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28 February 2023

Videndum plc

2022 Full Year Results

Record revenue and adjusted profit before tax*

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 audited results for the year ended 31 December 2022.

Results	**2022**	**2021**	**% change**
Revenue	£451.2m	£394.3m	+14%
Adjusted operating profit*	£60.0m	£46.2m	+30%
*Adjusted operating margin**	*13.3%*	*11.7%*	*+160bps*
Adjusted profit before tax*	£54.0m	£42.4m	+27%
Adjusted basic earnings per share*	90.1p	69.9p	+29%
Dividend per share	40.0p	35.0p	+14%
Free cash flow*	£28.5m	£33.1m	-14%
Net debt*	£193.5m	£145.2m	+33%
Statutory results			
Operating profit	£31.5m	£33.5m	-6%
Operating margin	*7.0%*	*8.5%*	*-150bps*
Profit before tax	£24.7m	£29.6m	-17%
Basic earnings per share	71.4p	56.4p	+27%

2022 financial highlights

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

Strategic positioning and outlook

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

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

"Videndum delivered another record performance, despite a challenging H2 2022 macroeconomic environment. This is testament to the quality of our people, operational excellence and our leading, premium brands which allow us to manage pricing to more than offset inflationary headwinds. We executed well on our strategy, delivering organic growth, margin improvement, good cash generation and growth through M&A.

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

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

For more information please contact:

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Stephen Bird, Group Chief Executive
Andrea Rigamonti, Group Chief Financial Officer
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 1,900 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 2022 average exchange rates: £1 = $1.24, £1 = €1.17, €1 = $1.06, £1 = Yen161.
2 2021 average exchange rates: £1 = $1.38, £1 = €1.16, €1 = $1.18, £1 = Yen151.
3 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.*

2022 financial overview

Income and expense

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

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

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

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

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

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

Adjusted profit before tax* included a £3.6 million favourable foreign exchange effect after hedging compared to 2021, due to a stronger US Dollar partly offset by a slightly weaker Euro than in 2021. The impact on 2023 adjusted profit before tax* from a one cent stronger/weaker US Dollar/Euro is expected to be an increase/decrease of approximately £0.3 million and £0.3 million respectively. At current spot rates (24 February: £1 = $1.19, £1 = €1.13) there is expected to be a c.£2 million favourable impact versus 2022.

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

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

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

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

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

Cash flow and net debt

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

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

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

(1) Includes depreciation, amortisation of software and capitalised development costs
(2) Purchase of Property, Plant & Equipment ("PP&E") and capitalisation of software and development costs
(3) Includes share-based payments charge (excluding retention) and other reconciling items to get to the adjusted operating cash flow*
Net cash from operating activities of £48.7 million (2021: £54.7 million) comprises £28.5 million free cash flow (2021: £33.1 million) plus £20.2 million capital expenditure (2021: £21.7 million) less nil proceeds from sale of PP&E and software (2021: £0.1 million)

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

Capital expenditure included:

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

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

‘Other’ primarily relates to share-based payments.

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

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

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

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

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

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

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

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

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

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

Adjusting items

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

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

Adjusting items	**29.3**	**12.8**

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. Our loan covenant is 3.25x

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

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

Market and strategy update

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

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

We continue to execute well on our long-term strategy to deliver organic growth, improve margins and to grow through M&A. Our strategic initiatives and growth drivers lead to a medium-term ambition for the Group to deliver c.£600 million revenue and greater than £100 million adjusted operating profit on an organic basis. However, the current macroeconomic environment is likely to delay this ambition.

1. Organic growth

Organic growth is being driven by technology advancement and by the significant changes in the way people now capture, consume and share content. We estimate that 75% of the Group's business is exposed to the four main structural market growth drivers below, which have all been experiencing double-digit growth. We continue to develop innovative new technology to improve our customers' productivity by developing products which reduce set up time and lower operating costs. This is becoming increasingly important to our customers and drives demand for new and replacement products.

The internet

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

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

Subscription TV

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

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

TikTok and YouTube

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

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

Live streaming

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

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

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

Technology advancement

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

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

2. Margin improvement

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

- Operational excellence, e.g., targeting 3% year-on-year productivity gains by driving lean manufacturing and continuous improvement initiatives across the Group
- Targeted pricing improvements to reflect product quality and brand strength; price increases were implemented in 2022 which will ensure that we will continue to stay ahead of inflationary pressures. We will continue to monitor inflation
- Increasing mix of higher margin, higher technology products, e.g., 4K/HDR technology replacement cycle in Creative Solutions and new advanced automated solutions with our prompting and robotics products

- Driving margin improvement in Creative Solutions; 2022 saw the Division's operating profit margin improve 240bps year-on-year, and this is expected to improve further following the recently announced reorganisation of the Division
- Growing online sales, e.g., in FY 2022 c.50% of Media Solutions' revenue (excluding from B2B customers) was from online sales, of which 5% was direct e-commerce compared to 4% in FY 2021
- Higher margin acquisitions and capturing synergies, e.g., in Media Solutions we have further strengthened our go-to-market effectiveness in the US and leveraged greater organisational efficiencies in line with the integration plans for Audix and Savage, and also Rycote
- Optimising the use of our sites and rationalisation of our site portfolio, e.g., we will look to relocate employees into alternative or smaller properties. In 2022, we closed our Chatsworth, US site and employees were relocated to a nearby existing facility

3. M&A activity

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

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

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.

Executive Team

Videndum announces that Marco Pezzana, Chief Executive Officer of its Media Solutions Division, is appointed Group Chief Operating Officer, continuing to report to Stephen Bird, Group Chief Executive. Marco will retain responsibility for the Media Solutions Division as its Chief Executive Officer and will take on a wider responsibility for the Group's operations. This will include working on strategic self-help projects to further streamline our cost base, maximise operational efficiencies and deliver cross-Divisional synergies to accelerate Videndum's growth. Marco has been with Videndum since March 2009 and has led the Media Solutions Division since November 2011. He has a deep understanding of the Group's operations and international markets. Marco will attend Board meetings.

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 photographers/videographers, independent content creators, vloggers/influencers, gamers, enterprises and professional musicians. This includes camera supports and heads, smartphone and vlogging accessories, lighting supports and controls, LED lights, motion control, audio capture and noise reduction equipment, 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.£1.5 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 (2022-25) will be c.4%.

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

	Adjusted*			Statutory	
Media Solutions	**2022**	**2021**	**% change**	**2022**	**2021**
Revenue	£217.8m	£194.7m	+12%	£217.8m	£194.7m
Operating profit	£33.1m	£26.6m	+24%	£23.4m	£23.8m
Operating margin	15.2%	13.7%	+150bps	10.7%	12.2%

** For Media Solutions, before adjusting items of £9.7 million (2021: £2.8 million).*

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

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

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

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

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

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

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 (2022-25) will be c.3%.

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

	Adjusted*			Statutory	
Production Solutions	**2022**	**2021**	**% change**	**2022**	**2021**
Revenue	£137.8m	£121.8m	+13%	£137.8m	£121.8m
Operating profit	£31.4m	£28.0m	+12%	£30.1m	£27.1m
Operating margin	22.8%	23.0%	-20bps	21.8%	22.2%

** For Production Solutions, before adjusting items of £1.3 million (2021: £0.9 million).*

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

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

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

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

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

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

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.

The TAM for Creative Solutions is larger than £1.0 billion, and we estimate that the market CAGR (2022-2025) will be 10-15%.

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

	Adjusted*			Statutory	
Creative Solutions	**2022**	**2021**	**% change**	**2022**	**2021**
Revenue	£95.6m	£77.8m	+23%	£95.6m	£77.8m
Operating profit/(loss)	£12.5m	£8.3m	+51%	£(3.3)m	£(0.6)m
Operating margin	13.1%	10.7%	+240bps	(3.5)%	(0.8)%

** For Creative Solutions, before adjusting items of £15.8 million (2021: £8.9 million).*

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

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

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

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

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

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

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

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	**2022**	**2021**	**% change**	**2022**	**2021**
Operating (loss)	£(17.0)m	£(16.7)m	+2%	£(18.7)m	£(16.8)m

** For corporate costs, before adjusting items of £1.7 million (2021: £0.1 million).*

Corporate costs were slightly above those in 2021 on an adjusted* basis. At a statutory level the £1.9 million increase was due to restructuring costs.

Dividend

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

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. Throughout 2022, the Company further developed its Group-wide ESG programme, increasingly focusing on the end-to-end supply chain as well as direct operations, and addressing and reporting on material issues affecting our operations and stakeholders.

Our strategy includes clear objectives and targets, prioritising actions that will deliver the greatest 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 ("D&I")

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, while the ESG committee, chaired by the Group CEO and comprising senior executives from across the Group, is responsible for driving ESG performance. ESG Governance has been integrated into our existing processes and a percentage of the Group CEO's remuneration is tied to the Group's ESG performance. In 2022, we established a dedicated ESG Working Group made up of specific ESG coordinators across each of our Divisions and the Group Risk Assurance Manager. This Working Group meets bi-weekly and is responsible for achieving the Group's wider ESG targets.

ESG Reporting

We are in the process of producing our second standalone ESG Report for our 2022 reporting period in accordance with the GRI (Global Reporting Initiative). During the year, we developed our TCFD (Task Force on Climate-related Financial Disclosures) reporting by widening our climate scenario analysis and data collection processes to include new acquisitions and top suppliers based on spend and crucial supply chain routes. Both reports will be available on our website at the end of March.

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 carbon neutral for scope 1 and 2 by 2025, net zero for Scope 1 and 2 by 2035, and for Scope 3 by 2045. We have identified quantifiable measures to achieve these objectives. By implementing smarter ways of working and investing in infrastructure, as outlined below, we have already achieved a greater than 20% reduction across the Group's scope 1 and 2 emissions since 2019, excluding the impact of recently acquired businesses.

After calculating our 2020 carbon footprint for the first time in 2021, we launched a robust data collection process to align our carbon reporting with annual reporting. In 2022 we calculated our total Scope 1, 2 and 3 carbon emission for both 2021 and 2022. In 2022, we introduced measures to improve the accuracy of our data collection, moving to activity-based data collection for areas such as employee commuting, waste and business travel.

Widening our data collection in line with the Greenhouse Gas Protocol and Streamlined Energy and Carbon Reporting ("SECR") requirements creates a clearer picture of higher-emitting areas of our operations. This has enabled us to develop a roadmap to target 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 the installation of Solar PV to our Cartago site, Costa Rica and Bury St. Edmunds, UK in Q1 2022. Solar photovoltaics ("PV") installation to the roof at the Feltre, Italy site and Ashby, UK site is under evaluation with suppliers, and planned for installation by early 2024. We have continued to install energy saving technology across our sites, including LED lighting, energy metering, circuit level monitoring, compressed air leak detection and building heating and cooling controls.

As part of our focus on formalising the integrity of our entire supply chain, we launched an ESG Supplier Questionnaire, engaging with several of our top suppliers based on spend, who account for 13% of our Scope 3 carbon emissions. The questionnaire requested details of our suppliers Scope 1 & 2 carbon emissions, energy usage, reduction targets and wider ESG programmes. We deem this approach to be effective and will widen the scope over time. We continue to proactively screen our suppliers for compliance and reputational issues. As previously announced, due to the conflict in Ukraine, we have taken the decision to suspend all exports of our products and services to Russia until further notice.

Upholding the right values and behaviours is central to the Group's governance and culture, and is reflected in our Code of Conduct which was updated and relaunched in 2022 and is available on our website.

At Videndum, we are committed to developing more sustainable products. Product Life Cycle Assessment ("LCA") methodology and Sustainable Design Principles have been embedded into internal design processes in Media Solutions and are used to support R&D investment decisions around sustainability. Production Solutions is currently developing an LCA programme which will commence in 2023.

We have continued working towards the elimination of single-use plastic, as well as recyclability of packaging and other product components. We aim to eliminate or replace 50% of current cardboard packaging consumption with sustainable, FSC grade cardboard. The bulk of our paper and cardboard packaging usage sits within our Media Solutions Division, of which 47% was FSC graded and 72% made from recycled material in 2022.

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

In 2022, we 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 with COVID-19, we have increased our engagement with charitable and community partners in 2022, engaging with new organisations as well as reengaging with existing partners across the Group. In 2022, the Group positively impacted 443 disadvantaged people.

FY 2023 and Medium-Term Outlook

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

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

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
- 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

- Foreign exchange and interest rates
- Business continuity including cyber security
- Climate change
- Restructuring
- Acquisitions

Demand for Videndum's products remains stable overall, in spite of the challenging economic outlook affecting our consumer-oriented brands, and a number of headwinds which include the war in Ukraine, higher inflation and interest rates, currency fluctuations, supply chain disruptions, and some markets still affected by COVID-19. The order book going into 2023 is healthy, and the Group's diversification strategy continues to bear fruit with certain segments (e.g., Audio, Lighting) continuing to perform strongly. We believe the long-term fundamentals for the content creation industry remain strong.

The risk related to "new markets/channels of distribution" is incorporated into the risk "Demand for Videndum's products". We no longer consider this to be a standalone risk given that the diversification into new segments and rollout of a digital strategy are substantially complete.

Cost pressure remains high but has reduced since 2021. Videndum has been able to implement price increases to more than offset the increase in costs, and we continue to control the cost base carefully. In addition, the availability of critical components has improved since 2021.

The risk relating to People has reduced. There have been several HR initiatives which have improved the retention of engineers, wider market pressures relating to competition for talent have eased and in addition there has been an easing of health and safety restrictions related to COVID-19.

The risk relating to foreign exchange and interest rates has increased, due to significantly higher cost of servicing debt. We have implemented derivative swaps to fix 79% of the interest on Group borrowing as at 31 December 2022.

The cyber security risk remains elevated in view of the high number of cyber security breaches and ransomware activity affecting the corporate sector. We continue to focus on strengthening our cyber security defences and have increased budgets allocated to security. We keep our framework under review; however, this risk remains inherently high and cannot be eliminated.

Several Restructuring activities have been announced to take place in 2023, therefore this is now a principal risk. We continue to drive operational improvements to improve efficiency.

Audit Tender 2023

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

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.

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. Under the most severe scenario modelled, the lowest point of cash headroom in the next 12 months would be at February 2024, when cash headroom under the RCF would be £28 million. 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.

The Directors have also assessed the long-term viability of the Group over a three-year period, taking account of the Group's current position and prospects, its strategic plan, risk appetite and the principal risks and how these are managed. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over this period, subject to the Group retaining the ability to acquire funding in order to refinance its committed facilities when they fall due, which is expected to be the case.

For and on behalf of the Board

Stephen Bird
Group Chief Executive

Andrea Rigamonti
Group Chief Financial Officer

Condensed Consolidated Income Statement

For the year ended 31 December 2022

	Notes	**2022** £m	2021 £m
Revenue	2	**451.2**	394.3
Cost of sales		**(255.7)**	(221.2)
Gross profit		**195.5**	173.1
Operating expenses	**3**	**(164.0)**	(139.6)
Operating profit		**31.5**	33.5
Comprising			
- Adjusted operating profit	4	**60.0**	46.2
- Adjusting items in operating profit	4	**(28.5)**	(12.7)
Net finance expense	5	**(6.8)**	(3.9)

Profit before tax		**24.7**	29.6
Comprising			
- Adjusted profit before tax		**54.0**	42.4
- Adjusting items in profit before tax		**(29.3)**	(12.8)
Taxation		**8.2**	(3.7)
Comprising			
- Taxation on adjusted profit	6	**(12.5)**	(10.3)
- Adjusting items in taxation	6	**20.7**	6.6
Profit for the year attributable to owners of the parent		**32.9**	25.9
Earnings per share			
Basic earnings per share	7	**71.4p**	56.4p
Diluted earnings per share	7	**68.7p**	54.5p
Average exchange rates			
Euro		**1.17**	1.16
US$		**1.24**	1.38

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	2022	2021
	£m	£m
Profit for the year	**32.9**	25.9
Other comprehensive income/(expense):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit obligation	**9.1**	6.9
Related tax	**(2.1)**	(0.7)
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences on foreign currency subsidiaries	**22.6**	(3.9)
Net investment hedges – net (loss)/gain	**(5.8)**	0.2
Cash flow hedges – reclassified to the Income Statement, net of tax	**1.6**	(0.1)
Cash flow hedges – effective portion of changes in fair value, net of tax	**2.4**	(0.1)
Other comprehensive income, net of tax	**27.8**	2.3

Total comprehensive income for the year attributable to owners of the parent	**60.7**	28.2

Condensed Consolidated Balance Sheet

As at 31 December 2022

	2022	2021
	£m	£m
Assets		
Non-current assets		
Intangible assets	**217.9**	173.7
Property, plant and equipment	**66.6**	60.7
Employee benefit asset	**3.9**	-
Trade and other receivables	**7.4**	5.8
Derivative financial instruments	**3.8**	0.1
Non-current tax assets	**3.0**	3.0
Deferred tax assets	**51.2**	33.6
	353.8	276.9
Current assets		
Inventories	**107.3**	88.5
Trade and other receivables	**68.9**	60.0
Derivative financial instruments	**2.3**	-
Current tax assets	**4.1**	4.7
Cash and cash equivalents	**15.8**	11.0
	198.4	164.2
Total assets	**552.2**	441.1
Liabilities		
Current liabilities		
Bank overdrafts	**-**	3.1
Interest-bearing loans and borrowings	**36.0**	13.2
Lease liabilities	**6.0**	5.7
Trade and other payables	**81.3**	76.7
Derivative financial instruments	**0.9**	0.3
Current tax liabilities	**16.7**	16.0
Provisions	**5.5**	1.5

	146.4	116.5
Non-current liabilities		
Interest-bearing loans and borrowings	**138.5**	109.6
Lease liabilities	**28.8**	24.6
Other payables	**1.8**	0.4
Employee benefit liabilities	**3.1**	8.4
Provisions	**2.4**	2.9
Deferred tax liabilities	**7.5**	4.8
	182.1	150.7
Total liabilities	**328.5**	267.2
Net assets	**223.7**	173.9

Equity		
Share capital	**9.4**	9.3
Share premium	**24.3**	23.1
Translation reserve	**(0.8)**	(17.6)
Capital redemption reserve	**1.6**	1.6
Cash flow hedging reserve	**3.9**	(0.1)
Retained earnings	**185.3**	157.6
Total equity	**223.7**	173.9

Balance Sheet exchange rates		
Euro	**1.13**	1.19
US$	**1.21**	1.35

Consolidated Statement of Changes in Equity

	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
Profit for the year	-	-	-	-	-	25.9	25.9
Other comprehensive (expense)/income for the year	-	-	(3.7)	-	(0.2)	6.2	2.3
Total comprehensive (expense)/income for the year	-	-	(3.7)	-	(0.2)	32.1	28.2

Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(7.1)	(7.1)
Own shares purchased	-	-	-	-	-	(5.8)	(5.8)
Share-based payment charge, net of tax	-	-	-	-	-	8.2	8.2
New shares issued	0.1	1.4	-	-	-	3.5	5.0
Balance at 31 December 2021 and 1 January 2022	**9.3**	**23.1**	**(17.6)**	**1.6**	**(0.1)**	**157.6**	**173.9**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**32.9**	**32.9**
Other comprehensive income for the year	**-**	**-**	**16.8**	**-**	**4.0**	**7.0**	**27.8**
Total comprehensive income for the year	**-**	**-**	**16.8**	**-**	**4.0**	**39.9**	**60.7**
Contributions by and distributions to owners							
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(18.0)**	**(18.0)**
Own shares purchased	**-**	**-**	**-**	**-**	**-**	**(5.8)**	**(5.8)**
Own shares sold	**-**	**-**	**-**	**-**	**-**	**3.1**	**3.1**
New shares issued	**0.1**	**1.2**	**-**	**-**	**-**	**-**	**1.3**
Shared-based payment charge, net of tax	**-**	**-**	**-**	**-**	**-**	**8.5**	**8.5**
Balance at 31 December 2022	**9.4**	**24.3**	**(0.8)**	**1.6**	**3.9**	**185.3**	**223.7**

Condensed Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	**2022**	2021
		£m	£m
Cash flows from operating activities			
Profit for the year		**32.9**	25.9
Adjustments for:			
Taxation		**(8.2)**	3.7
Depreciation		**15.3**	12.9
Impairment losses on property, plant and equipment		**-**	0.2
Impairment losses on capitalised development costs		**1.9**	-
Amortisation of intangible assets		**18.3**	13.0
Fair value losses on derivative financial instruments		**0.1**	-
Foreign exchange losses		**0.6**	-

Share-based payment charge		**8.9**	7.9
Earnout charges and retention bonuses		**4.5**	0.8
Net finance expense		**6.8**	3.9
Cash generated from operating activities before changes in working capital, including provisions		**81.1**	68.3
Increase in inventories		**(8.0)**	(21.9)
Increase in receivables		**(5.0)**	(5.8)
(Decrease)/increase in payables		**(5.6)**	27.8
Increase/(decrease) in provisions		**2.8**	(2.7)
Cash generated from operating activities		**65.3**	65.7
Interest paid		**(9.4)**	(4.5)
Tax paid		**(7.2)**	(6.5)
Net cash from operating activities		**48.7**	54.7
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and software		**-**	0.1
Purchase of property, plant and equipment		**(7.1)**	(10.8)
Capitalisation of software and development costs		**(13.1)**	(10.9)
Acquisition of businesses, net of cash acquired		**(33.2)**	(56.1)
Net cash used in investing activities		**(53.4)**	(77.7)
Cash flows from financing activities			
Proceeds from the issue of shares		**1.3**	1.5
Proceeds from the sale of own shares		**3.1**	-
Own shares purchased		**(5.8)**	(5.8)
Principal lease repayments		**(6.4)**	(5.7)
Repayment of interest-bearing loans and borrowings		**(93.8)**	(128.2)
Borrowings from interest-bearing loans and borrowings		**130.3**	160.8
Dividends paid		**(18.0)**	(7.1)
Net cash from financing activities		**10.7**	15.5
Increase/(decrease) in cash and cash equivalents and overdrafts	11	**6.0**	(7.5)
Cash and cash equivalents at 1 January		**7.9**	16.8
Effect of exchange rate fluctuations on cash held		**1.9**	(1.4)
Cash and cash equivalents and overdrafts at 31 December	**11**	**15.8**	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 financial statements ("financial statements") as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation

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

The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Basis of consolidation

Subsidiaries are entities that are controlled by the Group. Control exists when the Group has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The results of subsidiaries sold or acquired during the year are included in the accounts up to, or from, the date that control exists.

Going concern

As part of the Directors' consideration of the appropriateness of adopting the going concern basis and long-term viability in preparing the financial statements, a range of scenarios have been modelled through to the end of 2025. The Directors have applied a robust process to assess the forecast scenarios which included applying severe but plausible downside risks and mitigating activities. Neither the Group's latest forecast nor the downside scenarios modelled result in a breach of the covenants under the terms of its multicurrency Revolving Credit Facility ("RCF") and all scenarios show sufficient cash headroom to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

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

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

Significant judgements, key assumptions and estimates

The following provides information on those policies that the Directors consider critical because of the level of judgement and estimation required which often involves assumptions regarding future events which can vary from what is anticipated. The Directors review the judgements and estimates on an ongoing basis with revisions to accounting estimates recognised in the period in which the estimates are revised and in any future periods affected. The Directors believe that the consolidated financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Group's performance and financial position.

Critical accounting estimates and assumptions

The following are the critical estimates and assumptions that the Directors have made in the process of applying the Group's accounting policies and that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Inventory

Provisions are required to write down slow-moving, excess and obsolete inventory to its net realisable value. The estimation of inventory impairment is based on anticipated future sales of products over particular time periods. The anticipated level of future sales is determined primarily based on actual sales over a specified historic reference period of between six and twelve months, which is determined by Management and is deemed appropriate to the type of inventory.

Pension benefits

The actuarial valuations associated with the pension schemes involve making assumptions about discount rates, future salary increases, future pension increases and mortality rates. All assumptions are reviewed at each reporting date.

Acquisitions

Acquisitions are accounted for under the acquisition method, based on the fair values of the consideration paid. Assets and liabilities, with limited exceptions, are measured at their fair value at the acquisition date. The Group estimates the provisional fair values and useful lives of acquired assets and liabilities at the date of acquisition. The valuation of acquired intangibles is subject to estimation of future cash flows and the discount rate applied to them. Determination of the useful economic lives of technology-related intangible assets requires assumptions about future market trends and future risk of replacement or obsolescence of those assets.

Tax

The Group is subject to income taxes in a number of jurisdictions. Management is required to make estimates in determining the provisions for income taxes and deferred tax assets and liabilities recognised in the consolidated financial statements. Tax benefits are recognised to the extent that it is probable that sufficient taxable income will be available in the future against which temporary differences and unused tax losses can be utilised. The most significant estimates made are in relation to the recognition of deferred tax assets arising from carried forward tax losses. The recovery of those losses is dependent on the future profitability of Group entities based in the jurisdictions with those carried forward tax losses, most significantly in the United States.

Critical judgements in applying the Group's accounting policies

The following are critical judgements that the Group makes, apart from those involving estimations (which are dealt with above), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Development costs

The Group capitalises development costs which meet the criteria under IAS 38 "Intangible Assets". The Group makes significant judgements in the application of IAS 38, particularly in relation to its requirements regarding the technical feasibility of completing the asset and the Group's ability to sell and generate future economic benefits from the intangible asset.

Tax

In relation to tax, these include the interpretation and application of existing legislation. The Group's key judgement relates to the application of tax law in relation to the EU State Aid Investigation.

Impact of adoption of new accounting standards or amendments

The Group has considered the following amendments to standards that are effective from 1 January 2022. These do not have a significant impact on the consolidated financial statements of the Group.

Amendments to IFRS 3 "Business Combinations" with reference to the Conceptual Framework

Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" on cost of fulfilling a contract

Amendments to IAS 16 "Property, Plant and Equipment" on proceeds before intended use

New standards and interpretations effective for future periods and not yet adopted

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

2 Segment reporting

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

	Media Solutions (1)		**Production Solutions**		**Creative Solutions**		**Corporate and unallocated**		**Consolidated**	
	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	**17.7**	17.4	**15.3**	13.4	**5.5**	6.3	**-**	-	**38.5**	37.1
The rest of Europe	**75.2**	72.6	**32.7**	36.2	**10.0**	8.7	**-**	-	**117.9**	117.5
North America	**74.4**	62.1	**63.3**	53.8	**67.0**	52.0	**-**	-	**204.7**	167.9
Asia Pacific	**42.8**	37.8	**16.3**	14.4	**11.3**	9.4	**-**	-	**70.4**	61.6
The rest of the World	**7.7**	4.8	**10.2**	4.0	**1.8**	1.4	**-**	-	**19.7**	10.2
Total revenue from external customers	**217.8**	194.7	**137.8**	121.8	**95.6**	77.8	**-**	-	**451.2**	394.3
Inter-segment revenue (2)	**0.1**	0.2	**0.4**	0.5	**0.1**	0.2	**(0.6)**	(0.9)	**-**	-
Total revenue	**217.9**	194.9	**138.2**	122.3	**95.7**	78.0	**(0.6)**	(0.9)	**451.2**	394.3
Adjusted operating profit/(loss)	**33.1**	26.6	**31.4**	28.0	**12.5**	8.3	**(17.0)**	(16.7)	**60.0**	46.2
Amortisation of intangible assets that are acquired in a business combination	**(4.4)**	(1.2)	**(0.2)**	(0.3)	**(6.3)**	(5.7)	**-**	-	**(10.9)**	(7.2)
Acquisition related charges	**(4.4)**	(1.2)	**(0.1)**	(0.2)	**(4.8)**	(3.2)	**-**	-	**(9.3)**	(4.6)
Integration and restructuring costs	**(0.9)**	(0.4)	**(1.0)**	(0.4)	**(4.7)**	-	**(1.7)**	(0.1)	**(8.3)**	(0.9)

Operating profit/(loss)	**23.4**	23.8	**30.1**	27.1	**(3.3)**	(0.6)	**(18.7)**	(16.8)	**31.5**	33.5
Net finance expense									**(6.8)**	(3.9)
Taxation									**8.2**	(3.7)
Profit for the year									**32.9**	25.9
Segment assets	**242.5**	186.2	**119.7**	101.7	**107.4**	98.2	**8.5**	2.7	**478.1**	388.8
Unallocated assets										
Cash and cash equivalents							**15.8**	11.0	**15.8**	11.0
Non-current tax assets							**3.0**	3.0	**3.0**	3.0
Current tax assets							**4.1**	4.7	**4.1**	4.7
Deferred tax assets							**51.2**	33.6	**51.2**	33.6
Total assets									**552.2**	441.1
Segment liabilities	**62.8**	57.2	**38.9**	37.9	**20.6**	18.8	**7.5**	6.6	**129.8**	120.5
Interest-bearing loans and borrowings	**0.6**	0.6	**-**	-	**-**	0.4	**173.9**	121.8	**174.5**	122.8
Unallocated liabilities										
Bank overdrafts							**-**	3.1	**-**	3.1
Current tax liabilities							**16.7**	16.0	**16.7**	16.0
Deferred tax liabilities							**7.5**	4.8	**7.5**	4.8
Total liabilities									**328.5**	267.2
Cash flows from operating activities	**25.2**	32.2	**30.6**	30.4	**9.9**	8.8	**(17.0)**	(16.7)	**48.7**	54.7
Cash flows from investing activities	**(40.0)**	(49.7)	**(5.3)**	(5.4)	**(8.1)**	(22.6)	**-**	-	**(53.4)**	(77.7)
Cash flows from financing activities	**(3.0)**	(2.5)	**(2.1)**	(2.0)	**(1.7)**	(1.1)	**17.5**	21.1	**10.7**	15.5
Capital expenditure										
Property, plant and equipment	**3.6**	6.8	**3.0**	3.4	**0.5**	0.6	**-**	-	**7.1**	10.8
Software and development costs	**3.2**	2.9	**2.4**	1.1	**7.5**	6.9	**-**	-	**13.1**	10.9

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

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

The Group's operations are located in several geographical locations and sell products and services on to external customers in all parts of the world.

One customer (2021: one) accounted for more than 10% of external revenue. In 2022, the total revenue from this customer, which was recognised in all three segments, was £60.8 million (2021: £50.4 million).

3 Operating expenses

	2022	2021
	£m	£m
Analysis of operating expenses		
- Adjusting items in operating profit [1]	**25.9**	12.6
- Other administrative expenses	**61.9**	57.6
Administrative expenses	**87.8**	70.2
Marketing, selling and distribution costs	**53.7**	49.5
Research, development and engineering costs	**22.5**	19.9
Operating expenses	**164.0**	139.6

[1] Adjusting items in operating profit are £28.5 million (2021: £12.7 million) of which £25.9 million (2021: £12.6 million) are recognised in operating expenses and £2.6 million (2021: £0.1 million) in cost of sales. See note 4 "Adjusting items".

4 Adjusting items

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

APMs used by the Group and, where relevant, a reconciliation to statutory measures are set out in note 13 "Glossary of Alternative Performance Measures". Adjusting items are described below along with more detail of the specific adjustment and the Group's rationale for the adjustment.

The Group's key performance measures, such as adjusted operating profit, exclude adjusting items.

The following are the Group's principal adjusting items when determining adjusted operating profit:

Amortisation of intangible assets that are acquired in a business combination

Acquired intangibles are measured at fair value, which takes into account the future cash flows expected to be generated by the asset rather than past costs of development. Additionally, acquired intangibles include assets such as brands, know-how and relationships which the Group would not normally recognise as assets outside of a business combination. The amortisation of the fair value of acquired intangibles is not considered to be representative of the normal costs incurred by the business within the Group on an ongoing basis. On an ongoing basis, the Group capitalises development costs of intangible assets and the costs of purchasing software. These intangible assets are recognised at cost and the amortisation of these costs are included in adjusted operating profit.

Acquisition related charges

Earnout charges and retention bonuses agreed as part of the acquisition

Under IFRS 3, most of the Group's earnout charges and retention bonuses are treated as post combination remuneration, although the levels of remuneration generally do not reflect market rates and do not get renewed as a salary (or other remuneration) might. The Group considers this to be inconsistent with the economics reflected in the deals because other consideration for the acquisition is effectively included in goodwill rather than in the Income Statement. Retention agreements are generally entered into with key management at the point of acquisition to help ensure an efficient integration.

Transaction costs

Transaction costs related to the acquisition of a business do not reflect its trading performance and so are adjusted to ensure consistency between periods.

Effect of fair valuation of acquired inventory

As part of the accounting for business combinations, the Group measures acquired inventory at fair value as required under IFRS 3. This results in the carrying value of acquired inventory being higher than its original cost-based measure. The impact of the uplift in value has the effect of increasing cost of sales thereby reducing the Group's gross profit margin which is not representative of ongoing performance.

Effect of fair valuation of property, plant and equipment

Under IFRS 3, acquired fixed assets are measured at fair value. This measure does not reflect the undepreciated cost of the acquired asset from the perspective of the acquiree and as such alters the depreciation cost from the Group's perspective after the acquisition. This does not reflect the ongoing profitability of the acquired business.

Grant payments in excess of the liability recognised on acquisition

These are costs relating to pre-acquisition funding activity. As they are not relevant to understanding the in-year performance of the business, they are adjusted to ensure consistency between periods.

Integration and restructuring costs

For an acquired business, the costs of integration, such as termination of third-party distributor agreements, severance and other costs included in the business's defined integration plan, do not reflect the business's trading performance and so are adjusted to ensure consistency between periods.

Restructuring and other associated costs arising from significant strategy changes that are not considered by the Group to be part of the normal operating costs of the business.

Finance expense - amortisation of loan fees on borrowings for acquisitions

Upfront borrowing fees related to funding for acquisitions do not reflect the ongoing funding cost of the investment and so are adjusted to ensure consistency between periods.

Other adjusting items

- profit/(loss) on disposal of businesses;
- impairment charges that are considered to be significant in nature and/or value to the performance of the business;
- past service charges associated with defined benefit pensions, such as gender equalisation of guaranteed minimum pension ("GMP") for occupational schemes; and
- other significant initiatives not related to trading.

No such items arose in the current or prior year.

In addition to the above, the current and deferred tax effect of adjusting items are taken into account in calculating post tax APMs. In addition, the following are treated as adjusting items when considering post tax APMs:

- significant adjustments to current or deferred tax which have arisen in previous periods but are accounted for in the current period; and
- the net effect of significant new tax legislation changes.

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

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

	2022 £m	2021 £m
Amortisation of intangible assets that are acquired in a business combination (1)	**(10.9)**	(7.2)
Acquisition related charges (1) (2)	**(9.3)**	(4.6)
Integration and restructuring costs (1) (3)	**(8.3)**	(0.9)
Adjusting items in operating profit	**(28.5)**	(12.7)
Finance expense – amortisation of loan fees on borrowing for acquisitions (1) (4)	**(0.8)**	(0.1)
Adjusting items in profit before tax	**(29.3)**	(12.8)

(1) See note 7 “Earnings per share” for tax relating to this.

(2) Acquisition related charges comprise retention payment charge of £5.9 million (2021: £2.8 million) relating to continued employment, grant payments in excess of liability recognised at acquisition of £1.8 million (2021: £nil), transaction costs relating to the acquisition of businesses of £1.0 million (2021: £1.7 million), the effect of fair valuation of acquired inventory and property of £0.5 million (2021: £0.1 million), and the effect of fair valuation of acquired property, plant and equipment of £0.1 million (2021: £nil).

The retention payment charge of £5.9 million relates to Quasar: £0.1 million, Lightstream: £2.5 million, Savage: £0.7 million and Audix: £2.6 million. The charge incurred in 2021 was £2.8 million relating to Quasar: £0.1 million, Lightstream: £2.6 million and Savage: £0.1 million.

Transaction costs of £1.0 million relate to Audix: £0.4 million and other: £0.6 million. The charge incurred in 2021 was £1.7 million relating to Quasar: £0.1 million, Lightstream: £0.5 million, Savage: £0.7 million and Audix: £0.4 million.

(3) Restructuring costs were incurred across all divisions, with the majority in the Creative Solutions Division.

Creative Solutions began a project to reorganise the sales and marketing teams into specialist vertical segments to maximise the Division's growth potential, and to focus on high end, high margin, mission-critical products incorporating patented Amimon technology, exiting the low margin, low end of the wireless video streaming market where our products do not incorporate the Amimon technology. The costs incurred were £0.6 million of employee costs, and impairment of £1.7 million of inventory and £1.9 million of capitalised development costs in relation to the low end of the wireless video streaming market (2021: £nil).

Media Solutions incurred £0.7 million of employee costs in relation to organisational changes (2021: £0.5 million of recruitment and professional fees).

Production Solutions began a project to consolidate operations on the West coast of the US, the cost of which was £0.6 million of employee costs (2021: £0.4 million of integration costs in relation to the acquisition of Quasar). £1.9 million was incurred in relation to the exits of senior management positions (2021: £nil).

£0.9 million was incurred for rebranding from Vitec to Videndum, and in respect of a one-off legal case (2021: £nil). All restructuring and integration costs in 2022 have been recognised in operating expenses aside from £2.1 million which is in cost of sales (2021: £nil).

An amount of £2.6 million (2021: £0.1 million) was adjusted from cost of sales. This related to the fair value uplift of £0.5 million (2021: £0.1 million) relating to acquired inventory sold by the Group since the business combination, and restructuring costs of £2.1 million (2021: £nil) of which inventory impairment was £1.7 million (2021: £nil), and redundancy costs £0.4 million (2021: £nil).

(4) Amortisation of loan fees of £0.8 million (2021: £0.1 million) relating to borrowings for acquisitions was adjusted from net finance expense.

5 Net finance expense

	2022	2021
	£m	£m
Finance income		
Fair value gain on interest rate swaps designated as cash flow hedges	**0.7**	-
Net currency translation gains	**2.4**	0.5
	3.1	0.5
Finance expense		
Interest expense on lease liabilities	**(1.5)**	(1.0)
Interest expense on interest-bearing loans and borrowings (1)	**(8.3)**	(3.3)
Interest expense on net defined benefit pension scheme	**(0.1)**	(0.1)
	(9.9)	(4.4)
Net finance expense	**(6.8)**	(3.9)

(1) Interest expense on interest-bearing loans and borrowings of £8.3 million (2021: £3.3 million) includes an adjusting amount of £0.8 million (2021: £0.1 million) relating to amortisation of loan fees on borrowings for acquisitions. See note 4 "Adjusting items".

6 Taxation

	2022	2021
	£m	£m
The total taxation charge/(credit) in the Income Statement is analysed as follows:		
Summarised in the Income Statement as follows		
Current tax	**8.5**	11.4
Deferred tax	**(16.7)**	(7.7)
	(8.2)	3.7
Adjusting items		
Current tax (1)	**(1.7)**	(0.2)
Deferred tax (2)	**(19.0)**	(6.4)
	(20.7)	(6.6)
Before adjusting items		

Current tax	**10.2**	11.6
Deferred tax	**2.3**	(1.3)
	12.5	10.3

(1) Current tax credit of £1.7 million (2021: £0.2 million credit) was recognised in the year of which £0.7 million credit (2021: £0.2 million credit) related to integration and restructuring costs, £0.2 million credit (2021: £nil) related to financial expense, and £0.8 million credit relates to non-taxable foreign exchange.

(2) Deferred tax credit of £19.0 million (2021: £6.4 million credit) was recognised in the year of which £0.7 million credit (2021: £nil) relates to integration and restructuring costs, £1.7 million credit (2021: £1.5 million credit) to acquisitions, £2.3 million credit (2021: £1.8 million credit) to amortisation of intangible assets, £nil (2021: £2.6 million credit) relates to the impact of the 2021 intercompany debt restructure, £nil (2021: £0.9 million credit) relates to the impact of the step-up in the tax base of certain plant and equipment in Italy, £nil (2021: £0.4 million charge) relates to the UK rate change from 19% to 25%, and £14.3 million credit relates to a deferred tax asset recognition.

7 Earnings per share

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

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

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

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

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

	2022	2021
	£m	£m
Profit for the financial year	**32.9**	25.9
Add back adjusting items, all net of tax:		
Amortisation of intangible assets that are acquired in a business combination, net of tax	**8.6**	5.4
Acquisition related charges, net of tax	**7.7**	3.1
Integration and restructuring costs, net of tax	**6.8**	0.7
Finance expense - amortisation of loan fees on borrowings for acquisitions, net of tax	**0.6**	0.1
Current tax credit (1)	**(0.8)**	-
Deferred tax credit (2)	**(14.3)**	(3.1)
	8.6	6.2
Adjusted profit after tax	**41.5**	32.1

[(1)] A current tax credit of £0.8 million (2021: £nil) relates to non taxable foreign exchange gains.

[(2)] A deferred tax credit of £14.3 million (2021: £3.1 million) relates to the recognition of deferred tax assets.

	Weighted average number of shares '000		Adjusted earnings per share		Earnings per share	
	2022	2021	**2022**	2021	**2022**	2021
	Number	Number	**pence**	pence	**pence**	pence
Basic	**46,064**	45,904	**90.1**	69.9	**71.4**	56.4
Dilutive potential ordinary shares	**1,850**	1,619	**(3.5)**	(2.4)	**(2.7)**	(1.9)
Diluted	**47,914**	47,523	**86.6**	67.5	**68.7**	54.5

8 Employee benefit asset

The Group has defined benefit pension schemes in the UK, Italy, Germany, Japan and France. The UK defined benefit scheme was closed to future benefit accrual with effect from 31 July 2010.

As a result of actuarial movements during the period, including an increase in the discount rate from 1.9% at 31 December 2021 to 4.8% at 31 December 2022 and the removal of future discretionary pension increases (31 December 2021: 3.2%), the UK defined benefit scheme is in an actuarial surplus position at 31 December 2022 (measured on an IAS 19 "Employee Benefits" basis) of £3.9 million (31 December 2021: liability of £4.6 million). The surplus has been recognised on the basis that the Group has an unconditional right to a refund, assuming the gradual settlement of Scheme liabilities over time until all members have left the Scheme.

9 Dividend

The proposed final dividend for the year ended 31 December 2022 was recommended by the Directors. This is subject to approval by shareholders at the AGM.

	2022	2021
	£m	£m
Amounts arising in respect of the year		
Interim dividend for the year ended 31 December 2022 of 15.0p (2021: 11.0p) per ordinary share	**6.9**	5.0
Proposed final dividend for the year ended 31 December 2022 of 25.0p (2021: 24.0p) per ordinary share	**11.6**	11.1
	18.4	16.1
The aggregate amount of dividends paid in the year		
Final dividend for the year ended 31 December 2021 of 24.0p (2020: 4.5p) per ordinary share	**11.1**	2.1
Interim dividend for the year ended 31 December 2022 of 15.0p (2021: 11.0p) per ordinary share	**6.9**	5.0

	18.0	7.1

10 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 up to a maximum of 12 months from the acquisition date so long as information remains outstanding.

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

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

Acquisition of Savage

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

Acquisition of Audix

On 11 January 2022, the Group acquired 100% of the issued share capital of Audix LLC ("Audix"), a US company, for consideration of US$45.8 million (£33.7 million). Under the terms of the acquisition, there is deferred consideration payable in 2023 of US$2.0 million, the fair value of which is US$1.9 million (£1.4 million). The consideration for the acquisition is set out in the table below.

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

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

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

A summary of the acquisitions is detailed below:

Total

	£m
Fair value of net assets acquired	
Intangible assets	15.1
Property, plant and equipment	5.5
Inventories	3.1
Trade and other receivables	1.1
Cash	0.2
Lease liabilities	(4.4)
Trade and other payables	(1.1)
Deferred tax	(0.8)
	18.7
Goodwill	16.4
Total purchase consideration	35.1
Present value of deferred consideration	(1.4)
Cash consideration	33.7
Cash acquired	(0.2)
Total outflow of cash for Audix	33.5
Working capital adjustment received for Savage	(0.3)
Total outflow of cash	33.2

Acquisition related charges include: transaction costs of £0.4 million relating to the acquisition of Audix and retention payment charges of £5.9 million (Quasar: £0.1 million, Lightstream: £2.5 million and Savage: £0.7 million and Audix: £2.6 million).

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

The results of the acquisition included in the Group's consolidated results are revenue of £12.9 million and operating profit of £1.3 million. The level of profitability is stated after adjusting items.

Had the acquisition been made at the beginning of the year (i.e.,1 January 2022), it would have contributed £13.1 million to revenue and £1.3 million profit to the operating profit of the Group. The level of profitability is stated after adjusting items.

11 Analysis of net debt

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

	Interest-bearing loans and borrowings (1)	**Leases**	**Liabilities from financing Sub-total**	**Other cash and cash equivalents** (2)	**Total**
	£m	**£m**	**£m**	**£m**	**£m**

Opening at 1 January 2021	(91.4)	(16.2)	(107.6)	16.8	(90.8)
Other cash flows	-	-	-	(37.0)	(37.0)
Business combinations	-	(4.5)	(4.5)	2.6	(1.9)
Repayments	128.2	5.7	133.9	(133.9)	-
Borrowings	(160.8)	-	(160.8)	160.8	-
Leases entered into during the year	-	(15.7)	(15.7)	-	(15.7)
Leases – early termination	-	0.1	0.1	-	0.1
Fees incurred	1.3	-	1.3	-	1.3
Amortisation of fees	(0.7)	-	(0.7)	-	(0.7)
Foreign currency	0.6	0.3	0.9	(1.4)	(0.5)
Closing at 31 December 2021 and opening at 1 January 2022	(122.8)	(30.3)	(153.1)	7.9	(145.2)
Other cash flows	**-**	**-**	**-**	**(24.3)**	**(24.3)**
Business combinations	**-**	**(4.4)**	**(4.4)**	**0.2**	**(4.2)**
Repayments	**93.8**	**6.4**	**100.2**	**(100.2)**	**-**
Borrowings	**(130.3)**	**-**	**(130.3)**	**130.3**	**-**
Leases entered into during the year	**-**	**(4.8)**	**(4.8)**	**-**	**(4.8)**
Leases – early termination	**-**	**0.6**	**0.6**	**-**	**0.6**
Fees incurred	**1.0**	**-**	**1.0**	**-**	**1.0**
Amortisation of fees	**(1.3)**	**-**	**(1.3)**	**-**	**(1.3)**
Foreign currency	**(14.9)**	**(2.3)**	**(17.2)**	**1.9**	**(15.3)**
Closing at 31 December 2022	**(174.5)**	**(34.8)**	**(209.3)**	**15.8**	**(193.5)**

(1) Interest bearing loans and borrowings include unamortised fees and transaction costs of £1.7 million (2021: £2.1 million)

(2) Other cash and cash equivalents include bank overdrafts of £nil (2021: £3.1 million).

On 14 February 2020, the Group signed a new £165.0 million five-year (with one optional one-year extension) multicurrency RCF with a syndicate of five banks. On 12 November 2021, the Group signed an amendment and restatement agreement to change the underlying benchmark from LIBOR to the relevant risk-free rates (SONIA, SOFR, TONA), due to the cessation of LIBOR on 31 December 2021. In January 2022, a one-year extension was agreed with four syndicate banks, and in December 2022 a £35.0 million accordion was agreed with the same four syndicate banks resulting in the total commitments increasing to £200 million, with £35.0 million expiring on 14 February 2025 and £165.0 million expiring on 14 February 2026. The Group was utilising 57% of the RCF as at 31 December 2022.

Under the terms of the RCF the Group expects to and has the discretion to roll over the obligation for at least 12 months from the Balance Sheet date, and as a result, these amounts are reported as non-current liabilities in the Balance Sheet.

On 14 November 2021, the Group signed a new US$53.0 million (£43.8 million) three-year amortising Term Loan with a syndicate of four banks to facilitate the acquisition of Savage. This facility will expire on 14 November 2024. Following the payment of 25% of the original amount during 2022, the outstanding balance of this Term Loan was US$39.8 million (£32.8 million) as at 31 December 2022.

On 7 January 2022, the Group signed a new US$47.0 million (£38.8 million) three-year amortising Term Loan with a syndicate of four banks to facilitate the acquisition of Audix. This facility will expire on 7 January 2025. Following the payment of 25% of the original amount during 2022, the outstanding balance of this Term Loan was US$35.2 million (£29.1 million) as at 31 December 2022.

12 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 24 months, therefore the cash flows and resulting effect on profit and loss are expected to occur within the next 24 months.

	Currency	**As at 31 December 2022 millions**	**Average exchange rate of contracts**	As at 31 December 2021 millions	Average exchange rate of contracts
Forward exchange contracts (buy/sell)					
GBP/USD forward exchange contracts	USD	**27.8**	**1.21**	12.1	1.35
EUR/USD forward exchange contracts	USD	**58.6**	**1.05**	16.2	1.17
GBP/EUR forward exchange contracts	EUR	**15.3**	**1.15**	3.8	1.18
GBP/JPY forward exchange contracts	JPY	**288.0**	**155.6**	93.0	156.7
EUR/JPY forward exchange contracts	JPY	**656.0**	**138.4**	204.0	133.4

A net loss of £2.9 million (2021: £0.1 million gain) relating to forward exchange contracts was reclassified to the Income Statement, to match the crystallisation of the hedged forecast cash flows which affect the Income Statement.

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 31 December 2022**	**Weighted average fixed rate[1]**	**Maturity**	Nominal amounts as at 31 December 2021
Interest rate swap contracts					
USD Interest rate swaps float (SOFR) to fix [2]	USD	75.0	1.01%	Sep 23	26.5

USD Interest rate swaps float (SOFR) to fix	USD	35.0	4.89%	Sep 23	0.0
GBP Interest rate swaps float (SONIA) to fix	GBP	47.0	1.74%	Jan 25	37.0

(1) In addition to these fixed rates, the margin relating to the interest swapped of the underlying RCF or term loans continues to apply.

(2) The notional amounts of the USD interest rate swaps linked to the term loans, amortise bi-annually in line with the amortisation of the term loans.

During the period ended 31 December 2022 a net gain of £0.7m (2021: £nil) relating to interest rate swaps was reclassified to the Income Statement, to match the crystallisation of the hedged forecast cash flows which affects the Income Statement.

13 Glossary on Alternative Performance Measures ("APMs")

<table>
<tr><th>APM</th><th>Closest equivalent statutory measure</th><th>Definition and Purpose</th></tr>
<tr><td colspan="3">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.</td></tr>
<tr><td colspan="3">Income Statement measures</td></tr>
<tr><td>Adjusted gross profit</td><td>Gross profit</td><td>Calculated as gross profit before adjusting items.

The table below shows a reconciliation:

See note 4 "Adjusting items".

<table>
<tr><th></th><th>2022
£m</th><th>2021
£m</th></tr>
<tr><td>Gross profit</td><td>195.5</td><td>173.1</td></tr>
<tr><td>Adjusting items in cost of sales</td><td>2.6</td><td>0.1</td></tr>
<tr><td>Adjusted gross profit</td><td>198.1</td><td>173.2</td></tr>
</table></td></tr>
<tr><td>Adjusted gross profit margin</td><td>None</td><td>Calculated as adjusted gross profit divided by revenue.</td></tr>
<tr><td>Adjusted operating profit</td><td>Profit before tax</td><td>Calculated as profit before tax, before net finance expense, and before adjusting items. This is a key management incentive metric.

Adjusting items include non-cash charges such as amortisation of intangible assets that are acquired in a business combination, and effect of fair valuation of acquired inventory and property, plant and equipment. Cash charges include items such as transaction costs, earnout, retention and deferred payments, and significant costs relating to the integration of acquired businesses.

The table below shows a reconciliation:

See note 4 "Adjusting items".

<table>
<tr><th></th><th>2022
£m</th><th>2021
£m</th></tr>
</table></td></tr>
</table>

<table>
<tr><td></td><td></td><td>
<table>
<tr><td>Profit before tax</td><td>24.7</td><td>29.6</td><td>(3.3)</td></tr>
<tr><td>Net finance expense</td><td>6.8</td><td>3.9</td><td></td></tr>
<tr><td>Adjusting items in operating profit</td><td>28.5</td><td>12.7</td><td></td></tr>
<tr><td>Adjusted operating profit</td><td>60.0</td><td>46.2</td><td>9.9</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 adjusting items.
The table below shows a reconciliation:
<table>
<tr><td></td><td>2022
£m</td><td>2021
£m</td></tr>
<tr><td>Operating expenses</td><td>164.0</td><td>139.6</td></tr>
<tr><td>Adjusting items in operating expenses</td><td>(25.9)</td><td>(12.6)</td></tr>
<tr><td>Adjusted operating expenses</td><td>138.1</td><td>127.0</td></tr>
</table>
</td></tr>
<tr><td>Adjusted net finance income/(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><td></td><td>2022
£m</td><td>2021
£m</td></tr>
<tr><td>Finance expense</td><td>(9.9)</td><td>(4.4)</td></tr>
<tr><td>Finance income</td><td>3.1</td><td>0.5</td></tr>
<tr><td>Adjusting finance expense – amortisation of loan fees on borrowings for acquisitions</td><td>0.8</td><td>0.1</td></tr>
<tr><td>Adjusted net finance expense</td><td>(6.0)</td><td>(3.8)</td></tr>
</table>
</td></tr>
<tr><td>Adjusted profit before tax</td><td>Profit before tax</td><td>Calculated as profit before tax, before adjusting items. This is a key management incentive metric and is a measure used within the Group’s incentive plans.
See Condensed Consolidated Income Statement for reconciliation.</td></tr>
<tr><td>Adjusted profit after tax</td><td>Profit after tax</td><td>Calculated as profit after tax before adjusting items.
See Condensed Consolidated Income Statement for 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 and is a measure used within the Group’s incentive plans.
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 property, plant and equipment and software, purchase of property, plant and equipment, and capitalisation of software and development costs. This measure reflects</td></tr>
</table>

		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.
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 acquisition of businesses. This is a measure of the cash generation and working capital efficiency of the Group’s operations. Adjusted operating cash flow as a percentage of adjusted operating profit is a key management incentive metric.

	2022 **£m**	2021 £m
Profit for the period	**32.9**	25.9
Add back:		
Taxation and net finance expense	**(1.4)**	7.6
Adjusting items	**28.5**	12.7
Adjusted operating profit	**60.0**	46.2
Depreciation excluding effect of fair valuation of property, plant and equipment	**15.2**	12.9
Amortisation of capitalised software and development costs	**7.4**	5.8
Adjusted working capital movement (1)	**(19.4)**	1.1
Adjusted provision movement (1)	**(0.8)**	(0.8)
Other:		
- Fair value losses on derivative financial instruments	**0.1**	-
- Foreign exchange losses	**0.6**	-
- Share-based payments excluding retention charges and restructuring costs	**6.9**	5.9
- Impairment losses on property, plant and equipment	**-**	0.2
- Proceeds from sale of property, plant and equipment and software	**-**	0.1
Purchase of property, plant and equipment	**(7.1)**	(10.8)
Capitalisation of software and development costs	**(13.1)**	(10.9)
Adjusted operating cash flow	**49.8**	49.7
Interest paid	**(9.4)**	(4.5)
Tax paid	**(7.2)**	(6.5)
Payments relating to:		
Restructuring and integration costs	**(2.0)**	(1.9)
Earnout and retention bonuses	**(1.3)**	(2.2)
Transaction costs	**(1.4)**	(1.5)
Free cash flow	**28.5**	33.1
Proceeds from sale of property, plant and equipment and software	**-**	(0.1)
Purchase of property, plant and equipment	**7.1**	10.8
Capitalisation of software and development costs	**13.1**	10.9

<table>
<tr><td></td><td></td><td>
<table>
<tr><td>Net cash from operating activities</td><td>48.7</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 adjusting items.
<table>
<tr><td></td><td>2022
£m</td><td>2021
£m</td></tr>
<tr><td>Increase in inventories</td><td>(8.0)</td><td>(21.9)</td></tr>
<tr><td>Increase in receivables</td><td>(5.0)</td><td>(5.8)</td></tr>
<tr><td>(Decrease)/increase in payables</td><td>(5.6)</td><td>27.8</td></tr>
<tr><td>(Increase)/decrease in working capital, excluding provisions</td><td>(18.6)</td><td>0.1</td></tr>
<tr><td>Deduct inflows from adjusting charges:</td><td></td><td></td></tr>
<tr><td>Effect of fair valuation of acquired inventory</td><td>(0.5)</td><td>(0.1)</td></tr>
<tr><td>Add back following outflows:</td><td></td><td></td></tr>
<tr><td>Adjustments for integration and restructuring costs, transaction costs relating to acquisition of businesses and earnout and retention bonuses</td><td>(0.3)</td><td>1.1</td></tr>
<tr><td>Adjusted working capital movement</td><td>(19.4)</td><td>1.1</td></tr>
</table>
</td></tr>
<tr><td>Adjusted provisions movement</td><td>Increase/(decrease) in provisions</td><td>
The adjusted provisions movement excludes movements relating to adjusting items.
<table>
<tr><td></td><td>2022
£m</td><td>2021
£m</td></tr>
<tr><td>Increase/(decrease) in provisions</td><td>2.8</td><td>(2.7)</td></tr>
<tr><td>Adjustments for integration and restructuring costs</td><td>(1.9)</td><td>0.7</td></tr>
<tr><td>Adjustments for grant payments</td><td>(1.8)</td><td>-</td></tr>
<tr><td>Earnout and deferred payments</td><td>0.1</td><td>1.2</td></tr>
<tr><td>Adjusted provision movement</td><td>(0.8)</td><td>(0.8)</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th colspan="3">Other Measures</th></tr>
<tr><td>Return on capital employed ("ROCE")</td><td>None</td><td> ROCE is calculated as annual adjusted operating profit for the last 12 months divided by the average total assets (excluding defined benefit pension asset and deferred tax assets), current liabilities (excluding current interest-bearing loans and borrowings), and non-current lease liabilities. The average is based on the opening and closing of the 12-month period.
<table>
<tr><th></th><th>2022
£m</th><th>2021
£m</th></tr>
<tr><td>Adjusted operating profit for the last 12 months</td><td>60.0</td><td>46.2</td></tr>
<tr><td>Capital employed at the beginning of the year</td><td>279.6</td><td>235.1</td></tr>
<tr><td>Capital employed at the end of the year</td><td>357.9</td><td>279.6</td></tr>
<tr><td>Average capital employed</td><td>318.8</td><td>257.4</td></tr>
<tr><td>ROCE %</td><td>18.8%</td><td>18.0%</td></tr>
</table></td></tr>
<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 represented 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 11 “Analysis of 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>2022
£m</th><th>2021
£m</th></tr>
<tr><td>Adjusted operating profit for the last 12 months</td><td>60.0</td><td>46.2</td></tr>
<tr><td>Add back depreciation excluding effect of fair valuation of property, plant and equipment</td><td>15.2</td><td>12.9</td></tr>
<tr><td>Add back amortisation of intangible assets</td><td>18.3</td><td>13.0</td></tr>
<tr><td>Less amortisation of acquired intangible assets</td><td>(10.9)</td><td>(7.2)</td></tr>
</table></td></tr>
</table>

		Adjusted EBITDA	**82.6**	64.9	3.7%