

## Creative Solutions

# Videndum Creative Solutions

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

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



**Marco Vidali**

Divisional Chief Executive,  
Videndum Creative Solutions

### External revenue†

£52.0m

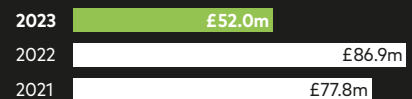
Down 40% ↓

### Adjusted operating profit\*\*

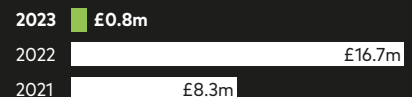
£0.8m

Down 95% ↓

### External revenue†



### Adjusted operating profit\*\*



### Statutory operating loss





## Creative Solutions continued

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

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

### Strategy

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

### Market position

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

### Operational review

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

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

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

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

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

### Our brands

Market position† shown in brackets

#### Video transmission systems (#1)

→ Teradek

#### Monitors (#1\*)

→ SmallHD

#### Lens control systems (#3)

→ Teradek

#### IP video (#3)

→ Teradek

#### Camera accessories (#3)

→ Wooden Camera

### Target audience



■ Cine/scripted TV/ICC market: 90%  
■ Enterprise market: 10%

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

Case studies



**SmallHD award-winning 4K Production Monitors**

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



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

**Armando Salas**  
ASC

**Live Production with Teradek wireless video transmission**

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



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

**Xavi Morón**  
Owner of Streaming On Set



## Operational and financial review

### Financial performance

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

### Cash flow

£m	2023	2022	Variance
Statutory operating (loss)/profit from continuing and discontinued operations	<b>(65.2)</b>	31.5	(96.7)
Add back discontinued operations statutory operating loss	<b>60.5</b>	17.5	43.0
Add back adjusting items from continuing operations	<b>17.5</b>	17.2	0.3
<b>Adjusted operating profit*</b>	<b>12.8</b>	66.2	(53.4)
Depreciation <sup>1</sup>	<b>20.5</b>	20.1	0.4
Adjusted trade working capital (inc)/dec*	<b>(1.1)</b>	(15.6)	14.5
Adjusted non-trade working capital (inc)/dec*	<b>(7.1)</b>	(2.4)	(4.7)
Adjusted provisions inc/(dec)*	-	(0.7)	0.7
Capital expenditure <sup>2</sup>	<b>(15.3)</b>	(15.4)	0.1
Other <sup>3</sup>	<b>1.0</b>	7.5	(6.5)
<b>Adjusted operating cash flow*</b>	<b>10.8</b>	59.7	(48.9)
Cash conversion*	<b>84%</b>	90%	-6%pts
Interest and tax paid	<b>(25.7)</b>	(16.5)	(9.2)
Earnout and retention bonuses	<b>(3.6)</b>	(0.3)	(3.3)
Restructuring, integration costs and sale of impaired inventory	<b>(5.3)</b>	(2.0)	(3.3)
Transaction costs	-	(0.6)	0.6
<b>Free cash flow*</b>	<b>(23.8)</b>	40.3	(64.1)

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

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

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

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