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11 August 2022

Videndum plc

(Formerly The Vitec Group plc)

2022 Interim Results

Record Half Year Results

Videndum plc ("the Company" or "the Group"), the international provider of premium branded hardware products and software solutions to the growing content creation market, announces its results for the half year ended 30 June 2022.

Results	**H1 2022**	**H1 2021**	**% change**
Revenue	£223.6m	£181.4m	+23%
Adjusted operating profit*	£30.0m	£21.9m	+37%
*Adjusted operating margin**	*13.4%*	*12.1%*	*+1.3%pts*
Adjusted profit before tax*	£27.1m	£20.0m	+36%
Adjusted basic earnings per share*	45.4p	32.7p	+39%
Dividend per share	15.0p	11.0p	+36%
Free cash flow*	£19.3m	£15.8m	+22%
Net debt*	£194.1m	£102.0m	+90%
Statutory results			
Operating profit	£19.7m	£17.0m	+16%
Operating margin	*8.8%*	*9.4%*	*-0.6%pts*
Profit before tax	£16.4m	£15.1m	+9%
Basic earnings per share	28.0p	24.4p	+15%

H1 2022 financial highlights

- Record H1 revenue (+23%) and adjusted profit before tax* (+36%)
  - Revenue up 11% on an organic, constant currency basis
  - Adjusted operating margin* improved and on track towards mid-to-high teen goal
  - Pricing more than offsetting inflation
- Strong operating cash conversion* at 90%
- Increase in net debt* as expected, due to M&A activity and FX

Strategic positioning

- Content creation market larger and growing faster than pre-pandemic
  - Organic growth driven by the Group’s exposure to strong market trends and technology advancement driving shorter product replacement cycles
- Videndum executing well on strategy of organic growth, margin improvement and M&A
  - Revenue growth from three routes: core business; new areas of content creation; new verticals enabled by video transmission and live streaming

Outlook

- Record order book heading into H2
- Adjusted profit before tax* for FY 2022 expected to be at the top end of current market expectations[3], despite macro-economic uncertainties

Commenting on the results, Stephen Bird, Group Chief Executive, said:

"Videndum's record first half performance is a result of strong market demand and very good strategy execution, delivering organic growth, margin improvement, strong cash generation and growth through M&A. We are seeing revenue growth from three routes: from our core business; from new areas of content creation, including vloggers/influencers and audio; and from new verticals enabled by video transmission and live streaming, particularly in the medical segment and, going forward, with ART.

"The Group is uniquely positioned right at the heart of the growing content creation market, with c.75% of the business exposed to strong structural growth drivers, underpinned by technology change driving shorter product replacement cycles. In addition, Videndum's market-leading, premium brands and operational excellence allow us to manage inflationary headwinds and supply chain challenges, and to continue to deliver margin improvement.

"While we are mindful of uncertainty in the current macro environment, the Board now expects adjusted profit before tax for FY 2022 to be at the top end of current market expectations."

For further information please contact:

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Stephen Bird, Group Chief Executive
Andrea Rigamonti, Deputy Group Finance Director
Jennifer Shaw, Group Communications Director

A video webcast and Q&A for Analysts and Investors will be held today, starting at 10.30am UK time. The presentation slides will be available on our website at 7.00am.

Users can pre-register to access the webcast and slides using the following link: https://videndum.com/investors/results-reports-and-presentations/

Notes to Editors:

Videndum is a leading global provider of premium branded hardware products and software solutions to the growing content creation market. We are organised in three Divisions: Videndum Media Solutions, Videndum Production Solutions and Videndum Creative Solutions.

Videndum's customers include broadcasters, film studios, production and rental companies, photographers, independent content creators, gamers, professional musicians and enterprises. Our product portfolio includes camera supports, video transmission systems and monitors, live streaming solutions, smartphone accessories, robotic camera systems, prompters, LED lighting, mobile power, bags, backgrounds, motion control, audio capture, and noise reduction equipment.

We employ around 2,000 people across the world in 11 different countries. Videndum plc is listed on the London Stock Exchange, ticker: VID.

More information can be found at: https://videndum.com/

LEI number: 2138007H5DQ4X8YOCF14

Notes

1. H1 2022 average exchange rates: £1 = $1.31, £1 = €1.19, €1 = $1.10, £1 = Yen159.
2. H1 2021 average exchange rates: £1 = $1.39, £1 = €1.15, €1 = $1.21, £1 = Yen148.
3. Current company compiled consensus for FY2022: adjusted profit before tax* ranges £51.0 million to £54.6 million
4. This announcement contains inside information. The person responsible for arranging the release of this announcement on behalf of Videndum plc is Jon Bolton, Group Company Secretary.

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

H1 2022 financial overview

Income and expense

	Adjusted*			Statutory	
	H1 2022	H1 2021	% change	H1 2022	H1 2021
Revenue	£223.6m	£181.4m	+23%	£223.6m	£181.4m
Operating profit	£30.0m	£21.9m	+37%	£19.7m	£17.0m
Profit before tax	£27.1m	£20.0m	+36%	£16.4m	£15.1m
Earnings per share	45.4p	32.7p	+39%	28.0p	24.4p

Record H1 revenue of £223.6 million resulted in record H1 adjusted operating profit* of £30.0 million, 37% ahead of H1 2021. Revenue was 23% ahead of H1 2021 on a reported basis, and 11% ahead on an organic, constant currency basis. This was despite revenue being held back to a certain extent due to component shortages, lockdowns in China and the war in Ukraine.

Gross margin of 43.8% was broadly in line with H1 2021 (44.0%). As expected, Litepanels' royalties were lower than in H1 2021; excluding royalties from both periods, the gross margin* has increased from 43.1% to 43.7%. The effect of price increases from 2021 and the first quarter of 2022 offset the current high inflation on raw materials, freight, duty, utilities and labour. Price increases in June will primarily impact H2.

Adjusted operating expenses* of £68.0 million were, as expected, £10.1 million higher than H1 2021. Costs at the businesses acquired since April 2021 were responsible for £4.0 million of the year-on-year increase and £1.2 million of the increase due to FX; the remainder due to inflation, continued investment in employee costs, sales and marketing costs to drive growth and expansion into new verticals, and targeted investment in R&D.

Adjusted operating margin* of 13.4% was 1.3% points ahead of H1 2021, driven by revenue dropping through to profit, partly offset by the increase in adjusted operating expenses*. Compared to H1 2021, there was a 19% drop through of revenue to profit (21% at constant currency) despite lower Litepanels' royalties and the cost of new Restrictive Share Plan awards issued in June 2021 to retain key employees. Without these headwinds, the drop through would have been c.30%.

Adjusted profit before tax* included a £1.1 million favourable foreign exchange effect after hedging compared to H1 2021, due to a stronger US Dollar partly offset by a weaker Euro than in H1 2021. The impact on H2 2022 adjusted profit before tax* from a one cent stronger/weaker US Dollar/Euro is expected to be an increase/decrease of approximately £0.3 million and £0.1 million respectively. At current spot rates (10 August: £1 = $1.21, £1 = €1.18) there is expected to be a c.£2 million favourable impact versus H2 2021.

Adjusted net finance expense* of £2.9 million was £1.0 million higher than in H1 2021. This was driven by higher debt, following the recent acquisitions, and rising interest rates. As at 30 June 2022, 59% of our borrowings were fixed through swaps, partly mitigating the risk of rising interest rates.

Adjusted profit before tax* was £27.1 million; £7.1 million higher than H1 2021. On an organic, constant currency basis, adjusted operating profit* and adjusted profit before tax* were 17% and 10% up respectively on H1 2021.

Statutory profit before tax of £16.4 million (H1 2021: £15.1 million) further reflects adjusting items of £10.7 million (H1 2021: £4.9 million), which primarily relate to the amortisation of acquired intangibles and acquisition related charges. These charges were higher compared to H1 2021 due to the recent acquisitions, particularly those of Savage and Audix. As a result, operating margin decreased from 9.4% to 8.8%.

The Group's effective tax rate ("ETR") on adjusted profit before tax* was 22.9%. Statutory ETR was 21.3%.

Adjusted basic earnings per share* was 45.4 pence. Statutory basic earnings per share was 28.0 pence.

Cash flow and net debt

Cash generated from operating activities was £34.2 million (H1 2021: £32.7 million) and net cash from operating activities was £28.8 million (H1 2021: £26.0 million).

Free cash flow* was £3.5 million higher than H1 2021. Cash conversion* was strong at 90%, as set out below.

£m	**H1 2022**	H1 2021	Variance
Statutory operating profit	**19.7**	17.0	2.7
Add back charges associated with acquisition of businesses and other adjusting items	**10.3**	4.9	5.4
Adjusted operating profit*	**30.0**	**21.9**	**8.1**
Depreciation(1)	**10.8**	9.3	1.5
Adjusted working capital dec/(inc)*	**(7.8)**	2.6	(10.4)
Adjusted provisions inc/(dec)*	**(0.5)**	0.4	(0.9)
Capital expenditure(2)	**(9.5)**	(10.2)	0.7
Other(3)	**4.1**	1.8	2.3
Adjusted operating cash flow*	**27.1**	**25.8**	**1.3**
*Cash conversion**	***90%***	*118%*	*(28)%pts*
Interest and tax paid	**(5.4)**	(6.7)	1.3
Earnout and retention bonuses	**(1.1)**	(2.0)	0.9
Restructuring and integration costs	**(0.5)**	(1.0)	0.5
Transaction costs	**(0.8)**	(0.3)	(0.5)
Free cash flow*	**19.3**	**15.8**	**3.5**

(1) Includes depreciation, amortisation of software and capitalised development costs
(2) Purchase of Property, Plant & Equipment ("PP&E") and capitalisation of software and development costs
(3) Includes share-based payments charge (excluding retention) and other reconciling items to get to the adjusted operating cash flow*
Net cash from operating activities of £28.8 million (H1 2021: £26.0 million) comprises £19.3 million free cash flow (H1 2021: £15.8 million) plus £9.5 million capital expenditure (H1 2021: £10.2 million) less nil proceeds from sale of PP&E and software (H1 2021: nil)

Adjusted working capital* increased by £7.8 million in H1 2022. Inventory increased by £12.2 million across the half, which was expected following cost inflation, capacity constraints and component shortages. This was partly offset by an increase in trade payables net of trade receivables, due to increased activity.

Capital expenditure included:

- £3.3 million of property, plant and equipment compared with £4.4 million in H1 2021;
- £5.8 million capitalisation of R&D; and £0.4 million capitalisation of software. Gross R&D was higher than H1 2021, as expected, and grew in line with revenue (6.2% of revenue in H1 2022 compared to 6.4% in H1 2021).

£m	**H1 2022**	H1 2021	Variance
Gross R&D	**13.9**	11.6	2.3
Capitalised	**(5.8)**	(5.3)	(0.5)
Amortisation	**2.8**	2.7	0.1
P&L Impact	**10.9**	9.0	1.9

'Other' primarily relates to share-based payments.

Interest and tax paid decreased by £1.3 million compared to H1 2021 due to lower tax payments (H1 2021 included £3.2 million relating to EU State Aid); partly offset by higher interest costs due to fees for the Audix term loan, as well as the increased P&L charge.

Earnout and retention bonuses relate to Lightstream and Quasar. Restructuring cash outflow mainly reflects costs associated with rebranding from The Vitec Group plc to Videndum plc. Transaction costs primarily relate to the acquisition of Audix.

December 2021 closing net debt* (£m)	**(145.2)**
Free cash flow*	19.3
Upfront loan fees, net of amortisation	(0.2)
Dividends paid	(11.1)
Employee incentive shares	(0.5)
Acquisitions	(33.3)
Net lease additions	(8.3)
FX	(14.8)
June 2022 closing net debt* (£m)	**(194.1)**

Net debt* at 30 June 2022 was £48.9 million higher than at 31 December 2021 (£145.2 million) and £92.1 million higher than at 30 June 2021 (£102.0 million).

The ratio of net debt to EBITDA was 2.2x at 30 June 2022, on the basis used for our loan covenants[1]. This was c.0.2x higher than if there had been no FX movement on net debt. We expect our net debt to EBITDA ratio to decline materially by the year end.

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

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

There was a £14.8 million adverse impact from FX; primarily from the translation of our US dollar debt, following the strengthening of the US dollar against Sterling.

Liquidity at 30 June 2022 totalled £81.6 million; comprising £50.3 million unutilised RCF and £31.3 million of cash.

ROCE* of 16.1%[2] was higher than the prior year (H1 2021: 13.1%), which reflects the higher adjusted operating profit*, partly offset by increased capital employed because of the recent acquisitions.

Charges associated with acquisition of businesses and other adjusting items

Charges associated with acquisition of businesses and other adjusting items in profit before tax were £10.7 million versus £4.9 million in H1 2021.

£m	**H1 2022**	H1 2021
Amortisation of acquired intangible assets	**5.2**	3.3
Acquisition related charges[3]	**4.2**	1.3
Integration and restructuring costs	**0.9**	0.3
Finance expense - amortisation of loan fees on borrowings for acquisitions	**0.4**	-
Charges associated with acquisition of businesses and other adjusting items	**10.7**	**4.9**

Notes

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

2 Return on capital employed ("ROCE") is calculated as adjusted operating profit* for the last twelve months divided by the average total assets (excluding defined benefit pension asset), current liabilities (excluding current interest-bearing loans and borrowings), and non-current lease liabilities.

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

Market and strategy update

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

The content creation market is now larger and growing faster than pre-pandemic with the Group being exposed to strong market growth drivers. The Group's Total Addressable Market ("TAM") has increased from c.£2.0 billion pre-pandemic (2019) to c.£3.0 billion, and is now growing faster, at high single digit CAGR compared to low single digit pre-pandemic. We expect our TAM to grow to c.£4.0 billion by 2025.

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

1. Organic growth

Growth is being driven by the significant changes in the way people capture, consume and share content. We estimate that 75% of the Group's business is exposed to four key structural market growth drivers, which are all experiencing double-digit growth, as well as technology advancement driving shorter product replacement cycles.

The internet

- Growth in retail e-commerce is driving increased demand for digital visual content as new products need to be photographed and filmed frequently to be published online. We estimate that c.30% of the Group's revenue is exposed to retail e-commerce. This is driving demand for our professional photography and videography equipment, including supports, backgrounds, lighting and bags, mainly benefiting our Media Solutions Division.

TikTok and YouTube

- There has been significant growth in vloggers and influencers creating and sharing video and audio content on social media platforms like TikTok and YouTube. We estimate that c.10% of the Group's revenue is exposed to vloggers and influencers who use our JOBY supports, lights and audio, and our backgrounds and graphics to create high-quality content.

Subscription TV

- Increasing spend on original content creation for subscription TV channels, while traditional broadcasters are all maintaining existing levels of spending on original content, is driving higher demand for our equipment. We estimate that c.30% of the Group's revenue is exposed to Subscription TV, including: our video transmission and monitoring systems, and camera accessories in Creative Solutions; lighting equipment, mobile power and supports in Production Solutions; and supports and audio capture in Media Solutions.

Live streaming

- Live streaming of video is growing strongly across multiple verticals, such as enterprise, medical, industrial and gaming markets, to maintain communications and facilitate remote working. This market growth driver accounts for c.5% of the Group's revenue and it is driving demand for our live streaming software and hardware in Creative Solutions.

Technology advancement

Market growth is also being driven by technology change driving shorter product replacement cycles. First, advances in technology in our markets, e.g., cameras have moved from HD to 4K, so all video transmitters are being replaced with 4K. Second, Videndum's own technology innovations with new products, features and functionality, e.g., our revolutionary Flowtech tripod or our patented Amimon and LED lighting technology. Sustained R&D investment in innovative new technology is key to enabling our premium brands to maintain their already strong market positions and, in places, gain share. Last year, about half of our revenue came from new products launched in the last three years.

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

2. Margin improvement

We expect continued margin improvement as volumes grow and we deliver operating leverage. Our margin improvement drivers include:

- Operational excellence, e.g., targeting 3% year-on-year productivity gains by driving lean manufacturing and continuous improvement initiatives across the Group
- Higher pricing to reflect product quality and brand strength; price increases were implemented in the first half of 2022 which will ensure that we will continue to stay ahead of inflationary pressures. We will continue to monitor raw material costs
- Increasing mix of higher margin, higher technology products, e.g., 4K/HDR technology replacement cycle in Creative Solutions
- Driving margin improvement in Creative Solutions
- Growing online sales, e.g., in FY 2021 c.50% of revenue in Media Solutions was from online sales, of which 4% was direct e-commerce compared to 2% in FY 2019
- Higher margin acquisitions and capturing synergies, e.g., Savage and Audix in Media Solutions

3. M&A activity

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

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

The Board believes that Creative Solutions has significant potential, in terms of market opportunity, rate of future growth and margins under Videndum ownership. The Board continues to review options to unlock more shareholder value, which could include licensing or selling our technology, a joint venture, or selling the Division. A further update will be provided as and when appropriate.

Strategic ambition

Our strategic initiatives and growth drivers lead to an ambition for the Group to deliver c.£600 million revenue and >£100 million adjusted operating profit on an organic basis in FY 2025. The Group reported revenue of £394.3 million and adjusted operating profit of £46.2 million in FY 2021.

This strategic ambition was presented at a Capital Markets Day in June 2022. The presentations from the day and a recording of the webcast are available on the Group's corporate website at: www.videndum.com

Group name changed on 23 May 2022

At the AGM on 17 May 2022, we received approval from shareholders to change the Company name to "**Videndum plc**", which happened on 23 May 2022. This change was due to the need to differentiate ourselves from other companies around the world who also operate under the Vitec name and to better reflect our purpose. It was also necessary to avoid financial penalties under a now-settled dispute with a third party with claimed prior rights to the term "Vitec" in some territories.

"Videndum" is a Latin noun – which means "***That which must be seen***" or "***A must see***" – and better reflects our purpose and opportunity in the multiple market segments of the growing content creation market in which we operate.

The rebranding roll-out process for the new name and associated visual identity began on 23 May 2022 and will progress through 2022 and early 2023.

At the same time in May, we changed the name of our Imaging Solutions Division to "**Media Solutions**". As the Division has grown its portfolio to include audio under the JOBY, Rycote and Audix brands, the new name better represents its customer base and the exciting opportunities ahead.

Finance Team

Martin Green, Group Finance Director, is currently taking a short period of time out of the business for personal reasons. It is anticipated that Martin will return soon. We have a strong finance team and Andrea Rigamonti, Deputy Group Finance Director, is supporting Stephen Bird and the Board on the Group's financial matters in this interim period.

Divisional performances

Media Solutions

The Media Solutions Division designs, manufactures and distributes premium branded equipment for photographic and video cameras and smartphones, and provides dedicated solutions to professional and amateur image makers, independent content creators, vloggers/influencers, gamers, enterprises and professional musicians. This includes camera supports and heads, smartphone and vlogging accessories, lighting supports and controls, LED lights, motion control, audio capture and noise reduction equipment, camera bags and backgrounds, marketed under the most recognised accessories brands in the industry. Media Solutions represents c.50% of Group revenue.

Media Solutions' TAM has increased to c.£1.4 billion, particularly due to the addition of Audix and Savage's addressable markets as well as market growth coming from an increase in vlogging and retail e-commerce driving demand for our professional equipment, and audio capture. We estimate that the market CAGR (2021-25) will be c.5%. Our strategy is focused on continued growth in our core professional business, mainly driven by the internet, as well as growth in new areas of content creation with new vlogging accessories and audio capture products.

	Adjusted*			Statutory	
Media Solutions	**H1 2022**	**H1 2021**	**% change**	**H1 2022**	**H1 2021**
Revenue	£111.5m	£91.7m	+22%	£111.5m	£91.7m
Operating profit	£18.8m	£12.8m	+47%	£14.5m	£12.2m
Operating margin	16.9%	14.0%	+2.9%pts	13.0%	13.3%

** For Media Solutions, before charges associated with acquisition of businesses and other adjusting items of £4.3 million (H1 2021: £0.6 million).*

Media Solutions' revenue was up 22% on H1 2021, which on an organic, constant currency basis was up 2% compared to H1 2021. Whilst there was significant growth in lighting supports, continuing the strong trend seen in 2021, this was largely offset by headwinds from weaker consumer spending (impacts c.20% of the Division), lockdowns in China, the move of Amazon Prime Day to H2 (previously in June 2021), and the war in Ukraine.

Revenue for professional (c.45% of Divisional revenue) photo and video supports has been resilient to the macro headwinds to the Division, whereas the Hobbyist (c.15% of Divisional revenue) photo supports and bags have been more exposed.

B2B revenue (c.30% of Divisional revenue) increased significantly compared to H1 2021. Demand for lighting supports was driven by the increase in content creation for subscription TV and broadcast; as well as in Sports analytics, where the leading brands use Manfrotto lighting supports.

In the vlogger/influencer segment (c.10% of Divisional revenue), JOBY launched a new range of JOBY products in January 2022, leading with WAVO microphones, as well as the JOBY Spin and Swing, which were made in partnership with our Syrp Lab brand. Component shortages have delayed the full launch of some products and this segment has also been impacted by weaker consumer demand. H2 is expected to see a significant uplift, starting with Amazon Prime Day in July, followed by a marketing campaign in September and the usual seasonal uplift for Black Friday and Christmas.

Adjusted operating profit* of £18.8 million represents a 47% increase on H1 2021. Adjusted operating margin* was 16.9%. On an organic, constant currency basis, adjusted operating profit* was 6% ahead of H1 2021.

Statutory operating profit was £14.5 million (H1 2021: £12.2 million), reflecting £4.3 million of charges associated with acquisition of businesses and other adjusting items (H1 2021: £0.6 million).

Production Solutions

The Production Solutions Division designs, manufactures and distributes premium branded and technically advanced products and solutions for broadcasters, film and video production companies, independent content creators and enterprises. Products include video heads, tripods, LED lighting, batteries, prompters and robotic camera systems. It also supplies premium services including equipment rental and technical solutions. Production Solutions represents c.30% of Group revenue.

The TAM for Production Solutions is c.£0.4 billion and we estimate that the market CAGR (2021-25) will be c.4%. Our strategy is focused on growth in our core business of professional equipment for cine/scripted TV, products for on-location news and sporting events, as well as innovative new technology like robotic camera systems and voice-activated prompting to enable automation and cost efficiencies in TV studios.

	Adjusted*			**Statutory**	
Production Solutions	**H1 2022**	**H1 2021**	**% change**	**H1 2022**	**H1 2021**
Revenue	£67.5m	£52.8m	+28%	£67.5m	£52.8m
Operating profit	£15.0m	£11.3m	+33%	£14.9m	£10.9m
Operating margin	22.2%	21.4%	+0.8%pts	22.1%	20.6%

** For Production Solutions, before charges associated with acquisition of businesses and other adjusting items of £0.1 million (H1 2021: £0.4 million).*

Production Solutions' revenue was up 28% on H1 2021, which on an organic, constant currency basis was 24% ahead of H1 2021. Revenue was supported by the Beijing Winter Olympics and Paralympics but royalties received for the Litepanels brand were lower than seen in H1 2021, and revenue was also impacted by the war in Ukraine.

The underlying business is performing extremely well, with significant growth in manual and studio supports due to the broadcast sector returning to pre-pandemic levels, and boosted by excellent sales of our voice-activated prompters (launched in 2021). The Litepanels Gemini 2x1 Hard launched in May and has been very well received by the market, with some significant pre-launch orders.

Adjusted operating profit* of £15.0 million was a 33% increase on H1 2021. Adjusted operating margin* was 22.2%. Excluding royalties from the LED patents it was 21.5% (H1 2021: 17.2%). On an organic, constant currency basis, adjusted operating profit* was 37% up on H1 2021.

Statutory operating profit was £14.9 million (H1 2021: £10.9 million), which included £0.1 million of charges associated with the acquisition of businesses (H1 2021: £0.4 million).

Creative Solutions

The Creative Solutions Division develops, manufactures and distributes premium branded products and solutions for film and video production companies, independent content creators, gamers, enterprises (e.g., medical and industrial) and broadcasters. Products include wired and wireless video transmission and lens control systems, live streaming solutions, monitors, camera accessories and software applications. Creative Solutions represents c.20% of Group revenue.

Creative Solutions' TAM has increased from c.£0.5 billion to c.£1.0 billion, particularly due to the increase in streaming and spend on original content creation. We estimate that the market CAGR (2021-2025) will be c.15%. Our strategy is focused on continuing to deliver the 4K/HDR replacement cycle as well as growing in new areas of remote monitoring, collaboration and streaming in the cine/scripted TV, enterprise, medical, industrial and gaming markets.

	Adjusted*			**Statutory**	
Creative Solutions	**H1 2022**	**H1 2021**	**% change**	**H1 2022**	**H1 2021**
Revenue	£44.6m	£36.9m	+21%	£44.6m	£36.9m
Operating profit/(loss)	£4.9m	£4.5m	+9%	£(0.1)m	£0.6m
Operating margin	11.0%	12.2%	-1.2%pts	-0.2%	1.6%

** For Creative Solutions, before charges associated with acquisition of businesses and other adjusting items of £5.0 million (H1 2021: £3.9 million).*

Creative Solutions' revenue was up 21% on H1 2021, which on an organic, constant currency basis was 13% ahead of H1 2021, despite the impact of component shortages.

Sales to the cine/scripted TV market grew significantly versus H1 2021. The overwhelming majority of Bolt sales are now 4K/HDR, and there were c.$6 million sales of the SmallHD 4K/HDR monitors. Total 4K/HDR sales were c.$22 million. Wooden Camera revenue grew significantly as well compared to H1 2021.

Sales to the enterprise market were down on H1 2021 due to less remote working and repositioning of our brand towards the higher end, higher margin sector of the market. Revenue to the medical market grew significantly compared to H1 2021, with high demand for Amimon products within the operating room ("OR") and moving more medical procedures from the OR to treatment rooms. Recurring revenue, c.£2 million, was also up significantly on H1 2021. There was a high level of interest in ART at the NAB show and we expect this to be a key driver of revenue going forward.

Creative Solutions invested c.£2 million in: sales and marketing to serve new verticals, R&D to drive future growth, and higher amortisation of capitalised R&D. As a result, adjusted operating expenses* increased compared to H1 2021.

Adjusted operating profit* of £4.9 million represents a 9% increase on H1 2021. On an organic, constant currency basis, adjusted operating profit* was 15% up on H1 2021. Adjusted operating margin* was 11.0.%, which reflects the c.£2 million investment above but is an increase on H2 2021 as our renewed strategy, investing and focusing on growing in the most profitable areas, begins to bear fruit.

Statutory operating loss was £0.1 million (H1 2021: £0.6 million profit), which reflects £5.0 million of charges associated with acquisition of businesses and other adjusting items (H1 2021: £3.9 million).

Corporate costs

Corporate costs include Long Term Incentive Plan and Restricted Share Plan ("RSP") charges used to incentivise and retain employees across the Group, as well as payroll and bonus costs for the Executive Directors and head office team, professional fees, property costs and travel costs.

	Adjusted*			Statutory	
Corporate costs	**H1 2022**	**H1 2021**	**% change**	**H1 2022**	**H1 2021**
Operating (loss)	£(8.7)m	£(6.7)m	+30%	£(9.6)m	£(6.7)m

** For corporate costs, before charges associated with acquisition of businesses and other adjusting items of £0.9 million (H1 2021: nil).*

Corporate costs were £2.0 million higher than in H1 2021, which primarily reflects the RSP awards issued in June 2021 to retain key people, particularly software engineers in Creative Solutions, and fees relating to legal, tax and audit services.

Interim dividend

The Board has declared an interim dividend of 15.0 pence per share amounting to £6.9 million (H1 2021: 11.0 pence per share amounting to £5.0 million). The dividend will be paid on Friday, 28 October 2022 to shareholders on the register at the close of business on Friday, 23 September 2022. The Board's objective is for a progressive and sustainable dividend and believes it is appropriate for the Group to target a total dividend cover of 2.0-2.5 times adjusted EPS*.

Responsibility

ESG strategy

Videndum aims to be a sustainable business, minimising our impact on the environment and working to improve the societies in which we operate. We have partnered with an independent, specialist ESG consultancy to enhance our ESG strategy and ensure we address and report on material issues affecting our operations and stakeholders. Our strategy includes clear objectives and targets across all areas, prioritising actions to deliver the most significant impact. We have prioritised seven key pillars, grouped under four areas:

Environment: Reduce carbon emissions; Reduce packaging and waste; Embed sustainability into our product life cycle

Our people: Continue to prioritise health and safety; Improve diversity and inclusion

Responsible practices: Formalise the integrity of our entire supply chain

Giving back: Positively impact the communities in which we operate

ESG governance

The Videndum Board provides oversight and has overall responsibility for the Group's ESG programme. At the same time, the ESG committee, chaired by the Group CEO and comprising senior executives from across the Group, is responsible for driving ESG performance. ESG governance continues to be integrated into our existing processes and a percentage of the Group CEO's remuneration is tied to the Group's ESG performance.

ESG reporting

In H1 2022, we published an ESG Report in accordance with the GRI (Global Reporting Initiative) for our 2021 reporting period. We also reported on our progress in embedding the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) into existing company processes in our first TCFD Report. We are developing our ESG and TCFD Reports for our 2022 reporting period and widening our climate scenario analysis and data collection processes to include the locations of our top suppliers and crucial supply chain routes. To enhance our ESG reporting and commitment to operating as a transparent business, we submitted a Climate Change CDP (Carbon Disclosure Project) submission in July 2022.

Climate change risk management

We understand the serious nature of challenges related to climate change, which is one of the Group's principal risks. The TCFD Report issued earlier this year includes an identification of the main risks and opportunities relating to climate change. This includes, but is not limited to: likely increases in insurance premiums; future cost of carbon offsetting and carbon tax; additional regulation; mitigation measures to make sites more resilient; and investment in energy efficient technologies. Climate change scenario analysis is performed annually in respect of our main sites and supply chain activities in order to model the impact of climate change (for three different warming scenarios).

H1 2022 progress

Reducing the Group's carbon footprint is a clear priority for Videndum. We have developed and set near-term targets as we journey to be net zero for Scope 1 and 2 by 2035 and Scope 3 by 2045. In H1, we began calculating our Scope 3 for 2021 after calculating our 2020 baseline year emissions in 2021 for the first time. By the end of H2, we aim to have aligned our Scope 3 emissions reporting with our SECR and financial year reporting.

Widening our data collection in line with the Greenhouse Gas Protocol and SECR requirements provides us with a clearer picture of the higher-emitting areas of our operations and a roadmap for targeting the best areas to reduce across Scope 1, 2, and 3.

This year, we have progressed many of our initiatives to reduce our carbon emissions, including our goal of converting all car fleets to electric or hybrid by 2024, with 54% of cars converted in Media Solutions and 100% in Production Solution's Costa Rica site. We have developed an employee commuting survey to improve our Scope 3 data collection and aim to roll this out in H2. A feasibility study into installing solar panels at our other main sites has been conducted following the installations at Bury St Edmunds, UK and Cartago, Costa Rica, at the beginning of 2022. We have also rolled out existing energy-saving measures across new sites, including LED lighting and building heating controls.

As part of our focus on formalising the integrity of our entire supply chain, we have conducted a review and gap analysis of existing supply chain assessment processes across the Divisions. Using the information gathered, we have developed a Group-wide Supply Chain Assessment process to engage with our top five suppliers on their carbon emissions and wider ESG credentials.

At Videndum, we are committed to developing more sustainable products and reducing our packaging and waste. This year we have continued working towards eliminating single-use plastic and recyclability of packaging, and other product components. We have also introduced templates to improve data collection methods on packaging and plastics to better monitor progress against our targets. In 2022, Media Solutions completed a Product Life Cycle Pilot Project to identify and redesign high-impact stages throughout the process. To understand more about the life cycle of our products, we have developed a customer survey to gather information on the end-of-life process for our top five products and enhance our Scope 3 Category 12 data collection processes. We have invested in upgrading our flowtech carbon fibre production line in Bury St Edmunds and the project is nearing completion. This upgrade will result in a 90% reduction in waste materials and an increase in capacity and efficiency of 35%. The new process results in a reduction of 46 tonnes of solvents per year, which is c.275 drums of waste per year.

Following feedback from stakeholders, we have improved our collection methods for social data across the Group. We have developed and launched templates to ensure that Group-wide performance of social targets is monitored, and that reporting is cohesive. With this, Videndum is improving reporting around diversity across the Group and associated issues (employee turnover, disabled employees).

In 2022, we have continued to build on our commitment to positively impact one disadvantaged person for every Videndum employee in the communities in which we operate. Following some delays due to the pandemic, we have increased our engagement with charitable and community partners in 2022, engaging with new organisations and re-engaging with existing partners across the Group.

Outlook

The Group is uniquely positioned right at the heart of the growing content creation market, with c.75% of the business exposed to strong structural growth drivers, underpinned by technology change driving shorter product replacement cycles. In addition, Videndum's market-leading, premium brands and operational excellence allow us to manage inflationary headwinds and supply chain challenges, and to continue to deliver margin improvement.

We are seeing revenue growth from three routes: from our core business; from new areas of content creation, including vloggers/influencers and audio; and from new verticals enabled by video transmission and live streaming, particularly in the medical segment and, going forward, with ART.

While we are mindful of uncertainty in the current macro environment, the Board now expects adjusted profit before tax for FY 2022 to be at the top end of current market expectations.

Risks and Uncertainties

Videndum is exposed to a number of risk factors which may affect its performance. The Group has a well-established framework for reviewing and assessing these risks on a regular basis; and has put in place appropriate processes and procedures to mitigate against them. However, no system of control or mitigation can completely eliminate all risks.

The principal risks and uncertainties that may affect our performance are set out in the Annual Report and in summary are around:

- Demand for Videndum's products
- New markets and channels of distribution
- Acquisitions
- Cost pressure
- Dependence on key suppliers (including component shortages)
- Dependence on key customers
- People (including health and safety)
- Laws and regulations
- Reputation of the Group
- Exchange rates
- Business continuity including cyber security
- Climate change

The principal risks remain broadly unchanged since we last reported, and we do not see any material changes in the overall likelihood/impact of principal risks, although specific elements continue to evolve.

"Demand for Videndum's products" is adversely affected by the war in Ukraine and the suspension of sales to Russia (resulting in lost revenue of £4.5 million per annum), and the global inflationary pressures which are reducing consumers' disposable income therefore affecting sales of consumer-oriented products. However, the fundamentals of the content creation industry remain strong, there is a record order book going into H2, and we continue to experience strong growth in several categories, so we believe that there is no change in the overall risk.

New markets and channels of distribution is also stable, although the Group is exposed to new segments (Audio, Paper) following recent acquisitions. These acquisitions have been successfully integrated.

Cost pressure remains very high but has been offset by a programme of price increases which has allowed the Group to maintain stable margins. We monitor closely the impact of increased input costs.

People-related risk remains unchanged due to continued challenges in retaining and recruiting engineers. We are mindful of the continued impact of COVID-19 on our workforce and the increased risk of absenteeism which may affect production capacity.

During the first half of 2022, we have seen increased volatility in currencies and an increase in interest rates, however we see that the net risk remains unchanged as a result of the Group's net debt hedging and forward contract hedging programmes, and swapping term loans to fixed interest.

Board Changes

The Board announces that after nine years' service, Christopher Humphrey will stand down as an independent non-executive director, and Senior Independent Director with effect from 14 December 2022. To ensure a smooth transition around chairing of the Audit Committee, Chris will cease to be Chair of the Audit Committee with effect from 12 August 2022 but will remain a member of it until standing down as a director. The Board would like to place on record thanks to Christopher for his excellent service to the Company over a period of significant change and growth.

Following her appointment on 1 May 2022 as an independent non-executive director, Erika Schraner will become chair of the Audit Committee, succeeding Christopher Humphrey with effect from 12 August 2022. Richard Tyson, who has served as an independent non-executive director since April 2018, will with effect from 14 December 2022 succeed Christopher Humphrey as Senior Independent Director on the Board.

Forward-looking statements

This announcement contains forward-looking statements with respect to the financial condition, performance, position, strategy, results and plans of the Group based on Management's current expectations or beliefs as well as assumptions about future events. These forward-looking statements are not guarantees of future performance. Undue reliance should not be placed on forward-looking statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. The Company undertakes no obligation to publicly revise or update any forward-looking statements or adjust them for future events or developments. Nothing in this announcement should be construed as a profit forecast.

The information in this announcement does not constitute an offer to sell or an invitation to buy shares in the Company in any jurisdiction or an invitation or inducement to engage in any other investment activities. The release or publication of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and observe, any applicable requirements.

This announcement contains brands and products that are protected in accordance with applicable trademark and patent laws by virtue of their registration.

Responsibility statement of the Directors in respect of the Half Year Results to 30 June 2022

We confirm that, to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;
- The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Going concern and viability

The Directors have made appropriate enquiries and consider that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the condensed financial statements. The Directors have considered the potential risk of lower revenue and, while monitoring developments, they currently consider there to be minimal risk of breaching covenants. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements. Further detail on the assessment of going concern can be found within note 1 to the condensed financial statements.

For and on behalf of the Board

Stephen Bird
Group Chief Executive

INDEPENDENT REVIEW REPORT TO VIDENDUM PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE (UK), however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the group a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
10 August 2022

Condensed Consolidated Income Statement

For the half year ended 30 June 2022

	Notes	**Half year to 30 June 2022**	Half year to 30 June 2021	Year to 31 December 2021
		Unaudited	Unaudited	Audited
	Notes	**£m**	£m	£m
Revenue	2	**223.6**	181.4	394.3
Cost of sales		**(125.7)**	(101.6)	(221.2)
Gross profit		**97.9**	79.8	173.1
Operating expenses	3	**(78.2)**	(62.8)	(139.6)
Operating profit		**19.7**	17.0	33.5
Comprising				
- Adjusted operating profit		**30.0**	21.9	46.2
- Charges associated with acquisition of businesses and other adjusting items	4	**(10.3)**	(4.9)	(12.7)
		19.7	17.0	33.5
Net finance expense	5	**(3.3)**	(1.9)	(3.9)
Profit before tax		**16.4**	15.1	29.6
Comprising				
- Adjusted profit before tax		**27.1**	20.0	42.4
- Charges associated with acquisition of businesses and other adjusting items, including finance expense	4	**(10.7)**	(4.9)	(12.8)
		16.4	15.1	29.6
Taxation		**(3.5)**	(3.9)	(3.7)
Comprising taxation on				
- Adjusted profit	6	**(6.2)**	(5.0)	(10.3)
- Charges associated with acquisition of businesses and other adjusting items	6	**2.7**	1.1	6.6
		(3.5)	(3.9)	(3.7)
Profit for the period attributable to owners of the parent		**12.9**	11.2	25.9
Earnings per share				
Basic earnings per share	7	**28.0p**	24.4p	56.4p
Diluted earnings per share	7	**27.0p**	23.9p	54.5p

Average exchange rates

Euro	**1.19**	1.15	1.16
US$	**1.31**	1.39	1.38

Consolidated Statement of Comprehensive Income

For the half year ended 30 June 2022

	Half year to 30 June 2022	Half year to 30 June 2021	Year to 31 December 2021
	Unaudited	Unaudited	Audited
	£m	£m	£m
Profit for the period	**12.9**	11.2	25.9
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit schemes	**7.2**	5.6	6.9
Related tax	**(1.8)**	(0.4)	(0.7)
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences on foreign currency subsidiaries	**19.6**	(4.7)	(3.9)
Net investment hedges	**(4.0)**	0.7	0.2
Cash flow hedges – reclassified to the Income Statement, net of tax	**0.6**	(0.2)	(0.1)
Cash flow hedges – effective portion of changes in fair value, net of tax	**0.2**	0.1	(0.1)
Other comprehensive income, net of tax	**21.8**	1.1	2.3
Total comprehensive income for the period attributable to owners of the parent	**34.7**	12.3	28.2

Condensed Consolidated Balance Sheet

As at 30 June 2022

	Notes	**30 June 2022**	30 June 2021	31 December 2021
		Unaudited	Unaudited	Audited
		£m	£m	£m
Assets				
Non-current assets				
Intangible assets		**221.8**	142.8	173.7
Property, plant and equipment		**69.7**	51.7	60.7
Employee benefit asset	8	**2.6**	-	-
Trade and other receivables		**6.2**	1.6	5.8
Derivative financial instruments	11	**3.0**	-	0.1
Non-current tax assets	6	**3.0**	3.2	3.0
Deferred tax assets		**37.0**	25.5	33.6
		343.3	224.8	276.9
Current assets				
Inventories		**111.0**	73.2	88.5
Trade and other receivables		**66.4**	62.6	60.0
Derivative financial instruments	11	**0.1**	-	-
Current tax assets		**3.6**	4.9	4.7
Cash and cash equivalents	10	**31.3**	17.1	11.0
		212.4	157.8	164.2
Total assets		**555.7**	382.6	441.1

Liabilities				
Current liabilities				
Bank overdrafts		**-**	-	3.1
Interest-bearing loans and borrowings	10	**28.7**	0.4	13.2
Lease liabilities	10	**6.2**	4.7	5.7
Trade and other payables		**90.6**	72.9	76.7
Derivative financial instruments	11	**2.0**	-	0.3
Current tax liabilities		**18.7**	8.5	16.0
Provisions		**3.8**	2.6	1.5
		150.0	89.1	116.5
Non-current liabilities				
Interest-bearing loans and borrowings	10	**159.1**	94.1	109.6
Lease liabilities	10	**31.4**	19.9	24.6
Derivative financial instruments	11	**0.3**	-	-
Other payables		**0.8**	0.4	0.4
Employee benefit liabilities		**3.6**	9.8	8.4
Provisions		**0.9**	1.1	2.9
Deferred tax liabilities		**7.7**	7.0	4.8
		203.8	132.3	150.7
Total liabilities		**353.8**	221.4	267.2
Net assets		**201.9**	161.2	173.9

Equity				
Share capital		**9.4**	9.3	9.3
Share premium		**23.2**	22.6	23.1
Translation reserve		**(2.0)**	(17.9)	(17.6)
Capital redemption reserve		**1.6**	1.6	1.6
Cash flow hedging reserve		**0.7**	-	(0.1)
Retained earnings		**169.0**	145.6	157.6
Total equity		**201.9**	161.2	173.9

Balance Sheet exchange rates				
Euro		**1.16**	1.16	1.19
US$		**1.21**	1.38	1.35

Consolidated Statement of Changes in Equity

For the half year ended 30 June 2022 (Unaudited)

	Share capital	Share premium	Translation reserve	Capital redemption reserve	Cash flow hedging reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2021	**9.2**	**21.7**	**(13.9)**	**1.6**	**0.1**	**126.7**	**145.4**
Total comprehensive income for the period							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**11.2**	**11.2**
Other comprehensive (expense)/income for the period	**-**	**-**	**(4.0)**	**-**	**(0.1)**	**5.2**	**1.1**
Contributions by and distributions to owners							
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(2.1)**	**(2.1)**
Own shares purchased	**-**	**-**	**-**	**-**	**-**	**(1.6)**	**(1.6)**
New shares issued	**0.1**	**0.9**	**-**	**-**	**-**	**3.5**	**4.5**
Share-based payment charge	**-**	**-**	**-**	**-**	**-**	**2.6**	**2.6**
Tax related to share-based payments	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Balance at 30 June 2021	**9.3**	**22.6**	**(17.9)**	**1.6**	**-**	**145.6**	**161.2**

	Share capital	Share premium	Translation reserve	Capital redemption reserve	Cash flow hedging reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2022	**9.3**	**23.1**	**(17.6)**	**1.6**	**(0.1)**	**157.6**	**173.9**
Total comprehensive income for the period							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**12.9**	**12.9**
Other comprehensive income for the period	**-**	**-**	**15.6**	**-**	**0.8**	**5.4**	**21.8**
Contributions by and distributions to owners							
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(11.1)**	**(11.1)**
Own shares purchased	**-**	**-**	**-**	**-**	**-**	**(2.4)**	**(2.4)**
Own shares sold	**-**	**-**	**-**	**-**	**-**	**1.7**	**1.7**
New shares issued	**0.1**	**0.1**	**-**	**-**	**-**	**-**	**0.2**
Share-based payment charge	**-**	**-**	**-**	**-**	**-**	**4.6**	**4.6**
Tax related to share-based payments	**-**	**-**	**-**	**-**	**-**	**0.3**	**0.3**
Balance at 30 June 2022	**9.4**	**23.2**	**(2.0)**	**1.6**	**0.7**	**169.0**	**201.9**

Condensed Consolidated Statement of Cash Flows

For the half year ended 30 June 2022

	Notes	**Half year to 30 June 2022**	Half year to 30 June 2021	Year to 31 December 2021
		Unaudited	Unaudited	Audited
		£m	£m	£m
Cash flows from operating activities				
Profit for the period		**12.9**	11.2	25.9
Adjustments for:				
Taxation		**3.5**	3.9	3.7
Depreciation		**7.5**	6.1	12.9
Impairment losses on property, plant and equipment		**-**	-	0.2
Amortisation of intangible assets		**8.5**	6.5	13.0
Fair value losses on derivative financial instruments		**0.2**	-	-
Foreign exchange losses/(gains)		**0.3**	(0.2)	-
Share-based payments		**4.6**	2.6	7.9
Earnout charges and retention bonuses		**2.0**	0.2	0.8
Net finance expense		**3.3**	1.9	3.9
Operating profit before changes in working capital and provisions		**42.8**	32.2	68.3
Increase in inventories		**(12.1)**	(9.3)	(21.9)
Increase in receivables		**(1.9)**	(12.2)	(5.8)
Increase in payables		**5.5**	23.4	27.8
Decrease in provisions		**(0.1)**	(1.4)	(2.7)
Cash generated from operating activities		**34.2**	32.7	65.7
Interest paid		**(4.4)**	(1.8)	(4.5)
Tax paid		**(1.0)**	(4.9)	(6.5)
Net cash from operating activities		**28.8**	26.0	54.7

Cash flows from investing activities				
Proceeds from sale of property, plant and equipment and software		**-**	-	0.1
Purchase of property, plant and equipment		**(3.3)**	(4.4)	(10.8)
Capitalisation of software and development costs		**(6.2)**	(5.8)	(10.9)
Acquisition of businesses, net of cash acquired	9	**(33.3)**	(12.7)	(56.1)
Net cash used in investing activities		**(42.8)**	(22.9)	(77.7)
Cash flows from financing activities				
Proceeds from the issue of shares		**0.2**	0.9	1.5
Proceeds from the sale of own shares		**1.7**	-	-
Own shares purchased		**(2.4)**	(1.6)	(5.8)
Principle lease repayments	10	**(3.3)**	(3.2)	(5.7)
Repayment of interest-bearing loans and borrowings	10	**(27.5)**	(87.8)	(128.2)
Borrowings from interest-bearing loans and borrowings	10	**79.8**	91.5	160.8
Dividends paid		**(11.1)**	(2.1)	(7.1)
Net cash from/(used in) financing activities		**37.4**	(2.3)	15.5
Increase in cash and cash equivalents		**23.4**	0.8	(7.5)
Cash and cash equivalents at 1 January		**7.9**	16.8	16.8
Effect of exchange rate fluctuations on cash held		**-**	(0.5)	(1.4)
Cash and cash equivalents at the end of the period	10	**31.3**	17.1	7.9

1 Accounting policies

Reporting entity

Videndum plc (the “Company”, previously The Vitec Group plc) is a public company limited by shares incorporated in the United Kingdom under the Companies Act. The Company is registered in England and Wales and its registered address is Bridge House, Heron Square, Richmond TW9 1EN, United Kingdom. These condensed consolidated interim financial statements (“Financial Statements”) as at and for the half year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the “Group”).

Basis of preparation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with United Kingdom adopted IAS 34 "Interim Financial Reporting". This report does not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2021, which were prepared in accordance with UK-adopted International Accounting Standards, and were approved by the Directors.

The comparative figures for the year ended 31 December 2021 do not constitute statutory accounts for the purpose of section 434 of the Companies Act 2006. The auditors have reported on the 2021 accounts, and these have been filed with the Registrar of Companies; their report was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The half year amounts as at and for the half years ending 30 June presented in these condensed consolidated interim financial statements have been reviewed in accordance with International Standard on Review Engagements (UK and Ireland) 2410 but have not been audited.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

In reporting financial information, the Group presents alternative performance measures ("APMs") which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information and enable an alternative comparison of performance over time. A glossary in note 13 provides a comprehensive list of APMs that the Group uses, including an explanation of how they are calculated, why they are used and how they can be reconciled to an IFRS measure where relevant.

These condensed consolidated interim financial statements were approved by the Board of Directors on 10 August 2022.

The accounting policies adopted in these interim financial statements are consistent with those of the previous financial year and the corresponding interim period. The annual financial statements of the group will be prepared in accordance with United Kingdom adopted International Accounting Standards.

Impact of adoption of new accounting standards

There has been no material impact on the Group's consolidated financial statements of adopting new standards or amendments.

New standards and interpretations not yet adopted

Amended standards and interpretations not yet effective are not expected to have a significant impact on the Group's consolidated financial statements.

Going concern

As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the Financial Statements, a range of scenarios have been modelled over the next 12 months. Neither the Group's latest forecast nor the downside scenarios modelled result in a breach of the covenants under the terms of its multicurrency Revolving Credit Facility ("RCF") and all scenarios show sufficient cash headroom to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these Financial Statements. Under the most severe scenario modelled, the lowest point of cash headroom in the next 12 months would be at August 2023, when cash headroom under the RCF would be £37 million.

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

As such, the Directors are satisfied that it is appropriate for the Group to continue to adopt the going concern basis for preparing these financial statements.

2 Reportable segments

For the half year ended 30 June 2022

The Group has three reportable segments which are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker on a regular basis to assist in making decisions on capital allocated to each segment and to assess performance.

	For the half year to 30 June									
	Media Solutions[1]		**Production Solutions**		**Creative Solutions**		**Corporate and unallocated**		**Group**	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
Analysis of revenue from external customers, by location of customer										
United Kingdom	**8.6**	8.0	**7.1**	6.4	**2.6**	3.2	**-**	-	**18.3**	17.6
The rest of Europe	**37.7**	36.2	**18.2**	14.3	**4.5**	4.6	**-**	-	**60.4**	55.1
North America	**40.8**	26.1	**30.6**	23.4	**32.3**	23.9	**-**	-	**103.7**	73.4
Asia Pacific	**20.0**	19.0	**8.3**	7.2	**4.6**	4.6	**-**	-	**32.9**	30.8
The rest of the World	**4.4**	2.4	**3.3**	1.5	**0.6**	0.6	**-**	-	**8.3**	4.5
Total revenue from external customers	**111.5**	91.7	**67.5**	52.8	**44.6**	36.9	**-**	-	**223.6**	181.4
Inter-segment revenue [2]	**-**	0.1	**0.3**	0.2	**0.1**	0.1	**(0.4)**	(0.4)	**-**	-
Total revenue	**111.5**	91.8	**67.8**	53.0	**44.7**	37.0	**(0.4)**	(0.4)	**223.6**	181.4
Adjusted operating profit/(loss)	**18.8**	12.8	**15.0**	11.3	**4.9**	4.5	**(8.7)**	(6.7)	**30.0**	21.9
Amortisation of acquired intangible assets	**(2.2)**	(0.5)	**(0.1)**	(0.1)	**(2.9)**	(2.7)	**-**	-	**(5.2)**	(3.3)
Acquisition related charges	**(2.0)**	-	**-**	(0.1)	**(1.6)**	(1.2)	**(0.6)**	-	**(4.2)**	(1.3)
Integration and restructuring costs	**(0.1)**	(0.1)	**-**	(0.2)	**(0.5)**	-	**(0.3)**	-	**(0.9)**	(0.3)
Operating profit/(loss)	**14.5**	12.2	**14.9**	10.9	**(0.1)**	0.6	**(9.6)**	(6.7)	**19.7**	17.0
Net finance expense									**(3.3)**	(1.9)
Taxation									**(3.5)**	(3.9)
Profit for the period									**12.9**	11.2

Segment assets	**241.8**	132.5	**112.5**	101.0	**116.1**	97.8	**10.4**	0.6	**480.8**	331.9
Unallocated assets										
Cash and cash equivalents							**31.3**	17.1	**31.3**	17.1
Non-current tax assets							**3.0**	3.2	**3.0**	3.2
Current tax assets							**3.6**	4.9	**3.6**	4.9
Deferred tax assets							**37.0**	25.5	**37.0**	25.5
Total assets									**555.7**	382.6
Segment liabilities	**69.3**	45.6	**37.6**	41.2	**24.5**	22.3	**8.2**	2.3	**139.6**	111.4
Unallocated liabilities										
Interest-bearing loans and borrowings	**0.6**	0.9	**-**	-	**0.4**	0.4	**186.8**	93.2	**187.8**	94.5
Current tax liabilities							**18.7**	8.5	**18.7**	8.5
Deferred tax liabilities							**7.7**	7.0	**7.7**	7.0
Total liabilities									**353.8**	221.4

(1) The Imaging Solutions segment has been renamed the Media Solutions segment following the change of the Company name from The Vitec Group plc to Videndum plc with effect from 23 May 2022.

(2) Inter-segment pricing is determined on an arm's length basis. These are eliminated in the corporate and unallocated column.

The Group’s operations are located in several geographic locations, and sell products and services to external customers around the world.

3 Operating expenses

	Half year to 30 June 2022	Half year to 30 June 2021	Year to 31 December 2021
	£m	£m	£m
Analysis of operating expenses			
- Charges associated with acquisition of businesses and other adjusting items (1)	**(10.2)**	(4.9)	(12.6)
- Other administrative expenses	**(31.7)**	(26.3)	(57.6)
Administrative expenses	**(41.9)**	(31.2)	(70.2)
Marketing, selling and distribution costs	**(25.4)**	(22.6)	(49.5)
Research, development and engineering costs	**(10.9)**	(9.0)	(19.9)
Total operating expenses	**(78.2)**	(62.8)	(139.6)

(1) Total charges associated with acquisition of businesses and other adjusting items are £10.7 million (2021: £4.9 million) of which £10.2 million (2021: £4.9 million) are recognised in operating expenses, £0.1 million (2021: £nil) in cost of sales, and £0.4 million (2021: £nil) in finance expense.

4 Charges associated with acquisition of businesses and other adjusting items

The Group presents alternative performance measures ("APMs") in addition to its statutory results. These are presented in accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA").

APMs used by the Group and, where relevant, a reconciliation to statutory measures are set out in the glossary to these financial statements.

The Group's key performance measures, such as adjusted operating profit, exclude charges associated with acquisition of businesses and other adjusting items.

The APMs reflect how the business is measured and managed on a day-to-day basis including when setting and determining the variable element of remuneration of senior management throughout the Group (notably cash bonus and the Long Term Incentive Plan ("LTIP")).

Adjusted operating profit, adjusted profit before tax and adjusted profit after tax are not defined terms under IFRS and may not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for IFRS measures. All APMs relate to the current period results and comparative periods where provided.

	Half year to 30 June 2022	Half year to 30 June 2021	Year to 31 December 2021
	£m	£m	£m
Amortisation of acquired intangible assets	**(5.2)**	(3.3)	(7.2)
Acquisition related charges	**(4.2)**	(1.3)	(4.6)
Integration and restructuring costs	**(0.9)**	(0.3)	(0.9)
Charges associated with acquisition of businesses and other adjusting items	**(10.3)**	(4.9)	(12.7)
Finance expense - amortisation of loan fees on borrowings for acquisitions	**(0.4)**	-	(0.1)
Charges associated with acquisition of businesses and other adjusting items, including finance expense	**(10.7)**	(4.9)	(12.8)

See note 7 "Earnings per share" for the above, net of tax.

5 Net finance expense

	Half year to 30 June 2022	Half year to 30 June 2021	Year to 31 December 2021
	£m	£m	£m
Finance income			
Net currency translation gains	**0.8**	0.1	0.5
Finance expense			
Interest expense on lease liabilities	**(0.7)**	(0.4)	(1.0)
Interest expense on interest-bearing loans and borrowings(1)	**(3.3)**	(1.5)	(3.3)
Interest expense on net defined benefit pension scheme	**(0.1)**	(0.1)	(0.1)
	(4.1)	(2.0)	(4.4)
Net finance expense	**(3.3)**	(1.9)	(3.9)

(1) Interest expense on interest-bearing loans and borrowings of £3.3 million (2021: £1.9 million) includes an amount of £0.4 million (2021: £nil) relating to amortisation of loan fees on borrowings for acquisitions. See note 4 "Charges associated with acquisition of businesses and other adjusting items".

6 Taxation

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

	Half year to 30 June 2022	Half year to 30 June 2021	Year to 31 December 2021
	£m	£m	£m
The total taxation charge/(credit) in the Income Statement is analysed as follows:			
Summarised in the Income Statement as follows			
Current tax	**4.2**	4.4	11.4
Deferred tax	**(0.7)**	(0.5)	(7.7)
	3.5	3.9	3.7
Charges associated with acquisition of businesses and other adjusting items			
Current tax	**(0.8)**	(0.1)	(0.2)
Deferred tax	**(1.9)**	(1.0)	(6.4)
	(2.7)	(1.1)	(6.6)

Before charges associated with acquisition of businesses and other adjusting items			
Current tax	**5.0**	4.5	11.6
Deferred tax	**1.2**	0.5	(1.3)
	6.2	5.0	10.3

The Group continues to recognise a £3.0 million non-current tax asset (31 December 2021 and 30 June 2021: £3.0 million) following a payment to HMRC of a Charging Notice received on 8 March 2021 under "The Taxation (Post Transition Period) Bill Act 2020". The Group considers that its appeal against the Charging Notice will be successful. Additionally, HMRC is also currently in the process of appealing against the European Commission state aid investigation and if the HMRC appeal is successful then the amount will ultimately be repaid to the Group. However, there exists a contingent liability as at 30 June 2022 of up to £3.0 million in relation to this matter.

7 Earnings per ordinary share

Earnings per share ("EPS") is the amount of post-tax profit attributable to each share.

Basic EPS is calculated on the profit for the period divided by the weighted average number of ordinary shares in issue during the period.

Diluted EPS is calculated on the profit for the period divided by the weighted average number of ordinary shares in issue during the period, but adjusted for the effects of dilutive share options.

The adjusted EPS measure is calculated based on adjusted profit and is used by management to set performance targets for employee incentives and to assess performance of the businesses.

The calculation of basic, diluted and adjusted EPS is set out below:

	Half year to 30 June 2022 £m	Half year to 30 June 2021 £m
Profit for the financial period	**12.9**	11.2
Add back charges associated with acquisition of businesses and other adjusting items, all net of tax:		
Amortisation of acquired intangible assets, net of tax	**4.1**	2.4
Acquisition related charges, net of tax	**3.4**	1.0
Integration and restructuring costs, net of tax	**0.7**	0.2
Finance expense - amortisation of loan fees on borrowings for acquisitions, net of tax	**0.3**	-
Other tax (income)/expense	**(0.5)**	0.2
	8.0	3.8
Adjusted profit after tax	**20.9**	15.0

	Weighted average number of shares '000		Adjusted earnings per share		Earnings per share	
	Half year to 30 June		Half year to 30 June		Half year to 30 June	
	2022	2021	**2022**	2021	**2022**	2021
	Number	Number	**pence**	pence	**pence**	pence
Basic	**46,003**	45,868	**45.4**	32.7	**28.0**	24.4
Dilutive potential ordinary shares	**1,700**	947	**(1.6)**	(0.7)	**(1.0)**	(0.5)
Diluted	**47,703**	46,815	**43.8**	32.0	**27.0**	23.9

8 Employee benefit asset

The Group has employee benefit schemes in the UK, Italy, Germany, Japan and France. In the UK it is a defined benefit scheme which was closed to future accruals with effect from 31 July 2010.

As a result of actuarial movements during the period, including an increase in the discount rate from 1.9% at 31 December 2021 to 3.9% at 30 June 2022, the UK defined benefit scheme is in an actuarial surplus position at 30 June 2022 (measured on an IAS 19 "Employee Benefits" basis) of £2.6 million (31 December 2021: liability of £4.6 million). The surplus has been recognised on the basis that the Group has an unconditional right to a refund, assuming the gradual settlement of Scheme liabilities over time until all members have left the Scheme.

9 Acquisitions

Acquisitions are accounted for under the acquisition method of accounting. With limited exceptions, identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date. A detailed exercise is undertaken to assess the fair value of assets acquired and liabilities assumed, with the use of third-party experts where appropriate.

The valuation of intangible assets requires the use of assumptions and estimates, including future growth rates, expected inflation rates, discount rates used and useful economic lives. This process continues as information is finalised, and accordingly the fair values presented in the tables below are provisional amounts. In accordance with IFRS 3 until the assessment is complete the measurement period will remain open for up to a maximum of 12 months from the acquisition date so long as information remains outstanding.

The excess of the consideration transferred, any non-controlling interest recognised and the fair value of any previous equity interest in the acquired entity over the fair value of net identifiable assets acquired is recorded as goodwill. Acquisition-related costs are recognised in the Income Statement as incurred in accordance with IFRS 3.

Acquisitions provide opportunities for further development of the Group’s activities and create enhanced returns. Such opportunities and the workforces inherent in each of the acquired businesses represent much of the assessed value of goodwill.

Acquisition of Savage

During the period ended 30 June 2022, the process to measure the fair values of the assets acquired and liabilities assumed was completed in respect of the Savage acquisition. The Balance Sheet as at 31 December 2021 has been adjusted to reflect a decrease in goodwill of £0.7 million as a result of adjustments increasing deferred tax assets by £0.5 million, increasing acquired intangible assets by £0.3 million, and increasing other creditors by £0.1 million. An amount of £0.2 million was received in the period in relation to the final working capital adjustment for Savage.

Acquisition of Audix

On 11 January 2022, the Group acquired 100% of the issued share capital of Audix LLC ("Audix"), a US company, for consideration of US$45.8 million (£33.7 million), and subject to customary working capital adjustments. Under the terms of the acquisition, there is deferred consideration payable in 2023 of US$2.0 million (£1.5 million). In addition, a potential payment of up to US$2.3 million (£1.7 million) in relation to contingent consideration could be payable which is outside of the control of the Group, the fair value of which is estimated to be £nil. The consideration for the acquisition is set out in the table below.

Audix has been integrated into the Media Solutions Division and it designs, engineers and manufactures high performing, innovative microphones for the professional audio industry. Audix products are highly complementary to the JOBY and Rycote brands and this acquisition will help to enhance the Group's leading position in the growing audio market. This acquisition is in line with the Group's strategy to drive growth by increasing its addressable markets and expanding its higher technology capabilities.

Based on the provisional view, the fair value of the net assets acquired in the business at acquisition date was £18.7 million, resulting in goodwill of £16.4 million. The whole amount of goodwill is tax deductible over 15 years and represents the expected synergies from the acquisition and the assembled workforce.

In connection with the acquisition, a retention agreement was entered into with key employees. The retention agreement is for a total of US$3.1 million (£2.3 million) conditional on continued employment and payable in 2023. This is accounted for as an employee expense in accordance with IAS 19.

The amounts included in the Group's consolidated results relating to Audix comprise £6.1 million of revenue and £1.4 million operating profit. Had the acquisition been made at the beginning of the year (i.e. 1 January 2022), it would have contributed the same to the revenue and operating profit of the Group. The level of profitability is stated after charges associated with acquisition of businesses.

A summary of the acquisitions is detailed below:

	£m
Fair value of net assets acquired	
Intangible assets	15.1
Property, plant and equipment	5.5
Inventories	3.1
Trade and other receivables	1.1
Cash	0.2
Lease liabilities	(4.4)
Trade and other payables	(1.1)
Deferred tax	(0.8)
	18.7
Goodwill	16.4
Total purchase consideration	35.1
Present value of deferred consideration	(1.4)
Cash consideration	33.7
Cash acquired	(0.2)
Total outflow of cash for Audix	33.5
Working capital adjustment received for Savage	(0.2)
Total outflow of cash	33.3

Transaction costs of £0.4 million relating to the acquisition of Audix, and an earnout and retention payment charge of £3.0 million (Audix: £1.1 million, Savage: £0.3 million, and Lightstream: £1.6 million) are included within operating costs in the Income Statement.

The trade receivables acquired had a fair value and a gross contractual value of £0.7 million. All contractual cashflows at acquisition date are expected to be collected.

The carrying amount of goodwill at 30 June 2022 was £125.0 million (31 December 2021: £99.7 million). During the period there was a net addition of £15.7 million (Audix: increase of £16.4 million, Savage: reduction of £0.7 million) resulting from the acquisition of Audix and measurement period adjustments relating to the prior year Savage acquisition. The foreign exchange difference was £9.6 million.

10 Analysis of net debt

The table below analyses the Group's components of net debt and their movements in the period:

	Interest-bearing loans and borrowings £m	Leases £m	Liabilities from financing sub-total £m	Other Cash and cash equivalents £m	Half year to 30 June 2022 £m
Opening at 1 Jan 2022	**(122.8)**	**(30.3)**	**(153.1)**	**7.9**	**(145.2)**
Other cash flows	**-**	**-**	**-**	**(25.8)**	**(25.8)**
Business combinations	**-**	**(4.4)**	**(4.4)**	**0.2**	**(4.2)**
Repayments	**27.5**	**3.3**	**30.8**	**(30.8)**	**-**
Borrowings	**(79.8)**	**-**	**(79.8)**	**79.8**	**-**
Leases entered into during the year	**-**	**(4.1)**	**(4.1)**	**-**	**(4.1)**
Leases – early termination	**-**	**0.2**	**0.2**	**-**	**0.2**
Fees incurred	**0.5**	**-**	**0.5**	**-**	**0.5**
Amortisation of fees	**(0.7)**	**-**	**(0.7)**	**-**	**(0.7)**
Foreign exchange differences	**(12.5)**	**(2.3)**	**(14.8)**	**-**	**(14.8)**
Closing at 30 June 2022	**(187.8)**	**(37.6)**	**(225.4)**	**31.3**	**(194.1)**

Interest bearing loans and borrowings are stated after deduction of unamortised transaction costs of £2.0m (31 December 2021: £2.1m, 30 June 2021: £1.4m).

	Interest-bearing loans and borrowings £m	Leases £m	Liabilities from financing sub-total £m	Other Cash and cash equivalents £m	Year to 31 December 2021 £m
Opening at 1 Jan 2021	(91.4)	(16.2)	(107.6)	16.8	(90.8)
Other cash flows	-	-	-	(37.0)	(37.0)
Business combinations	-	(4.5)	(4.5)	2.6	(1.9)
Repayments	128.2	5.7	133.9	(133.9)	-
Borrowings	(160.8)	-	(160.8)	160.8	-
Leases entered into during the year	-	(15.7)	(15.7)	-	(15.7)
Leases – early termination	-	0.1	0.1	-	0.1
Fees incurred	1.3	-	1.3	-	1.3
Amortisation of fees	(0.7)	-	(0.7)	-	(0.7)
Foreign exchange differences	0.6	0.3	0.9	(1.4)	(0.5)
Closing at 31 December 2021	(122.8)	(30.3)	(153.1)	7.9	(145.2)

	Interest-bearing loans and borrowings £m	Leases £m	Liabilities from financing sub-total £m	Other Cash and cash equivalents £m	Half Year to 30 June 2021 £m
Opening at 1 Jan 2021	(91.4)	(16.2)	(107.6)	16.8	(90.8)
Other cash flows	-	-	-	0.3	0.3
Business combinations	-	(0.3)	(0.3)	-	(0.3)
Repayments	87.8	3.2	91.0	(91.0)	-
Borrowings	(91.5)	-	(91.5)	91.5	-
Leases entered into during the year	-	(11.6)	(11.6)	-	(11.6)
Fees incurred	0.2	-	0.2	-	0.2
Amortisation of fees	(0.3)	-	(0.3)	-	(0.3)
Foreign exchange differences	0.7	0.3	1.0	(0.5)	0.5
Closing at 30 June 2021	(94.5)	(24.6)	(119.1)	17.1	(102.0)

On 14 February 2020, the Group signed a £165.0 million five-year (with one optional one year extension) multicurrency Revolving Credit Facility ("RCF") with a syndicate of five banks. On 12 November 2021, the Group signed an amendment and restatement agreement to change the underlying benchmark from LIBOR to the relevant risk-free rates (SONIA, SOFR, TONA), due to the cessation of LIBOR on 31 December 2021. In January 2022, a one-year extension was agreed with four syndicate banks resulting in £35.0 million expiring on 14 February 2025 and £130.0 million expiring on 14 February 2026. The Group was utilising £114.7 million of the RCF as at 30 June 2022. Under the terms of the RCF the Group expects to and has the discretion to roll over the obligation for at least 12 months from the balance sheet date, and as a result, these amounts are reported as non-current liabilities in the balance sheet.

On 14 November 2021, the Group signed a $53.0 million (£43.6 million) three-year amortising Term Loan with a syndicate of four banks to facilitate the acquisition of Savage. This facility will expire on 14 November 2024. Following the payment of 10% of the original amount on its due date of 30 June 2022, the outstanding balance of this Term Loan was $47.7 million (£39.3 million) as at 30 June 2022.

On 7 January 2022, the Group signed a $47.0 million (£38.7 million) three-year amortising Term Loan with a syndicate of four banks to facilitate the acquisition of Audix. This facility will expire on 7 January 2025. Following the payment of 10% of the original amount on its due date of 30 June 2022, the outstanding balance of this Term Loan was $42.3 million (£34.8 million) as at 30 June 2022.

11 Derivative financial instruments

The fair value of forward exchange contracts and interest rate swap contracts is determined by estimating the market value of that contract at the reporting date. Derivatives are presented as current or non-current based on their contracted maturity dates.

Forward exchange contracts

The following table shows the forward exchange contracts in place at the Balance Sheet date. These contracts mature in the next eighteen months, therefore the cash flows and resulting effect on the Income Statement are expected to occur within the next eighteen months.

	Currency	**Nominal amounts as at 30 June 2022 millions**	Weighted average exchange rate of contracts	Nominal amounts as at 30 June 2021 millions	Weighted average exchange rate of contracts
Forward exchange contracts (buy/sell)					
GBP/USD forward exchange contracts	USD	**26.6**	1.28	-	-
EUR/USD forward exchange contracts	USD	**33.3**	1.11	1.6	1.21
GBP/EUR forward exchange contracts	EUR	**25.3**	1.16	-	-
GBP/JPY forward exchange contracts	JPY	**27.0**	156	-	-
EUR/JPY forward exchange contracts	JPY	**246.6**	130	-	-

During the period ended 30 June 2022 a net loss of £0.6 million (2021: £0.2 million net gain) relating to forward exchange contracts was reclassified to the Income Statement, to match the crystallisation of the hedged forecast cash flows which affects the Income Statement.

Interest rate swaps

The following table shows the interest rate swap contracts in place at the Balance Sheet date. The interest is payable quarterly on 31 March, 30 June, 30 September and 31 December.

	Currency	**Nominal amounts as at 30 June 2022 millions**	**Weighted average fixed rate[1]**	**Maturity[2]**	Nominal amounts as at 30 June 2021 millions
Interest rate swap contracts					
USD Interest rate swaps float (SOFR) to fix	USD	90.0	1.01%	Sep-23	-
GBP Interest rate swaps float (SONIA) to fix	GBP	37.0	1.01%	Jan-25	-

[1] In addition to these fixed rates, the margin relating to the interest swapped of the underlying Revolving Credit Facility or the term loans continues to apply.

[2] The notional amounts of the USD interest rate swaps amortise bi-annually in line with the amortisation of the Term Loans.

During the period ended 30 June 2022 a net loss of £0.2 million (2021: £nil) relating to interest rate swaps was reclassified to the Income Statement, to match the crystallisation of the hedged forecast cash flows which affects the Income Statement.

Fair value hierarchy

The carrying values of the Group's financial instruments approximate their fair values.

The Group's financial instruments measured at fair value are Level 2.

12 Subsequent events

Other than as described below, there were no events after the Balance Sheet date that require disclosure.

Interim dividend

After the balance sheet date, an interim dividend of 15.0 pence (2021: 11.0 pence) per share has been declared by the Directors, totalling £6.9 million (2021: £5.1 million).

13 Glossary on Alternative Performance Measures ("APMs")

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information and enable an alternative comparison of performance over time.

APM	Closest equivalent IFRS measure	Definition & Purpose
The Group uses APMs to aid the comparability of information between reporting periods and Divisions, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and Management for performance analysis, planning, reporting and incentive purposes. Where relevant, further information on specific APMs is provided in each section below.		
Income Statement Measures		
Adjusted gross profit	Gross profit	Calculated as gross profit before charges associated with acquisition of businesses and other adjusting items. The table below shows a reconciliation: See note 4 "Charges associated with acquisition of businesses and other adjusting items".
Adjusted gross profit margin	None	Calculated as adjusted gross profit divided by revenue.

	Half year to 30 June 2022 £m	Half year to 30 June 2021 £m	Year to 31 December 2021 £m
Gross profit	**97.9**	79.8	173.1
Charges associated with acquisition of businesses and other adjusting items	**0.1**	-	0.1
Adjusted gross profit	**98.0**	79.8	173.2

<table>
<tr><td>Adjusted operating profit</td><td>Profit before tax</td><td>
Calculated as profit before tax, before net finance expense, and before charges associated with acquisition of businesses and other adjusting items. This is a key management incentive metric.
Charges associated with acquisition of businesses include non-cash charges such as amortisation of acquired intangible assets and effect of fair valuation of acquired inventory. Cash charges include items such as transaction costs, earnout and deferred payments and significant costs relating to the integration of acquired businesses.
The table below shows a reconciliation:
See note 4 "Charges associated with acquisition of businesses and other adjusting items".
<table>
<tr><th></th><th>Half year to 30 June 2022
£m</th><th>Half year to 30 June 2021
£m</th><th>Year to 31 December 2021
£m</th></tr>
<tr><td>Profit before tax</td><td>16.4</td><td>15.1</td><td>29.6</td></tr>
<tr><td>Net finance expense</td><td>3.3</td><td>1.9</td><td>3.9</td></tr>
<tr><td>Charges associated with acquisition of businesses and other adjusting items</td><td>10.3</td><td>4.9</td><td>12.7</td></tr>
<tr><td>Adjusted operating profit</td><td>30.0</td><td>21.9</td><td>46.2</td></tr>
</table>
</td></tr>
<tr><td>Adjusted operating profit margin</td><td>None</td><td>Calculated as adjusted operating profit divided by revenue. Progression in adjusted operating margin is an indicator of the Group’s operating efficiency.</td></tr>
<tr><td>Adjusted operating expenses</td><td>Operating expenses</td><td>
Calculated as operating expenses before charges associated with acquisition of businesses and other adjusting items.
The table below shows a reconciliation:
<table>
<tr><th></th><th>Half year to 30 June 2022
£m</th><th>Half year to 30 June 2021
£m</th><th>Year to 31 December 2021
£m</th></tr>
<tr><td>Operating expenses</td><td>(78.2)</td><td>(62.8)</td><td>(139.6)</td></tr>
<tr><td>Charges associated with acquisition of businesses and other adjusting items</td><td>10.2</td><td>4.9</td><td>12.6</td></tr>
<tr><td>Adjusted operating expenses</td><td>(68.0)</td><td>(57.9)</td><td>(127.0)</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><td>Adjusted profit before tax</td><td>Profit before tax</td><td>Calculated as profit before tax, before charges associated with acquisition of businesses and other adjusting items that the Group deems, by their nature, require adjustment in order to show more accurately the underlying business performance of the Group from period to period in a consistent manner. This is a key management incentive metric.

See Condensed Consolidated Income Statement for a reconciliation.</td></tr>
<tr><td>Adjusted net finance expense</td><td>None</td><td>Calculated as finance expense, less finance income and amortisation of loan fees on borrowings for acquisitions.

The table below shows a reconciliation:
<table>
<tr><th></th><th>Half year to 30 June 2022 £m</th><th>Half year to 30 June 2021 £m</th><th>Year to 31 December 2021 £m</th></tr>
<tr><td>Finance expense</td><td>(4.1)</td><td>(2.0)</td><td>(4.4)</td></tr>
<tr><td>Finance income</td><td>0.8</td><td>0.1</td><td>0.5</td></tr>
<tr><td>Amortisation of loan fees on borrowings for acquisitions</td><td>0.4</td><td>-</td><td>0.1</td></tr>
<tr><td>Adjusted net finance expense</td><td>(2.9)</td><td>(1.9)</td><td>(3.8)</td></tr>
</table></td></tr>
<tr><td>Adjusted profit after tax</td><td>Profit after tax</td><td>Calculated as profit after tax before charges associated with acquisition of businesses and other adjusting items.

See Condensed Consolidated Income Statement for a reconciliation.</td></tr>
<tr><td>Adjusted basic earnings per share</td><td>Basic earnings per share</td><td>Calculated as adjusted profit after tax divided by the weighted average number of ordinary shares outstanding during the period. This is a key management incentive metric.

See note 7 “Earnings per share” for a reconciliation.</td></tr>
<tr><td colspan="3">Cash Flow Measures</td></tr>
<tr><td>Free cash flow</td><td>Net cash from operating activities</td><td>Net cash from operating activities after proceeds from the sale of property, plant and equipment and software, purchase of property, plant and equipment, and capitalisation of software and development costs. This measure reflects the cash generated in the period that is available to invest in accordance with the Group’s capital allocation policy.

See "Adjusted operating cash flow" below for a reconciliation.</td></tr>
</table>

Adjusted operating cash flow	Net cash from operating activities	Free cash flow before payment of interest, tax, restructuring and integration costs, and transaction costs relating to the acquisition of businesses. This is a measure of the cash generation and working capital efficiency of the Group's operations. Adjusted operating cash flow as a percentage of adjusted operating profit is a key management incentive metric.

	Half year to 30 June 2022 £m	Half year to 30 June 2021 £m	Year to 31 December 2021 £m
Profit for the period	**12.9**	11.2	25.9
Add back:			
Taxation and net finance expense	**6.8**	5.8	7.6
Charges associated with acquisition of businesses and other adjusting items	**10.3**	4.9	12.7
Adjusted operating profit	**30.0**	21.9	46.2
Depreciation	**7.5**	6.1	12.9
Amortisation of capitalised software and development costs	**3.3**	3.2	5.8
Adjusted working capital movement(1)	**(7.8)**	2.6	1.1
Adjusted provision movement(1)	**(0.5)**	0.4	(0.8)
Other:			
- Fair value losses on derivative financial instruments	**0.2**	-	-
- Foreign exchange losses/(gains)	**0.3**	(0.2)	-
- Share-based payments excluding retention charges	**3.6**	2.0	5.9
- Impairment losses on property, plant and equipment	**-**	-	0.2
- Proceeds from sale of property, plant and equipment and software	**-**	-	0.1
- Purchase of property, plant and equipment	**(3.3)**	(4.4)	(10.8)
- Capitalisation of software and development costs	**(6.2)**	(5.8)	(10.9)
Adjusted operating cash flow	**27.1**	25.8	49.7
Interest paid	**(4.4)**	(1.8)	(4.5)
Tax paid	**(1.0)**	(4.9)	(6.5)
Payments relating to:			
Earnout and retention bonuses	**(1.1)**	(2.0)	(2.2)

<table>
<tr>
<td></td>
<td></td>
<td>
<table>
<tr><td>Restructuring and integration costs</td><td>(0.5)</td><td>(1.0)</td><td>(1.9)</td></tr>
<tr><td>Transaction costs</td><td>(0.8)</td><td>(0.3)</td><td>(1.5)</td></tr>
<tr><td>Free cash flow</td><td>19.3</td><td>15.8</td><td>33.1</td></tr>
<tr><td>Proceeds from sale of property, plant, equipment and software</td><td>-</td><td>-</td><td>(0.1)</td></tr>
<tr><td>Purchase of property, plant and equipment</td><td>3.3</td><td>4.4</td><td>10.8</td></tr>
<tr><td>Capitalisation of software and development costs</td><td>6.2</td><td>5.8</td><td>10.9</td></tr>
<tr><td>Net cash from operating activities</td><td>28.8</td><td>26.0</td><td>54.7</td></tr>
</table>
(1) See "adjusted working capital movement" and "adjusted provision movement" below for a reconciliation.
</td>
</tr>
<tr>
<td>Adjusted working capital movement</td>
<td>None</td>
<td>
The adjusted working capital movement excludes movements in provisions, and movements relating to charges associated with acquisition of businesses and other adjusting items.
<table>
<tr><td></td><td>Half year to 30 June 2022
£m</td><td>Half year to 30 June 2021
£m</td><td>Year to 31 December 2021
£m</td></tr>
<tr><td>(Increase)/decrease in inventories</td><td>(12.1)</td><td>(9.3)</td><td>(21.9)</td></tr>
<tr><td>(Increase)/decrease in receivables</td><td>(1.9)</td><td>(12.2)</td><td>(5.8)</td></tr>
<tr><td>Increase/(decrease) in payables</td><td>5.5</td><td>23.4</td><td>27.8</td></tr>
<tr><td>(Increase)/decrease in working capital, excluding provisions</td><td>(8.5)</td><td>1.9</td><td>0.1</td></tr>
<tr><td>Deduct inflows from adjusting charges:
Effect of fair valuation of acquired inventory</td><td>(0.1)</td><td>-</td><td>(0.1)</td></tr>
<tr><td>Add back following outflows:
Adjustments for integration and restructuring costs, transaction costs relating to acquisition of businesses, and earnout and retention bonuses</td><td>0.8</td><td>0.7</td><td>1.1</td></tr>
<tr><td>Adjusted working capital movement</td><td>(7.8)</td><td>2.6</td><td>1.1</td></tr>
</table>
</td>
</tr>
</table>

Adjusted provisions movement	Increase/(decrease) in provisions	The adjusted provisions movement excludes movements relating to charges associated with acquisition of businesses and other adjusting items. The table below shows a reconciliation:

	Half year to 30 June 2022 **£m**	Half year to 30 June 2021 £m	Year to 31 December 2021 £m
Decrease in provisions	**(0.1)**	(1.4)	(2.7)
Adjustments for integration and restructuring costs	**(0.4)**	0.7	0.7
Earnout and deferred payments	**-**	1.1	1.2
Adjusted provision movement	**(0.5)**	0.4	(0.8)

Other Measures

Return on capital employed (“ROCE”)	None	ROCE is calculated as annual adjusted operating profit divided by the average total assets (excluding defined benefit pension asset), current liabilities (excluding current interest-bearing loans and borrowings), and non-current lease liabilities. The average is based on the opening and closing position of the 12 month applicable period.

	12 months ended to 30 June 2022 **£m**	12 months ended 30 June 2021 £m	12 months ended 31 December 2021 £m
Adjusted operating profit for the last 12 months	**54.3**	36.2	46.2
Opening capital employed	**274.0**	279.7	259.7
Total assets	**555.7**	382.6	441.1
Less defined benefit asset	**(2.6)**	-	-
Less current liabilities	**(150.0)**	(89.1)	(116.5)
Add current interest-bearing loans and borrowings	**28.7**	0.4	13.2
Less non-current lease liabilities	**(31.4)**	(19.9)	(24.6)
Closing capital employed	**400.4**	274.0	313.2
Average capital employed	**337.2**	276.9	286.5
ROCE%	**16.1%**	13.1%	16.1%

<table>
<tr><td>Constant currency</td><td>None</td><td>Constant currency variances are derived by calculating the current year amounts at the applicable prior year foreign currency exchange rates, excluding the effects of hedging in both years.

Revenue growth is presented on a constant currency basis as this best represents the impact of volume and pricing on revenue growth.</td></tr>
<tr><td>Cash conversion</td><td>None</td><td>This is calculated as adjusted operating cash flow divided by adjusted operating profit. This is a key management incentive metric and is a measure used within the Group’s incentive plans.</td></tr>
<tr><td>Net debt</td><td>None</td><td>See note 10 "Net debt" for an explanation of the balances included in net debt, along with a breakdown of the amounts.</td></tr>
<tr><td>Adjusted EBITDA</td><td>None</td><td>Calculated as adjusted operating profit for the last 12 months before depreciation of tangible fixed assets and amortisation of intangibles (other than those already excluded from adjusted operating profit).

The table below shows a reconciliation:
<table>
<tr><th></th><th>12 months ended 30 June 2022
£m</th><th>12 months ended 30 June 2021
£m</th><th>12 months ended 31 December 2021
£m</th></tr>
<tr><td>Adjusted operating profit for the last 12 months</td><td>54.3</td><td>36.2</td><td>46.2</td></tr>
<tr><td>Add back depreciation</td><td>14.3</td><td>12.6</td><td>12.9</td></tr>
<tr><td>Add back amortisation of intangible assets</td><td>15.0</td><td>12.7</td><td>13.0</td></tr>
<tr><td>Less amortisation of acquired intangible assets</td><td>(9.1)</td><td>(6.4)</td><td>(7.2)</td></tr>
<tr><td>Adjusted EBITDA</td><td>74.5</td><td>55.1</td><td>64.9</td></tr>
</table></td></tr>
</table>