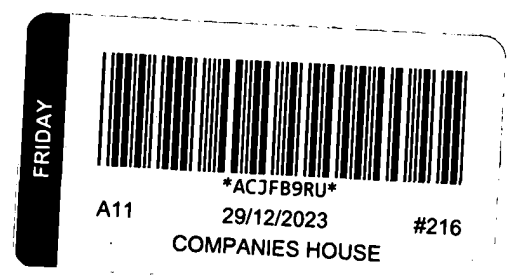


Registered No: 04257461

Red Bee Media Limited

Annual Report and Financial Statements

Year ended 31 December 2022



Red Bee Media Limited

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Red Bee Media Limited

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Strategic report

The directors present their strategic report on the Company for the year ended 31 December 2022.

Review of the business

The Company specialises in television broadcast, postproduction, studio facilities and creating, managing, enhancing, delivering, promoting and navigating video content, working across all media distribution platforms, from TV to the web, to mobile phones, using the unique combination of its media distribution, access, technical and creative services.

Playout and Media Management ("P&MM") specialises in media preparation, management and delivery solutions including broadcast playout outsourcing, streaming IP content to online devices and interactive digital services.

Access provides subtitling, signing and audio description as well as language localisation of content. Access operates in the UK providing services to customers throughout Europe and Australia.

Creative comprises multi-platform identity, promotions, on-brand TV, TV production, user interface design and brand strategy services to customers worldwide.

The Company's expertise comes from the longstanding provision of these services to major broadcast and media clients including the BBC, Channel 4, UKTV, BT, ITV and Channel 5.

When Red Bee Media Limited manages broadcast services, the Company handles the technical platforms and operational services including content logistics, library management, quality control, playout services, WebTV and mobile services. The Media service offering enables broadcasters to reduce time to market, minimize business continuity risk and achieve significant OPEX and CAPEX savings.

Overall, the gross margin decreased from -2% to -7%, driven primarily by the additional platform costs and delayed customer project migration and outage costs.

In September 2021, the Broadcast Centre facility experienced an outage due to the fire suppression equipment triggering. This had a direct impact on revenues from customers affected by the outage and the consequential disruption incurred other costs. We have continued to work with our customers and regulators in 2022 in relation to this matter, there was no material revenue impact in 2022. An insurance claim is in progress for lost revenue and additional costs incurred in the outage.

While continuing to develop our capabilities, we continue to explore opportunities to drive scale and succeed in the evolving media landscape. The Company is transitioning from legacy, hardware based, products to next-generation software and cloud-based solutions. Our priority is to complete this transition as quickly as possible to improve profitability and establish the platform for accelerated profitable new business growth.

Principal risks and uncertainties

The Company's operations expose it to a variety of risks that include:

We may not be able to properly respond to market trends in the industries in which we operate, including the ongoing convergence of the telecom, data and media industries, which may harm our market position relative to our competitors.

We are affected by market conditions and trends within the industries in which we operate, including the convergence of the telecom, data and media industries. Convergence is largely driven by technological developments for example in software and cloud. This is changing the competitive landscape as well as business models and affects our objective-setting, risk assessment and strategies. Competitors new to our business have entered and may continue to enter this new business context and negatively impact our market share in selected areas. If we fail to understand the market development, or fail to acquire the necessary competencies to develop and sell products, services and solutions that are competitive in this changing business environment, our business, operating results and financial condition will suffer.

We depend upon the development of new products and enhancements to our existing products, and the success of our substantial research and development investments is uncertain.

Rapid technological and market changes in our industry require us to make significant investments in technological innovation. We invest significantly in new technology, products and solutions. In order for us to be successful, those technologies, products and solutions must be accepted by relevant standardization bodies and by the industry as a whole. The failure of our research and development efforts to be technically or commercially successful could have adverse effects on our business, operating results and financial condition. If we invest in the development of technologies, products and solutions that do not function as expected, are not adopted by the industry, are not ready in time, or are not successful in the marketplace, our sales may materially suffer. Additionally, it is common for research and development projects to encounter delays due to unforeseen problems. Delays in production and research and development may increase the cost of research and development efforts and put us at a disadvantage against our competition. This could have a material adverse effect upon our business, operating results and financial condition.

We must continue to attract and retain highly qualified employees to remain competitive.

We believe that our future success largely depends on our continued ability to hire, develop, motivate and retain engineers and other qualified personnel needed to develop successful new products, support our existing product range and provide services to our customers. Competition for skilled personnel and highly qualified managers in the industries in which we operate remains intense. We are continuously developing our corporate culture, remuneration, promotion and benefits policies as well as other measures aimed at empowering our employees and reducing employee turnover. However, there are no guarantees that we will be successful in attracting and retaining employees with appropriate skills in the future, and failure in retention and recruiting could have a material adverse effect on our business and brand.

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Strategic report (continued)**If our customers' financial conditions decline, we will be exposed to increased credit and commercial risks.**

After completing sales to customers, we may encounter difficulty collecting accounts receivables and could be exposed to risks associated with uncollectable accounts receivable. We regularly assess the credit worthiness of our customers and based on that we determine a credit limit for each one of them. Challenging economic conditions have impacted some of our customers' ability to pay their invoices. Although our credit losses have historically been low and we have policies and procedures for managing customer finance credit risk, we may be unable to avoid future losses on our trade receivables. We have also experienced demands for customer financing, and in adverse financial markets or more competitive environments, those demands may increase. Upon the financial failure of a customer, we may experience losses on credit extended and loans made to such customer, losses relating to our commercial risk exposure, and the loss of the customer's ongoing business. If customers fail to meet their obligations to us, we may experience reduced cash flows and losses in excess of reserves, which could materially adversely impact our operating results and financial condition.

Challenging global and UK economic conditions may adversely impact the demand, cost and pricing for the Company services as well as limit the Company's ability to grow.

Challenging global and UK economic conditions, e.g. due to the pandemic, downturn in the global economy, political unrest and uncertainty, labour and supply shortages, increasing inflation and rising interest rates, or geopolitical risks and trade frictions may have adverse impact on our profitability. If demand for the Company's services were to fall, the Company may experience material adverse effects on revenues, cash flow, capital employed and value of the Company's assets, and the Company could incur operating losses. Increased inflation may impact our cost base through increased costs of labor and supply of material, products and services. It may not be possible to fully compensate for such increased costs through increased sales prices to the Company's customers, leading to lower margins and decreased financial performance.

The Company may not be successful in implementing its strategy or in achieving improvements in its profitability.

There can be no assurance that the Company will be able to successfully implement its strategy to achieve future profitability, growth or create shareholder value. When deemed necessary, the Company has undertaken and expects to continue to undertake specific restructuring or cost saving initiatives; however, there are no guarantees that such initiatives will be sufficient, successful or executed in time to deliver any improvements in earnings.

A significant portion of the Company's revenue is currently generated from a limited number of key customers.

The Company derives most of its business from large, multi-year agreements with a limited number of significant customers. A loss of or a reduced role with a key customer could have a significant adverse impact on sales, profit and market share for an extended period.

Service quality issues could lead to reduced revenue and gross margins and declining sales to existing and new customers, as well as penalties, claims and liquidity damage.

Sales contracts normally include provisions regarding penalties and/or termination rights in the event of a failure to deliver ordered services on time or with required quality, possibly also for damages incurred on customer businesses. Although the Company undertakes a number of quality assurance measures to reduce such risks, product and service quality, security, privacy or service performance issues may negatively affect the Company's reputation, business, operating results and financial condition.

The Company's operations are complex, and several critical operations are centralized in a single location. Any disruption of the Company's operations, whether due to natural or man-made events, may be highly damaging to the operation of the Company's business.

The Company's business operations and those of our suppliers are vulnerable to interruption by fire, earthquake, hurricane, flood or other natural disasters, power loss, security incidents, systems failure, telecommunications failure, pandemics, quarantines, national catastrophe, terrorist activities, war and other events beyond our control. If any disaster were to occur, our ability to operate could be seriously impaired and we could experience material harm to our business, operating results and financial condition.

The Company could experience penalties and adverse rulings in enforcement or other proceedings, breach of contract claims and/or loss of revenue for non-compliance with laws, rules and regulations governing its business. Compliance with existing or changed laws, rules or regulations may subject the Company to increased costs or reduced services demand, and may adversely affect the Company's development efforts.

Ericsson is subject to multiple laws, rules and regulations in several jurisdictions. The Company could experience penalties and adverse rulings in enforcement or other proceedings for non-compliance with applicable laws, rules or regulations governing its business, which could have a material adverse effect on the Company and its customers, including its reputation, business, financial condition, operating results, cash flows, prospects or its current or future customer relationships, including both private and government customers.

Cybersecurity incidents may have a material adverse effect on the Company's business, operations, financial performance, customer and vendor relationships, reputation and brand, and may lead to significant penalties or litigation, or to regulatory investigations or actions.

Threat actors exploiting vulnerabilities in the Company's systems, processes or personnel due to insufficient or failing controls, e.g. lack of access management or use of more sophisticated attack techniques could result in security incidents that may impact the confidentiality, availability or integrity of information assets, IT assets, personnel, products, services, or solutions. These incidents may include data breaches, intrusions, espionage, disruptive attacks utilizing malware (such as ransomware or other extortion-based tactics), exploitation of hardware or software vulnerabilities or bugs, data privacy infringements, leakage of confidential or sensitive data, unauthorized or accidental usage or modification of data or accounts and general malfeasance.

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Strategic report (continued)

Climate change and the potential resulting environmental impact may also result in new environmental, health and safety laws, rules and regulations that may affect us, our suppliers, and our customers.

Such laws, rules or regulations could cause us to incur additional direct costs for compliance (environmental, occupational health and safety-liabilities) and indirect costs from our customers and suppliers. In addition, climate change could cause severe weather events, which could pose physical risks to our suppliers' facilities, cause disruptions in our logistic flows, and consequently increase operating costs and/or cause business interruptions. It is difficult at this time to reasonably estimate the future impact of environmental matters, such as climate and regulation change, the changes could impact the following areas; fixed assets, cash generating units, provisions, liabilities, fair values and disclosure of key accounting judgements, estimation uncertainties and related sensitivities.

The Ericsson Group continue to address rising requirements and stakeholder expectations, particularly regarding transparency around climate-related business impacts, for more information on Climate action please read our Sustainability and Corporate Responsibility Report 2022 on pages 194-239 within the PDF of the Telefonaktiebolaget LM Ericsson Group 2022 Annual Report.

(<https://www.ericsson.com/493873/assets/local/investors/documents/2022/annual-report-2022-en.pdf>).

Pandemics, such as for example the one caused by the Coronavirus, COVID-19, could severely impact the Company's business operations

The extent to which the COVID-19 pandemic will continue to impact our business, financial performance and liquidity, including our ability to execute our near-term and long-term business strategies and initiatives in the expected time frame, will depend on future developments, including the duration and severity of the pandemic, the emergence of new variants, changes in infection rates, the vaccine participation rate, the effectiveness of vaccines and the speed with which the vaccine can be distributed, as well as regulations and requirements impacting the return of employees to the offices and/or our ability to visit customer sites, none of which can be predicted. Any of the foregoing factors, or other cascading effects of the COVID-19 pandemic that are not currently foreseeable, could have a material adverse effect on our business, results of operations (EBIT), financial condition and/or cash flows.

For more information on Risks and Uncertainties in the Ericsson Group

please see the Ericsson Group annual report, pages 108 - 122 (<https://www.ericsson.com/493873/assets/local/investors/documents/2022/annual-report-2022-en.pdf>)

Financial key performance indicators (KPIs)

The Company's key financial performance indicators during the year were as follows:

	2022 £000	2021 £000	% Change
Revenue	78,180	77,585	1%
Gross loss	(5,262)	(1,600)	(329%)
Gross margin**	(7%)	(2%)	(5%)
Operating loss	(57,615)	(10,491)	(449%)
Operating loss percentage **	(74%)	(14%)	(60%)
Current assets as a % of current liabilities	20%	22%	(2%)
Average number of employees	723	790	(9%)

*1 rounded to zero decimal places

Revenue was broadly similar compared to prior year and in line with management expectations.

Overall, the gross margin decreased from -2% to -7%, driven primarily by the additional platform costs and delayed customer project migration and outage costs.

The current asset ratio has decreased by 2% year on year as a result of cash outflows from investing and financing activities during the year exceeding cash inflows from operations.

Average employees has decreased by 9% as the company continues to invest in new technology and focus on cost improvement.

Financial position

The financial position of the Company is presented in the balance sheet, on page 13, and is summarised as follows:

	2022 £000	2021 £000
Total equity:		
-----Total assets	120,413	160,062
Total liabilities	(130,469)	(132,217)
Total equity:	(10,056)	27,845

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Strategic report (continued)**SECR Report Summary****Company Information**

Red Bee Media Limited is committed to complying with relevant environmental legislation, striving to achieve transparency and accountability in our carbon emissions. To further this commitment, this section of our Directors report contains Red Bee Media Limited energy consumption and carbon footprint in the UK. In compliance with the Streamline Energy and Carbon Reporting (SECR) initiative, this section includes consumption and emissions from this financial year and previous financial years.

Reporting Period

1st January 2022 - 31st December 2022

UK Energy & Carbon**Total Emission Scope Summary**

Emission Type	Total Volume (MWh)	Calculated Emissions (Tonnes of CO ₂ e)
Scope 1 (direct)	-	-
Scope 2 (indirect)	6,360	1,230
Scope 3 (indirect)	267	1
Total	6,627	1,231

Scope 1 Emissions (Direct)

Emissions from activities owned or controlled by Red Bee Media Limited that release emissions into the atmosphere. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles; emissions from chemical production in owned or controlled process equipment.

Energy Type	Definition	Total Volume (MWh)	Calculated Emissions (Tonnes of CO ₂ e)
Gas	Emissions from combustion of gas	-	-
Transport	Emissions from combustion of fuel for transport purposes	-	-
Total		-	-

Scope 2 Emissions (Indirect)

Emissions released into the atmosphere associated with Red Bee Media Limited's consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of Red Bee Media Limited's activities, but which occur at sources that Red Bee Media Limited do not own or control.

Energy Type	Definition	Total Volume (MWh)	Calculated Emissions (Tonnes of CO ₂ e)
Electricity	Emissions from purchased electricity	6,360	1,230
Total		6,360	1,230

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Strategic report (continued)**SECR Report Summary (continued)****Scope 3 Emissions (Indirect)**

Emissions that are a consequence of Red Bee Media Limited's actions, which occur at sources which Red Bee Media Limited do not own or control and which are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by Red Bee Media Limited (e.g. grey fleet and rental cars).

Energy Type	Definition	Total Volume (MWh)	Calculated Emissions (Tonnes of CO ₂ e)
Employee Owned Cars	Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel (mandatory)	267	1
Total		267	1

Out of Scope

All fuels with biogenic content (such as 'Diesel and petrol (average biofuel blend)') should have the 'outside of scopes' emissions reported to ensure a complete picture of an organisation's emissions is created. However, these are not required to be included in Red Bee Media Limited's emissions total.

Energy Type	Total Volume (MWh)	Calculated Emissions (Tonnes of CO ₂ e)
Transport (e.g. cars)	-	0.05
Total	-	0.05

How does it compare

The company must state the emissions and energy use from previous years reports. This allows the company to track their emissions to encourage monitoring performance.

Emission	Year	2022	2021
Total Emissions (TCO ₂ e)		1,231	1,288
Total Energy (MWhs)		6,360	6,052
Intensity Ratio		16.5	16.6

Intensity Ratio

Intensity ratios compare emissions data with an appropriate business metric or financial indicator. Red Bee Media Limited has chosen to use tonnes of CO₂e per £ Turnover for its Intensity Ratio.

Quantification and Reporting Methodology

Red Bee Media Limited has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol - Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from our energy suppliers and half-hourly (HH) data, where applicable, for the HH supplies and estimation profiling was required. Transport mileage and/or fuel usage data was provided for their company and employee owned vehicles. CO₂e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information.

Energy Efficiency Action

No energy efficiency actions have been completed within the reporting year.

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Strategic report (continued)**Section 172(1) Statement**

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172.

The S172 statement focuses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and the complexity of the business. When making decisions, each Director ensures that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matter) to:

S172(1) (A) "The likely consequences of any decision in the long term"

The Directors understand the business and the evolving environment in which we operate, including the challenges of navigating through the telecommunication industry. With the evolution of 5G and beyond, we are moving technological boundaries forward to create the biggest innovation platform ever. The number of connected applications and devices will continue to increase exponentially, so too will the economic value which relies on their integrity. Intelligent networks will carry an abundance of industry and consumer data, changing the nature of business competition. Securing those assets will make future network security key to ensuring trustworthiness of society and industry.

S172(1) (B) "The interests of the company's employees"

The Directors recognise that our employees are fundamental to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. See Employment policies and Employee consultation in the Director's Report.

During the past year Ericsson Group has set the foundation and re-designed our ways of working to create an even more positive employee experience in support of our company transformation. During 2021 we have focused on the following areas: Business ethics and anti-corruption, Health, safety, and well-being, including response to COVID-19 pandemic, Learning and development & Climate action.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

Our business model is built to manage changing market requirements and to capture new business opportunities. Customer focus and motivated employees are key to drive our business, create stakeholder value and to build a stronger company long term. With an agile and efficient business model, we create value for our stakeholders by providing industry leading, high performing, sustainable and cost-efficient solutions to our customers.

The Company's business partners, including suppliers adhere to The Code of Conduct for Business Partners. It covers four main areas: environmental management, human and labor rights, occupational health and safety and business ethics and anti-corruption. Suppliers not adhering to the CoC may be subject to termination of their contracts. Ericsson offers free online training on the Company website for business partners that cover the CoC in general as well as additional focus training on anti-corruption, conflict minerals, occupational health and safety and climate action.

During 2022 we have continued to work with our customers and regulators to investigate and mitigate the risk of any repeat and note the findings reached by OFCOM in relation to this matter. There were no further incidents in 2022 or 2023.

S172(1) (D) "The impact of the company's operations on the community and the environment"

Sustainability is central to Ericsson's purpose. We are committed to creating positive impacts in society and reducing risks to Ericsson, our customers and society through our technology, our solutions and the expertise of our people. The work is a continuous journey and our Sustainability and Corporate Responsibility strategy covers three focus areas: Responsible business, Environmental sustainability and Digital inclusion.

Red Bee Media Limited adheres to the Ericsson Group policy on Sustainability and Corporate Responsibility. For more information on Climate action please read our Sustainability and Corporate Responsibility Report 2022 on pages 194-239 within the PDF of the Telefonaktiebolaget LM Ericsson Group 2022 Annual Report. (<https://www.ericsson.com/493873/assets/local/investors/documents/2022/annual-report-2022-en.pdf>).

Proactive management of topics relating to climate action and environment is a core component of Ericsson's Group sustainability strategy. We leverage a circular economy (design, use, re-use, recycle) approach in everything we do; and work to reduce environmental impacts and emissions from our operations, our portfolio and in society, increased hybrid working and reductions on business travel in 2022 versus our business travel levels in 2019.

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Strategic report (continued)

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

Ericsson Group's purpose is to empower an intelligent, sustainable and connected world in ways which are economically, environmentally and socially responsible. Ericsson Group has clear frameworks, such as Code of Conduct, Code of Business Ethics & Compliance manuals, and its Modern Slavery Statements, to ensure that its high standards are maintained both within Ericsson and the business relationships we maintain.

Please visit the appropriate corporate website addresses for more information on the following subjects:

- Corporate responsibility
<https://www.ericsson.com/en/about-us/sustainability-and-corporate-responsibility/responsible-business>
- Our Compass (Code of business ethics) - <https://www.ericsson.com/en/about-us/corporate-governance/code-of-ethics>
- Ericsson Code of Conduct for Business Partners -
https://www.ericsson.com/4982d3/assets/local/about-ericsson/sustainability-and-corporate-responsibility/documents/supplier-code-of-conduct/ericsson-code-of-conduct-for-business-partners_english.pdf
- Occupational Health & Safety policy
<https://www.ericsson.com/en/about-us/sustainability-and-corporate-responsibility/responsible-business/health-and-safety>

S172(1) (F) "The need to act fairly as between members of the company"

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on all stakeholders (suppliers, customers, employees, society and shareholders).

In discharging its section 172 duties the Company has regard to the factors set out above. The directors also take into account the views and interests of a wider set of stakeholders when making decisions. During the year the Directors received information to enable them to consider the impact of the company's decisions on its key stakeholders. This information was distributed in a range of different formats, including through reports and presentations on our financial and operational performance, non-financial KPIs and risk matters. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders and the Directors have to make difficult decisions based on competing priorities. By considering the company's purpose and values, together with its strategic priorities and having a process in place for decision-making, we do, however, aim to balance those different perspectives.

As is normal for large companies, Directors have delegated authority for day-to-day management of the company to its key management executives and then engage management in setting, approving and overseeing the execution of the strategy and related policies. During the year, we reviewed the company's financial and operational performance; key transactions (if any); matters relating to the commitments which were made as part of the Ericsson's Group DPA with the US Department of Justice; regulatory, funding and pensions matters, mechanisms of stakeholder engagement and diversity and inclusion. The Directors received papers and reports on these matters which were then reviewed, discussed and approved, as necessary.

The impact of the company's activities on our stakeholders, including our colleagues, customers and suppliers is an important consideration when making decisions. The Directors will sometimes engage directly with stakeholders on certain issues, but the size and distribution of our stakeholders and of Telefonaktiebolaget LM Ericsson Group means that stakeholder engagement often takes place at an operational or group level. This is deemed as being a more efficient and effective approach, also helping to achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on how the Ericsson Group engages with its stakeholders and how stakeholder interests and section 172 duties have been considered in reaching certain key strategic decisions, please see page 234. "Section O1" in the Telefonaktiebolaget LM Ericsson Group 2022 Annual Report, which is available from:

<https://www.ericsson.com/493873/assets/local/investors/documents/2022/annual-report-2022-en.pdf>

As set out above, decisions taken by the Directors consider the interests of our key stakeholders and the impacts of these decisions. The Directors of the Company feel that there has not been a singular example of what they consider is a key decision that has been made in regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duties.

Approved for issue by the board of directors

DocuSigned by:

Liam O'Brien

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Mr L O'Brien

Director

29 December 2023

Red Bee Media Limited

Registered No: 04257461

Directors' report

The directors present their annual report and financial statements of the Company as at and for the year ended 31 December 2022

Principal activities

The Company is a private company, limited by shares and incorporated and domiciled in the United Kingdom. Its registered office and principal place of business is Building 1 566 Chiswick High Road, London, England, W4 5BE.

The Company operates in the business to business media services industry. The principal activity of the Company is to provide outsourced and managed services and technology solutions related to television broadcast, post production, studio facilities and also the creation, distribution, enhancement and promotion of video content over any platform and via any display device or screen.

Going concern

The Company is in a net liability and a net current liability position as at 31 December 2022, having incurred operating losses in 2022.. However, after ensuring that financial, operational and liquidity forecasting updates are maintained and reviewed, and receiving a written commitment from the ultimate parent company, Telefonaktiebolaget LM Ericsson, that it will provide all necessary financial support to the Company for at least 12 months from the date of approval of these financial statements, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors are also implementing steps to reduce the Company's operating losses and achieve profitability in a longer term. For this reason, they have adopted the going concern basis in preparing financial statements.

Future developments

The broadcast and media industry continues to undergo major change as it responds to evolving media consumption habits and the increasing predominance of global platforms such as Meta, Apple, Netflix and Google. Red Bee will target these platforms as future customers, as well as the multiple other online video services platforms; and be the transformation partner of choice for other content owners, broadcasters and TV and media service providers.

Red Bee has a highly evolved OTT video managed services proposition. We will combine this with our wider managed services portfolio that spans the broadcast and media value chains. We are also further strengthening our portfolio through significant platform investments to increase market competitiveness and offer greater customer service flexibility. Our unique ability to offer consolidated broadcast and media managed services will enable our customers to realise synergies to create the ultimate broadcast and media experiences. In turn, this can drive opportunity for our customers and promote consumer loyalty.

Red Bee is the trusted advisor to guide, support, implement and manage its customers' transformation in the evolution of their video and data services customer propositions.

Specifically we are adopting common service based technology platforms augmented with automation and standardised processes, methods and tools, while applying our customer focused global delivery model and managed services capabilities. Our offering will enable our customers to reduce time to market, minimize business continuity risk, and achieve significant CAPEX and OPEX savings.

Employee engagement and business relationships

Please see the Strategic Report S172(1) (B) and S172(1) (C) on page 6.

Dividends

The directors have not declared a final dividend in respect of 2022 (2021: £nil). No interim dividend payment was made in 2022 (2021: £nil).

Post balance sheet event

There were no material or significant events that occurred in the period from 31 December 2022 to the date of reporting that would require adjustment to or disclosure in the financial statements.

Directors and their interests

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Mr J Arnold

Mrs M Davies

Mr L O'Brien

Mr B Odevall Resigned: 31 March 2023

Ms D Urquhart

Mr S Nylund Resigned: 31 December 2022

None of the directors held any interest in the share capital of the Company or that of its Swedish parent, Red Bee Media Holding AB, at any time during the year. During the year and at the date of approval of the financial statements, the Company held third party indemnity cover in respect of directors.

The directors are the only key management personnel of the Company and their remuneration is included in the disclosure in note 18 of the financial statements.

Red Bee Media Limited

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Directors' report (continued)

Financial risk management

The Company's financial risk management policy is primarily managed by Ericsson Group Treasury. The principal aim is to ensure that appropriate financing is in place to manage the Company's liquidity as well as financial assets and liabilities, and to control financial risk exposures in a manner consistent with underlying business risks and financial policies. The Company does not undertake any local hedging activities.

See Note 16 for further details on foreign exchange, interest rate and liquidity risks.

Disabled employees

Applications for employment by disabled persons are fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee engagement and business relationships

Please see the Strategic Report S172(1) (B) and S172(1) (C) on page 6.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Employees are engaged with on a group wide basis via Voice Surveys, where by the engagement is delegated via departmental heads. These surveys serve as a multi directional tool to feedback to the Ericsson group on subjects that matter and affect the staff and their interests and discussions are implemented on improvements and actions needed.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted in the UK. The financial statements also comply with International Financial Reporting Standards as issued by the IASB. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosures included in the strategic report

Items that are required to be included within the Directors report and the strategic report have been limited to the Strategic report and are cross referenced here for simplicity.

- How the director have had regard to fostering business relationships and the engagement with suppliers, customers and others. (See section 172 disclosure pages 6 - 7);
- Annual quality of emissions (See SECR Report summary pages 4 - 5);
- Intensity ration in respect of annual emissions (See SECR Report summary pages 4 - 5); and
- Measure to increase energy efficiency (See SECR Report summary pages 4 - 5).

Disclosure of information to the auditors

In accordance with Section 418 of the Companies Act 2006 in the case of each director in office at the date the directors' report, it has been approved that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Pursuant to section 487 of the Companies Act 2006, Deloitte LLP have expressed their willingness to continue in office as auditors and are therefore deemed reappointed as auditors.

Approved for issue by the board of directors

DocuSigned by:

Liam O'Brien
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Mr L O'Brien
Director
29 December 2023

Red Bee Media Limited

Independent auditors' report to the members of Red Bee Media Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Red Media Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of cash flows;
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Red Bee Media Limited

Independent auditors' report to the members of Red Bee Media Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the timing of recognition of revenue on significant contracts, and our procedures performed to address it are described below:

- We tested a sample of significant contracts to assess management's judgments and estimates related to the identification of performance obligations and determination of the timing of recognition of revenue for each performance obligation based on the contract;

- We tested a sample of revenue transactions recorded during the year and subsequent to year end and assessed the judgments and estimates for the amount and timing of recorded revenue by comparing it to contractual terms.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with the HMRC and regulatory authorities.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

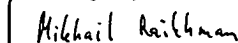
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:


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Mikhail Raikhman CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor, London, United Kingdom
29 December 2023

Red Bee Media Limited

Income statement**Year ended 31 December 2022**

	Note(s)	2022 £000	2021 £000
Revenue	2	78,180	77,585
Cost of sales		(83,442)	(79,185)
Gross loss		(5,262)	(1,600)
Administration and selling expenses		(15,353)	(8,891)
Impairment losses		(37,000)	-
Operating loss	3	(57,615)	(10,491)
Finance income	6	55	-
Finance expense	6	(2,951)	(2,193)
Loss before income tax		(60,511)	(12,684)
Income tax credit	5(a), 5(b)	14,069	14,787
(Loss) / profit for the financial year		(46,442)	2,103

All of the above results relate to continuing activities.

Statement of comprehensive income**Year ended 31 December 2022**

	Note	2022 £000	2021 £000
(Loss) / profit for the financial year		(46,442)	2,103
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plan	17	11,388	1,246
Tax on remeasurements of defined benefit pension plan	5	(2,847)	1,682
Total comprehensive (loss) / income		(37,901)	5,031

The total comprehensive (loss) / income above is attributable to the owners of the Company.

Red Bee Media Limited

Balance sheet
At 31 December 2022

	Note	2022 £000	2021 £000
ASSETS			
Non-current assets			
Property, plant and equipment	8	15,875	61,780
Right-of-use assets	15	15,648	19,517
Deferred tax assets	5	66,959	57,872
		98,482	139,169
Current assets			
Work-in-progress		2,345	1,211
Investments	9	5	5
Contract assets	2	498	155
Trade and other receivables	10	18,962	16,616
Cash	11	121	2,906
		21,931	20,893
TOTAL ASSETS		120,413	160,062
EQUITY AND LIABILITIES			
Equity			
Share capital	14	27,000	27,000
Retained (deficit) / earnings		(37,056)	845
Total equity		(10,056)	27,845
Non-current liabilities			
Lease liabilities	15	12,431	16,472
Provisions for other liabilities and charges	13	1,229	98
Pension liability	17	4,706	19,263
		18,366	35,833
Current liabilities			
Contract liabilities	2	10,546	10,917
Trade and other payables	12	90,507	79,966
Lease liabilities	15	3,925	3,824
Provisions for other liabilities and charges	13	7,125	1,677
		112,103	96,384
TOTAL EQUITY AND LIABILITIES		120,413	160,062

The financial statements on pages 12 to 32 were approved and authorised for issue by the Board on 29 December 2023 and were signed on their behalf by Mr L O'Brien.

DocuSigned by:

Liam O'Brien

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Mr L O'Brien (Director)
 Registered No: 04257461
 29 December 2023

Red Bee Media Limited

Statement of cash flows**For the year ended 31 December 2022**

	Note(s)	2022 £000	2021 £000
Operating activities			
Loss before income tax		(60,511)	(12,684)
Adjustments for:			
Depreciation of property, plant and equipment	8	14,684	13,435
Depreciation of right-of-use assets	15	3,766	3,826
Impairment of property, plant and equipment	8	37,000	-
Finance income	6	(55)	-
Finance costs	6	2,951	2,193
Bad debt provision		36	3
Changes in operating net assets			
Inventories		(1,134)	254
Contract assets		(343)	1,643
Trade and other receivables		(2,346)	(1,971)
Contract liabilities		(371)	3,176
Trade and other payables		12,656	(4,785)
Pension liability		(3,505)	(2,495)
Provisions		6,579	(659)
Cash generated from operations		9,407	1,936
Tax refund		-	2,519
Cash inflow from operating activities		9,407	4,455
Investing activities			
Purchases of property, plant and equipment	8	(5,803)	(7,774)
Interest received		55	-
Cash outflow from investing activities		(5,748)	(7,774)
Financing activities			
Proceeds from issue of shares		-	15,000
Principal elements of lease payments	15	(3,829)	(4,448)
Interest paid	15	(692)	(828)
Interest paid on loan from Parent		(1,688)	(920)
Repayment of part of loan from Parent		-	(9,000)
Cash outflow from financing activities		(6,209)	(196)
Net change in cash		(2,550)	(3,515)
Cash at the beginning of year	11	2,906	6,538
Effect of exchange rate changes on cash	6	(235)	(117)
Cash at the end of year	11	121	2,906

Statement of changes in equity**For the year ended 31 December 2022**

	Share capital £000	(Accumulated losses) / Retained earnings £000	Total equity £000
At 1 January 2021	12,000	(4,186)	7,814
Profit for the financial year	-	2,103	2,103
Other comprehensive income	-	2,928	2,928
Transactions with owners			
Issue of share capital	15,000	-	15,000
At 31 December 2021	27,000	845	27,845
Loss for the financial year	-	(46,442)	(46,442)
Other comprehensive income	-	8,541	8,541
At 31 December 2022	27,000	(37,056)	(10,056)

Red Bee Media Limited

Notes to the financial statements

For the year ended 31 December 2022

1 Accounting policies

Basis of preparation

The Company is a private company, limited by shares and incorporated and domiciled in England, the United Kingdom. Its registered office and principal place of business is Building 1 566 Chiswick High Road, London, England, W4 5BE.

The Company operates in the business to business media services industry. The principal activity of the Company is to provide outsourced and managed services and technology solutions related to television broadcast, post production, studio facilities and also the creation, distribution, enhancement and promotion of video content over any platform and via any display device or screen.

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the UK and the provisions of the Companies Act 2006.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

The financial statements have been prepared under the historical cost convention except as described in the accounting policy on plan assets related to defined benefit pension plans.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

Going concern

The Company is in a net liability and a net current liability position as at 31 December 2022, having incurred operating losses in 2022. However, after ensuring that financial, operational and liquidity forecasting updates are maintained and reviewed, and receiving a written commitment from the ultimate parent company, Telefonaktiebolaget LM Ericsson, that it will provide all necessary financial support to the Company for at least 12 months from the date of approval of these financial statements, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors are also implementing steps to reduce the Company's operating losses and achieve profitability in a longer term. For this reason, they have adopted the going concern basis in preparing financial

Standards, amendments and interpretations effective in 2022

The Company has finalised the evaluation of any impact on financial results or position from newly adopted IASB standards and amendments, as well as the new standards and interpretations issued by the IASB and not yet adopted and concluded that they will have no material impact on the results and financial position of the Company.

Foreign currency transactions and translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Revenue recognition

IFRS 15, "Revenue from Contracts with Customers" is a principle-based model of recognizing revenue from customer contracts. It has a five-step model that requires revenue to be recognized when control over goods and services are transferred to the customer.

Standard products and services

Products and services are classified as standard solutions if they do not require significant installation and integration services to be delivered. Installation and integration services are generally completed within a short period of time, from the delivery of the related products. These products and services are viewed as separate distinct performance obligations. This type of customer contract is usually signed as a frame agreement and the customer issues individual purchase orders to commit to purchases of products and services over the duration of the agreement.

Revenue for standard products shall be recognized when control over the equipment is transferred to the customer at a point in time. This assessment shall be viewed from a customer's perspective considering indicators such as transfer of titles and risks, customer acceptance, physical possession, and billing rights. For hardware sales, transfer of control is usually deemed to occur when the equipment arrives at the customer site and for software sales, when the licenses are made available to the customer. Contractual terms may vary, therefore judgment will be applied when assessing the indicators of transfer of control. Revenue for installation and integration services is recognized upon completion of the service. Costs incurred in delivering standard products and services are recognized as costs of sales when the related revenue is recognized in the Income Statement. Costs incurred relating to performance obligations not yet fully delivered are recognised as inventories.

Transaction prices under these contracts are usually fixed, and mostly billed upon delivery of the hardware or software and completion of installation services. A proportion of the transaction price may be billed upon formal acceptance of the related installation services, which will result in a contract asset for the proportion of the transaction price that is not yet billed. Amounts billed are normally subject to payments terms within 60 days from invoice date. Customer finance agreements may be agreed separately with some customers where payment terms exceed 179 days.

Revenue for recurring services such as customer support and managed services is recognized as the services are delivered, generally pro-rata over time. Costs incurred in delivering recurring services are recognized as cost of sales as they are incurred. Transaction prices under these contracts are billed over time, often on a quarterly basis. Transaction price for managed services contract may include variable consideration that is estimated based on performance and prior experience with the customer. Amounts billed are normally subject to payments terms within 60 days from invoice date. Contract liabilities or receivables may arise depending on whether the quarterly billing is in advance or in arrears. Contract for standard products and services applies to business in all segments.

Red Bee Media Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

1 Accounting policies (continued)

Customized solutions

Some products and services are sold together as part of a customized solution to the customer. This type of contract requires significant installation and integration services to be delivered within the solution, normally over a period of more than 1 year. These products and services are viewed together as a combined performance obligation. This type of contract is usually sold as a firm contract in which the scope of the solution and obligations of both parties are clearly defined for the duration of the contract. Customized solution does not have any alternative use to the Company as it cannot be sold to or used by other customers.

Revenue for the combined performance obligation shall be recognized over time if progress of completion can be reliably measured and enforceable right to payment exists over the duration of the contract. The progress of completion is estimated by reference to the output delivered such as achievement of contract milestones and customer acceptance. This method determines revenue milestones over the duration of the contract, and it is considered appropriate as it reflects the nature of the customized solution and how integration service is delivered in these projects. If the criteria above are not met, then all revenue shall be recognized upon the completion of the customized solution, when final acceptance is provided by the customer. Costs incurred in delivering customised solutions are recognized as costs of sales when the related revenue milestone is recognized in the Income Statement. Costs incurred relating to future revenue milestones are recognized as Inventories and assessed for recoverability on a regular basis.

Transaction price under these contracts is usually a fixed fee, split into a number of progress payments or billing milestones as defined in the contract. In most cases, revenue recognized is limited to the progress payments or unconditional billing milestones over the duration of the contract, therefore no contract asset or contract liability arises on these contracts. In some contracts, revenue may be recognized in advance of billing milestones if enforceable payment rights exist at all times over the contract duration. This will result in an unbilled receivable balance until billing milestones are reached. Amounts billed are normally subject to payments terms within 60 days from invoice date. Customer finance agreements may be agreed separately with some customers where payment terms exceed 179 days.

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Provision is made for any losses as soon as they are foreseen.

Customer contract related balance

Trade receivables include amounts that have been billed in accordance with customer contract terms and amounts that the Company has an unconditional right to, with only passage of time before the amounts can be billed in accordance with the customer contract terms. Customer finance credits arise from credit terms exceeding 179 days in the customer contract or a separate financing agreement signed with the customer. See Note 10 for further information on credit risk management of trade receivables.

In accordance with IFRS 15, where significant financing is provided to the customer, revenue is adjusted to reflect the impact of the financing transaction. These transactions could arise from the customer finance credits above if the contracted interest rate is below the market rate or through implied financing transactions due to payment terms of more than one year from the date of transfer of control. The Company has elected to use the practical expedient not to adjust revenue for transactions with payment terms, measured from the date of transfer of control, of one year or less.

Contract asset is unbilled sales amount relating to performance obligation that has been satisfied under customer contract but is conditional on terms other than only the passage of time before payment of the consideration is due.

Contract liability relates to amounts that are paid by or due from customers for which performance obligations are unsatisfied or partially satisfied. Advances from customers are also included in the contract liability balance.

Investments

Investments in subsidiaries are accounted for at cost.

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2022****1 Accounting policies (continued)****Property, plant and equipment**

Plant and machinery and fixtures and fittings are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on plant and machinery and fixtures and fittings is calculated using the straight line method to allocate their cost over their estimated useful lives, as follows:

Plant and machinery	3 – 15 years, or contract term if shorter
Fixtures and fittings	3 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets under construction represent assets that are not operational. As a result these assets are not depreciated until transferred to appropriate asset class and brought in to use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

To determine the value in use, the recoverable amounts for CGUs were established as the present value of expected future cash flows based on business plans approved by management. Estimation of future cash flows includes assumptions mainly for the following key financial parameters: sales growth; development of EBIT (based on EBIT margin or cost of goods sold and operating expenses relative to sales); related development of working capital and capital expenditure requirements.

The assumptions regarding industry-specific market drivers and market growth were based on the projections made within the Company for the development in 2023–2027. The assumptions are also based upon information gathered in the Company's long-term strategy process, including assessments of new technology and the Company's competitive position.

Leasing

The assets leased by the Company are real estate related.

Leasing when the Company is the lessee

The Company recognizes right-of-use assets and lease liabilities arising from all leases in the balance sheet, with some exceptions. This model reflects that, at the start of a lease, the lessee always obtains the right to use an asset for a period of time and has an obligation to pay for that right.

In the assessment of a lease contract the lease components are separated from non-lease components and the lease term is defined based on the contract lease term and when reasonably certain estimated extension or termination options are included.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The incremental borrowing rate is calculated considering interest swap rates. Lease payments included in the liability are fixed payments, variable payments depending on an index or rate and penalties for termination of contracts.

The right-of-use asset is initially measured at cost, which equals the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received plus any initial direct costs, and restoration costs.

The Company applies the recognition exemption for short-term leases and leases for which the underlying asset is of low-value recognizing the lease payments for those leases as an expense on a straight-line basis over the lease term. The interest expense on lease liabilities is presented as a component of finance costs separate from the depreciation charges for right-of-use assets. In the statement of cash flows, cash payments for the principal portion of the lease liability is reported within financing activities while payments for short-term leases, low-value assets and variable lease expenses not included in the measurement of the lease liability are classified within operating activities. For more information regarding leasing, see note 15, Leases.

Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income (FVOCI), and at fair value through profit or loss (FVTPL). The classification depends on the characteristics of the asset and the business model in which it is held. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. In the current and prior year all financial assets were classified as 'at amortized cost'.

Financial assets at amortized cost

Financial assets are classified as amortized cost if the contractual terms give rise to payments that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows. These assets are subsequently measured at amortized cost using the effective interest method, minus impairment allowances. Interest income and gains and losses from financial assets at amortized cost are recognized in financial income.

Red Bee Media Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

1 Accounting policies (continued)

Impairment in relation to financial assets

At each balance sheet date, financial assets classified as amortized cost and contract assets are assessed for impairment based on Expected Credit Losses (ECL). ECLs are the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. Allowances for trade receivables and contract assets are always equal to lifetime ECL. The Company has established a provision matrix based on historical credit loss experience, which has been adjusted for current conditions and expectations of future economic conditions. The losses are recognized in the income statement. When there is no reasonable expectation of collection, the asset is written off.

Financial liabilities

Financial liabilities are recognised when the Company becomes bound to the contractual obligations of the instrument. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Inventories

Inventories are measured at the lower of cost or net realizable value. Contract work in progress includes amounts related to service contracts with ongoing work in progress. Costs comprise direct labour and where applicable, those overheads that have been incurred in relation to the contract.

Income taxes

Income taxes in the financial statements include both current and deferred taxes. Income taxes are reported in the income statement unless the underlying item is reported directly in equity or other comprehensive income. For those items, the related income tax is also reported directly in equity or other comprehensive income (OCI). A current tax liability or asset is recognised for the estimated taxes payable or refundable for the current year or prior years.

Deferred tax is recognised for temporary differences between the book values of assets and liabilities and their tax values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses carried forward can be utilised. Deferred tax is not recognised for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or when it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. An adjustment of deferred tax asset/liability balances due to a change in the tax rate is recognised in the income statement, unless it relates to a temporary difference earlier recognised directly in equity or OCI, in which case the adjustment is also recognised in equity or OCI.

The measurement of deferred tax assets involves judgement regarding the deductibility of costs not yet subject to taxation and estimates regarding sufficient future taxable income to enable utilisation of unused tax losses in different tax jurisdictions. All deferred tax assets are subject to annual review of probable utilisation.

Provisions and contingent liabilities

Provisions are made when there are legal or constructive obligations as a result of past events and when it is probable that an outflow of resources will be required to settle the obligations and the amounts can be reliably estimated. When the effect of the time value of money is material, discounting is made of estimated outflows. However, the actual outflows as a result of the obligations may differ from such estimates.

A restructuring obligation is considered to have arisen when the Company has a detailed formal plan for the restructuring (approved by management), which has been communicated in such a way that a valid expectation has been raised among those affected.

Project related provisions include estimated losses on onerous contracts, contractual penalties and undertakings. For losses on customer contracts, a provision equal to the total estimated loss is recorded when a loss from a contract is anticipated and possible to estimate reliably. These contract loss estimates include any probable penalties to a customer under a loss contract.

Certain present obligations are not recognised as provisions as it is not probable that an economic outflow will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Such obligations are reported as contingent liabilities.

Pensions

Pensions are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the company's only obligation is to pay a fixed amount to a separate entity (a pension trust fund) with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditures for defined contribution plans are recognised as expenses during the period when the employee provides service. Under a defined benefit plan, it is the company's obligation to provide agreed benefits to current and former employees. The related actuarial and investment risks fall on the company.

The Company operates a defined benefit pension schemes and a defined contribution pension scheme for its employees. The assets of the schemes are held separately from those of the Company.

Pension scheme liabilities are measured annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future outflows using interest rates on a high quality corporate bond of equivalent term and currency to the liability. Pension scheme assets are measured using market values at the balance sheet date.

The pension scheme deficit is recognised in full on the balance sheet. The deferred tax relating to a benefit liability is recorded separately in deferred tax assets.

Increases in the present value of the scheme liabilities expected to arise from employee service in the period are charged to operating profit. The net interest amount that is calculated by applying the discount rate to the net defined benefit obligation is included within net pension scheme finance costs in the income statement. Actuarial gains and losses are recognised in OCI in the period in which they occur.

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2022****1 Accounting policies (continued)****Critical accounting estimates and judgements**

The preparation of financial statements and application of accounting standards often involve management's judgement and the use of estimates and assumptions deemed to be reasonable at the time they are made. However, other results may be derived with different judgements or using different assumptions or estimates, and events may occur that could require a material adjustment to the carrying amount of the asset or liability affected. The following are the accounting policies subject to such judgements and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported results and financial position.

Key sources of estimation uncertainty**Revenue recognition**

The Company uses estimates and judgments in determining the amount and timing of revenue under IFRS 15, particularly when determining the transaction price and its allocation to performance obligations identified under the contract. Transaction price may consist of variable elements such as discounts, performance related price and contract penalties. Transaction price, including variable considerations, is estimated at the commencement of the contract (and periodically thereafter). Judgment is used in the estimation process based on historical experience with the type of business and customer.

IFRS 15 also requires revenue to be allocated to each performance obligations by reference to their standalone selling prices. The Company considers that an adjusted market assessment approach should be used to estimate stand-alone selling prices for its products and services for the purposes of allocating transaction price. These estimates are comprised of prices set for similar customer and circumstances, adjusted to reflect appropriate profit margins for the market. Discounts relating to specific performance obligations are included in their respective standalone selling prices. The method of allocating transaction price to each performance obligations based on their respective standalone selling prices means that discounts that do not relate to specific performance obligations will be allocated proportionately to each performance obligations.

Pensions

Accounting for the costs of defined benefit pension plans is based on actuarial valuations, relying on key estimates for discount rates, expected return on plan assets, future salary increases, employee turnover rates and mortality tables (see note). The discount rate assumptions are based on rates for high-quality fixed-income investments with durations as close as possible to the Company's pension plans.

Property, plant and equipment

After initial recognition of property, plant and equipment, impairment testing is performed whenever there is an indication of impairment. Deviations in actual cash flows compared to estimated cash flows might result in recognition of impairment charges or reversal thereof. Management judgment is required to estimate future cash flows. Judgment is also required in the definition of cash-generating units for impairment testing purposes. Other judgments might result in significantly different results and financial position. Management will continue to review indicators of impairment (impairment reversal) of property, plant and equipment on an annual basis and this may result in impairment charges or reversals in the future.

Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the estimated costs to complete the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. The estimation of total costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Deferred tax assets

The recognition of deferred tax assets, particularly in respect of tax losses, is based upon management judgement of whether there will be sufficient taxable profits in the UK tax group, of which the Company is a member of, against which to utilize the assets in the future. The availability of taxable profits is assessed using the forecasts of cash flows and long-term growth rates used for the value-in-use calculations.

The estimates of cash flows inherent in these forecasts are based on the management estimates of changes in the market structure, trends in pricing, the costs associated with the acquisition and retention of customers, future technological evolutions and potential regulatory changes.

Changes in the estimates which underpin the management forecasts could have an impact on the amount of future taxable profits and could have a significant impact on the period over which the deferred tax asset would be recovered.

Judgments made in relation to accounting policies applied

Management applies judgment when assessing the customer's ability and intention to pay in a contract. The assessment is based on the latest customer credit standing and the customer's past payment history. This assessment may change during the contract execution, and if there is evidence of deterioration in the customer's ability or intention to pay, then under IFRS 15 no further revenue shall be recognized until the collectability criteria is met. Conversely, this assessment may also change favourably over time, upon which revenue shall now be recognized on a contract that did not initially meet the collectability criteria.

Revenue for standard products shall be recognised when control over the equipment is transferred to the customer at a point in time. This assessment shall be viewed from a customer's perspective considering indicators such as transfer of titles and risks, customer acceptance, physical possession, and billing rights. Judgment may be applied in determining whether risk and rewards have been transferred to the customer and whether the customer has accepted the products. In a sale of software licence, judgment may also be applied to determine when the software is made available to the customer by considering when they can direct the use of, and obtain substantially all the benefits of, the licence. Often all indicators of transfer of control are assessed together and an overall judgment formed as to when transfer of control has occurred in a customer contract.

Revenue for customised solutions shall be recognized over time if progress of completion can be reliably measured and enforceable right to payment exists over the duration of the contract. The progress of completion is estimated by reference to the output delivered such as achievement of contract milestones and customer acceptance. Judgment is applied when determining the appropriate revenue milestones that best reflect the progress of completion and are aligned with key acceptance stages within the contract.

Red Bee Media Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

2 Revenue

An analysis of revenue by geographical market is given below, based on the country in which the order is received:

	2022 £000	2021 £000
UK	73,958	73,605
Europe	1,722	2,801
Other	2,500	1,179
	78,180	77,585

All revenue is derived from the main activity of the company. In both the current and prior year all revenue is related to customer services.

During the year three customers, from the UK geographical market, individually contributed to more than 10% of the company's total revenue. The total value of revenue derived from these three customers amounted to £55,180k (2021: three customers; £66,523k).

Assets and liabilities related to contracts with customers

	2022 £000	2021 £000
Contract assets	498	155
Contract liabilities	10,546	10,917

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

Revenue recognised in the year	2022 £000	2021 £000
Revenue recognised in the year related to the opening contract liability balance	4,603	1,911

Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from contracts:

	2022 £000	2021 £000
Unsatisfied long-term contracts	167,222	195,805

Management expects that 45% (2021: 40%) of the transaction price allocated to the unsatisfied contracts as of 31 December 2022 will be recognised as revenue during the next reporting period. The remaining 55% (2021: 60%) will be recognised in the 2024 financial year or later.

3 Operating loss

This is stated after charging:

	Note	2022 £000	2021 £000
Depreciation of owned fixed assets	8	14,684	13,435
Depreciation of right-of-use assets	15	3,766	3,826
Foreign exchange losses	6	235	117
Auditors' remuneration for audit of the Company's financial statements		11	11

The Ericsson Group has a centralised audit approach, the centralised fees are paid by another subsidiary company in the group, Ericsson Limited. The Company bears the auditors' remuneration for audit costs directly related to the Company. No non-audit services have been provided by the auditors during the year (2021: Enil).

Red Bee Media Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

4 Staff costs

	2022 £000	2021 £000
Wages and salaries	37,454	38,920
Social security costs	4,308	4,462
Other pension costs:		
Defined contribution pension costs	2,089	2,223
	43,851	45,605

The monthly average number of employees during the year was as follows:

	2022 No.	2021 No.
Operational	699	758
Management and administration	24	32
	723	790

5 Income tax**a. Tax credit**

	2022 £000	2021 £000
Current tax:		
Adjustments in respect of prior year	(2,135)	14
Total current tax	(2,135)	14
Deferred tax:		
Origination and reversal of temporary differences	(9,349)	(600)
Effect of rate change	(3,526)	(12,199)
Adjustments in respect of prior year	3,111	76
Losses	(2,170)	(2,078)
Total deferred tax	(11,934)	(14,801)
Income tax credit	(14,069)	(14,787)

The year end balance for current income tax is as follows:

	2022 £000	2021 £000
Current income tax receivable/(payable)	-	-

b. Factors affecting tax credit for the year

The UK standard rate of tax was 19% in 2022 and 2021. Red Bee Media Limited has an overall 2022 £67.0m deferred tax asset (2021: £57.8m), mostly related to capital expenditure.

	2022 £000	2021 £000
Loss before income tax	(60,511)	(12,684)
Tax at effective rate 19% (2021: 19%)	(11,497)	(2,410)
Effects of:		
Expenses not deductible for tax purposes	(23)	(268)
Adjustments in respect of prior year	976	90
Tax effect of increasing tax rates	(3,526)	(12,199)
Total tax credit	(14,069)	(14,787)

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2022****5 Income tax (continued)****c. Deferred tax asset**

	2022 £000	2021 £000
Depreciation in excess of capital allowances	58,910	48,422
Pensions	1,177	4,816
Other temporary differences	2,027	402
Losses carried forward	4,845	4,232
Total deferred tax asset	66,959	57,872
Movements during the year		-
At 1 January	57,872	41,389
Credit to income statement	11,934	14,801
Recognised in OCI	(2,847)	1,682
At 31 December	66,959	57,872

Deferred tax assets are only recognised where the company expects to be able to generate corresponding taxable income in the future to benefit from tax reductions. Forecasts indicate that it is probable that taxable economic benefits will arise within the company and within other UK group companies in future periods allowing the current carrying amount of the deferred tax asset to be recovered in full.

Tax effects in OCI represent tax on actuarial gains / losses in respect of pensions and is recognised to the extent that the liability is expected to reverse in future periods.

d. Factors affecting current and future tax charges

In the Finance Act 2021, enacted on 10 June 2021, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 25% for the year starting 1 April 2023. The deferred tax is all expected to reverse at 25% so provision has been made at this rate.

6 Finance income and expense

	2022 £000	2021 £000
Interest income on short-term bank deposits	55	-
Finance income	55	-
Interest and finance charges on lease liabilities	(692)	(828)
Interest expense on intercompany funding	(23)	(30)
Net interest cost on pension scheme liabilities	(336)	(328)
Interest expense on loan from parent company	(1,665)	(890)
Net foreign exchange losses	(235)	(117)
Finance expense	(2,951)	(2,193)

7 Intangible assets

	Goodwill £'000	Software £'000	Total £'000
Cost			
As at 1 January 2021	11,939	6,129	18,068
At 31 December 2021	11,939	6,129	18,068
Disposals	-	(48)	(48)
As at 31 December 2022	11,939	6,081	18,020
Accumulated amortisation:			
As at 1 January 2021	(11,939)	(6,129)	(18,068)
At 31 December 2021	(11,939)	(6,129)	(18,068)
Disposals	-	48	48
For the year ended 31 December 2022	(11,939)	(6,081)	(18,020)
Net book value:			
At 31 December 2021	-	-	-
At 31 December 2022	-	-	-

Red Bee Media Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

8 Property, plant and equipment

	Note	Plant & machinery £000	Fixtures and fittings £000	Assets under construction ("AUC") £000	Total £000
Cost:					
As at 1 January 2021		133,321	4,586	15,438	153,345
Additions		4,883	-	2,891	7,774
Brought into service		13,156	383	(13,539)	-
At 31 December 2021		151,360	4,969	4,790	161,119
Additions		4,667	-	1,137	5,803
Brought into service		3,808	-	(3,808)	-
Disposals		(1,027)	(2,535)	-	(3,562)
At 31 December 2022		158,808	2,434	2,118	163,360
Accumulated depreciation/impairment:					
At 1 January 2021		(81,499)	(4,405)	-	(85,904)
Depreciation charge during the year		(13,128)	(307)	-	(13,435)
At 31 December 2021		(94,627)	(4,712)	-	(99,339)
Depreciation charge during the year		(14,498)	(186)	-	(14,684)
Impairment loss		(37,000)	-	-	(37,000)
Disposals		1,003	2,535	-	3,538
At 31 December 2022		(145,122)	(2,363)	-	(147,485)
Net book value:					
At 31 December 2021		56,733	257	4,790	61,780
At 31 December 2022		13,686	71	2,118	15,875

Contractual commitments for the acquisition of property, plant and equipment as at 31 December 2022 amounted to £1,165k (2021: £151k).

During the year, the Company carried out a review of the recoverable amount of plant and machinery utilised within its customer contracts. Following the review the Company determined the recoverable amount of plant and machinery is lower than their carrying value and determined on that basis that an impairment was required for these assets. This is attributed to changes in technology, increased costs resulting from the global pandemic and other external factors which are driving inflation and lower than forecast revenue growth.

The review led to the recognition of an impairment loss of £37 million on the cash generating unit (CGU) Video Services.

The discount rate used in measuring value in use was 11 per cent per annum.

9 Investments

	Total £000
At 1 January 2021	5
At 31 December 2021	5
At 31 December 2022	5
Total	
£000	
Current Investments	5
Total	5

The Directors have considered the carrying value of the investments in subsidiaries and are satisfied their recoverable amounts are in excess of their carrying value based cash balance transferred to the Company in advance of the entity being liquidated.

Subsidiary	Principal activity	Country of incorporation and operation	Class of share held	% Holding 2022	% Holding 2021
Ericsson Media Distribution AB* (\$56868-0103) ³	Broadcast Technology	Sweden	Ordinary	100	100

The registered addresses of the subsidiaries are:

³ Torshamnsgatan 23, 164 80 Stockholm

On 25 February 2022 Ericsson Media Distribution was placed into liquidation, and on 17 February 2023 the liquidation concluded.

Red Bee Media Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

10 Trade and other receivables

	2022 £000	2021 £000
Trade receivables	13,884	9,604
Allowance for impairment	(39)	(3)
Net trade receivables	13,845	9,601
Amounts owed by group undertakings	3,074	3,540
Prepayments and accrued income	2,043	3,475
	18,962	16,616

All inter-company balances are due on group standard repayment terms (30 days net) with no extended credit.

Trade receivables are primarily denominated in pounds sterling, with £599k being denominated in US dollars (2021: £586k), £403k being denominated in Euros (2021: £212k).

The book value of trade and other receivables is approximating their fair value in the current and prior year.

Movement in allowances for impairment

	Total £000
Balance at 1 January 2021	-
Additions	3
Balance at 31 December 2021	3
Additions	36
Balance at 31 December 2022	39

Aging analysis as at 31 December 2022

	Amount £000	Of which neither impaired nor past due £000	Of which impaired, not past due £000	Of which past due and not impaired		Of which past due and impaired	
				less than 90 days £000	90 days or more £000	less than 90 days £000	90 days or more £000
Trade receivables	13,884	9,715	-	3,014	-	900	255
Allowances for impairment	(39)	-	-	-	-	(18)	(21)
Net trade receivables	13,845	9,715	-	3,014	-	882	234

Aging analysis as at 31 December 2021

	Amount £000	Of which neither impaired nor past due £000	Of which impaired, not past due £000	Of which past due and not impaired		Of which past due and impaired	
				less than 90 days £000	90 days or more £000	less than 90 days £000	90 days or more £000
Trade receivables	9,604	9,166	-	295	-	118	25
Allowances for impairment	(3)	-	-	-	-	(1)	(2)
Net trade receivables	9,601	9,166	-	295	-	117	23

Credit risk in trade receivables is governed by a policy applicable for all legal entities in the Ericsson Group. The purpose of the policy is to:

- Avoid credit losses through establishing internal standard credit approval routines in all Ericsson legal entities;
- Ensure monitoring and risk mitigation of defaulting accounts, i.e. events of non-payment and/or delayed payments from customers;
- Ensure efficient credit management within the Company and thereby improve Days Sales Outstanding and cash flow;
- Ensure payment terms are commercially justifiable;
- Define escalation path and approval process for payment terms and customer credit limits.

The creditworthiness of all customers is regularly assessed and a credit limit is set. Through credit management system functionality, credit checks are performed every time a sales order or an invoice is generated in the source system. This is based on the credit risk set on the customer. Credit blocks appear if the credit limit set on customer is exceeded or if past due receivables are higher than permitted levels. Release of a credit block requires authorisation.

The five largest customers represent 91% (2021: 87%) of the total trade receivables.

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2022****11 Cash**

	2022 £000	2021 £000
Cash in hand and at bank	121	2,906

Cash at the end of the year includes amounts held in foreign currencies of £121k (2021: £345k).

12 Trade and other payables

	2022 £000	2021 £000
Trade creditors	8,082	7,922
Amounts owed to group undertakings	72,128	66,056
Taxation and social security	1,108	1,162
Accruals and deferred income	9,189	4,826
Trade and other payables	90,507	79,966

Included within the amounts owed to group undertakings are loan balances amounting to £65,000 (2021: £65,000) which are unsecured and cash pooling facilities with Telefonaktiebolaget LM Ericsson of £5,051k (2021: -£677k).

As at year end, the Company had a loan of £65,000k (2021: £65,000k) from the immediate parent undertaking, Red Bee Media Holding AB. The loan is repayable in full (including any accrued interest) on 8 May 2023 with interest being charged at 4.8043% per annum. On 8 May 2023 the loan was repaid and a new loan agreement for £65,000k from Red Bee Media Holdings AB was signed by the Company, the loan is repayable in full (including accrued interest) on 13 November 2023 with interest being charged at 5.4494%. On 11th November the loan was increased from £65,000k to £90,000k with interest being charged at 6.056% repayable on 8 May 2024.

13 Provisions for other liabilities and charges

	Onerous Contracts £000	Long Term Variable Pay £000	Customer- related £000	Restructuring £000	Property Dilapidation £000	Total £000
At 1 January 2021	-	287	232	292	1,623	2,434
Additions	-	125	-	1,092	-	1,217
Release	-	-	-	(480)	(1)	(481)
Utilisation	-	(259)	(232)	(904)	-	(1,395)
At 31 December 2021	-	153	-	-	1,622	1,775
Additions	7,000	129	-	-	-	7,129
Release	-	-	-	-	(502)	(502)
Utilisation	-	(48)	-	-	-	(48)
At 31 December 2022	7,000	234	-	-	1,120	8,354

Long Term Variable pay

As at 31 December 2022 the provision of £234k (2021: £153k) represents the estimated cost of Long Term Variable pay compensation.

There are two plans.

The Executive Performance Plan (EPP)

Senior managers are selected as participants to EPP annually through a nomination process that identifies individuals according to performance, potential, critical skills, and business critical roles. There are two award levels, high and regular, which represent the potential award levels as a percentage of the participant's annual gross salary. Participants are assigned a potential award, which is converted into a number of synthetic shares based on the same market price of Ericsson B shares. The vesting level of the award is subject to the achievement of the same performance criteria over the same performance period defined for the respective year and generally requires that the participant retains his or her employment over the vesting period.

Key Contributor Plans (KC Plans)

The KC Plan is a cash-settled retention plan. Employees, are selected as participants to KC Plan annually through a nomination process that identifies individuals according to performance, potential, critical skills, and business critical roles. Participants are assigned a potential award based on a percentage of their annual gross salary, which is converted into a number of synthetic shares based on the same market price of Ericsson B shares.

More information is available in Ericsson Annual Report, page 81, available at www.ericsson.com.**Onerous Contracts**

During the year, the Company carried out a review of its customer contracts. Following the review the Company determined an onerous contract provision was required for these contracts along with an impairment of plant and machinery (See Note 8). This is attributed to changes in technology, increased costs resulting from the global pandemic and other external factors which are driving inflation and lower than forecast revenue growth.

Red Bee Media Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

14 Share capital

Authorised, allotted, called up and fully paid

	2022 £000	2021 £000
27,000,000 (2021: 27,000,000) ordinary shares of £1 each	27,000	27,000

15 Leases

Buildings	2022 £000	2021 £000
At 1 January	19,517	22,854
Additions	(103)	489
Depreciation charge of right-of-use assets	(3,766)	(3,826)
Revaluations	-	-
At 31 December	15,648	19,517

	2022 £'000	2021 £'000
Interest expense (included in finance costs)	692	828
Principal elements of lease payments	3,829	4,448
Total cash outflow for leases	4,521	5,276

16 Financial risk management and financial instruments

The Company's capital and financial risk management policies are governed at the Ericsson Group level.

Capital management

Ericsson Group defines its managed capital as the total of a company's equity, therefore uses Equity/Total Assets ratio as a measure of determining the appropriate capital structure of its group companies.

The capital structure is managed by balancing equity, inter-company loans and liquidity in such a way that the Company secures funding of its operations in a cost effective way for the Ericsson Group.

The Company achieves its funding needs solely through Ericsson Group Treasury and does not negotiate any external borrowing independently. This provides financial flexibility and independence to operate and manage variations in working capital needs as well as to capitalise on business opportunities.

The Company strives to finance growth, normal capital expenditures and dividends to the Ericsson Group by generating sufficient positive cash flows from operating activities.

Capital objectives information:

	2022 £000	2021 £000
Equity	(10,056)	27,845
Total assets	120,413	160,062
Equity ratio	(8%)	17%
Cash flow from operating activities	9,407	4,455

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2022****16 Financial risk management and financial instruments (continued)****Financial management**

The Company's financial risk management policy is primarily driven by Ericsson Group Treasury. The principal aim is to ensure that appropriate financing is in place to manage the Company's liquidity as well as financial assets and liabilities, and to control financial risk exposures in a manner consistent with underlying business risks and financial policies. The Company does not undertake any local hedging activities.

Foreign exchange risk

The Company is exposed to foreign exchange risk in the normal course of business for transactions not denominated in Pound Sterling. For inter-company transactions, Ericsson Group Treasury seeks to minimize such risk by dictating the currency of trade between the Company and its group undertakings.

Interest rate risk

The Company is exposed to interest rate risk through market value fluctuations in certain balance sheet items and through changes in interest revenues and expenses. The net cash at year end was £121k (2021: £2,906k). There was a £65,000k interest bearing loan at year end (2021: £65,000k).

Cash or overdraft balances are managed through a cash pooling arrangement, subject to floating rates applicable to the cash pooling arrangement with Ericsson Group Treasury. No assets or liabilities are subject to fixed interest rate exposure, except the £65,000 loan from the parent.

Liquidity risk

Liquidity risk is that the Company is unable to meet its short-term payment obligations due to insufficient funds or illiquid cash reserve. The Company minimizes the liquidity risk by maintaining a sufficient net cash position and having Ericsson Group Treasury funding available in place to meet potential funding needs.

During 2022, the net cash balance decreased to £121k compared to £2,906k in the prior year.

The entire cash balance is held with reputable financial institutions.

Carrying amounts of financial instruments

	Cash (note 11) £000	Trade and intragroup receivables (note 10) £000	Trade and intragroup payables (note 12) £000	Lease liabilities (note 15) £000	Total 2022 £000	Total 2021 £000
Loans and receivables	121	16,919	-	-	17,040	16,047
Financial liabilities at amortised cost	-	-	(80,210)	(16,356)	(96,566)	(94,274)
Total	121	16,919	(80,210)	(16,356)	(79,526)	(78,227)

The following table shows analysis of financial liabilities, including lease liabilities by contractual maturity.

	Lease liabilities £000	Trade and intragroup payables £000	Total 2022 £000
Less than 1 year	3,925	80,210	84,135
1 - 3 years	6,908	-	6,908
3 - 5 years	5,523	-	5,523
Total	16,356	80,210	96,566

	Lease liabilities £000	Trade and intragroup payables £000	Total 2021 £000
Less than 1 year	3,824	73,978	77,802
1 - 3 years	7,821	-	7,821
3 - 5 years	6,280	-	6,280
More than 5 years	2,371	-	2,371
Total	20,296	73,978	94,274

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2022****17 Pension commitments**

For some employees, the Company operates a funded pension scheme, the Red Bee Media Pension Plan. On 31 May 2016, the scheme was closed to future accruals. The assets for the scheme are held separately from those of the Company in independently administered funds. The trustee board of the scheme are composed of representatives from both employers and plan members. The trustee board of the scheme are required by law to act in the interest of the scheme and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The trustee board of the scheme are responsible for the investment policy with regard to the assets of the scheme.

The pension liability comprises:

	2022	2021
	£000	£000
Defined benefit scheme	4,706	19,263

Unpaid contributions, at the year end, to the funded pension plan amounted to £nil (2021: £nil).

Administration costs incurred to administer the pension plan have been expensed through the income statement. Administration costs incurred for directly managing the plan assets are included in the return in plan assets.

The scheme typically exposes the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and inflation.

Investment risk - The present value of the scheme's liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on the scheme asset is below this rate, it will create a scheme deficit. Due to the long-term nature of the scheme liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the scheme assets should be invested in equity securities and real estate to leverage the return generated by the scheme.

Interest risk - A decrease in bond interest rate will increase the liabilities; however, for the defined benefit scheme, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the scheme's liability.

Inflation risk - The present value of the defined benefit liability is linked to inflation, and higher inflation will lead to higher liabilities. Whilst the scheme hedges a reasonable proportion of this inflation risk, an increase in inflation will also reduce the surplus to an extent.

Defined benefit scheme

The latest actuarial valuation of the plan was carried out as at 30 June 2021. The valuation has been updated to 31 December 2022 by an independent qualified actuary in accordance with IAS 19. Investments have been valued, for this purpose, at bid value.

During the year the Company paid cash contributions of £3,626k (2021: £2,626k) in accordance with the Schedule of Contributions agreed with the plan's trustee board. The contributions will continue as per the agreed Schedule of Contributions for the forthcoming financial year.

The major assumptions used for the actuarial valuation were:

	2022	2021
	%	%
Pension increases in payment and deferment:		
- RPI capped @ 10% pa	3.15	3.25
- RPI capped @ 5% pa	2.85	3.05
- RPI capped @ 2.5% pa	1.90	2.00
Discount rate	4.90	1.75
Inflation assumptions	3.05	3.20

The 31 December 2022 and 31 December 2021 valuation discount rates were based on the yield on high quality corporate bonds rated as AA by at least 1 of 2 principal credit rating agencies with outstanding debt of at least £50m.

The mortality assumptions used as at 31 December 2022 were 100% of the S3NA table, allowing for future mortality improvements in line with the "CMI 2021" projection model from 2013 based on each member's actual date of birth, with a long-term improvement of 1.5% pa for both males and females, a smoothing parameter of 7.5, an initial ('a') parameter of 0, allowance for 2020 data ('w2020') of 0% and allowance for 2021 data ('w2021') of 0% (Prior year was 93% of the S2NA base mortality table, allowing for future improvements in line with the "CMI 2019" projections from 2007 based on each member's actual date of birth, with a long-term improvement of 1.5% pa for both males and females, a smoothing parameter of 7.5 and an initial ('a') parameter of 0). Average life expectancy for mortality tables used to determine the defined benefit obligation at 31 December were:

	2022		2021	
	Male	Female	Male	Female
Aged 60 now; average life expectancy	27.7	29.8	27.7	29.8
Aged 40 now; average life expectancy on retirement at age 60	29.8	32	29.8	32

Red Bee Media Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

17 Pension commitments (continued)**Defined benefit scheme (continued)**

The market value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

The categorization of assets has been updated between prior year and current year.

	2022		2021	
	%	£000	%	£000
Cash and Cash Equivalents	4%	3,754	2%	3,234
Unquoted				
Equity Instruments	31%	33,580	36%	65,535
Other - LDI	56%	58,826	56%	100,783
Real estate	9%	9,541	6%	10,053
	96%	101,947	98%	176,371

Total market value of assets	100.0%	105,700	100%	179,605
Present value of scheme liabilities		(110,406)		(198,868)
Net pension liability		(4,706)		(19,263)

The Plan does not invest directly in property occupied by the Company or in financial securities issued by the Company.

Changes in the present value of benefit obligation:

	2022	2021
	£000	£000
Opening benefit obligation	198,868	196,586
Interest cost	3,460	2,829
Benefits paid	(2,159)	(2,655)
Actuarial (gains)/losses	(89,763)	2,108
Closing benefit obligation	110,406	198,868

Changes in the value of scheme assets:

	2022	2021
	£000	£000
Opening value of scheme assets	179,605	173,910
Interest income	3,124	2,501
Running costs	(121)	(131)
Employer contributions	3,626	2,626
Benefits paid	(2,159)	(2,655)
Actuarial (losses)/gains	(78,375)	3,354
Value of scheme assets at end of year	105,700	179,605
Deficit recognised	(4,706)	(19,263)

	2022	2021
	£000	£000
Actual return on plan assets	(75,251)	5,855

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2022****17 Pension commitments (continued)****Defined benefit scheme (continued)**

Analysis of the amount charged to operating profit:

	2022 £000	2021 £000
Running costs paid by the plan	121	131
Net charge to operating loss	121	131

Analysis of the amount charged to net finance charges:

	2022 £000	2021 £000
Interest income on pension scheme assets	3,124	2,501
Interest expense on pension scheme liabilities	(3,460)	(2,829)
Net interest expense	(336)	(328)

Analysis of the actuarial gains / (losses) recognised in the statement of comprehensive income:

	2022 £000	2021 £000
Actual return less interest income on pension scheme assets	(78,375)	3,354
Experience gains arising on the scheme liabilities	(7,741)	(2,509)
Changes in demographic assumptions underlying the present value of scheme liabilities	(2,857)	928
Changes in financial assumptions underlying the present value of scheme liabilities	100,361	(527)
	11,388	1,246

Movement in scheme deficit during the year:

	2022 £000	2021 £000
Pension scheme deficit at start of year	(19,263)	(22,676)
Running costs	(121)	(131)
Contributions	3,626	2,626
Net finance charges	(336)	(328)
Actuarial gain	11,388	1,246
Pension scheme deficit at end of year	(4,706)	(19,263)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, price inflation (RPI) and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year, while holding all other assumptions constant.

- If the discount rate is 0.5% higher (lower), the defined benefit obligation would decrease by £10,000k (increase by £9,000k).
- If the price inflation (RPI) increases (decreases) by 0.5% pa, the defined benefit obligation would increase by £8,000k (decrease by £7,000k).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The plan trustees and the Company regularly review the plan's investment strategy to ensure that it remains appropriate for risk and return profiles.

The Company's funding requirements depends on the level of any deficit in the plan and are based on the local actuarial measurement framework.

The Company expects to make a contribution of £3,615k to the funded pension plan during the next financial year.

Defined contribution scheme

Red Bee Media Limited operates a personal pension scheme which is a defined contribution scheme. The amounts charged to the income statement in respect of this scheme represent the employer's contributions payable by the Group amounted to £2,089k (2021: £2,223k). Red Bee Media Limited has no legal or constructive obligation to fund any deficit of this scheme.

Unpaid contributions, at the year end, to the personal pension scheme amounted to £nil (2021: £nil).

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2022****18 Related parties****Parent and ultimate controlling party**

The Company's immediate parent undertaking is Red Bee Media Holding AB, a company incorporated in Sweden (Torshamnsgatan 21, SE-164 83 Stockholm).

The ultimate parent undertaking and controlling party is Telefonaktiebolaget LM Ericsson, a company incorporated in Sweden (which is domiciled in Sweden at Torshamnsgatan 21, SE-164 83 Stockholm), is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the financial statements of Telefonaktiebolaget LM Ericsson may be obtained from www.ericsson.com.

Transactions with key management personnel

Key management personnel are the directors of the Company. Their compensation comprised the following:

	2022 £000	2021 £000
Salaries and short-term employee benefits	1,380	1,474
Company contribution paid to the pension schemes	36	51
	1,416	1,525

	2022 £000	2021 £000
<i>Highest paid director</i>		
Emoluments and amounts receivable under incentive schemes	819	994
	819	994

The emoluments of certain directors were paid during the year by another Ericsson Group company which made no recharges to the Company and no allocation of costs is possible. Accordingly, the remuneration shown above does not include these emoluments.

Only the directors are considered to be key management personnel as only the directors are responsible for key decisions in the Company.

Transactions with the pension schemes

The pension plans are a related party. The plans do not hold shares in the ultimate parent undertaking. The Company's only transaction with the plans relate to contributions and administrative expenses paid (see note 17).

Other related party transactions

Related party transactions during the year are as follows:

	2022 £000	2021 £000
Parent, Intermediary Parents and Ultimate Parent		
- Interest on Group loan facility	1,688	920
- Purchases and recharges	18	18
Fellow Subsidiaries		
- Sales and recharges	1,943	1,950
- Purchases and recharges	8,355	8,175

Related party balances as at the year end are as follows:

	2022 £000	2021 £000
Parent, Intermediary Parents and Ultimate Parent		
- Trade and other payables	(70,786)	(64,851)
Fellow subsidiaries		
- Receivables	919	3,540
- Trade and other payables	(1,342)	(1,205)

19 Commitments

Bank guarantees of £300k (2021: £300k) have been made to HMRC in the ordinary course of business.

20 Post balance sheet events

There were no material or significant events that occurred in the period from 31 December 2022 to the date of reporting that would require adjustment to or disclosure in the financial statements.