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01 March 2022

The Vitec Group plc

2021 Full Year Results

Vitec uniquely placed to benefit from growth in content creation market

The Vitec Group plc ("Vitec" 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 2021.

Results	2021	2020
Revenue	£394.3m	£290.5m
Adjusted operating profit*	£46.2m	£9.9m
*Adjusted operating margin**	*11.7%*	*3.4%*
Adjusted profit before tax*	£42.4m	£5.5m
Adjusted basic earnings per share*	69.9p	9.0p
Dividend per share	35.0p	4.5p
Free cash flow*	£33.1m	£9.5m
Net debt*	£145.2m	£90.8m
Statutory results		
Operating profit/(loss)	£33.5m	£(3.3)m
Operating margin	*8.5%*	*(1.1)%*
Profit/(loss) before tax	£29.6m	£(7.7)m
Basic earnings/(loss) per share	56.4p	(11.6)p

2021 financial highlights

- Significant 2021 recovery and growth across all three Divisions
- Underlying[1] order intake up c.20% vs 2019 (Creative Solutions up c.45%) and record revenue, despite component shortages and some capacity constraints
- Excellent cash performance with free cash flow* exceeding 2019
- Record year-end order book
- Final dividend of 24.0p per share resulting in an increased total dividend of 35.0p per share

Strategic positioning and outlook

- Content creation market larger and growing faster post-pandemic
- Vitec executing well on strategy of organic growth, margin improvement and M&A
  - Organic growth driven by technology advancement and the Group's exposure to strong market growth drivers; Vitec expected to grow high single digit vs low single digit pre-pandemic
  - On track towards mid-teen adjusted operating margin*, with continued strong cash conversion*, as volumes grow and we deliver operating leverage
  - 2021/2022 YTD acquisitions expanded the Group's customer base, portfolio and technology capabilities to support future growth
- Proposal to change Group name at 2022 AGM to differentiate us from other users of Vitec and to better reflect our purpose
- 2022 started very well with record order intake and revenue
- Increasingly confident for FY 2022, despite previously highlighted short-term component shortages and inflation, but current geo-political situation creates some uncertainty

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

"2021 was a year of excellent progress for Vitec. Our markets recovered strongly and, post-pandemic, are larger and growing faster. There has been a permanent structural change to the content creation market driven by a dramatic increase in the capture, consumption and sharing of content, and by technology changes driving shorter replacement cycles.

"Vitec is at the heart of this fast-growing market with market-leading, premium products, and we are executing well on our strategy to deliver organic growth, margin improvement and growth through M&A.

"2022 has started very well, with a record opening order book followed by a record January and February performance, and the Board is increasingly confident about the outlook for the Group, despite previously highlighted short-term component shortages and inflation, but obviously the current geo-political situation creates some uncertainty. Vitec is now a stronger, higher-quality business and the Group is well positioned to deliver sustainable growth and value for all of our stakeholders."

For further information please contact:

The Vitec Group plc
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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:
www.vitecgroup.com/investors/results-reports-and-presentations/

Notes to Editors:

Vitec is a leading global provider of premium branded hardware products and software solutions to the growing content creation market.

Vitec's customers include broadcasters, film studios, production and rental companies, photographers/videographers, independent content creators, vloggers/influencers, 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 and backgrounds, and motion control, audio capture and noise reduction equipment.

We employ around 2,000 people across the world in 11 different countries and are organised in three Divisions: Imaging Solutions, Production Solutions and Creative Solutions.

The Vitec Group plc is listed on the London Stock Exchange.

More information can be found at: www.vitecgroup.com

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Notes

1 Underlying increases exclude the Olympics in 2021 and is on an organic, constant currency basis.
2 2021 average exchange rates: £1 = $1.38, £1 = €1.16, €1 = $1.18, £1 = Yen151.
3 2020 average exchange rates: £1 = $1.29, £1 = €1.12, €1 = $1.15, £1 = Yen138.
4 This announcement contains inside information. The person responsible for arranging the release of this announcement on behalf of The Vitec Group plc is Jon Bolton, Group Company Secretary.

** In addition to statutory reporting, Vitec 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.*

2021 management and financial overview

2021 was a year of excellent progress for the Group across all three Divisions, reflecting strong market recovery, a larger and faster-growing market post-pandemic, and the execution of our strategy.

While the pandemic continued to present challenges in H1 2021, the majority of our markets were fully open by the end of H1. The travel segment remains subdued, but we expect it to recover once global travel restrictions have been removed.

We delivered growth versus 2019 across the majority of the business and remained focused on managing our cost base throughout the year while continuing to invest in our key priorities in line with our strategy.

The Group responded to increasing inflationary pressures by raising prices during the year in a targeted and appropriate manner, and in line with our leading market positions, product quality, brand strength, and technological and competitive advantage. These price rises were sufficient to stay ahead of inflationary headwinds.

We made substantial investments during the year, both organically and through acquisitions, to support future growth. We continued to launch new products for the fastest growing segments of the market and gross R&D expenditure increased to c.£25 million, representing c.6.5% of Group revenue (2019: c.6%). We expanded our customer base, portfolio and technology capabilities with three acquisitions and, since the period end, we have made one further acquisition. We continued to improve the Group's e-commerce capabilities to grow our higher margin online sales and enhanced our approach to sustainability, aligning our strategy to five United Nations Sustainable Development Goals as the focus of our seven key pillars.

Cash conversion* exceeded 100% and we continue to monitor and control cash closely, while mitigating component shortages through managing inventory levels.

Vitec is well-positioned at the heart of the fast-growing content creation market to capitalise on the strong global demand for capturing, consuming and sharing content. Key developments over the last decade have laid a strong foundation for Vitec's future and also meant that the Group has emerged from the pandemic a stronger, higher quality business. The breadth of the Group's product portfolio in multiple market segments, coupled with our decentralised and entrepreneurial business model, and our increasing technological competencies, make us more resilient and enable us to rapidly adapt to changing market conditions.

I would like to thank everyone in the Group for what they achieved last year and for their continued support, commitment and operational excellence.

Financial performance

Income and expense

	Adjusted*			Statutory	
	2021	**2020**	**2019**	**2021**	**2020**
Revenue	£394.3m	£290.5m	£376.1m	£394.3m	£290.5m
Operating profit/(loss)	£46.2m	£9.9m	£52.4m	£33.5m	£(3.3)m
Profit/(loss) before tax	£42.4m	£5.5m	£48.0m	£29.6m	£(7.7)m
Earnings per share	69.9p	9.0p	80.6p	56.4p	(11.6)p

Given the disruption to 2020 results caused by COVID-19, the commentary below refers to performance in comparison with 2019 where that provides a greater insight into how the business has performed. However, it should be noted that 2019 gross margin benefitted from insurance payments of £6.5 million relating to the fire at the SmallHD facility.

The closing order book at 31 December 2021 was our highest ever, and 2021 order intake was higher than 2019. The higher order intake reflects increased demand for Vitec's premium products and leading

technologies, in excess of the demand created from market recovery following the outbreak of the pandemic in 2020.

Revenue of £394.3 million was a record, resulting in adjusted operating profit* of £46.2 million, and 36% ahead of 2020. Revenue was 5% ahead of 2019 on a reported basis, and 8% ahead on an organic, constant currency basis, excluding the Olympics. Revenue and profits were held back to a certain extent given some constraints in fulfilling orders due to component shortages and capacity constraints.

Adjusted gross margin* of 43.9% was similar to 2019 pre-pandemic levels with price increases more than offsetting significant headwinds from freight, duty and raw materials cost increases. Excluding 2019 SmallHD insurance proceeds, which were included in profit but not revenue, the adjusted gross margin* in 2019 was 43.5%.

Adjusted operating expenses* of £127.0 million were, as expected, £23.5 million higher than 2020 but only £9.3 million higher than 2019; £4.1 million of which relates to costs at the acquisitions made in 2021, and £1.2 million to the repayment of UK furlough proceeds. The savings from the previously announced restructuring at Imaging Solutions, were offset by inflation in employee costs, sales and marketing to drive new verticals, and targeted investment in R&D. The large increase in comparison to 2020 is driven by the non-repeat of the short-term actions taken to manage through the pandemic (such as shortened hours and reduced pay).

Adjusted operating profit margin* of 11.7% was only modestly below pre-pandemic levels (2019 excluding SmallHD insurance proceeds: 12.2%) and 8.3% points ahead of 2020. The margin in H2 was 11.4%, reflecting the investment in strategic growth and disruption in supply chains, as mentioned above.

Adjusted profit before tax* included a £2.8 million adverse foreign exchange effect after hedging compared to 2020, mainly due to FX translation. The impact on 2022 adjusted profit before tax* from a one cent stronger/weaker US Dollar/Euro is expected to be an increase/decrease of approximately £0.4 million and £0.3 million respectively. At current spot rates (28 February: £1 = $1.34, £1 = €1.20) there is expected to be a £0.5 million adverse impact versus 2021; due to the weaker Euro, partly offset by the stronger dollar.

Adjusted profit before tax* was £42.4 million; £36.9 million higher than 2020. On an organic, constant currency basis adjusted operating profit* and adjusted profit before tax* were only 2% and 1% down respectively on 2019 (up 12% and 15% excluding SmallHD insurance proceeds).

Statutory profit before tax of £29.6 million (2020: £7.7 million loss) further reflects adjusting items of £12.8 million (2020: £13.2 million), which primarily relate to the amortisation of acquired intangibles and acquisition related charges.

The Group's effective tax rate ("ETR") on adjusted profit before tax* was 24.3%. Statutory ETR was 12.5%.

Adjusted basic earnings per share* was 69.9 pence. Statutory basic earnings per share was 56.4 pence.

Cash flow and net debt

Cash generated from operating activities was £65.7 million (2020: £34.0 million) and net cash from operating activities was £54.7 million (2020: £25.0 million).

Free cash flow* was £23.6 million higher than 2020. Cash conversion* was strong at 108%, as set out below.

£m	2021	2020	2019
Statutory operating profit/(loss)	**33.5**	(3.3)	32.0
Add back charges associated with acquisition of businesses and other adjusting items	**12.7**	13.2	20.4
Adjusted operating profit/(loss)*	**46.2**	**9.9**	**52.4**
Depreciation[1]	**18.7**	19.0	18.6
Adjusted working capital dec/(inc)*	**1.1**	8.0	(7.2)
Adjusted provisions (dec)*	**(0.8)**	(0.4)	(3.8)
Capital expenditure[2]	**(21.7)**	(15.7)	(18.6)
Other[3]	**6.2**	4.6	3.1
Adjusted operating cash flow*	**49.7**	**25.4**	**44.5**
*Cash conversion**	***108%***	*257%*	*85%*
Interest and tax paid	**(11.0)**	(9.0)	(10.6)
Earnout and retention bonuses	**(2.2)**	(2.7)	(0.1)
Restructuring and integration costs	**(1.9)**	(4.2)	(3.3)
Transaction costs	**(1.5)**	-	-
Free cash flow*	**33.1**	**9.5**	**30.5**

(1) Includes depreciation, amortisation of software and capitalised development costs
(2) Purchase of Property, Plant & Equipment ("PP&E") and capitalisation of software and development costs
(3) Includes share-based payments charge, proceeds from the sale of PP&E, gain on disposal of PP&E, fair value derivatives, impairment losses on PP&E, and foreign exchange movements
Net cash from operating activities of £54.7 million (2020: £25.0 million) comprises £33.1 million free cash flow (2020: £9.5 million) plus £21.7 million capital expenditure (2020: £15.7 million) less £0.1 million proceeds from sale of PP&E and software (2020: £0.2 million)

Adjusted working capital* decreased by £1.1 million in 2021. Inventory was £23.7 million higher than December 2020, which was expected following capacity constraints and component shortages; though this was more than offset by an increase in payables. Trade payables were higher due to increased activity, and other payables were higher due to larger bonus accruals compared to December 2020.

Capital expenditure included:

- £10.8 million of property, plant and equipment (of which £2.8 million related to new machinery to enable some JOBY products to be made in Italy, and £0.8 million related to the Summer and Winter Olympics) compared with £5.1 million in 2020;
- £10.1 million capitalisation of R&D; and £0.8 million capitalisation of software. Gross R&D was higher than 2020, as expected, due to investment in growth areas including mechatronics at Imaging Solutions, ART at Creative Solutions, and Lightstream at Creative Solutions.

£m	2021	2020	Variance
Gross R&D	**25.2**	20.3	4.9
Capitalised	**(10.1)**	(10.1)	-
Amortisation	**4.8**	4.8	-
P&L Impact	**19.9**	15.0	4.9

'Other' cash flow primarily relates to share-based payments.

Interest and tax paid increased by £2.0 million compared to 2020 due to higher tax payments (including £3.0 million relating to EU State Aid) and upfront fees in relation to the acquisition loan facility; partly offset by the non-repeat of the RCF upfront and arrangement fees, and CCFF fees in 2020.

Restructuring cash outflow mainly reflects the final restructuring payments in Imaging Solutions in respect of its project to benefit from the move to the higher margin e-commerce channel.

December 2020 closing net debt* (£m)	**(90.8)**
Free cash flow*	33.1
Upfront loan fees, net of amortisation	0.6
Dividends paid	(7.1)
Employee incentive shares	(4.3)
Acquisitions	(56.1)
Net lease additions	(20.1)
FX	(0.5)
December 2021 closing net debt* (£m)	**(145.2)**

Net debt* at 31 December 2021 was £54.4 million higher than at 31 December 2020 (£90.8 million). .

The ratio of net debt* to adjusted EBITDA* was 2.2x at 31 December 2021. This is c.0.3x higher than on a pre-IFRS16 basis, and c.0.2x higher than on the basis used for our loan covenants.

Acquisitions cash outflow comprises £40.0 million for Savage, £15.1 million for Lightstream and £1.0 million for Quasar.

Net lease additions were higher as previously announced (versus £3.5 million in 2020). They include the renewal of leases for our plants in Feltre, Costa Rica and Irvine, and also include a lease as part of the acquisition of Savage.

Liquidity at 31 December 2021 totalled £91.5 million; comprising £77.1 million unutilised RCF, £11.0 million of cash and £3.4 million unused overdraft facility. As previously announced, the Group repaid the CCFF during H1 2021.

ROCE* of 16.1%[1] was higher than the prior year (2020: 3.7%), which reflects the higher adjusted operating profit*.

Charges associated with acquisition of businesses and other adjusting items

Charges associated with acquisition of businesses and other adjusting items in profit before tax were £12.8 million versus £13.2 million in 2020.

£m	**2021**	2020
Amortisation of acquired intangible assets	**7.2**	7.6
Integration and restructuring costs	**0.9**	2.8
Acquisition related charges[2]	**4.6**	2.8
Finance expense - amortisation of loan fees on borrowings for acquisitions	**0.1**	-
Charges associated with acquisition of businesses and other adjusting items	**12.8**	**13.2**

Notes

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

2 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

Vitec's purpose, to "enable the capture and sharing of exceptional content", continues to be highly relevant. 2021 was a year of excellent progress for the Group, across all three Divisions. Our markets recovered strongly and, post-pandemic, are larger and growing faster. The pandemic accelerated the democratisation and digitalisation of media, driving a permanent structural change to the content creation market. There has been recovery in demand and, more importantly, there has also been a dramatic increase in the capture, consumption and sharing of content.

Vitec is right at the heart of this exciting and fast-growing market, with market-leading, premium products, and we are executing well on our strategy to deliver organic growth, margin improvement and growth through M&A.

1. Organic growth

Market growth is being driven by technology advancement and by the significant changes in the way people capture, consume and share content. We estimate that 75% of the Group's business is exposed to four different structural market growth drivers, which are all experiencing double-digit growth. This is driving a sustained demand for new and replacement products. The Group's Total Addressable Market ("TAM") is now larger post-pandemic, at £2.6 billion, and is expected to grow faster, at high single digit 2022-24 compared to low single digit pre-pandemic.

The internet

- Growth in retail e-commerce is driving increased demand for digital visual content as new products need to be photographed and filmed frequently to be published online. More and more brands are using digital platforms to reach audiences, and creatives must deliver content to more platforms and devices than ever before to build brand awareness.
- This drives demand for Vitec's professional photography and videography equipment, including supports, backgrounds, lighting and bags, mainly benefiting our Imaging Solutions Division.

Subscription TV

- Increasing spend on original content creation for subscription TV channels like Netflix, Amazon Prime Video, Disney+ and Apple+, while incumbents like Hulu, HBO and traditional broadcasters are all maintaining existing levels of spending on original content, is driving higher demand for our equipment.
- Vitec offers a wide range of market-leading products across all three Divisions to meet the high production value needs of both large media companies and smaller independent producers. These include 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 Imaging 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 their videos or podcasts, and then monetise that content. Improving the quality of their content is enormously important to their success – and that is what Vitec products help them do.
- JOBY is our main brand serving the needs of vloggers and influencers. They use our JOBY supports, lights and audio, and our backgrounds and graphics to create high-quality content. The JOBY customers of today will potentially transition to Vitec's other premium brands, as they become the filmmakers, broadcasters and professional photographers of the future. In addition, the growth in documentaries and wildlife photography, also typically shared on social media, benefit our supports, windjammers and bags in Imaging Solutions.

Live streaming

- Live streaming of video is growing strongly across multiple verticals, such as enterprise, medical and gaming to maintain communications and facilitate remote working. 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. Professional content creators working from home require remote streaming with high image quality, low delay and robust security for monitoring and post-production. This is driving demand for our Teradek IP-based live streaming software and hardware in Creative Solutions.
- There is also a high demand for remote wireless video within hospital operating rooms. Our Creative Solutions Division has developed wireless video transmission and monitoring solutions using Amimon's proprietary zero delay technology for the leading medical equipment providers,

and is also supplying the industrial market.

Due to the strategic transformation of Vitec over the past decade, the Group is uniquely positioned to take advantage of the structural changes and growth in its end markets. Vitec is a product-driven business and technology advancement is also driving growth through shorter product replacement cycles. Sustained R&D investment in innovative new product development is key to enabling our premium brands to maintain their already strong market positions and in places gain share. We have also increased our addressable markets by expanding our product portfolio, customer base and technology capabilities, through carefully selected acquisitions. Our resources and capital are 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 Imaging Solutions, including allocating more attention to audio where we see a sizeable opportunity.

In 2021, about half of our revenue came from products launched in the last three years (excluding 2020 and including acquisitions). 2021 saw the start of the full rollout of our 4K/HDR wireless video eco-system replacing the previous HD technology in the cine and subscription TV markets. We launched a wide range of new products, including on-camera microphones for our JOBY vlogging accessories to enhance the quality of content, LED lighting and voice-activated prompting to enable broadcasters to reduce operating expenses, mechatronics, and bags made from recycled textiles for professional photographers and videographers.

We are also increasingly focusing on developing higher margin software-enabled technology, as well as looking to grow our cloud technology capabilities over the mid-term to expand our recurring revenue through subscription services with Software-as-a-Service and Hardware-as-a-Service.

We continue to invest in our digital capabilities across the Group to benefit from the transition to the higher margin e-commerce channel. This is a significant commercial advantage as many of our competitors lack the digital talent, supply chain and global support infrastructure that Vitec can deploy.

2. Margin improvement

We expect continued margin improvement towards our mid-teen goal as volumes grow and we deliver operating leverage. Our margin improvement drivers include:

- Higher pricing to reflect product quality and brand strength; price increases were implemented at the beginning of 2022 with further increases planned during the rest of the first half. These will ensure that we will continue to stay ahead of inflationary pressures
- Insourcing, e.g. JOBY from China to Italy in Imaging Solutions
- Operational efficiencies, e.g. targeting 3% year-on-year productivity improvements by driving lean manufacturing and continuous improvement initiatives across the Group
- Increasing mix of higher margin, higher technology products, e.g. 4K/HDR technology replacement cycle in Creative Solutions
- Recovering the margin in Creative Solutions
- Growing online sales, e.g. currently c.50% of revenue in Imaging Solutions was from online sales, of which 4% was direct e-commerce in 2021 compared to 2% in 2019
- Higher margin acquisitions and capturing synergies, e.g. Savage and Audix in Imaging Solutions

3. M&A activity

We have a clear and focused M&A strategy, aligned with our purpose, to increase addressable markets served and further increase our higher technology capabilities. Our organisation model is easily scalable which enables us to acquire small-to-medium sized business and bolt them on to our existing Divisions, capturing synergies from selling their products through our global distribution network, and using our digital expertise to market and sell new products online. There are also opportunities to gain synergies in procurement, manufacturing and logistics.

The Group has been focused on making acquisitions in two main areas, in video transmission/streaming in Creative Solutions and in content creation and audio capture in Imaging Solutions. During 2021, the Group acquired three strategically attractive, bolt-on businesses (Lightstream, Quasar, Savage), and a

fourth (Audix) in January 2022. These further enhanced our portfolio, expanded our customer base and added specialist R&D capabilities to support our future growth.

Quasar Science acquisition

In April 2021, we acquired US-based Quasar who design and develop a range of market-leading, innovative, linear LED lighting solutions for cine-style applications. Their products are used in professional, large-scale film and scripted TV production as well as small scale new media markets, and are highly sought after for their industry leading colour quality and versatility. Quasar has been integrated into Vitec's Production Solutions Division.

This acquisition was driven by Vitec's strategy to expand our higher technology capabilities in strategic growth markets. Quasar products are highly complementary to Vitec's existing Litepanels LED Lighting brand and the two sales and marketing teams are now integrated. They are focused on selling Quasar products through Vitec's global sales and distribution network and using Quasar's expertise and network to grow the Litepanels brand in the cine and scripted TV market. Two new Quasar products were released in May and the Engineering Teams are working together to develop a joint technological roadmap for future Litepanels and Quasar products.

Lightstream acquisition

In April 2021, we also acquired Lightstream, a US-based company which develops a cloud-based video production and editing Software-as-a-Service platform to enable content creators to enrich their live video streams.

Live streaming across all industries has grown exponentially during the pandemic and it has become a significant growth opportunity for the Group with our Teradek brand. The gaming market was a logical extension to our live streaming strategy and, with Lightstream as part of the Group, we are able to address the growing demand for cloud-based content creation as well as increasing our recurring revenue stream.

Lightstream has been integrated into Vitec's Creative Solutions Division. Since our last update, Lightstream has made good progress in further developing their cloud platform. They have progressed licensing deals for their API product with major names in the gaming space and successfully demonstrated an improved version of the API platform to customers and are preparing to integrate with Teradek's existing cloud products.

Savage acquisition

In November 2021, we acquired Savage, a US-based global market leader in backgrounds for the professional studio photographic market. Backgrounds are a key aspect of imaging production as they are the quickest and easiest way to achieve the desired look for commercial and product photography, portraits, video interviews and social media posts, and they dramatically reduce post-production time.

This acquisition was driven by Vitec's strategy to acquire bolt-on businesses exposed to the faster-growing segments of the content creation market. Savage operates in the professional studio photography/videography segment, which is driven particularly by the global growth in demand for digital content and in retail e-commerce, where new products must be frequently photographed or videoed to quickly put fresh content online. Vitec knows the market and the Savage business well and is therefore well positioned to drive commercial synergies and growth. We will expand its distribution internationally, especially in APAC, and we will use our digital expertise to market and sell Savage products online. There is also the opportunity to sell Savage products to the fast-growing professional influencer and vlogger segment.

Integration into our Imaging Solutions Division is going very well and we are already starting to see distribution synergies.

Audix acquisition

In January 2022, we acquired US-based Audix for up to $54.3 million (£39.9 million) in cash, including retention, transaction and financing costs. Audix designs and manufactures high performing, innovative microphones for the professional audio industry.

This is a strategically significant acquisition as Audix enables Vitec to accelerate the pace of deployment of our audio capture strategy. Audio capture is an essential part of video creation as it enhances the quality of content; we know the market and the channel well as our customers already buy microphones for their smartphones or cameras that we provide under our growing JOBY brand. Vitec lacked a more specialist audio R&D capability to allow us to design and manufacture the microphones ourselves, which is what Audix brings. We intend to use their expertise to enhance the speed of new product development and expand our range of on-camera microphones further.

In addition, Audix brings Vitec a premium microphone brand which is focused on the music, professional vocal and enterprise markets, and is complementary to our growing JOBY and Rycote brands. We expect to significantly grow the Audix brand by selling their products through our global distribution network and we will use our digital expertise to market and sell Audix products online. There are also opportunities to sell other Vitec brands to the Audix customer base.

Audix is being integrated into Vitec's Imaging Solutions Division and the Audix team and the facility in Oregon will become Vitec's Audio R&D Centre of Excellence; we plan to move Rycote's microphone manufacturing and engineering development to Audix's facilities, and we will also bring the development of our JOBY microphones to the US. This will accelerate our new product innovation process and enable us to extend our microphone range, as well as further strengthening our competitive advantage in the largest content creator market. The audio market has reacted very positively to the acquisition and integration is going very well.

The Board believes that Creative Solutions has significant potential, in terms of market opportunity, rate of future growth and margins. The Board continues to review options to maximise and clearly demonstrate to shareholders the potential value of the Division. To this end, we have set up a Supervisory Board, including external members to review those options. A further update will be provided as and when appropriate.

Proposal to change Group name on 23 May 2022

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

Building on the structural change and growth in our end markets, and our leading market positions, we are using this opportunity to refresh and reframe our brand. "Videndum" is a Latin noun – which means "***That which must be seen***" or "***A must see***" – and better reflects our purpose, presence and opportunity in the multiple market segments of the growing content creation market in which we operate.

A subsequent announcement will be made when the Company's name change becomes effective which is expected to be on 23 May 2022, with a revised stock ticker ("VID"). Until such an announcement is made, trading will continue under the existing ticker ("VTC"). No action is required on the part of any equity holders with respect to their rights as an equity holder.

The rebranding roll-out process for the new name and associated visual identity will begin on 23 May 2022 and progress through 2022 and early 2023 alongside implementation of a full stakeholder communications plan to manage the transition. The cost to implement this change to the Group name is expected to be <£1.0 million, including legal, trademark, branding and IT costs.

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

Divisional performances

Imaging Solutions

The Imaging Solutions Division designs, manufactures and distributes premium branded equipment for photographic and video cameras and smartphones, and provides dedicated solutions to professional and amateur image makers, independent content creators, vloggers/influencers, gamers, enterprises and professional musicians. This includes camera supports and heads, smartphone and vlogging accessories, lighting supports and controls, LED lights, motion control, audio capture and noise reduction equipment, camera bags and backgrounds, marketed under the most recognised accessories brands in the industry. Imaging Solutions represents 49% of Group revenue.

Imaging Solutions' TAM has increased to £1.2 billion (2021), particularly due to the increase in vlogging and retail e-commerce driving demand for our professional equipment. We estimate that the market CAGR (2022-24) will be c.5% (previous mid-term forecast of c.1%). Imaging Solutions has seen a stronger than expected performance both due to the market recovering and our actions to focus on higher growth segments and higher margin channels. Our strategy is focused on continued growth in vlogging accessories and professional equipment, new audio capture and mechatronic products, and growing the higher margin e-commerce channel.

	Adjusted*			Statutory	
Imaging Solutions	**2021**	**2020**	**2019**	**2021**	**2020**
Revenue	£194.7m	£156.7m	£196.6m	£194.7m	£156.7m
Operating profit	£26.6m	£9.7m	£27.1m	£23.7m	£5.8m
Operating margin	13.7%	6.2%	13.8%	12.2%	3.7%

** For Imaging Solutions, before charges associated with acquisition of businesses and other adjusting items of £2.9 million (2020: £3.9 million).*

Imaging Solutions' revenue recovered to £194.7 million, which on an organic, constant currency basis was up 1% compared to 2019.

Revenue for professional (c.45% of Divisional revenue) photo and video supports was slightly ahead of 2019 due to new motion control products and strong demand from the professional market. Both professional filmmakers and independent content creators are demanding ever-more innovative solutions, to help them create dynamic material with ease and at speed. The Manfrotto MOVE Ecosystem, launched in October, enables filmmakers to build their desired shooting platform in a modular way that is remotely controlled.

Hobbyist (c.20% of Divisional revenue) photo supports and bags revenue was ahead of 2020 but still lower than 2019, as markets remained subdued due to travel restrictions. In audio, Rycote performed extremely well with revenue almost 50% higher than 2019 due to increased demand driven by strong growth in sales to external companies integrating Rycote's patented microphone shock mounting for their audio product offerings.

B2B revenue (c.25% of Divisional revenue) increased significantly compared to 2019. Demand for lighting supports in the global sports analytics market has grown significantly, and Manfrotto is the chosen supplier for lighting support stands and carrying solutions to all the main providers in this market; as a result Manfrotto lighting supports saw significant revenue growth on 2019.

In the consumer segment (c.10% of Divisional revenue), there was continued strong growth in JOBY smartphone and compact system camera accessories. JOBY revenue was up almost 30% compared to 2019. JOBY launched the Beamo Ring Light in March, and in January 2022 announced the launch of a new range of JOBY products, leading with WAVO microphones, as well as the JOBY Spin and Swing, which were made in partnership with Syrp Lab.

The production of the premium JOBY GorillaPod was successfully relocated from the Far East to Italy, expanding Feltre's highly efficient manufacturing capabilities. From now on, most of the JOBY GorillaPod line-up for compact system cameras will be produced in Feltre. This will reduce the distance to European and American markets, strengthen the supply chain and lower environmental impact and carbon footprint as well as enabling Imaging to capture the manufacturing margin.

Adjusted operating profit* of £26.6 million represents a return to pre-pandemic margins. Adjusted operating margin* was 13.7%. On an organic, constant currency basis, adjusted operating profit* was only 2% down on 2019.

Statutory operating profit was £23.7 million (2020: £5.8 million), reflecting £2.9 million of charges associated with acquisition of businesses and other adjusting items (2020: £3.9 million) of which £0.4 million of charges related to the previously announced restructure.

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 31% of Group revenue.

Production Solutions has seen a stronger than expected performance, particularly due to the increase in spend on original content creation and demand for recently launched products. We estimate that the market CAGR (2022-24) will be c.3% (versus previous mid-term forecast of 0%). Our strategy is focused on growth in professional equipment for scripted TV series, products for on-location news and sporting events, as well as robotic camera systems and voice-activated prompting to enable cost efficiencies in studios.

	Adjusted*			**Statutory**	
Production Solutions	**2021**	**2020**	**2019**	**2021**	**2020**
Revenue	£121.8m	£80.1m	£111.8m	£121.8m	£80.1m
Operating profit	£28.0m	£7.6m	£19.6m	£27.1m	£6.7m
Operating margin	23.0%	9.5%	17.5%	22.2%	8.4%

** For Production Solutions, before charges associated with acquisition of businesses and other adjusting items of £0.9 million (2020: £0.9 million).*

Production Solutions' revenue was a record £121.8 million, which on an organic, constant currency basis was 10% ahead of 2019, excluding the Olympics. Revenue was supported by higher royalties received for the Litepanels brand of £4.1 million (compared with £1.9 million in 2020).

The new generation Sachtler aktiv fluid heads, launched in October 2020, continued to be extremely popular and have driven material growth in non-studio supports compared to 2019. Voice-activated prompting was fully launched in 2021 and helped to deliver significant growth in Autoscript sales versus 2019. The Litepanels Gemini 1x1 Hard launched in April and contributed to material organic growth in revenue from lighting versus 2019. These growth areas and revenue from increased royalties were partly offset by studio supports and robotics, where there was a slower recovery in the broadcast industry.

Camera Corps provided a range of bespoke camera solutions for the postponed Euro 2020 tournament which was held across June and July 2021, and at the Tokyo Summer Olympics across August and September; together c.£8 million of revenue.

Adjusted operating profit* of £28.0 million was £8.4 million higher than 2019, benefitting from royalties, profit from the Euros and Olympics, and lower operating costs. Adjusted operating margin* was 23.0%.

Excluding royalties from the LED patents it was 20.3%. On an organic, constant currency basis, excluding the Olympics, adjusted operating profit* was 43% up on 2019.

Statutory operating profit was £27.1 million (2020: £6.7 million), which included £0.9 million of adjusting items in relation to the acquisition of Quasar (2020: £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 20% of Group revenue.

Creative Solutions' TAM has increased from £0.5 billion to £1.0 billion, particularly due to the increase in streaming, spend on original content creation, and Vitec's Lightstream acquisition enabling us to serve the gaming market. We estimate that the market CAGR (2022-24) will be c.20% (previous mid-term forecast of c.17%). Creative Solutions has seen an encouraging recovery in orders, with revenue and profitability held back by component shortages, particularly in H2 2021. Our strategy is focused on delivering the 4K/HDR replacement cycle and growing our remote monitoring/collaboration/streaming capabilities in the cine/scripted TV, enterprise, medical, industrial and gaming markets.

	Adjusted*			Statutory	
Creative Solutions	**2021**	**2020**	**2019**	**2021**	**2020**
Revenue	£77.8m	£53.7m	£67.7m	£77.8m	£53.7m
Operating profit/(loss)	£8.3m	£3.3m	£15.6m	£(0.5)m	£(4.8)m
Operating margin	10.7%	6.1%	23.1%	(0.6)%	(8.9)%

** For Creative Solutions, before charges associated with acquisition of businesses and other adjusting items of £8.8 million (2020: £8.1 million).*

Creative Solutions' revenue was a record £77.8 million. On an organic, constant currency basis this was 22% ahead of 2019, despite the cine/scripted TV market not being fully open until H2, and the impact of component shortages in H2. Order intake was 45% ahead of 2019 on an organic, constant currency basis.

Sales to the cine/scripted TV market grew materially versus 2019. The overwhelming majority of Bolt sales are now 4K/HDR, and there were $4 million sales of the SmallHD 4K/HDR monitors that were launched last year. Total 4K/HDR sales were $34 million. Wooden Camera revenue grew materially compared to 2019.

Sales to the enterprise market were up double-digit versus 2019. Within this, revenue to the medical market more than doubled compared to 2019, with high demand for Amimon products within the operating room ("OR") and moving more medical procedures from the OR to treatment rooms. Recurring revenue excluding Lightstream more than doubled compared to 2019. Recurring revenue including Lightstream was £3 million.

Adjusted operating expenses* grew compared to 2019 as Creative Solutions invested in sales and marketing to serve new verticals, R&D to drive future growth, and due to higher amortisation of capitalised R&D.

Adjusted operating profit* of £8.3 million represents an adjusted operating margin* of 10.7%. Excluding 2019 SmallHD insurance proceeds (£6.5 million), which were included in profit but not revenue, the adjusted operating margin* in 2019 was 14.9%. On an organic, constant currency basis, adjusted operating profit* was 12% up on 2019 (excluding insurance proceeds). We expect Creative Solutions' margins to improve as our investment in growth drives further higher revenues, and we sell more Amimon-enabled 4K/HDR products.

Statutory operating loss was £0.5 million (2020: £4.8 million loss), which reflects £8.8 million of charges associated with acquisition of businesses and other adjusting items (2020: £8.1 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	**2021**	**2020**	**2019**	**2021**	**2020**
Operating (loss)	£(16.7)m	£(10.7)m	£(9.9)m	£(16.8)m	£(11.0)m

** For corporate costs, before charges associated with acquisition of businesses and other adjusting items of £0.1 million (2020: £0.3 million).*

Corporate costs were broadly flat against 2020 before £6.0 million increase in employee costs reflecting the new RSP awards issued in June 2021 to retain key people, particularly software engineers in Creative Solutions, as well as accruals for expected bonuses (compared to low level of accruals in 2020), and fees relating to legal, tax and audit services.

Dividend

The Board has recommended a final dividend of 24.0 pence per share amounting to £11.1 million (2020: 4.5 pence per share amounting to £2.1 million). The final dividend, subject to shareholder approval at the 2022 Annual General Meeting, will be paid on Friday, 20 May 2022 to shareholders on the register at the close of business on Friday, 22 April 2022. This will bring the total dividend for the year to 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

During the year, we worked closely with an independent, specialist ESG consultancy to develop our ESG strategy. The Board, ESG Committee and Divisional management teams contributed to identifying the material issues affecting our operations and stakeholders, particularly assessing the impacts and timescales of potential risks and opportunities related to climate change. Clear objectives and targets were set, aligned to the United Nations Sustainable Development Goals ("SDGs"), and prioritising four key areas to deliver the greatest impact. Under these broad categories we have seven key pillars:

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

The Vitec Board provides oversight and has overall responsibility for the Group's ESG performance, and an ESG committee, chaired by the Group CEO and comprising senior executives from across the Group, coordinates Vitec's ESG performance. ESG governance has been integrated into our existing processes and a percentage of the Group CEO's remuneration has been tied to the Group's ESG performance.

To reflect our commitment to ESG, we will publish our first standalone ESG and TCFD Reports in April 2022. A TCFD disclosure is added in our Annual Report published later this month.

Data collection measures were improved to better monitor and report on progress, and we developed our reporting and disclosures in line with ESG frameworks, including the Global Reporting Initiative ("GRI") and The Task Force on Climate-Related Financial Disclosures ("TCFD"). Ultimately, our ESG strategy is designed to positively contribute to the success of the Company, to reduce the impact of the business on the environment, to continue to prioritise the health and safety of our employees, and to improve the diversity and inclusivity of our workplaces. We use a wide variety of metrics to measure climate-related impacts and we have set several ambitious targets to reduce our impact on the environment, such as becoming carbon neutral by 2025 and net zero by 2035 (for scope 1 & 2 emissions).

We made significant progress across a number of our four focus areas during the year. We have fully calculated our Scope 1 and 2 emissions across all Vitec sites, and conducted site surveys to establish energy savings options. We completed a number of energy reduction initiatives across the Group, including increased use of renewable energy, the implementation of solar panels in our facilities in Bury St Edmunds, UK and Cartago, Costa Rica, and expanding the use of LED lighting where possible. We started measuring scope 3 emissions and will be implementing recommendations for each category, particularly in our supply chain, in order to meet our 2045 net zero target.

As part of our focus on embedding sustainability in our product life cycles, the Imaging Solutions Division partnered with the Bologna Business School to develop detailed product life cycles, with this project due to complete in 2022. Our Lowepro and Gitzo brands also made great strides, launching Lowepro Photosport camera bag, made from 75% recycled fabric, and the Gitzo Legende Tripod, which has a lifetime guarantee. We also continue to drive initiatives across the Group to reduce our cardboard packaging and single use plastic consumption, and make greater use of packaging materials made from recycled products.

For our people, our second all-employee engagement survey took place in May. Over 80% of employees participated and all questions received over 89% positive feedback. We developed a new Diversity & Inclusion strategy with targets and action plans tailored to address our industry, and to actively recruit more female employees.

Finally, some of our Giving Back programmes were reintroduced in 2021, following the pandemic. These include the "Picture of Life" project in our Imaging Division and fundraising efforts for Rainforest Trust and Action Aid. Over a four-year period, our aim is to positively impact one disadvantaged young person for every Vitec employee in the communities in which we operate.

Outlook

2021 was a year of excellent progress for Vitec. Our markets recovered strongly and, post-pandemic, are larger and growing faster. There has been a permanent structural change to the content creation market driven by a dramatic increase in the capture, consumption and sharing of content, and by technology changes driving shorter replacement cycles.

Vitec is at the heart of this fast-growing market with market-leading, premium products, and we are executing well on our strategy to deliver organic growth, margin improvement and growth through M&A.

- Organic growth is being driven by four different structural growth drivers, all growing double digit. We estimate that 75% of the Group's business is exposed to these drivers: (1) internet usage/retail e-commerce; (2) vloggers/influencers on social media platforms, for example, TikTok and YouTube; (3) subscription TV, for example, Netflix, Amazon Prime Video and Disney+; and (4) live streaming.
- We expect continued margin improvement towards our mid-teen goal as volumes grow and we deliver operating leverage, combined with increasing online sales and in-sourcing production of JOBY products.
- Our resources and M&A activity are focused on two key strategic growth areas, in particular video transmission/streaming in Creative Solutions and content creation in Imaging Solutions, including audio capture where we see a sizeable opportunity.

2022 has started very well, with a record opening order book followed by a record January and February performance. We will continue to seek to mitigate component shortages in the short term through managing inventory levels, and by increasing prices in a targeted and appropriate manner. Group covenant net debt to EBITDA is expected to increase by 0.3x to c.2.3x at 30 June 2022 following the acquisition of Audix but is then expected to decline materially by the end of FY 2022, due to the strong cash generative nature of our operations and management's focus on cash management.

The Board is increasingly confident about the outlook for the Group, despite previously highlighted short-term component shortages and inflation, but obviously the current geo-political situation creates some uncertainty.

Vitec is now a stronger, higher quality business and the Group is well positioned to deliver sustainable growth and value for all of our stakeholders.

Risks and Uncertainties

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

We believe that the risks relating to "Demand for Vitec's products" has reduced due to an overall recovery that is faster than expected, and the strong order book. A small number of segments and territories remain strongly affected by the pandemic, for example sales of photographic bags are heavily affected by the decline in air travel. At the same time, Vitec's diversification away from traditional markets is proving to be highly successful; Vitec is experiencing a very strong level of growth in several segments especially lighting supports, vlogging accessories, streaming solutions and services, 4K transmitters, monitors and encoders, and LED lighting. We believe the long-term fundamentals for the content creation industry remain strong.

The risk related to People (including health and safety) has also increased overall due to a labour market for engineers (including software engineers) that is increasingly competitive in several of Vitec's key locations for product development. We continually review the incentive structure for our engineering workforce to ensure that it remains competitive. With regards to COVID-19, we continue to implement strict mitigation measures at all sites.

The risk related to cost pressure has increased due to significant inflation affecting certain categories of spend affected by shortages, most notably freight/logistics, direct labour, energy and components. Strong demand conditions have enabled Vitec to offset the additional cost through incremental pricing.

Climate Change has been added as a principal risk. We recognise the potential long-term severity of the climate change risks, notwithstanding the challenges in quantifying the range of outcomes. We are

developing strategies to mitigate the potential physical impact of climate change on our operations and people, and our supply chain, as well as the risks and opportunities, and potentially additional costs associated with the transition to a low-carbon economy. We are well placed to manage this risk due to our environmental initiatives, diversified geographical footprint and supply chain, and the specific attributes of the content creation industry.

Board changes

Duncan Penny will not be standing for reappointment at the Company's 2022 AGM and will therefore cease to be a director of the Company on 17 May 2022. We would like to thank Duncan for his service since his appointment in 2018.

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 financial statement. The Directors have considered the potential risk of lower revenue and, while monitoring developments, they currently consider there to be minimal risk of breaching covenants. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements. Further detail on the assessment of going concern can be found within note 1 to the condensed financial statements.

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. Under the most severe scenario modelled, the lowest point of cash headroom in the next 12 months would be at February 2023, when cash headroom under the RCF would be £46 million. 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.

For and on behalf of the Board

Stephen Bird Group Chief Executive	Martin Green Group Finance Director

Condensed Consolidated Income Statement

For the year ended 31 December 2021

	Notes	**2021 £m**	2020 £m
Revenue	2	**394.3**	290.5
Cost of sales		**(221.2)**	(178.5)
Gross profit		**173.1**	112.0
Operating expenses		**(139.6)**	(115.3)
Operating profit/(loss)		**33.5**	(3.3)
Comprising			
- Adjusted operating profit	3	**46.2**	9.9
- Charges associated with acquisition of businesses and other adjusting items	3	**(12.7)**	(13.2)
		33.5	(3.3)
Net Finance expense	4	**(3.9)**	(4.4)
Profit/(loss) before tax		**29.6**	(7.7)
Comprising			
- Adjusted profit before tax		**42.4**	5.5
- Charges associated with acquisition of businesses and other adjusting items, including finance expense		**(12.8)**	(13.2)
		29.6	(7.7)
Taxation		**(3.7)**	2.4
Comprising taxation on			
- Adjusted profit	5	**(10.3)**	(1.4)
- Charges associated with acquisition of businesses and other adjusting items	5	**6.6**	3.8
	5	**(3.7)**	2.4
Profit/(loss) for the period attributable to owners of the parent		**25.9**	(5.3)
Earnings per share			
Basic earnings per share	6	**56.4p**	(11.6)p
Diluted earnings per share	6	**54.5p**	(11.6)p
Average exchange rates			
Euro		**1.16**	1.12
US$		**1.38**	1.29

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	2021	2020
	£m	£m
Profit/(loss) for the year	**25.9**	(5.3)
Other comprehensive income/(expense):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit obligation	**6.9**	(7.6)
Related tax	**(0.7)**	1.6
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences on foreign currency subsidiaries	**(3.9)**	(0.7)
Net investment hedges – net gain/(loss)	**0.2**	(1.3)
Cash flow hedges – reclassified to the Income Statement, net of tax	**(0.1)**	0.7
Cash flow hedges – effective portion of changes in fair value, net of tax	**(0.1)**	(0.9)
Other comprehensive income/(expense), net of tax	**2.3**	(8.2)
Total comprehensive income/(expense) for the year attributable to owners of the parent	**28.2**	(13.5)

Condensed Consolidated Balance Sheet

As at 31 December 2021

	2021	2020
	£m	£m
Assets		
Non-current assets		
Intangible assets	**174.1**	123.5
Property, plant and equipment	**60.7**	42.2
Trade and other receivables	**5.8**	1.5
Derivative financial instruments	**0.1**	-
Non-current tax assets	**3.0**	-
Deferred tax assets	**33.1**	24.6
	276.8	191.8

Current assets		
Inventories	**88.5**	64.8
Trade and other receivables	**60.0**	51.7
Derivative financial instruments	**-**	0.1
Current tax assets	**4.7**	8.9
Cash and cash equivalents	**11.0**	17.3
	164.2	142.8
Total assets	**441.0**	334.6
Liabilities		
Current liabilities		
Bank overdrafts	**3.1**	0.5
Interest-bearing loans and borrowings	**13.2**	50.6
Lease liabilities	**5.7**	4.7
Trade and other payables	**76.6**	44.8
Derivative financial instruments	**0.3**	-
Current tax liabilities	**16.0**	9.7
Provisions	**1.5**	3.7
	116.4	114.0
Non-current liabilities		
Interest-bearing loans and borrowings	**109.6**	40.8
Lease liabilities	**24.6**	11.5
Other payables	**0.4**	-
Post-employment obligations	**8.4**	15.9
Provisions	**2.9**	1.0
Deferred tax liabilities	**4.8**	6.0
	150.7	75.2
Total liabilities	**267.1**	189.2
Net assets	**173.9**	145.4

Equity		
Share capital	**9.3**	9.2
Share premium	**23.1**	21.7
Translation reserve	**(17.6)**	(13.9)
Capital redemption reserve	**1.6**	1.6
Cash flow hedging reserve	**(0.1)**	0.1
Retained earnings	**157.6**	126.7
Total equity	**173.9**	145.4

Balance Sheet exchange rates		
Euro	**1.19**	1.12
US$	**1.35**	1.37

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 2020	9.1	20.7	(11.9)	1.6	0.3	136.9	156.7
Loss for the period	-	-	-	-	-	(5.3)	(5.3)
Other comprehensive expense for the year	-	-	(2.0)	-	(0.2)	(6.0)	(8.2)
Total comprehensive expense for the year	**-**	**-**	**(2.0)**	**-**	**(0.2)**	**(11.3)**	**(13.5)**
Contributions by and distributions to owners							
Own shares purchased	-	-	-	-	-	(2.3)	(2.3)
Share-based payment charge, net of tax	-	-	-	-	-	3.4	3.4
New shares issued	0.1	1.0	-	-	-	-	1.1
Balance at 31 December 2020 and 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)**
Shared-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	**9.3**	**23.1**	**(17.6)**	**1.6**	**(0.1)**	**157.6**	**173.9**

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	**2021** **£m**	2020 £m
Cash flows from operating activities			
Profit/(loss) for the year		**25.9**	(5.3)
Adjustments for:			
Taxation		**3.7**	(2.4)
Depreciation		**12.9**	13.1
Impairment losses on property, plant and equipment		**0.2**	0.6
Amortisation of intangible assets		**13.0**	13.5
Net gain on disposal of property, plant and equipment and software		**-**	(0.1)
Fair value gains on derivative financial instruments		**-**	(0.1)
Foreign exchange losses		**-**	0.3
Share-based payment charge		**7.9**	3.7
Earnout charges and retention bonuses		**0.8**	1.9
Net finance expense		**3.9**	4.4
Cash generated from operating activities before changes in working capital, including provisions		**68.3**	29.6
(Increase)/decrease in inventories		**(21.9)**	11.5
(Increase)/decrease in receivables		**(5.8)**	8.3
Increase/(decrease) in payables		**27.8**	(12.6)
Decrease in provisions		**(2.7)**	(2.8)
Cash generated from operating activities		**65.7**	34.0
Interest paid		**(4.5)**	(5.9)
Tax paid		**(6.5)**	(3.1)
Net cash from operating activities		**54.7**	25.0

Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and software		**0.1**	0.2
Purchase of property, plant and equipment		**(10.8)**	(5.1)
Capitalisation of software and development costs		**(10.9)**	(10.6)
Acquisition of businesses, net of cash acquired		**(56.1)**	-
Net cash used in investing activities		**(77.7)**	(15.5)
Cash flows from financing activities			
Proceeds from the issue of shares		**1.5**	1.1
Own shares purchased		**(5.8)**	(2.3)
Principal lease repayments		**(5.7)**	(5.8)
Repayment of interest-bearing loans and borrowings		**(128.2)**	(76.9)
Borrowings from interest-bearing loans and borrowings		**160.8**	71.7
Dividends paid		**(7.1)**	-
Net cash from/(used) in financing activities		**15.5**	(12.2)
Decrease in cash and cash equivalents	9	**(7.5)**	(2.7)
Cash and cash equivalents at 1 January		**16.8**	18.9
Effect of exchange rate fluctuations on cash held		**(1.4)**	0.6
Cash and cash equivalents and overdrafts at 31 December	**9**	**7.9**	16.8

1 Accounting policies

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 10 "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 in preparing the financial statements, a range of scenarios have been modelled. 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 the 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.

Useful lives of acquired intangible assets

The Group's acquired intangible assets are amortised over useful lives which are estimated in accordance with IAS 38 "Intangible Assets" and reviewed each financial year-end.

Determination of useful lives are based upon a number of assumptions including: expected usage, typical product life cycles, public information on estimates of useful lives of similar assets and expected actions by competitors or potential competitors.

As such, reasonably possible changes to the useful lives of these assets could result in material adjustments to the carrying amount of acquired intangible assets.

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

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates ("IBOR") to alternative benchmark interest rates (also referred to as "risk free rates" or "RFRs") without giving rise to accounting impacts that would not provide useful information to users of financial statements.

As a result of the Phase 2 amendments, when the contractual terms of the Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. The Group has not restated the prior period. The amendments have been applied retrospectively with no impact to equity as at 1 January 2021.

If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes.

An amendment to IFRS 16 "Leases" was issued by the International Accounting Standards Board on 28 May 2020. The amendment provides lessees with a practical expedient from assessing whether a COVID-19-related rent concession is a lease modification. In March 2021, the International Accounting Standards Board issued COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to

IFRS 16) that extends the practical expedient to apply to reductions in lease payments originally due on or before 30 June 2022.

During the year, the Group adopted both of the amendments and they had no material impact.

New standards and interpretations not yet adopted

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

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.

	Imaging Solutions		**Production Solutions**		**Creative Solutions**		**Corporate and unallocated**		**Consolidated**	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
Analysis of revenue from external customers, by location of customer										
United Kingdom	**17.4**	9.4	**13.4**	7.8	**6.3**	3.9	**-**	-	**37.1**	21.1
The rest of Europe	**72.6**	54.4	**36.2**	21.1	**8.7**	4.7	**-**	-	**117.5**	80.2
North America	**62.1**	53.8	**53.8**	35.4	**52.0**	38.1	**-**	-	**167.9**	127.3
Asia Pacific	**37.8**	35.7	**14.4**	13.0	**9.4**	6.1	**-**	-	**61.6**	54.8
The rest of the World	**4.8**	3.4	**4.0**	2.8	**1.4**	0.9	**-**	-	**10.2**	7.1
Total revenue from external customers	**194.7**	156.7	**121.8**	80.1	**77.8**	53.7	**-**	-	**394.3**	290.5
Inter-segment revenue [(1)]	**0.2**	0.2	**0.5**	0.2	**0.2**	0.3	**(0.9)**	(0.7)	**-**	-
Total revenue	**194.9**	156.9	**122.3**	80.3	**78.0**	54.0	**(0.9)**	(0.7)	**394.3**	290.5
Adjusted operating profit/(loss)	**26.6**	9.7	**28.0**	7.6	**8.3**	3.3	**(16.7)**	(10.7)	**46.2**	9.9
Amortisation of acquired intangible assets	**(1.2)**	(1.5)	**(0.3)**	-	**(5.7)**	(6.1)	**-**	-	**(7.2)**	(7.6)
Integration and restructuring costs	**(0.4)**	(1.6)	**(0.4)**	(0.9)	**-**	-	**(0.1)**	(0.3)	**(0.9)**	(2.8)
Acquisition related charges	**(1.2)**	(0.8)	**(0.2)**	-	**(3.2)**	(2.0)	**-**	-	**(4.6)**	(2.8)
Operating profit/(loss)	**23.8**	5.8	**27.1**	6.7	**(0.6)**	(4.8)	**(16.8)**	(11.0)	**33.5**	(3.3)
Net finance expense									**(3.9)**	(4.4)
Taxation									**(3.7)**	2.4
Profit/(loss) for the year									**25.9**	(5.3)
Segment assets	**186.6**	124.3	**101.7**	86.2	**98.2**	72.5	**2.7**	0.8	**389.2**	283.8

Unallocated assets										
Cash and cash equivalents							**11.0**	17.3	**11.0**	17.3
Non-current tax assets							**3.0**	-	**3.0**	-
Current tax assets							**4.7**	8.9	**4.7**	8.9
Deferred tax assets							**33.1**	24.6	**33.1**	24.6
Total assets									**441.0**	334.6
Segment liabilities	**57.1**	34.2	**37.9**	32.7	**18.8**	13.1	**6.6**	1.6	**120.4**	81.6
Interest-bearing loans and borrowings	**0.6**	0.6	**-**	-	**0.4**	0.4	**121.8**	90.4	**122.8**	91.4
Unallocated liabilities										
Bank overdrafts							**3.1**	0.5	**3.1**	0.5
Current tax liabilities							**16.0**	9.7	**16.0**	9.7
Deferred tax liabilities							**4.8**	6.0	**4.8**	6.0
Total liabilities									**267.1**	189.2
Cash flows from operating activities	**32.2**	19.1	**30.4**	12.2	**8.8**	6.8	**(16.7)**	(13.1)	**54.7**	25.0
Cash flows from investing activities	**(49.7)**	(4.8)	**(5.4)**	(4.0)	**(22.6)**	(6.7)	**-**	-	**(77.7)**	(15.5)
Cash flows from financing activities	**(2.5)**	(3.0)	**(2.0)**	(1.8)	**(1.1)**	(1.2)	**21.1**	(6.2)	**15.5**	(12.2)
Capital expenditure										
Property, plant and equipment	**6.8**	2.2	**3.4**	2.6	**0.6**	0.3	**-**	-	**10.8**	5.1
Software and development costs	**2.9**	2.6	**1.1**	1.5	**6.9**	6.5	**-**	-	**10.9**	10.6

(1) 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 (2020: one) accounted for more than 10% of external revenue. In 2021, the total revenue from this customer, which was recognised in all three segments, was £50.4 million (2020: £33.3 million).

3 Charges associated with acquisition of businesses and other 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 10 "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 charges associated with acquisition of businesses and other adjusting items.

Adjusting items are split between charges associated with acquisition of businesses and other adjusting items. On this basis, the following are the Group's principal adjusting items when determining adjusted operating profit:

Charges associated with the acquisition of businesses

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.

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.

Finance costs - 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.

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.

Earnout charges and retention bonuses agreed as part of the acquisition

Under IFRS 3, most of the Group's earnouts 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.

Integration 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.

Other adjusting items

- Restructuring costs 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;
- 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.

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.

	2021	2020
	£m	£m
Amortisation of acquired intangible assets	**(7.2)**	(7.6)
Integration and restructuring costs[1]	**(0.9)**	(2.8)
Acquisition related charges[2]	**(4.6)**	(2.8)
Charges associated with acquisition of businesses and other adjusting items	**(12.7)**	(13.2)
Finance expense – amortisation of loan fees on borrowing for acquisitions[3]	**(0.1)**	-
Charges associated with acquisition of businesses and other adjusting items, including finance expense	**(12.8)**	(13.2)

[1] Restructuring costs were mainly incurred in the Imaging Solutions Division and Production Solutions Divisions. In 2019, the Imaging Solutions Division began a strategic project to rebalance the allocation of resources from off-line to on-line to enable growth, reduce operating costs and improve margins. The costs incurred in 2021 in relation to this project are mainly recruitment costs of £0.2 million (2020: £0.2 million) and professional fees of £0.3 million (2020: £0.3 million) including legal, tax and strategic consulting. In 2021, the Production Solutions Division incurred £0.4 million of integration costs in relation to the acquisition of Quasar. In 2020, the Production Solutions Division rationalised its cost base which resulted in redundancy costs of £0.9 million. All restructuring and integration costs in 2021 have been recognised in operating expenses.

[2] Acquisition related charges comprise the effect of fair valuation of acquired inventory of £0.1 million (2020: £0.9 million), earnout charges and retention bonuses of £2.8 million (2020: £1.9 million), and transaction costs relating to the acquisition of businesses of £1.7 million (2020: £nil).

The fair value uplift of £0.1 million (2020: £0.9 million) relating to acquired inventory sold or impaired by the Group since the business combination was adjusted from cost of sales.

The earnout and retention payment charge of £2.8 million (Quasar: £0.1 million, Lightstream: £2.6 million and Savage: £0.1 million) relates to continued employment. The charge incurred in 2020 was £1.9 million (Rycote: £0.8 million and Amimon: £1.1 million) and related both to continued employment and satisfaction of certain non-financial targets in relation to Rycote.

In 2021, transaction costs of £1.7 million (Quasar: £0.1 million, Lightstream: £0.5 million, Savage: £0.7 million and Audix: £0.4 million) were incurred in relation to acquisitions.

[3] Amortisation of loan fees of £0.1 million (2020: £nil) relating to borrowings for acquisitions was adjusted from net finance expense.

4 Net finance expense

	2021 £m	2020 £m
Finance income		
Net currency translation gains	**0.5**	0.6
Finance expense		
Other interest payable	**-**	(0.1)
Unwind of discount on liabilities	**-**	(0.1)
Interest expense on lease liabilities	**(1.0)**	(0.8)
Interest expense on interest-bearing loans and borrowings[1]	**(3.3)**	(3.9)
Interest expense on net defined benefit pension scheme	**(0.1)**	(0.1)
	(4.4)	(5.0)
Net finance expense	**(3.9)**	(4.4)

[1] Interest expense on interest-bearing loans and borrowings of £3.3 million includes an amount of £0.1 million relating to amortisation of loan fees on borrowings for acquisitions. See note 3 "Charges associated with acquisition of businesses and other adjusting items".

5 Tax

	2021 £m	2020 £m
The total taxation charge/(credit) in the Income Statement is analysed as follows:		
Summarised in the Income Statement as follows		
Current tax	**11.4**	2.1
Deferred tax	**(7.7)**	(4.5)
	3.7	(2.4)
Charges associated with acquisition of businesses and other adjusting items		
Current tax[1]	**(0.2)**	(0.1)
Deferred tax[2]	**(6.4)**	(3.7)
	(6.6)	(3.8)
Before charges associated with acquisition of businesses and other adjusting items		
Current tax	**11.6**	2.2
Deferred tax	**(1.3)**	(0.8)
	10.3	1.4

(1) Current tax credit of £0.2 million (2020: £0.1 million credit) was recognised in the year of which £0.2 million credit (2020: £0.6 million credit) relates to restructuring and integration costs and £nil (2020: £0.5 million charge) relates to tax on the acquisition and disposal of businesses.

(2) A deferred tax credit of £6.4 million (2020: £3.7 million credit) was recognised in the year of which £nil (2020: £nil) relates to restructuring and integration costs, £1.5 million credit (2020: £0.2 million credit) to acquisitions, £1.8 million credit (2020: £2.3 million credit) to amortisation of intangible assets, £nil (2020: £1.2 million credit) to the impact of the US Cares Act, £2.6 million credit (2020: £nil) to the impact of an intercompany debt restructure, £0.9 million credit (2020: £nil) to the impact of the step-up in the tax base of certain plant and equipment in Italy and £0.4 million charge (2020: £nil) to the UK rate change from 19% to 25%.

6 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:

	2021	2020
	£m	£m
Profit/(loss) for the financial period	**25.9**	(5.3)
Add back charges associated with acquisition of businesses and other adjusting items, all net of tax:		
Amortisation of acquired intangible assets, net of tax	**5.4**	5.3
Integration and restructuring costs, net of tax	**0.7**	2.2
Acquisition related charges, net of tax	**3.1**	3.1
Finance expense - amortisation of loan fees on borrowings for acquisitions, net of tax	**0.1**	-
Deferred tax credit (1)	**(3.1)**	(1.2)
	6.2	9.4
Adjusted profit after tax	**32.1**	4.1

(1) A deferred tax credit of £3.1 million (2020: £1.2 million) relates to £2.6 million credit (2020 £nil) on the impact of the intercompany debt restructure, £0.9 million credit (2020: £nil) on the impact of the step-up in the tax base of certain plant and equipment in Italy, £0.4 million charge (2020 £nil) to the UK rate change from 19% to 25%, and £nil (2020: £1.2 million credit) to the impact of the US Cares Act.

	Weighted average number of shares '000		Adjusted earnings per share		Earnings per share	
	2021	2020	**2021**	2020	**2021**	2020
	Number	Number	**pence**	pence	**pence**	pence
Basic	**45,904**	45,531	**69.9**	9.0	**56.4**	(11.6)
Dilutive potential ordinary shares	**1,619**	-	**(2.4)**	0.0	**(1.9)**	-
Diluted	**47,523**	45,531	**67.5**	9.0	**54.5**	(11.6)

In 2020, potential ordinary shares were antidilutive for statutory earnings per share but 107,000 shares were dilutive for the purposes of adjusted earnings per share.

7 Dividend

The proposed final dividend for the year ended 31 December 2021 was recommended by the Directors. This is subject to approval by shareholders at the AGM on Tuesday 17 May 2022.

	2021	2020
	£m	£m
Amounts arising in respect of the year		
Interim dividend for the year ended 31 December 2021 of 11.0p (2020: nil pence) per ordinary share	**5.0**	-
Proposed final dividend for the year ended 31 December 2021 of 24.0p (2020: 4.5p) per ordinary share	**11.1**	2.1
	16.1	2.1
The aggregate amount of dividends paid in the year		
Final dividend for the year ended 31 December 2020 of 4.5p (2019: nil pence) per ordinary share	**2.1**	-
Interim dividend for the year ended 31 December 2021 of 11.0p (2020: nil pence) per ordinary share	**5.0**	-
	7.1	-

8 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

On 22 November 2021, the Group acquired 100% of the issued share capital of Savage Universal Corp. and Superior Paper Specialities, LLC ("Savage"), both US companies, for cash consideration of US$51.0 million (£38.1 million).

Savage has been integrated into the Imaging Solutions Division and is a global market leader in backgrounds for the growing professional studio photographic market. Savage products are highly complementary to the JOBY brand and this acquisition will help to enhance the Group's leading position in the growing vlogger, influencer and gamer market.

The consideration for the acquisition is set out in the table below. At completion, an amount of US $57.0 million (£42.5 million) was paid by the Group and is subject to customary working capital adjustments. The consideration for the acquisition is also adjusted for receivable amounts in relation to tax related indemnities covered by payments to escrow accounts. The resulting IFRS 3 consideration was US $51.0 million (£38.1 million).

Based on the provisional view, the fair value of the net assets acquired in the business at acquisition date was £25.3 million, resulting in goodwill of £12.8 million. The whole amount of goodwill is tax deductible over 15 years and represents the expected synergies from the acquisition and the assembled workforce.

In connection with the acquisition, a retention agreement was entered into with a key employee who was also a selling shareholder. The retention agreement is for a total of US$1.5 million (£1.1 million) payable half in December 2022 and half in December 2023. The awards are conditional on continued employment at the date of vesting in relation to each payment respectively. This is accounted for as an employee expense in accordance with IAS 19. The associated cost set out in the table below is included with operating costs in the Income Statement.

Acquisition of Lightstream

On 12 April 2021, the Group acquired 100% of the issued share capital of Infiniscene Inc. ("Lightstream"), a US company, for consideration of US$25.9 million (£18.8 million).

Lightstream has been integrated into the Creative Solutions Division and is a US-based technology company that provides a cloud-based video production and editing Software-as-a-Service ("SaaS") platform to enable content creators to enrich their live video streams. The acquisition is driven by the Group's long-standing strategy to increase its higher technology capabilities and expand its addressable markets.

The consideration for the acquisition is set out in the table below. The initial consideration was satisfied in part by cash of £11.6 million, and the issue of 309,753 ordinary shares of the Company worth £3.6 million based on the published price at date of acquisition. Under the terms of the acquisition, there was a deferred payment of US$5.0 million (£3.6 million) which was paid in cash during the year.

Based on the provisional view, the fair value of the net assets acquired in the business at acquisition date was £8.7 million resulting in goodwill of £10.1 million. The goodwill is not tax deductible and represents the expected synergies from the acquisition, assembled workforce and Lightstream's ability to develop new technology in the future.

In connection with the acquisition, retention agreements were entered into with key employees who were also selling shareholders. The retention agreement is for a total of US$9.0 million (£6.7 million) and includes a share award and a cash bonus which each vest over a three-year period in equal amounts each year. The awards are conditional on continued employment on the first, second and third anniversaries of the closing date of the acquisition. The cash element of the award is accounted for as an employee expense in accordance with IAS 19 and the share element a share-based payment in accordance IFRS 2. The associated cost set out in the table below is included with operating costs in the Income Statement.

Acquisition of Quasar

On 5 April 2021, the Group acquired the trade and net assets of Quasar Science LLC ("Quasar"), a US company, through a business combination for consideration of US$1.9 million (£1.4 million).

Quasar has been integrated into the Production Solutions Division and is a motion picture LED lighting manufacturer that was founded in Los Angeles in 2012 by a group of I.A.T.S.E. Local 728 Studio Electrical Lighting Technicians with over 100 years combined expertise in lighting movie sets. Quasar products are highly complementary to the Litepanels brand and this acquisition will help to enhance the Group's leading position in the growing LED lighting market.

The consideration for the acquisition is set out in the table below. As part of the consideration for the acquisition a contingent consideration agreement was entered into for which there are three potential payments over three years, due in April 2022, April 2023 and April 2024. The payments are determined based on whether predefined performance measures are met in each of the three years. There is no minimum payment, but the maximum cumulative payment is capped at US$2.75 million. The fair value of contingent consideration at acquisition date was US$0.1 million (£0.1 million).

Based on the provisional view, the fair value of the net liabilities acquired in the business at acquisition date was £0.1 million resulting in goodwill of £1.3 million. The whole amount of goodwill is tax deductible over 15 years and represents the expected synergies from the acquisition, assembled workforce and Quasar's ability to develop new technology in the future.

In connection with the acquisition, retention agreements were entered into with key employees who were also the previous owners. The retention agreements are for a total of US$1.0 million (£0.7 million) which vest over a three-year period. The awards are conditional on continued employment on the first, second and third anniversaries of the closing date of the acquisition. The awards are accounted for as an employee expense in accordance with IAS 19 and the associated cost set out in the table below is included with operating costs in the Income Statement.

A summary of the acquisitions is detailed below:

	Savage	Lightstream	Quasar	Total
	£m	£m	£m	£m
Fair value of net assets acquired				
Intangible assets	19.2	8.8	0.9	28.9
Property, plant and equipment	5.7	-	0.5	6.2
Inventories	2.4	-	0.4	2.8
Trade and other receivables	3.7	0.1	0.1	3.9
Cash	2.5	0.1	-	2.6
Lease liabilities	(4.2)	-	(0.3)	(4.5)
Trade and other payables	(2.0)	(0.7)	(1.3)	(4.0)
Provisions	(1.9)	-	(0.1)	(2.0)
Corporation tax	(2.3)	-	-	(2.3)

Deferred tax	2.2	0.4	(0.1)	2.5
	25.3	8.7	0.1	34.1
Goodwill	12.8	10.1	1.3	24.2
Total purchase consideration	38.1	18.8	1.4	58.3
Issue of ordinary shares	-	(3.6)	-	(3.6)
Receivable from escrow	4.2	-	-	4.2
Provision for contingent consideration	-	-	(0.1)	(0.1)
Purchase price adjustment receivable/(payable)	0.2	-	(0.3)	(0.1)
Cash payment	42.5	15.2	1.0	58.7
Cash acquired	(2.5)	(0.1)	-	(2.6)
Total outflow of cash	40.0	15.1	1.0	56.1

Charges associated with the acquisition of businesses include transaction costs relating to the acquisition of businesses of £1.7 million (Audix: £0.4 million, Savage: £0.7 million, Lightstream: £0.5 million and Quasar: £0.1 million) and earnout charges and retention bonuses of £2.8 million (Savage: £0.1 million, Lightstream: £2.6 million and Quasar: £0.1 million).

The trade receivables acquired had a fair value and a gross contractual value of £3.6 million. All contractual cashflows at acquisition date are expected to be collected.

The results of the acquisitions made during the year included in the Group's consolidated results comprise the following:

	Savage	Lightstream	Quasar	Total
	£m	£m	£m	£m
Revenue	1.8	1.5	1.6	4.9
Loss	(0.7)	(5.2)	(2.2)	(8.1)

Had the acquisitions been made at the beginning of the year (i.e. 1 January 2021), they would have made the following contribution to the Group:

	Savage	Lightstream	Quasar	Total
	£m	£m	£m	£m
Revenue	18.4	2.2	2.2	22.8
Loss	(0.1)	(5.9)	(2.5)	(8.5)

The level of profitability is stated after charges associated with acquisition of businesses.

Acquisition of Audix in 2022

On 11 January 2022, the Group acquired 100% of the issued share capital of Audix LLC (“Audix”), a US company, for initial cash consideration of US$45.7 million (£33.8 million), and subject to customary working capital adjustments. Under the terms of the acquisition, there is deferred consideration payable in 2023 of US$2.0 million (£1.5 million). In addition, a potential payment of up to US$2.3 million (£1.7

million) in relation to contingent consideration could be payable which is outside of the control of the Group, the fair value of which has not yet been assessed.

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

Audix has been integrated into the Imaging 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.

At the time the financial statements were authorised for issue, the initial accounting for the business combination was incomplete as information is being finalised to enable valuations to be performed, and accordingly, the Group is unable to disclose any provisional fair values for major classes of assets and liabilities, including acquired receivables, the fair value of the receivables, the gross contractual amounts receivable and contractual cash flows not expected to be collected at the acquisition date.

Acquired net assets have a provisional value of US$8.1 million (£6.0 million) prior to fair value adjustments and the recognition of IFRS 16 right-of-use assets and lease liabilities. This reflects the net assets of Audix as at 31 December 2021, as disclosed in its most recent financial information. The remaining £29.3 million is expected to be allocated between goodwill and other intangible assets.

9 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	**Leases**	**Liabilities from financing Sub-total**	**Other cash and cash equivalents[(1) (2)]**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Opening at 1 January 2020	(96.7)	(18.2)	(114.9)	18.9	(96.0)
Other cash flows	-	-	-	8.3	8.3
Repayments	76.9	5.8	82.7	(82.7)	-
Borrowings	(71.7)	-	(71.7)	71.7	-
Leases entered into during the year	-	(3.7)	(3.7)	-	(3.7)
Leases – early termination	-	0.2	0.2	-	0.2
Fees Paid	2.1	-	2.1	-	2.1
Amortisation of fees	(0.7)	-	(0.7)	-	(0.7)
Foreign currency	(1.3)	(0.3)	(1.6)	0.6	(1.0)
Closing at 31 December 2020 and 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	**(122.8)**	**(30.3)**	**(153.1)**	**7.9**	**(145.2)**

(1) Other cash and cash equivalents include bank overdrafts of £3.1 million (2020: £0.5 million).

(2) In 2020, net cash repayment of £2.7 million has been reclassified to Other cash flows (£8.3 million), Repayments (£82.7 million) and Borrowings (£71.7 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, the one-year extension was agreed with four syndicate banks resulting in £35.0 million expiring on 14 February 2025 and £130.0 million expiring on 14 February 2026. The Group was utilising 53% of the RCF as at 31 December 2021.

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 30 April 2020, the Group was confirmed as eligible to issue Commercial Paper under the Bank of England's COVID Corporate Financing Facility ("CCFF") scheme. The Group issued a total of £50.0 million in Commercial Paper under the scheme in 2020. The Group fully repaid the CCFF in March 2021, drawing £50.0 million on the RCF to repay the outstanding balance.

On 14 November 2021, the Group signed a new $53.0 million (£39.1 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. The Term Loan was fully utilised as at 31 December 2021.

On 7 January 2022, the Group signed a new $47.0 million (£34.7 million) three-year amortising Term Loan with a syndicate of four banks to facilitate the acquisition of Audix. This facility will expire on 7 January 2025.

10 Glossary on Alternative Performance Measures ("APMs")

APM	Closest equivalent statutory measure	Definition and Purpose
The Group uses APMs to aid the comparability of information between reporting periods and Divisions, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and Management for performance analysis, planning, reporting and incentive purposes. Where relevant, further information on specific APMs is provided in each section below.		
Income Statement measures		
Adjusted gross profit	Gross profit	Calculated as gross profit before charges associated with acquisition of businesses and other adjusting items. The table below shows a reconciliation: See note 3 "Charges associated with acquisition of businesses and other adjusting items".

	2021 £m	2020 £m
Gross profit	**173.1**	112.0
Charges associated with acquisition of businesses and other adjusting items	**0.1**	1.4
Adjusted gross profit	**173.2**	113.4

Adjusted gross profit margin	None	Calculated as adjusted gross profit divided by revenue.
Adjusted operating profit	Operating profit	Calculated as operating profit before charges associated with acquisition of businesses and other adjusting items. This is a key management incentive metric. Charges associated with acquisition of businesses include non-cash charges such as amortisation of acquired intangible assets and effect of fair valuation of acquired inventory. Cash charges include items such as transaction costs, earnout and deferred payments and significant costs relating to the integration of acquired businesses. The table below shows a reconciliation: See note 3 "Charges associated with acquisition of businesses and other adjusting items".

	2021 £m	2020 £m
Operating profit/(loss)	**33.5**	(3.3)
Charges associated with acquisition of businesses and other adjusting items	**12.7**	13.2
Adjusted operating profit	**46.2**	9.9

<table>
<tr><td>Adjusted operating profit margin</td><td>None</td><td>Calculated as adjusted operating profit divided by revenue. Progression in adjusted operating margin is an indicator of the Group’s operating efficiency.</td></tr>
<tr><td>Adjusted operating expenses</td><td>Operating expenses</td><td>Calculated as operating expenses before charges associated with acquisition of businesses and other adjusting items.

The table below shows a reconciliation:

<table><tr><td></td><td>2021
£m</td><td>2020
£m</td></tr><tr><td>Operating expenses</td><td>139.6</td><td>115.3</td></tr><tr><td>Charges associated with acquisition of businesses and other adjusting items</td><td>(12.6)</td><td>(11.8)</td></tr><tr><td>Adjusted operating expenses</td><td>127.0</td><td>103.5</td></tr></table></td></tr>
<tr><td>Adjusted profit before tax</td><td>Profit before tax</td><td>Calculated as profit before tax, before charges associated with acquisition of businesses and other adjusting items. This is a key management incentive metric and is a measure used within the Group’s incentive plans.</td></tr>
<tr><td>Adjusted profit after tax</td><td>Profit after tax</td><td>Calculated as profit after tax before charges associated with acquisition of businesses and other adjusting items.

See Condensed Consolidated Income Statement for 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 in issue during the period. This is a key management incentive metric and is a measure used within the Group’s incentive plans.

See note 6 “Earnings per share”.</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 the cash generated in the period that is available to invest in accordance with the Group’s capital allocation policy.</td></tr>
</table>

Adjusted Operating cash flow	Net cash from operating activities	Free cash flow before payment of interest, tax, integration and restructuring 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.

	2021 £m	2020 £m
Net cash from operating activities	**54.7**	25.0
Proceeds from sale of property, plant and equipment and software	**0.1**	0.2
Purchase of property, plant and equipment	**(10.8)**	(5.1)
Capitalisation of software and development costs	**(10.9)**	(10.6)
Free cash flow	**33.1**	9.5
Add back:		
Interest paid	**4.5**	5.9
Tax paid	**6.5**	3.1
Payments relating to:		
Earnout and retention bonuses	**2.2**	2.7
Restructuring and integration costs	**1.9**	4.2
Transaction costs	**1.5**	-
Adjusted operating cash flow	**49.7**	25.4

Adjusted working capital movement	Decrease/ (increase) in working capital	The adjusted working capital movement excludes movements in provisions and movements relating to charges associated with acquisition of businesses and other adjusting items.

	2021 £m	2020 £m
(Increase)/decrease in inventories	(21.9)	11.5
(Increase)/decrease in receivables	(5.8)	8.3
Increase/(decrease) in payables	27.8	(12.6)
Decrease/(increase) in working capital, excluding provisions	**0.1**	7.2
Deduct inflows from adjusting charges:		
Effect of fair valuation of acquired inventory	**(0.1)**	(0.9)
Add back following outflows:		
Adjustments for integration and restructuring costs, transaction costs relating to acquisition of businesses and earnout and retention bonuses	**1.1**	1.7
Adjusted working capital movement	**1.1**	8.0

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

	2021 £m	2020 £m
Decrease in provisions	**(2.7)**	(2.8)
Adjustments for integration and restructuring related costs	**0.7**	0.6
Earnout and deferred payments	**1.2**	1.8
Adjusted provision movement	**(0.8)**	(0.4)

Other Measures		
Return on capital employed ("ROCE")	None	ROCE is calculated as adjusted operating profit for the last 12 months divided by the average total assets, current liabilities excluding the current portion of interest-bearing borrowings and non-current lease liabilities. The average is based on the opening and closing of the 12-month period.

	2021 £m	2020 £m
Adjusted operating profit for the last 12 months	**46.2**	9.9
Opening capital employed	**259.7**	270.6
Closing capital employed	**313.2**	259.7
Average capital employed	**286.5**	265.2
ROCE %	**16.1%**	3.7%

Constant currency	None	The constant currency amounts are calculated by translating the current year at the prior year foreign currency exchange rates. Revenue growth is represented on a constant currency basis as this best represents the impact of volume and pricing on revenue growth, by excluding movements due to variances in foreign currency exchange rates.
Cash conversion	None	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.
Net debt	None	See note 9 "Analysis of net debt" for an explanation of the balances included in net debt, along with a breakdown of the amounts.
Adjusted EBITDA	Operating profit	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).