annual bonus was based on adjusted EBITA (60%), cash conversion (10%), individual strategic targets (20%), as well as a scorecard of ESG priorities (10%). Financial targets were set in the context of advertising market uncertainty, with targets set to be stretching but realistic.

While adjusted EBITA achievement was at the lower end of the targeted range, cash conversion was ahead of planned results and progress was made against our ESG scorecard measures. As noted above, the business also made significant progress on executing our strategic goals in response to the evolving marketplace. The overall bonus outcome for the Executive Directors was 56.41% of maximum, with one-third of the bonus award deferred into shares for three years. This represents a significantly lower outturn than the 81.72% achieved by both directors for 2022, primarily reflecting the economic backdrop impacting financial performance.

This is also the first year in which the Restricted Share awarded to our Executive Directors will vest. Although the single figure includes a value for the first award granted in 2021, in practice these awards will only be released in 2026 following completion of a two year holding period. Under this pay model, long-term incentive award levels were reduced by 50%, but with performance alignment primarily provided via the share price. While the short-term share price performance has been disappointing, both Executive Directors maintain sizeable interests in ITV shares, in excess of the requirement under the Shareholding Guidelines, and have personal financial exposure that mirrors that of our investors. As noted above, the strategic transformation of the business continues and the Board remains confident that the investments made today will be reflected in the long-term performance of the business.

Wider workforce

The Committee continues to focus on wider workforce pay, recognising that the cost of living continues to be a real concern for a number of our colleagues. In relation to 2024 salary increases, the overall aim was to provide all employees with a meaningful increase to their base salary which reflected economic realities. While the high inflationary environment impacts everyone, the Committee recognises lower earning employees suffer the consequences more acutely. Salary increases for more senior roles were therefore reduced to help fund more meaningful increases for employees at lower pay levels.

Salary increases were scaled from 6% for lower paid employees, 5% for low-mid tier roles, 4% for mid-senior roles and 3% for the more senior executives. As detailed in last year's report, a similar approach was taken for the 2023 salary increases, with uplifts of up to 6% applied for lower paid staff. In January 2023, a one-off cost of living payment was made providing £1,000 to all our staff earning up to £75,000. Although the 2023 Employee Bonus outcome of £764 for wider staff was lower than prior years, reflecting the lower than expected EBITA, management elected to make a one-off additional payment to staff of £636. This combined payment of £1,400 reflects the exceptional levels of commitment shown by employees in delivering the transformation of the business.

Reflecting our broader ethos, ITV remains committed to ensuring all colleagues earn at least the real Living Wage. The Company remains similarly committed to Diversity and in addition to its gender pay gap data, ITV has voluntarily published its ethnicity pay gap information since 2018, one of only a small number of FTSE companies to do so. ITV has also been calculating its disability and LGBTQ+ pay gaps since 2020 and published this information for the first time in 2023.

Concluding remarks

As a Committee, we are committed to making responsible and measured decisions around pay. I hope this report provides clear and transparent disclosure, including the wider context informing these decisions. As a Committee we will continue to engage with shareholders whenever possible to listen to feedback and discuss pay matters. In the meantime, I look forward to your support for both the Remuneration Policy and the Report at the upcoming AGM.

SHARMILA NEBHRAJANI OBE
CHAIR, REMUNERATION COMMITTEE
7 March 2024

Remuneration Committee

WHO IS ON THE COMMITTEE

The Committee is composed of independent Non-executive Directors.	The current members are: • Sharmila Nebhrajani (Chair) • Salman Amin • Andrew Cosslett • Edward Bonham Carter	Anna Manz and Duncan Painter stepped down as members of the Committee in the year. Edward Bonham Carter joined as a Committee member in April 2023 Full details of attendance at Committee meetings can be found in the table on page 82 Detailed biographies can be found on pages 77 and 78

OUR ROLE

Following each meeting, the Committee communicates its main discussion points and findings to the Board. The Committee's terms of reference can be accessed on our website www.itvplc.com/investors/governance	The main role of the Committee is to: • Review the ongoing appropriateness, relevance and effectiveness of the Remuneration Policy, including in relation to retention and development, whilst taking into account workforce remuneration and related policies, and the alignment of incentives and reward • Propose to shareholders changes to the Remuneration Policy as appropriate • Approve the implementation of remuneration arrangements for the Chair, Executive Directors, Management Board and other senior executives (together the Senior Executive Group) considering arrangements for the wider employee group • Approve the design of the Company's annual bonus arrangements and long-term incentive plans, including the performance criteria that apply for the Senior Executive Group • Determine the award levels for the Senior Executive Group based on performance against annual bonus targets and long-term incentive conditions

MEETINGS IN 2023

In addition to Committee members, the Executive Directors, Chief People Officer, General Counsel and Company Secretary, Group Reward Director and independent adviser Deloitte attend meetings as required. Attendees do not take part in decisions relating to their own remuneration and potential conflicts are suitably mitigated.	**January** • Indicative LTIP and PSP performance • Annual review of the Chair's fees • Pay gap reporting and CEO pay ratios • Compliance with shareholding guidelines **February** • Bonus outcomes for 2022 • Performance outcomes for 2020 LTIP and PSP awards • Bonus targets for 2023 • Financial underpin target for 2023 ESP awards • Remuneration Report and compliance against the Remuneration Policy • Review of the Senior Executive Group • Adviser independence • Gender and ethnicity pay gap reporting and CEO pay ratios **June** • Approach for Remuneration Policy review • 2023 awards under the executive and SAYE plans • Committee terms of reference review	**September** • Financial performance update • Employee reward framework, including review of remuneration and related policies and remuneration trends • 2023 AGM season update • Remuneration Policy and Shareholder Engagement update **December** • Review of 2023 bonus performance • 2024 Bonus framework and targets • 2024 Remuneration Policy Renewal • Annual pay review

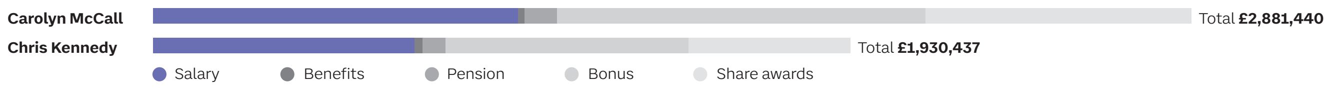
ANNUAL REVIEW

A review of the performance of the Committee is conducted each year.	• In 2023 an internally facilitated Board evaluation was undertaken, which included a review of the Committee. The results are summarised on pages 100 to 101 • Overall, the evaluation concluded that the Committee is working effectively and responding appropriately to its terms of reference • The Committee recommended a focus on wider comparatives in relation to international remuneration

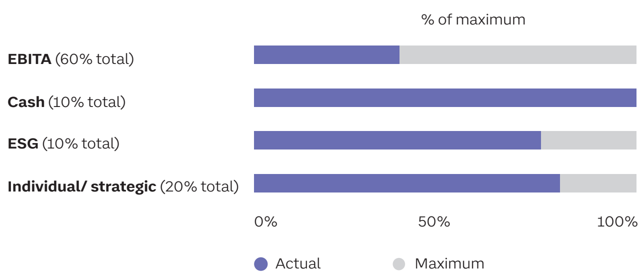
OVERVIEW OF REMUNERATION POLICY 2023

WHAT DID EXECUTIVE DIRECTORS EARN DURING 2023?

SINGLE FIGURE REMUNERATION AT A GLANCE



PERFORMANCE AGAINST ANNUAL BONUS TARGETS



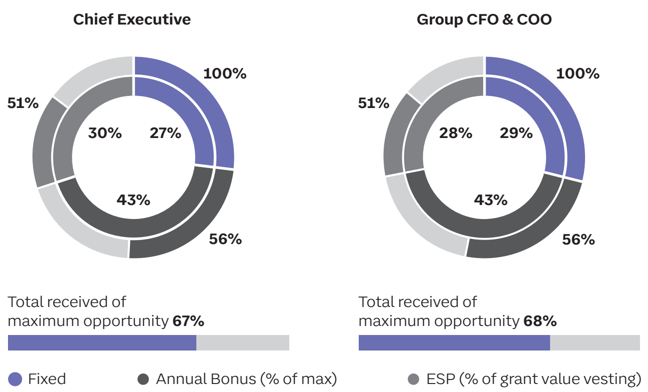
RESTRICTED SHARES – 2021 ESP

Restricted Shares granted in 2021 are due to vest in May 2024	Detail on vesting is set out in the report.

BONUS OUTCOME

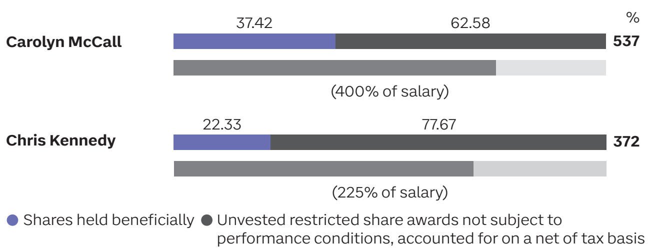
Carolyn McCall	Chris Kennedy
56.41% of maximum	**56.41%** of maximum

PERCENTAGE OF TOTAL OPPORTUNITY



ALIGNMENT WITH SHAREHOLDERS

Share ownership
Shareholding is a means by which the interests of the Executive Directors are aligned with those of shareholders. As at 31 December 2023 both directors had holdings in ITV that exceeded their respective shareholding policy requirements – 400% of salary for Carolyn McCall and 225% of salary for Chris Kennedy.



WIDER WORKFORCE IN 2023

SALARY	ALL EMPLOYEE BONUS	'THANK YOU' PAYMENT	PENSION	BROAD BENEFITS PROGRAMME
up to **6%** increase	**£764** 38.2% of the maximum opportunity of £2,000	**£636** Total combined payment of £1,400 made to eligible employees	up to **9%** company contribution	See page 129

OVERVIEW OF REMUNERATION POLICY 2024

HOW WILL EXECUTIVES BE PAID IN 2024?

FIXED PAY

Chief Executive salary:	Group CFO & COO salary:			
£1,040,729	**£744,587**	Salary increase of 3%. Increases for employees range from 3% to 6%.	Benefits package remains unchanged – includes private medical insurance and car-related benefit.	Retirement benefits of 9% to align with the workforce pension contributions.

ANNUAL BONUS

2024 bonus metrics – measure and support execution of the strategy

Cash element 2/3 total bonus

Deferral into shares for three years 1/3 total bonus

Cash element	Deferred shares	
Chief Executive: up to 120% of salary; Group CFO & COO: up to 110% of salary	Chief Executive: up to 60% of salary; Group CFO & COO: up to 55% of salary	Both bonus elements subject to malus and clawback

Expand Studios globally

Optimise Broadcast

Supercharge Streaming

50%	**Adjusted EBITA:** Profitability of underlying business
10%	**Cost savings:** Rebasing the cost base of the organisation
10%	**Cash conversion:** Effective cash generation
10%	**ESG scorecard**
20%	**Individual strategic:** Deliver strategic priorities

RESTRICTED SHARES

Successful execution of strategy ultimately reflected in the share price

Released after five years

Annual grant: Chief Executive: up to 132.5% of salary; Group CFO & COO: up to 112.5% of salary – 50% discount to legacy LTIP award level
Release of shares subject to performance underpin: assessed after year three – ability for Remuneration Committee to scale back awards if the underpins are not met
Awards subject to malus and clawback

- Simple structure – aligns with strategy and shareholders over the long term
- Retains key talent – aligned to global talent market and peer practices
- Rewards strategic investment – delivery of long-term sustainable performance, rather than short-term gain
- Reflective of dynamic and cyclical nature of sector and viewer behaviours, where business needs to remain agile and adapt
- Focus on long-term stewardship of the brand

SHAREHOLDING GUIDELINES

Guidelines apply in post, and extend beyond tenure	**In-post guideline –** Chief Executive: 400% of salary and Group CFO & COO: 225% of salary **Applies for two years following departure –** Chief Executive: 265% of salary and Group CFO & COO: 225% of salary

WIDER WORKFORCE IN 2024

SALARY	ALL EMPLOYEE BONUS OPPORTUNITY	PENSION	BROAD BENEFITS PROGRAMME
up to **6%** increase	up to **£2,000**	up to **9%** company contribution	See page 129

DIRECTORS' REMUNERATION POLICY

The following sets out the proposed ITV Directors' Remuneration Policy (the Policy). The Policy is subject to a binding shareholder vote at ITV's AGM on 2 May 2024 and, if approved, will apply from this date.

The previous Policy was last renewed at the 2021 AGM, when the Company implemented a new Restricted Shares structure.

The Committee discussed the current Policy over a series of meetings throughout 2023 and early 2024, debating its continued effectiveness given the strategic priorities of the business, the cyclical nature of the sector, evolving market trends and investor guidance. We also engaged with major investors in order to better understand their views around our pay approach. Input was sought from the management team, while ensuring that conflicts of interest were suitably mitigated. An external perspective was provided by the Committee's independent advisers. The Committee undertook an extensive consultation process with major shareholders before finalising the Policy. The key features of our approach were also assessed against the principles of clarity, simplicity, risk management, predictability, proportionality and alignment to culture.

As noted in the Chair's statement, the Committee determined that the existing Restricted Shares structure continues to be an appropriate and effective long-term incentive vehicle for ITV, recognising that the first awards under this structure will vest in 2024 and will not be released until 2026. The Policy presented for shareholder approval at the 2024 AGM therefore contains no significant changes from the 2021 Policy. Minor updates have been made to the detail of the Policy to ensure it continues to operate as intended. The proposed Policy retains the key best practice features as applied under the Policy approved in 2021.

Executive Director Remuneration Policy Table

Fixed pay policy for Executive Directors

BASE SALARY	
Purpose and link to strategy	Reflects the individual's skills, responsibilities and experience. Supports the recruitment and retention of Executive Directors of the calibre required to deliver the business strategy within the competitive media market.
Operation	Normally reviewed annually and paid monthly in cash. Consideration is typically given to a range of factors when determining salary levels, including: • Personal and Company-wide performance • Scope of role and experience • Typical pay levels in relevant markets for each executive whilst recognising the need for an appropriate premium to attract and retain superior talent, balanced against the need to provide a cost-effective overall remuneration package • The wider employee pay review
Maximum potential payment	Ordinarily salary increases will be in line with the average increase awarded to other employees in the Company. Increases may be made above this level to take account of individual and business circumstances, which may include factors such as: an increase in size or scope of the role or responsibility; or an increase to reflect the individual's development and performance in the role. While there is no maximum, salary levels for each individual are responsibly set taking into account the factors described above.
Performance metrics	None, although overall individual and business performance is considered when setting and reviewing salaries.

RETIREMENT BENEFITS	
Purpose and link to strategy	To provide competitive post-retirement benefits or cash allowance as a framework to save for retirement. Supports the recruitment and retention of Executive Directors of the calibre required to deliver the business strategy within the competitive media market.
Operation	Executives can choose to participate in the ITV defined contribution scheme, receive a cash allowance or receive payments into a personal pension or a combination thereof. Contributions are set as a percentage of base salary. Post-retirement benefits do not form part of the base salary for the purposes of determining incentives.
Maximum potential payment	The maximum benefit will normally be capped at a level comparable to the benefit available to the wider employee base. This is currently 9% of salary.
Performance metrics	None

BENEFITS	
Purpose and link to strategy	Ensures the overall package is competitive and provides financial protection for employees and their families.
Operation	The Company provides a range of market competitive benefits, which may include travel-related benefits, participation in all-employee share schemes, private medical insurance and other insurance benefits. Additional benefits may also be provided in certain circumstances, if required for business needs. For example (but not limited to), relocation expenses, housing allowance and education support.
Maximum potential payment	Set at a level which the Committee considers to be appropriately positioned taking into account typical market levels for comparable roles, individual circumstances and the overall cost to the business. While there is no maximum monetary value for benefits, any benefits provided will be reasonable in the context of relevant market practice, individual circumstances and overall cost to the business. In addition, the Company may reimburse relocation expenses and/or provide for tax equalization arrangements. Participation in any tax-approved all-employee share plans will be limited by the maximum permitted under the relevant legislation.

Variable pay policy for Executive Directors

ANNUAL BONUS SCHEME (BONUS) AND DEFERRED SHARE AWARD PLAN (DSA)	
Purpose and link to strategy	Incentivises executives and colleagues to achieve key strategic outcomes on an annual basis. Focus on key financial metrics and corporate objectives to deliver the business strategy. The element of the Bonus compulsorily deferred into shares rewards delivery of sustained long-term performance, provides alignment with the shareholder experience and supports the retention of executives.
Operation	Measures and targets are set annually, normally based on business plans at the start of the financial year and pay-out levels are determined by the Committee following the year end based on performance against objectives. Paid once the results have been audited. Financial results used for bonus calculation will be subject to suitable review (e.g. sign-off by Audit and Risk Committee) before consideration by the Committee. The Committee has the discretion to amend the bonus outcome if any formulaic assessment of performance is considered to be inappropriate taking into account factors such as a balanced view of overall business or individual performance for the year, and the original intentions of the plan. Not more than two-thirds of the Bonus is delivered in cash with the balance deferred into shares under the DSA normally for a period of three years. During the deferral period share awards may be reduced or cancelled in certain circumstances. Dividends or equivalents may be earned on deferred shares.
Maximum potential payment	The maximum Bonus opportunity for any Executive Director will not exceed 200% of salary. The current maximum Bonus opportunities are 180% of salary for the Chief Executive and 165% of salary for the Group CFO & COO. Increases above the current opportunities, up to the maximum limit, may be made to take account of individual circumstances, which may include: an increase in size or scope of the role or responsibility; a change in business circumstances; or an increase to reflect the individual's development and performance in their role.
Performance metrics	Performance measures and targets are set by the Committee each year based on corporate objectives closely linked to strategic priorities of the business. The majority of the Bonus opportunity will be based on corporate and financial measures. The remainder of the Bonus will be based on performance against individual and/or strategic objectives. Details of the performance criteria for the Bonus are set out in the Annual Report on Remuneration. The payment schedule for each metric will be scaled based on the stretch of the underlying target. Normally, up to 20% of the maximum opportunity will be received for threshold performance.

RESTRICTED SHARES

Purpose and link to strategy	Incentivises Executive Directors to deliver the business strategy and aligns with longer-term Company performance and the shareholder experience. Acts as a retention tool to retain the executives required to deliver the business strategy.
Operation	Awards may be structured as conditional rights or nil-cost options (or economic equivalent). Awards will normally be granted annually with vesting after three years, subject to satisfaction of a performance underpin. Awards will normally be required to be held for an additional two year holding period so that the award is released after five years. During the holding period awards may be reduced or cancelled in certain circumstances. Further detail is provided in the Annual Report on Remuneration. Dividends (or equivalents) may be earned in respect of any vested shares.
Maximum potential payment	The maximum award level is 175% of salary. Our current operational policy is to make annual awards of 132.5% of salary to the Chief Executive and 112.5% to the Group CFO & COO.
Performance metrics	The Committee may define the terms of the performance underpin. The criteria may be based on financial and/or non-financial metrics and include reference to corporate, divisional or individual performance. When determining vesting the Remuneration Committee will take into account all factors deemed relevant at the time (e.g. progress against execution of the strategy, the nature of the wider trading environment). As the underpin is qualitative, there are no performance condition weightings applicable, nor is there a threshold-max vesing range. Information on the individual award grants is set out in the Annual Report on Remuneration.

SHAREHOLDING GUIDELINES

Purpose and link to strategy	To create alignment between Executive Directors and shareholders both during service and after departure.
Operation	Shareholding guidelines are in place which encourage Executive Directors to build up a holding in Company shares during the course of tenure. The shareholding guideline for the Chief Executive is 400% of base salary and for the Group CFO & COO 225%. Executive Directors will normally also be expected to retain an interest in Company shares for two years following departure. The expected holding requirement following departure will be equal to two times the Executive Director's Restricted Shares grant level. Further details of current shareholdings of the Executive Directors, together with further detail on the operation of the shareholding guidelines are set out in the Annual Report on Remuneration.

Detailed provisions

The Committee may make any remuneration payments and payments for loss of office (including exercising any discretion available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed either: (i) during the term of, and was consistent with any previous policy; or (ii) at a time when the relevant individual was not a director of the Company and the payment was not in consideration for the individual becoming a director of the Company. This includes the ability to make payments in recognition of legacy Long Term Incentive Plan (LTIP) awards, awarded under any previous Policy.

The Committee may adjust or amend Bonus and share awards only in accordance with the provisions of the relevant plan rules. This includes making adjustment to reflect one-off corporate events, such as a change of control or a change in the Company's capital structure. In accordance with the plan rules, share awards may be settled in cash rather than shares where the Committee considers this appropriate (e.g. to comply with securities law).

The Committee may make minor amendments to the Policy to aid its operation or implementation without seeking shareholder approvals (e.g. for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) provided that any such change is not to the material advantage of the Director.

Malus and clawback

Malus and clawback provisions may be operated at the discretion of the Committee in respect of any cash and deferred share elements of the bonus, Restricted Share and legacy LTIP awards. Under malus, unvested share awards (including any Restricted Share or legacy LTIP awards subject to a post-vesting holding period) can be reduced (down to zero if considered appropriate) or be made subject to additional conditions. Clawback allows for repayment of bonuses previously paid and/or shares previously received following vesting.

Malus/clawback can be operated up to four years following the start of the relevant bonus year for bonuses, and up to six years from the relevant date of grant for Restricted Share and legacy LTIP awards.

For awards granted from 2020 onwards, the Committee has the discretion to apply malus and/or clawback in the event of the following circumstances: material misstatement of financial results; gross misconduct; fraud; payments based on an erroneous calculation or data; serious reputational damage; or material corporate failure.

Performance measures and target setting

The annual bonus is assessed against financial, strategic and individual targets determined by the Committee. This enables the Committee to reward annual financial performance delivered for shareholders, and performance against specific financial, operational or strategic objectives set for each director, which are closely linked to the strategic priorities of the business. The Committee sets targets taking into account external forecasts, internal budgets and business priorities.

A key feature of Restricted Share awards is that the successful execution of the strategy and the success of the business is ultimately reflected in the share price, therefore providing strong alignment with the interests of our shareholders. The vesting of Restricted Share awards is subject to a performance underpin. For 2024 awards, the Committee will retain the ability to reduce vesting on the Restricted Shares (including to nil) where adjusted Return on Capital Employed is below the Company's cost of capital. In addition, the Committee has retained a broader discretion to also enable reduction in vesting levels where there is a material weakness in the underlying financial health and sustainability of the business. These underpins have been selected as they are considered to provide a robust and sustainable safeguard against payments for failure. Further detail on performance criteria is set out in the Annual Report on Remuneration.

When considering performance outcomes, the Committee will look beyond formulaic results to ensure the outcomes align with the overall business or individual performance. The Committee may adjust the targets for awards or the calculation of performance measures and vesting outcomes for events not foreseen at the time the targets were set to ensure they remain a fair reflection of performance over the relevant period. Discretion will be exercised mindful of broader performance, and any change to the outcome will be disclosed in the next Annual Report on Remuneration.

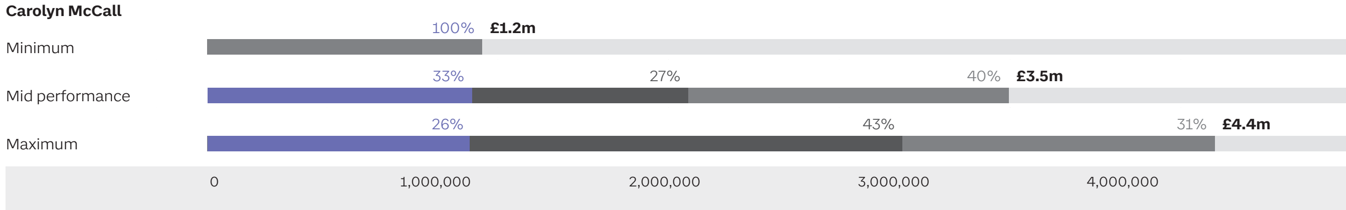
Application of Remuneration Policy

The chart below provides an indication of the level of remuneration that would be received by each Executive Director under the following three assumed performance scenarios:

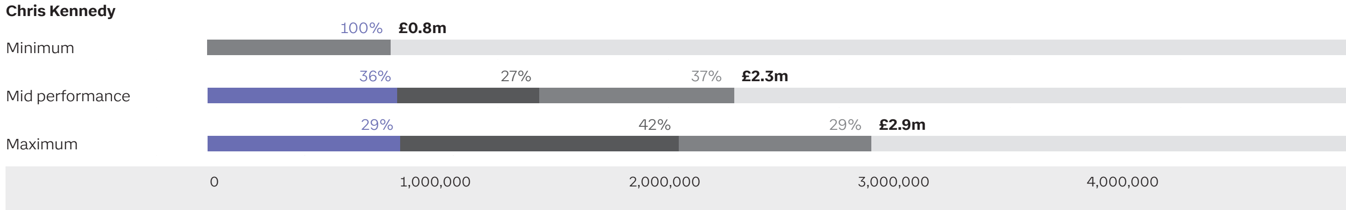
Below threshold performance	Fixed elements of remuneration only – base salary, benefits and pension
Mid-performance	Assumes 50% pay-out under the annual bonus Assumes 100% vesting of the Restricted Shares
Maximum performance	Assumes 100% pay-out under the annual bonus Assumes 100% vesting of the Restricted Shares

Scenario charts

Carolyn McCall



Chris Kennedy



Notes:

1. Fixed pay is the salary as at 1 January 2024, pension is per the Policy, and the value for benefits is equivalent to that included in the remuneration table on page 130.
2. Annual bonus is based on 180% of salary for Carolyn McCall and 165% of salary for Chris Kennedy.
3. Based on Restricted Share grants of 132.5% for Carolyn McCall and 112.5% for Chris Kennedy.

Impact of share price

The value of Restricted Shares will fluctuate based on the share price over the relevant vesting period. For example, if the share price increased by 50% over the relevant vesting and holding period, the maximum values shown in the charts above would increase to £5.1 million for Carolyn McCall and to £3.3 million for Chris Kennedy. Conversely if the share price was to fall by 50%, the maximum values shown in the charts above would reduce to £3.7 million for Carolyn McCall and to £2.5 million for Chris Kennedy.

Recruitment remuneration

When agreeing the components of a remuneration package for a new Executive Director, the Committee will apply the principles detailed below.

The package will be competitive to attract and retain the most suitable candidate for the job. Where possible, the Committee will always seek to align the remuneration package with the Policy outlined above. However, where appropriate, detailed elements of the package may be tailored to the circumstances of the individual upon recruitment. The Committee will ensure that the arrangements are in the best interests of both ITV and its shareholders and remain subject to the overall variable pay limits set out below.

Ongoing remuneration	In determining an appropriate remuneration structure and levels, the Committee will take into account all relevant factors to ensure that ITV is able to recruit the most appropriate candidate for the job and that the arrangements are in the best interests of both ITV and its shareholders. The Committee will typically seek to align the ongoing remuneration package with the ongoing Policy outlined in this Report. Fixed pay will be determined in line with the policy table in this Report. The Committee may also hire a new Executive Director at a lower salary, with more significant increases to salary being awarded as the individual gains experience. The maximum level of variable remuneration which may be granted to a new director upon appointment (excluding any buyout awards for forfeited remuneration) will be capped in line with the Policy table above. Within the limits of the Policy table the Committee may also rebalance the relative weighting of fixed pay and variable pay elements to reflect the circumstances on appointment.
Buyout awards for forfeited remuneration	The Committee may make awards to 'buyout' a candidate's remuneration arrangements that are forfeited as a result of joining the Company. In doing so, the Committee will take account of relevant factors, including any performance conditions attaching to forfeited awards, the likelihood of the awards vesting and the form and timing of the awards. The Committee will typically seek to make buyout awards on a comparable basis to those that have been forfeited but, particularly where the performance period is substantially complete, may reflect such conditions in some other way, such as through an appropriate discount to the face value of awards forfeited. Exceptionally, where necessary, this may include a guaranteed or non-prorated annual bonus in the year of joining. In exceptional circumstances, the Committee may grant a buyout award under a structure not included in the Policy but that is consistent with the principles set out above (and may rely upon Listing Rule 9.4.2 in structuring such a buyout).

The Committee will take all relevant factors into account (including the candidate's location, the calibre of the individual, external influences, internal relativities and the overall business context) when determining the new remuneration package and seek to ensure that no more is paid than necessary.

In the Remuneration Report following the appointment, the Committee will fully explain to shareholders the remuneration package for the appointed individual and the rationale for such arrangements.

On the appointment of a new Non-executive Chair or Non-executive Director, the terms and fees will normally be consistent with the fee policy outlined in the Policy.

Service contracts and loss of office

Executive Directors

Executive Directors have rolling service contracts that provide for 12 months' notice on either side. For a new joiner, the contract may commence with a notice period of up to two years reducing to the standard 12 months over time. There are no special provisions that apply in the event of a change of control. Service contracts are available for inspection at the Company's registered office.

A payment in lieu of notice, including base salary, benefits and retirement benefits may be made in certain circumstances, including if:

- The Company terminates the employment of the executive with immediate effect, or without due notice
- Or termination is agreed by mutual consent

Service contracts normally include clauses requiring departing directors to mitigate losses from termination, balancing the commercial circumstances at the time (e.g. impact on non-compete/non-solicitation clauses, protection of intellectual property).

Where appropriate, the Company may also provide benefits in connection with departure which may include making a payment in respect of outplacement costs, legal fees and the cost of any settlement agreement.

With the exception of termination for cause, Executive Directors may be eligible for a bonus award prorated to reflect the proportion of the financial year for which they were employed and subject to the performance achieved, normally provided they have a minimum of three months' service in that bonus year.

In accordance with the terms of the relevant incentive plans rules, the Committee retains discretion to determine the treatment of any outstanding awards held by a departing Executive Director. The appropriate treatment will vary depending on the relevant facts and circumstances at the time. The table below sets out the general position and range of approaches in respect of incentive arrangements.

Plan	Good leaver (e.g. ill health)	Bad leaver (e.g. dismissed for cause)	Change of control
Bonus	Executive Directors may be eligible for a bonus award prorated to reflect the proportion of the financial year for which they were employed and subject to the performance achieved, normally provided they have a minimum of three months' service in that bonus year.	Awards lapse.	Awards would normally continue unless the Committee determined otherwise.
DSA	Injury, ill health, disability or transfer of undertakings. Awards release in full at the leaving date. For other good leavers identified by the Committee, awards release at the end of the deferral period unless the Committee decides to release the shares earlier.	Awards lapse.	Awards release in full at effective date of change.
Restricted Shares during the performance period	Awards are typically prorated for time served (where departure occurs during the first three years) and vest subject to satisfaction of performance underpins. Awards are released at the end of holding period unless the Committee decides to release the shares earlier.	Awards lapse.	Outstanding awards would normally vest and be released subject to satisfaction of performance underpins and capped based on the time elapsed since grant, subject to the discretion of the Committee.
Restricted Shares – during the additional holding period	Awards are released at end of holding period unless the Committee decides to release the shares earlier.	Awards are normally retained, and are released at end of holding period unless the Committee decides to release the shares earlier. In the case of misconduct, awards will lapse.	Awards are released at the effective date of change.

External appointments

With specific prior approval of the Board, Executive Directors may normally undertake one external appointment as a non-executive director of another publicly quoted company and retain any related fees or share awards paid to them for their services.

Non-executive Directors

The table below summarises the main elements of remuneration for Non-executive Directors.

Component	Operation	Maximum potential payment
Non-executive Director fees	The Committee determines the fees of the Non-executive Chair. The Chair and the Executive Directors determine the fees of the Non-executive Directors, which are accepted by the Board. The fees are set at a level that is considered to be appropriate, taking into account the size and complexity of the business and the expected time commitment and contribution of the role. Additional fees may be payable for membership and/or chair of a committee or other additional responsibilities. Non-executive Directors are not entitled to any performance-related pay or pension. Role-appropriate benefits may also be provided in certain circumstances. This includes the reimbursement of any travel expenses (and associated tax on those expenses).	The aggregate fees of the Chair and Non-executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association (currently £1,500,000 p.a.). The value of benefits (including the reimbursement of travel and other expenses, and associated taxes) provided will be reasonable in the market context and take account of the individual circumstances and requirements of the Company.

Each Non-executive Director, including the Chair, has a contract of service or letter of appointment with the Company. Non-executive Directors will serve for an initial term of three years, subject to election and annual re-election by shareholders, unless otherwise terminated earlier by and at the discretion of either party upon one month's written notice (12 months for the Chair). The Directors' service contracts and letters of appointment are available for inspection at the Company's registered office.

Employment conditions elsewhere in the Company

The Committee has responsibility for ensuring effective engagement and alignment with the workforce in relation to remuneration and related policies and practices. When setting the policy for Directors' remuneration, the Committee considers the pay and employment conditions of employees to ensure fairness across the organisation. Although it does not consult directly with employees in respect of determining the Directors' Remuneration Policy, it receives general feedback from employees via the HR function as part of the output from the employee Engagement and Culture survey and receives a report on employment practices elsewhere in the Company. Graham Cooke, as our designated Workforce Engagement Director, regularly attends Ambassador meetings to understand any views and concerns colleagues may have on this matter and is responsible for sharing these with the Committee – more information on this can be found in the Corporate Governance section of this Report. In her role as Chair of the Committee, Sharmila Nebhrajani joined Graham at an Ambassador meeting in June 2023 in order to share the Committee's approach to remuneration in the wider context.

The approach to determining the compensation for employees globally follows the same principles as for our Executive Directors. Consideration is given to the level of experience, responsibility, individual performance and remuneration paid for comparable roles within the market. The Committee considers data on pay trends and practices, such as gender pay gap information, and the CEO to worker pay ratio.

Incentive arrangements across the Company are tailored based on the nature of the role. Bonuses operate on a wide basis across the Company and long-term share awards are offered to senior management. Being a great place to work is key to developing our culture. Pay is just one factor used to attract, retain and develop a talented and diverse workforce. More information on ITV's commitment to investing in and building a productive, creative and diverse workforce can be found in the Social Purpose section of this Annual Report and Accounts.

Shareholder views

The Committee maintains regular and transparent communication with shareholders. We believe that it is important to regularly meet with our key shareholders to understand their views on our remuneration arrangements and what they would like to see going forward. We welcome feedback from shareholders at any time during the year.

Where we are proposing to make any significant changes to the remuneration framework or the manner in which the framework is operated we would seek major shareholders' views and take these into account. In recent years, the Committee has consulted with major shareholders regarding the operation of the Policy on numerous occasions.

Prior to the adoption of the Policy at the 2021 AGM the Committee undertook extensive consultation with major investors regarding the proposed changes to the pay structure. Engagement with investors on matters relating to executive pay have continued in subsequent years and discussions were held prior to the proposed renewal of the Policy at the 2024 AGM. Throughout the period the major proxy agencies have remained supportive of our remuneration proposals. Whilst the vast majority of our investors have consistently voted in favour of our pay resolutions, the Committee recognises that there are a diverse range of views amongst investors, particularly in relation to restricted share proposals. Whilst the Committee remains satisfied regarding the rationale and benefits of the existing pay model, it will continue to monitor the effectiveness of the Policy going forward to ensure it continues to support execution of the strategy and the views of our major shareholders continue to inform and guide our overall approach.

We intend to maintain a dialogue with our shareholders in future years, particularly when the Committee anticipates any substantial change to the remuneration framework.

CASCADE OF REMUNERATION THROUGH THE ORGANISATION

The table below summarises how remuneration compares across the different groups of employees throughout the company.

EMPLOYEES AT ALL LEVELS

Element of pay	Description
Base salary	Salaries are reviewed annually, with Executive Directors normally receiving a salary increase in line with that received by the wider workforce. In 2024 there was a tiered approach to the annual pay review based on salary level. Lower earners in the business received 6%, higher earners including the Executive Directors and Management Board received 3%, and all other employees received between 4-5%. ITV has held the Living Wage accreditation since 2014 and was the first broadcaster to do so. We pay the London Living Wage in London and the Living Wage outside of London. This means that we pay everyone, from employees and apprentices to contractors and temporary workers, at least the hourly rate set independently and updated annually by the Living Wage Foundation, which is higher than the government's National Minimum Wage and National Living Wage rates.
Flexible benefits	A range of benefits are available to all employees, providing financial security, encouraging a healthy and balanced lifestyle, and helping individuals make their pay go further. All employees receive the following benefits: • Five weeks holiday each year, plus bank holidays, and an extra two days after five years' service • Enhanced Company sick pay and family friendly policies, including maternity, paternity, adoption and shared parental leave • Income protection cover of 50% of salary • Life assurance cover at four times annual basic salary • Wellbeing benefits, including an annual wellbeing day, a range of digital health services and an Employee Assistance Programme (EAP) providing a confidential helpline and additional support There are also voluntary benefits available for employees to choose from, including the opportunity to buy up to six weeks' extra holiday, a Cycle to Work scheme, a salary sacrifice car benefit, gym membership, private healthcare and a health cash plan, which includes optional hospital treatment insurance. We continually look for opportunities to evolve our employee benefits in cost effective ways that support both the needs of the business and our diverse workforce.
Pension	Employees at all levels can participate in our pension arrangements. Eligible employees are invited to join the Defined Contribution Plan and can choose to make a core contribution between 3–6% of their pensionable earnings, which ITV will match and in addition pay a further 3% (i.e. up to 9% in total). A small number of senior executives have pension contributions paid into their personal pension or receive a cash allowance in lieu of contributions.
Save As You Earn	All eligible UK employees have the opportunity to benefit from ITV's long-term performance and share price growth by participating in the Save As You Earn plan. They can save up to £500 per month over a three or five year period to acquire shares in the Company at a 20% discount to the share price at the start of the savings period.
Annual bonus – cash	All ITV employees have an annual bonus opportunity which is based on a % of salary for senior roles and those in Sales, or the same maximum monetary value for all other employees. In 2023 the employee bonus opportunity was £2,000, with the 2023 bonus paying out at £764. A thank you payment of £636 was made to uplift the amount paid to employees.

SENIOR EXECUTIVES

Element	Summary of policy
Deferred Share Award Plan	Senior Executives are required to defer one-third of their bonus into ITV shares for three years.
Executive Share Plan	Share-based awards are granted to selected senior leaders across the business which vest on the third anniversary of grant subject to the Committee's assessment of the performance underpin. Grant levels are generally expressed as a % of salary, with award levels linked to role and seniority. The detailed terms of operation vary by jurisdiction to reflect local market, legal and tax considerations. For Executive Directors any vested awards are subject to an additional two year holding period.
Shareholding guidelines	The Executive Directors and other members of the Management Board, are subject to shareholding guidelines that align their interests with those of shareholders. The Executive Directors are also subject to post-cessation shareholding guidelines, aligning their interests to shareholders for two years after their employment with ITV ceases.

ANNUAL REPORT ON REMUNERATION

The sections of the Annual Report on Remuneration that have been audited by PwC are indicated with headings throughout the report.

Remuneration Policy application in 2023

The following section provides details of how the current Remuneration Policy was implemented in 2023.

Executive Directors – Audited

The table below sets out in a single figure the total remuneration for both Executive Directors for the financial year.

		Carolyn McCall		Chris Kennedy	
	Notes	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Salary		**1,010**	971	**723**	695
Taxable benefits		**18**	18	**18**	18
Pension		**91**	146	**65**	62
Total fixed remuneration		**1,119**	1,135	**806**	775
Annual Incentive (Bonus – cash and shares)	1	**1,026**	1,429	**673**	937
ESP / LTIP awards	2, 3	**736**	1,126	**447**	684
Save As You Earn (SAYE)	4	**–**	–	**5**	–
Total variable remuneration		**1,762**	2,555	**1,125**	1,621
Total		**2,881**	3,690	**1,931**	2,396

1. Two-thirds of the annual bonus is settled in cash and one-third is deferred into shares awarded under the ITV Deferred Share Award plan which automatically release on the third anniversary of the award, subject to continued employment.
2. The 2021 ESP awards were subject to a performance underpin assessed based on results for the year ended 31 December 2023. The amount shown is the indicative vesting value using the average share price in Q4 of 2023 (63.31 pence). The awards will vest in May 2024 and will include dividend shares reinvested. Following a two year holding period, they will become exercisable from May 2026. These awards were granted based on a share price of 123.37 pence, therefore the values shown do not include an amount attributable to share price growth.
3. In the 2022 Annual Remuneration Report, the amount shown for share awards for both Executive Directors was the indicative vesting value of the 2020 LTIP award that was subject to performance conditions measured to 31 December 2022 using the average share price in Q4 2022 (70.67 pence). The figure shown in the table above represents the subsequent value received on the vesting date of 6 April 2023 using the share price on that date (80.82 pence). These awards are subject to a two year holding period.
4. Chris Kennedy was granted share options under the SAYE on 13 September 2023 at a 20% discount of the ITV share price at the time of grant. The amount disclosed is the value of the total discount when investing the maximum (£500 per month) over a three year contracted period.

The aggregate emoluments for all Directors as required under Schedule 5 (SI 2008/410), is the total remuneration shown in the table above less share awards but including gains on exercise of options and amounts receivable under LTIPs, plus the total emolument figures for Non-executive Directors shown on page 134.

Further information in relation to each of the elements of remuneration for 2023 set out in the table above is detailed below. An explanation for 2022 is set out in detail in our 2022 Annual Report and Accounts which can be found on our website www.itvplc.com/investors

The Single Figure outcome has decreased for the Chief Executive from £3,690k in 2022 to £2,881k in 2023, while for the Group CFO & COO it has decreased from £2,396k in 2022 to £ 1,931k in 2023. Largely this is a result of the 2021 ESP that was awarded at 50% of previous LTIP awards vesting in 2023 as well as the restatement of the 2019 LTIP that vested in 2022.

Salary

As disclosed in last year's report, both Carolyn McCall and Chris Kennedy received a 4% salary increase for 2023. This was in line with other senior executives but lower than the 5-6% increase awarded to the majority of employees. Carolyn McCall's salary was £1,010,416 and Chris Kennedy's salary was £722,900.

Taxable benefits and pension – Audited

The benefits provided to the Executive Directors are the cost of private medical insurance and car-related benefits.

The Executive Directors were not part of an ITV pension scheme but receive a cash allowance in lieu of pension. ITV was a first mover in reducing executive pension levels. In 2017, the level for the Chief Executive was reduced from 25% of salary to 15% of salary (prior to the 2018 Corporate Governance Code (the Code) coming into force). In accordance with the Code the Committee determined that directors joining from 1 January 2019 would receive pension contributions in line with the wider employee group, therefore Chris Kennedy received a cash allowance in lieu of pension of 9% of salary. This is aligned with the maximum matching percentage amount payable to employees in the ITV Defined Contribution Pension plan, which is the pension scheme offered to the majority of Group employees. To bring Carolyn McCall in line with the policy and the wider employee group, her cash allowance was reduced to 9% from 1 January 2023.

Annual Incentive – Bonus (cash and shares) – Audited

Annual incentives are provided to Executive Directors through the bonus, with one-third of any award deferred into shares under the Deferred Share Award Plan (DSA). The maximum bonus opportunity for the year for the Chief Executive was 180% and for the Group CFO & COO was 165%.

The performance measures and weightings for 2023 bonuses were the same as in previous years. For 2023, 10% of the bonus was assessed against a scorecard of ESG measures linked to our carbon footprint, the sustainability of our UK productions and commissions and progress towards our diversity goals. The balance of the bonus was linked to EBITA (60%), cash conversion (10%) and individual personal and strategic targets (20%).

The majority of the 2023 bonus (70%) was based on the achievement of corporate and financial targets, with bonus outcomes determined in accordance with pre-set target ranges. In line with the principles applied in previous years, the financial outcomes used for the bonus are adjusted (both positively and negatively) for certain items, such as acquisitions and currency movements to ensure a fair like-for-like comparison with the targets set at the start of the year.

As part of the assessment of performance, the Committee also undertook a holistic review of overall performance, to ensure that outcomes were a fair reflection of the underlying business performance.

The corporate and financial targets applied for 2023, together with performance against those targets and the resulting level of bonus, are set out in the table below.

The adjusted EBITA ranges were set at the start of the year to reflect the market expectations for an anticipated slowdown in advertising spend, as well as the impact of our continued budgeted investment in content and technology. The target ranges set therefore reflect this external market and investment context.

		Performance required					
Performance measure	Weighting	20%	50%	80%	100%	Performance achieved	Pay-out level (% of maximum)
ITV adjusted EBITA[1]	60%	£473m	£503m	£523m	£573m	**£491m**	**38.2%**
ITV cash conversion[2]	10%	66%	72%	75.6%	78%	**102%**	**100%**

1. The ITV EBITA outcome was adjusted for translational currency movements. Outperformance in Studios profitability was balanced by the impact of contraction in the wider advertising market. This resulted in EBITA performance towards the lower end of the range.
2. While overall cash conversion performance was strong and supported the payout level, it was recognised that performance relative to the target range was partly attributable to a favourable movement in working capital, in part due to the impact of the US writers and actors strike expected to unwind in 2024. See page 14 for more information.

The annual ESG targets applied for 2023, together with performance against those targets are set out below.

Social purpose goal	Scorecard objectives	Achievement
Net zero carbon emissions[1]	Scope 1 and 2 emissions to be below 7,271 tonnes of CO_2e, in line with our SBTi trajectory. Business travel emissions to be below 39,257 tonnes of CO_2e, in line with our SBTi trajectory.	Combined scope 1 and 2 emissions were 42% lower than the target set for 2023. Scope 3 business travel emissions were 39% lower than the target set for 2023. Actual emissions performance is reflective of reduced studios output due to the industry strikes during 2023.
100% albert certified[2]	100% albert certification for new programmes produced and commissioned in the UK (excluding acquisitions of finished programmes and repeats). Certification includes programme makers taking part in albert's Creative Offsets initiative or approved equivalent to make their production carbon neutral.	In 2023 94% of the programmes produced by ITV Studios had albert certification. 64% of the shows commissioned by ITV had albert certification, up from 42% in 2022. There was good progress made in this area and the business continues to work with the albert team and wider production community to achieve our 100% aspiration, while recognising the challenges we are still facing in engaging producers. See page 65 for more information on delivery of climate related targets.
Increase diversity on and off-screen by the end of 2023[3]	To hit the following targets for: **Representation on-screen** • 50% Women • 20% People of Colour • 12% Deaf, Disabled or Neurodiverse • 7% LGBTQ+ **All colleague representation** • 50% Women • 31.8% from working class backgrounds • 16.9% People of Colour • 12% Deaf, Disabled or Neurodiverse • 7% LGBTQ+ **Training** • 80% of managers to have completed 'Creating Disability Inclusion' training and/or 'License to Hire' training.	In 2023, progress continued to be made towards our colleague and on-screen diversity targets, exceeding or close to hitting targets for most characteristics. On-screen targets were exceeded for LGBTQ+ and People of Colour, but representation of Deaf, Disabled and Neurodivergent people was below the target level. Targets were exceeded for Deaf, Disabled or Neurodivergent colleagues at ITV (increasing to 12.3% from 11.4% in 2022) as well as women and LGBTQ+ colleagues. More needs to be done to increase the representation of People of Colour and colleagues from a working class background at ITV and the Committee noted the continuing work to achieve all of ITV's diversity targets.

1. ITV emissions reduction targets and performance are validated and published as part of the Science Based Targets initiative (SBTi) (https://sciencebasedtargets.org/). Further information on ITV's Climate Action targets and scope can be found at itvplc.com/socialpurpose and in the Social Purpose section of the Annual Report.
2. albert certification is an externally audited process that recognises programmes that have embedded sustainability not only within the production process but also through considering sustainability messaging included in programmes.
3. On-screen diversity is measured via Diamond, a single online system delivered through the Creative Diversity Network (CDN) and used by UK broadcasters to obtain consistent diversity data on UK-originated productions they commission (https://creativediversitynetwork.com/diamond/).

The annual Social Purpose targets goals can be found on our website www.itvplc.com.

The Committee noted the progress that had been made against our ESG targets in 2023 and agreed that based on holistic assessment against the balanced scorecard this element should deliver an outcome of 75% of maximum.

The remainder of the bonus (20%) was based upon the Committee's assessment of the contribution each Executive Director made to the overall strategy through the delivery of specific targets. The Committee applies suitable judgement when assessing performance in this regard.

	Area of focus	Achievement
Chief Executive objectives	**Maximise the potential of ITV Studios globally:** by working to identify, create and deliver opportunities to maximise scale and increase value.	ITV Studios Iberia set up during the year to be the exclusive home of ITV Studios' formats in Spain, joining an international production and distribution group that spans 13 countries. Overall, ITV Studios delivered total organic revenue growth of 3% and adjusted EBITA margin of 13% in the year. ITV Studios total revenue from streaming platforms grew to 32%, hitting the target three years early.
	Continue to deliver the Digital Transformation agenda: achieving key programme milestones with particular focus on digital culture and products.	Key achievements include the stabilisation and growth of ITVX, including across core partner platforms, and the delivery of Planet V and ITV's data strategy in line with plans. Phase one of ITV Together went live, delivering changes in core People and Finance activities. Delivered the second series of ITV Fast Forward, to build the digital and data capabilities of colleagues, with sessions exploring the use of generative AI, design thinking, machine learning and digital disruptors.
	Develop the equity story: by evolving the external positioning and communication of the successful execution of the More Than TV Strategy. Highlight the value created by the strategy through key delivery milestones and the achievement of KPIs.	Regular engagement with investors and analysts to update on key achievements and progress against the strategy, particularly focusing on the value created through ITV's digital transformation and digital revenue growth.
	Implement People strategy: with a focus on retaining key talent and capabilities, and delivering a strong, diverse succession pipeline of talent, supporting inclusivity and the delivery of ITV's DEI plans and KPIs.	70% of colleagues participated in the 2023 engagement and culture survey, which resulted in an overall ITV engagement score of 68% (1% higher than the last survey in 2021). The Nominations Committee was satisfied with the talent and succession planning information shared during the year in respect of the Management Board and Executive Leadership Team roles, including the diversity of identified successors.
Group CFO & COO objectives	**Cost – maintain continuous focus across all divisions and functions:** by executing on current cost savings programmes; by planning and beginning restructuring of long-term cost base; and by focusing on different cost areas to deliver 2023 cost saving target.	Delivered £24m of permanent cost savings in 2023, ahead of the £15m target set for the year. A new ongoing strategic restructuring and efficiency programme has been established to deliver further cost savings in 2024.
	Capital – review allocation and demonstrate clear returns: by improving capital allocation across divisions; by demonstrating return on investment; by a focus on working capital management; and by ensuring effective Group Investment Committee and streamlining Group approvals process.	Capital allocation improved in 2023 with a key focus on returns and business case lead investment proposals.
	Equity – ensure clarity of message and drive value creation: by creating communication plan and materials to provide clear and simple external messaging; by establishing ITVX and AVOD as lead KPIs for M&E; and by evaluating and executing options to increase scale and value for Studios.	Regular engagement with investors and analysts, focusing on the value created by the growing global Studios business and the digital transformation of M&E, through ITVX and Planet V. ITV Studios Iberia established during the year, further increasing the scale of ITV Studios.
	Digital – increase digital revenues and launch ITV Together: by maximising revenue opportunities from ITVX; by driving test and learn mantra using financial data and insight; and by launching ITV Together and embedding new ways of working across Finance.	Delivered total digital revenue growth of 19% to £490m, driven by digital advertising revenue, which was up 21%. Launched the first phase of ITV Together in April 2023, delivering changes in core People and Finance activities.

As noted above, there was strong achievement against the objectives set at the start of the year. The Committee therefore agreed that this element should deliver an outcome of 80% of maximum for the Chief Executive and 80% of maximum for the Group CFO & COO.

Consistent with the requirements of the Code, the Committee considers wider performance before approving the formulaic outcomes from incentive plans. Where appropriate the Committee has scope to apply judgement and discretion. To assist the Committee with determining whether adjustments are required, the Committee applies a framework which considers performance from multiple perspectives, including the underlying strength of results, the execution of strategic priorities, performance indicators which do not form part of the formulaic assessment, and non-financial factors, such as culture and our focus on duty of care. The Committee has a track record of adjusting outcomes where appropriate, with negative discretion applied in both 2018 and 2019, and the cancellation of the bonus for 2020.

	Outcome (% of maximum)	Total value	Value delivered in shares under the DSA	Value paid in cash
Carolyn McCall	56.41	£1,025,875	£341,958	£683,917
Chris Kennedy	56.41	£672,839	£224,280	£448,559

The final outcome of 56.41% is below the 81.72% bonus outcome achieved in 2022. This largely reflected the challenging advertising environment, with depressed advertising volumes impacting performance against the stretching adjusted EBITA target. This was balanced with outperformance in the Studio's scripted titles and strong deal making in Global Partnerships, as well as continued strong performance against the cash conversion target, and successful delivery on key ESG, strategic and individual objectives.

The value delivered in shares under the DSA is deferred for three years and released on the third anniversary of the award subject to continued employment. In line with the Remuneration Policy, bonus awards (including deferred elements) remain subject to malus and clawback provisions which seek to safeguard against payments for failure.

Restricted Share awards – Audited

Restricted Share awards were made under the ITV plc Executive Share Plan (the ITV ESP) to Carolyn McCall and Chris Kennedy on 13 May 2021 and were subject to a financial underpin measured to 31 December 2023. Dividends paid accumulated on a reinvestment basis during the three year vesting period and will be released on the vesting date. The indicative value of these awards are set out below.

	Number of share options (nil-cost)	Value at award date[1]	Dividend shares reinvested at 31 December 2023[2]	Number of options vesting[3]	Value at 31 December 2023[4]
Carolyn McCall	1,013,062	£1,249,815	150,288	1,163,350	£736,517
Chris Kennedy	615,390	£759,207	91,294	706,684	£447,402

1. The share price used to calculate the number of shares under award was 123.37 pence (the three-day trading average of the share price before grant, 13 May 2021).
2. Dividends earned on the award were reinvested over the vesting period. Subject to shareholder approval, the award will be eligible for the May 2024 dividend payment which has not been included in the table above.
3. The vesting share options will become exercisable after a two year holding period on 13 May 2026.
4. The share price used to value the shares at 31 December 2023 is the average share price for the final quarter of 2023 (63.31 pence).

The ITV ESP was approved by shareholders at the 2021 AGM. The initial award under this Plan was made in May 2021, with grant levels reduced by 50% compared to the annual LTIP awards granted in previous years.

As disclosed at grant, awards normally vest after three years following the date of award subject to the satisfaction of a performance underpin. Any vested awards would then be subject to a two year holding period.

The Committee retains the ability to reduce vesting of the Restricted Shares (including to nil) where:

- Adjusted Return on Capital Employed is below the Company's cost of capital; and/or
- There is a material weakness in the underlying financial health or sustainability of the business

The Committee has assessed the underpin conditions that apply to the 2021 awards and determined that it is appropriate for these awards to vest. The Group's adjusted return on capital was above the Group's cost of capital based on the 2023 audited results, while the Committee judged the financial health and sustainability of the business to be robust. The balance sheet remains strong as demonstrated by continued investment in the business and planned returns to shareholders. The Group performed strongly against key financial and non-financial metrics across the vesting period, demonstrating resilience given ongoing macroeconomic challenges. In line with the disclosure requirement, the award value is shown following the assessment of the underpin. In practice, the value to participants will be based on the share price at the end of the two year holding period applicable to awards, demonstrating the long-term performance alignment of the pay structure.

Restricted Share awards made in 2023 – Audited

On 28 March 2023 awards were made under the ITV plc Executive Share Plan (the ITV ESP) to Carolyn McCall and Chris Kennedy as set out below.

Performance measure	% salary awarded	Number of share options (nil cost)[1]	Value at award date	Performance period ends	Holding period	Release date
Carolyn McCall	132.5	1,643,105	£1,338,802	28 March 2026	2 years	28 March 2028
Chris Kennedy	112.5	998,114	£813,263	28 March 2026	2 years	28 March 2028

1. Nil cost options were granted based on the average share price on the three trading days preceding the award which was 81.48 pence.

The awards are over restricted shares with grant levels reduced by 50% compared to the annual LTIP awards granted in previous years.

Awards will normally vest after three years following the date of award subject to the satisfaction of a performance underpin assessed at 31 December 2025. As the awards have a performance underpin, there are no performance condition weightings applicable, nor is there a threshold-max vesting range. Any vested awards would then be subject to a two year holding period.

For the awards granted in 2023, the Committee will retain the ability to reduce vesting of the Restricted Shares (including to nil) where:

- Adjusted Return on Capital Employed is below the Company's cost of capital; and/or
- There is a material weakness in the underlying financial health or sustainability of the business

When assessing the latter, the Committee will consider all factors deemed relevant at the time, including for example, progress against execution of the strategy, performance against financial and non-financial KPIs and the nature of the wider trading environment. In line with best practice, the Remuneration Committee will retain the discretion to adjust any incentive awards where vesting outcomes are considered to be inappropriate. Further detail on the assessment of the performance underpin will be disclosed at the time of vesting in 2026.

As a further safeguard malus and clawback provisions may be operated at the discretion of the Committee in respect of any element of these awards. Under malus, unvested share awards (including any portion of the award subject to a post-vesting holding period) can be reduced (down to zero if considered appropriate) or be made subject to additional conditions. Clawback allows for repayment of shares previously received following vesting or release from a holding period if applicable. Malus/clawback can be operated up to six years from the relevant date of grant for Restricted Share awards. The circumstances in which the operation of these provisions would be applied may be considered from time to time but currently include material misstatement of financial results, gross misconduct or fraud and material reputational damage. The Committee maintains sufficient scope in the ITV ESP rules to exercise discretion and judgement in line with the spirit of the Code.

Chair and Non-executive Directors – Audited

The table below sets out in a single figure the total remuneration for Non-executive Directors for the financial year. The annual fee for the Chair was £400k which is unchanged from appointment. For 2023 , the Non-executive Directors received a 4% increase to the base fee, which was the first increase to fees paid to Non-executive Directors since 2016. No increases were made to the other fees.

		Fees		Taxable benefits[1]		Total	
	Notes	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Andrew Cosslett (Chair)	2	**400**	124	**1**	–	**401**	124
Dawn Allen	3	**18**	–	**–**	–	**18**	–
Salman Amin		**73**	70	**1**	1	**74**	71
Peter Bazalgette (former Chair)	4	**–**	336	**–**	6	**–**	342
Edward Bonham Carter	5	**102**	95	**1**	1	**103**	96
Graham Cooke		**73**	70	**1**	1	**74**	71
Margaret Ewing		**88**	85	**1**	1	**89**	86
Marjorie Kaplan	6	**23**	–	**–**	–	**23**	–
Mary Harris	7	**25**	77	**2**	4	**27**	81
Gidon Katz	8	**68**	30	**1**	23	**69**	53
Anna Manz	9	**52**	76	**1**	1	**53**	77
Sharmila Nebhrajani	10	**88**	80	**–**	1	**88**	81
Duncan Painter	11	**67**	70	**1**	1	**68**	71
		1,077	1,113	**10**	40	**1,087**	1,153

1. The amounts disclosed in the table above relate to the reimbursement of taxable relevant travel and accommodation expenses (and associated taxes) for attending Board meetings and related business. In addition, Peter Bazalgette received private healthcare for the time he served as a director.
2. Andrew Cosslett joined the Board on 1 June 2022 as a Non-executive Director. He was appointed the Chair of the Board on 29 September 2022. He received the basic NED fee up until his appointment as Chair. Following his appointment as Chair his annual fee is £400,000.
3. Dawn Allen joined the Board and Audit & Risk Committee on 2 October 2023.
4. Peter Bazalgette stepped down from the Board on 29 September 2022.
5. Edward Bonham Carter became a member of the Remuneration Committee in April 2023.
6. Marjorie Kaplan joined the Board on 1 September 2023.
7. Mary Harris stepped down as Chair of the Remuneration Committee on 29 April 2022 and from the Board on 3 May 2023.
8. Gidon Katz joined the Board on 18 July 2022.
9. Anna Manz stepped down from the Board on 31 August 2023.
10. Sharmila Nebhrajani was appointed Chair of the Remuneration Committee on 29 April 2022.
11. Duncan Painter stepped down from the Board on 30 November 2023.

Remuneration Policy application in 2024

Executive Directors

The following section provides details of how the Policy will be implemented in 2024.

Salary

Salaries are paid in line with the Policy. Both Executive Directors received an increase of 3% from 1 January 2024 which is in line with other senior executives, but below the 5-6% increase applied for the majority of employees. When considering salary increases for the wider workforce, the overall aim was to provide all employees with a meaningful increase to their base salary which reflected the broader economic context. While the high inflationary environment was impacting all employees, it was recognised that lower paid employees were being impacted more acutely. Salary increases for the more senior roles were reduced to help fund more meaningful increases for employees at lower pay levels. The salary increases therefore were scaled from 6% for lower paid employees, 5% for mid-low tier roles, 4% for mid-high tier roles and 3% for the more senior executives.

	2024 Salary
Carolyn McCall	£1,040,729
Chris Kennedy	£744,587

Taxable benefits and pension

These are provided in line with the Policy. Both Executive Directors receive private medical cover, car-related benefits, and a cash allowance in lieu of participation in any ITV pension scheme.

Both Executive Directors receive a cash allowance in lieu of pension of 9% of salary, which is aligned with the wider employee group.

Annual Incentive – Bonus (cash and shares)

The maximum bonus opportunity for 2024 remains unchanged: Carolyn McCall – 180% of salary; and Chris Kennedy – 165% of salary. Awards made to Executive Directors through the bonus will be paid two-thirds in cash and one-third deferred into shares under the DSA.

The targets that will apply for the 2024 annual bonus have been set taking into account internal and external forecasts for company and market performance and continued strategic investments. Cost savings objectives have been included for 2024, recognising the strategic importance of reshaping the business for the future. The Board considers the actual targets for 2024 to be commercially sensitive at this time, however, envisage providing retrospective disclosure of these targets in next year's report.

The Committee may adjust bonus targets or outcomes to reflect significant one-off events (e.g. major transactions), foreign exchange movements or material changes to assumed plan conditions to ensure that the plan continues to reward performance fairly.

The Committee may amend the bonus pay-out should any formulaic assessment of performance not reflect overall performance in the year.

Restricted Share awards

Awards in 2024 will be made to the Executive Directors with a value of 132.5% of salary for Carolyn McCall and 112.5% of salary for Chris Kennedy. These levels remain unchanged from the awards made in 2023.

Awards will normally vest after three years following the date of award subject to the satisfaction of a performance underpin. Any vested awards would then be subject to a two year holding period.

For 2024 awards, in line with the performance underpin that applied to awards made in 2023, the Committee will retain the ability to reduce vesting of the Restricted Shares (including to nil) where:

- Adjusted Return on Capital Employed is below the Company's cost of capital; and/or
- There is a material weakness in the underlying financial health or sustainability of the business

When assessing the latter, the Committee will consider all factors deemed relevant at the time, including for example, progress against execution of the strategy, performance against financial and non-financial KPIs and the nature of the wider trading environment. In line with best practice, the Committee will retain the discretion to adjust any incentive awards where vesting outcomes are considered to be inappropriate. Further detail on the assessment of the financial underpin will be disclosed at the time of vesting.

Malus and clawback: Malus and clawback provisions may be operated at the discretion of the Committee in respect of any cash and deferred share elements of the bonus and Restricted Share awards. Under malus, unvested share awards (including any Restricted Share awards subject to a post-vesting holding period) can be reduced (down to zero if considered appropriate) or be made subject to additional conditions. Clawback allows for repayment of bonuses previously paid and/or shares previously received following vesting or release from a holding period if applicable. Malus/clawback can be operated up to four years following the start of the relevant bonus year for bonuses (for cash and shares), and up to six years from the relevant date of grant for Restricted Share awards. The circumstances in which the operation of these provisions would be applied may be considered from time to time but currently include material misstatement of financial results, gross misconduct or fraud and material reputational damage. The Committee maintains sufficient scope in the ITV plc Executive Share Plan rules to exercise discretion and judgement in line with the spirit of the Code.

Non-executive Directors

In line with the Executive Directors the Chair and Non-executive Directors received a 3% increase to the Board fees from 1 January 2024.

Current fees are as set out below.

	1 January 2024 £	1 January 2023 £	% Change
Chair	**412,000**	400,000	3
Board fee	**69,686**	67,656	3
Additional fees for:			
Senior Independent Director	**25,000**	25,000	–
Audit and Risk Committee Chair	**20,000**	20,000	–
Audit and Risk Committee member	**5,371**	5,371	–
Remuneration Committee Chair	**20,000**	20,000	–
Remuneration Committee member	**5,371**	5,371	–

Details of Committee membership can be found on page 82.

Comparison of Directors to wider employees

In line with the requirements in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, which implement Articles 9a and 9b of European Directive 2017/828/EC1 (commonly known as the Revised Shareholder Rights Directive or SRD), the table below provides details of the percentage change in the base salary, benefits and bonus of the Directors between 31 December 2020 and 31 December 2023 compared with the average percentage change for other UK employees.

The figures for all Directors are calculated based on remuneration received in the relevant year as set out in the tables on pages 130 and 134. For base salary/fees, part year figures have been pro-rated up for the purposes of this disclosure. In addition, the figures below reflect the voluntary decision taken by members of the Board to take a 20% cut in salary/fees for the period from April to October 2020. There was also no global salary review in 2021 and no annual bonus payments paid for 2020 to the Executive Directors and wider workforce.

		2022-2023			2021-2022			2020-2021			2019-2020		
	Notes	**Salary/fee change%**	**Benefits change%**	**Bonus change%**	Salary/fee change %	Benefits change %	Bonus change %	Salary/fee change %	Benefits change %	Bonus change %	Salary/fee change %	Benefits change %	Bonus change %
Average employee	1	**8**	**5**	**(27)**	4	3	(11)	4	5	–	4	6	–
Salman Amin	2	**4**	**–**	**–**	–	51	–	13	140	–	(12)	(81)	–
Dawn Allen	2, 5	**–**	**–**	**–**	–	–	–	–	–	–	–	–	–
Edward Bonham Carter	2, 6	**7**	**–**	**–**	–	51	–	13	140	–	(12)	(92)	–
Graham Cooke	2	**4**	**–**	**–**	6	51	–	15	–	–	–	–	–
Andrew Cosslett (Chair)	2, 7	**–**	**100**	**–**	–	–	–	–	–	–	–	–	–
Margaret Ewing	2	**3**	**–**	**–**	–	–	–	13	–	–	(12)	(92)	–
Marjorie Kaplan	2, 8	**–**	**–**	**–**	–	–	–	–	–	–	–	–	–
Mary Harris	2, 9	**(5)**	**(50)**	**–**	(18)	63	–	13	155	–	(12)	(84)	–
Gidon Katz	2, 10	**4**	**(96)**	**–**	–	–	–	–	–	–	–	–	–
Chris Kennedy (Group CFO & COO)	3, 4	**4**	**–**	**(28)**	3	3	(12)	13	12	–	(10)	(9)	–
Anna Manz	2, 11	**3**	**–**	**–**	–	51	–	13	140	–	(12)	(88)	–
Carolyn McCall (Chief Executive)	3, 4	**4**	**–**	**(28)**	3	3	(13)	13	12	–	(10)	(9)	–
Sharmila Nebhrajani	2,12	**9**	**(100)**	**–**	12	78	–	13	–	–	–	–	–
Duncan Painter	2, 13	**4**	**–**	**–**	–	51	–	13	140	–	(11)	(88)	–

1. The percentage change in benefits is the average change for all UK employees (excluding the Chief Executive and Group CFO & COO) with any of the same benefits as the Chief Executive and Group CFO & COO.
2. Calculated using the fees and taxable benefits disclosed under the Non-executive Directors' remuneration in the table on page 134. Taxable benefits for Non-executive Directors comprise expense reimbursements relating to attendance at Board meetings rather than conventional employee benefits. The increases seen in the period 2020-2021 are primarily due to the ability for Directors to attend some meetings in person during 2021, against the majority of meetings being held on a virtual basis during 2020. The increases seen in the period 2021-2022 are primarily due to the attendance at two board dinners in the year, against one dinner in 2021.
3. Calculated using the data from the single figure table on page 130. Benefits include the cost of medical insurance and car-related benefits.
4. The Executive Directors are the only employees of the parent company, and therefore there is no comparator data for this sample. In the interests of transparency, the percentage change in pay for all UK employees has been disclosed on a voluntary basis. As the majority of employees are based in the UK and share the same benefits as the Executive Directors, overseas employees have not been included.
5. Dawn Allen joined the Board on 2 October 2023 and therefore no comparison has been provided to 2022.
6. Edward Bonham Carter became a member of the Remuneration Committee in April 2023.
7. Andrew Cosslett joined the Board in June 2022. To enable a comparison for the purposes of this disclosure, his 2022 fees have been pro-rated up.
8. Marjorie Kaplan joined the Board on 1 September 2023 and therefore no comparison has been provided to 2022.
9. Mary Harris stepped down as Remuneration Committee Chair in April 2022 and from the Board in May 2023 and received fees up to this point only. To enable a comparison for the purposes of this disclosure, her 2023 fees have been pro-rated up.
10. Gidon Katz joined the Board in July 2022. To enable a comparison for the purposes of this disclosure, his 2022 fees have been pro-rated up.
11. Anna Manz stepped down from the Board in August 2023 and received fees up to this point only. To enable a comparison for the purposes of this disclosure, her 2023 fees have been pro-rated up.
12. Sharmila Nebhrajani was appointed as Chair of the Remuneration Committee in May 2022.
13. Duncan Painter stepped down from the Board in November 2023 and received fees up to this point only. To enable a comparison for the purposes of this disclosure, his 2023 fees have been pro-rated up.

CEO pay ratio

Year	Methodology	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	Option A	70.1	52:1	38.1
2022	Option A	93:1	69:1	50.1
2021	Option A	92:1	68:1	49:1
2020	Option A	33:1	24:1	18:1
2019	Option A	89:1	66:1	49:1

The employee at the 25th percentile, median and 75th percentile was determined based on the single figure of total remuneration for every UK employee at 31 December 2023, Option A in the Reporting Regulations. This method is the most statistically accurate approach and aligned with majority practice in the FTSE 250.

Our 2022 ratios have been updated to reflect the final actual 2022 remuneration values for the CEO and all other employees. Our 2023 pay ratios are based on the current CEO single figure and the indicative value of share awards that were subject to performance measured to 31 December, based on the average share price over the final quarter of the year. The 2023 ratios will be restated in the 2024 Remuneration Report to reflect the updated CEO single figure and the actual value of shares on the vesting date.

The total remuneration of each comparator employee has been calculated using the actual values received in respect of the full financial year and in accordance with the methodology used to calculate the single figure of remuneration for the CEO. We have not omitted any component from their pay and benefits and no adjustments have been made to their actual remuneration.

The full-time equivalent remuneration values for the individuals in the table above are as follows:

2023

	CEO	25th percentile	Median	75th percentile
Salary	£1,010,416	£36,450	£46,339	£71,055
Total remuneration	£2,881,440	£41,448	£55,393	£76,714

2022

	CEO	25th percentile	Median	75th percentile
Salary	£971,554	£31,502	£46,891	£64,771
Total remuneration	£3,689,906	£39,849	£53,485	£73,558

The median pay ratio for 2023 is considered to be consistent with the pay, reward and progression policies during the year for the Company's UK employees taken as a whole. Our UK headcount and the total remuneration values for the comparator employees have both increased year-on-year. We implemented Company-wide annual pay review increases of 4-6% in January 2023, with the higher increases made to employees at lower pay levels. We also remain committed to ensuring colleagues earn at least the real Living Wage or higher.

To help our employees manage with the rising cost of living, over 80% of UK employees received a payment of £1,000 each in January 2023. This followed a previous payment of £1,000 that was made in October 2022. An annual bonus arrangement extends to all employees who don't participate in a management or sales bonus scheme and is paid in March each year. The 2023 employee bonus opportunity was up to £2,000, based on ITV plc EBITA performance, and the actual payout was up to £764 for every eligible employee. All comparator employees identified in the pay ratio calculations were eligible for the employee bonus and the cost of living payment.

Our 2023 pay ratios have reduced because the total remuneration figure for the CEO is lower than in previous years. A significant proportion of the remuneration for the CEO is performance related and the level of actual performance outcomes has a corresponding effect on the CEO pay ratios. The total remuneration values for the comparator employees have also all increased year-on-year.

Other Disclosures

Shareholder views

The Committee maintains regular and transparent communication with shareholders. We believe that it is important to regularly meet with our key shareholders to understand their views on our remuneration arrangements and what they would like to see going forward. We welcome feedback from shareholders at any time during the year.

Where we are proposing to make any significant changes to the remuneration framework or the manner in which the framework is operated we would seek major shareholders' views and take these into account. In recent years, the Committee has consulted with major shareholders regarding both the design and operation of the Policy.

Prior to the finalisation of the 2024 Remuneration Policy, the Committee consulted with major shareholders to consider their views. We intend to maintain a dialogue with our shareholders in future years, particularly when the Committee anticipates any substantial change to the remuneration framework.

Compliance with the 2018 Corporate Governance Code

The table below shows how the Committee addressed the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture when determining the Directors' remuneration policy. The Committee notes the release by the FRC of the revised Corporate Governance Code 2024 and will work to ensure full compliance.

IMPACT OF THE 2018 CORPORATE GOVERNANCE CODE

Clarity	
Code provision: Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	• The presentation of the Remuneration Report is intended to provide clarity on the Company's approach • We aim to be completely transparent about our remuneration policy and arrangements and comply with certain disclosure requirements ahead of when we are required to do so for openness and transparency • Great importance placed on engaging with our stakeholders, particularly with shareholders and the workforce on remuneration. The Chief People Officer attends all Committee meetings and our Workforce Engagement Director, Graham Cooke, provides regular feedback. Employees also have the opportunity to comment through the Ambassador network and employee surveys. This ensures the views of employees are considered during Committee deliberations.
Simplicity	
Code provision: Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The Company operates an approach to remuneration that is simple to understand and familiar to key stakeholders and has three key elements: • **Fixed element:** comprising base salary, taxable benefits and a pension allowance • **Short-term element:** an annual performance-related bonus with a selection of financial and non-financial targets measured over the financial year, two-thirds paid in cash and one-third in shares deferred for a three year period • **Restricted share element:** normally released after five years subject to achievement of a performance underpin
Risk	
Code provision: Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that might arise from target-based incentive plans, are identified and mitigated.	A combination of short and long-term incentives with the majority delivered in shares encourages Executive Directors to deliver long-term sustainable shareholder returns, discouraging decision-making that only focuses on the short term. The Committee retains flexibility to adjust payments through malus and clawback provisions, and an overriding discretion to depart from formulaic outcomes where behaviours may be viewed as inappropriate or criteria on which the award was based do not reflect the underlying performance of the Company.
Predictability	
Code provision: The range of possible values of awards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.	Shareholders are kept fully informed and consulted on the values that can be earned under the incentive plans for different levels of performance. The Remuneration Policy provides estimates of potential future reward in different performance scenarios.
Proportionality	
Code provision: The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	The Restricted Share awards reward the creation of shareholder value, which ultimately focuses on the long-term achievement of strategic deliverables. Performance measures and personal objectives in the bonus are designed to align with strategy and financial performance and provide for a range of pay out levels which are dependent on and linked to Company performance. Deferral periods and holding periods (including in the bonus) help to further align incentive outcomes for executives to the shareholder experience in the long term. The Committee has overriding discretion over eventual outcomes when they do not reflect business performance, and/or shareholder experience, and ensures that poor performance would not be rewarded.
Alignment to culture	
Code provision: Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	When considering the alignment of incentive plans and culture the Committee considers the following: • **Metrics:** ensuring that performance targets are aligned to culture and do not drive the wrong behaviours • **Governance:** ensuring adoption of best practice through a robust malus and clawback policy with a substantial list of relevant trigger events, such as corporate failure and reputational damage. The Committee also retains discretion under the plan rules to override formulaic vesting outcomes and to extend holding periods. These elements enable the Committee to satisfy itself that the right steps have been taken to ensure executive remuneration is appropriate from a cultural context • **Engagement:** understanding remuneration for the wider workforce and ensuring that pay decisions are aligned across the Group and wider engagement with our stakeholders, including our employees

Payments to past Directors - Audited

There were no payments made to past Directors in 2023.

Payments for loss of office - Audited

There were no payments made to Directors for loss of office in 2023.

Directors' share interests and post-cessation shareholding - Audited

The Committee continues to recognise the importance of Directors being shareholders so as to align their interests with other shareholders.

Shareholding guidelines are in place, which encourage Executive Directors to build up a holding of ITV plc shares based on a percentage of base salary.

Where the value of shares required to be held increases as a result of a salary increase (or an increase in the relevant percentage), the Executive Directors must increase their holdings to achieve compliance. The Committee may change the guidelines so long as they are not, overall, in the view of the Committee, less onerous.

Non-executive Directors are required to build and then maintain a holding of 100% of their base fee (unless for some reason they are unable to retain their fees).

Interests in share awards following departure enable departing Executive Directors to remain aligned with the interest of shareholders for an extended period after leaving the Company. Deferred Share Awards, legacy LTIP and ESP awards subject to a holding period will normally vest (and be released from their holding periods) at the normal time. This means that Executive Directors may retain a significant interest in shares for up to five years following departure from the Company. Following adoption of the policy in 2021, Executive Directors will normally be required to retain an interest equivalent to two times their annual ESP grant (265% for the Chief Executive and 225% for the Group CFO & COO) for two years following departure. In order to enforce this requirement, on vesting, relevant shares are automatically transferred to a secure nominee arrangement until the appropriate level of interest has been achieved. The shares will be retained in this arrangement until the end of the two year period.

The figures set out below represent shareholdings in the ordinary share capital of ITV plc beneficially owned by Directors and their family interests at 31 December 2023. To show alignment with the shareholding guidelines the net number of unvested share awards not subject to performance conditions and the vested LTIP in holding periods are included for the Executive Directors. The Committee continues to keep both the shareholding guidelines and actual Director shareholdings under review and will take appropriate action should they feel it necessary.

		Interests in shares					
	Notes	**Unconditional shares held at 31 December 2023**[1]	**Restricted shares held at 31 December 2023**[2]	**Restricted shares held at 31 December 2023**[3]	**% shareholding guidelines met**[4]	Unconditional shares held at 31 December 2022	% of salary/fees required to be held under shareholding guidelines
Executive Directors							
Carolyn McCall		**1,721,466**	**1,716,030**	**2,117,214**	**134**	1,277,456	400
Chris Kennedy		**664,596**	**1,077,956**	**1,286,114**	**166**	458,368	225
Non-executive Directors							
Dawn Allen	5	–	–	–	–	–	100
Salman Amin		**50,674**	–	–	**103**	50,674	100
Edward Bonham Carter		**100,000**	–	–	**124**	100,000	100
Graham Cooke	6	–	–	–	–	–	100
Andrew Cosslett		**621,242**	–	–	**114**	621,242	100
Margaret Ewing	7	**57,700**	–	–	**97**	57,700	100
Marjorie Kaplan	8	–	–	–	–	–	100
Mary Harris	9	–	–	–	–	90,517	100
Gidon Katz	10	**75,000**	–	–	**83**	75,000	100
Anna Manz	11	–	–	–	–	46,312	100
Sharmila Nebhrajani	12	**15,620**	–	–	**21**	10,000	100
Duncan Painter	13	–	–	–	–	82,087	100

1. Shares beneficially held by Directors and family interests.
2. Restricted Share awards under the DSA and LTIP subject to continued service are accounted for on a net of tax basis.
3. Restricted Share awards under the ESP subject to performance underpin are accounted for on a net of tax basis.
4. In order to reflect economic exposure, shareholding guidelines are assessed on the greater of the share price on 31 December 2023 (63.28 pence) and the value at acquisition/grant.
5. Dawn Allen was appointed to the Board on 2 October 2023 and has until 2029 to meet her shareholding requirements.
6. Graham Cooke was appointed to the Board on 1 May 2020 and has until 2026 to meet his shareholding requirements.
7. Following an increase to fees in 2023 Margaret Ewing's interest has fallen to 97%. Shares will be acquired at the earliest opportunity to ensure full compliance with the requirement to hold shares with a value of 100% of the basic fees.
8. Marjorie Kaplan was appointed to the Board on 1 September 2023 and has until 2029 to meet her shareholding requirements.
9. Mary Harris stepped down from the Board on 3 May 2023.
10. Gidon Katz was appointed to the Board on 18 July 2022 and has until 2028 to meet his shareholding requirements.
11. Anna Manz stepped down from the Board on 31 August 2023.
12. Sharmila Nebhrajani was appointed to the Board on 10 December 2020 and has until 2026 to meet her shareholding requirements.
13. Duncan Painter stepped down from the Board on 30 November 2023.

Outstanding interests under share plans

The following tables provide details of the Executive Directors' interests in outstanding share awards.

	Notes	At 1 January 2023	Awarded in year	Vested in year	Exercised in year	Lapsed in year	**At 31 December 2023**	Share price used for award (pence)	Share option price (pence)	Share price at exercise (pence)	Vesting date	Holding period ends
Carolyn McCall												
LTIP												
28 March 2018	1	144,989	–	–	144,989	–	**–**	145.25	–	80.83	28 March 2021	28 March 2023
28 March 2019	1	692,937	–	–	–	–	**692,937**	126.37	–	–	28 March 2022	28 March 2024
6 April 2020	1	3,575,495	–	1,393,013	–	2,182,482	**1,393,013**	69.91	–	–	6 April 2023	6 April 2025
ESP												
13 May 2021	2	1,013,062	–	–	–	–	**1,013,062**	123.37	–	–	13 May 2024	13 May 2026
28 March 2022	2	1,338,577	–	–	–	–	**1,338,577**	96.17	–	–	28 March 2025	28 March 2027
28 March 2023	2	–	1,643,105	–	–	–	**1,643,105**	81.48	–	–	28 March 2026	28 March 2028
DSA[3]												
6 April 2020	4	692,767	–	692,767	692,767	–	**–**	69.91	–	80.82	6 April 2023	
28 March 2022		567,177	–	–	–	–	**567,177**	96.17	–	–	28 March 2025	
28 March 2023	5	–	584,666	–	–	–	**584,666**	81.48	–	–	28 March 2026	
Chris Kennedy												
LTIP												
28 March 2019	1	420,928	–	–	–	–	**420,928**	126.37	–	–	28 March 2022	28 March 2024
6 April 2020	1	2,171,954	–	846,194	–	1,325,760	**846,194**	69.91	–	–	6 April 2023	6 April 2025
ESP												
13 May 2021	2	615,390	–	–	–	–	**615,390**	123.37	–	–	13 May 2024	13 May 2026
28 March 2022	2	813,126	–	–	–	–	**813,126**	96.17	–	–	28 March 2025	28 March 2027
28 March 2023	2	–	998,114	–	–	–	**998,114**	81.48	–	–	28 March 2026	28 March 2028
DSA[3]												
6 April 2020	4	389,111	–	389,111	389,111	–	**–**	69.91	–	80.82	6 April 2023	
28 March 2022		367,120	–	–	–	–	**367,120**	96.17	–	–	28 March 2025	
28 March 2023	5	–	383,421	–	–	–	**383,421**	81.48	–	–	28 March 2026	
SAYE												
7 April 2020	6	24,426	–	–	–	24,426	**–**	92.11	73.69	–	1 June 2023	
13 September 2023	6	–	32,907	–	–	–	**32,907**	70.46	56.37	–	1 November 2026	

1. Awards under the LTIP are subject to performance over a three year period. Any proportion of the award that meets the performance conditions will become exercisable after a two year holding period.
2. Awards under the ESP vest after three years subject to a financial underpin condition being met. The award will then become exercisable after a two year holding period. The face value of awards granted in the financial year to Carolyn McCall under the ESP was £1,338,801 and to Chris Kennedy was £813,262.
3. There were no DSA awards made in 2021 for 2020 performance.
4. For awards released during the year, sufficient shares were sold to cover income tax and national insurance liabilities, with the balance of shares retained by the Executive Director. The shares are included in the balance of unconditional shares in the table on page 139.
5. Awards under the DSA were granted as nil cost options and become exercisable after three years subject to continued employment. The face value of awards granted in the financial year to Carolyn McCall was £476,385 and to Chris Kennedy was £312,411. Awards were granted based on the average share price on the three trading days preceding the award.
6. Share options under the SAYE were granted at a 20% discount of the ITV share price at the time of grant.

External directorships

With specific approval of the Board, Executive Directors may undertake external appointments as a non-executive director of other publicly quoted companies and retain any related fees paid to them. During the year, the Executive Directors retained fees for the directorships set out below.

	Company	**2023 £000**
Carolyn McCall	Bridgepoint Group plc	**107**
Chris Kennedy	Whitbread plc	**87**

The Board and Committee are satisfied that these commitments do not compromise their duties as Executive Directors of ITV plc.

Service contracts

The Directors' service contracts and letters of appointment are available for inspection at the Company's registered office.

Executive Directors: Executive Directors have rolling service contracts that provide for 12 months' notice on either side. There are no special provisions that apply in the event of a change of control.

	Date of appointment	Nature of contract	Notice period from Company	Notice period from Director	Compensation for early termination
Carolyn McCall	8 January 2018	Rolling	12 months	12 months	None
Chris Kennedy	21 February 2019	Rolling	12 months	12 months	None

Non-executive Directors: Each Non-executive Director, including the Chair, has a letter of appointment with the Company. Non-executive Directors will serve for an initial term of three years, subject to election and then annual re-election by shareholders, unless otherwise terminated earlier by and at the discretion of either party upon one month's written notice (12 months for the current Chair). After the initial three year term, reappointment is on an annual basis.

All Non-executive Directors are subject to re-election at the AGM in 2024. Details of appointment and tenure are set out in the table on page 77 to 78.

Committee membership and advisers

The Directors who were members of the Committee when matters relating to the Executive Directors' remuneration for the year were considered are set out on page 119.

The Committee obtains advice from various sources in order to ensure it makes informed decisions. The Executive Directors are invited to attend Committee meetings as appropriate. No individual is involved in decisions relating to their own remuneration.

The Chief People Officer is the main internal adviser and provides updates on remuneration, employee relations and human resource issues.

Deloitte LLP was appointed by the Committee as the independent adviser on remuneration policy and the external remuneration environment with effect from September 2017 following a review of other advisers in the market place. Total fees for advice provided to the Committee during the year amounted to £88,400 on a time/material basis (exclusive of VAT and expenses). Deloitte are members of the Remuneration Consultants Group and abide by its Code of Conduct in relation to remuneration consulting in the UK.

The Committee regularly reviews the quality and objectivity of the advice it receives from Deloitte in private sessions and this is challenged as a part of the Board evaluation process. It is satisfied that the advice it has received has been objective and independent, and that any conflicts have been appropriately managed. The Committee is satisfied that the Deloitte LLP engagement partner and advisory team that provide remuneration advice to the Committee, do not have any connections with the Company or individual directors that may impair their independence.

The wider UK Deloitte firm provided ITV with a number of other services during the year relating to risk and internal audit (until April 2022), tax, financial advice and consultancy. The members of the executive remuneration consulting team are not incentivised to cross-sell non-related services to ITV.

Relative importance of spend on pay

The table below shows pay for all employees compared with other key financial indicators.

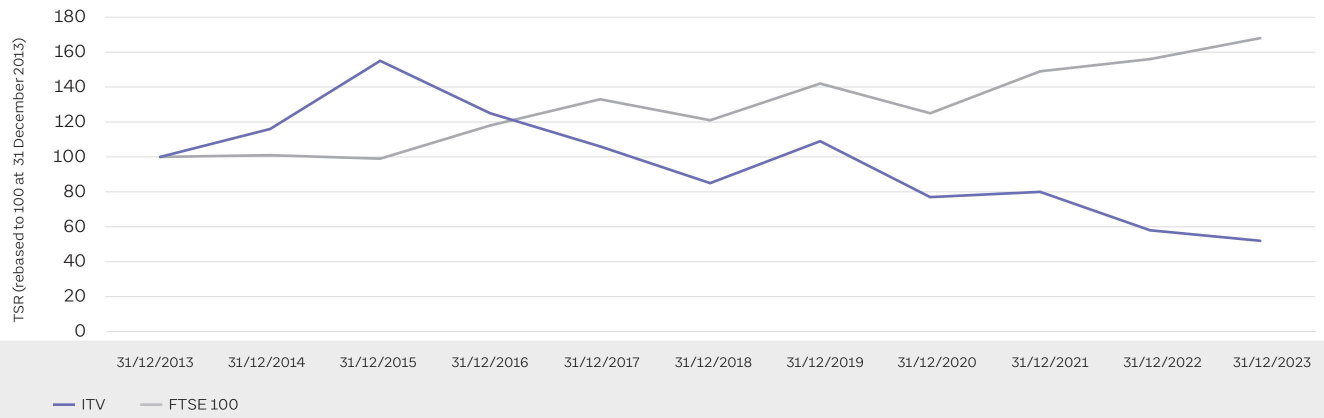
	2023 £m	2022 £m	% Change
Employee pay[1]	**693**	631	10
Ordinary dividend	**201**	201	–
Employee headcount[2]	**6,869**	6,677	3

1. Employee pay is the total remuneration paid to all employees across ITV on a fulltime equivalent basis. More detail is set out in note 2.1 to the financial statements.
2. Employee headcount is the monthly average number of employees across ITV on a fulltime equivalent basis. More detail is set out in note 2.1 to the financial statements. This number is included to contextualise the employee pay figure.

There were no share buybacks during either year.

Historical performance

The graph below shows the TSR performance of the Company against the FTSE 100 index over the ten year period to 31 December 2023. The FTSE 100 was chosen as ITV has been a member of the FTSE 100 during the ten year period.



Source: Thomson Reuters Datastream

Chief Executive remuneration

The table below provides a summary of the total remuneration received by the Chief Executive over the last ten years, including details of the annual bonus pay-out and long-term incentive award vesting level in each year.

		Total remuneration £000	Bonus % of maximum	Award vesting % of maximum	Award type
2023	Carolyn McCall	2,881	56.41	100	ESP
2022	Carolyn McCall	3,690	81.72	38.96	LTIP
2021	Carolyn McCall	3,307	96.38	35.82	LTIP
2020	Carolyn McCall	1,150	–	8.83	LTIP
2019	Carolyn McCall	3,122	87.5	62.35	LTIP
2018	Carolyn McCall	3,695	73.6	–	LTIP
2017	Peter Bazalgette (for the six month period served)	225	–	–	LTIP
	Adam Crozier (for the six month period served)	2,050	97.9	63	LTIP
2016	Adam Crozier	3,632	40	80	LTIP
2015	Adam Crozier	3,881	96	75	LTIP
2014	Adam Crozier	4,842	94	75	LTIP

The long-term incentive award vesting percentage relates to the proportion of the award that met performance conditions in the relevant financial year.

Shareholder voting

At the 2023 AGM, the majority of investors and mainstream proxy voting agencies were supportive of the Remuneration Report. The Committee recognises that a limited minority of shareholders opted to not support the Director's Remuneration Report, and it is understood that this was driven by a mix of factors. Select shareholders continue to retain reservations regarding the remuneration policy, which was approved by 92% of shareholders in 2021, and is subject to renewal at the 2024 AGM. Voting in some cases was partially influenced by broader company factors not directly related to our pay practices. An extensive shareholder consultation was undertaken by the Committee in 2023 in advance of the Policy renewal, with shareholders given the opportunity to raise these concerns. The Board continues to maintain dialogue with investors, and the Remuneration Committee has engaged with investors on numerous occasions over recent years. In many cases remuneration proposals have been adapted in direct response to investor feedback. While there is a recognition that there are differing viewpoints amongst our major investors on matters relating to pay, we will continue to constructively engage with investors on matters and take into account their feedback as we make key executive pay decisions.

Votes cast by proxy and at the meeting by poll in respect of the Executive Directors' remuneration were as follows:

Resolution	Number of shares	Voting for %	Number of shares	Voting against %	Total votes cast	Votes withheld
Remuneration Policy (2021 AGM)	2,708,902,059	92.23	228,270,767	7.77	2,937,172,826	250,200,490
Annual Report on Remuneration (2023 AGM)	2,467,727,854	88.23	329,265,772	11.77	2,796,957,548	52,988,620

This Remuneration Report was approved by the Board on 7 March 2024 and has been signed on behalf of the Directors by

SHARMILA NEBHRAJANI OBE
CHAIR, REMUNERATION COMMITTEE
7 March 2024

DIRECTORS' REPORT

The Directors present their Annual Report and the audited consolidated and parent company financial statements for the year ended 31 December 2023.

The Directors' Report comprises this report and the entire Governance section including the Chair's Governance Statement. In accordance with the Financial Conduct Authority's Listing Rules, the information to be included in the 2023 Annual Report and Accounts, where applicable, under LR 9.8.4, is set out in this Directors' Report. Other information that is relevant to this report, and which is incorporated by reference, can be located as follows:

INFORMATION	PAGE NUMBER
Carbon and greenhouse gas emissions	See page 35
Corporate Governance Report	See pages 75 to 142
Culture	See pages 96 to 99
Directors' service contracts	See page 126
Employee engagement and involvement	See pages 94 to 95
Employee equality, diversity, reward, investment and inclusion	See pages 37 to 39
Future developments of the business of the Group	See pages 10 to 11
Membership of the Board during the 2023 financial year	See page 77 to 78
Research and development	See pages 10 to 11
Stakeholder engagement and Company's business relationships	See pages 84 to 91

Corporate

Articles of Association: The Articles of Association may only be amended by special resolution of the shareholders. The current Articles were adopted as the Articles of Association of the Company at the conclusion of the 2022 AGM and are available on our website.

www.itvplc.com/investors/governance

Auditor: The external auditor for the 2023 financial year was PricewaterhouseCoopers LLP. The Independent Auditor's Report starting on page 149 sets out the information contained in the Annual Report which has been audited by the external auditor.

The Audit and Risk Committee considered the performance and audit fees of the external auditor, and the level of non-audit work undertaken. It recommended to the Board that a resolution for the reappointment of PricewaterhouseCoopers LLP for a further year as the Company's auditor be proposed to shareholders at the AGM on 2 May 2024.

Change of control: No person holds securities in the Company carrying special rights with regard to control of the Company. All of the Company's share schemes contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions and proration for time where appropriate.

Certain of the Group's debt and derivative instruments have change of control clauses whereby the counterparty can require ITV to repay or redeem the instruments in the event of a change of control (although in some cases only if it is accompanied by a credit rating downgrade to sub investment grade). The Company is not aware of any other significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company.

Other agreements: The Company does not have any agreements with any Director or employee that would provide compensation for loss of office or employment resulting from change of control following a takeover bid.

Dividends: The Board has proposed a final dividend of 3.3 pence for the year ended 31 December 2023 subject to shareholder approval at the AGM on 2 May 2024. The final dividend will be paid on 23 May 2024 to shareholders on the register on 12 April 2024 (the record date). The ex-dividend date is 11 April 2024. For more information please refer to page 5.

Political contributions: It is the Company's policy not to make cash contributions to any political party. However, within the normal activities of the Company's national and regional news-gathering operations, there may be occasions when an activity might fall within the broader definition of 'political expenditure' contained within the Companies Act 2006. Shareholder authority for such expenditure was given at the 2023 AGM. During 2023 there were no payments made by the Group falling within this definition (2022: nil). The Directors will seek to renew this authority at the 2024 AGM.

Branches: Branches of the Group outside the United Kingdom are indicated in the Subsidiary undertakings and investments section on pages 238 to 242.

Directors

Appointments: A table showing Directors who served in the year and to the date of this report can be found on page 82. Biographies for Directors currently in office can be found on pages 77 and 78 and on our website.

www.itvplc.com/about/board-of-directors

The appointment and replacement of Directors is governed by the Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. The Directors may from time to time appoint one or more Directors. Any such Director shall hold office only until the next AGM and shall then be eligible for appointment by the Company's shareholders in accordance with the Corporate Governance Code. Subject to annual shareholder approval, Non-executive Directors are appointed for an initial three year period and annually thereafter. Each Director will retire and submit themselves for election or re-election at the forthcoming AGM.

Conflicts of interest: The Board has delegated the authorisation of any conflicts to the Nominations Committee and has adopted a Conflicts of Interest Policy. The Board has considered in detail the current external appointments of the Directors that may give rise to a situational conflict and has authorised potential conflicts where appropriate. This authorisation can be reviewed at any time but will always be subject to annual review.

Powers including in relation to issuing or buying back shares: Subject to applicable law and the Company's Articles of Association, the Directors may exercise all powers of the Company, including the power to authorise the issue and/or market purchase of the Company's shares (subject to an appropriate authority being given to the Directors by shareholders in a general meeting and any conditions attaching to such authority). The Articles and a schedule of Matters Reserved for the Board can be found on our website (below).

www.itvplc.com/investors/governance

At the 2023 AGM, the Directors were given the following authority:

- To allot a maximum of 1.34 billion shares, representing approximately one-third of the Company's issued share capital, extending to 2.68 billion if used for a rights issue
- To allot a maximum of 402.5 million shares, without first offering them to existing shareholders in proportion to their holdings, representing approximately 10% of the Company's issued share capital
- To purchase in the market a maximum of 402.5 million shares, representing up to approximately 10% of the Company's issued share capital

Under these authorities 27 million shares were allotted and no shares were bought back during the 2023 financial year and up to the date of this report. On 7 March 2024 ITV announced that it had commenced a programme to purchase the Company's shares up to a maximum consideration of £235 million using the authority granted by shareholders at the 2023 AGM. The continuation of the programme after the 2024 AGM is subject to shareholder authority being granted at the 2024 AGM and, following the expiry of such authority, the shareholder authority granted at the Company's Annual General Meeting to be held in 2025.

Insurance and indemnities: The Company maintains liability insurance for its Directors and officers that is renewed on an annual basis. The Company has also entered into deeds of indemnity with its Directors and certain directors of associated companies. A copy of the indemnity can be found on our website. The indemnity, which constitutes a qualifying third-party indemnity as defined in Section 234 of the Companies Act 2006, was in force during the 2023 financial year.

Disclosures

Listing Rule 9.8.4 disclosures: There are no disclosures to be made under Listing Rule 9.8.4, other than that the Trustee of the Employees' Benefit Trust (EBT) waived its rights to receive dividends on shares it holds which do not relate to restricted shares held under the ITV Deferred Share Award Plan. See note 4.8.

Financial risk management: The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including in relation to its business model, future performance, solvency and liquidity. Details of our principal risks and associated mitigations, together with details of our approach to risk management, are set out on pages 55 to 64. Note 4.2 to the financial statements gives details of the Group's financial risk management policies and related exposures. Note 4.2 is incorporated by reference and deemed to form part of this report.

Going concern: The going concern statement is set out on page 162. The statement is incorporated by reference and deemed to form part of this report.

Data: As a part of our business activity, ITV processes large amounts of personal data. ITV recognises that to enable this use of personal data to transform our business and to meet the expectations of our viewers, advertisers and colleagues, it is critical that we continue to build on our approach to applying privacy in a lawful and ethical way. A programme of work to support this has been led by our Global Data Protection Officer. The work includes making improvements to our data governance framework and delivering our data privacy function to protect rights, engender trust and make data available for commercial purposes. ITV has a number of policies, procedures and tools in place to support this, including our Privacy and Data Protection Policy and an Information Security Policy that governs the processing and security of data. Compliance with these policies is mandatory and forms part of the Code of Ethics and Compliance. All colleagues undergo regular training to remind them of their responsibilities under these policies. Privacy and data protection is kept under review by the Audit and Risk Committee.

Subsequent events

For details on post balance sheet events see note 5.3 on page 226.

Pensions

The Company operates a number of pension arrangements which provide retirement and death benefits for colleagues.

ITV Pension Scheme (the Scheme): The Scheme is predominantly a Defined Benefit (DB) scheme, which is closed to future accrual, but also includes a small Defined Contribution (DC) section closed to future contributions.

ITV Pension Scheme Limited (a wholly owned subsidiary of ITV plc) is a corporate Trustee and manages the Scheme under a trust which is separate from the Company. Members of the Trustee board are formally appointed as directors of ITV Pension Scheme Limited. There are six directors including the Chair – four appointed by the Company and two nominated by the members. The Company appointed Trustee directors include the Chair and two professional independent Trustees.

Currently, the Trustee has one committee: Corporate Affairs. The Corporate Affairs Committee is convened as and when appropriate for dealing with any corporate activities that may arise. The Trustee board holds regular meetings throughout the year at which key issues and more routine business matters are dealt with. A budget is agreed each year. The Trustee board manages risk through its meeting agendas and has a conflicts of interest policy and maintains a register of interests for each Trustee director, which are reviewed regularly. It is the responsibility of the Trustee to have in place appropriate training for its directors and effective committee structures. The Trustee directors receive regular training throughout the year and also have the support of various professional advisers. The Group pensions department helps identify training opportunities. Training is delivered both by attendance at external courses and with targeted training to support specific agenda items at the start of the relevant Trustee board meeting. Where appropriate, longer training sessions are organised. Comprehensive records are kept of all training completed by each Trustee director. The Trustee board completes regular assessments of its advisers.

The Chair confirms in an annual statement that the Trustee meets its legal duties in relation to the DC section as required under the Pensions Regulator's Code of Practice 13.

Full valuations are carried out every three years. The latest actuarial valuation of the main DB scheme was due as at 1 January 2023 with the exercises expected to be completed within the statutory deadline of 31 March 2024.

ITV Defined Contribution Plan (the Plan): The trust based Plan was established to accept contributions from 1 March 2017 for ex-DB members and DC members who transferred from the Scheme. Eligible fixed term and permanent employees are invited to join the Plan after completing the required time in the Company's Auto-Enrolment (AE) arrangement – the AE Section of the Plan, which was set up on 1 April 2020. These individuals are given the opportunity to transfer funds from the AE plan and make backdated contributions within permitted levels.

ITV DC Trustee Limited (a wholly owned subsidiary of ITV plc) is a corporate Trustee and manages the DC assets, which are held under trust separately from the Company. Members of the Trustee board are formally appointed as directors of ITV DC Trustee Limited. There are five directors including the Chair — three appointed by the Company and two nominated by the members. It is the responsibility of the Trustee to have in place appropriate training for its directors. The governance framework for managing the Plan and developing the board is in line with that in place for the ITV Pension Scheme.

The Chair confirms in an annual statement that the Trustee meets its legal duties in relation to the DC Plan as required under the Pensions Regulator's Code of Practice 13.

Ulster Television Pension and Assurance Scheme (the UTV Scheme): The UTV Scheme provides DB benefits. It closed to future accrual with effect from 31 March 2019.

UTV Pension Scheme Limited (a wholly owned subsidiary of ITV plc) is a corporate Trustee and manages the DB assets, which are held under trust separately from the Company. Members of the Trustee board are formally appointed as directors of UTV Pension Scheme Limited. There are five directors including the Chair — three appointed by the Company (including a professional Trustee as chairman) and two nominated by the members. It is the responsibility of the Trustee to have in place appropriate training for its directors. The governance framework for managing the UTV Scheme and developing the board is in line with that in place for the ITV Pension Scheme.

Full valuations are carried out every three years. The latest actuarial valuation of the UTV scheme was due as at 1 July 2023.

The People's Pension: Since 2013, employers within the Group have been required to enrol all eligible individuals into a pension scheme automatically (auto-enrolment). This applies to all eligible individuals who are contracted to work for us, regardless of their contract type or tax status (i.e. it applies to workers and not simply employees). For freelancers and employees not eligible to join the DC Plan, the auto-enrolment plan is provided by a company called The People's Pension under a master trust which is run by an independent board of Trustee directors and eligible individuals are enrolled into this arrangement.

Pension Scheme indemnities: Qualifying pension scheme indemnity provisions, as defined in Section 235 of the Companies Act 2006, were in force for the financial year ended 31 December 2023 and remain in force for the benefit of each of the directors of ITV Pension Scheme Limited, ITV DC Trustee Limited and UTV Pension Scheme Limited. These indemnity provisions cover, to the extent permitted by law, certain losses or liabilities incurred as a director or officer of ITV Pension Scheme Limited, ITV DC Trustee Limited and UTV Pension Scheme Limited.

Shares

Issued share capital: At the date of this report, there were 4,052,409,194 ordinary shares of 10 pence each in issue, all of which are fully paid up and quoted on the London Stock Exchange.

Rights: The rights attaching to the Company's ordinary shares are set out in the Articles of Association. There are no securities carrying special rights.

Restrictions: There are no restrictions on the transfer of ordinary shares in the capital of the Company other than those which may be imposed by law from time to time. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights. With regard to the deadline for exercising voting rights, votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy or, in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. However, when calculating the 48-hour period, the Directors can, and have, decided not to take account of any part of a day that is not a working day. In accordance with the Disclosure Guidance and Transparency Rules (DTRs), Persons Discharging Managerial Responsibility are required to seek approval to deal in ITV shares. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

Share schemes: Details of employee share schemes are set out in note 4.8 of the financial statements. The Company has an Employees' Benefit Trust (EBT) funded by loans to acquire shares for the potential benefit of employees. Details of shares held by the EBT as at 31 December 2023 are set out in note 4.8. During the year, shares have been released from the EBT in respect of share schemes for employees. The Trustee of the EBT has the power to exercise all voting rights in relation to any investment (including ordinary shares) held within the EBT. From 2023, awards granted under the Company's Save As You Earn Scheme and the Executive Share Plan are met by the issue of new shares when the options are exercised. Awards under the Deferred Share Award Plan will continue to be met by market purchase shares. The Company will monitor the number of shares issued under these schemes and the impact on dilution limits.

Substantial shareholders: Information regarding interests in voting rights provided to the Company pursuant to the DTRs is published on a Regulatory Information Service and on the Company's website.

As at 7 March 2024, the information in the table below had been received, in accordance with DTR5, from holders of notifiable interests (voting rights) in the Company's issued share capital. However, these holdings are likely to have changed since notified to the Company; notification of any change is not required until the next applicable threshold is crossed.

The number of shares is based on announcements made by each relevant shareholder using the Company's issued share capital at that date.

	% of direct interest in shares	% of indirect interest in shares	Total % held	Total number of shares as notified
Ameriprise Financial, Inc and its group	5.08	0.05	5.12	206,179,898
Artemis Investment Management LLP	5.14	–	5.14	206,764,435
Liberty Global Incorporated Limited	9.90	–	9.90	398,515,510
RWC Asset Management LLP	5.67	–	5.67	228,339,000
Schroders plc	5.22	0.01	5.23	210,615,274
Silchester International Investors LLT	–	5.00	5.00	202,667,604

Statement of Directors' Responsibilities

The Directors consider 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 and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors section on pages 77 to 78 confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- The Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company
- The Strategic Report contained on pages 1 to 74 includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- State whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements
- Make judgements and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

CHRIS KENNEDY
GROUP CFO & COO
7 March 2024
ITV plc
Registered Number: 4967001

FINANCIAL STATEMENTS

In this section

The financial statements have been presented in a style that attempts to make them less complex and more relevant to shareholders and other stakeholders. We have grouped the note disclosures into five sections: 'Basis of Preparation', 'Results for the Year', 'Operating Assets and Liabilities', 'Capital Structure and Financing Costs' and 'Other Notes'. Each section sets out the accounting policies applied in producing the relevant notes, along with details of any key judgements and estimates used. The purpose of this format is to provide readers with a clearer understanding of what drives financial performance of the Group. The aim of the text in boxes is to provide commentary on each section or note, in plain English.

Keeping it simple

Notes to the financial statements provide information required by statute, accounting standards or Listing Rules to explain a particular feature of the financial statements. The notes are a part of the financial statements and will also provide explanations and additional disclosure to assist readers' understanding and interpretation of the Annual Report and the financial statements.

Contents

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITV PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- ITV plc's Group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit and the Group's cash flows for the year then ended
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law)
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements, included within the Annual Report and Accounts 2023 (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2023; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity; and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 2.1 'Profit Before Tax', we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We performed full scope audit procedures over eight components, covering components in the UK, the USA and the Netherlands
- Additionally, we performed a financial statement line item audit over six large balances across four components
- Taken together, the entities over which audit work was performed accounted for 79% of the Group's external revenue and 78% of the Group's absolute profit before tax and operating exceptional items

Key audit matters

- Valuation of gross defined benefit pension scheme obligations (Group)
- Valuation of complex pension scheme assets (Group)
- Presentation of exceptional items, including valuation of the Box Clever provision (Group)
- Recoverability of investments (Company)

Materiality

- Overall Group materiality: £23.5 million (2022: £28.2 million) based on 5% of the three-year average Group profit before tax adjusted to exclude operating exceptional items
- Overall Company materiality: £71.0 million (2022: £ 64.9 million) based on 1% of the Company's total assets
- Performance materiality: £17.5 million (2022: £ 21.1 million) (Group) and £53.3 million (2022: £48.6 million) (Company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITV PLC CONTINUED

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Recoverability of investments is a new key audit matter this year for the Company. Recoverability of amounts owed by subsidiary undertakings, which was a key audit matter last year, is no longer included because of the increased focus on the impairment assessment associated with the investment carrying value as a result of the performance in the year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of gross defined benefit pension scheme obligations (Group)	
Refer to note 3.7 in the financial statements. The Group had gross defined benefit scheme obligations of £2,194 million (2022: £2,292 million) recognised at 31 December 2023, which are significant in the context of the overall Consolidated Statement of Financial Position. The valuation of defined benefit pension scheme obligations involves the exercise of judgement and technical expertise in choosing appropriate actuarial assumptions such as the discount rate, inflation, and mortality rates. Management engaged external actuarial experts to assist in selecting appropriate assumptions and to calculate the schemes' liabilities.	We utilised our in-house actuarial experts to evaluate whether the assumptions and methodology used in calculating the defined benefit obligations were reasonable by: • Assessing whether the mortality rate and other demographic assumptions were reasonable based on the consideration of the specifics of each plan and industry benchmarks • Evaluating the appropriateness of the discount and inflation rate assumptions by assessing the methodology used to set them and comparing the assumptions against our internal acceptable ranges set based on market data • Reviewing the methodology and actuarial models used by external actuaries to assess their appropriateness and testing the Consolidated Statement of Financial Position liability and movements over the year Based on our procedures, we concluded that the key assumptions utilised lay within acceptable ranges, the methodology used to calculate the liability was appropriate, and that the liability calculation had not been materially misstated. We assessed the related disclosures included in the Group financial statements and consider them to be appropriate.
Valuation of complex pension scheme assets (Group)	
Refer to note 3.7 in the financial statements. The Group had gross defined benefit scheme assets of £2,355 million (2022: £2,437 million) recognised at 31 December 2023, which are significant in the context of the overall Consolidated Statement of Financial Position. The valuations of complex pension scheme assets such as Pooled Investment Vehicles ('PIVs'), property investments and longevity swaps are inherently subjective. As such, there is judgement in determining the fair value of the assets including the selection of appropriate valuation methodologies and other assumptions. Given the judgement and the quantum of these assets, this is a heightened area of audit risk.	We obtained independent confirmations from the investment managers to confirm the valuation of the scheme assets at the Consolidated Statement of Financial Position date. We understood management's processes and controls for monitoring and review of complex asset valuations. We specifically instructed our in-house valuations experts to consider whether the assumptions and methodology used in valuing the assets were reasonable in relation to the longevity swap contract. For complex PIVs, we also requested and reviewed third party investment manager controls reports, details of any transactions close to the year end, and details of the latest audited financial statements, to determine whether there were any inconsistencies with the year end values being attributed. Based on the procedures performed, we noted no material issues arising from our work.

Key audit matter	How our audit addressed the key audit matter
Presentation of exceptional items, including valuation of the Box Clever provision (Group)	
Refer to notes 2.2 and 3.6 in the financial statements. The Group recorded significant exceptional items of £77 million (2022: £65 million) which were included on the face of the Consolidated Income Statement and disclosed within the Annual Report. The presentation of items as exceptional can be judgemental and have a significant impact on the readers of the financial statements. Due to the quantum and number of exceptional items in the year, we focused on the presentation of these items to ensure they were treated consistently with the Group's accounting policy. The Group had recorded a provision of £52 million (2022: £52 million) for the liability that might arise as a result of the Box Clever Financial Support Directions issued by the Pensions Regulator, which is unchanged since the prior year. There is continued uncertainty as to the quantum of the amount for which ITV may be liable.	We substantiated a sample of exceptional items to corroborating evidence. We assessed management's rationale for the designation of certain items as exceptional against the Group's policy, considering the nature and impact of these items. We assessed the appropriateness and completeness of the disclosures included in the Group financial statements and the levels of equal prominence of GAAP and non-GAAP measures within the Annual Report. Specifically, with respect to the Box Clever provision, we enquired of management and their external legal counsel on the latest status of the dispute and their views as to the most likely outcome, including the form and quantum of any potential settlement. We assessed the basis for management's estimate of the provision, and utilised our in-house actuarial experts to evaluate whether the assumptions and methodology used in estimating the deficit amounts were reasonable. We noted that consistent assumptions were used for the ITV pension arrangements, all of which were in our acceptable ranges. We noted that there remains a significant amount of uncertainty related to this matter including the timing, amount and form of settlement. We therefore reviewed the disclosures to ensure they provide appropriate details on the developments and the range of possible outcomes. Based on our procedures, we were satisfied that the treatment and classification of exceptional items is consistent with the Group's policy, and the Annual Report disclosures, including the Box Clever matter, are appropriate.
Recoverability of investments (Company)	
Refer to Note iii in the Company financial statements. At 31 December 2023 the Company held investments in subsidiaries with a carrying value of £3,224 million (2022: £3,224 million). The fall in market capitalisation below the carrying value of the investments at 31 December 2023 is considered to be an impairment indicator and, as a result, management performed an impairment assessment. Management prepared a Value in Use ('VIU') model which includes judgements regarding the future cash flows of the Group. The model is based on the first three years of the Board approved five year plan and incorporates a terminal growth rate into perpetuity. Through this assessment, management identified that the VIU of the trading entities exceeded the carrying value of the Company's investments, therefore concluding that no impairment was required.	We performed the following procedures: • Understood the basis of preparation of the forecasts • Ensured the model used is consistent with the forecast and assumptions used elsewhere in the business (including the goodwill impairment assessment and going concern) • Supported by PwC valuations experts, we reviewed and challenged management's independent discount rate and terminal growth rate for appropriateness • Completed mathematical accuracy checks over the model • Based on our procedures we are satisfied that the carrying value of the investments is supportable We also evaluated the disclosures in Note iii Investments in subsidiary undertakings, which we consider to be appropriate.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group is organised and managed across three divisions: Media & Entertainment (M&E), ITV Studios and Central Services. Within the M&E and Studios divisions, given the shared systems and controls environment in the UK, we identified each individual UK business as a component. Outside of this, we identified each component at an individual entity level.

Based on our risk and materiality assessments, we determined which components required an audit of their complete financial information having consideration to the relative significance of each component to the Group, and the overall coverage obtained over each material line item in the consolidated financial statements.

Due to their high concentration of the Group's overall profit before tax and operating exceptional items, we identified two financially significant components, M&E and UK Studios, which, in our view, required an audit of their complete financial information. We identified an additional six components (inclusive of the Company) as requiring a complete audit in order to achieve the required coverage in respect of each material line item in the financial statements. To further supplement this coverage, an audit over specific line items was performed over six large balances across four components, due to their overall size and in order to achieve the required coverage over these specific financial statement line items.

Audit work over the UK components and the large balances were performed by the UK Group engagement team in addition to central procedures over tax, treasury, legal claims, defined benefit pension schemes, pension assets, impairment assessments, going concern and consolidation adjustments. Audit procedures over three components were performed by other PwC network firms in the Netherlands and the USA.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITV PLC CONTINUED

Where the work was performed by component audit teams, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. Our oversight procedures included the issuance of formal, written instructions to component auditors setting out the work to be performed and regular communication throughout the audit cycle including regular component calls and a site visit to the component team in the Netherlands, review of component auditor work papers and participation in audit clearance meetings.

Taken together, the components where we performed our audit work accounted for 79% of the Group's external revenue, and 78% of the Group's absolute profit before tax and operating exceptional items. This was before considering the contribution to our audit evidence from performing audit work at the Group level, including disaggregated analytical review procedures, which covers a significant portion of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

Our audit of the Company financial statements included substantive procedures over all material balances and transactions.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand the process to assess the extent of the potential impact of climate change risks on the Group and its financial statements. The Group explains the impact of climate change on its business within the 'Climate Related Financial Disclosures' section of the Strategic Report. Management's assessment considered the climate-related risks disclosed in the Annual Report including the impact of changes in the advertising sector, increased costs in the transition to a low carbon world and the resilience of productions to extreme weather events.

As disclosed within the basis of preparation section of the financial statements, management considered that the impact of climate change does not give rise to a material financial statement impact.

In response, we used our understanding of the Group to evaluate management's assessment; in particular, we considered how climate change risks, both physical and transitional, would impact the assumptions made in the forecasts prepared by management used in the impairment analysis and in the going concern and viability assessments. We did not identify any matters as part of this work which were inconsistent with the disclosures in the Annual Report or led to any material adjustments to the accounts.

We also read the disclosures made in relation to climate change in the other information within the Annual Report, and considered their consistency with the financial statements and our knowledge from our audit. Our responsibility over other information is further described in the 'Reporting on other information' section of our report.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£23.5 million (2022: £28.2 million)	£71.0 million (2022: £ 64.9 million)
How we determined it	5% of the three-year average Group profit before tax adjusted to exclude operating exceptional items	1% of the Company's total assets
Rationale for benchmark applied	We consider the most appropriate benchmark on which to calculate materiality is the Group's adjusted profit before tax adjusted to exclude operating exceptional items as it is one of the key indicators of financial performance of the Group. We use a three year average due to the volatility of earnings.	Balances and transactions that eliminate upon consolidation were audited to a higher materiality. We considered a total asset measure to reflect the nature of the Company, which primarily acts as a holding Company for the Group's investments.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £4.3 million and £20.0 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £17.5 million (2022: £ 21.1 million) for the Group financial statements and £53.3 million (2022: £48.6 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £1.1 million (Group and Company audit) (2022: £1.4 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- A critical assessment of management's base case and downside scenarios, challenging and obtaining corroborating evidence for the key assumptions, and verifying that the forecasts have been subject to board review and approval
- Examining the Group's available financing, including related covenants, and maturity profile to assess liquidity through the assessment period
- Reviewing the key inputs into the model management used to develop their scenarios to ensure that these were consistent with our understanding and the inputs used in other key accounting judgements in the financial statements such as impairment
- Assessing the historical reliability of management forecasting by comparing budgeted results to actual performance
- Performing our own independent sensitivity analysis to assess appropriate downside scenarios

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITV PLC CONTINUED

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems
- The section of the Annual Report describing the work of the Audit and Risk Committee

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to competition law, data privacy, broadcasting and media regulations and UK Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial performance of the Group and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Enquiry of management, those charged with governance and the Group's internal and external legal counsel around actual and potential fraud and non-compliance with laws and regulations
- Discussion with external lawyers regarding significant legal matters
- Enquiry of tax and compliance functions to identify any instances of non-compliance with laws and regulations
- Challenging assumptions made by management in determining their significant judgements and accounting estimates (refer to key audit matters)
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations
- Reviewing financial statement disclosures and testing to supporting documentation

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us or
- certain disclosures of Directors' remuneration specified by law are not made or
- the Company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 29 April 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 31 December 2021 to 31 December 2023.

OTHER MATTER

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Jonathan Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 March 2024

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Note	2023 £m	2022 £m
Revenue	2.1	**3,624**	3,728
Operating costs	2.1	**(3,386)**	(3,209)
Operating profit		**238**	519
Presented as:			
Earnings before interest, tax and amortisation (EBITA) before exceptional items	2.1	**404**	668
Operating exceptional items	2.2	**(77)**	(65)
Amortisation and impairment	3.3, 3.5	**(89)**	(84)
Operating profit		**238**	519
Financing income	4.4	**25**	13
Financing costs	4.4	**(70)**	(39)
Net financing costs		**(45)**	(26)
Share of profits after tax of joint ventures and associated undertakings	3.5	**–**	8
Profit before tax		**193**	501
Taxation	2.3	**16**	(66)
Profit for the year		**209**	435
Profit/(loss) attributable to:			
Owners of the Company		**210**	428
Non-controlling interests	4.7.6	**(1)**	7
Profit for the year		**209**	435
Earnings per share			
Basic earnings per share	2.4	**5.2p**	10.7p
Diluted earnings per share	2.4	**5.2p**	10.6p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2023 £m	2022 £m
Profit for the year		**209**	435
Other comprehensive (expense)/income:			
Items that are or may be reclassified to profit or loss			
Revaluation of financial assets	4.7.4	**(1)**	(19)
Net gain/(loss) on cash flow hedges and costs of hedging	4.7.3	**12**	(2)
Exchange differences on translation of foreign operations	4.7.3	**(42)**	75
Income tax (charge)/credit on items that may be reclassified to profit or loss	2.3	**(3)**	6
Items that will never be reclassified to profit or loss			
Remeasurement (losses)/gains on defined benefit pension schemes	3.7	**(35)**	80
Income tax credit/(charge) on items that will never be reclassified to profit or loss	2.3	**9**	(23)
Other comprehensive (expense)/income for the year, net of income tax		**(60)**	117
Total comprehensive income for the year		**149**	552
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**154**	537
Non-controlling interests	4.7.6	**(5)**	15
Total comprehensive income for the year		**149**	552

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2023 £m	31 December 2022 £m
Non-current assets			
Property, plant and equipment	3.2	**263**	286
Intangible assets	3.3	**1,542**	1,609
Investments in joint ventures, associates and equity investments	3.5	**68**	130
Derivative financial instruments	4.3	**1**	2
Distribution rights	3.1.2	**14**	17
Contract assets	3.1.6	**13**	–
Defined benefit pension surplus	3.7	**187**	172
Other pension asset	3.7	**48**	47
Deferred tax asset	2.3	**6**	19
		2,142	2,282
Current assets			
Programme rights and other inventory	3.1.1	**413**	377
Trade and other receivables due within one year	3.1.3	**630**	692
Trade and other receivables due after more than one year	3.1.3	**62**	44
Trade and other receivables		**692**	736
Contract assets	3.1.6	**189**	185
Production inventories	3.1.7	**234**	493
Current tax receivable	2.3	**111**	52
Derivative financial instruments	4.3	**4**	2
Assets classified as held for sale	3.4	**66**	–
Cash and cash equivalents	4.1	**340**	348
		2,049	2,193
Current liabilities			
Borrowings	4.1, 4.2	**(5)**	(289)
Lease liabilities	4.6	**(18)**	(21)
Derivative financial instruments	4.3	**(1)**	(7)
Trade and other payables due within one year	3.1.4	**(950)**	(901)
Trade payables due after more than one year	3.1.5	**(25)**	(17)
Trade and other payables		**(975)**	(918)
Contract liabilities	3.1.6	**(187)**	(372)
Current tax liabilities	2.3	**–**	(7)
Provisions	3.6	**(137)**	(139)
		(1,323)	(1,753)
Net current assets		**726**	440
Non-current liabilities			
Borrowings	4.1, 4.2	**(758)**	(541)
Lease liabilities	4.6	**(97)**	(111)
Derivative financial instruments	4.3	**(16)**	(8)
Defined benefit pension deficit	3.7	**(26)**	(27)
Deferred tax liabilities	2.3	**(59)**	(57)
Other payables	3.1.5	**(67)**	(72)
Provisions	3.6	**(17)**	(30)
		(1,040)	(846)
Net assets		**1,828**	1,876
Attributable to equity shareholders of the parent company			
Share capital	4.7.1	**406**	403
Share premium	4.7.1	**174**	174
Merger and other reserves	4.7.2	**211**	211
Translation reserve	4.7.3	**78**	107
Fair value reserve	4.7.4	**(2)**	(1)
Retained earnings	4.7.5	**919**	928
Total equity attributable to equity shareholders of the parent company		**1,786**	1,822
Non-controlling interests	4.7.6	**42**	54
Total equity		**1,828**	1,876

The financial statements on pages 156 to 242 were approved by the Board of Directors on 7 March 2024 and were signed on its behalf by:

Chris Kennedy
Group CFO and COO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity shareholders of the parent company								
	Note	Share capital £m	Share premium £m	Merger and other reserves £m	Translation reserve* £m	Fair value reserve £m	Retained earnings £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 1 January 2023	4.7	**403**	**174**	**211**	**107**	**(1)**	**928**	**1,822**	**54**	**1,876**
Total comprehensive income/(expense) for the year										
Profit/(loss) for the year		–	–	–	–	–	210	210	(1)	**209**
Other comprehensive (expense)/income										
Revaluation of financial assets	4.7.4	–	–	–	–	(1)	–	(1)	–	**(1)**
Net gain on cash flow hedges and costs of hedging	4.7.3	–	–	–	12	–	–	12	–	**12**
Exchange differences on translation of foreign operations	4.7.3	–	–	–	(38)	–	–	(38)	(4)	**(42)**
Remeasurement loss on defined benefit pension schemes	3.7	–	–	–	–	–	(35)	(35)	–	**(35)**
Income tax (charge)/credit on other comprehensive income/(expense)	2.3	–	–	–	(3)	–	9	6	–	**6**
Total other comprehensive expense		–	–	–	(29)	(1)	(26)	(56)	(4)	**(60)**
Total comprehensive (expense)/income for the year		**–**	**–**	**–**	**(29)**	**(1)**	**184**	**154**	**(5)**	**149**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Issue of shares	4.7.1	3	–	–	–	–	(2)	1	–	**1**
Equity dividends		–	–	–	–	–	(201)	(201)	(1)	**(202)**
Movements due to share-based compensation	4.8	–	–	–	–	–	16	16	–	**16**
Movements in the employee benefit trust		–	–	–	–	–	(5)	(5)	–	**(5)**
Tax on items taken directly to equity	2.3	–	–	–	–	–	(2)	(2)	–	**(2)**
Total transactions with owners		**3**	**–**	**–**	**–**	**–**	**(194)**	**(191)**	**(1)**	**(192)**
Changes in non-controlling interests	4.7.6	**–**	**–**	–	**–**	**–**	**1**	**1**	**(6)**	**(5)**
Balance at 31 December 2023	4.7	**406**	**174**	**211**	**78**	**(2)**	**919**	**1,786**	**42**	**1,828**

* See note 4.3 for further breakdown of Translation Reserve, including Hedging Reserve and Cost of Hedging Reserve

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

		Attributable to equity shareholders of the parent company								
	Note	Share capital £m	Share premium £m	Merger and other reserves £m	Translation reserve* £m	Fair value reserve £m	Retained earnings £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 1 January 2022	4.7	**403**	**174**	**215**	**41**	**13**	**634**	**1,480**	**38**	**1,518**
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	428	428	7	**435**
Other comprehensive (expense)/income										
Revaluation of financial assets	4.7.4	–	–	–	–	(19)	–	(19)	–	**(19)**
Net loss on cash flow hedges and costs of hedging	4.7.3	–	–	–	(2)	–	–	(2)	–	**(2)**
Exchange differences on translation of foreign operations	4.7.3	–	–	–	67	–	–	67	8	**75**
Remeasurement gain on defined benefit pension schemes	3.7	–	–	–	–	–	80	80	–	**80**
Income tax credit/(charge) on other comprehensive income/(expense)	2.3	–	–	–	1	5	(23)	(17)	–	**(17)**
Total other comprehensive income/(expense)		–	–	–	66	(14)	57	109	8	**117**
Total comprehensive income/(expense) for the year		**–**	**–**	**–**	**66**	**(14)**	**485**	**537**	**15**	**552**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Equity dividends		–	–	–	–	–	(201)	(201)	(3)	**(204)**
Movements due to share-based compensation	4.8	–	–	–	–	–	19	19	–	**19**
Movements in the employee benefit trust		–	–	–	–	–	(2)	(2)	–	**(2)**
Tax on items taken directly to equity	2.3	–	–	–	–	–	(7)	(7)	–	**(7)**
Total transactions with owners		**–**	**–**	**–**	**–**	**–**	**(191)**	**(191)**	**(3)**	**(194)**
Changes in non-controlling interests	4.7.6	**–**	**–**	**(4)**	**–**	**–**	**–**	**(4)**	**4**	**–**
Balance at 31 December 2022	4.7	**403**	**174**	**211**	**107**	**(1)**	**928**	**1,822**	**54**	**1,876**

* See note 4.3 for further breakdown of Translation Reserve, including Hedging Reserve and Cost of Hedging Reserve

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	£m	2023 £m	£m	2022 £m
Cash flows from operating activities					
Cash generated from operations before exceptional items	2.1		**556**		590
Cash flow relating to operating exceptional items:					
Operating exceptional items	2.2	**(77)**		(65)	
Increase in exceptional payables		**9**		12	
Cash outflow from exceptional items			**(68)**		(53)
Cash generated from operations			**488**		537
Defined benefit pension deficit funding		**(40)**		(137)	
Interest received		**20**		15	
Interest paid*		**(51)**		(56)	
Net taxation paid		**(32)**		(55)	
			(103)		(233)
Net cash inflow from operating activities			**385**		304
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(31)**		(34)	
Acquisition of intangible assets		**(39)**		(44)	
Acquisition of subsidiary undertakings, net of cash acquired		**(1)**		(96)	
Acquisition of investments		**(19)**		(13)	
Dividends received from investments		**3**		–	
Loans granted to associates and joint ventures		**(13)**		(13)	
Loans repaid by associates and joint ventures		**3**		4	
Net cash outflow from investing activities			**(97)**		(196)
Cash flows from financing activities					
Bank and other loans – amounts repaid		**(401)**		(539)	
Settlement of derivatives***		**(10)**		–	
Bank and other loans – amounts raised		**351**		282	
Release of restricted cash		**–**		50	
Payment of lease liabilities**		**(22)**		(22)	
Issue of share capital		**1**		–	
Acquisition of non-controlling interests		**(4)**		(25)	
Dividends paid to non-controlling interests		**(1)**		(3)	
Equity dividends paid		**(201)**		(201)	
Net cash outflow from financing activities			**(287)**		(458)
Net increase/(decrease) in cash and cash equivalents			**1**		(350)
Cash and cash equivalents at 1 January	4.1		**348**		686
Effects of exchange rate changes and fair value movements			**(9)**		12
Cash and cash equivalents at 31 December	4.1		**340**		348

* Interest paid includes interest on bank, other loans, derivative financial instruments and lease liabilities
** Net cash flow on lease liabilities in note 4.1 of £26 million (2022: £26 million) includes interest on lease liabilities included in interest paid of £4 million (2022: £4 million)
*** Net cash flow from forwards and swaps held against the euro denominated bond repaid in the year

NOTES TO THE FINANCIAL STATEMENTS
SECTION 1: BASIS OF PREPARATION

In this section

This section sets out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. This section also shows new UK-adopted accounting standards, amendments and interpretations, and whether they are effective in 2023 or later years. We explain how these changes are expected to impact the financial position and performance of the Group.

The financial statements consolidate those of ITV plc ('the Company') and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and jointly controlled entities. The Company is registered in England and Wales.

These Group financial statements were prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The accounting policies have been applied consistently in the financial years presented, other than where new policies have been adopted.

The financial statements are principally prepared on the basis of historical cost. Where other bases are applied, these are identified in the relevant accounting policy.

The parent company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

The notes form part of the financial statements.

Going concern
As at 31 December 2023, the Group was in a net debt position of £553 million (2022: £623 million), including gross borrowings of £893 million (2022: £971 million) offset by cash and cash equivalents of £340 million (2022: £348 million).

In addition to £340 million of cash and cash equivalents (2022: £348 million), the Group has a syndicated £500 million Revolving Credit Facility (RCF) entered into during 2022 which was undrawn at 31 December 2023 (31 December 2022: £50 million drawn). £83 million of this facility expires in January 2028 and the remaining £417 million expires in January 2029. In December 2023, the Group entered into an additional £100 million bilateral RCF which matures in December 2028, and which is undrawn at 31 December 2023. The Group also has a £300 million committed and undrawn bilateral facility expiring in June 2026 (31 December 2022: undrawn). This provides £1,240 million (2022: £1,098 million) of liquidity.

The €259 million Eurobond matured in December 2023 and was repaid through cash proceeds drawn in full from a £230 million term loan facility entered into in August 2023. The term loan matures in July 2027 and interest on the loan is determined as an aggregate of compounded Sterling Overnight Index Average (SONIA) plus a margin. The term loan has the same financial covenants as the Group's RCF facility.

The two RCFs are subject to leverage and interest cover semi-annual covenant tests that require the Group to maintain a leverage ratio of below 3.5x and interest cover above 3.0x (measures as defined in the RCF documentation). In addition, the £500 million RCF is subject to ESG targets linked to the delivery of ITV's science-based carbon emissions targets. As at 31 December 2023, the Group had covenant net debt of £415 million (2022: £461 million) and its financial position was well within its covenants. The leverage and interest cover tests will be tested again on 30 June 2024.

The £500 million RCF contains Scope 1, 2 and 3 greenhouse gas emissions targets which align to ITV's stated objective to have Net Zero carbon emissions by 2030. These targets are measured at the end of each financial year and independently verified in July following the relevant December year end. Scope 1 and 2 emissions are measured separately to Scope 3 emissions. The margin on the facility reduces by 2.5bps if Scope 1, 2 and 3 targets are met, by 1.25bps if either Scope 1 and 2 targets are met or Scope 3 targets are met, and increases by 2.5bps if neither target is met. Failing to meet targets does not impact the availability of the RCF. The Group met Scope 1, 2 and 3 targets for 2022, however 2023 emissions will not be verified until July 2024. Over the life of the facility, it may be necessary to recalibrate the baseline emissions level set in 2019, particularly in relation to Scope 3 emissions and there is a mechanism in the RCF documentation that allows for this.

The Directors have prepared forecasts for three cash flow scenarios (mid, high and low cases), for the period of three years from 1 January 2024 (in line with the viability assessment period). The mid case scenario is based on the 2024 Board approved budget and 2024 to 2026 strategic plan, also approved by the Board. The key assumptions in the scenarios relate to fluctuations in the advertising market due to audience and/or market decline and the evolving demand in the content market, specifically relating to content pipeline. All scenarios have embedded inflationary impacts with increased production costs in the short to medium term as well as continued structural changes in the advertising market and viewing habits with increased focus on streaming. The Directors have also considered a number of sensitivities to the mid case scenario to arrive at a severe but plausible downside scenario that has been used to assess the appropriateness of preparing these consolidated financial statements using the going concern basis. These sensitivities include settlements in respect of ongoing litigation, lost and/or delayed Studios productions, a failure to deliver the expected consumption hours or subscriber growth for Streaming and a decline in advertising revenue in comparison to 2023. The severe but plausible scenarios do not assume the adoption of a range of mitigations available to the Board.

After considering the severe but plausible scenarios, the Group remains able to operate within its financial covenants and will have sufficient liquidity during the going concern period to 30 June 2025.

The Directors propose a final dividend of 3.3 pence per share (2022: 3.3 pence), which equates to a full year dividend of 5.0 pence per share, subject to approval by shareholders at the AGM on 2 May 2024. The Directors intend to at least maintain this dividend over the medium term (this was included in all scenarios modelled). The Directors will continue to balance shareholder returns with a commitment to maintain investment grade credit metrics over the medium term and to continue to invest in the Group's strategy.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these consolidated financial statements and therefore have prepared the consolidated financial statements on a going concern basis.

Subsidiaries, joint ventures, associates and investments
Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists where the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

A joint venture is a joint arrangement in which the Group holds an interest under a contractual arrangement where the Group and one or more other parties undertake an economic activity that is subject to joint control. The Group accounts for its interests in joint ventures using the equity method. Under the equity method, the investment in the entity is stated as one line item at cost plus the investor's share of retained post-acquisition profits or losses, less any dividends received and other changes in net assets.

An associate is an entity, other than a subsidiary or joint venture, over which the Group has significant influence. Significant influence is the power to participate in, but not control or jointly control, the financial and operating decisions of an entity. These investments are also accounted for using the equity method.

Investments are entities where the Group concludes it does not have significant influence and are held at fair value unless the investment is a start-up business, in which case it is valued initially at cost as a proxy for fair value.

Current/non-current distinction
Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or use in, the course of the Group's operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Classification of financial instruments
The financial assets and liabilities of the Group are classified into the following financial statement captions in the Consolidated Statement of Financial Position in accordance with IFRS 9 'Financial Instruments':
- Financial assets/liabilities at fair value through OCI – measured at fair value through other comprehensive income – separately disclosed as financial assets/liabilities in current and non-current assets and liabilities or equity investments in non-current assets
- Financial assets/liabilities at fair value through profit or loss – separately disclosed as derivative financial instruments in current and non-current assets and liabilities and included in other payables (put option liabilities and contingent consideration) or convertible loan receivable within other receivables
- Financial assets measured at amortised cost – separately disclosed as cash and cash equivalents and trade and other receivables
- Financial liabilities measured at amortised cost – separately disclosed as borrowings and trade and other payables

Judgement is required when determining the appropriate classification of the Group's financial instruments, requiring assessment of contractual provisions that do or may change the timing or amount of contractual cash flows. Details of the accounting policies for measurement of the above instruments are set out in the relevant note. Where unconditional rights to set off financial instruments exist, and the Group intends to either settle on a net basis or realise the asset and settle the liability simultaneously, the Group presents the relevant instruments net in the Consolidated Statement of Financial Position.

Recognition and derecognition of financial assets and liabilities
The Group recognises a financial asset or liability when it becomes a party to the contract. Financial instruments are no longer recognised in the Consolidated Statement of Financial Position when the contractual cash flows expire or when the Group no longer retains control of substantially all the risks and rewards under the instrument.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with a maturity of less than or equal to three months from the date of acquisition. The carrying value of cash and cash equivalents is considered to approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 1: BASIS OF PREPARATION CONTINUED

Foreign currencies

The primary economic environment in which the Group operates is the UK and therefore the consolidated financial statements are presented in pounds sterling ('£').

Where Group companies based in the UK transact in foreign currencies, these transactions are translated into pounds sterling at the exchange rate on the transaction date. Foreign currency monetary assets and liabilities are translated into pounds sterling at the year end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year end, a foreign exchange gain or loss is recognised in the income statement. Non-monetary assets and liabilities measured at historical cost are translated into pounds sterling at the exchange rate on the date of the transaction.

The assets and liabilities of Group companies outside of the UK are translated into pounds sterling at the year end exchange rate. The revenue, expenses and other comprehensive income of these companies are translated into pounds sterling at the average monthly exchange rate during the year. Where differences arise between these rates, they are recognised in the translation reserve within other comprehensive income.

The Group's net investments in companies outside the UK may be hedged where the currency exposure is considered to be material. Hedge accounting is implemented on certain foreign currency firm commitments, for which the effective portion of any foreign exchange gains or losses is recognised in other comprehensive income (note 4.3).

Exchange differences arising on the translation of the Group's interests in joint ventures and associates are recognised in the translation reserve within other comprehensive income.

On disposal of a foreign subsidiary, an interest in a joint venture or an associate, the related translation reserve is released to the income statement as part of the gain or loss on disposal.

Where a forward currency contract is used to manage foreign exchange risk and hedge accounting is not applied, any impact of movements in currency for both the forward currency contracts and the assets and liabilities is taken to the income statement.

Accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The current macroeconomic environment has caused greater estimation and judgement to be applied, particularly in respect of pension obligations and discount rates used for impairment reviews.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving material judgement or complexity and therefore may have a material impact on the financial statements in the next 12 months are set out below. Additional detail on the judgements and sources of estimation uncertainty applied by management are set out in the accounting policies section of the relevant notes:

Area	Key judgements	Key sources of estimation uncertainty
Exceptional items (See note 2.2)	The classification of income or expenses as exceptional items	
Defined benefit pension (See note 3.7)		Estimates of the assumptions for valuing the defined benefit obligation
Provisions related to Box Clever (see note 3.6)	The basis for calculating the provision	Estimates of the amount required to settle the potential liability
Employee-related provisions (See note 3.6)	The individuals who are included in the calculation	Estimates of the amounts required to settle the liability
Acquisition-related liabilities (See note 3.1.4 and 3.1.5)	Whether future amounts payable are linked to employment	Estimates of cash-flow forecasts to support the calculation of the future liabilities
Transmission commitments (See note 3.1.1)	Whether the transponder contracts should be classified as leases in accordance with IFRS 16	

In addition to the above, there are a number of areas which involve a high degree of estimation and are significant to the financial statements but are not expected to have a material impact on them in the next 12 months. The key areas underlying estimation uncertainty include the estimation of net realisable values for programme rights, allocation of programme rights between linear and ITVX, impairment of intangible assets and taxation. More detail on each of these items is given in the relevant notes.

The Directors recognise the climate crisis and the potential impact it may have on both the wider world and the success of ITV. The threat continues to evolve and businesses globally have a responsibility to take meaningful action to mitigate and prevent further climate change. The Directors are committed to reducing the impact of ITV on the environment. Climate-related risks have been identified as an emerging business risk; however, the Directors do not view them as a source of material estimation uncertainty for the Group. For further detail, see the Risks and Uncertainties section of the Strategic Report.

New or amended accounting standards

The following new standards and/or amendments were effective 1 January 2023, but have not had a significant impact on the Group's results or Consolidated Statement of Financial Position.

Accounting standard	Requirement	Impact on financial statements
IFRS 17 'Insurance Contracts' and related amendments	IFRS 17 'Insurance Contracts' is a comprehensive new accounting standard covering recognition, measurement, presentation and disclosures. This standard replaces IFRS 4 'Insurance Contracts'.	No material change to the Group's financial position or performance.
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements'	The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies. The IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' in making decisions about accounting policy disclosures.	No material change to the Group's financial position or performance.
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	The amendments introduce a new definition of accounting estimates and clarify how entities use measurement techniques and inputs to develop accounting estimates.	No material change to the Group's financial position or performance.
Amendments to IAS 12 'Income taxes' – Initial recognition exception	The amendments aim to narrow the scope of the initial recognition exception under IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.	No material change to the Group's financial position or performance.
Amendments to IAS 12 'Income Taxes'- Pillar Two income taxes	The amendments provide a temporary exception from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.	The Group has applied the exception under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

Finance (No 2) Bill and Pillar Two impact on financial statements

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15% for large groups and for financial years beginning on or after 31 December 2023. Taxation balances are adjusted for a change in tax law if the change has been substantively enacted by the balance sheet date, however the amendments to IAS 12 'Income Taxes' Pillar Two income taxes provides an exemption from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules.

Based on an initial analysis of the current year financial data, most territories in which the Group operates are expected to qualify for one of the safe harbour exemptions such that top-up taxes should not apply. In territories where this is not the case there is the potential for Pillar Two taxes to apply, but these are not expected to be material. The Group continues to refine this assessment and analyse the future consequences of these rules.

Accounting standards effective in future periods

The Directors have considered the impact on the Group of new and revised accounting standards, interpretations or amendments that are not yet effective and do not expect them to have a significant impact on the Group's results and Consolidated Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 2: RESULTS FOR THE YEAR

In this section

This section focuses on the results and performance of the Group. On the following pages, you will find disclosures explaining the Group's results for the year, segmental information, exceptional items, taxation and earnings per share.

2.1 Profit before tax

Keeping it simple

This section analyses the Group's profit before tax by reference to the activities performed by the Group and an analysis of key operating costs.

Total revenue and adjusted earnings before interest, tax and amortisation (adjusted EBITA) (both as defined in the APMs section of the Annual Report) are the Group's key performance and profit indicators. They reflect the way the business is managed and how the Directors assess the performance of the Group. This section therefore also shows each division's contribution to total revenue and adjusted EBITA.

The Group is a vertically integrated producer broadcaster and streamer, consisting of ITV Studios and Media & Entertainment (M&E).

ITV Studios

ITV Studios is a scaled and global creator, owner and distributor of high-quality TV content. ITV Studios is the largest producer in the UK, one of the largest unscripted producers in the US and one of the top three producers in the majority of the international markets in which it operates. ITV Studios has established relationships with key content buyers and leading creative talent in those markets; and with a combined content library of over 90,000 hours, it is also one of the pre-eminent global distributors.

ITV Studios UK, the largest producer in the UK, produces programming for the Group's own channels, accounting for 70% of ITV main channel spend on commissioned programming (2022: 65%). Programming is also sold to other UK broadcasters, networks and streaming platforms.

ITV Studios US is one of the largest unscripted producers in the US and continues to grow its scripted presence by investing in high-profile dramas.

ITV Studios also operates in ten other international locations, together called ITV Studios International, being Australia, Germany, France, Italy, Spain, the Netherlands, Sweden, Norway, Finland and Denmark where content is produced for local and international broadcasters, networks and streaming platforms. This content is either locally created IP or formats that have been created elsewhere by ITV, primarily in the UK, the Netherlands and in Israel.

ITV Studios Global Partnerships license ITV's finished programmes, formats and third-party content internationally. Within this business, the Group also finances productions both on and off ITV to acquire global distribution rights.

Media & Entertainment

ITV is the largest commercial broadcaster and streamer in the UK, delivering unrivalled audience scale and reach. Media & Entertainment (M&E) includes Streaming and Broadcast through which we distribute content via ITVX, our free advertiser-funded streaming service, and via our free-to-air linear TV channels. Our content is also distributed on third-party partner platforms such as Sky and Virgin.

ITVX also includes a subscription tier, ITVX Premium, which provides subscribers with all of ITVX's programming ad-free along with other exclusive content.

ITV offers advertisers a unique combination of mass simultaneous reach, targeted advertising, and commercial and creative partnerships, in a brand-safe environment across ITVX and our linear TV channels.

Digital revenue is predominantly made up of digital advertising revenues, subscription revenue and digital sponsorship and commercial partnerships.

Non-digital advertising revenue is predominantly made up of advertising, sponsorship and commercial partnership revenue from our linear television channels.

Other revenue is predominantly made up of competitions around our linear television programming and third party licensing revenue.

Accounting policies

Revenue measurement and recognition

The Group derives revenue from the transfer of goods and services. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

Customer contracts can have a wide variety of performance obligations, from production contracts to format licences and distribution activities. For these contracts, each performance obligation is identified and evaluated. Under IFRS 15 the Group needs to evaluate if a format or licence represents a right to access the content (revenue recognised over time) or represents a right to use the content (revenue recognised at a point in time). The Group has determined that most format and licence revenues are satisfied at a point in time due to there being limited ongoing involvement in the use of the licence following its transfer to the customer.

The transaction price, being the amount to which the Group expects to be entitled and has rights to under the contract is allocated to the identified performance obligations. The transaction price will also include an estimate of any variable consideration where the Group's performance may result in additional revenues. Variable consideration is estimated based on the achievement of agreed targets, such as audience targets. Variable consideration is recognised only to the extent that it is highly probable that a significant reversal of revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue is stated exclusive of VAT and equivalent sales taxes.

Complexity in advertising revenue measurement and recognition is driven by a combination of automated and manual processes involved in measuring the value delivered to the customer and therefore the value of variable consideration due.

In assessing the transaction price, any non-cash consideration received from a customer is included. Non-cash consideration is measured at fair value. It takes into account the value of what the Group is receiving rather than the value of what the Group is giving up.

Complex one-off contracts in all classes of revenue are assessed individually and judgement is exercised in identifying performance obligations and allocating price to them. Timing of revenue recognition is another area of judgement particularly in respect of contracts in the ITV Studios division to assess whether revenue should be recognised at a point in time or over time.

Revenue recognition criteria for the key classes of revenue are as follows:

Segment	Major classes of revenue and revenue recognition policy	Payment terms
ITV Studios		
Programme production	• Revenue generated from the programmes produced for broadcasters and streaming platforms in the UK, US and internationally is recognised at the point of delivery of an episode and acceptance by the customer. Revenue from producer for hire contracts, where in an event of cancellation, cost is recovered plus a margin, is recognised over time, over the term of the contract	• Payment term is over the term of the contract
Format licences	• A licence is granted for the exploitation of a format in a stated territory, media and period. Licence revenue is recognised when the licence period has commenced (point in time)	• Payment term is over the term of the contract
Programme distribution rights	• A licence is granted for the transmission of a programme in a stated territory, media and period and revenue is recognised at the point when the contract is signed, the content is available for download and the licence period has started (point in time)	• Payment term is over the term of the contract

Segment	Major classes of revenue and revenue recognition policy	Payment terms
Media & Entertainment		
Total advertising revenue	• Net advertising revenue is generated from selling spot airtime on linear TV and is recognised at the point of transmission • Online advertising revenue from video on demand is generated from selling advertising on ITVX (ITV Hub before the launch of ITVX in December 2022) and is recognised at the point of delivery • Revenue from the sponsorship of programmes across ITV linear channels and online is recognised over the period of transmission	• Received in the month after transmission • Received in the month after campaign is delivered • Received prior to transmission
Subscriptions	• Revenue from subscription services is recognised over the subscription period	• Payment term is over the term of the contract or subscription period
SDN	• Revenue is generated from the carriage fee or capacity of the digital multiplex and is recognised over the term of the contract	• Payment term is over the term of the contract
Partnerships and other revenue	• Revenue from platforms such as Sky and Virgin Media O2, and third-party commissions. Revenue related to performance obligations delivered over time (e.g. provision of HD and SD channels and updated library content) are recognised over the term of the contract while revenues related to one-time provision of content are recognised on delivery of the content (point in time) • Interactive revenue is earned from entries to competitions and is recognised as the event occurs (point in time) • Minorities revenues is the revenue received from Channel 3 licencees that are not part of the ITV Group. The performance obligations are delivered as programming is delivered to the licensee and revenue is recognised over the term of the contract (over time) • Other categories of revenues within 'Partnerships and other revenue' are individually immaterial	• Payment term is over the term of the contract • Payment term is within two months of the competition being aired • Payment term is over the term of the contract

NOTES TO THE FINANCIAL STATEMENTS

SECTION 2: RESULTS FOR THE YEAR CONTINUED

The results for the year aggregate these classes of revenue into the following categories:

	2023 £m	2023 % of total	2022 £m	2022 % of total
ITV Studios UK	**962**		822	
ITV Studios US	**395**		467	
ITV Studios International	**445**		465	
Global Partnerships*	**368**		342	
Total ITV Studios**	**2,170**	**51%**	2,096	48%
Total advertising revenue (TAR)	**1,778**	**42%**	1,931	44%
Subscriptions	**59**		54	
SDN	**48**		55	
Partnerships and other revenue	**205**		209	
Media & Entertainment	**2,090**	**49%**	2,249	52%
Total revenue***	**4,260**		4,345	

* Global Formats and Distribution was rebranded as Global Partnerships in the year
** ITV Studios UK, ITV Studios US and Studios International revenues are mainly programme production. Global Partnerships revenue is from programme distribution rights, format licences and gaming, live events and merchandising.
*** Includes internal supply as discussed in the APMs (page 43).

Digital revenues of £490 million (2022: £411 million) include digital advertising revenue and subscription revenue, digital sponsorship and partnership revenue, ITV Win and other revenues from digital business ventures.

Segmental information

Operating segments, which have not been aggregated, are determined in a manner that is consistent with how the business is managed and reported to the Management Board. The Management Board is regarded as the chief operating decision-maker and considers the business, primarily from an operating activity perspective.

The Groups' segments are Media & Entertainment and ITV Studios, the results of which are outlined in the following tables:

	ITV Studios* 2023 £m	Media & Entertainment 2023 £m	Consolidated 2023 £m
Total segment revenue	**2,170**	**2,090**	**4,260**
Intersegment revenue	**(629)**	**(7)**	**(636)**
Revenue from external customers	**1,541**	**2,083**	**3,624**
Adjusted EBITA**	**286**	**205**	**491**
Unrealised profit in stock adjustment			**(2)**
Group adjusted EBITA***			**489**

	ITV Studios* 2022 £m	Media & Entertainment 2022 £m	Consolidated 2022 £m
Total segment revenue	2,096	2,249	4,345
Intersegment revenue	(611)	(6)	(617)
Revenue from external customers	1,485	2,243	3,728
Adjusted EBITA**	259	464	723
Unrealised profit in stock adjustment			(6)
Group adjusted EBITA***			717

* Intersegment revenue originates mainly in the UK.
** Adjusted EBITA is EBITA adjusted to exclude exceptional items and includes the benefit of production tax credits. It is stated after the elimination of intersegment revenue and costs.
*** Group adjusted EBITA removes the profit recorded in the ITV Studios business related to content sold to the Media & Entertainment business but unutilised and held on the balance sheet at the year end. A reconciliation of Group adjusted EBITA to statutory profit before tax is provided on page 43.

The Group's principal operations are in the United Kingdom. Revenue from external customers in the United Kingdom is £2,272 million (2022: £2,376 million) and revenue from external customers in other countries is £1,352 million (2022: £1,352 million), of which revenue of £641 million (2022: £655 million) was generated in the US during the year. The Operating and Financial Performance Review provides further detail on ITV's international revenues.

Intersegment revenue, which is earned on arm's length terms, is mainly generated from the supply of ITV Studios programmes to Media & Entertainment for transmission primarily on the ITV network. This revenue stream is a measure that informs the Group's strategic priority of building a strong international content business, as producing and retaining rights to the shows broadcast on the ITV network benefits the Group further from subsequent international content and format sales.

In preparing the segmental information, centrally managed costs have been allocated between reportable segments on a methodology driven principally by revenue, headcount or building occupancy of each segment. This is consistent with the basis of reporting to the Board of Directors.

There is one media buying agency (2022: two) acting on behalf of a number of advertisers that represent the Group's major customers. This agency is the only customer that individually represents over 10% of the Group's revenue. Revenue of approximately £478 million was derived from this customer in 2023. In 2022, there were two media buying agencies that represented over 10% of the Group's revenue with £548 million and £355 million respectively. This revenue is attributable to the Media & Entertainment segment.

The following table shows the total of non-current assets other than financial instruments, deferred tax assets, and pension assets broken down by location of the assets:

	2023 £m	2022 £m
UK	**1,372**	1,415
US	**391**	472
Rest of the world	**137**	155
Total non-current assets	**1,900**	2,042

Timing of revenue recognition

The following table includes classes of revenue from contracts disaggregated by the timing of recognition:

	2023 £m	2022 £m	2023 £m	2022 £m
	Products and services transferred at a point in time		Products and services transferred over time	
Total advertising revenue, subscriptions, SDN and other M&E	**1,755**	1,902	**328**	341
Programme production, programme distribution rights	**1,187**	1,169	**266**	236
Format licences	**82**	76	**6**	4
Total external revenue	**3,024**	3,147	**600**	581

Forward bookings

The following table includes revenue from contracts signed before the reporting date that is to be recognised in periods after the reporting date (i.e. the performance obligations remain unsatisfied or partially unsatisfied at the reporting date):

	2024 £m	2025 £m	2026 £m	Beyond £m
Media & Entertainment	92	73	53	29
ITV Studios	151	180	39	12
Total revenue	**243**	**253**	**92**	**41**
Internal supply	**(43)**	**(52)**	**–**	**–**
Total external revenue	**200**	**201**	**92**	**41**

The Group applies the practical expedients in IFRS 15 and, therefore, does not disclose information about remaining performance obligations that have original expected durations of less than one year or where the price is not yet known (e.g. net advertising revenue (NAR)).

Group adjusted EBITA

The Directors assess the performance of the reportable segments based on a measure of adjusted EBITA. The Directors use this non-IFRS measurement basis as it excludes the effect of transactions that could distort the understanding of the Group's performance for the year and comparability between periods. See the Operating and Financial Performance Review on pages 18 to 31 for the detailed explanation of the Group's use of adjusted performance measures. A reconciliation of Group adjusted EBITA to statutory profit before tax is provided as follows:

	Note	2023 £m	2022 £m
Group adjusted EBITA		**489**	717
Production tax credits		**(85)**	(49)
EBITA before exceptional items		**404**	668
Operating exceptional items	2.2	**(77)**	(65)
Amortisation and impairment		**(89)**	(84)
Net financing costs	4.4	**(45)**	(26)
Share of profits of joint ventures and associated undertakings		**–**	8
Statutory profit before tax		**193**	501

NOTES TO THE FINANCIAL STATEMENTS
SECTION 2: RESULTS FOR THE YEAR CONTINUED

Cash generated from operations
A reconciliation of profit before tax to cash generated from operations before exceptional items is as follows:

	Note	2023 £m	2022 £m
Cash flows from operating activities			
Statutory profit before tax		193	501
Add back:			
Share of profits of joint ventures and associated undertakings		–	(8)
Net financing costs	4.4	45	26
Operating exceptional items	2.2	77	65
Depreciation of property, plant and equipment (net of exceptional items)	3.2	46	53
Amortisation and impairment		89	84
Share-based compensation	4.8	16	19
Increase in programme rights and distribution rights		(33)	(70)
Decrease/(increase) in receivables, contract assets and production inventories		274	(133)
(Decrease)/increase in payables and contract liabilities		(151)	53
Movement in working capital		90	(150)
Cash generated from operations before exceptional items		**556**	**590**

Operating costs
The major components of operating costs of £3,386 million (2022: £3,209 million) are content costs of £1,293 million (2022: £1,216 million), other net costs of production of £1,496 million (2022: £1,444 million), staff costs of £385 million (2022: £347 million), depreciation, amortisation and impairment of £135 million (2022: £137 million) and operating exceptional items of £77 million (2022: £65 million).

Staff costs
Staff costs can be analysed as follows:

	2023 £m	2022 £m
Wages and salaries	548	497
Social security and other costs	98	80
Share-based compensation (see note 4.8)	16	19
Pension costs	31	35
Total staff costs*	**693**	**631**
Less: staff costs allocated to productions, exceptional items or capitalised	(308)	(284)
Net staff costs	**385**	**347**

* Staff costs includes the management board including two executive directors but excludes the non-executives and the Chairman.

Full-time equivalent employees (FTEE) include those FTEEs that are allocated to the cost of productions during the year; however, they exclude short-term contractors and freelancers who are engaged on productions. The weighted average FTEE over the year is:

	2023	2022
ITV Studios	4,017	4,042
Media & Entertainment	2,852	2,635
	6,869	6,677

The monthly average number of people employed over the year is:

	2023	2022
ITV Studios	4,248	4,144
Media & Entertainment	2,939	2,681
	7,187	6,825

The increase in headcount is due to a continued investment in digital and technical expertise to drive our digital revenue primarily on ITVX.

Depreciation
Depreciation in the year was £46 million (2022: £53 million), of which £28 million (2022: £33 million) relates to ITV Studios and £18 million (2022: £20 million) to Media & Entertainment. A further £6 million (2022: £8 million) in respect of accelerated depreciation following a change in useful life of the related assets in relation to the move to a new London site has been included in exceptional items. See notes 2.2 and 3.2 for further details.

Audit fees
The Group's auditors are PricewaterhouseCoopers LLP. The Group may engage PricewaterhouseCoopers LLP on assignments additional to its statutory audit duties where its expertise and experience with the Group are important and are in line with the Group's policy on auditor independence. In 2023, non-audit fees of £1.3 million (2022: £nil) were paid to PricewaterhouseCoopers LLP for services related to a proposed acquisition. Fees for audit-related assurance services of £0.2 million (2022: £0.2 million), being the review of the interim results for the six months to 30 June 2023 were also incurred. Fees paid to PricewaterhouseCoopers LLP and its associates during the year are set out below:

	PwC 2023 £m	PwC 2022 £m
For the audit of the Group's annual financial statements	2.1	1.8
For the audit of subsidiaries of the Group	1.7	1.3
Audit-related assurance services	0.2	0.2
Total audit and audit-related assurance services	**4.0**	**3.3**
Other assurance services	1.3	–
Total non-audit services*	**1.3**	**–**
Total fees paid to auditors	**5.3**	**3.3**

* See details of non-audit services policy in the Audit and Risk Committee Report on page 116.

Other than noted above, there were no fees payable in 2023 or 2022 to PricewaterhouseCoopers LLP or their associates for the audit of financial statements of any associate or pension scheme of the Group, or internal audit activities.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 2: RESULTS FOR THE YEAR CONTINUED

2.2 Exceptional items

Keeping it simple

Exceptional items are excluded from management's assessment of profit because by their size or nature they could distort the Group's underlying quality of earnings. They are typically gains or losses arising from events that are not considered part of the core operations of the business. These items are excluded to reflect performance in a consistent manner and are in line with how the business is managed and measured on a day-to-day basis.

Accounting policies

Exceptional items as described above are highlighted on the face of the Consolidated Income Statement. See the Operating and Financial Performance Review on pages 18 to 31 for the detailed explanation of the Group's use of adjusted performance measures. Gains or losses on disposal of non-core assets are also considered exceptional due to their nature and impact on the Group's underlying quality of earnings.

Exceptional items

Operating exceptional items are analysed as follows:

(Charge)/credit	Ref.	2023 £m	2022 £m
Operating exceptional items:			
Acquisition-related expenses	A	**(24)**	(4)
Restructuring and transformation costs	B	**(25)**	(28)
Property costs	C	**(10)**	(24)
Pension related costs	D	**–**	(4)
Costs related to the passing of Her Majesty Queen Elizabeth II	E	**–**	(16)
Sports rights	F	**–**	5
Employee-related tax provision	G	**3**	(10)
Insured trade receivable provision	H	**3**	23
Legal settlements	I	**(13)**	–
Legal and other costs	J	**(11)**	(7)
Total operating exceptional items		**(77)**	(65)
Tax on operating exceptional items		**12**	8
Total operating exceptional items net of tax		**(65)**	(57)

A. Acquisition-related expenses
Acquisition-related expenses of £24 million (2022: £4 million) are predominantly performance-based, employment-linked consideration to former owners and professional fees related to acquisitions and potential acquisitions.

B. Restructuring and transformation costs
Restructuring and transformation costs of £25 million (2022: £28 million) relate to one-off significant restructuring and transformation programmes of the business.

Significant projects include a business transformation programme which commenced in 2021. This programme includes the implementation of a new cloud-based ERP solution, a software as a service (SaaS) solution where the implementation costs are expensed as incurred. The implementation commenced in 2021 and is expected to continue into 2024.

Other significant projects include a rationalisation of the Studios operational structures outside the UK. Costs relating to this review will continue throughout 2024.

C. Property costs
Following the decision to move to Broadcast Centre in early 2022, £10 million (2022: £17 million) of property costs and move related costs have been recognised as exceptional, including accelerated depreciation following a change in useful life of the related assets. No further exceptional costs are expected related to the move to Broadcast Centre.

In 2022, an additional £7 million impairment on leasehold improvements and right of use asset was provided following the decision to vacate our New York office and reduce our property footprint in the US.

D. Pension related costs
The 2022 charge relates to the risk premium paid in relation to the buy-out of Section C of the ITV Pension Scheme.

E. Costs related to the passing of Her Majesty Queen Elizabeth II
Following the passing of Her Majesty Queen Elizabeth II in September 2022, the M&E business incurred significant additional costs related to news coverage associated with the reporting of the death of the Queen, the funeral and programmes featuring the character of the Queen that will unlikely ever be screened. £16 million of costs were recognised in 2022.

F. Sports rights
In 2021, certain sporting events were cancelled by the relevant governing body. The Group had previously recognised an impairment provision for these events. £5 million was released in 2022 as a refund of earlier payments made was expected.

G. Employee-related tax provisions
From April 2021 the responsibility for undertaking IR35 employment status assessments, and where necessary withholding PAYE and paying NICs, passed to the employer, rather than remaining with individuals and their personal service companies. HMRC have issued assessments on the Group for several individuals engaged by the Group during the tax years 2016/17 to 2018/19 as employed for tax purposes. This is a complex area and the Group has been in continuous discussion with HMRC on this matter throughout 2023.

In 2023, HMRC advised that certain individuals were no longer of interest to them and the related provision previously classified as exceptional was released.

Due to ongoing reviews by HMRC and court cases in this matter, the final amount payable could be significantly different to amounts currently provided.

H. Insured trade receivable provision
In 2017, the Group recorded a bad debt provision of US$41 million related to trade receivables for The Voice of China. Subsequently, US$34 million of cash was received from the licensee and the corresponding bad debt provision was released. The Directors anticipated recovering the remainder of the trade receivable from the trade credit insurance.

In 2023, a settlement of the claim was agreed with the insurers resulting in an exceptional credit of US$5 million (£3 million). No further recovery of the remaining trade receivable is expected.

I. Legal settlements
Legal settlements of £13 million (2022: £nil) relate to settlements or proposed settlements on a number of significant legal cases which are considered outside the normal course of business.

J. Legal and other costs
Legal and other costs of £11 million (2022: £7 million) relates primarily to legal costs for matters considered to be outside the normal course of business, including Box Clever, The Voice of Holland, the UK Competition and Markets Authority (CMA) investigations and the Phillip Schofield KC Review.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 2: RESULTS FOR THE YEAR CONTINUED

2.3 Taxation

Keeping it simple

This section sets out the Group's tax accounting policies, the current and deferred tax charges or credits in the year (which together make up the total tax charge or credit in the Consolidated Income Statement), a reconciliation of profit before tax to the tax charge for the year and the movements in deferred tax assets and liabilities.

Accounting policies

The tax charge for the year is recognised in the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income and directly in equity, according to the accounting treatment of the related transactions. The tax charge comprises both current and deferred tax. The calculation of the Group's tax charge involves estimation and judgement in respect of certain items whose tax treatment cannot be fully determined until a resolution has been reached by the relevant tax authority.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment in respect of previous years.

The Group recognises liabilities for anticipated tax issues based on estimates and judgement of the additional taxes that are likely to become due. Amounts are accrued based on management's interpretation of specific tax law and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Deferred tax

Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes.

The following temporary differences are not provided for:
- The initial recognition of goodwill
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred tax is calculated using tax rates that are enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference. Recognition of deferred tax assets, therefore, involves judgement regarding the timing and level of future taxable income.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set-off.

Taxation – Consolidated Income Statement

The total taxation charge in the Consolidated Income Statement is analysed as follows:

	2023 £m	2022 £m
Current tax:		
Current tax credit/(charge) on profit before exceptional items	**24**	(38)
Current tax credit on exceptional items	**11**	7
	35	(31)
Adjustments related to prior periods	**(12)**	9
	23	(22)
Deferred tax:		
Origination and reversal of temporary differences	**(7)**	(34)
Deferred tax credit on exceptional items	**1**	1
Impact of changes to statutory tax rates	**1**	(6)
	(5)	(39)
Adjustments related to prior periods	**(2)**	(5)
	(7)	(44)
Total taxation credit/(charge) in the Consolidated Income Statement	**16**	(66)

In order to understand how, in the Consolidated Income Statement, a tax credit of £16 million (2022: £66 million charge) arises on a profit before tax of £193 million (2022: £501 million), the taxation charge that would arise at the standard rate of UK corporation tax is reconciled to the actual tax credit as follows:

	2023 £m	2022 £m
Profit before tax	**193**	501
Notional taxation charge at UK corporation tax rate of 23.5% (2022: 19%) on profit before tax	**(45)**	(95)
Non-taxable income/non-deductible expenses	**(10)**	(15)
Prior year adjustments	**(14)**	4
Other taxes	**(8)**	(8)
Previously unrecognised deferred tax assets	**6**	–
Current year losses not recognised	**(17)**	(8)
Impact of overseas tax rates	**2**	(1)
Impact of changes in tax rates	**1**	(6)
Movement on tax provisions	**(1)**	(1)
Production tax credits	**102**	64
Statutory taxation credit/(charge) in the Consolidated Income Statement	**16**	(66)

Non-deductible expenses are expenses that are not expected to be allowable for tax purposes. Similarly, non-taxable income is income that is not expected to be taxable.

Adjustments to prior periods primarily arise where an outcome is obtained on certain tax matters, which differs from expectations held when the related provision was made. Where the outcome is more favourable than the provision made, the difference is released, lowering the current year tax charge. Where the outcome is less favourable than our provision, an additional charge to current year tax will occur. The total current tax credit of £23 million (2022: £22 million charge) includes a £12 million charge (2022: £9 million credit) relating to prior years, and the deferred tax charge of £7 million (2022: £44 million charge) includes a £2 million charge (2022: £5 million charge) relating to prior years. This adjustment has arisen following changes in estimates of taxes that have already become due, or will become due in the future.

Other taxes of £8 million charge (2022: £8 million charge) includes state taxes of £3 million in the US, local taxes of £1 million in Italy and France plus £4 million of irrecoverable withholding tax in the UK.

A previously unrecognised deferred tax asset of £6 million relating to historical capital losses, has been recognised in 2023, as they will be utilised against the capital profits realised on the sale of BritBox International, announced on 1 March 2024.

The tax impact of current year losses not recognised is £17 million (2022: £8 million), this relates to £2 million in Australia, £1 million in France, £13 million in Italy and £1 million in other overseas jurisdictions. No deferred tax on these losses has been recognised as we do not have certainty over future taxable profits in those jurisdictions nor are they suitable taxable temporary differences against which the losses can unwind.

The impact of overseas tax rates reflects the fact that some of our profits are earned in territories other than the UK and taxed at rates different from the UK corporation tax rate. In 2023, the total impact is £2 million credit (2022: £1 million charge) due to profits arising in lower tax jurisdictions.

The UK corporation tax rate increased from 19% to 25%, effective from 1 April 2023. The current year movement through the Consolidated Income Statement, on the deferred tax liability created in respect of the change in the tax rate, is a £1 million credit (2022: £6 million charge).

In line with our accounting policy on current tax, provisions are held on the balance sheet within current tax liabilities in respect of uncertain tax positions where management believes that it is probable that future payments of tax will be required.

The production tax credits included within the reconciliation above are UK High-End Television (HETV) tax credits and Children's Television tax credits, which are part of a group of incentives provided to support the creative industries in the UK. The ability to access these tax credits is fundamental when assessing the viability of investment decisions in the production of high-end drama and children's programmes. Under IFRS, these production tax credits are reported within the total taxation charge in the Consolidated Income Statement. However, ITV considers them to be a contribution to production costs, and therefore working capital in nature, and excludes them from its adjusted tax charge, including them instead within Adjusted EBITA.

The effective tax rate is (8.3)% (2022: 13.2%), and is the statutory tax charge on the face of the Consolidated Income Statement expressed as a percentage of the statutory profit before tax. The tax rate is lower than in 2022 primarily due to significantly higher HETV tax credits compared to the profits. As explained in the Finance Review, the Group uses an adjusted tax rate to show how tax impacts total adjusted earnings in a way that is more aligned with the Group's cash tax position. The adjusted tax rate is 21.5% (2022: 20.1%).

In 2023, the current year movement recognised in the Consolidated Income Statement on origination and reversal of temporary differences (excluding exceptional items) is a charge of £7 million, compared with a charge of £34 million in 2022.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 2: RESULTS FOR THE YEAR CONTINUED

Taxation – Other comprehensive income (OCI) and equity

As analysed in the table below a deferred tax charge of £2 million (2022: £23 million charge) has been recognised on actuarial movements on pensions. Other temporary differences recognised in other comprehensive income include, no deferred tax (2022: credit of £5 million) on gilts, £1 million deferred tax charge on derivatives (2022: £1 million credit) and £2 million deferred tax charge on the cost of hedging (2022: £nil). A deferred tax charge of £3 million (2022: £7 million charge) has been recognised in equity in respect of share-based payments.

There has been £11 million current tax credit recognised in other comprehensive income in the current year on pensions. There has been no current tax on foreign exchange movements net of hedging (2022: £nil). There has been £1 million current tax credit recognised in equity in the current year in relation to share-based compensation (2022: £nil).

Taxation – Consolidated Statement of Financial Position

The table below outlines the deferred tax assets/(liabilities) that are recognised in the Consolidated Statement of Financial Position, together with their movements in the year:

	At 1 January 2023 £m	Recognised in the income statement £m	Recognised in OCI and equity £m	Other £m	Foreign exchange £m	**At 31 December 2023 £m**
Tangible assets	1	(6)	–	–	–	**(5)**
Intangible assets	(49)	(1)	–	–	1	**(49)**
Pension scheme	(56)	(1)	(2)	–	–	**(59)**
Tax losses	27	7	–	–	(2)	**32**
Share-based compensation	9	(1)	(3)	–	–	**5**
Other temporary differences	30	(5)	(3)	1	–	**23**
	(38)	(7)	(8)	1	(1)	**(53)**

	At 1 January 2022 £m	Recognised in the income statement £m	Recognised in OCI and equity £m	Other £m	Foreign exchange £m	At 31 December 2022 £m
Tangible assets	4	(3)	–	–	–	1
Intangible assets	(45)	1	–	(3)	(2)	(49)
Pension scheme	(6)	(27)	(23)	–	–	(56)
Tax losses	32	(8)	–	–	3	27
Share-based compensation	11	5	(7)	–	–	9
Other temporary differences	29	(12)	6	4	3	30
	25	(44)	(24)	1	4	(38)

At 31 December 2023, the net deferred tax liability position is £53 million (2022: £38 million liability), consisting of total deferred tax assets of £106 million (2022: £133 million) and total deferred tax liabilities of £159 million (2022: £171 million). The Consolidated Statement of Financial Position presents deferred tax after netting off balances within countries – a deferred tax asset of £6 million and a deferred tax liability of £59 million (2022: deferred tax asset of £19 million and a deferred tax liability of £57 million).

The deferred tax balances relate to:

- Property, plant and equipment temporary differences arising on assets qualifying for tax depreciation
- Temporary differences on intangible assets, including those arising on business combinations
- Programme rights – temporary differences on intercompany profits on stock
- Pension scheme temporary differences on the IAS 19 pension surplus and SDN and LTVC pension funding partnerships
- Temporary differences arising from the timing of the use of tax losses
- Share-based compensation temporary differences on share schemes
- Other temporary differences on provisions and financial instruments

The deferred tax balance associated with the pension surplus is partially driven by the employer contributions to the Group's defined benefit pension scheme made during the year. The adjustment in other comprehensive income to the deferred tax balances relates to the actuarial loss recognised in the year.

A deferred tax asset of £32 million (2022: £27 million) has been recognised for tax losses where a full recovery is expected based on forecasted taxable profits. A deferred tax asset of £371 million (2022: £558 million) in respect of capital losses of £1,483 million (2022: £2,231 million) has not been recognised due to uncertainties as to whether capital gains will arise in the appropriate form and relevant territories against which such losses could be utilised. The decrease in the capital losses not recognised compared to the prior year is due to the dissolution of a company that held capital losses. Due to uncertainty over the timing and extent of their utilisation, the Group has not recognised deferred tax assets of £10 million (2022: £13 million) in respect of UK losses of £38 million (2022: £53 million), £25 million (2022: £19 million) in respect of overseas losses of £106 million (2022: £84 million) including £2 million in respect of losses that expire between 2024 and 2028. In addition to this the Group has not recognised £5 million (2022: £5 million) in respect of other overseas short-term timing differences of £21 million.

Subsidiaries of ITV plc Group have undistributed earnings of £42 million (2022: £26 million) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as ITV plc Group is able to control the timing of the distributions from these subsidiaries and is not expected to distribute these profits in the foreseeable future.

Finance (No 2) Bill and Pillar Two impact on financial statements

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15% for large groups and for financial years beginning on or after 31 December 2023. Taxation balances are adjusted for a change in tax law if the change has been substantively enacted by the balance sheet date however the amendments to IAS 12 'Income Taxes' Pillar Two income taxes provides an exemption from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules.

Based on an initial analysis of the current year financial data, most territories in which the Group operates are expected to qualify for one of the safe harbour exemptions such that top-up taxes should not apply. In territories where this is not the case there is the potential for Pillar Two taxes to apply, but these are not expected to be material. The Group continues to refine this assessment and analyse the future consequences of these rules.

Changes to the current UK system of Audio-visual tax credits

On 29 November 2023, the UK government issued final legislation to reform the current system of Audio-Visual Expenditure Credit (AVEC) tax credits to merge the four existing AVEC schemes (Film, High-End Television (HETV), Children's Television and Animation) into a single scheme and has reviewed the qualifying criteria. The AVEC legislation was substantively enacted on 5 February 2024 and can be claimed on expenditure incurred from 1 January 2024. The new scheme is one of expenditure credits as opposed to corporate tax relief, requiring a change to the accounting treatment to include them within statutory operating profit rather than within the consolidated tax charge. The effect of this change in legislation will therefore be to increase our EBITA, adjusted EBITA, adjusted EBITA margin, profit before tax and tax expense but will leave our profit after tax unchanged, compared to the previous HETV tax credit accounting treatment. We continue to assess the impact on the Group and do not anticipate there to be a material change in their net economic value.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 2: RESULTS FOR THE YEAR CONTINUED

2.4 Earnings per share

Keeping it simple

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

Basic EPS is calculated on the Group profit for the year attributable to equity shareholders of £210 million (2022: £428 million) divided by 4,023 million (2022: 4,010 million), being the weighted average number of shares in issue during the year, which excludes Employee Benefit Trust (EBT) shares held in trust (see note 4.8).

Diluted EPS reflects any commitments made by the Group to issue shares in the future and so it includes the impact of share options.

Adjusted EPS is presented in order to show the business performance of the Group in a consistent manner and reflect how the business is managed and measured on a day-to-day basis. Adjusted EPS reflects the impact of operating and non-operating exceptional items on Basic EPS. Other items excluded from Adjusted EPS are amortisation and impairment of intangible assets acquired through business combinations; net financing cost adjustments; and the tax adjustments relating to these items. Each of these adjustments is explained in detail in the section below.

The calculation of Basic EPS and Adjusted EPS, together with the diluted impact on each, is set out below:

Basic earnings per share

	2023	2022
Statutory profit for the year attributable to equity shareholders of ITV plc (£m)	**210**	428
Weighted average number of ordinary shares in issue – million	**4,023**	4,010
Basic earnings per ordinary share	**5.2p**	10.7p

Diluted earnings per share

	2023	2022
Statutory profit for the year attributable to equity shareholders of ITV plc (£m)	**210**	428
Weighted average number of ordinary shares in issue – million	**4,023**	4,010
Dilution due to share options – million	**36**	36
Total weighted average number of ordinary shares in issue – million	**4,059**	4,046
Diluted earnings per ordinary share	**5.2p**	10.6p

Adjusted earnings per share

	Ref.	2023 £m	2022 £m
Statutory profit for the year attributable to equity shareholders of ITV plc		**210**	428
Exceptional items (net of tax)	A	**65**	57
Profit for the year before exceptional items		**275**	485
Amortisation and impairment of acquired intangible assets	B	**19**	45
Adjustments to net financing costs	C	**18**	–
Adjusted profit for the year attributable to ITV shareholders		**312**	530
Total weighted average number of ordinary shares in issue – million		**4,023**	4,010
Adjusted earnings per ordinary share		**7.8p**	13.2p

Diluted adjusted earnings per share

	2023	2022
Adjusted profit (£m)	**312**	530
Weighted average number of ordinary shares in issue – million	**4,023**	4,010
Dilution due to share options – million	**36**	36
Total weighted average number of ordinary shares in issue – million	**4,059**	4,046
Diluted adjusted earnings per ordinary share	**7.7p**	13.1p

Details of the adjustments to earnings are as follows:

A. Exceptional items (net of tax) £65 million (2022: £57 million)
Exceptional items of £77 million (2022: £65 million), net of related tax credit of £12 million (2022: £8 million). The exceptional items have been taxed in accordance with the tax treatment of the underlying transaction at the tax rate of the jurisdiction to which they relate. The £77 million exceptional charge comprises exceptional costs of £88 million and an exceptional credit of £11 million. £26 million of the net exceptional costs were disallowed for tax purposes and so there is no associated tax credit. See note 2.2 for the detailed composition of exceptional items.

B. Amortisation and impairment of acquired intangible assets (net of tax) of £19 million (2022: £45 million)
Amortisation and impairment of assets acquired through business combinations and investments of £89 million (2022: £84 million), excluding amortisation of software licences and development of £64 million (2022: £27 million), net of related tax credit of £6 million (2022: £12 million).

C. Adjustments to net financing costs (net of tax) £18 million (2022: £nil)
Net financing costs of £45 million (2022: £26 million), is adjusted to reflect the underlying cash cost of interest for the business. These adjustments of £16 million (2022: £nil) relates principally to finance costs on acquisitions, imputed pension interest and other financial gains and losses that do not reflect the relevant interest cash cost to the business and are not yet realised balances. The tax charge in relation to these adjustments is £2 million (2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3: OPERATING ASSETS AND LIABILITIES

In this section

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. On the following pages, there are notes covering working capital, non-current assets and liabilities, acquisitions and disposals, provisions and pensions.

Liabilities relating to the Group's financing activities are addressed in section 4. Deferred tax assets and liabilities are shown in note 2.3.

3.1 Working capital

Keeping it simple

Working capital represents the assets and liabilities the Group generates through its trading activity. The Group therefore defines working capital as distribution rights, programme rights, trade and other receivables, trade and other payables, contract assets and liabilities and production inventories.

Careful management of working capital ensures that the Group can meet its trading and financing obligations within its ordinary operating cycle.

Working capital is a driver of the profit to cash conversion ratio, a key performance indicator for the Group. For those subsidiaries acquired during the year, working capital at the date of acquisition is excluded from the profit to cash calculation so that only subsequent working capital movements in the period controlled by ITV are reflected in this metric.

In the following note, you will find further information regarding working capital management and analysis of the elements of working capital.

3.1.1 Programme rights and commitments

Accounting policies

Rights are recognised when the Group controls the respective rights and the risks and rewards associated with them.

Programme rights not yet utilised are included in the Consolidated Statement of Financial Position at the lower of cost and net realisable value. In assessing net realisable value for programmes in production, judgement is required when considering the contracted sales price and estimated costs to complete.

Programme rights

The Group's policies with respect to programme rights recognise that the pattern of consumption on linear and streaming (ITVX) varies. Consumption of content varies based on the type of programme right as well as the type of platform it is transmitted on. Programme rights are expensed through operating costs reflecting the pattern in which management expects the right to be consumed.

The Group has defined policies on how programme rights are allocated to linear and streaming based on a pattern of viewing. There are also distinct policies across the platforms when these programme rights are recognised in the Consolidated Statement of Financial Position; when these costs are released to the Consolidated Income Statement; and the impairment review of the carrying values of programme rights held.

Type of programme	Streaming policy	Linear policy
Acquired content	Cost charged to the Income Statement on a declining-balance method over the licence period	Cost charged to the Income Statement over a number of linear transmissions (episodic)
Commissioned content	Cost charged to the Income Statement on a declining-balance method over the licence period	Cost charged to the Income Statement on first linear transmission (episodic)
Sports rights	Cost charged to the Income Statement on first transmission	Cost charged to the Income Statement on first linear transmission
Current affairs, live events, soaps	Cost charged to the Income Statement on first transmission	Cost charged to the Income Statement on first linear transmission
Library of content (ITVX only)	Straight-line amortisation over licence windows	

Acquired programme rights are purchased for the primary purpose of broadcasting on the ITV family of channels, including ad-funded streaming service and subscription streaming service platforms. These are recognised within current assets the earlier of when payments are made or when the rights are ready for exploitation.

Commissions, which primarily comprise programmes purchased, based on editorial specification and over which the Group has some control, are recognised in current assets as payments are made.

The net realisable value assessment for acquired, commissioned and sports rights is based on estimated airtime value. The net realisable value is assessed on a portfolio basis unless specific indicators of impairment are identified. During the pandemic, sports rights were reviewed separately for impairment following the impact of the pandemic on the planned sporting schedule and the consequential impact on TAR and audience mix for certain sporting events. There are no current specific indicators of impairment, therefore sports rights have now reverted to being assessed with all other content on a portfolio basis.

Programme rights and other inventory at the year end are shown in the table below:

	2023 £m	2022 £m
Acquired programme rights	**284**	225
Commissions	**83**	103
Sports rights	**46**	49
	413	377

£nil relates to stock that will be transmitted in 2025 and beyond (2022: £6 million transmitted in 2024 and beyond).

Included within programme rights and other inventory is £46 million (2022: £49 million) relating to programme rights that have been paid for but that are not yet in licence. These amounts are considered to be prepayments but are included within programme rights and other inventory as it is more useful to the reader to show all such rights together.

Programme and transmission commitments

Transmission commitments are the contracted future payments under transmission supply agreements that require the use of transponder capacity for a period of up to ten years with payments increasing over time, limited by specific RPI caps. The application of IFRS requires judgement regarding the classification of transmission commitments. The Group has concluded that these contracts do not constitute leases as defined in IFRS 16 'Leases', as the Group does not control these assets due to the nature of the operation of the assets and the rights retained by the supplier under the contracts.

Programming commitments are transactions entered into in the ordinary course of business with programme suppliers, sports organisations and film distributors in respect of rights to broadcast on the ITV network including ITVX and on BritBox UK.

The Group has onerous contract provisions of £18 million (2022: £34 million) in respect of transponder capacity usage and sports rights commitments. See note 3.6 for further details.

Commitments in respect of these transactions, which are not reflected in the Consolidated Statement of Financial Position, are due for payment as follows:

2023	Transmission £m	Programme £m	Total £m
Within one year	**20**	**488**	**508**
Later than one year and not more than five years	**–**	**380**	**380**
	20	**868**	**888**

2022	Transmission £m	Programme £m	Total £m
Within one year	25	466	491
Later than one year and not more than five years	19	349	368
	44	815	859

3.1.2 Distribution rights

Accounting policies

Distribution rights are programme rights the Group buys from producers to derive future revenue, principally through licensing to other broadcasters. These are classified as non-current assets as these rights are used to derive long-term economic benefit for the Group.

Distribution rights are recognised initially at cost and charged through operating costs in the Consolidated Income Statement over a period not exceeding five years, reflecting the value and pattern in which the right is consumed. Advances paid for the acquisition of distribution rights are disclosed as distribution rights as soon as they are contracted. These advances are not expensed until the programme is available for distribution. Up to that point, they are assessed annually for impairment through the reassessment of the future sales expected to be earned from that title.

The net book value of distribution rights at the year end is as follows:

	2023 £m	2022 £m
Distribution rights	**14**	17

During the year, £18 million was charged to the Consolidated Income Statement (2022: £25 million).

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES CONTINUED

3.1.3 Trade and other receivables
Accounting policies
Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost). Where payments are not due for more than one year, they are shown in the financial statements at their net present value to reflect the economic cost of delayed payment. The Group provides goods and services to substantially all of its customers on credit terms.

The credit risk management practices of the Group include internal review and reporting of the ageing of trade and other receivables by days past due. The Group applies the IFRS 9 simplified approach in measuring expected credit losses, which use a lifetime expected credit loss allowance for all trade receivables.

To measure expected credit losses, trade receivables and contract assets have been grouped by shared credit risk characteristics and days past due. As part of the expected credit losses, the Group may make additional provisions for the receivables of particular customers if the deterioration of financial position was observed.

The carrying value of trade receivables is considered to approximate fair value. Trade and other receivables can be analysed as follows:

	2023 £m	2022 £m
Due within one year:		
Trade receivables	427	476
Other receivables	145	162
Prepayments	58	54
	630	692
Due after more than one year:		
Trade receivables	37	24
Other receivables	25	20
	62	44
Total trade and other receivables	692	736

£464 million (2022: £500 million) of total trade receivables, stated net of provisions for impairment, are aged as follows:

	2023 £m	2022 £m
Current	408	437
Up to 30 days overdue	29	34
Between 30 and 90 days overdue	21	20
Over 90 days overdue	6	9
	464	500

Movements in the Group's provision for impairment of trade receivables and contract assets can be shown as follows:

	2023 £m	2022 £m
At 1 January	24	43
Charged during the year	4	14
Bad debts written off	(8)	–
Release of provision	(11)	(33)
At 31 December*	9	24

* £1 million (2022: £8 million) of the provision relates to contract assets and is included in the balance disclosed in note 3.1.6.

Of the provision total, £7 million relates to balances overdue by more than 90 days (2022: £22 million) and £2 million relates to current balances (2022: less than £1 million).

In 2023, a settlement of the claim was agreed with the credit insurers in relation to the remaining amount receivable for The Voice of China, resulting in an exceptional credit of US$5 million (£3 million) consistent with the original treatment. See note 2.2. No further recovery of the remaining trade receivable is expected.

The remaining release of the provision relates to other settlements for outstanding production related receivables and contract assets. The credit has been taken to operating profit.

3.1.4 Trade and other payables due within one year
Accounting policies
Trade payables are recognised at the value of the invoice received from a supplier. The carrying value of current and non-current trade payables is considered to approximate fair value. Trade and other payables due within one year can be analysed as follows:

	2023 £m	2022 £m
Trade payables	105	141
VAT and social security	35	38
Other payables	170	146
Acquisition-related liabilities – employment-linked contingent consideration	5	2
Acquisition-related liabilities – payable to sellers under put options agreed on acquisition	39	1
Accruals	596	573
	950	901

3.1.5 Trade and other payables due after more than one year
Trade and other payables due after more than one year can be analysed as follows:

	2023 £m	2022 £m
Trade payables	25	17
Other payables	33	28
Acquisition-related liabilities – employment-linked contingent consideration	10	6
Acquisition-related liabilities – payable to sellers under put options agreed on acquisition	24	38
	67	72
Total trade and other payables due after more than one year	92	89

Trade payables due after more than one year relates primarily to royalties in both 2023 and 2022. Other payables due after more than one year relates primarily to film creditors of £24 million (2022: £22 million).

Acquisition-related liabilities or performance-based employment-linked earnouts are the estimated amounts payable to previous owners. The estimated future payments that are accrued over the period the sellers are required to remain with the business are treated as exceptional costs (see note 2.2). Those amounts not linked to employment are estimated and recognised at acquisition at their time discounted value, with the unwind of the discount recorded as part of finance costs.

Acquisition related liabilities at 31 December 2023 were £78 million (2022: £47 million) which represents the amount accrued to date at their time discounted value. The total undiscounted estimated future payments of £105 million (2022: £89 million) are sensitive to forecast profits as they are based on a multiple of earnings. The range of reasonably possible outcomes for the undiscounted liability is between £86 million and £147 million. The liabilities due after more than one year are expected to be settled between 2025 and 2028.

All earnouts are sensitive to forecast profits as they are based on a multiple of earnings and judgement is required where there may be adjustments to forecasted profits or when earnouts are negotiated, hence the reason for the range noted above.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES CONTINUED

3.1.6 Contract assets and liabilities
Contract assets (accrued income) primarily relate to the Group's right to consideration for work unbilled at the reporting date. Many of the programmes the Studios division produces are sold internationally and also used within the ITV network.

Contract liabilities (deferred income) primarily relate to the consideration received from customers in advance of transferring a good or service. The following table provides movements in contract assets and liabilities in the year:

	2023		2022	
	Contract assets £m	Contract liabilities £m	Contract assets £m	Contract liabilities £m
Balance at 1 January	**185**	**(372)**	189	(359)
Decrease due to balance transferred to trade receivables	**(152)**	**–**	(180)	–
Increases as a result of the changes in the measure of progress	**169**	**–**	170	–
Decreases due to revenue recognised in the year	**–**	**332**	–	405
Increase due to cash received	**–**	**(147)**	–	(383)
Acquisitions	**–**	**–**	6	(35)
Balance at 31 December*	**202**	**(187)**	185	(372)

* Contract assets is stated net of provisions for impairment of £1 million (2022: £8 million) which have been included in the reconciliation in note 3.1.3. Non-current contract assets of £13 million (2022: £nil) is included in the above reconciliation.

3.1.7 Production inventories
Production inventories includes work in progress and finished programmes in relation to costs capitalised by ITV Studios in the course of fulfilling production contracts. These costs are capitalised when they relate directly to a contract or to a specifically identifiable anticipated contract, the costs generate or enhance the resources of the entity that will be used in satisfying or continuing to satisfy performance obligations in the future, and the costs are expected to be recovered.

These costs are presented as production inventories assets and represent actual costs incurred on the production. The asset is charged to the income statement as the performance obligations are satisfied.

Production inventories at the year end is detailed below:

	2023 £m	2022 £m
Production inventories	**234**	493

During the year, £498 million was charged to the Consolidated Income Statement for completed productions delivered (2022: £368 million).

3.1.8 Working capital management
Cash and working capital management has been a critical area of focus during 2023 and 2022. During the year, the cash inflow from working capital was £90 million (2022: outflow of £150 million) derived as follows:

	2023 £m	2022 £m
Increase in programme rights and distribution rights	**(33)**	(70)
Decrease/(increase) in receivables, contract assets and production inventories	**274**	(133)
(Decrease)/increase in payables and contract liabilities	**(151)**	53
Working capital inflow/(outflow)	**90**	(150)

3.2 Property, plant and equipment

Keeping it simple

The following note shows the physical assets used by the Group to operate the business, generating revenues and profits. These assets include office buildings and studios, as well as equipment used in broadcast transmission, programme production and support activities.

The cost of these assets is the amount initially paid for them or for right of use assets, the discounted future lease payments. A depreciation expense is charged to the Consolidated Income Statement to reflect annual wear and tear and the reduced value of the asset over time. Depreciation is calculated by estimating the number of years the Group expects the asset to be used (useful economic life). If there has been a technological change or decline in business performance, the Directors review the value of the assets to the business to ensure they have not fallen below their depreciated value. If an asset's value falls below its depreciated value, an additional impairment charge is made against profit.

This note also explains the accounting policies followed by ITV and the specific estimates made in arriving at the net book value of these assets.

Accounting policies
Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Certain items of property, plant and equipment that were revalued to fair value prior to 1 January 2004 (the date of transition to IFRS) are measured on the basis of deemed cost, being the revalued amount less depreciation up to the date of transition.

Right of use assets

A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. These assets are called right of use assets and have been included on the Group's balance sheet at a value equal to the discounted future lease payments. For leases recognised on transition to IFRS 16 'Leases' the value is also adjusted by any prepayments or lease incentives recognised immediately before the date of initial application.

Depreciation

Depreciation is provided to write off the cost of property, plant and equipment less estimated residual value, on a straight-line basis over their estimated useful lives. The annual depreciation charge is sensitive to the estimated useful life of each asset and the expected residual value at the end of its life. The major categories of property, plant and equipment are depreciated as follows:

Asset class	Depreciation policy
Freehold land	not depreciated
Freehold buildings	up to 60 years
Leasehold improvements	shorter of residual lease term or estimated useful life
Vehicles, equipment and fittings*	3 to 20 years
Right of use assets	over the term of the lease

* Equipment includes studio production and technology assets.

Assets under construction are not depreciated until the point at which the asset comes into use by the Group.

Impairment of assets

Property, plant and equipment that is subject to depreciation is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include changes in technology and business.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES CONTINUED

Property, plant and equipment
Property, plant and equipment can be analysed as follows:

	Freehold land and buildings £m	Improvements to leasehold land and buildings Long £m	Improvements to leasehold land and buildings Short £m	Vehicles, equipment and fittings Owned £m	Right of use assets £m	**Total £m**
Cost						
At 1 January 2022	12	87	26	235	154	514
Additions	–	2	–	33	57	92
Reclassifications	–	–	–	4	1	5
Foreign exchange	–	2	–	4	6	12
Disposals and retirements	–	(6)	–	(62)	(10)	(78)
At 31 December 2022	12	85	26	214	208	545
Additions	–	2	–	28	12	42
Derecognition of right of use asset	–	–	–	–	(14)	(14)
Foreign exchange	–	(1)	–	(2)	(3)	(6)
Disposals and retirements	–	(2)	(8)	(33)	(43)	(86)
At 31 December 2023	**12**	**84**	**18**	**207**	**160**	**481**
Depreciation						
At 1 January 2022	–	25	19	152	64	260
Charge for the year	1	3	1	31	25	61
Foreign exchange	–	–	–	3	2	5
Disposals and retirements	–	(1)	–	(62)	(4)	(67)
At 31 December 2022	1	27	20	124	87	259
Charge for the year	1	3	1	25	22	52
Derecognition of right of use asset	–	–	–	–	(6)	(6)
Foreign exchange	–	–	–	(2)	(1)	(3)
Disposals and retirements	–	(2)	(8)	(32)	(42)	(84)
At 31 December 2023	**2**	**28**	**13**	**115**	**60**	**218**
Net book value						
At 31 December 2023	**10**	**56**	**5**	**92**	**100**	**263**
At 31 December 2022	11	58	6	90	121	286

Included within property, plant and equipment are assets in the course of construction of £19 million (2022: £34 million).

Included within the depreciation charge for the year of £52 million (2022: £61 million) is £6 million (2022: £8 million) in respect of accelerated depreciation following a change in useful life of the related assets in relation to the move to a new London site. This depreciation has been included in exceptional items. See note 2.2 for further details.

Disposals and retirements for the year include assets written off with nil net book value that are not expected to generate any future economic benefits.

Included in net book value of right of use assets is £100 million (2022: £121 million) related to properties and £nil (2022: £nil) relating to vehicles, equipment and fittings.

The Group signed a subleasing arrangement, which is classified as a finance lease in accordance with IFRS 16 'Leases'. In accordance with the standard, the right of use asset with a net book value of £8 million was derecognised and replaced by a net investment in the sublease which has been recognised within other receivables. This arrangement does not impact the lease liabilities arising from the original lease which have been included in note 4.6.

Capital commitments
The Group has capital commitments of £2 million at 31 December 2023 (2022: £11 million).

3.3 Intangible assets

Keeping it simple

The following note identifies the non-physical assets used by the Group to generate revenue and profits.

These assets include formats and brands, customer contracts and relationships, contractual arrangements, licences, software development, film libraries and goodwill. The cost of these assets is the amount that the Group has paid or, where there has been a business combination, the fair value of the specific intangible assets that could be sold separately or which arise from legal rights. In the case of goodwill, its cost is the amount the Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired. The value of goodwill is the 'intangible' value that comes from, for example, a uniquely strong market position and the outstanding productivity of its employees.

The value of intangible assets, with the exception of goodwill, reduces over the number of years the Group expects to use the asset, the useful economic life, via an annual amortisation charge to the Consolidated Income Statement. Where there has been a technological change or decline in business performance, the Directors review the value of assets, including goodwill, to ensure they have not fallen below their amortised value. Should an asset's value fall below its amortised value, an additional impairment charge is made against profit.

This note explains the accounting policies applied and the specific judgements and estimates made by the Directors in arriving at the net book value of these assets.

Accounting policies
Goodwill
Goodwill represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised. Goodwill is stated at its recoverable amount being cost less any accumulated impairment losses and is allocated to the business to which it relates.

All business combinations that have occurred since 1 January 2009 were accounted for using the acquisition method. Under this method, goodwill is measured as the fair value of the consideration transferred (including the recognition of any part of the business not yet owned (non-controlling interests)), less the fair value of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. The identification of acquired assets and liabilities and the allocation of the purchase price to them is considered a key judgement and is based on the Group's understanding and experience of the media business. Any contingent consideration expected to be transferred in the future is recognised at fair value at the acquisition date and recognised within other payables. Contingent consideration classified as an asset or liability that is a financial instrument is measured at fair value with changes in fair value recognised in the Consolidated Income Statement. The determination of fair value is based on an estimate of discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount rate.

Where less than 100% of a subsidiary is acquired, and call and put options are granted over the remaining interest, a non-controlling interest is initially recognised in equity at fair value, which is established based on the value of the put option. A call option is recognised as a derivative financial instrument, carried at fair value. The put option is recognised as a liability within other payables, carried at the present value of the put option exercise price, and a corresponding charge is included in merger and other reserves. Any subsequent remeasurement of the put option liability is recognised within finance income or cost.

Subsequent adjustments to the fair value of net assets acquired can only be made within 12 months of the acquisition date, and only if fair values were determined provisionally at an earlier reporting date. These adjustments are accounted for from the date of acquisition.

Acquisitions of non-controlling interests are accounted for as transactions with owners and therefore no goodwill is recognised as a result of such transactions. Transaction costs incurred in connection with those business combinations, such as legal fees, due diligence fees and other professional fees, are expensed as incurred. The Directors consider these costs to reflect the cost of acquisition and to form a part of the capital transaction, and highlight them separately as exceptional items.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3: OPERATING ASSETS AND LIABILITIES CONTINUED

Other intangible assets

Intangible assets other than goodwill are those that are distinct and can be sold separately or which arise from legal rights.

The main intangible assets the Group has valued are formats, brands, licences, contractual arrangements, customer contracts and relationships and libraries.

Within ITV, there are two types of other intangible assets: those assets directly purchased by the Group for day-to-day operational purposes (such as software licences and development) and intangible assets identified as part of an acquisition of a business.

Intangible assets acquired directly by the Group are stated at cost less accumulated amortisation. Those separately identified intangible assets acquired as part of an acquisition or business combination are shown at fair value at the date of acquisition less accumulated amortisation.

Each class of intangible assets' valuation method on initial recognition, amortisation method and estimated useful life is set out in the table below:

Class of intangible asset	Amortisation method	Estimated useful life	Valuation method
Brands	Straight-line	8 to 14 years	Applying a royalty rate to the expected future revenue over the life of the brand
Formats	Straight-line	up to 8 years	Expected future cash flows from those assets existing at the date of acquisition are estimated. If applicable, a contributory charge is deducted for the use of other assets needed to exploit the cash flow. The net cash flow is then discounted back to present value
Customer contracts	Straight-line or reducing balance as appropriate	up to 6 years	
Customer relationships	Straight-line	5 to 10 years	
Contractual arrangements	Straight-line	up to 13 years depending on the contract terms	Expected future cash flows from those contracts existing at the date of acquisition are estimated. If applicable, a contributory charge is deducted for the use of other assets needed to exploit the cash flow. The net cash flow is then discounted back to present value
Licences	Straight-line	11 to 29 years depending on term of licence	Start-up basis of expected future cash flows existing at the date of acquisition. If applicable, a contributory charge is deducted for the use of other assets needed to exploit the cash flow. The net cash flow is then discounted back to present value. Public service broadcasting (PSB) licences are valued as a start-up business with only the licence in place
Libraries and other	Sum of digits or straight-line as appropriate	up to 20 years	Initially at cost and subsequently at cost less accumulated amortisation
Software licences and development	Straight-line	1 to 10 years	Initially at cost and subsequently at cost less accumulated amortisation

Cloud computing arrangements

Cloud computing arrangements are reviewed to determine if they are within the scope of IAS 38 'Intangible Assets', IFRS 16 'Leases', or a service contract. This is to determine if the Group has control of the software intangible asset. Control is assumed if the Group has the right to take possession of the software and run it on its own or a third-party's computer infrastructure or if the Group has exclusive rights to use the software whereby the supplier cannot make the software available to other customers.

Configuration of the software involves the setting of various flags or switches within the application software or defining values to set up the software's existing code to function in a specified way. Customisation involves modifying the software code in the application or writing additional code. Customisation generally changes or creates additional functionalities within the software. In both situations, the Group also needs to assess if there is a separate intangible asset. If no separate intangible asset is identified, then these costs are expensed when incurred. If an asset is identified, it is capitalised and amortised over the life of the asset.

Fair value on acquisition

Determining the fair value of the purchase consideration allocated to intangible assets arising on acquisition requires judgement. The Directors make estimates regarding the timing and amount of future cash flows derived from exploiting the assets being acquired. The Directors then estimate an appropriate discount rate to apply to the forecast cash flows. Such estimates are based on current budgets and forecasts, extrapolated for an appropriate period taking into account growth rates, operating costs and the expected useful lives of assets. Judgements are also made regarding whether, and for how long, licences will be renewed; this drives our amortisation policy for those assets.

The Directors estimate the appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the assets or businesses being acquired.

Amortisation

Amortisation is charged to the Consolidated Income Statement over the estimated useful lives of intangible assets unless such lives are judged to be indefinite. Indefinite life assets, such as goodwill, are not amortised but are tested for impairment at each year end.

Impairment

Goodwill is not subject to amortisation and is tested annually for impairment and when circumstances indicate that the carrying value may be impaired.

Other intangible assets are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the amount carried in the Consolidated Statement of Financial Position is less than its recoverable amount.

Determining whether the carrying amount of intangible assets has any indication of impairment requires judgement. Any impairment is recognised in the Consolidated Income Statement.

An impairment test is performed by assessing the recoverable amount of each asset, or for goodwill the cash-generating unit (CGU), or group of CGUs, related to the goodwill. Total assets (which include goodwill) are grouped at the lowest levels for which there are separately identifiable cash flows. The Directors have identified three CGUs, Media & Entertainment, ITV Studios and SDN.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is based on the present value of the future cash flows expected to arise from the asset.

In testing for impairment, estimates are used in deriving cash flows and the discount rates. Such estimates reflect current market assessments of the risks specific to the asset and the time value of money. The estimation process is complex due to the inherent risks and uncertainties associated with long-term forecasting. If different estimates of the projected future cash flows or a different selection of an appropriate discount rate or long-term growth rate were made, these changes could materially alter the projected value of the cash flows of the asset, and as a consequence materially different amounts would be reported in the financial statements.

Impairment losses in respect of goodwill cannot be reversed. In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

There is a wide range of potential outcomes regarding the possible future performance of each of ITV Group's cash-generating units, Media & Entertainment, ITV Studios and SDN. In the impairment review the Directors used the scenarios utilised for the viability statement. The Directors, however, do not consider that any reasonably possible changes in the key assumptions would cause the recoverable amount of the Group's cash-generating units to fall below their carrying values and therefore they are not considered key sources of estimation uncertainty.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3: OPERATING ASSETS AND LIABILITIES CONTINUED

Intangible assets

Intangible assets can be analysed as follows:

	Goodwill £m	Formats and brands £m	Customer contracts and relationships £m	Contractual arrangements £m	Licences £m	Libraries and other £m	Software licences and development £m	**Total £m**
Cost								
At 1 January 2022	3,893	527	441	11	176	104	240	5,392
Additions	–	–	–	–	–	–	44	44
Acquisitions	107	1	13	–	–	–	–	121
Disposals	–	–	–	–	–	–	(5)	(5)
Foreign exchange	37	21	8	–	–	2	1	69
At 31 December 2022	4,037	549	462	11	176	106	280	5,621
Additions	–	–	–	–	–	–	39	39
Disposals	–	–	(1)	–	–	–	(63)	(64)
Foreign exchange	(18)	(9)	(4)	–	–	(1)	–	(32)
At 31 December 2023	**4,019**	**540**	**457**	**11**	**176**	**105**	**256**	**5,564**
Amortisation and impairment								
At 1 January 2022	2,654	460	433	11	129	93	134	3,914
Charge for the year	–	41	6	–	2	–	27	76
Reclassifications	–	–	–	–	–	–	(5)	(5)
Foreign exchange	–	19	7	–	–	–	1	27
At 31 December 2022	2,654	520	446	11	131	93	157	4,012
Charge for the year	–	17	4	–	2	–	64	87
Disposals	–	–	(1)	–	–	–	(63)	(64)
Foreign exchange	–	(8)	(4)	–	–	(1)	–	(13)
At 31 December 2023	**2,654**	**529**	**445**	**11**	**133**	**92**	**158**	**4,022**
Net book value								
At 31 December 2023	**1,365**	**11**	**12**	**–**	**43**	**13**	**98**	**1,542**
At 31 December 2022	1,383	29	16	–	45	13	123	1,609

Goodwill impairment tests

The carrying amount of goodwill for each CGU is represented as follows:

	2023 £m	2022 £m
ITV Studios	**903**	921
Media & Entertainment	**386**	386
SDN	**76**	76
	1,365	1,383

There has been no impairment charge for any CGU during the year (2022: £nil).

When assessing impairment, the recoverable amount of each CGU is based on value in use calculations. These calculations require the use of estimates, specifically: pre-tax cash flow projections; long-term growth rates; and a pre-tax market discount rate. Cash flow projections are based on the Group's current long-term plan. Beyond the plan, these projections are extrapolated using an estimated nominal long-term growth rate of 1.5% (2022: 1.5%). The growth rate used is consistent with the long-term average growth rates for both the industry and the countries in which the CGUs are located and is appropriate because these are long-term businesses.

The discount rate has been updated for each CGU to reflect the latest market assumptions for the risk-free rate, the equity risk premium and the net cost of debt. There is currently no reasonably possible change in discount rate that would reduce the headroom in any CGU to zero.

ITV Studios

The goodwill for ITV Studios has arisen as a result of the acquisition of production businesses since 1999. Significant balances were created from the acquisition by Granada of United News and Media's production businesses in 2000 and the merger of Granada and Carlton in 2004 to form ITV plc. ITV Studios goodwill also includes the goodwill arising from acquisitions since 2012, with the largest acquisitions being Leftfield in 2014, followed by Talpa in 2015 and Plimsoll in 2022.

The key assumptions on which the forecast cash flows for the whole CGU were based (as represented by the approved financial budget for 2024 and forecast to 2026) include revenue (including international revenue and the ITV Studios share of ITV output, growth in commissions and hours produced), margins and the pre-tax market discount rate. These assumptions have been determined by using a combination of extrapolation of historical trends within the business, industry estimates and in-house estimates of growth rates in all markets. No impairment was identified.

A pre-tax discount rate of 10.7% (2022: 10.5%) has been used in discounting the projected cash flows. No reasonably possible change in assumptions or discount rate would lead to an impairment.

Media & Entertainment

The goodwill in this CGU arose as a result of the acquisition of broadcasting businesses since 1999, the largest of which was the merger of Carlton and Granada in 2004 to form ITV plc, which was treated as an acquisition of Carlton for accounting purposes. Media & Entertainment goodwill also includes the goodwill arising on acquisition of UTV Limited in February 2016.

The main assumptions on which the forecast cash flow projections for this CGU are based (as represented by the approved financial budget for 2024 and forecast to 2026) include: the size, performance and share of the television and streaming advertising market; share of commercial impacts; programme and other costs; and the pre-tax market discount rate.

In forming its assumptions about the television and streaming advertising market, the Group has used a combination of long-term trends, industry forecasts and in-house estimates, which place greater emphasis on recent experience. No impairment was identified.

An impairment charge of £2,309 million was recognised in the Media & Entertainment CGU in 2008, as a result of the downturn in the short-term outlook for the advertising market. The current year impairment review, set out above, results in significant headroom. Even though the advertising market has improved since the impairment was recognised in 2008 and the impaired assets are still owned and operated by the Group, due to accounting rules the impairment to goodwill cannot be reversed.

A pre-tax discount rate of 10.4% (2022: 10.4%) has been used in discounting the projected cash flows. No reasonably possible change in assumptions or discount rate would lead to an impairment.

SDN

Goodwill was recognised when the Group acquired SDN (the licence operator for DTT Multiplex A) in 2005. It represented the wider strategic benefits of the acquisition specific to the Group, principally the enhanced ability to promote Freeview as a platform, business relationships with the channels which are on Multiplex A and additional capacity available from 2010. SDN's multiplex licence was renewed during 2022 and expires in 2034.

The main assumptions on which the forecast cash flows are based (as represented by the approved financial budget for 2024 and forecast to 2026) are: income to be earned from renewals of medium-term contracts; the market price of available multiplex video streams; and the pre-tax market discount rate. These assumptions have been determined by using a combination of current contract terms, recent market transactions and in-house estimates of video stream availability and pricing. No impairment was identified.

A pre-tax discount rate of 9.1% (2022: 9.4%) has been used in discounting the projected cash flows. No reasonably possible change in assumptions or discount rate would lead to an impairment.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3: OPERATING ASSETS AND LIABILITIES CONTINUED

3.4 Assets classified as held for sale

Keeping it simple

The following section outlines the Group's assets and liabilities held for sale.

Assets and any associated liabilities, where management is committed to a plan to sell, are recognised as held for sale in the Consolidated Statement of Financial Position.

The sale should be highly probable and within 12 months of classification as held for sale.

Accounting policies

The Group measures non-current assets that are classified as held for sale at the lower of their carrying amount and fair value less costs to sell.

On 1 March 2024, the Group announced the sale of its entire 50% interest in digital streaming service, BritBox International to its joint venture partner BBC Studios for a cash consideration of £255 million. The transaction has been effected by the disposal of the Group's 50% interests in BritBox LLC, BB Rights LLC, Denipurna Limited and BritBox International Limited and the 100% interest in ITV SVOD Australia Pty Ltd, which holds the 50% interest in BritBox Australia Management Pty Limited.

At 31 December 2023, the Group included these interests at their carrying value, as held for sale in the Consolidated Statement of Financial Position. There are no liabilities associated with this sale.

	2023 £m	2022 £m
Assets classified as held for sale – investments in joint ventures	66	–
	66	–

The results for the entities held for sale (other than ITV SVOD Australia Pty Ltd) are included in share of profits and losses after tax of joint ventures and associated undertakings and not within the M&E reportable segment.

Cash Balances held within ITV SVOD Australia Pty Ltd were fully utilised prior to completion of the sale and therefore have not been included in the above assets held for sale.

Included in the Group's Consolidated Statement of Financial Position are working capital balances with the entities held for sale, for content and other related trading activities. These balances will be settled in the normal course of business.

3.5 Investments

Keeping it simple

The Group holds non-controlling interests in a number of different entities. Accounting for these investments, and the Group's share of any profits and losses, depends on the level of control or influence the Group is granted via its interest. The three principal types of non-consolidated investments are joint arrangements (joint ventures or joint operations), associates, and equity investments.

A joint arrangement is an investment where the Group has joint control, with one or more third parties. An associate is an entity over which the Group has significant influence (i.e. power to participate in the investee's financial and operating decisions). Any other investment is an equity investment.

Accounting policies

For joint ventures and associates, the Group applies equity accounting. Under this method, it recognises the investment in the entity at cost and subsequently adjusts this for its share of profits or losses, which are recognised in the Consolidated Income Statement within non-operating items and included in adjusted profit.

Where the Group has invested in associates by acquiring preference shares or convertible debt instruments, the share of profit recognised is usually £nil as no equity interest exists.

Equity investments are held at fair value unless the investment is a start-up business, in which case it is valued initially at cost as a proxy for fair value.

The carrying amount of each category of our investments is represented as follows:

	Joint ventures £m	Associates £m	Equity investments £m	Total £m
At 1 January 2022	43	51	4	98
Additions	5	6	7	18
Share of profits	7	1	–	8
Impairments/fair value adjustments	–	(4)	–	(4)
Foreign exchange	4	6	–	10
At 31 December 2022	59	60	11	130
Additions	5	3	10	18
Share of profits/ (losses)	8	(8)	–	–
Impairments/fair value adjustments	–	(5)	–	(5)
Dividends received	(3)	–	–	(3)
Foreign exchange	(3)	(3)	–	(6)
Classified as held for sale	(66)	–	–	(66)
At 31 December 2023	**–**	**47**	**21**	**68**

On 1 March 2024, the Group announced the sale of its entire 50% interest in digital streaming service, BritBox International to its joint venture partner BBC Studios for a cash consideration of £255 million. The transaction has been effected by the disposal of the Group's 50% interests in BritBox LLC, BB Rights LLC, Denipurna Limited and BritBox International Limited and the 100% interest in ITV SVOD Australia Pty Ltd, which holds the 50% interest in BritBox Australia Management Pty Limited.

At 31 December 2023, the Group included these interests at their carrying value of £66 million, as held for sale in the Consolidated Statement of Financial Position. See notes 3.4 and 5.3.

At 31 December 2023, there were no other significant investments in joint ventures (2022: £48 million invested in BritBox LLC in the US). The Group's associates include £31 million (2022: £38 million) relating to a 45% investment in Blumhouse TV Holdings LLC, a film and television production company in the US. The equity investments relate primarily to Group's Media for Equity programme. No individual investment is considered material to the Group.

Please refer to page 240 for the list of joint ventures, associates and other significant holdings held at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3: OPERATING ASSETS AND LIABILITIES CONTINUED

3.6 Provisions

Keeping it simple

A provision is recognised by the Group where an obligation exists relating to events in the past and it is probable that cash will be paid to settle it.

A provision is made where the Group is not certain how much cash will be required to settle a liability, so an estimate is required. The main estimates relate to the cost of holding properties that are no longer in use by the Group, the likelihood of settling legal claims and contracts the Group has entered into that are now unprofitable.

Accounting policies

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation arising from past events, it is probable that cash will be paid to settle it and the amount can be estimated reliably. Provisions are determined by discounting the expected future cash flows by a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a financing cost in the Consolidated Income Statement. The value of the provision is determined based on assumptions and estimates in relation to the amount and timing of actual cash flows, which are dependent on future events.

Provisions

The movements in provisions during the year are as follows:

	Contract provisions £m	Property provisions £m	Legal and other provisions £m	Total £m
At 1 January 2023	34	9	126	169
Additions	–	2	20	22
Utilised	(16)	(1)	(15)	(32)
Released	–	–	(5)	(5)
Foreign exchange	–	–	–	–
At 31 December 2023	**18**	**10**	**126**	**154**

Analysed between:				
Current	12	1	124	137
Non-current	6	9	2	17

Provisions of £137 million are classified as current liabilities (2022: £139 million). Unwind of the discount is £nil in 2023 and 2022.

Contract provisions £18 million (2022: £34 million)
Contract provisions represent liabilities in respect of onerous contracts in relation to individual sports rights of £11 million (2022: £17 million) and transmission capacity supply contracts of £7 million (2022: £17 million).

Sports rights
Following the pandemic and up to 31 December 2022, the Group recognised provisions for individual sports rights when estimated revenues were less than the value of the rights. This was considered an indicator of impairment. The provision is sensitive to the changes in the sporting schedule and consequential impact on TAR. In calculating the provision for sports rights, management has made estimates and used assumptions in determining the nature, amount and timing of potential outflows, including the commercial impacts of the target audience that will be generated by those rights, scheduling of the events and revenue forecasts.

In periods prior to the pandemic, all programme rights (including sports rights) were assessed for impairment on a portfolio basis unless specific indicators of impairment were identified. In 2023, the Group has included sports rights in the portfolio assessment as there are no specific indicators of impairment. No further impairments have arisen.

The provision held at 31 December 2023 is £11 million (2022: £17 million). £6 million of the provision was utilised during the year. In the prior year £5 million was released due to certain sporting events being cancelled and a refund issued to the Group. The remaining provision is expected to be utilised between 2024 and 2025.

Transponders
In 2020 and 2021, the Group reviewed the efficiency of its transponder capacity usage with a view to reducing capacity requirements. This has allowed the Group to reorganise channels over fewer transponders with the result that all channels have been cleared from two transponders. They are no longer utilised and are therefore not generating revenues. Management has applied judgement in its assessment that the individual element of the contract is separable from the remaining elements of the contract, which are not considered onerous. The contracted future commitment to October 2024 was therefore recognised as a provision in 2020 and 2021 as there are no future economic benefits expected.

The total provision for onerous contracts at 31 December 2023 is £7 million (2022: £17 million). £10 million of the provision was utilised during the year (2022: £10 million).

Property provisions £10 million (2022: £9 million)
These provisions primarily relate to expected dilapidation costs at the Group's rental properties.

Legal and other provisions £126 million (2022: £126 million)
Represents provisions for potential liabilities (arising from legal disputes and claims) and their related legal costs. These include £52 million (2022: £52 million) for the potential liability that may arise as a result of the Box Clever Financial Support Directions (FSDs) issued by the Pensions Regulator (tPR), employee-related tax and other provisions of £61 million (2022: £59 million) and other legal and related costs.

Box Clever Pension Scheme
Box Clever Technology Limited (Box Clever) was a TV rental business joint venture set up by Granada Rental and Retail Limited and Carmelite Investments Limited (parent company of Thorn Limited (Thorn) in 1999. The business went into administrative receivership in 2003. The Box Clever Pension Scheme (the Scheme) was managed from its establishment by an independent Trustee and the Group has not had any commercial connection with the Box Clever business since it went into administrative receivership in 2003. After proceedings in the Upper Tribunal and Court of Appeal were dismissed, certain companies within ITV were issued with FSDs by tPR on 17 March 2020. An FSD does not set out what form any financial support should take, nor its amount, and those issues have not yet been resolved as part of the legal process.

The legislation provides that any contribution that ITV may make must be considered reasonable. If an agreement is reached with tPR there may not be an immediate cash flow impact. If an agreement cannot be reached, further legal proceedings could take several years to resolve.

At 31 December 2003, the Scheme was estimated to have had a deficit on a buyout basis of £25 million. An estimate of the deficit in the Box Clever Group Pension Scheme was calculated at £110 million as at 31 March 2021. This estimate was calculated on a buyout basis based on membership data as of February 2020. This estimate has been updated based on 31 December 2023 market conditions and has reduced to £78 million primarily due to the increase in gilt yields and recent changes in inflation. All of these valuations were of the whole Scheme, encompassing liabilities in respect of former employees of Granada's joint venture partner, Thorn, as well as former employees of the Group.

As reported previously, in 2022 the Group received a warning notice from tPR that it was considering exercising its power to issue a contribution notice for the amount of £133 million, which is based on a buyout estimate as at 31 March 2021 provided by the Scheme's actuarial adviser, plus a prudent margin. The Group made representations in relation to the warning notice on 31 October 2022, tPR responded on 28 July 2023 and the Group replied on 14 November 2023. ITV has continued to engage with tPR during the relevant period.

There remains a significant number of undecided issues as to the quantum and form of financial support and the Directors continue to believe there are many important factors which need to be taken into account in any decision, and therefore there remains uncertainty around the financial support to be provided. The provision remains at £52 million, and represents the offer made to settle the matter and is based on an IAS 19 valuation to transfer certain liabilities into the existing ITV pension scheme, which we consider to be the most likely form of settlement. We are continuing to engage with tPR to resolve the matter.

Employee-related
The determination of the employment tax status of some individuals contracted by the Group is complex. HMRC has issued assessments to the Group for several individuals engaged by the Group during the tax years 2016/17 to 2018/19 as employed for tax purposes and a provision of £56 million was made.

During 2023, we have further reviewed the provision, which has resulted in an increase in the provision of £2 million (2022: £20 million). This has resulted in a £5 million charge to the profit and loss account and a £3 million credit to exceptional items (2022: £10 million) as this relates to periods up to 31 December 2022 and therefore does not relate to the current year.

Due to ongoing reviews by HMRC and court cases in this matter, the final amount payable could be significantly different to the £58 million currently provided (2022: £56 million). It is difficult to provide a range for the expected final amounts payable as case law is continually evolving on this matter, particularly in relation to Front of Camera presenters. Very few cases have reached the higher courts and fact patterns can be very different in individual cases, so determination of employment status for tax purposes remains very subjective.

A further £3 million (2022: £3 million) is provided in relation to other employment related matters.

Other
Other provisions relate to settlements or proposed settlements on a number of legal cases as well as historical environmental provisions in relation to our production sites, closure costs and provision for legal fees for other ongoing litigation.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 3: OPERATING ASSETS AND LIABILITIES CONTINUED

3.7 Pensions

Keeping it simple

In this note, we explain the accounting policies governing the Group's pension schemes, followed by analysis of the components of the net defined benefit pension surplus or deficit, including assumptions made, and where the related movements have been recognised in the financial statements. In addition, we have placed text boxes to explain some of the technical terms used in the disclosure.

What are the Group's pension schemes?
There are two types of pension schemes. A 'Defined Contribution' scheme that is open to ITV employees, and a number of 'Defined Benefit' schemes that have been closed to new members since 2006 and closed to future accrual in 2017. In 2016, on acquisition of UTV Limited, the Group took over the UTV Defined Benefit Scheme, which closed to future accrual at the end of March 2019.

What is a Defined Contribution scheme?
The Defined Contribution scheme is where the Group makes fixed payments into a separate fund on behalf of those employees participating in saving for their retirement. ITV has no further obligation to the participating employee and the risks and rewards associated with this type of scheme are assumed by the members rather than the Group. Although the Trustee of the scheme makes available a range of investment options, it is the members' responsibility to make investment decisions relating to their retirement benefits.

What is a Defined Benefit scheme?
In a Defined Benefit scheme, members receive payments during retirement, the value of which is dependent on factors such as salary and length of service. The Group makes contributions to the scheme, a separate Trustee-administered fund that is not consolidated in these financial statements, but is reflected on the defined benefit pension surplus or deficit line in the Consolidated Statement of Financial Position.

The Trustee, appointed according to the terms of the Schemes' documentation, is required to act in the best interest of the beneficiaries and is responsible for managing and investing the assets of the Scheme and its funding position.

Schemes can be funded, where regular cash contributions are made by the employer into a fund which is invested. In the event of poor investment returns or increases in liabilities, the Group may need to address this through increased levels of contribution. Alternatively, schemes can be unfunded, where no regular money or assets are required to be put aside to cover future payments but in some cases, security is required.

The accounting defined benefit pension surplus or deficit (IAS 19) is different from the actuarial valuation surplus or deficit as they are calculated on the basis of different assumptions, such as discount rate. The accounting defined benefit pension surplus or deficit (IAS 19) figure is calculated as at the balance sheet date. While the actuarial surplus or deficit (which drives cash funding requirements) is calculated as part of the triennial valuations. The next triennial valuation will be as at 31 December 2022 and is currently underway for the ITV Pension Scheme. The triennial valuation at 30 June 2023 for the UTV Pension Scheme was agreed in early 2024.

Accounting policies
Defined contribution scheme
Obligations under the Group's defined contribution schemes are recognised as an operating cost in the Consolidated Income Statement as incurred. For 2023, total contributions expensed were £25 million (2022: £29 million).

Defined benefit scheme
The Group's obligation in respect of the Defined Benefit Scheme is calculated by estimating the amount of future retirement benefit that eligible employees ('beneficiaries') have earned during their services. That benefit payable in the future is discounted to today's value and then the fair value of scheme assets is deducted to measure the defined benefit pension position.

Unless otherwise stated, references to Defined Benefit Schemes ('the Schemes') within this note refer to the ITV Pension Scheme, the Unfunded Scheme and the UTV Pension Scheme combined. Details on each scheme are provided below.

The liabilities of the Schemes are measured by discounting the best estimate of future cash flows to be paid using the 'projected unit' method. These calculations are complex and are performed by a qualified actuary. There are many judgements and estimates necessary to calculate the Group's estimated liabilities, the main assumptions are set out later in this note. Movements in assumptions during the year are called 'actuarial gains and losses' and these are recognised in the period in which they arise through the Consolidated Statement of Comprehensive Income.

The accounting defined benefit pension surplus or deficit (IAS 19) is different from the actuarial valuation surplus or deficit as they are calculated on the basis of different assumptions, such as discount rate. The accounting defined benefit pension surplus or deficit (IAS 19) figure is calculated as at the balance sheet date, and the actuarial valuation surplus or deficit (or funding surplus or deficit) is calculated per the last triennial valuation.

The latest triennial valuation of the ITV Pension Scheme was undertaken as at 31 December 2019 by an independent actuary appointed by the Trustee of the Scheme and agreed in early 2022. The funding deficit of Section A of the ITV Pension Scheme as at 31 December 2019 amounted to £252 million, down from £489 million at 1 January 2017.

The IAS 19 surplus or deficit does not drive the deficit funding contribution. Following the above triennial valuation of Section A of the ITV Pensions Scheme, ITV paid deficit reduction contributions of £40 million in 2023, and expects the deficit reduction contributions to be £53 million in 2024 and £28 million in 2025.

The next triennial valuation of the ITV Pension Scheme as at 31 December 2022 by an independent actuary appointed by the Trustee of the Scheme is currently underway and is expected to be agreed in the coming months. The Group will then update any required deficit reduction contributions in line with the valuation.

An unfunded scheme in relation to former beneficiaries who accrued benefits in excess of the maximum allowed for tax purposes is accounted for under IAS 19 and the Group is responsible for meeting the pension obligations as they fall due. For the four former Granada executives within the unfunded scheme, there is additional security in the form of a charge over £48 million (2022: £47 million) of securitised gilts held by the Group, which are classified as other pension assets to reflect the Group's net pension surplus or deficit.

Due to the size of the UTV Pension Scheme, the Directors present the results and position of the UTV Pension Scheme within this note combined with the existing ITV Schemes. In January 2024, the triennial valuation of the UTV Scheme as at 30 June 2023 was completed. The Scheme had assets of £91 million as at the valuation date and £88 million of liabilities resulting in an agreed Technical Provisions surplus of £3 million and hence there are no deficit contributions payable.

The principal employer of the ITV Pension Scheme and the Unfunded Scheme is ITV Services Limited, the Granada supplementary scheme is Granada Group Limited and the UTV Pension Scheme is UTV Limited.

The defined benefit pension surplus (under IAS 19)
Net pension surplus of £209 million at 31 December 2023 (2022: £192 million) is stated after including the unfunded scheme security asset of £48 million (2022: £47 million). The totals recognised in 2023 and 2022 are:

	2023 £m	2022 £m
Total defined benefit scheme obligations	**(2,194)**	(2,292)
Total defined benefit scheme assets	**2,355**	2,437
Defined benefit pension surplus (IAS 19)	**161**	145
Presented as:		
Defined benefit pension surplus*	**187**	172
Defined benefit pension deficit	**(26)**	(27)
Defined benefit pension surplus/(deficit) (IAS 19)	**161**	145
Other pension asset	**48**	47
Net pension surplus	**209**	192

* Included with the defined benefit pension surplus is the UTV Scheme. The defined benefit scheme assets in the UTV Scheme were valued at £94 million as at 31 December 2023 (2022: £94 million) and the defined benefit scheme obligations were £85 million (2022: £85 million).

The following notes provide further detail on the value of the Schemes' assets and liabilities, how these are accounted for and their impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3: OPERATING ASSETS AND LIABILITIES CONTINUED

Defined benefit scheme obligations

Keeping it simple

What causes movements in the defined benefit pension obligations?
The areas that impact the defined benefit obligation (the pension scheme liabilities) position at the year end are as follows:

- **Past service cost** – is a change in present value of the benefits built up by the beneficiaries in the prior periods; can be positive or negative resulting from changes to the existing plan as a result of an agreement between ITV and employees or legislative change (including legal rulings) or as a result of significant reduction by ITV in the number of employees covered by the plan (curtailment)
- **Interest cost** – the pension obligations payable in the future are discounted to the present value at year end. A discount factor is used to determine the current value today of the future cost. The interest cost is the unwinding of one year's movement in the present value of the obligation. It is broadly determined by multiplying the discount rate at the beginning of the year by the updated present value of the obligation during the year. The discount rate is a key assumption explained later in this note. This interest cost is recognised through net financing costs in the Consolidated Income Statement (see note 4.4)
- **Actuarial gains or losses** – there are broadly two causes of actuarial movements: 'experience' adjustments, which arise when comparing assumptions made when estimating the liabilities and what has actually occurred, and adjustments resulting from changes in actuarial assumptions e.g. movements in corporate bond yields or change in mortality. Key assumptions are explained in detail later in this note. Actuarial gains or losses are recognised through other comprehensive income
- **Benefits paid** – any cash benefits paid out by the Scheme will reduce the obligation

The movement in the present value of the Group's defined benefit obligation is analysed below:

	2023 £m	2022 £m
Defined benefit obligation at 1 January	**2,292**	3,943
Interest cost	**112**	63
Actuarial gain	**(63)**	(1,119)
Settlement payments from plan assets – buyout of Section C	**–**	(439)
Benefits paid	**(147)**	(156)
Defined benefit obligation at 31 December	**2,194**	2,292

Of the above total defined benefit obligation at 31 December 2023 £39 million relates to the unfunded schemes (2022: £40 million).

In April 2022, the Trustee completed a buyout of Section C, which in practical terms split the bulk annuity policy into individual annuity policies for each scheme member. At that time, the relevant scheme assets were transferred to the insurance company, which became responsible for paying the pensions and therefore it removed those liabilities from the pension scheme, represented by 'settlement payments from plan assets – buyout of Section C' in the table above. The value of the assets and liabilities settled was equal and therefore the settlement cost was £nil. The buyout represents a full and definitive settlement of the liabilities insured, which as at 31 December 2021 represented around 13% of ITV's total defined benefit obligation on the IAS 19 accounting basis.

Assumptions used to estimate the Scheme obligations

Keeping it simple

What are the main assumptions used to estimate the Scheme obligations?
The main assumptions are:

- An estimate of increases in pension payments and the effect of inflation
- The life expectancy of beneficiaries
- The discount rate used to estimate the present day fair value of these obligations

How do we determine the appropriate assumptions?
The Group takes independent actuarial advice relating to the appropriateness of the assumptions used.

IFRS requires that we estimate a discount rate by reference to high-quality fixed income investments in the UK that match the estimated term of the pension obligations.

The inflation assumption has been set by looking at the difference between the yields on fixed and index-linked government bonds. The inflation assumption is used as a basis for the remaining financial assumptions, except where caps have been implemented.

The discount rate has therefore been obtained using the yields available on AA rated corporate bonds, which match projected cash flows. The Group's estimate of the weighted average term of the liabilities is 12 years (2021: 15 years).

The principal assumptions used in the Schemes' valuations at the year end were:

	2023	2022
Discount rate	**4.75%**	5.05%
Inflation assumption (RPI)	**3.05%**	3.15%
	Deferred/ Pensioner	Deferred/ Pensioner
Rate of increase in pension payment (LPI* 5% pension increases)	**2.80%/3.00%**	2.80%/3.00%
Rate of increase to deferred pensions (CPI)	**2.50%**	2.50%

* Limited Price Index.

From February 2030 onwards, increases in the RPI will be aligned with those under the Consumer Prices Index (CPI). For Defined Benefit schemes, it means that members with RPI-linked pension increases will see future retirement benefits increase more slowly from 2030 than they otherwise would. The Group's approach to setting RPI and CPI inflation assumptions is as follows:

- The Group continued to set RPI inflation in line with the market break-even expectations for inflation less an inflation risk premium of 0.3%
- The assumptions linked to RPI and CPI as at 31 December 2023 have been determined by weighting the cash flows to which the link applies

The table below reflects published mortality investigation data in conjunction with the results of investigations into the mortality experience of Scheme beneficiaries. The assumed life expectations on retirement for Section A are:

	2023	2023	2022	2022
Retiring today at age	**60**	**65**	60	65
Males	**25.7**	**21.1**	26.2	21.6
Females	**27.3**	**22.6**	28.9	24.1
Retiring in 20 years at age	**60**	**65**	60	65
Males	**27.1**	**22.3**	27.5	22.7
Females	**28.9**	**24.0**	30.4	25.5

The net pension surplus is sensitive to changes in assumptions. These are disclosed further in this note.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3: OPERATING ASSETS AND LIABILITIES CONTINUED

Total defined benefit scheme assets

Keeping it simple

The Scheme holds assets across a number of different classes, which are managed by the Trustee, who consults with the Group on changes to its investment policy.

What are the Pension Scheme assets?
At 31 December 2023, the Schemes' assets were invested in a diversified portfolio that consisted primarily of debt securities, infrastructure, property and insurance policies matching the pensions due to certain beneficiaries. The tables below set out the major categories of assets.

Financial instruments are in place in order to provide protection against changes in market factors (interest rates and inflation), which could act to increase the net pension surplus/deficit.

One such instrument is the longevity swap, which the Scheme transacted in 2011 to obtain protection against the effect of increases in the life expectancy of the majority of pensioner beneficiaries at that date. Under the swap, the Trustee agreed to make pre-determined payments in return for payments to meet the specified pension obligations as they fall due, irrespective of how long the beneficiaries and their dependants live. The difference in the present values of these two streams of payments is reflected in the Scheme assets. The swap had a nil valuation at inception and, using market-based assumptions, is subsequently adjusted for changes in the market life expectancy and market discount rates, in line with its fair value.

How do we measure the pension Scheme assets?
Defined benefit scheme assets are measured at their fair value and can change due to the following:

- Interest income on scheme assets – this is determined by multiplying the fair value of the Scheme assets by the discount rate, both taken as of the beginning of the year. This is recognised through net financing costs in the Consolidated Income Statement
- Return on assets arise from differences between the actual return and interest income on Scheme assets and are recognised in the Consolidated Statement of Other Comprehensive Income
- Employer's contributions are paid into the Scheme to be managed and invested, and
- Benefits and administrative expenses paid out by the Schemes will lower the fair value of the Schemes' assets

The movement in the fair value of the defined benefit schemes' assets is analysed below:

	2023 £m	2022 £m
Fair value of Scheme assets at 1 January	**2,437**	3,873
Interest income on Scheme assets	**120**	63
Loss on assets, excluding interest income	**(98)**	(1,039)
Employer contributions	**50**	145
Settlement payments from plan assets – buyout of Section C	**–**	(439)
Benefits paid	**(147)**	(156)
Administrative expenses paid	**(7)**	(6)
Pension insurance risk premium – buyout of Section C	**–**	(4)
Fair value of Scheme assets at 31 December	**2,355**	2,437

How are the Schemes' assets invested?
At 31 December 2023, the Schemes' assets were invested in a diversified portfolio that consisted primarily of debt securities, infrastructure, property and insurance policies matching pensions due to certain beneficiaries. The Trustee is responsible for deciding the investment strategy for the Schemes' assets, although changes in investment policies require consultation with the Group. The assets are invested in different classes to hedge against unfavourable movements in the funding obligation. When selecting the mix of assets to hold, and considering their related risks and returns, the Trustee will weigh up the variability of returns against the target long-term rate of return on the overall portfolio.

The fair value of the Schemes' assets is shown in the following table by major category:

	Market value 2023 £m	Quoted 2023 £m	Market value 2023 %	Market value 2022 £m	Quoted 2022 £m	Market value 2022 %
Liability hedging assets						
Fixed interest gilts	**449**	**449**		365	365	
Index-linked interest gilts	**516**	**516**		788	786	
Interest rate and inflation hedging derivatives (swaps and repos)	**(112)**	**(142)**		(375)	(401)	
	853	**823**	**36%**	778	750	32%
Other bonds	**1,456**	**62**	**62%**	1,447	58	59%
Return seeking investments						
Infrastructure	**175**			174		
Property	**149**			171		
	324		**14%**	345		14%
Other investments						
Cash and cash equivalents	**41**			121		
Insurance policies	**41**			17		
Longevity swap fair value	**(360)**			(271)		
	(278)		**(12%)**	(133)		(5%)
Total Scheme assets	**2,355**	**885**	**100%**	2,437	808	100%

Included in the above are overseas assets of £24 million (2022: £315 million). None of these assets are quoted.

The Trustee entered into a longevity swap in 2011, which hedges the risk of increasing life expectancy over the next 70 years for 11,700 current pensioners at inception covering £1.7 billion of the pension obligation. The fair value of the longevity swap is negative due to declining mortality assumptions and equals the discounted value of the projected net cash flows resulting from the contract. The fair value loss has increased in 2023 due to the latest mortality analysis from the triennial valuation.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 3: OPERATING ASSETS AND LIABILITIES CONTINUED

Defined pension deficit sensitivities

Keeping it simple

Which assumptions have the biggest impact on the Scheme?
It is important to note that comparatively small changes in the assumptions used may have a significant effect on the Consolidated Income Statement and Consolidated Statement of Financial Position. This 'sensitivity' to change is analysed below to demonstrate how small changes in assumptions can have a large impact on the estimation of the defined benefit pension obligation. The Trustee manages the investment, mortality and inflation risks to ensure the pension obligations are met as they fall due.

The investment strategy is aimed at the Trustee's actuarial valuation liabilities rather than IAS 19 defined pension liabilities. As such, the effectiveness of the risk hedging strategies on a valuation basis will not be the same as on an accounting basis. Those hedging strategies have significant impact on the movement in the net pension deficit as assumptions change, offsetting the impacts on the obligation disclosed below.

In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). Changes in the assumptions may occur at the same time as changes in the market value of Scheme assets, which may or may not offset the changes in assumptions.

Changes in assumptions have a different level of impact as the value of the net pension surplus/(deficit) fluctuates, because the relationship between them is not linear.

The analysis below considers the impact of a single change in principal assumptions on the defined benefit obligation while keeping the other assumptions unchanged and does not take into account any risk hedging strategies:

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase by 0.1%	Decrease by £25 million
	Decrease by 0.1%	Increase by £25 million
	Increase by 0.5%	Decrease by £115 million
	Decrease by 0.5%	Increase by £125 million
Rate of inflation (Retail Price Index)	Increase by 0.1%	Increase by £10 million
	Decrease by 0.1%	Decrease by £10 million
Rate of inflation (Consumer Price Index)	Increase by 0.1%	Increase by £5 million
	Decrease by 0.1%	Decrease by £5 million
Life expectancies	Increase by one year	Increase by £70 million

The sensitivity analysis has been determined by extrapolating the impact on the defined benefit obligation at the year end with changes in key assumptions that might reasonably occur.

While the Schemes' risk hedging strategy is aimed at a valuation basis, the Directors estimate that on an accounting basis any change in asset values would significantly offset the above impact on the defined benefit obligation.

In particular, while an increase in assumption of life expectancies by one year would increase the defined benefit obligation by £70 million, the assets would benefit from an estimated increase of the value of the longevity swap by £60 million, resulting in a net increase in the defined pension deficit of £10 million.

Further, the ITV Pension Scheme invests in UK government bonds and interest rate and inflation swap contracts and therefore movements in the defined benefit obligation are typically offset, to an extent, by asset movements.

Keeping it simple

What was the impact of movements on the Schemes' assets and liabilities?
The notes above describe how the Scheme obligations and assets are comprised and measured. The following note sets out the impact of various movements and expenses of the Scheme on the Group's financial statements.

Amounts recognised through the Consolidated Income Statement
Amounts recognised through the Consolidated Income Statement are as follows:

	2023 £m	2022 £m
Amount charged to operating costs:		
Scheme administration expenses	**(7)**	(6)
	(7)	(6)
Amount charged to exceptional costs:		
Pension insurance risk premium – buyout of Section C	**–**	(4)
Amounts credited to net financing cost		
Net interest on defined benefit obligation	**8**	–
Total charged in the Consolidated Income Statement	**1**	(10)

Amounts recognised through the Consolidated Statement of Comprehensive Income
The amounts recognised through the Consolidated Statement of Comprehensive Income are:

	2023 £m	2022 £m
Remeasurement (losses)/gains		
Loss on scheme assets excluding interest income	**(98)**	(1,039)
Actuarial gains/(losses) on liabilities arising from change in:		
– experience adjustments	**45**	(119)
– financial assumptions	**(68)**	1,228
– demographic assumptions	**86**	10
	63	1,119
Total recognised in the Consolidated Statement of Comprehensive Income	**(35)**	80

The £63 million actuarial gain (2022: £1,119 million actuarial gain) on the Schemes' liabilities was principally due to the change in the mortality assumptions in line with the latest mortality analysis from the triennial valuation and the updated census data underlying the liability calculations, and to a lesser extent the decrease in market implied inflation. This actuarial gain was partially offset by the decrease in bond yields which increased the value of the liabilities.

The £98 million loss (2022: £1,039 million loss) on the Schemes' assets was principally due to a decrease in the fair value of the longevity swap, driven by updating the value of the swap in line with the latest mortality analysis from the triennial valuation, and to a lesser extent by the assets slightly underperforming expectations.

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NOTES TO THE FINANCIAL STATEMENTS

SECTION 3: OPERATING ASSETS AND LIABILITIES CONTINUED

Addressing the defined benefit pension deficit

Keeping it simple

The Group works closely with the Trustee to agree appropriate levels of funding for the Scheme. This involves agreeing a Schedule of Contributions at each triennial valuation, which specifies the contribution rates for the employer and, where relevant, scheme beneficiaries and the date these contributions are due. A recovery plan setting out the steps that will be taken to address a funding shortfall is also agreed.

In the event that the Group's defined benefit scheme is in a net liability position, the Directors must take steps to manage the size of the deficit. Apart from the funding agreements mentioned above, this could involve pledging additional assets to the Scheme, as was the case in the SDN and London Television Centre pension funding partnerships.

The levels of ongoing contributions to the Scheme are based on the expected future cash flows of the Scheme. Contributions in 2023 for administration expenses are £7 million (2022: £6 million).

The Group has two asset-backed pension funding agreements with the Trustee – the SDN pension funding partnership and the London Television Centre pension funding partnership which were set up in 2010 and 2014 respectively to address the pension deficit.

SDN Pension Funding Partnership

In 2010, ITV established a Pension Funding Partnership (PFP) with the Trustees backed by SDN, which was subsequently extended in 2011. The PFP addressed £200 million of the funding deficit in Section A of the defined benefit pension scheme and under the original agreement, a payment of up to £200 million was due in 2022. The existing PFP agreement was amended and extended to 2031. As a result of this agreement, payments of £94 million were made under the SDN PFP arrangement in 2022. The Group is committed to up to nine annual payments of £16 million from 2023. These payments are required if the Scheme is calculated to be in a technical deficit. This calculation is based upon the most recent triennial valuation updated for current market conditions. The partnership's interest in SDN provides collateral for these payments.

The £16 million payment under the SDN PFP was not required to be paid in 2023. However, this assessment is made on an annual basis and therefore the £16 million payment may resume in 2024. The Group retains day to day operational control of SDN and SDN's revenues, profits and cashflows continue to be consolidated in the Group's financial statements. On completion of the final payment in 2031, the Scheme's partnership interest will have been repaid in full and it will have no right to any further payments.

London Television Centre Pension Funding Partnership

In 2014, ITV established a Pension Funding Partnership with the Trustees backed by the London Television Centre, which resulted in the assets of Section A of the defined benefit pension scheme being increased by £50 million. In November 2019, the London Television Centre was sold. £50 million of the proceeds was previously held in a restricted bank account as a replacement asset in the pension funding arrangement. In 2022, this security was replaced with a surety bond and the cash was released to the Group. This structure continues to be reviewed.

The Scheme's interest in these Partnerships reduces the deficit on a funding basis but does not impact the deficit on an IAS 19 basis as the Scheme's interest is not a transferrable financial instrument.

Deficit funding contributions

The accounting surplus or deficit does not drive the deficit funding contribution. The Group's deficit funding contributions in 2023 were £40 million (31 December 2022: £137 million). This included £37 million deficit contribution agreed as part of the triennial valuation and £3 million annual payment under the London Television Centre PFP.

The 2022 amount included £15 million deferred from 2020 and £25 million of deficit contributions agreed as part of the triennial valuation, £80 million one-off payment following the extension of the SDN PFP, a £3 million payment on the SDN PFP for the bridging period between the end date of the original agreement and the date of the extension, and £11 million and £3 million annual payments due under the SDN and London Television Centre PFPs respectively.

Deficit contributions for 2024 and 2025 consist of contributions agreed with the Trustees following the last finalised triennial valuation (£53 million and £28 million respectively) and the annual payments under the SDN PFP and London Television Centre PFP (£16 million and £3 million respectively).

IFRIC 14 clarifies how the asset ceiling rules should be applied if the Schemes are expected to be in surplus, for example as a result of deficit funding agreements. The Group has determined that it has an unconditional right to a refund of any surplus assets if the Schemes are run off until the last member dies. On this basis, IFRIC 14 rules do not cause any change in the pension deficit accounting or disclosures.

In June 2023, the High Court ruled in the Virgin Media case that some historical rule amendments made without the correct actuarial certification were not valid. The Trustees of ITV's defined benefit pension schemes have taken advice on the implications of the Virgin Media decision. Initial investigations have not revealed evidence that this will be a material issue for ITV's pension schemes, and the Trustees are awaiting the outcome of the appeal (due in 2024) before deciding if further investigations are necessary. As a result, ITV does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS

In this section

This section outlines how the Group manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets.

The Directors determine the appropriate capital structure of ITV; specifically how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities both now and in the future. Maintaining capital discipline and balance sheet efficiency remains important to the Group. Any potential courses of action in relation to this will take into account the Group's liquidity needs, flexibility to invest in the business, pension deficit initiatives and impact on credit ratings.

The Directors consider the Group's capital structure and dividend policy at least twice a year ahead of announcing results. The Directors take into account the available realised distributable reserves from which a dividend would be paid in addition to liquidity and solvency of the Group. The Directors also consider the capital structure and dividend policy in the context of the Group's ability to continue as a going concern, to execute the strategy and to invest in opportunities to grow the business and enhance shareholder value. The ITV plc Board oversees governance and approves tax and treasury related policies and procedures.

4.1 Net debt

Keeping it simple

Net debt is the Group's key measure used to evaluate total cash resources net of the current outstanding debt, including our discounted lease liabilities. A full analysis and discussion of net debt and covenant net debt is included in the Operating and Financial Performance Review.

The tables below analyse movements in the components of net debt during the year:

	1 January 2023 £m	Net cash flow £m	Currency and non-cash movements £m	31 December 2023 £m
Loans and facilities due within one year	(289)	278	6	**(5)**
Loans and facilities due after one year	(541)	(228)	11	**(758)**
Total loans and facilities	(830)	50	17	**(763)**
Currency component of forwards and swaps held against euro denominated bonds*	(9)	10	(16)	**(15)**
Lease liabilities	(132)	26	(9)	**(115)**
Total debt	(971)	86	(8)	**(893)**
Cash	257	(37)	(5)	**215**
Cash equivalents	91	38	(4)	**125**
Total cash and cash equivalents	348	1	(9)	**340**
Net debt	(623)	87	(17)	**(553)**

* Net cash flow from currency component of forwards and swaps relates to the euro denominated bond repaid in the year

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS CONTINUED

	1 January 2022 £m	Acquisitions** £m	Net cash flow £m	Currency and non-cash movements £m	31 December 2022 £m
Loans and facilities due within one year	(290)	(19)	257	(237)	(289)
Loans and facilities due after one year	(732)	–	–	191	(541)
Total loans and facilities	(1,022)	(19)	257	(46)	(830)
Currency component of forwards and swaps held against euro denominated bonds	(36)	–	–	27	(9)
Lease liabilities	(92)	–	26	(66)	(132)
Total debt	(1,150)	(19)	283	(85)	(971)
Restricted cash*	50	–	(50)	–	–
Cash	246	–	5	6	257
Cash equivalents	440	–	(355)	6	91
Total cash and cash equivalents*	686	–	(350)	12	348
Net debt	(414)	(19)	(117)	(73)	(623)

* On 1 January 2022, £50 million of cash was presented as restricted in favour of the commitments under the asset-backed pension agreements. This balance was £nil at 31 December 2022 given the restriction was removed in the year and the cash replaced with a surety bond.

** Loans on acquisition included £98 million for Plimsoll Productions and £4 million for Lingo Pictures. The Plimsoll Productions loan was reduced by £83 million, which was repaid as part of the acquisition using cash raised from the Group's subscription for new shares. This £83 million was treated as a cash outflow on acquisition rather than a repayment of debt.

Loans and facilities due within one year
The €259 million Eurobond was repaid in December 2023. The sterling-equivalent repayment value, totalling £233 million, had been hedged using forward exchange contracts.

Loans and loan notes due after one year
In January 2022, the Group entered into a new syndicated £500 million Revolving Credit Facility (RCF) to meet short-term funding requirements. The original terms of the RCF ran until January 2027; however, the Group took the opportunity to request an extension for one year on the first and second anniversary of the facility. As a result, £83 million of the £500 million RCF matures in 2028 and £417 million matures in January 2029. The RCF was undrawn as at 31 December 2023 (2022: £50 million drawn).

The Group has a €600 million Eurobond in issue at a fixed coupon of 1.375%, which matures in September 2026 and has been swapped back to sterling (£533 million) using a number of cross-currency interest rate swaps. The resulting fixed rate payable in sterling is c.2.9%.

A new £230 million term loan was taken out in the year, and was fully drawn-down in December 2023 in order to repay the €259 million Eurobond. The term loan matures in July 2027. Interest on the loan is determined as an aggregate of compounded SONIA plus a margin.

Available facilities
The Group has good access to liquidity:
- The Group has a £300 million bilateral loan facility, which matures on 30 June 2026. Utilisation requests are subject to the lender's ability to source ITV Credit Default Swaps (CDS) in the market at the time the utilisation request is made. The facility remains free of financial covenants. The facility is currently undrawn (31 December 2022: undrawn).
- As noted above, the Group has £500 million of committed funding through a RCF with a group of relationship banks, which is currently fully available until January 2028. £417 million of the funding remains committed until 2029. At 31 December 2023, the facility was unutilised (31 December 2022: £50 million drawn). The RCF documentation defines a leverage covenant (which has to be maintained at less than 3.5x) and an interest cover covenant (which has to be maintained at greater than 3.0x). Both are tested at 30 June and 31 December each year. All financial covenants were met and the facility remains available at 31 December 2023. The £500 million RCF contains Scope 1, 2 and 3 greenhouse gas emissions targets which align to ITV's stated objective to have Net Zero carbon emissions by 2030. These targets are measured at the end of each financial year and independently verified in July following the relevant December year end. Scope 1 and 2 emissions are measured separately to Scope 3 emissions. The margin on the facility reduces by 2.5bps if Scope 1, 2 and 3 targets are met, by 1.25bps if either Scope 1 and 2 targets are met or Scope 3 targets are met, and increases by 2.5bps if neither target is met. Failing to meet targets does not impact the availability of the RCF. The Group met Scope 1, 2 and 3 targets for 2023; however, 2023 emissions will not be verified until July 2024. Over the life of the facility, it may be necessary to recalibrate the baseline emissions level set in 2019, particularly in relation to Scope 3 emissions and there is a mechanism in the RCF documentation that allows for this.
- In December 2023, the Group secured £100 million of committed funding via a new bilateral RCF, which matures in December 2028. The terms and conditions, including financial covenants but not emissions targets, are aligned to the £500 million RCF facility. The facility is currently undrawn.

4.2 Borrowings

Keeping it simple

The Group borrows money from financial institutions in the form of bonds, bank facilities and other financial instruments. The interest payable on these instruments is shown in the net financing costs note (note 4.4).

There are Board-approved policies in place to manage the Group's financial risks. Macroeconomic market risks, which impact currency transactions and interest rates, are discussed in note 4.3. Credit and liquidity risks are set out below.

- Credit risk: the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations
- Liquidity risk: the risk that the Group will not be able to meet its financial obligations as they fall due

The Group is required to disclose the fair value of its debt instruments. The fair value is the amount the Group would pay a third party to transfer the liability. This estimation of fair value is consistent with instruments included in note 4.5.

Accounting policies
Borrowings
Borrowings are recognised initially at fair value less directly attributable transaction costs, with subsequent measurement at amortised cost using the effective interest rate method. Under the amortised cost method, the difference between the amount initially recognised and the redemption value is recorded in the Consolidated Income Statement over the period of the borrowing on an effective interest rate basis.

Managing credit and liquidity risk
Credit risk
The Group's maximum exposure to credit risk is represented by the carrying amount of derivative financial assets (see note 4.3), trade receivables (see note 3.1.3), contract assets (see note 3.1.6) and cash and cash equivalents (see note 4.1).

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The majority of trade receivables relate to airtime sales contracts with advertising agencies and advertisers. Credit insurance has been taken out against these companies to minimise the impact on the Group in the event of a possible default. The Group also reviews other significant receivables and will seek to take out credit insurance on an individual basis where appropriate. Credit risk over contract assets is monitored proactively using daily reports from an external credit risk company. These reports are used to determine contractual obligations, monitor risk and amend terms where required.

Cash and cash equivalents and derivative financial instruments
The Group operates investment guidelines with respect to surplus cash that emphasise preservation of capital. The guidelines set out procedures and limits on counterparty risk and maturity profile of cash placed. Counterparty limits for cash deposits are largely based upon long-term ratings published by the major credit rating agencies. Cash and cash equivalents include money market funds valued at fair value through profit and loss.

Cash and cash equivalents and derivative financial instruments exposure is limited to high credit quality financial institutions rated by two of the key rating agencies used by the Group. Counterparty credit limits are set in relation to these ratings, in order to limit the concentration of exposure to individual counterparties based on their credit quality. As such, investments are sufficiently spread across high credit quality rated counterparties.

Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Audit & Risk Committee. Investment exposure with external counterparties is made only with Board approved counterparties and within credit limits assigned to each counterparty. The credit quality of financial counterparties and the outstanding exposure is monitored throughout the year by the Group's Treasury function in accordance with the Group's policy.

Borrowings
ITV is rated as investment grade by Moody's and S&P. ITV's credit ratings, which in turn are affected by key metrics, such as leverage, the cost of credit default swap hedging, and the absolute level of interest rates are key determinants in the cost of new borrowings for ITV.

NOTES TO THE FINANCIAL STATEMENTS

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS CONTINUED

Liquidity risk

The Group's financing policy is to fund itself for the medium to long-term by using debt instruments with a range of maturities and to ensure access to appropriate short-term borrowing facilities with a minimum of £250 million of undrawn facilities available at all times.

Long-term funding comes from the UK and European capital markets, while any short to medium-term debt requirements were provided throughout 2023 through bank credit facilities totalling £900 million (see below). Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn bank facilities and cash and cash equivalents) on the basis of expected cash flows. This monitoring includes financial ratios to assess any possible future impact on credit ratings and headroom and takes into account the accessibility of cash and cash equivalents.

Fair value versus book value

The tables below provide fair value information for the Group's borrowings:

		Book value		Fair value	
	Maturity	2023 £m	2022 £m	2023 £m	2022 £m
Loans due within one year					
€259 (previously €500) million Eurobond	Dec 2023	–	229	–	227
Revolving credit facility*		–	50	–	50
Other short-term loans	Various	5	10	5	10
		5	289	5	287
Loans due in more than one year					
€600 million Eurobond	Sept 2026	520	531	490	480
£230 million Term Loan	July 2027	230	–	230	–
Other long-term loans	Various	8	10	8	10
		758	541	728	490
		763	830	733	777

* The £500 million Revolving Credit Facility matures in January 2028 (£83 million) and January 2029 (£417 million)

4.3 Managing market risks: derivative financial instruments

Keeping it simple

What is a derivative?

A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to underlying variables, such as exchange rates or interest rates and is entered into for a fixed period. A hedge is where a derivative is used to manage exposure in an underlying variable.

The Group is exposed to certain market risks. In accordance with Board-approved policies, which are set out in this note, the Group manages these risks by using derivative financial instruments to hedge the underlying exposures.

Why do we need them?

The key market risks facing the Group are:

- Currency risk arising from:

i. Translation risk, that is the risk in the period of adverse currency fluctuations in the translation of foreign currency profits, assets and liabilities ('balance sheet risk') and non-functional currency monetary assets and liabilities ('income statement risk') and

ii. Transaction risk, that is the risk that currency fluctuations will have a negative effect on the value of the Group's non-functional currency trading cash flows. A non-functional currency transaction is a transaction in any currency other than the reporting currency of the subsidiary

- Interest rate risk to the Group arises from significant changes in interest rates on borrowings issued at or swapped to floating rates

How do we use them?

The Group mainly employs three types of derivative financial instruments when managing its currency and interest rate risk:

- Foreign exchange swap contracts are derivative instruments used to hedge income statement translation risk arising from short-term intercompany loans denominated in a foreign currency
- Forward foreign exchange contracts are derivative instruments used to hedge transaction risk so they enable the sale or purchase of foreign currency at a known fixed rate on an agreed future date and
- Cross-currency interest rate swaps are derivative instruments used to exchange the principal and interest coupons in a debt instrument from one currency to another

Analysis of the derivatives used by the Group to hedge its exposure and the various methods used to calculate their respective fair values are detailed in this section.

Accounting policies

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value with the movement recorded in the Consolidated Income Statement, except where derivatives qualify for cash flow hedge accounting. In this case, the effective portion of a cash flow hedge is recognised in other comprehensive income and presented in the hedging reserve within equity. The cumulative gain or loss is later reclassified to the Consolidated Income Statement in the same period as the relevant hedged transaction is realised. Derivatives with positive fair values are recorded as assets and negative fair values as liabilities.

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SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS CONTINUED

Determining fair value
The fair value of forward foreign exchange contracts is determined by the change in price between the contracted rates and the market rates at the reporting date. The contracted cash flows are then discounted by the time remaining to the settlement date of the contract, with a discount curve that incorporates credit risk. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to exit the swap at the reporting date, taking into account current interest rates and the Group's current creditworthiness, as well as that of the swap counterparties.

Third-party valuations are used to fair value the Group's cross currency interest rate derivatives. The valuation techniques use inputs, such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

How do we manage our currency and interest rate risk?
Currency risk
As the Group expands its international operations, the performance of the business becomes increasingly sensitive to movements in foreign exchange rates, primarily with respect to the US dollar and the euro.

The Group's foreign exchange policy is to use forward foreign exchange contracts to hedge material non-functional currency denominated costs or revenue for up to five years forward.

The Group ensures that its net exposure to foreign currency denominated cash balances is kept to a minimal level, where necessary using foreign currency swaps to exchange balances back into sterling or by buying or selling foreign currencies at spot rates.

The Group also utilises foreign exchange swaps and cross-currency interest rate swaps both to manage foreign currency cash flow timing differences and to hedge foreign currency denominated monetary items.

The following table highlights the Group's exposure to foreign currency risk resulting from a 10% strengthening/weakening in sterling against the US dollar, euro and Australian dollar, assuming all other variables are held constant:

	Impact on profit before tax 2023 £m	Impact on profit before tax 2022 £m	Impact on Equity 2023 £m	Impact on Equity 2022 £m
US dollar – increase 10%	(6)	(9)	7	6
US dollar – decrease 10%	7	9	(8)	(8)
Euro – increase 10%	(1)	(4)	1	(3)
Euro – decrease 10%	2	5	–	4
Australian dollar – increase 10%	(1)	(1)	(2)	(4)
Australian dollar – decrease 10%	1	1	2	4

Interest rate risk
The Group's interest rate policy is to allow fixed rate gross debt to vary between 20% and 100% of total gross debt to accommodate floating rate borrowings under the Revolving Credit Facility.

For financial assets and liabilities classified at fair value through profit or loss, the movements in the year relating to changes in fair value and interest are not separated.

At 31 December 2023, the Group's fixed rate debt represented 69.9% of total gross debt (2022: 93.8%), therefore the majority of debt is issued at fixed rates, and changes in the floating rates of interest do not materially affect the Group's net interest charge.

What is the value of our derivative financial instruments?
The following table shows the fair value of derivative financial instruments analysed by type of contract. Interest rate swap fair values exclude accrued interest.

At 31 December 2023	Assets £m	Liabilities £m
Current		
Foreign exchange forward contracts and swaps – cash flow hedges	3	(1)
Foreign exchange forward contracts and swaps – fair value through profit or loss	1	–
Non-current		
Cross-currency interest swaps – cash flow hedges	–	(15)
Foreign exchange forward contracts and swaps – cash flow hedges	1	(1)
	5	(17)

At 31 December 2022	Assets £m	Liabilities £m
Current		
Foreign exchange forward contracts and swaps – cash flow hedges	2	(6)
Foreign exchange forward contracts and swaps – fair value through profit or loss	–	(1)
Non-current		
Cross-currency interest swaps – cash flow hedges	–	(8)
Foreign exchange forward contracts and swaps – cash flow hedges	2	–
	4	(15)

Cash flow hedges
The Group applies hedge accounting for certain foreign currency firm commitments and highly probable cash flows where the underlying cash flows are payable within the next five years. In order to fix the sterling cash outflows associated with the commitments and interest payments – which are mainly denominated in US dollars or euros – the Group has taken out forward foreign exchange contracts and cross-currency interest rate swaps for the same foreign currency amount and maturity date as the expected foreign currency outflow.

There is an economic relationship between the hedged items (being between 60% to 100% of the total exposure) and the hedging instruments as the terms of the foreign exchange forward contracts and cross-currency interest rate swaps match the terms of the expected highly probable forecast transactions or firm commitments (i.e. % notional amount and expected receipt or payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange forward contracts are identical to the hedged risk components.

Sources of ineffectiveness include:
- Different interest rate curve applied to discounting the hedged items and hedging instruments
- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items and
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group uses the hedge relationship, credit risk and hedge ratio to measure the hedge effectiveness.

The amount recognised in other comprehensive income during the year all relates to the effective portion of the revaluation loss associated with these contracts. A cumulative loss of £28 million (2022: £33 million of cumulative gain) was recycled to the Consolidated Income statement to off-set movements on the hedged item, a residual £7 million loss (2022: £3 million loss) remained on the income statement which were not offset.

Under IFRS 9, the Group has adopted the 'cost of hedging' approach which allows the recognition of the value of the currency basis at inception of the hedge to be recorded on the Consolidated Statement of Financial Position and amortised through net financing costs in the Consolidated Income Statement over the life of the bond. Any mark-to-market change in fair value of the currency basis is recognised in 'cost of hedging' in the Consolidated Statement of Comprehensive Income.

Net investment hedges
The Group ceased net investment hedging in May 2022 using euro denominated debt to hedge against the change in the sterling value of its euro denominated net assets due to movements in foreign exchange rates. A change to the risk management objective meant that the remaining euro denominated monetary items on the Consolidated Statement of Financial Position could be considered in isolation on a net basis and therefore manage the remaining foreign exchange volatility in a more efficient way. The amount relating to discontinued hedges is a loss of £19 million at 31 December 2023 (2022: £19 million loss).

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SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS CONTINUED

Undiscounted financial liabilities

Keeping it simple

The Group is required to disclose the expected timings of cash outflows for each of its financial liabilities (including derivatives). The amounts disclosed in the table are the contractual undiscounted cash flows (including interest), so will not always reconcile with the amounts disclosed on the Statement of Financial Position.

At 31 December 2023	Carrying value £m	Total contractual cash flows £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Non-derivative financial liabilities						
Borrowings	(763)	(785)	(12)	(8)	(763)	(2)
Lease liabilities	(115)	(140)	(18)	(19)	(52)	(51)
Trade and other payables	(931)	(931)	(906)	(25)	–	–
Other payables – non-current	(33)	(33)	–	(33)	–	–
Other payables – commitments on acquisitions	(78)	(105)*	(47)	–	(55)	(3)
Derivative financial instruments						
Foreign exchange forward contracts and swaps – cash flow hedges						
Inflow	4	195	150	45	–	–
Outflow	(2)	(193)	(149)	(44)	–	–
Cross-currency swaps – cash flow hedges						
Inflow	–	542	7	7	528	–
Outflow	(15)	(580)	(16)	(16)	(548)	–
Foreign exchange forward contracts and swaps – fair value through profit or loss						
Inflow	1	177	171	6	–	–
Outflow	–	(176)	(170)	(6)	–	–
	(1,932)	(2,029)	(990)	(93)	(890)	(56)

At 31 December 2022	Carrying value £m	Total contractual cash flows £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Non-derivative financial liabilities						
Borrowings	(830)	(865)	(302)	(8)	(550)	(5)
Lease liabilities	(132)	(149)	(21)	(26)	(37)	(65)
Trade and other payables	(915)	(915)	(898)	(14)	(3)	–
Other payables – non-current	(28)	(28)	–	(25)	(3)	–
Other payables – commitments on acquisitions	(47)	(89)*	(8)	(26)	(33)	(22)
Derivative financial instruments						
Foreign exchange forward contracts and swaps – cash flow hedges						
Inflow	4	480	401	63	16	–
Outflow	(6)	(486)	(409)	(61)	(16)	–
Cross-currency swaps – cash flow hedges						
Inflow	–	560	7	7	546	–
Outflow	(8)	(596)	(16)	(16)	(564)	
Foreign exchange forward contracts and swaps – fair value through profit or loss						
Inflow	–	51	45	6	–	–
Outflow	(1)	(52)	(46)	(6)	–	–
	(1,963)	(2,089)	(1,247)	(106)	(644)	(92)

* Undiscounted expected future payments depending on performance of acquisitions

Timing profile of hedging instrument

Keeping it simple

The Group is required to provide a breakdown that discloses a profile of the timing of the nominal amount of the hedging instrument and if applicable, the average price or rate (for example strike or forward prices etc.) of the hedging instrument.

The Group is holding the following foreign exchange and cross-currency interest rate swap contracts:

At 31 December 2023	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Greater than 5 years	Total
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(5)	–	–	–	(5)
Average forward rate (AUD/EUR)	1.6933	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(1)	(11)	–	–	(12)
Average forward rate (AUD/GBP)	1.2773	1.7559	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	9	2	–	–	11
Average forward rate (CAD/GBP)	1.7711	1.6594	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(1)	–	–	–	(1)
Average forward rate (DKK/GBP)	8.6515	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	1	8	–	–	9
Average forward rate (EUR/GBP)	1.1278	1.1272	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	1	–	–	–	1
Average forward rate (ILS/GBP)	4.6398	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(1)	–	–	–	(1)
Average forward rate (SEK/GBP)	12.9636	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	4	–	–	–	4
Average forward rate (NOK/GBP)	13.2027	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(4)	–	–	–	(4)
Average forward rate (ZAR/AUD)	12.6830	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(56)	20	–	–	(36)
Average forward rate (USD/GBP)	1.3431	1.2188	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(5)	–	–	–	(5)
Average forward rate (ZAR/EUR)	20.6262	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(1)	–	–	–	(1)
Average forward rate (ZAR/GBP)	23.0200	–	–	–	
Cross-currency interest rate swaps					
Notional amount (£m)	–	–	533	–	533
Average hedge rate (EUR/GBP)	–	–	1.1264	–	

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SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS CONTINUED

At 31 December 2022	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Greater than 5 years	Total
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(5)	–	–	–	(5)
Average forward rate (AUD/EUR)	1.5688	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(4)	(12)	(16)	–	(32)
Average forward rate (AUD/GBP)	1.7205	1.7967	1.7909	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	7	3	–	–	10
Average forward rate (CAD/GBP)	1.7155	1.6446	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(2)	–	–	–	(2)
Average forward rate (CAD/USD)	1.2400	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(1)	–	–	–	(1)
Average forward rate (DKK/GBP)	8.3506	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(241)	(14)	–	–	(255)
Average forward rate (EUR/GBP)	1.1097	1.1485	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(6)	–	–	–	(6)
Average forward rate (EUR/USD)	0.8859	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	8	–	–	–	8
Average forward rate (NOK/GBP)	12.0018	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(4)	–	–	–	(4)
Average forward rate (ZAR/AUD)	11.7780	–	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	67	16	–	–	83
Average forward rate (USD/GBP)	1.2627	1.1389	–	–	
Foreign exchange forward contracts and swaps					
Notional amount (£m)	(1)	–	–	–	(1)
Average forward rate (ZAR/GBP)	20.8998	–	–	–	
Cross-currency interest rate swaps					
Notional amount (£m)	–	–	539	–	539
Average hedge rate (EUR/GBP)	–	–	1.1253	–	

Impact of hedged items on Consolidated Statement of Financial Position, Consolidated Statement of Other Comprehensive Income and Consolidated Statement of Changes in Equity

Keeping it simple

This table provides the following details in relation to cash flow hedge and net investment hedge:

- The change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the year
- The balances in the cash flow hedge reserve and the foreign currency translation reserve for continuing hedges and
- The balances remaining in the cash flow hedge reserve and the foreign currency translation reserve from any hedging relationships for which hedge accounting is no longer applied

The impact of hedged items on the Consolidated Statement of Financial Position is as follows:

Cash flow hedge

			2023			2022
At 31 December	Change in fair value used for measuring ineffectiveness £m	Pre-tax closing cash flow hedge reserve £m	Pre-tax closing cost of hedging reserve £m	Change in fair value used for measuring ineffectiveness £m	Pre-tax closing cash flow hedge reserve £m	Pre-tax closing cost of hedging reserve £m
Highly probable/firm commitment forecast transactions	**1**	**3**	**–**	3	2	(1)
Borrowings	**11**	**1**	**(2)**	(5)	(4)	(8)

The hedging gain recognised in the Consolidated Statement of Changes in Equity before tax is equal to the change in fair value used for measuring effectiveness. There is £7 million of ineffectiveness recognised in the Consolidated Income Statement.

Keeping it simple

This table details the effect of the cash flow hedge in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income.

The effect of the cash flow hedge in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income is as follows:

At 31 December 2023	Total hedging gain/(loss) recognised in OCI £m	Ineffectiveness recognised in Income Statement £m	Line item in the Income Statement	Cost of hedging recognised in OCI £m	Amounts reclassified from OCI to Income Statement £m	Line item in the Income Statement
Highly probable/firm commitment forecast transactions	**1**	**–**		**4**	**2**	**Cost of sales/ overheads**
Borrowings	**11**	**7**	**Net financing cost**	**2**	**26**	**Net financing cost**

At 31 December 2022	Total hedging gain/(loss) recognised in OCI £m	Ineffectiveness recognised in Income Statement £m	Line item in the Income Statement	Cost of hedging recognised in OCI £m	Amounts reclassified from OCI to Income Statement £m	Line item in the Income Statement
Highly probable/firm commitment forecast transactions	3	–		(4)	11	Overheads/ Work in progress
Borrowings	(5)	3	Net financing cost	4	(37)	Net financing cost

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SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS CONTINUED

Keeping it simple

This table provides a reconciliation of each component of the translation reserve reported within equity and an analysis of other comprehensive income in accordance with IAS 1.

Set out below is the reconciliation of each component of the translation reserve reported in the Consolidated Statement of Changes in Equity and the analysis of other comprehensive income:

	Cash flow hedge reserve £m	Cost of hedge reserve £m	Foreign currency reserve £m	Translation reserve £m
As at 1 January 2022	3	(7)	45	41
Effective portion of changes in fair value arising from:				
Foreign exchange forward contracts	(1)	(4)	–	(5)
Cross-currency interest rate swaps – borrowings:				
• Change in fair value from the effective hedge instrument	25	4	–	29
Amount reclassified to Income Statement				
• FX forward reclassified to cost of sales/overheads	4	–	–	4
• FX forward and swaps reclassified to finance costs	(10)	–	–	(10)
• Amounts reclassified to work in progress	7	–	–	7
• CCIRS reclassified to finance costs	(27)	–	–	(27)
Net loss on cash flow hedges and cost of hedging	(2)	–	–	(2)
Foreign currency revaluation of the net foreign operations	–	–	67	67
Exchange differences on translation of foreign operations	–	–	67	67
Income tax credit on other comprehensive income/(expense)	1	–	–	1
As at 31 December 2022	**2**	**(7)**	**112**	**107**
Effective portion of changes in fair value arising from:				
Foreign exchange forward contracts	(13)	4	–	(9)
Cross-currency interest rate swaps – borrowings:				
• Change in fair value from the effective hedge instrument	(9)	2	–	(7)
Amount reclassified to Income Statement				
• FX forward reclassified to cost of sales/overheads	2	–	–	2
• FX forward and swaps reclassified to finance costs	15	–	–	15
• CCIRS reclassified to finance costs	11	–	–	11
Net gain on cash flow hedges and cost of hedging	6	6	–	12
Foreign currency revaluation of the net foreign operations	–	–	(38)	(38)
Exchange differences on translation of foreign operations	–	–	(38)	(38)
Income tax charge on other comprehensive income/(expense)	(1)	(2)	–	(3)
As at 31 December 2023	**7**	**(3)**	**74**	**78**

Netting arrangements of financial instruments

Keeping it simple

This section details the Group's financial assets and financial liabilities that are subject to netting and set-off arrangements. Financial assets and liabilities that are subject to set-off arrangements and disclosed on a net basis in the Group's Statement of Financial Position relate to cash pooling arrangements. Amounts which do not meet the criteria for offsetting on the Consolidated Statement of Financial Position but could be settled net in certain circumstances principally relate to derivative transactions executed under ISDA agreements where each party has the option to settle amounts on a net basis in the event of default of the other party.

At 31 December 2023	Gross financial assets/ liabilities £m	Gross collateral assets/liabilities set-off £m	Net financial assets/liabilities per balance sheet £m	Related amounts not set-off in the balance sheet £m	Net £m
Assets					
Derivative financial instruments	**5**	**–**	**5**	**(2)**	**3**
Cash and cash equivalents	**340**	**–**	**340**	**–**	**340**
Liabilities					
Derivative financial instruments	**(17)**	**–**	**(17)**	**2**	**(15)**
Loans and facilities	**(763)**	**–**	**(763)**	**–**	**(763)**

At 31 December 2022	Gross financial assets/liabilities £m	Gross collateral assets/liabilities set-off £m	Net financial assets/liabilities per balance sheet £m	Related amounts not set-off in the balance sheet £m	Net £m
Assets					
Derivative financial instruments	4	–	4	(4)	–
Cash and cash equivalents	348	–	348	–	348
Liabilities					
Derivative financial instruments	(15)	–	(15)	4	(11)
Loans and facilities	(830)	–	(830)	–	(830)

NOTES TO THE FINANCIAL STATEMENTS

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS CONTINUED

4.4 Net financing costs

Keeping it simple

This section details the interest income generated on the Group's cash and other financial assets and the interest expense incurred on borrowings and other financial liabilities.

In reporting 'adjusted profit', the Group adjusts net financing costs to exclude unrealised mark-to-market movements on interest rate and foreign exchange derivatives, gains/losses on bond buybacks, net pension interest, interest and fair value movements in acquisition-related liabilities and other financing costs.

Our rationale for adjustments made to financing costs is set out in the Finance Review.

Accounting policies

Net financing costs comprise interest income on funds invested, gains/losses on the disposal of financial instruments, changes in the fair value of financial instruments, interest expense on borrowings, unwinding of the discount on provisions, unwinding of the discount on liabilities to non-controlling interest, foreign exchange gain/losses, and imputed interest on pension assets and liabilities. Interest income and expense is recognised as it accrues in profit or loss, using the effective interest method.

Net financing costs

Net financing costs can be analysed as follows:

	2023 £m	2022 £m
Financing income		
Interest income	**14**	9
Foreign exchange gain	**2**	3
Pension interest income (see note 3.7)	**9**	–
Other finance income	**–**	1
	25	13
Financing costs		
Pension interest expense (see note 3.7)	**(1)**	–
Interest expense on financial liabilities measured at amortised cost	**(15)**	(18)
Foreign exchange loss	**(7)**	(1)
Other finance expense	**(47)**	(20)
	(70)	(39)
Net financing costs	**(45)**	(26)

Other finance expense includes lease interest payments, finance costs including fair value adjustments on acquisition-related liabilities and bank charges.

4.5 Fair value hierarchy

Keeping it simple

The financial instruments included in the Consolidated Statement of Financial Position are measured at either fair value or amortised cost. The measurement of this fair value can in some cases be subjective, and can depend on the inputs used in the calculations. The Group generally uses external valuations using market inputs or market values (e.g. external share prices). The different valuation methods are called 'hierarchies' and are described below.

Level 1
Fair values are measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2
Fair values are measured using inputs, other than quoted prices included within Level 1, which are observable for the asset or liability either directly or indirectly.

Interest rate swaps and options are accounted for at their fair value based upon exit prices at the current reporting period. Forward foreign exchange contracts are accounted for at the difference between the contract exchange rate and the quoted forward exchange rate at the reporting date.

Level 3
Fair values are measured using inputs for the asset or liability that are not based on observable market data.

The tables below set out the financial instruments included on the Consolidated Statement of Financial Position at fair value:

	Fair value 31 December 2023 £m	Level 1 31 December 2023 £m	Level 2 31 December 2023 £m	Level 3 31 December 2023 £m
Assets measured at fair value				
Financial instruments at fair value through reserves				
Other pension assets – gilts (see note 3.7)	**48**	**48**	**–**	**–**
Financial instruments at fair value through profit or loss				
Money market funds	**125**	**125**	**–**	**–**
Equity investments (see note 3.5)	**21**	**–**	**–**	**21**
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts and swaps	**1**	**–**	**1**	**–**
Convertible loan receivable	**2**	**–**	**–**	**2**
Financial assets at fair value through reserves				
Cash flow hedges	**4**	**–**	**4**	**–**
	201	**173**	**5**	**23**

	Fair value 31 December 2023 £m	Level 1 31 December 2023 £m	Level 2 31 December 2023 £m	Level 3 31 December 2023 £m
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss				
Acquisition-related liabilities – payable to sellers under put options agreed on acquisition (see notes 3.1.4 and 3.1.5)	**(63)**	**–**	**–**	**(63)**
Financial liabilities at fair value through reserves				
Cash flow hedges	**(17)**	**–**	**(17)**	**–**
	(80)	**–**	**(17)**	**(63)**

There have been no changes in the classification of assets and liabilities and there have been no movements within levels. Information on the fair value measurements of level 3 assets and liabilities is detailed in the relevant notes referenced above.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS CONTINUED

	Fair value 31 December 2022 £m	Level 1 31 December 2022 £m	Level 2 31 December 2022 £m	Level 3 31 December 2022 £m
Assets measured at fair value				
Financial instruments at fair value through reserves				
Other pension assets – gilts (see note 3.7)	47	47	–	–
Financial instruments at fair value through profit or loss				
Money market funds	91	91	–	–
Equity investments (see note 3.5)	11	–	–	11
Financial assets at fair value through profit or loss				
Convertible loan receivable	3	–	–	3
Financial assets at fair value through reserves				
Cash flow hedges	4	–	4	–
	156	138	4	14

	Fair value 31 December 2022 £m	Level 1 31 December 2022 £m	Level 2 31 December 2022 £m	Level 3 31 December 2022 £m
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts and swaps	(1)	–	(1)	–
Acquisition-related liabilities – payable to sellers under put options agreed on acquisition (see notes 3.1.4 and 3.1.5)	(39)	–	–	(39)
Financial liabilities at fair value through reserves				
Cash flow hedges	(14)	–	(14)	–
	(54)	–	(15)	(39)

Refer to note 4.3 for how we value interest rate swaps and forward foreign currency contracts.

4.6 Lease liabilities

Keeping it simple

The Group accounts for operating leases under IFRS 16 'Leases'. Lease liabilities representing the discounted future lease payments and right of use assets are recognised in the Consolidated Statement of Financial Position. Lease costs such as property rent are now recognised in the form of depreciation and interest in the Consolidated Income Statement.

Accounting policies

Lease liabilities represent the discounted future lease payments. Discount rates are calculated for similar assets, in similar economic environments, taking into account the length of the lease. The unwinding of the discounting is recognised in net financing costs in the Consolidated Income Statement. The following table outlines the maturity analysis of the lease liabilities:

	2023 £m	2022 £m
Contractual discounted cash flows		
Less than one year	**18**	21
Two to five years	**57**	55
More than five years	**40**	56
Lease liabilities at 31 December	**115**	132

	1 January 2023 £m	Net cash flow £m	Currency and non-cash movements £m	31 December 2023 £m
Lease liabilities	**(132)**	**26**	**(9)**	**(115)**
Total lease liabilities	**(132)**	**26**	**(9)**	**(115)**

	1 January 2022 £m	Net cash flow £m	Currency and non-cash movements £m	31 December 2022 £m
Lease liabilities	(92)	26	(66)	(132)
Total lease liabilities	(92)	26	(66)	(132)

The following amounts have been included in the Consolidated Income Statement:

	2023 £m	2022 £m
Interest expense on lease liabilities	**(4)**	(4)
Amounts recognised in the Consolidated Income Statement	**(4)**	(4)

The Group has elected not to recognise right of use assets and lease liabilities for short-term leases (i.e. lease term less than 12 months) or low-value assets (i.e. under £5,000). The Group will continue to expense the lease payments associated with these leases on a straight-line basis over the lease term. At 31 December 2023, this was less than £1 million (2022: less than £1 million).

Variable lease payments that depend on an index or a rate are also less than £1 million (2022: less than £1 million).

Some property leases contain extension options beyond the non-cancellable period. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The lease liability at 31 December 2023 includes one such extension which resulted in an increase in the lease liability of £2 million. There are no other significant extension options.

The Group signed a subleasing arrangement, which is classified as a finance lease in accordance with IFRS 16 'Leases'. In accordance with the standard, the right of use asset with a net book value of £8 million was derecognised and replaced by a net investment in the sublease which has been recognised within other receivables. See note 3.2. This arrangement does not impact the lease liabilities arising from the original lease which have been included in this note.

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS CONTINUED

4.7 Equity

Keeping it simple

This section explains material movements recorded in shareholders' equity, presented in the Consolidated Statement of Changes in Equity, which are not explained elsewhere in the financial statements.

Accounting policies
Fair value reserve
Financial assets are stated at fair value, with any gain or loss recognised directly in the fair value reserve in equity, unless the loss is a permanent impairment, when it is then recorded in the Consolidated Income Statement.

Dividends
Dividends are recognised through equity on the earlier of their approval by the Company's shareholders or their payment. Dividends are distributed based on the realised distributable reserves (within retained earnings) of ITV plc (the Company) and not based on the Group's retained earnings.

4.7.1 Share capital and share premium
The Group's share capital at 31 December 2023 of £406 million (2022: £403 million) and share premium of £174 million (2022: £174 million) is the same as that of ITV plc. Details of this are given in the ITV plc Company financial statements section of this Annual Report.

4.7.2 Merger and other reserves
Merger and other reserves at 31 December include the following reserves:

	2023 £m	2022 £m
Merger reserves	**95**	95
Capital reserves	**112**	112
Capital redemption reserves	**36**	36
Revaluation reserves	**2**	2
Put option liabilities arising on acquisition of subsidiaries	**(34)**	(34)
Total	**211**	211

Merger reserves, Capital reserves and Capital redemption reserves relate primarily to balances arising on previous mergers and acquisitions, including the merger of Granada and Carlton in 2003. Put option liabilities arising on acquisition of subsidiaries relates to options and forwards contracts over shares relating to non-controlling interests.

4.7.3 Translation reserve
The translation reserve comprises:
- All foreign exchange differences arising on the translation of the accounts of, and investments in, foreign operations
- The gains or losses on the portion of cash flow hedges that have been deemed effective and costs of hedging under IFRS 9 (see note 4.3)
- The net movement in the cash flow hedge reserve was a gain of £5 million (2022: loss of £1 million). This is made up of a gain on cash flow hedges in the year of £6 million (2022: loss of £2 million) and a related tax charge of £1 million (2022: credit of £1 million)
- The net movement in the cost of hedging reserve was a gain of £4 million (2022: £nil). This is made up of a gain on the cost of hedging in the year of £6 million (2022: £nil) and a related tax charge of £2 million (2022: £nil)

4.7.4 Fair value reserve
The fair value reserve comprises all movements arising on the revaluation of gilts accounted for at fair value through OCI. The movement in 2023 is a £1 million loss on revaluation (2022: loss of £19 million) and a related tax credit of £nil (2022: £5 million credit). See notes 2.3 and 3.7.

4.7.5 Retained earnings
The retained earnings reserve comprises profit for the year attributable to owners of the Company of £210 million (2022: £428 million) and other items recognised directly through equity as presented in the Consolidated Statement of Changes in Equity. Other items include the credit for the Group's share-based compensation schemes, which are described in note 4.8.

The Board recognises the importance of the ordinary dividend to ITV shareholders. Reflecting its confidence in the business and its strategy, as well as the continued strong cash generation, the Board proposes a final dividend of 3.3p (2022:3.3p), giving a full year dividend of 5.0p (2022: 5.0p) per share. £201 million of dividends were paid (2022: £201 million), representing a final 2022 dividend of 3.3p per share and an interim 2023 dividend of 1.7p per share.

4.7.6 Non-controlling interests
Non-controlling interest (NCI) represents the share of non-wholly owned subsidiaries' net assets that are not directly attributable to the shareholders of ITV. The movement for 2023 comprises:
- The share of loss attributable to NCI of £1 million (2022: share of profit attributable to NCI of £7 million)
- Foreign exchange losses of £4 million (2022: gains of £8 million)
- The distributions made to NCI of £1 million (2022: £3 million)
- The share of net assets attributable to NCI relating to subsidiaries acquired, disposed or changes in ownership interest in 2023 of £6 million (2022: £4 million)

4.8 Share-based compensation

Keeping it simple

The Group utilises share award schemes as part of its employee remuneration packages, and therefore operates a number of share-based compensation schemes, namely the Deferred Share Award (DSA), Executive Share Plan (ESP), Performance Share Plan (PSP), Long Term Incentive Plan (LTIP) and Save As You Earn (SAYE) schemes. The share-based compensation is not pensionable.

A transaction will be classed as share-based compensation where the Group receives services from employees and pays for these in shares or similar equity instruments. If the Group incurs a liability linked to the price or value of the Group's shares, this will also fall under a share-based transaction.

Accounting policies
For each of the Group's share-based compensation schemes, the fair value of the equity instrument granted is measured at grant date and spread over the vesting period via a charge to the Consolidated Income Statement with a corresponding increase in equity.

The fair value of the share options and awards is measured using either market price at grant date or, for the SAYE scheme, a Black-Scholes model, taking into account the terms and conditions of the individual scheme. Expected volatility is based on the historical volatility of ITV plc shares over a three or five year period, based on the life of the options.

Vesting conditions are limited to service conditions and performance conditions. For performance-based schemes, the relevant Group performance measures are projected to the end of the performance period in order to determine the number of options expected to vest. This estimate of the performance measures is used to determine the option fair value, discounted to present value. The Group revises the number of options that are expected to vest, including an estimate of forfeitures at each reporting date based on forecast performance measures. The impact of the revision to original estimates, if any, is recognised in the Consolidated Income Statement, with a corresponding adjustment to equity.

Exercises of share options granted to employees can be satisfied by market purchase or issue of new shares. No new shares may be issued to satisfy exercises under the terms of the DSA. During the year, exercises were satisfied by using shares purchased in the market and held in the ITV Employees' Benefit Trust as well as the issue of new shares.

Share-based compensation charges totalled £16 million in 2023 (2022: £19 million).

Share options outstanding
The table below summarises the movements in the number of share options outstanding for the Group and their weighted average exercise price:

	2023 Number of options ('000)	2023 Weighted average exercise price (pence)	2022 Number of options ('000)	2022 Weighted average exercise price (pence)
Outstanding at 1 January	**104,729**	**24.74**	98,934	24.98
Granted during the year – nil priced	**20,993**	**–**	17,238	–
Granted during the year – other	**16,395**	**59.21**	13,814	62.85
Forfeited during the year	**(4,210)**	**68.61**	(3,095)	56.49
Exercised during the year – nil priced	**(15,551)**	**–**	(6,201)	–
Exercised during the year – other	**(12,954)**	**49.31**	(110)	50.61
Expired during the year	**(19,168)**	**15.57**	(15,851)	35.87
Outstanding at 31 December	**90,234**	**25.88**	104,729	24.74
Exercisable at 31 December	**12,933**	**34.88**	4,383	30.63

The average share price during 2023 was 73.10 pence (2022: 78.32 pence).

NOTES TO THE FINANCIAL STATEMENTS
SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS CONTINUED

Of the options still outstanding, the range of exercise prices and weighted average remaining contractual life of these options can be analysed as follows:

Range of exercise prices (pence)	2023 Weighted average exercise price (pence)	2023 Number of options ('000)	2023 Weighted average remaining contractual life (years)	2022 Weighted average exercise price (pence)	2022 Number of options ('000)	2022 Weighted average remaining contractual life (years)
Nil	**–**	**49,386**	**0.33**	–	59,056	0.29
20.00 – 49.99	**49.17**	**15,330**	**1.17**	49.17	29,225	1.81
50.00 – 69.99	**58.51**	**21,454**	**2.79**	61.73	10,878	3.44
70.00 – 99.99	**79.42**	**3,965**	**2.12**	85.22	5,351	1.35
100.00 – 109.99	**105.98**	**61**	**0.92**	105.98	90	1.46
120.00 – 149.99	**135.20**	**38**	**0.33**	130.61	129	0.94

Assumptions
ESP, DSA, LTIP and PSP options are valued directly by reference to the share price at date of grant.

The options granted in the current and prior year for the HMRC approved SAYE scheme, are valued using the Black-Scholes model, using the assumptions below:

Scheme name	Date of grant	Share price at grant (pence)	Exercise price (pence)	Expected volatility %	Expected life (years)	Gross dividend yield %	Risk-free rate %	Fair value (pence)
3 Year	12 April 2022	79.08	67.72	47.00	3.25	–	1.55	21.19
5 Year	12 April 2022	79.08	67.72	40.05	5.25	–	1.58	18.45
3 Year	5 September 2022	62.74	57.73	47.80	3.25	–	2.97	14.95
5 Year	5 September 2022	62.74	57.73	41.03	5.25	–	2.85	12.63
3 Year	5 April 2023	79.78	70.12	45.43	3.25	–	3.40	21.53
5 Year	5 April 2023	79.78	70.12	42.41	5.25	–	3.28	20.99
3 Year	13 September 2023	72.34	56.37	40.60	3.25	–	4.47	20.17
5 Year	13 September 2023	72.34	56.37	42.27	5.25	–	4.29	20.57

Employees' Benefit Trust
The Group has investments in its own shares as a result of shares purchased by the ITV Employees' Benefit Trust (EBT). Transactions with the Group-sponsored EBT are included in these financial statements and consist of the EBT's purchases of shares in ITV plc, which is accounted for as a reduction to retained earnings.

The table below shows the number of ITV plc shares held in the EBT at 31 December 2023 and the releases from the EBT made in the year to satisfy awards under the Group's share schemes:

Scheme	Shares held at	Number of shares (released)/purchased	Nominal value £
	1 January 2023	14,587,379	1,458,738
LTIP releases		(93,835)	
DSA releases		(3,115,726)	
ESP releases		(226,277)	
PSP releases		(5,995,984)	
SAYE releases		(13,150,667)	
Market purchased shares		9,510,276	
Newly issued shares		27,000,000	
	31 December 2023	**28,515,166**	**2,851,517**

The total number of shares held by the EBT at 31 December 2023 represents 0.77% (2022: 0.36%) of ITV's issued share capital. The market value of own shares held at 31 December 2023 is £18 million (2022: £11 million).

The shares will be held in the EBT until such time as they may be transferred to participants of the various Group share schemes. Rights to dividends have been waived by the EBT in respect of shares held that do not relate to restricted shares under the DSA. In accordance with the Trust Deed, the Trustees of the EBT have the power to exercise all voting rights in relation to any investment (including shares) held within that trust. The Trust is accounted for as a separate entity and therefore is only accounted for in the consolidated financial statements and not included in the ITV plc Company financial statements.

SECTION 5: OTHER NOTES

5.1 Related party transactions

Keeping it simple

The related parties identified by the Directors include joint ventures, associated undertakings, fixed asset investments and key management personnel.

To enable users of our financial statements to form a view about the effects of related party relationships on the Group, we disclose the Group's transactions with those related parties during the year and any associated year end trading balances.

Transactions with joint ventures and associated undertakings
Transactions with joint ventures and associated undertakings during the year were:

	2023 £m	2022 £m
Sales to joint ventures	**60**	41
Sales to associated undertakings	**13**	16
Purchases from joint ventures	**33**	33
Purchases from associated undertakings	**78**	77

The transactions with joint ventures primarily relate to sales and purchases of digital multiplex services with Digital 3&4 Limited and distribution revenue from BritBox LLC, BritBox International Limited and BritBox Australia Management Pty Limited. Sales to associated undertakings include airtime sales to DTV Services Limited. Purchases from associated undertakings primarily relate to the purchase of news services from ITN Limited.

All transactions with associated undertakings and joint ventures arise in the normal course of business on an arm's length basis. The amounts owed by and to these related parties at 31 December were:

	2023 £m	2022 £m
Amounts owed by joint ventures	**41**	12
Amounts owed by associated undertakings	**10**	19
Amounts owed to joint ventures	**6**	5
Amounts owed to associated undertakings	**8**	17

None of the balances are secured.

Amounts owed by joint ventures primarily relate to trading with BritBox LLC and BritBox Australia Management Pty Limited. Balances owed by associated undertakings largely relate to Bedrock Entertainment LLC and Southrock Productions LLC. Balances owed to associated undertakings primarily relate to trading with ITN Limited and amounts owed to Bedrock Entertainment LLC.

Amounts paid to the Group's retirement benefit plans are set out in note 3.7.

Transactions with key management personnel
Key management consists of ITV plc Executive and Non-executive Directors and the other members of the ITV Management Board. Key management personnel compensation is as follows:

	2023 £m	2022 £m
Short-term employee benefits	**11**	11
Share-based compensation	**6**	6
	17	17

NOTES TO THE FINANCIAL STATEMENTS

SECTION 5: OTHER NOTES CONTINUED

5.2 Contingent assets and liabilities

Keeping it simple

A contingent asset or liability is a liability that is not sufficiently certain to qualify for recognition as an asset or provision where uncertainty may exist regarding the outcome of future events.

Contingent liabilities

There are contingent liabilities in respect of certain litigation and guarantees, broadcasting issues, and in respect of warranties given in connection with certain disposals of businesses. In addition, the determination of employment tax status of some individuals contracted by ITV is complex and a future liability could arise in relation to this. None of these items are expected to have a material effect on the Group's results or financial position.

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

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

5.3 Subsequent events

Keeping it simple

Where the Group receives information in the period between 31 December 2023 and the date of this report about conditions related to certain events that existed at 31 December 2023, we update our disclosures that relate to those conditions in light of the new information. Such events can be categorised as adjusting or non-adjusting depending on whether the condition existed at 31 December 2023. If non-adjusting events are material, non-disclosure could influence the economic decisions that users make on the basis of the financial statements. Accordingly, for each material category of non-adjusting event after the reporting period we disclose in this section the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made.

Disposal of the Group's Interests in BritBox International

On 1 March 2024, the Group announced the sale of its entire 50% interest in digital streaming service, BritBox International to its joint venture partner BBC Studios for a cash consideration of £255 million. The transaction has been effected by the disposal of the Group's 50% interests in BritBox LLC, BB Rights LLC, Denipurna Limited and BritBox International Limited and the 100% interest in ITV SVOD Australia Pty Ltd, which holds the 50% interest in BritBox Australia Management Pty Limited.

At 31 December 2023, the Group included these interests at their carrying value of £66 million, as held for sale in the Consolidated Statement of Financial Position. See notes 3.4 and 3.5.

5.4 Subsidiaries exempt from audit

Keeping it simple

Certain subsidiaries of the Group can take an exemption from having an audit. Strict criteria must be met for this exemption to be taken, and it must be agreed by the Directors of that subsidiary entity.

Listed below are subsidiaries controlled and consolidated by the Group, where the Directors have taken the exemption from having an audit of its financial statements. This exemption is taken in accordance with the Companies Act 2006 s479A.

Company number	Company name	Company number	Company name
04195187	12 Yard Productions (Investments) Limited	03089273	ITV Ventures Limited
04145307	12 Yard Productions Limited	11107431	ITV Vera Limited
10058419	Back Productions Limited	14460676	ITV WKOW Limited
13087812	Big Talk Alone Limited	13087699	ITV Y&M Limited
10496857	Big Talk Cold Feet Limited	05518785	Juice Music UK Limited
12092620	Big Talk Friday Limited	05976348	Mammoth Screen Limited
11109596	Big Talk Goes Wrong Limited	09355455	Mammoth Screen (End) Limited
13087733	Big Talk Horseface Limited	08546227	Mammoth Screen (End2) Limited
13087735	Big Talk I Hate You Limited	10528827	Mammoth Screen (End9) Limited
07037447	Big Talk Investments Limited	11109917	Mammoth Screen (End6) Limited
10528952	Big Talk Living the Dream Limited	11908267	Mammoth Screen (End7) Limited
13813181	Big Talk Ludwig Limited	12368766	Mammoth Screen (End8) Limited
11723899	Big Talk Offenders Limited	13087685	Mammoth Screen (Evans) Limited
11109572	Big Talk Peacock Limited	12368661	Mammoth Screen (FS) Limited
02897434	Big Talk Pictures Limited	13989267	Mammoth Screen (GK) Limited
06567813	Big Talk Studios Limited	11995990	Mammoth Screen (MD) Limited
02936337	Boom Cymru TV Ltd	12735978	Mammoth Screen (MD2) Limited
07922831	Boom Pictures Limited	13989179	Mammoth Screen (MIE) Limited
03866274	Box Clever Technology Limited	11062257	Mammoth Screen (NC) Limited
04192851	Box Clever Trustees Limited	09660486	Mammoth Screen (Pol2) Limited
11801341	BritBox SVOD Limited	10031005	Mammoth Screen (Pol3) Limited
01891539	Broad Street Films Limited	10528763	Mammoth Screen (Pol4) Limited
02285229	Campania Limited	11108289	Mammoth Screen (Pol5) Limited
04159249	Carlton Content Holdings Limited	08799982	Mammoth Screen (Poldark) Limited
00301188	Carlton Film Distributors Limited	09646520	Mammoth Screen (QV) Limited
01692483	Carlton Finance Limited	11108327	Mammoth Screen (Serpent) Limited
03984490	Carlton Food Network Limited	11204836	Mammoth Screen (SG) Limited
03053908	Carlton Programmes Development Limited	NI678277	Mammoth Screen (TJ) Limited
03210452	Carlton Screen Advertising (Holdings) Limited	13087656	Mammoth Screen (Tower) Limited
03210363	Carltonco Ninety-Six	10528702	Mammoth Screen (VF) Limited
02280048	Castlefield Properties Limited	11108322	Mammoth Screen (Vic3) Limited
06409013	Cat's on the Roof Media Limited	11108320	Mammoth Screen (WOF) Limited
04257248	Channel Television Holdings Limited	NI687412	Mammoth Screen (WOF2) Limited
08195508	Cirkus Limited	10973979	Mammoth Screen (WOTW) Limited
10240192	Cloth Cat LBB Limited	13412337	Metavision Limited
02852812	Cosgrove Hall Films Limited	09477931	Monumental Television Limited
09366309	Crook Productions Limited	04201477	Morning TV Limited
05421502	Cynhyrchiadau Boomerang Cyfyngedig	12368748	MT Ghosts Limited
08479545	Double Double Limited	14764613	MT Marlow Murder Club Limited
07821062	EQ Pictures Limited	13813329	MT Mrs Sidhu Limited
09366308	Gameface Productions Limited	13989060	MT Maryland Limited
05946785	Gorilla TV Group Limited	13087117	MT Murder in Provence Limited
03776018	Gorilla TV Limited	14763338	Output Productions Limited
00290076	Granada Group Limited	07473151	Oxford Scientific Films Limited
03962410	Granada Limited	13506403	Planet Woo Limited
03106798	Granada Media Limited	15175627	Planet V Limited
05344772	Granada Screen (2005) Limited	09020906	Possessed Limited
00733063	Granada Television Overseas Limited	14163547	QSP ATF Limited
00250311	Granada UK Rental and Retail Limited	14784655	QSP Buried Limited
04842712	Interactive Telephony Limited	14163654	QSP FMO Limited
00608490	ITC Entertainment Group Limited	14460916	QSP Ghosted Limited
SC375274	ITV (Scotland) Limited	14496123	QSP Men Up Limited
11516620	ITV 112 Limited	14458573	QSP MU Limited
12956892	ITV AdVentures Limited	14462220	QSP MY Limited
13087805	ITV Alder Limited	14460933	QSP PD Limited
14047839	ITV Archie Limited	14460663	QSP TRK Limited
11667230	ITV Barking Limited	13714204	QSP Nolly Limited
02578005	ITV Breakfast Limited	14048037	QSP SO limited
02937518	ITV Consumer Limited	12350991	Second Act (Grace) Limited
13087759	ITV Duneen Limited	09366311	Second Act Productions Limited
10494684	ITV Enterprises Limited	07714999	Sightseers Film Limited
04159210	ITV Holdings Limited	03991026	So Television Limited
14133299	ITV Grace Limited	11423826	The Addressable Platform Limited
04159213	ITV International Channels Limited	07155077	The Garden Productions Limited
14846610	ITV JCDM Limited	02351132	TwoFour Broadcast Limited
SC473179	ITV LTVC (Scotland) Limited	08602993	TwoFour Group Holdings Limited
14863612	ITV Mandrake Limited	05493388	TwoFour Group Limited
13989147	ITV Maternal Limited	11109744	WP Anne Limited
00603893	ITV Network Limited	10796122	WP Bodyguard Limited
11723842	ITV Nightingale Limited	14360979	WP Delia Limited
00603471	ITV Pension Scheme Limited	12368643	WP Diplomat Limited
14461569	ITV POS Limited	13988864	WP Fifteen Limited

NOTES TO THE FINANCIAL STATEMENTS

SECTION 5: OTHER NOTES CONTINUED

Company number	Company name	Company number	Company name
01565625	ITV Properties (Developments) Limited	12116627	WP Karen Pirie Limited
13087782	ITV Ralph and Katie Limited	14988579	WP Lockerbie Limited
14460328	ITV RE Limited	11109287	WP LOD5 Limited
08554937	ITV Shetland Limited	12116457	WP LOD6 Limited
11723826	ITV Spy Limited	13087865	WP Malpractice Limited
02203983	ITV Studios Global Distribution Limited	12116461	WP Pembrokeshire Limited
09498877	ITV TFG Holdings Limited	13087860	WP RM Limited
11107934	ITV The Bay Limited	11109929	WP Save Me 2 Limited
13087693	ITV The Reckoning Limited	12368475	WP Showtrial Limited
12368504	ITV TLC Limited	14653603	WP The Gathering Limited
09498177	ITV Top Class Limited	12368477	WP The Suspect Limited
14048049	ITV Venturer Limited	11109437	WP Vigil Limited

ITV Properties (Jersey) Limited is exempt from audit under article 113 of the Companies Act (Jersey) Law 1991.

ITV PLC COMPANY FINANCIAL STATEMENTS

Statement of Financial Position

As at 31 December	Note	2023 £m	2022 £m
Non-current assets			
Investments in subsidiary undertakings	iii	**3,224**	3,224
Derivative financial instruments	vi	**2**	2
Other receivables		**4**	–
Deferred tax asset		**2**	3
		3,232	3,229
Current assets			
Amounts owed by subsidiary undertakings due within one year	iv	**3,569**	2,954
Amounts owed by subsidiary undertakings due after more than one year	iv	**97**	96
Amounts owed by subsidiary undertakings	iv	**3,666**	3,050
Derivative financial instruments	vi	**5**	7
Other receivables		**28**	17
Cash and cash equivalents	v	**226**	197
		3,925	3,271
Borrowings		**–**	(279)
Amounts owed to subsidiary undertakings	iv	**(3,563)**	(2,681)
Accruals		**(9)**	(8)
Derivative financial instruments	vi	**(5)**	(8)
Current liabilities		**(3,577)**	(2,976)
Net current assets		**348**	295
Borrowings	v	**(750)**	(531)
Derivative financial instruments	vi	**(16)**	(10)
Non-current liabilities		**(766)**	(541)
Net assets		**2,814**	2,983
Share capital	vii	**406**	403
Share premium	viii	**174**	174
Other reserves	viii	**34**	29
Retained earnings	viii	**2,200**	2,377
Total shareholders' funds		**2,814**	2,983

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company Income Statement. The Company's profit for the year was £7 million (2022: profit of £800 million).

The financial statements on pages 229 to 242 were approved by the Board of Directors on 7 March 2024 and signed on its behalf by

Chris Kennedy
Director

ITV PLC COMPANY FINANCIAL STATEMENTS CONTINUED

Company Statement of Changes in Equity

	Note	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m
Balance at 1 January 2023	vii/viii	403	174	29	2,377	2,983
Total comprehensive income for the year						
Profit for the year		–	–	–	7	7
Net gain on cash flow hedges and cost of hedging		–	–	5	–	5
Total comprehensive income for the year		**–**	**–**	**5**	**7**	**12**
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Issue of shares		3	–	–	–	3
Equity dividends		–	–	–	(201)	(201)
Movements due to share-based compensation		–	–	–	16	16
Tax on items taken directly to equity		–	–	–	1	1
Total transactions with owners		**3**	**–**	**–**	**(184)**	**(181)**
Balance at 31 December 2023		**406**	**174**	**34**	**2,200**	**2,814**

	Note	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m
Balance at 1 January 2022		403	174	31	1,760	2,368
Total comprehensive income for the year						
Profit for the year		–	–	–	800	800
Net loss on cash flow hedges and cost of hedging		–	–	(2)	–	(2)
Total comprehensive income for the year		**–**	**–**	(2)	800	798
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Equity dividends		–	–	–	(201)	(201)
Movements due to share-based compensation		–	–	–	19	19
Tax on items taken directly to equity		–	–	–	(1)	(1)
Total transactions with owners		–	–	–	(183)	(183)
Balance at 31 December 2022	vii/viii	403	174	29	2,377	2,983

NOTES TO THE ITV PLC COMPANY FINANCIAL STATEMENTS

Note i Accounting policies

In this section

This section sets out the notes to the ITV plc Company only financial statements. Those statements form the basis of the dividend decisions made by the Directors, as explained in detail in note viii below. The notes form part of the financial statements.

Basis of preparation

The Company is a qualifying entity as it is a member of the ITV plc Group where ITV plc, the ultimate parent prepares publicly available consolidated financial statements. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). The Company is registered in England and Wales.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Exemptions applied

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Presentation of a Statement of Cash Flows and related notes
- Disclosure in respect of capital management
- Disclosure of related party transactions between wholly-owned subsidiaries and parents within a group
- Disclosures required under IFRS 2 'Share Based Payments' in respect of group settled share-based compensation
- Disclosures required by IFRS 7 'Financial Instruments: Disclosure'
- Certain disclosures required under IFRS 13 'Fair Value Measurement'
- Disclosure of information in relation to new standards not yet applied

The Company proposes to continue to apply the reduced disclosure framework of FRS 101 in its next financial statements.

The financial statements have been prepared on a going concern basis.

Changes in accounting policy

New accounting standards, interpretations and amendments that are effective from 1 January 2023 have not had significant impact on the Company's results or Statement of Financial Position.

Accounting standards effective in future periods

The Directors have considered the impact on the Company of new and revised accounting standards, interpretations or amendments that are not yet effective and do not expect them to have a significant impact on the Company's results and Statement of Financial Position.

Accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Expected credit losses on amounts due from subsidiary undertakings is considered a key source of estimation uncertainty.

Subsidiaries

Subsidiaries are entities that are directly or indirectly controlled by the Company. Control exists where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The investment in the Company's subsidiaries is recorded at cost.

Foreign currency transactions

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Foreign currency monetary assets and liabilities at the balance sheet date are translated into sterling at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities measured at historical cost are translated into sterling at the rate of exchange on the date of the transaction.

Borrowings

Borrowings are recognised initially at fair value including directly attributable transaction costs, with subsequent measurement at amortised cost using the effective interest rate method. The difference between initial fair value and the redemption value is recorded in the profit and loss account over the period of the liability on an effective interest basis.

NOTES TO THE ITV PLC COMPANY FINANCIAL STATEMENTS CONTINUED

Derivatives and other financial instruments

The Company uses a limited number of derivative financial instruments to hedge its exposure to fluctuations in interest and other foreign exchange rates. The Company does not hold or issue derivative instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value with the movement recorded in the profit and loss account within net financing costs, except where derivatives qualify for cash flow hedge accounting. In this case, the effective portion of cash flow hedge is recognised in other reserves within equity. The cumulative gain or loss is later reclassified to the profit and loss account in the same period as the relevant hedged transaction is realised. Derivatives with positive fair values are recorded as assets and negative fair values as liabilities.

The fair value of foreign currency forward contracts is determined by using the difference between the contract exchange rate and the quoted forward exchange rate at the balance sheet date.

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of swap counterparties.

Third-party valuations are used to fair value the Company's derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs. For financial assets and liabilities classified at fair value through profit or loss, the fair value change and interest income/expense are not separated.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment in respect of previous years.

The Company recognises liabilities for anticipated tax issues based on estimates of the additional taxes that are likely to become due, which require judgement. Amounts are accrued based on management's interpretation of specific tax law and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Deferred tax

The tax charge for the year is recognised in the Income Statement or directly in equity according to the accounting treatment of the related transaction.

Deferred tax arises due to certain temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and those for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference. Recognition of deferred tax assets therefore involves judgement regarding timing and level of future taxable income.

Share-based compensation

The Company utilises share award schemes as part of its employee remuneration packages, and therefore operates a number of share-based compensation schemes, namely the Deferred Share Award (DSA), Executive Share Plan (ESP) Performance Share Plan (PSP), Long Term Incentive Plan (LTIP) and Save As You Earn (SAYE) schemes.

A transaction will be classed as share-based compensation where the Company receives services from employees and pays for these in shares or similar equity instruments. If the Company incurs a liability based on the price or value of the shares, this will also fall under a share-based transaction. The Company recognises the retained earnings impact of the share-based compensation for the Group as awards are settled in ITV plc shares. The cost of providing those awards is recognised as a cost of investment to the subsidiaries that receive the service from employees.

The fair value of the equity instrument granted is measured at grant date and spread over the vesting period via a charge to the Income Statement with a corresponding increase in equity. The fair value of the share options and awards is measured using either market price at grant date or, for the SAYE scheme, a Black-Scholes model, taking into account the terms and conditions of the individual scheme.

Vesting conditions are limited to service conditions and performance conditions. For performance-based schemes, the relevant performance measures are projected to the end of the performance period in order to determine the number of options expected to vest. The estimate is then used to determine the option fair value, discounted to present value. The Company revises its estimates of the number of options that are expected to vest, including an estimate of forfeitures at each reporting date. The impact of the revision to original estimates, if any, is recognised in the Income Statement, with a corresponding adjustment to equity.

Exercises of share options granted to employees can be satisfied by market purchase or issue of new shares. No new shares may be issued to satisfy exercises under the terms of the DSA.

During the year, all exercises were satisfied by using shares held in the ITV Employees' Benefit Trust. The Trust is accounted for as a separate entity and therefore is only accounted for in the consolidated ITV financial statements.

Dividends to shareholders

Dividends payable to shareholders are recognised through equity on the earlier of their approval by the Company's shareholders or their payment. Dividends are distributed based on the realised distributable reserves (within retained earnings) of ITV plc (Company) and not based on the Group's retained earnings.

Note ii Employees and share-based compensation

Employees

Two (2022: two) Directors of ITV plc (i.e. the Executive Directors) were employees of the Company during the year, both of whom remain employed at the year end. The costs relating to these Directors are disclosed in the Remuneration Report.

Share-based compensation

The weighted average share price of share options exercised during the year was 49.3 pence (2022: 50.6 pence) (excluding nil priced share options). The options outstanding at the year end have an exercise price in the range of nil to 135.20 pence (2022: nil to 130.61 pence) and a weighted average contractual life of one year (2022: two years) for all the schemes in place for the Group.

Note iii Investments in subsidiary undertakings

The carrying value of the Company's investments in subsidiary undertakings at 31 December 2023 was £3,224 million (2022: £3,224 million).

The carrying value of the Company's investments in subsidiary undertakings is assessed for impairment on an annual basis. Determining whether the carrying amount has any indication of impairment requires judgement. In testing for impairment, estimates are used in deriving cash flows and the discount rates. The estimation process is complex due to the inherent risks and uncertainties associated with long-term forecasting. The outcome of the value in use calculation including borrowings supports the carrying value of the investments in subsidiary undertakings.

Due to the significant headroom, there is no reasonably possible scenario that would result in a material adjustment to the amounts reported in the financial statements.

The Company's review resulted in no impairment for 2023 (2022: no impairment).

The listing of subsidiary undertakings and investments is listed on page 238 to 242.

Note iv Amounts owed (to)/from subsidiary undertakings

The Company operates an intra-group cash pool policy with certain 100% owned UK subsidiaries. The pool applies to bank accounts where there is an unconditional right of set off and involves the daily closing cash position for participating subsidiaries whether positive or negative, being cleared to £nil via daily bank transfers to/from ITV plc. These daily transactions create a corresponding intercompany creditor or debtor, which can result in significant movements in amounts owed to and from subsidiary undertakings in the Company balance sheet. Interest is payable on intra-group cash pool balances at 0.5% above base rate per annum and the balances are repayable on demand. Other loans to subsidiary undertakings are repayable according to contractual terms. The classification of balances as due after more than one year is based on the intention of when the balances are expected to be settled rather than the contractual terms.

The credit risk management practices of the Company include internal review and reporting of the historical credit losses and forward-looking data. The Company applies the IFRS 9 simplified approach in measuring expected credit losses, which use a lifetime expected credit loss allowance for amounts due from subsidiary undertakings, and other receivables.

To measure expected credit losses, amounts due from subsidiary undertakings, and other receivables have been grouped by shared credit risk characteristics. In addition to the expected credit losses, the Company may make additional provisions for the particular receivables if the deterioration of financial position is observed.

During the year, the Company provided for £22 million (2022: £192 million) of doubtful debts for amounts owed by its subsidiary undertakings. £2 million (2022: £11 million) was written back to the Income Statement for provisions of doubtful debts no longer required.

The recoverability of the amounts owed by subsidiary undertakings is assessed on an annual basis or more frequently when an indication of impairment exists. Determining whether there is an indication of impairment requires judgement as the assessment is based on either net assets of the undertaking or forecast future performance.

NOTES TO THE ITV PLC COMPANY FINANCIAL STATEMENTS CONTINUED

Note v Net debt

Keeping it simple

The Directors manage the Group's capital structure as disclosed in section 4 to the consolidated financial statements. Borrowings, cash and derivative financial instruments are mainly held by ITV plc and disclosed in these Company financial statements.

Cash and cash equivalents

At 31 December 2023, the Company has a cash position of £226 million (2022: £197 million).

Loans and facilities due within one year

In January 2022, the Company entered into a new syndicated £500 million Revolving Credit Facility (RCF) to meet short-term funding requirements which was undrawn at 31 December 2023. The original terms of the RCF ran until January 2027; however, the Group took the opportunity to request an extension for one year on the first and second anniversary of the facility. As a result, £83 million of the RCF is committed until January 2028 and £417 million is committed until January 2029. The RCF was undrawn as at 31 December 2023 (2022: drawn-down by £50 million).

The €259 million Eurobond was repaid in December 2023. The sterling-equivalent repayment value, totalling £233 million, had been hedged using FX forward rate agreements.

Loans and loan notes due after one year

The Company has a €600 million Eurobond in issue at a fixed coupon of 1.375%, which matures in September 2026 and has been swapped back to sterling (£533 million) using a number of cross-currency interest rate swaps. The resulting fixed rate payable in sterling is c.2.9%.

A new £230 million term loan was taken out in the year, and was fully drawn-down in December 2023 in order to repay the €259 million Eurobond. The term loan matures in July 2027. Interest on the loan is determined as an aggregate of compounded SONIA plus a margin.

See section 4.1 of the Group Notes for further details of borrowings and available facilities.

Note vi Managing market risks: derivative financial instruments

What is the value of our derivative financial instruments?

	Assets 2023 £m	Liabilities 2023 £m
Current		
Foreign exchange forward contracts and swaps – fair value through profit or loss	5	(5)
Non-current		
Cross-currency interest swaps – cash flow hedges	–	(15)
Foreign exchange forward contracts and swaps – fair value through profit or loss	2	(1)
	7	(21)

	Assets 2022 £m	Liabilities 2022 £m
Current		
Foreign exchange forward contracts and swaps – fair value through profit or loss	7	(7)
Foreign exchange forward contracts and swaps – cash flow hedges	–	(1)
Non-current		
Cross-currency interest swaps – cash flow hedges	–	(8)
Foreign exchange forward contracts and swaps – fair value through profit or loss	2	(2)
	9	(18)

The Company employs cross-currency interest rate swaps to exchange the principal and interest coupons in a debt instrument from one currency to another.

Currency risk

The Company's foreign exchange policy is to use forward foreign exchange contracts and cross-currency interest rate swaps both to manage foreign currency cash flow timing differences and to hedge foreign currency denominated monetary items.

Cash flow hedges

In order to fix the sterling cash outflows associated with the commitments and interest payments – which are mainly denominated in euros – the Company has taken out forward foreign exchange contracts and cross-currency interest rate swaps for the same foreign currency amount and maturity date as the expected foreign currency outflow.

The amount recognised in other comprehensive income during the year all relates to the effective portion of the revaluation loss associated with these contracts. A cumulative loss of £26 million (2022: £37 million of cumulative gain) was recycled to the Consolidated Income statement to off-set movements on the hedged item, a residual £7 million loss (2022: £3 million loss) remained on the income statement which was not offset.

Under IFRS 9, the Company has adopted the 'cost of hedging' approach which allows the recognition of the value of the currency basis at inception of the hedge to be recorded on the Statement of Financial Position and amortised through net financing costs in the Income Statement over the life of the bond. Any mark-to-market change in fair value of the currency basis is recognised in 'cost of hedging' in the Statement of Comprehensive Income.

Undiscounted financial liabilities

The Company is required to disclose the expected timings of cash outflows for each of its derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest), so will not always reconcile with the amounts disclosed on the Statement of Financial Position.

At 31 December 2023*	Carrying value £m	Total contractual cash flows £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Non-current and current						
Cross-currency swaps – cash flow hedges						
Inflow	–	542	7	7	528	–
Outflow	(15)	(580)	(16)	(16)	(548)	–
Foreign exchange forward contracts and swaps – fair value through profit or loss						
Inflow	7	614	514	100	–	–
Outflow	(6)	(614)	(514)	(100)	–	–
	(14)	(38)	(9)	(9)	(20)	–

At 31 December 2022*	Carrying value £m	Total contractual cash flows £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Non-current and current						
Foreign exchange forward contracts and swaps – cash flow hedges						
Inflow	–	233	233	–	–	–
Outflow	(1)	(236)	(236)	–	–	–
Cross-currency swaps – cash flow hedges						
Inflow	–	560	7	7	546	–
Outflow	(8)	(596)	(16)	(16)	(564)	–
Foreign exchange forward contracts and swaps – fair value through profit or loss						
Inflow	9	570	403	136	31	–
Outflow	(9)	(570)	(403)	(136)	(31)	–
	(9)	(39)	(12)	(9)	(18)	–

* The Company is jointly and severally liable for VAT at 31 December 2023 of £43 million (31 December 2022: £35 million)

Note vii Share capital

	Allotted, issued and fully paid 2023 £m	Allotted, issued and fully paid 2022 £m
Allotted, issued and fully paid ordinary shares of 10 pence each	406	403
Total	**406**	**403**

The Company's ordinary shares give shareholders equal rights to vote, receive dividends and to the repayment of capital.

The Company issued 27 million ordinary shares in the year to the ITV Employees' Benefit Trust (EBT) to satisfy the share-based compensation awards. See note 4.8 for further details.

NOTES TO THE ITV PLC COMPANY FINANCIAL STATEMENTS CONTINUED

Note viii Equity and dividends

Keeping it simple

ITV plc is a non-trading investment holding company and derives its profits from dividends paid by subsidiary companies.

The Directors consider the Company's capital structure and dividend policy at least twice a year ahead of announcing results and do so in the context of its ability to continue as a going concern, to execute the strategy and to invest in opportunities to grow the business and enhance shareholder value.

The dividend policy is influenced by a number of the principal risks as identified on pages 57 to 64 that could have a negative impact on the performance of the Company.

In determining the level of dividend in any year, the Directors follow the dividend policy and also consider a number of other factors that influence the proposed dividend and dividend policy, including:

- The level of retained distributable reserves in ITV plc the Company
- Availability of cash resources (as disclosed in note 4.1 to the consolidated financial statements) and
- Future cash commitments and investment plans, to deliver the Company's long-term strategic plan
- Consideration of the factors underlying the Directors' viability assessment and
- The future availability of funds required to meet longer-term obligations including pension commitments.

Equity

The retained earnings reserve includes profit after tax for the year of £7 million (2022: £800 million), which includes dividends of £nil from subsidiaries in 2023 (2022: £980 million).

During the year, the Company provided for £22 million (2022: £192 million) of doubtful debts for amounts owed by its subsidiary undertakings. £2 million (2022: £11 million) was written back to the Income Statement for provisions of doubtful debts no longer required.

The recoverability of the amounts owed by subsidiary undertakings is assessed on an annual basis or more frequently when circumstances indicate that the carrying value may be impaired. Determining whether there is an indication of impairment requires judgement as the assessment is based on either net assets of the undertaking or forecast future performance.

The share premium of £174 million remains unchanged in the year. Other reserves of £34 million (2022: £29 million) comprises Merger reserves of £36 million (2022: £36 million) which relate to share buybacks in prior years and Translation reserves with net losses of £2 million (net losses of £7 million) which relate to cash flow hedges and cost of hedging.

Dividends

The Board recognises the importance of the ordinary dividend to ITV shareholders. Reflecting its confidence in the business and its strategy, as well as the continued strong cash generation, the Board proposes a final dividend of 3.3p (2022:3.3p), giving a full year dividend of 5.0p (2022: 5.0p) per share. In 2023, £201 million of dividends were paid (2022: £201 million), representing a final 2022 dividend of 3.3p per share and an interim 2023 dividend of 1.7p per share.

Note ix Contingent liabilities

Keeping it simple

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision where uncertainty may exist regarding the outcome of future events.

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

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

There are contingent liabilities in respect of certain litigation and guarantees, broadcasting issues, and in respect of warranties given in connection with certain disposals of businesses. None of these items are expected to have a material effect on the Group's results or financial position.

Under a Group registration, the Company is jointly and severally liable for VAT at 31 December 2023 of £43 million (31 December 2022: £35 million).

The Company has guaranteed certain performance and financial obligations of subsidiary undertakings.

Note x Capital and other commitments

There are contingent liabilities in respect of certain litigation and guarantees, broadcasting issues, and in respect of warranties given in connection with certain disposals of businesses. None of these items is expected to have a material effect on the Company's results or financial position.

The Company enters into guarantee contracts to guarantee the performance and/or financial obligations of other companies within the Group. In this respect, the Company treats these guarantee contracts as contingent liabilities until it becomes probable that the Company will be required to make a payment under the relevant guarantee.

The Company has a £300 million bilateral loan facility which matures on 30 June 2026. Utilisation requests are subject to the lender's ability to source ITV Credit Default Swaps (CDS) in the market at the time the utilisation request is made. The facility remains free of financial covenants. At 31 December 2023, the facility was undrawn.

During 2023, the Group secured £100 million of committed funding via a new bilateral RCF, which matures in December 2028. The terms and conditions, including financial covenants but not emissions targets, are aligned to the £500 million RCF facility. The facility is currently undrawn.

There are no capital commitments at 31 December 2023 (2022: none).

Note xi Related party transactions

Keeping it simple

The related parties identified by the Directors include amounts owed to and from subsidiary undertakings that are not wholly owned within the Group as well as transactions with key management. The Company is a holding company with no commercial activity.

To enable the users of the financial statements to form a view about the effects of related party relationships on the Company, we disclose the Company's transactions with those during the year.

Transactions with subsidiary undertakings that are not wholly owned

The amounts owed by and to these related parties at the year end were:

	2023 £m	2022 £m
Amounts owed by subsidiary undertakings that are not wholly owned	**42**	55
Amounts owed to subsidiary undertakings that are not wholly owned	**(24)**	(4)

Amounts owed by subsidiary undertakings that are not wholly owned relate mainly to funding provided to production companies in our Studios division.

Amounts owed to subsidiary undertakings that are not wholly owned, relate mainly to amounts owed to 3sixtymedia Limited and World Productions Limited.

Transactions with key management personnel

Key management consists of ITV plc Executive Directors.

Key management personnel compensation, on an accounting basis, is as follows:

	2023 £m	2022 £m
Short-term employee benefits	**3**	3
Share-based compensation	**2**	3
	5	6

Total emoluments and gains on share options received by key management personnel in the year were:

	2023 £m	2022 £m
Emoluments	**2**	3
Gains on exercise of share options	**1**	–
	3	3

SUBSIDIARY UNDERTAKINGS AND INVESTMENTS

Wholly-owned subsidiary undertakings of the Company at 31 December 2023, all of which are wholly owned (directly or indirectly) and incorporated and registered where stated.

Company Name	Country	% Holding
12 Yard Productions (Investments) Limited (1)(a)	UK	100
12 Yard Productions Limited (1)(a)	UK	100
A.C.E. (1988) Limited (1)(a)	UK	100
Back Productions Limited (7)(a)	UK	100
Big Talk Alone Limited (1)(a)	UK	100
Big Talk Cold Feet Limited (1)(a)	UK	100
Big Talk Friday Limited (1)(a)	UK	100
Big Talk Goes Wrong Limited (1)(a)	UK	100
Big Talk Horseface (1)(a)	UK	100
Big Talk I Hate You Limited (1)(a)	UK	100
Big Talk Investments Limited (1)(a)	UK	100
Big Talk Living the Dream Limited (1)(a)	UK	100
Big Talk Ludwig Limited (1)(a)	UK	100
Big Talk Offenders Limited (1)(a)	UK	100
Big Talk Peacock Limited (1)(a)	UK	100
Big Talk Pictures Limited (1)(a)	UK	100
Big Talk Studios Limited (1)(a)	UK	100
Boom Cymru TV Ltd (5)(a)	UK	100
Boom Pictures Limited (1)(a)	UK	100
Box Clever Technology Limited (1)(a)	UK	100
Box Clever Trustees Limited (83)(a)	UK	100
BritBox SVOD Limited (1)(a)	UK	100
Broad Street Films Limited (1)(a)	UK	100
Campania Limited (1)(a)(k)	UK	100
Carbon Media Limited (1)(a)	UK	100
Carlton Active Limited (1)(a)	UK	100
Carlton Cinema Limited (1)(a)	UK	100
Carlton Communications Limited* (1)(a)(d)	UK	100
Carlton Content Holdings Limited (1)(a)	UK	100
Carlton Film Distributors Limited (1)(a)	UK	100
Carlton Finance Limited (1)(a)	UK	100
Carlton Food Network Limited (1)(a)	UK	100
Carlton Programmes Development Limited (1)(a)	UK	100
Carlton Screen Advertising (Holdings) Limited (1)(a)	UK	100
Carltonco 99 Limited (1)(a)	UK	100
Carltonco Eighty-One Limited (1)(a)(b)	UK	100
Carltonco Fifty Limited (1)(a)(k)	UK	100
Carltonco Forty-Five Limited (1)(a)	UK	100
Carltonco Ninety-Six (1)(a)(f)	UK	100
Carltonco Seventeen Limited (1)(a)	UK	100
Castlefield Properties Limited (1)(a)	UK	100
Cat's on the Roof Media Limited (1)(a)	UK	100
Central Television Limited (1)(a)	UK	100
Channel Television Holdings Limited (1)(a)	UK	100
Cirkus Limited (1)(a)	UK	100
Cloth Cat LBB Limited (5)(a)	UK	100
Cosgrove Hall Films Limited (1)(a)	UK	100
Crook Productions Limited (1)(a)	UK	100
Cynhyrchiadau Boomerang Cyf (5)(a)	UK	100
Double Double Limited (1)(a)	UK	100
Electronic Rentals Group (1)(a)	UK	100
EQ Pictures Limited (1)(a)	UK	100
Gameface Productions Limited (1)(a)	UK	100
GIL Limited (1)(a)	UK	100
Gorilla TV Group Limited (5)(a)	UK	100
Gorilla TV Limited (5)(a)	UK	100
Granada AV Solutions Limited (1)(a)	UK	100
Granada Film (1)(a)	UK	100
Granada Film Productions Limited (1)(a)	UK	100
Granada Group Limited (1)(a)	UK	100
Granada Limited (1)(a)	UK	100
Granada Media Limited (1)(a)(l)	UK	100
Granada Screen (2005) Limited (1)(a)	UK	100
Granada Television Limited (1)(a)	UK	100
Granada Television Overseas Limited (1)(a)	UK	100
Granada UK Rental and Retail Limited (1)(a)(e)	UK	100
Interactive Telephony Limited (1)(a)	UK	100

Company Name	Country	% Holding
International Television Enterprises London Limited (1)(a)(d)	UK	100
ITC Distribution (1)(a)	UK	100
ITC Entertainment Group Limited (1)(a)	UK	100
ITC Entertainment Holdings Limited (1)(a)	UK	100
ITV (Scotland) Limited (20)(a)	UK	100
ITV 112 Limited (9)(a)	UK	100
ITV AdVentures Limited (1)(a)	UK	100
ITV Alder Limited (1)(a)	UK	100
ITV Archie Limited (1)(a)	UK	100
ITV Barking Limited (1)(a)	UK	100
ITV Breakfast Broadcasting Limited (1)(a)	UK	100
ITV Breakfast Limited (1)(a)	UK	100
ITV Broadcasting Limited (1)(a)	UK	100
ITV Central Limited (1)(a)	UK	100
ITV Consumer Limited (1)(a)	UK	100
ITV DC Trustee Limited (1)(a)	UK	100
ITV Digital Channels Limited (1)(a)	UK	100
ITV Duneen Limited (1)(a)	UK	100
ITV Enterprises Limited (1)(a)	UK	100
ITV Grace Limited (1)(a)	UK	100
ITV Holdings Limited (1)(a)	UK	100
ITV International Channels Limited (1)(a)	UK	100
ITV Investments Limited* (1)(a)	UK	100
ITV JCDM Limited (1)(a)	UK	100
ITV LTVC (Scotland) Limited (20)(a)	UK	100
ITV Mandrake Limited (1)(a)	UK	100
ITV Maternal Limited (1)(a)	UK	100
ITV Meridian Limited (1)(a)	UK	100
ITV Nightingale Limited (1)(a)	UK	100
ITV Pension Scheme Limited (1)(a)(b)	UK	100
ITV POS Limited (1)(a)	UK	100
ITV Properties (Developments) Limited (1)(a)	UK	100
ITV Ralph and Katie Limited (1)(a)	UK	100
ITV RE Limited (1)(a)	UK	100
ITV Rights Limited (1)(a)	UK	100
ITV Services Limited (1)(a)(e)	UK	100
ITV Shetland Limited (1)(a)	UK	100
ITV Spy Limited (1)(a)	UK	100
ITV Studios Limited (1)(a)	UK	100
ITV Studios Global Distribution Limited (1)(a)	UK	100
ITV Studios (Israel) Limited (1)(a)	UK	100
ITV Supplementary Pension Scheme Limited (1)(a)	UK	100
ITV TFG Holdings Limited (1)(a)	UK	100
ITV The Bay Limited (1)(a)	UK	100
ITV The Reckoning Limited (1)(a)	UK	100
ITV TLC Limited (1)(a)	UK	100
ITV Top Class Limited (1)(a)	UK	100
ITV Venturer Limited (1)(a)	UK	100
ITV Ventures Limited (1)(a)	UK	100
ITV Vera Limited (1)(a)	UK	100
ITV Wales & West Limited (1)(a)	UK	100
ITV WKOW Limited (1)(a)	UK	100
ITV Y&M Limited (1)(a)	UK	100
ITV2 Limited (1)(a)	UK	100
Juice Music UK Limited (1)(a)	UK	100
London News Network (1)(a)	UK	100
London Weekend Television Limited (1)(a)	UK	100
LWT (Holdings) Limited (1)(a)(c)	UK	100
Mammoth Screen (End) Limited (1)(a)	UK	100
Mammoth Screen (End2) Limited (1)(a)	UK	100
Mammoth Screen (End9)Limited (1)(a)	UK	100
Mammoth Screen (End6) Limited (1)(a)	UK	100
Mammoth Screen (End7) Limited (1)(a)	UK	100
Mammoth Screen (End8) Limited (1)(a)	UK	100
Mammoth Screen (Evans) Limited (1)(a)	UK	100
Mammoth Screen (BHR) Limited (1)(a)	UK	100
Mammoth Screen (GK) Limited (1)(a)	UK	100

Company Name	Country	% Holding
Mammoth Screen (MD) Limited (1)(a)	UK	100
Mammoth Screen (MD2) Limited (1)(a)	UK	100
Mammoth Screen (MIE) Limited (1)(a)	UK	100
Mammoth Screen (NC) Limited (1)(a)	UK	100
Mammoth Screen (Pol2) Limited (1)(a)	UK	100
Mammoth Screen (Pol3) Limited (1)(a)	UK	100
Mammoth Screen (Pol4) Limited (1)(a)	UK	100
Mammoth Screen (Pol5) Limited (1)(a)	UK	100
Mammoth Screen (Poldark) Limited (1)(a)	UK	100
Mammoth Screen (QV) Limited (1)(a)	UK	100
Mammoth Screen (Serpent) Limited (1)(a)	UK	100
Mammoth Screen (TJ) Limited (25)(a)	UK	100
Mammoth Screen (Tower) Limited (1)(a)	UK	100
Mammoth Screen (VF) Limited (1)(a)	UK	100
Mammoth Screen (Vic3) Limited (1)(a)	UK	100
Mammoth Screen (WOF) Limited (1)(a)	UK	100
Mammoth Screen (WOF2) Limited (25)(a)	UK	100
Mammoth Screen (WOTW) Limited (1)(a)	UK	100
Mammoth Screen Ltd (1)(a)	UK	100
Metavision Limited (1)(a)	UK	100
Millbank Studios (1)(a)	UK	100
Monumental Television Limited (1)(a)	UK	100
Morning TV Limited (1)(a)	UK	100
Moving Picture Company Films Limited (1)(a)	UK	100
MT Ghosts Limited (1)(a)	UK	100
MT Marlow Murder Club Limited (1)(a)	UK	100
MT Mrs Sidhu Limited (1)(a)	UK	100
MT Maryland Limited (1)(a)	UK	100
MT Murder in Provence Limited (1)(a)	UK	100
New Providence Productions Limited (1)(a)	UK	100
Output Productions Limited (3)(a)	UK	100
Oxford Scientific Films Limited (5)(a)	UK	100
Pickwick Packaging Limited (1)(a)	UK	100
Planet Woo Limited	UK	100
Planet V Limited (1)(a)	UK	100
Possessed Limited (1)(a)	UK	100
QSP ATF Limited (1)(a)	UK	100
QSP Buried Limited (1)(a)	UK	100
QSP FMO Limited (1)(a)	UK	100
QSP Ghosted Limited (1)(a)	UK	100
QSP Men Up Limited (5)(a)	UK	100
QSP MU Limited (1)(a)	UK	100
QSP MY Limited (1)(a)	UK	100
QSP PD Limited (1)(a)	UK	100
QSP TRK Limited (1)(a)	UK	100
QSP Nolly Limited (1)(a)	UK	100
QSP SO limited (1)(a)	UK	100
SDN Limited (1)(a)	UK	100
Second Act (Grace) Limited (1)(a)	UK	100
Second Act Productions Limited (1)(a)	UK	100
Sightseers Film Limited (1)(a)	UK	100
So Television Limited (1)(a)	UK	100
The Addressable Platform Limited	UK	100
The Garden Productions Limited (1)(a)	UK	100
TwoFour Broadcast Limited (3)(a)	UK	100
TwoFour Group Holdings Limited (1)(a)	UK	100
TwoFour Group Limited (3)(a)	UK	100
UTV Limited (24)(a)	UK	100
UTV Pension Scheme Limited (24)(a)	UK	100
Westcountry Television Limited (1)(a)	UK	100
World of Sport Wrestling Limited (1)(a)	UK	100
Yorkshire Television Limited (1)(a)	UK	100
Zebedee Productions Limited (1)(a)	UK	100
Artist Services Cable Pty Ltd (26)(a)	Australia	100
Artist Services Investments Pty Limited (26)(a)	Australia	100
Artist Services Productions Pty Ltd (26)(a)	Australia	100
Granada Media International (Australia) Pty Ltd (26)(a)	Australia	100
Granada Media Investments (Australia) Pty Ltd (26)(a)	Australia	100
Granada Productions Pty Ltd (26)(a)	Australia	100

Company Name	Country	% Holding
ITV Services Pty Ltd (26)(a)	Australia	100
ITV Studios Australia Pty Limited (26)(a)	Australia	100
ITV Studios Global Distribution Pty Limited (26)(a)	Australia	100
ITV SVOD Australia Pty Limited (26)(a)	Australia	100
Totally Full Frontal Productions Pty Limited (26)(a)	Australia	100
ITV Holdings (Cayman) Limited (27)(a)	Cayman Islands	100
ITV Studios Denmark Holdings Aps (73)(a)	Denmark	100
United Productions ApS (74)(a)	Denmark	100
ITV Studios Finland Oy (40)(a)	Finland	100
Granada (Fiji) Pte Ltd. (48)(a)	Fiji	100
ITV Studios France Holdings SAS (64)(a)	France	100
ITV Studios TV France (64)(a)	France	100
ITV Studios France SAS (64)(a)	France	100
Tangaro (51)(a)	France	100
Phara Prod International (51)(a)	France	100
Tetra Media Studios SAS (51)(a)	France	100
Bildergarten Entertainment GmbH (55)(a)	Germany	100
ITV Studios Germany GmbH (28)(a)	Germany	100
ITV Studios Germany Holdings GmbH (28)(a)	Germany	100
ITV Studios Germany Fiction GmbH (55)(a)	Germany	100
Oystercatcher GmbH (55)(a)	Germany	100
Windlight Pictures GmbH (44)(a)	Germany	100
Elecrent Insurance Limited (21)(a)	Guernsey	100
ITV Studios Global Distribution (Hong Kong) Limited (58)(a)	Hong Kong	100
Talpa China Limited (57)(a)	Hong Kong	100
Armoza International Media Ltd (56)(a)	Israel	100
Channel Television Limited (22)(a)	Jersey	100
ITV London Properties Limited (23)(a)	Jersey	100
ITV Properties (Jersey) Limited (23)(a)	Jersey	100
Global Music & Talent Agency B.V. (41)(a)	Netherlands	100
ITV (Europe) Holdings B.V.* (41)(a)	Netherlands	100
ITV Studios Global Entertainment B.V. (41)(a)	Netherlands	100
ITV Studios Holding B.V.* (41)(a)	Netherlands	100
ITV Studios Netherlands B.V. (42)(a)	Netherlands	100
ITV Studios Netherlands Content B.V. (42)(a)	Netherlands	100
ITV Studios Netherlands Drama B.V. (43)(a)	Netherlands	100
ITV Studios Netherlands Holding B.V. (43)(a)	Netherlands	100
ITV Studios Norway AS (70)(a)	Norway	100
ITV Studios Norway Vest AS (70)(a)	Norway	100
ITV GE (Asia) Pte Limited (77)(a)	Singapore	100
ITV Studios Spain SL (78)(a)	Spain	100
ITV Studios Netherlands Servicios SL (84)(a)	Spain	100
ITV Studios Sweden Drama AB (59)(a)	Sweden	100
ITV Studios Scandinavia Holdings AB (59)(a)	Sweden	100
ITV Studios Germany GmbH, Köln, Zweigniederlassung Zürich (60)(m)	Switzerland	100
ALB1819 Productions Inc. (30)(j)	USA	100
Bertha Productions LLC (30)(h)	USA	100
Big Return Productions LLC (30)(h)	USA	100
Cardinal Productions of Ohio, Inc. (30)(j)	USA	100
Carlton Media Company, Inc. (30)(j)	USA	100
Cranktown Productions Inc. (30)(j)	USA	100
Critical Productions Inc (30)(j)	USA	100
Electric Farm Entertainment Holdings Inc. (30)(j)	USA	100
Feeding Time Productions, LLC (34)(h)	USA	100
Fourth State Productions Inc (35) (j)	USA	100
Gear Shop Inc. (30)(j)	USA	100
Got A Text Inc. (30)(j)	USA	100
Granada Cracker US Productions (32)(j)	USA	100
Granada Television International, Inc. (30)(j)	USA	100
Grafting 101, Inc. (30)(h)	USA	100
Gurney Productions, LLC (32)(h)	USA	100
GWC Enterprises Inc. (30)(j)	USA	100
Hamdon Entertainment, Inc. (30)(j)	USA	100
High Noon Group, LLC (33)(h)	USA	100
High Noon Productions, LLC (33)(h)	USA	100
ITC Distribution, LLC (30)(h)	USA	100
ITC Entertainment Group, Inc (30)(j)	USA	100
ITC Films, LLC (30)(h)	USA	100

SUBSIDIARY UNDERTAKINGS AND INVESTMENTS CONTINUED

Company Name	Country	% Holding
ITC Productions, LLC (30)(h)	USA	100
ITV America Inc. (30)(j)	USA	100
ITV Bedrock Holding, Inc. (30)(h)	USA	100
ITV Believe Holding, Inc. (30)(j)	USA	100
ITV Blumhouse Holding Inc (30)(j)	USA	100
ITV Diga Holding, Inc (30)(j)	USA	100
ITV Entertainment Services Inc.(30)(j)	USA	100
ITV Global Entertainment, Inc. (30)(j)	USA	100
ITV Gurney Holding Inc. (30)(j)	USA	100
ITV HN Holding Inc. (30)(j)	USA	100
ITV International Corporation (30)(j)	USA	100
ITV Leftfield Holding Inc. (30)(j)	USA	100
ITV New Form Holding Inc. (30)(j)	USA	100
ITV NewTV Holding Inc. (30)(j)	USA	100
ITV Popco Holding Inc. (30)(j)	USA	100
ITV Southpoint Holding Inc (30)(j)	USA	100
ITV Studios America Inc. (30)(j)	USA	100
ITV Studios, Inc. (32)(j)	USA	100
ITV Studios The Voice USA, Inc. (32)(j)	USA	100
ITV SVOD Holding Inc. (30)(j)	USA	100
ITV Thinkfactory Holding Inc. (30)(j)	USA	100
ITV Tomorrow Holding, Inc. (30)(j)	USA	100
ITV US Holdings, Inc. (30)(j)	USA	100
JB Entertainment Holding Company, Inc. (30)(j)	USA	100
Kirkstall Road Enterprises, Inc. (30)(j)	USA	100

Company Name	Country	% Holding
Krewed Inc (30)(j)	USA	100
Leftfield Entertainment, LLC (30)(h)	USA	100
Leftfield Pictures of NY Holdings, LLC (30)(h)	USA	100
Leftfield Pictures of NY, LLC (30)(h)	USA	100
Leftfield Ventures, LLC (30)(h)	USA	100
Loud Television, LLC (30)(h)	USA	100
LWT Enterprises Inc. (30)(j)	USA	100
Marriage Boot Camp Reality Stars, LLC (30)(h)	USA	100
Moving Pictures Services Inc. (30)(j)	USA	100
Outpost Entertainment LLC, (30)(h)	USA	100
Over the Pond Productions, Inc. (30)(j)	USA	100
Poison Pen Studios Inc. (30)(j)	USA	100
Post 460 Inc (30)(j)	USA	100
Quay Street Enterprises, Inc. (30)(j)	USA	100
Sandia Pictures Inc (30)(j)	USA	100
Sirens Media, LLC (30)(h)	USA	100
Solowe Productions Inc (30)(j)	USA	100
Southbank Studios Inc. (30)(j)	USA	100
Southsquare Productions Inc. (30)(j)	USA	100
The Casting Hive Inc. (30)(j)	USA	100
Thinkfactory Group, LLC (30)(h)	USA	100
Thinkfactory Media, LLC (30)(h)	USA	100
Trailer Park Productions, Inc (30)(j)	USA	100
Upper Ground Enterprises, Inc. (30))(j)	USA	100

OTHER SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS

Company Name	Country	% Holding
Absolutely Rights Limited (6)(f)	UK	20
That Mitchell and Webb Company Limited (7)(a)	UK	20
BARB Audiences Limited (82)(i)	UK	20.6
Live Tech Games Limited (78)(a)(e)	UK	21.21
Route 24 Limited (17)(a)	UK	24.9
DTV Services Limited (13)(a)	UK	25
Clearcast Limited (11)(a)	UK	25
Genial Productions Limited (39)(a)	UK	25
Koska Limited (53)(a)	UK	25
South Shore Productions Limited (54) (a)	UK	25
Thinkbox TV Limited (16)(a)	UK	28.58
Independent Television News Limited (15)(a)	UK	40
Malacara Limited (5)(a)	UK	49
British Film-Makers Limited (1)(a)	UK	50
Denipurna Limited (1)(a)	UK	50
Digital 3 and 4 Limited (12)(a)	UK	50
Noho Film and Television Limited (18)(a)	UK	50
Standard Music Limited (19)(a)	UK	50
Tell Me Everything Limited (18)(a)	UK	50
BritBox International Limited (1)(a)	UK	50
BritBox International Trading Limited (1)(a)	UK	50
3sixtymedia Limited (1)(a)	UK	80
Escapade Bidco Limited (1)(a)	UK	79.5
Plimsoll Productions Limited (1)(a)	UK	79.5
Plimsoll International Ltd (1)(a)	UK	79.5
Year on Earth Productions Ltd (1)(a)	UK	79.5
Titan Productions Ltd (1)(a)	UK	79.5
Magnify Content Media Ltd (1)(a)	UK	79.5
Age Before Beauty Limited (4)(a)	UK	90
Gold Digger Productions Limited (4)(a)	UK	90
Mainstreet Pictures Limited (4)(a)	UK	90
Unforgotten Productions Limited (4)(a)	UK	90
WP Anne Limited (1)(a)	UK	95
WP Bodyguard Limited (1)(a)	UK	95
WP Delia Limited (1)(a)	UK	95
WP LOD5 Limited (1)(a)	UK	95
WP Vigil Limited (1)(a)	UK	95

Company Name	Country	% Holding
WP Fifteen Limited (1)(a)	UK	95
WP Lockerbie Limited (1)(a)	UK	95
WP LOD6 Limited (1)(a)	UK	95
WP Save Me 2 Limited (1)(a)	UK	95
WP The Gathering Limited (1)(a)	UK	95
WP Diplomat Limited (1)(a)	UK	95
WP Showtrial Limited (1)(a)	UK	95
WP The Suspect Limited (1)(a)	UK	95
WP Pembrokeshire Limited (1)(a)	UK	95
WP Karen Pirie Limited (1)(a)	UK	95
WP Malpractice Limited (1)(a)	UK	95
WP RM Limited (1)(a)	UK	95
World Productions Limited (1)(a)	UK	95
GC Films Pty Limited (26)(a)	Australia	49
BritBox Australia Management Pty Limited (38)(a)	Australia	50
ATP Post Pty Ltd	Australia	51
ES Productions Pty Ltd	Australia	51
Lingo Pictures Pty Ltd	Australia	51
Messenger Productions Pty Ltd	Australia	51
Prosper Productions Pty Ltd	Australia	51
Queen of Oz Productions Pty Ltd	Australia	51
Secrets Productions Pty Ltd	Australia	51
Secrets 2 Productions Pty Ltd	Australia	51
Upright Productions Pty Ltd	Australia	51
Upright Productions 2 Pty Ltd	Australia	51
Apple Tree Productions ApS (75)(a)	Denmark	51
Gedesel (52)(a)	France	50
SCI MD 60 (51)(a)	France	50
15.15 Productions (71)(a)	France	51
Funny Corp (51)(a)	France	51
Macondo Productions Audiovisuels (51)(a)	France	51
Beaubourg Stories 2 (72)(a)	France	56.01
Eldorado Fiction (51)(a)	France	62.4
Beaubourg Stories (72)(a)	France	70.01
Balina Films (72)(a)	France	72.51
Beaubourg Fiction (72)(a)	France	72.51
Tetra Media Fiction (51)(a)	France	78

Company Name	Country	% Holding
Colette Productions (51)(a)	France	80
Shoot Again Productions (51)(a)	France	95
Beaubourg Audiovisual (51)(a)	France	95
Think Cattleya Srl (37)(a)	Italy	40
Radio Cattleya Srl (37)(a)	Italy	80
Cattleya Srl (37)(a)	Italy	80
Cattleya International Srl (37)(a)	Italy	51
Cattleya Producciones SL (37)(a)	Spain	51
Appletree Productions AB (59)(a)	Sweden	51
ITV Studios Sweden AB (59)(a)	Sweden	100
Maximum Media Production FZ-LLC (63)(a)	UAE	100
ITV Studios Arabia Holding Ltd (63)(a)	UAE	100
ITV Studios Middle East FZ-LLC (63)(a)	UAE	90.2
Tomorrow Friends LLC (30)(h)	USA	45

Company Name	Country	% Holding
Bedrock Entertainment LLC (30)(h)	USA	40
Southrock Productions LLC (30)(h)	USA	40
BritBox, LLC (36)(h)	USA	50
Blumhouse TV Holdings LLC (30)(h)	USA	45
Work Friends LLC (30)(h)	USA	45
Circle of Confusion Television Studios LLC (30)(h)	USA	51
South Circle Productions LLC (30)(h)	USA	51
BB Rights, LLC (30)(h)	USA	50
Jaffe/Braunstein Entertainment, LLC (31)(h)	USA	51
Tomorrow Studios LLC (30)(h)	USA	60
Next Steps Productions, LLC (30)(h)	USA	60
Plimsoll Productions USA, Inc	USA	79.5
Yellow Productions USA, Inc	USA	79.5

MEMBERSHIPS, PARTNERSHIPS AND COMPANIES LIMITED BY GUARANTEE

Company Name	Country	% Holding
ITV Network Limited (1)(i)	UK	100
ITV LTVC Scottish Limited Partnership (68)(h)**	UK	100
ITV Scottish Limited Partnership (68)(h)**	UK	100
Producers Rights Agency Limited (66)(i)	UK	50
DTT Multiplex Operators Limited (67)(i)	UK	25

Company Name	Country	% Holding
Everyone TV Limited (13)(i)	UK	25
BritBox Australia Partnership	Australia	50
Futureflip Entertainment India LLP (69)(h)	India	100
The Lab Television 2013 Limited Partnership (61)(a)	Israel	50
The Lab Television Limited (61)(a)	Israel	50

ADDRESS KEY

(1) ITV White City, 201 Wood Lane, London W12 7RU, United Kingdom
(2) 218 Penarth Road, Cardiff, CF11 8NN, United Kingdom
(3) Twofour Studios, Estover, Plymouth, Devon, PL6 7RG, United Kingdom
(4) Kingsbourne House, 229–231 High Holborn, London, WC1V 7DA, United Kingdom
(5) Gloworks, Porth Teigr Way, Cardiff, Wales, CF10 4GA, United Kingdom
(6) 18 The Glasshouse Studios, Fryern Court Road, Fordingbridge, Hampshire, SP6 1NG, United Kingdom
(7) 26 Nassau Street, London, W1W 7AQ, United Kingdom
(8) 5 New Street Square, London, EC4A 3TW, United Kingdom
(9) Orange Tower, Media City UK, Salford M50 2HF
(10) The Met Building, 22 Percy Street, London, W1T 2BU, United Kingdom
(11) 4 Roger Street, 2nd Floor, London, WC1X 2JX, United Kingdom
(12) 124 Horseferry Road, London, SW1P 2TX, United Kingdom
(13) Tryptych Bankside, 6th Floor, 185 Park Street, London, SE1 9SH
(14) 23-24 Newman Street, London, W1T 1PJ, United Kingdom
(15) 200 Gray's Inn Road, London, WC1X 8HF, United Kingdom
(16) Manning House, 22 Carlisle Place, London, SW1P 1JA, United Kingdom
(17) 325-327 Oldfield Lane North, Greenford, Middlesex, United Kingdom, UB6 0FX
(18) 3rd Floor 20-22 Berkeley Square, London, United Kingdom, W1J 6EQ
(19) Roundhouse, 212 Regent's Park Road, London, NW1 8AW, United Kingdom
(20) Quartermile One, 15 Lauriston Place, Edinburgh, Scotland, EH3 9EP, United Kingdom
(21) PO Box 230, Heritage Hall, Le Merchant Street, St Peter Port, Guernsey, GY1 4JH
(22) Le Capelain House, Castle Quay, St. Helier, JE2 3EH, Jersey
(23) Ogier House, The Esplanade, St. Helier, JE4 9WG, Jersey
(24) City Quays 2, 8th Floor, 2 Clarendon Road, Belfast, BT1 3YD, United Kingdom
(25) Office 306, Forsyth House, Cromac Square, Belfast, Northern Ireland, BT2 8LA, United Kingdom
(26) Level 4, 19 Harris Street Pyrmont NSW 2009
(27) Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands
(28) Agrippastraße, 87-93, 50676, Köln, Germany
(29) Keplerstrasse 4-6, 10589, Berlin, Germany
(30) The Corporation Trust Company, Corporate Trust Center, 1209 Orange Street, Wilmington, Newcastle, DE 19801, USA
(31) 321 Southern Beverly Drive, Suite M, Beverly Hills, CA 90212, USA
(32) CT Corporation System, 818 West Seventh Street, Suite 930, Los Angeles, CA 90017, USA
(33) The Hodson Law Firm, 1129, East 17th Avenue, Denver, CO 80014, USA
(34) CT Corporation System, 3867 Plaza Tower Drive East Baton Rouge Parish, Baton Rouge, LA 70816, USA
(35) CT Corporation System, 289 S. Culver Street, Lawrenceville, GA, 30046-4805, USA
(36) 1120 Avenue of Americas, 5th Floor, New York, NY10036, USA
(37) Piazzale Valerio Massimo, 7, 00162, Roma, Italy
(38) Level 1, 35–51 Mitchell Street, McMahons Point, NSW 2060, Australia
(39) 39 Long Acre, London, WC2E 9LG, United Kingdom
(40) Hämeentie 15A, 00500 Helsinki, Finland
(41) Familie de Mollaan 1, 1217 ZB, Hilversum, Netherlands
(42) Koos Postemalaan 8, 1217 ZC, Hilversum, Netherlands
(43) Haarlemmer Houttuinen, 21 1013 GL, Amsterdam, Netherlands
(44) Rumfordstrasse 21a, Munchen, 80469, Germany
(45) Noorderweg 8, 1221 AA, Hilversum, Netherlands
(46) Zevenend 45, 1251 RL, Laren, North Holland, Netherlands
(47) Hollandse Kade 34, 1391JM, Abcoude, Netherlands
(48) Level 3, Pacific House, Butt Street. Suva, Fiji
(49) Westersingel 108, 3015 LD Rotterdam, Netherlands
(50) Keizersgracht 149a, 1015CL, Amsterdam, Netherlands
(51) 60 rue Marcel Dassault, 92100, Boulogne-Billancourt, France
(52) 4 rue de Commaille, 75007, Paris, France
(53) Europa House, Goldstone Villas, Hove, Sussex BN3 3RQ
(54) 210 High Holborn, London, England, WC1V 7HD
(55) Genthiner Strasse 5, 10785 Berlin, Germany
(56) 16 Haarbaa St, Tel Aviv 6473916, Israel
(57) 11/F, Unit B, Winbase Centre, 208 Queen's Road Central, Sheung Wan, Hong Kong
(58) Rooms 517–520, 5th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong

SUBSIDIARY UNDERTAKINGS AND INVESTMENTS CONTINUED

(59) Soder Malarstrand 65, 11825, Stockholm, Sweden
(60) Scharenmoosstrasse 105, 8052, Zurich, Switzerland
(61) 23 Habarzel Street, Tel Aviv, 69710, Israel
(63) Building 2, Dubai Media City, Dubai, UAE
(64) 12 boulevard des Iles, 92130 Issy-les-Moulineaux, Paris, France
(65) Avenida Cidade de Lisboa, Frente Sucupira, 2° andar, Cidade de Praia, Cape Verde
(66) Fitzrovia House, (3rd Floor), 153-157 Cleveland Street, London, W1T 6QW, United Kingdom
(67) 27 Mortimer Street, London, England, W1T 3JF
(68) C/O Dentons UK and Middle East LLP, Quartermile One 15 Lauriston Place, Edinburgh, EH3 9EP
(69) #1302, Tower-3, Indiabulls Finance Centre, Senapati Bapat Road, Elphinstone Road (West), Mumbai, Mumbai City, Maharashtra 40013, India
(70) Lars Hilles Gate 30, 5008, Bergan, Norway
(71) 10 rue Maître Jacques, 92100 Boulogne, Billancourt, France
(72) 5–7 rue Saint-Augustin, 75002, Paris, France
(73) DLA Piper Denmark, Radhuspladsen 4, 1550 Kobenhavn V, Denmark
(74) Finsensvej 6E, 2000, Frederiksberg, Denmark
(75) Aumento Advokatfirma, Ny Osteragde 3,4, 1101, Kobenhavn, Denmark
(76) 120 West 3rd Avenue #201, Vancouver BC V5Y 1E9, Canada
(77) 101c Telok Ayer Street, Singapore 068574
(78) Calle Velaquaz 18, 6-D, 28001 Madrid, Spain
(79) 3 Kings Brook Close, Rempstone, Loughborough, England, LE12 6RR
(80) 9th Floor, Azar Building, Sami Solh Avenue, Beiruit, Lebanon
(81) 1 Television Centre, 101 Wood Lane, London, United Kingdom, W12 7FA
(82) 3rd Floor, 20 Orange Street, London, United Kingdom, WC2H 7EF
(83) Portwall Place, Portwall Lane, Bristol, BS1 6NA
(84) Calle Puccini 3, San Bartolome de Tirajana, 35109 Las Palmas, Gran Canaria, Spain

INTEREST KEY

(a) Ordinary
(b) Deferred
(c) Special deferred
(d) Redeemable preference
(e) Cumulative preference
(f) Cumulative redeemable preference
(g) Convertible preference
(h) Membership / Partnership
(i) Guarantee
(j) Common
(k) Preference
(l) Part Preference
(m) Branch

* Direct subsidiary
** Having met the criteria under Regulation 7 of the Partnership (Account) Regulations 2008 (SI 2008/569) these Limited Partnerships have taken the exemption to deliver accounts to the Registrar of Companies

GLOSSARY

Advertiser funded platform or channel – platform or channels that include advertising as part of the user experience e.g. ITV Family of channels, ITVX

Broadcasters' Audience Research Board (BARB) – organisation owned by broadcasters and advertisers, providing data on linear and online television viewing statistics by UK households

Catch up viewing – non-live viewing of recently broadcast television programmes, either via a recording device, often called a personal video recorder (PVR) or digital video recorder (DVR), such as Sky or through a streaming service such as ITVX, BBC iPlayer, Channel 4 or My5

Channel 3 licences – the 15 regional licences and one national licence awarded to transmit Channel 3 across the UK. All are owned by ITV except for two of the regional licences which are owned by STV

Digital revenue – includes revenue from digital advertising, subscription, linear addressable advertising, digital sponsorship and commercial partnerships, ITV Win (digital competitions platform) and other revenues from digital business ventures

FAST channels – Free Ad-supported Streaming TV services – curated, data-driven channels that are always on with content that evolves and changes depending on viewer preferences

Free-to-air (FTA) television – viewing of television through devices not requiring a subscription such as the Freeview or Freesat services

Intellectual Property (IP) – intangible property that is the result of creativity

Inventory – advertising inventory is the number of advertisements or amount of advertising space, which we have available to sell to advertisers

Impact or Commercial Impact – one Commercial Impact is defined as one viewer watching one 30-second television commercial

ITV Family – the ITV family of linear TV channels which includes ITV1, ITV2, ITV3, ITV4, ITVBe, CITV (which moved onto ITVX in H2 2023) and all associated +1 and HD equivalents

Linear television – television service where the viewer has to watch a scheduled TV programme at the particular time it is offered, and on the particular channel it is presented on

Monthly Active User (MAU) – the average number of monthly registered users across a defined period who accessed ITV owned and operated on-demand platforms (web, mobile, or connected TV)

Net Advertising Revenue (NAR) – the amount of money received by a broadcaster as payment for television spot advertising net of any commission paid to agencies

Non-consolidated licensees – the two regional channel 3 licences that ITV does not own. These licences are owned by STV and revenues received from these licences for ITV programming content are referred to as minority revenues

Ofcom – communications regulator in the UK who regulate the TV, radio and video-on-demand sectors, fixed-line telecoms (phones), mobiles and postal services, plus the airwaves over which wireless devices operate

SDN – multiplex operator owned by ITV, which operates one of the eight national multiplex licences in the UK on Freeview

Share of Commercial Impacts (SOCI) – the term used to define the share of total UK television commercial impacts delivered by one channel or group of channels. This measure excludes viewing of BBC channels as they do not generate commercial impacts. Unless stated otherwise, SOCI figures cited throughout this report are based on BARB data and are based on the universe of Adults (16+)

Share of Viewing (SOV) – the share of the total viewing audience during a defined period gained by a programme or channel. This measure includes viewing of BBC channels. Unless stated otherwise, SOV figures cited throughout this report are based on BARB data and are based on the universe of individuals

Share of Commercial Viewing (SOCV) – the share of total viewing of audiences during a defined period as a proportion of all ad-supported commercial broadcaster viewing in the UK. This measure excludes the BBC

Simulcast viewing – viewing live TV channels via a broadcaster's streaming service such as ITVX, at the same time as broadcast on linear TV

Spot advertising – linear television advertising occupying a short break during or between programmes

Streaming service – online provider of unlimited, on-demand streaming of content such as TV shows, films and original programming over the internet to a TV, computer, or mobile device

Subscriptions – users of ITVX's premium tier, which includes those who pay ITV directly, those who are paid for by an operator, and free trialists

Subscription streaming service – a paid-for, subscription streaming service available to subscribers on demand but for a fee e.g. ITVX premium

Total Advertising Revenue (TAR) – this includes ITV Family NAR, advertising via ITVX, programme sponsorship revenue and other affiliated advertising revenue streams

Total ITV Streaming Hours – the total number of hours viewers spent watching ITV across all streaming platforms. This figure includes both advertiser-funded and subscription streaming

YouView – a joint venture (with the BBC, Channel 4, Channel 5, BT, TalkTalk, and Arqiva) to operate and promote a hybrid television platform combining Freeview channels with catch up and on-demand service

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