Always on

S4 Capital plc
Annual Report and Accounts 2023

S4Capital is a new-age/new-era digital advertising, marketing and technology services company, operating in the fastest-growing segment of the advertising and marketing services market.

We are a unified, purely digital business, which disrupts analogue models by embracing content, data&digital media and technology services.

We work with global, multinational, regional and local clients and for millennial-driven influencer brands in a 24-7 environment.

We are

always on.

www.s4capital.com/annualreport23
www.media.monks.com

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Financial highlights

Billings[1]
£1.9bn
-1.1%
Like-for-like[2] -1.4%

Pro-forma[3] billings
£1.9bn
-1.4%

Revenue
£1,011.5m
-5.4%
Like-for-like -7.8%

Pro-forma revenue
£1,012.2m
-7.8%

Net revenue
£873.2m
-2.1%
Like-for-like -4.5%

Pro-forma net revenue
£873.8m
-4.5%

Operational EBITDA[4,8]
£93.7m
-24.6%
Like-for-like -36.6%

Pro-forma operational EBITDA[8]
£93.3m
-36.7%

Operational EBITDA margin[5]
10.7%
-320bps
Like-for-like -550bps

Pro-forma operational EBITDA margin
10.7%
-540bps

Operating profit
£20.2m
2022 £135.3m loss

Adjusted operating profit[6]
£82.0m
-28.1%
Like-for-like -40.6%

Loss before income tax

-£13.9m

2022 -£159.7m

Adjusted result before income tax[7]

£48.1m

-45.6%

Basic loss per share

-0.9p

2022 -27.2p

Adjusted basic earnings per share

5.7p

2022 11.4p

Market capitalisation at 25 March 2024

£261m

Share price at 25 March 2024

45.2p

For full reconciliation from statutory to non-GAAP measures, please refer to the Alternative Performance Measures Appendix on page 202.

Notes:
1. Billings is gross billings to clients including pass-through costs.
2. Like-for-like relates to 2022 being restated to show the unaudited numbers for the previous year of the existing and acquired businesses consolidated for the same months as in 2023 applying currency rates as used in 2023.
3. Pro-forma numbers relate to unaudited full-year non-statutory and non-GAAP consolidated results in constant currency as if the S[4]Capital plc Group (the Group) had existed in full for the year and have been prepared under comparable GAAP with no consolidation eliminations in the pre-acquisition period.
4. Operational EBITDA is EBITDA adjusted for acquisition related expenses, non-recurring items (primarily acquisition payments tied to continued employment, amortisation of business combination intangible assets and restructuring and other one-off expenses) and recurring items (share-based payments), and includes right-of-use assets depreciation. It is a non-GAAP measure management uses to assess the underlying business performance.
5. Operational EBITDA margin is operational EBITDA as a percentage of net revenue.
6. Adjusted operating profit is operating profit/loss adjusted for non-recurring and recurring items (as defined above).
7. Adjusted result before income tax is profit/loss before income tax adjusted for non-recurring and recurring items (as defined above).
8. Operational EBITDA excludes the one-off benefit of £9.3 million due to the significant devaluation of the Argentinian peso in December 2023.

Worldwide presence

We're always **on**

A global communications business for the new marketing age. Integrated, agile and responsive.

People
7,700

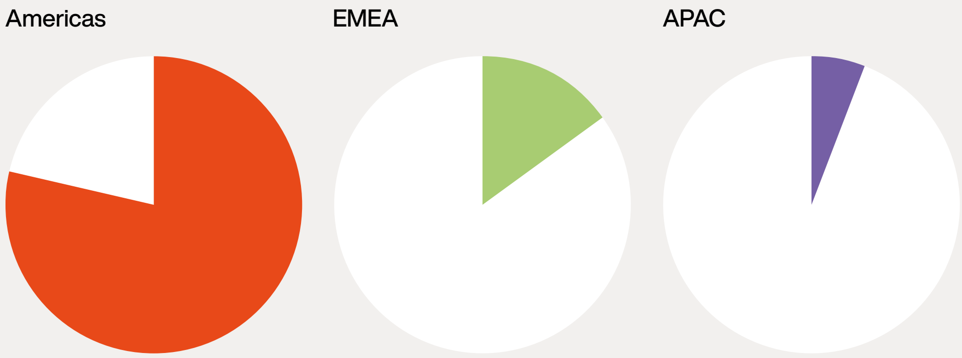
Countries
32

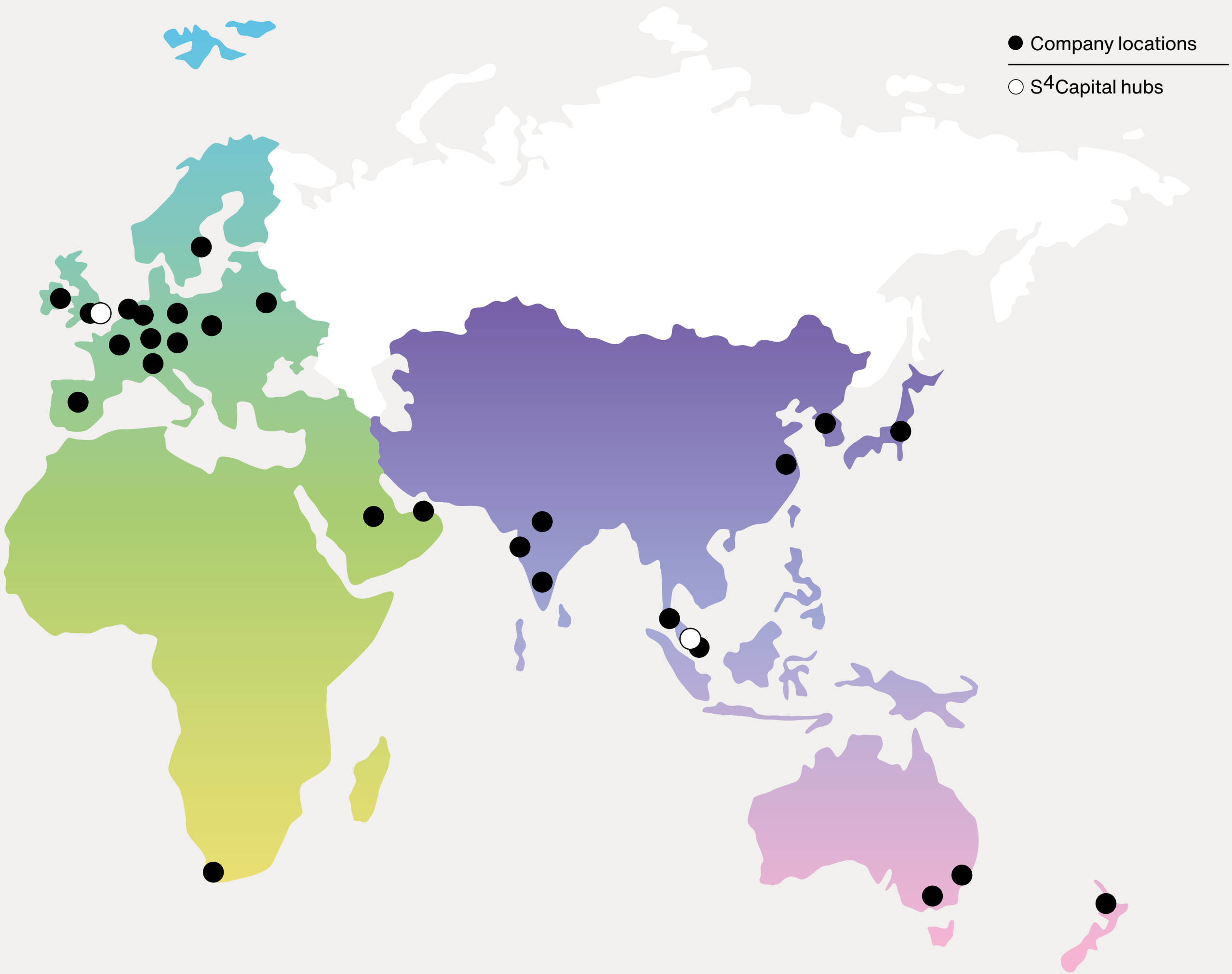
Offices
61

Unitary structure
1

Net revenue
by region

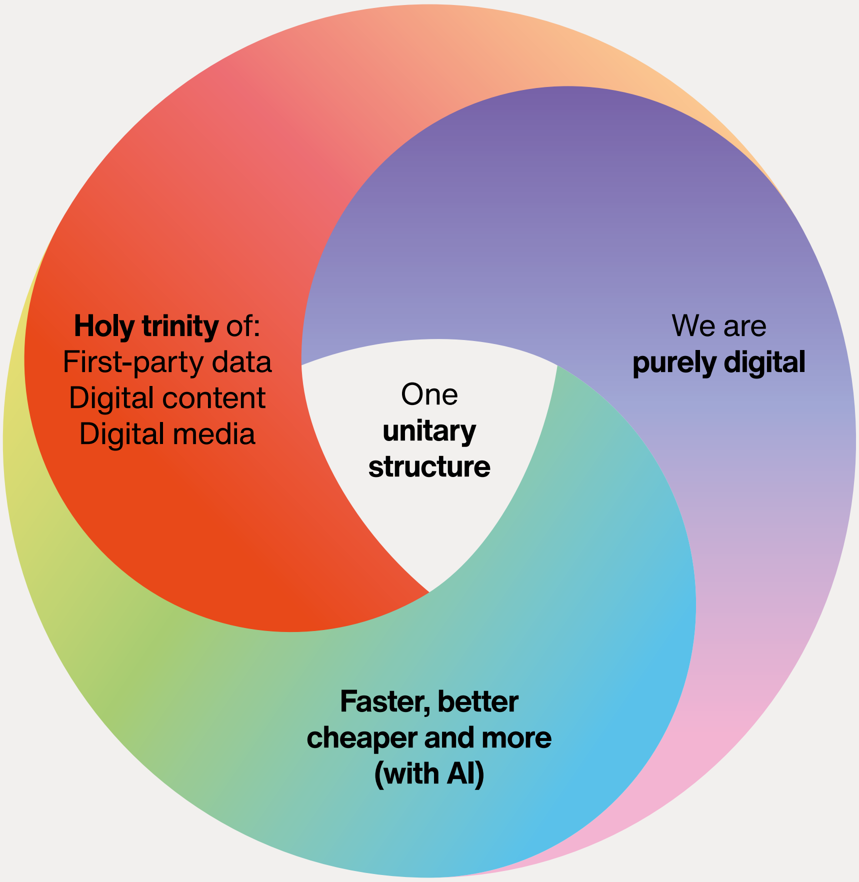
Americas	79%
EMEA	15%
APAC	6%





Business model

S4Capital is built **on** four core principles



A digital first, data-driven, faster, better, cheaper and more (with AI) unitary model.

Led by S4Capital, the parent company, and delivered through our single global operating brand, Media.Monks.

media.monks

Underpinned by:

Our smart people
Read more on pages 64–67

Strong financial management
Read more on pages 21–29

A central ESG vision
Read more on pages 43–74

Robust risk management
Read more on pages 28–32

Strengths and differentiators

We are purely digital

Digital is by far the fastest-growing segment of the advertising and marketing services market. Our purely digital offering, aligned around the Media.Monks operating brand, means we are swiftly capitalising on the arrival and benefits of AI.

>70% of market share will be digital by 2025[1]

We are data-driven

Our data-driven approach, which drives the creation of content at scale and enables continuous refinements, coupled with our speed to market and measurement capabilities, mean clients receive more effective and reliable results.

And, importantly, data is the fuel that powers AI.

Unique go-to-market strengths

We go to market as faster, better, cheaper – capitalising on more opportunities through AI. Our focus on digital marketing and technology is a strong value proposition to CSOs, CMOs, CIOs and CTOs who are looking to get the best possible return on their investment.

Agents of NOW

With change happening rapidly every day, clients need results, solutions and relevance right NOW. We shift industries forward by flexing and reshaping how businesses react with people against the needs of a constantly evolving world.

A single P&L approach

Unlike traditional agency holding company structures, we have aligned around the Media.Monks brand. This allows us to provide an integrated service to clients, a collaborative culture and broader career paths for our people and a more profitable model for investors.

Note:
1. Statista.com, 2024.

How we generate value

A focused, profitable client portfolio

We work for global, multinational, regional and local clients. We focus on large high-growth market opportunities including the digital marketing, media and transformation sectors, which are all expanding multi-billion-dollar markets. Our 12 largest clients account for over 50% of our revenue.

Productive, talented people

Our executive management team combines seasoned industry experts with successful entrepreneurs who have significant ownership in the Company to create a growth-focused culture among our people and attracting the market's best and smartest minds across the business.

7,700 Monks

Delivering maximum returns

We aim to deliver optimal ROI through our superior broad and deep knowledge and capabilities in three collaborative practices:

- Content
- Data&Digital Media
- Technology Services

Worldwide presence

We provide clients with seamless access, local insight and global coverage through 61 offices across the world.

32 countries

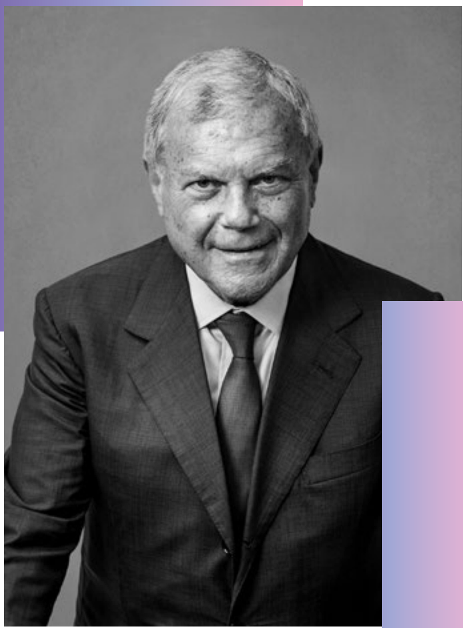
Responsible stewardship

Our operational structure has been developed to ensure we can grow in a healthy, cost controlled and risk mitigated manner, with an ESG strategy aligned with our overall business objectives.

1 Strategic Report

Pages 69–74 also form part of the Strategic Report

Letter to shareowners



> Our stated 'whopper' strategy of building broad-scaled relationships with leading enterprise clients continues to drive our business"

Sir Martin Sorrell
Executive Chairman

Dear shareowner

2023 was a difficult year with slower market growth and continuing macroeconomic uncertainty. The first half saw a mixed performance with slower growth and an expected second half seasonal uplift did not materialise amidst continuing client caution and further economic and geopolitical challenges. Overall, we have seen clients very much focused on the short term, particularly in relation to larger transformation projects, which has resulted in longer sales cycles, along with lower regional and local opportunities, and we have found it harder to convert new business opportunities. Our stated 'whopper' strategy of building broad-scaled relationships with leading enterprise clients continues to drive our business, with 10 against our target of 20 such relationships. We remain focused on a disciplined approach to costs, headcount and operational cash generation.

In the second half of 2023, as expected, there was a cash outflow relating to prior year combination payments, with net debt rising as a result. Due to significant cost reductions and £10 million of merger payments being moved into the following year, we ended with net debt at the lower end of our guided range of £180-220 million. We will maintain a liquid balance sheet and the focus will be on improving operating performance and deploying free cash flow to buybacks and dividends.

The Group reports in three well defined practices:

Content had a challenging year, with like-for-like net revenue declining, particularly in the second half, which impacted margins significantly, although this was tempered by strong cost discipline. Content practice operational EBITDA was £38.9 million, down 47.5% on a reported basis versus 2022 and down 55.7% on a like-for-like basis. Continued control on hiring and reorganisation of the practice has reduced the number of Monks at the year end. We continue to focus on improving the operating model, integration and forecasting. We have made changes to the leadership structure of the Content practice including, a new co-CEO Bruno Lambertini, and new leadership in key markets, including Matt Godfrey in APAC, to reinvigorate growth in local and regional clients.

Data&Digital Media saw a modest like-for-like net revenue decline, which impacted margins. Corrective action on costs was taken. Data&Digital Media practice operational EBITDA was £33.5 million, down 16.0% on a reported basis from the last year and down 21.7% on a like-for-like basis reflecting the decline in revenue, people cost and related benefits increases, and higher travel and selling costs against a covid impacted comparison. ▶

Letter to shareowners continued

> We are seeing our AI initiatives improving productivity in visualisation and copywriting, delivering more personalisation at scale, more automated media planning and buying, improving general client and agency efficiency and democratising knowledge"

Technology Services, after a strong first half, declined slightly in the second half due to phasing and a reduction in work with some larger clients and strong comparatives. Overall the practice delivered operational EBITDA of £43.4 million and up 20.2% on a reported basis from the prior year, up 0.7% like-for-like. Given these trends, Technology Services faces a challenging outlook for 2024, both at the revenue and profit level.

The Americas net revenue was £688.1 million and now represents 79% of our total net revenue reflecting the growth in Technology Services. EMEA and APAC had a more challenging year and now represent 15% and 6% of our total respectively.

Both Data&Digital Media and Technology Services market growth rates remain above those of traditional analogue markets. We are mainly focused on the digital media and transformation markets and are at the heart of developing trends around AI, the metaverse, blockchain and quantum computing.

We are seeing our AI initiatives have impact in improving visualisation and copywriting productivity, in delivering hyper-personalisation at scale, in more automated media planning and buying, in improving general client and agency efficiency and in democratising knowledge. This includes the launch of Monks.Flow, an AI-centric professional managed service. The initial client traction reinforces our confidence in our offering and approach.

There is ongoing geopolitical uncertainty around US/China relations, the war in Ukraine and conflict in the Middle East meaning clients are likely to remain cautious despite confidence improving on the prior year, with the expectation of interest rate reductions to come later in 2024.

Environmental, Social and Governance (ESG) strategy

2023 was focused around the three areas of our ESG strategy:

- People Fulfilment
- Our Responsibility to the World
- One Brand

We are adopting new tools to help us move towards increased transparency and measuring of CO_2 emissions. We continue to engage with leading stakeholders, industry efforts and global initiatives – like the World Economic Forum, Shanghai Municipality's International Business Leaders' Advisory Council (IBLAC) and on Amazon's Climate Pledge. Our goal is to reach net zero by 2040, and we have a clear understanding of the emission reduction opportunities within the Group. We have submitted our formal SBTi targets for approval.

Across the Group, we donated 1,449 hours for community and charity services and increased our For Good projects from 445 to 502.

We focused on our people and people experience using our DE&I platform, Diversity in Action, which touches all aspects of our business. We ran our third Women in Leadership programme at Berkeley University and welcomed three new S4 Fellows. Embedding a greater understanding of diversity and cultural fluency into the Group is also a top priority. We are a signatory to the United Nations (UN) Women's Empowerment Principles and continue to focus on closing the representation gap in our industry by providing training to underserved and/or underrepresented talent.

You can read more about our ESG performance and activities on pages 43-74.

Officer and Board Changes

We are delighted to announce Jean-Benoit Berty, has been appointed Chief Operating Officer and a member of the Executive Committee with immediate effect. Prior to joining the Group, Jean-Benoit was a Senior Partner at Ernst & Young for approximately 18 years, where he held various leadership roles, including being the Technology, Media & Telecommunications Leader, Head of Industries and part of the original management team to build the Consulting practice. Jean-Benoit has also spent the past 12 years advising boards and management teams in the advertising and media industry on strategic and operational initiatives. His experience spans across strategic growth; commercial, organisational and operational effectiveness; margin improvement and enterprise-wide transformation. His previous roles include being Vice President at Capgemini Consulting and Managing Director at CRM consultancies. Christopher S. Martin will now be able to focus 100% on leading the Data&Digital Media Practice.

Following last year's Board effectiveness review, the Board decided to develop a more traditional, streamlined Board structure, where Directors are primarily non-executive. As a result, Christopher S. Martin, Victor Knaap, Wes ter Haar and Scott Spirit have all agreed to retire from the Board at the conclusion of the next Annual General Meeting. Each of the retiring Executive Directors will retain their current roles within the Company and, as now, their involvement in the Executive Committee, where they will be joined by Jean-Benoit Berty. Finally, Wes ter Haar will become a Board Observer, as an example of our founder/management ownership approach and to support input into our strategy, such as the focus on AI.

The Directors' share ownership guidelines (which require Executive Directors to hold shares of equivalent value to 200% of their basic salary) will apply to Jean-Benoit Berty and continue to apply for a period of two years after any Executive ceases to be employed by the Group.

The Directors' Remuneration Policy (including the share ownership guidelines which require Executive Directors to hold shares of equivalent value to 200% of their basic salary) will continue to apply to the senior executives as it applies to Directors and Jean-Benoit Berty's compensation arrangements will be in accordance with such Policy. The share ownership guidelines continue to apply for a period of two years after any executive ceases to be employed by the Group.

Summary and outlook

We expect clients to remain cautious in the near term, despite the possibility of interest rate reductions later in 2024.

At a practice level we expect Content profitability to show an improvement reflecting the benefit of cost reductions made in 2023, Data&Digital Media to show a similar top- and bottom-line performance to the prior year with some margin improvement, while the outlook for Technology Services is more challenging following a reduction in activity with some key clients.

For the Group, given the current outlook for Technology Services and wider market uncertainty, we are targeting like-for-like net revenue to be down on the prior year with a broadly similar overall level of operational EBITDA as 2023. The comparatives with 2023 will be difficult in the first-half and will be easier in the second-half. We expect the year to be heavily second-half weighted with improving end markets and our normal seasonality.

Our net debt is expected to reduce in 2024 due to positive free cash flow and significantly lower combination payments. Our targeted range for the year end is £150 million to £190 million. We continue to aim for financial leverage of around 1.5 times operational EBITDA over the medium term.

Over the medium to longer term we continue to expect our growth to outperform our markets and operational EBITDA margins to return to historic levels of around 20%. The strategy of S4Capital remains the same. The Group's purely digital transformation model, based on first-party data fuelling the creation, production and distribution of digital advertising content, distributed by digital media and built on technology platforms to ensure success and efficiency, resonates with clients. Our tagline 'faster, better, cheaper, more' (to which with the arrival of AI we have added 'more') and a unitary structure both appeal strongly, even more so in challenging economic times. ■

Sir Martin Sorrell
Executive Chairman

Progress against our strategy

The Company's purely digital model is based on first-party data fuelling the creation, production and distribution of digital advertising content and distributed by digital media combined with technology services. This continues to resonate with our clients.

Strategic pillar	Objective	2023 progress
Clients	• Build scaled relationships with clients. 20x20 goal: 20 clients with $20 million annual revenues ('whoppers') • Focus on Technology clients	• Re-categorised clients as Scaled, Portfolio and Local • Appointed two Chief Client Officers for Scaled and Portfolio categories • Retained 10 'whopper' clients • 43% revenue from Technology clients
People	• Attract, retain and develop the best talent in the industry	• Quarterly career growth conversation model successfully launched • Reduced headcount in alignment with revenue and operational EBITDA across all three practices • Expanded DE&I programmes to include local iterations of community groups, and introduced one new global group • Successfully deployed Accelerate.Monks, a global training and educational programme, reaching over 1,000 participants globally. Adapted into a peer-to-peer learning platform • Motif.Monks evolved into a CEO-led monthly touchpoint for senior managers to facilitate awareness of key business changes
Culture	• Build a diverse culture and increase diverse representation	• Maintained a 6% representation of Black employees • Increased BIPOC representation from 37% to 38% • Experienced a decrease in Women in leadership representation from 40% to 38% • Ran our 3rd S^4 Women in Leadership programme at Berkeley University • Recruited three Fellows due to start in 2024
Sustainability	• Net Zero by 2040 (The Climate Pledge)	• Shifted our strategy from being carbon neutral in 2021 and 2022 through carbon offsetting, to become Net Zero by 2040 • Set SBTi (emission reduction) targets and submitted to SBTi for approval • ESG software implemented • ESG reporting improved with CDP score from B- to B • Implemented ESG policies and enhanced governance and procedures
Integration	• Unitary structure	• Integration of Jam3 as Experience.Monks • Simplification of capabilities in Content • Improved system integration, data quality and connectivity • Unifying financial systems within DDM underway • Continued to streamline real estate footprint and introduced return to office policy • 'NOW' established as North Star proposition
Revenue growth	• Outpace the growth of the addressable digital markets	• Revenue declined 7.8% on a like-for-like basis • Achieved revised guidance targets
Margin	• Improve margin, long-term target of around 20% operational EBITDA margin	• Operational EBITDA margin down 550bps on a like-for-like basis • Achieved revised operational EBITDA margin target • Reduction in headcount and operational costs

2024 goals	Measurement
• Further penetration of Scaled and Portfolio clients • Develop more 'whoppers' • Deliver market-leading AI case studies • Increase purpose-driven clients	• Number of 'whoppers' • Average revenue per client • % revenue by industry sector **Read more on pages 7 and 16**
• Implement global merit cycle across all business segments • Ongoing adoption of Growth Conversation model in Workday • Empowerment and expansion of localised DE&I communities and cultural recognition • Creation of Community Group Hub for global and local groups • Successfully executed the second launch of the Accelerate.Monks programme • Launched the 'What's Happening NOW' podcast to keep Monks informed about current updates and developments	• Four quarterly career growth conversations **Read more on pages 64–67**
• Increase representation of Black talent in the US • Maintain or increase our current BIPOC composition in the US • Increase women in leadership • Host 4th cohort of S4 Women in Leadership • Recruit 4th cohort of S4 Fellowship	• Annual diversity survey **Read more on pages 64–67**
• Finalise B Corp certification process in 2024 • Progress EcoVadis Score • Prepare for ESG audits and implement controls in anticipation of CSRD/SECR • Formalise and execute SBTi transition plan on emission reduction targets to be Net Zero by 2040 • Good progress on sustainable procurement measures and policies	• Carbon output reduction in line with our SBTi transition plan • B Corp accreditation • Increase Purpose-driven clients and For Good projects • Increase in renewable energy **Read more on pages 43–74**
• Further integration of combinations and collaboration between practices • Increased platform unification and comprehensive connectivity across CRM, HRIS, Financial and Corporate systems • Continued focus on optimising the real estate portfolio	• % of cross-practice clients • Number of combinations fully integrated **Read more on page 116**
• Achieve 2024 like-for-like growth target in line with guidance	• Like-for-like net revenue growth **Read more on pages 21–27**
• Achieve operational EBITDA margin target • Improve utilisation rates • Balance net revenue growth and hiring	• Operational EBITDA margin **Read more on pages 21–27**

Our strategy in action

Unification

One unified brand makes it easy for our clients to choose us... our team turns up as one, with a shared culture and a clear understanding of our roles and goals in the industry.

Together as one

We are in the services industry and when clients engage with us on their business needs or marketing and technology challenges, they expect us to respond by pulling together the best and most relevant resources by capability and/or geography.

Our unitary structure, aligned around the Media.Monks brand, enables us to provide an integrated service to clients and gives our people a sense of common values, shared goals, broader career paths and a collaborative spirit.

The importance of a unitary structure

One of our key differentiators at S4Capital is our unified approach and structure, something we have focused on since day one. Going to market with a single brand and a single P&L approach allows us to be truly client centric and construct teams which address client needs without silos, politics or misaligned interests. It allows us to be unified and always on.

Scott Spirit
Chief Growth Officer

Blended skills create breakthrough tool

Longtime Amazon advertiser, Philips Domestic Appliances, asked Media.Monks to help integrate creative optimisation with media performance on a large scale. This kind of operation requires deep expertise in machine learning, artificial intelligence and creative production. A tall order, but no sweat for our blended data, media and content teams. After laying the groundwork, including enabling access to enriched user data to assess media performance and a streamlined creative categorisation and labelling process, we custom-built a machine learning-powered tool fully tailored and automated for Philips' specific business case. This breakthrough enabled the identification of numerous opportunities for optimising ad treatments, while eliminating the need for speculative optimisation and manual data engineering work.

Star rating in iOS app store

4.7

↗ **See the full story**

Our strategy in action continued

A complete reset

Our clients are facing challenges unlike any they have faced in many years. AI is resetting the relationship between talent and the enterprise and the enterprise and the consumer.

The transformational journey that our clients are embarking on isn't a straight shot from A to B — you won't be able to connect the dots looking forward. But it will be driven by the same principles that always drives innovation: speed, creativity and quality.

We are uniquely poised to bring the combination of Technology consulting strategy, product design and delivery with the capabilities of Content and Data&Digital Media to help our clients to navigate these uncharted waters.

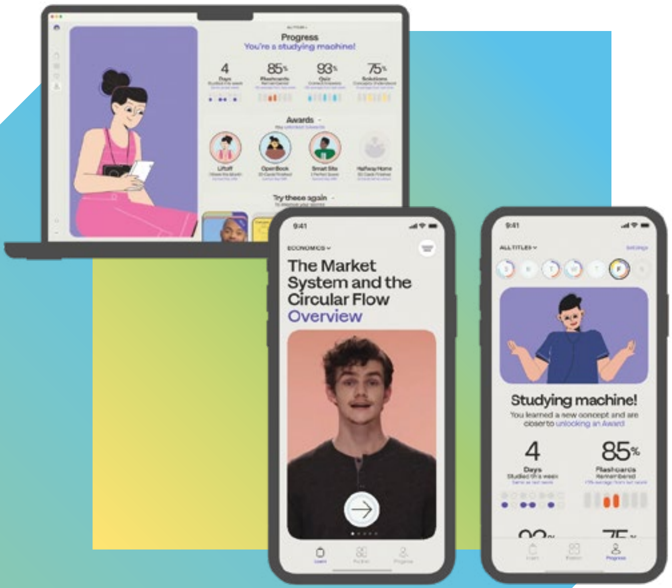
Trans form ation

We are entering a phase of intense disruption, but also incredible opportunity. Artificial intelligence is literally rewriting the fundamental rules of business.

Embracing AI

The successful organisations to navigate disruptive forces are going to be those that embrace AI as a change agent. Those that use AI as a way to drive efficiencies at scale, not necessarily by automating and replacing human ingenuity, but by augmenting it by using AI to capture upside.

Brady Brim-DeForest
CEO, Formula.Monks



Revolutionising study for kids

McGraw Hill has been a household name in education for over a century but has to stay relevant and appeal to Gen Z learners. Formula.Monks added robust functionality and a gamified learning experience to help the publisher scale and monetise its Sharpen app, creating a new stream of revenue and underscoring McGraw Hill as a leader in EdTech.

↗ **See the full story**

Our strategy in action continued

Disruption

The combination of AI, AR and quantum computing has created an innovation firestorm and brought radical change to the marketing services industry.

New world order

In the right hands, AI and its companions can bring about innovations that deliver what clients need in these turbulent and disruptive times. Greater efficiencies. New revenue streams. Breakthrough campaigns.

As the one player who understands the interaction of media, data, creative and tech, we are at the centre of this new world. We help our clients and their brands learn, adapt and innovate so that they can manoeuvre, control and succeed.

The big disrupters

Whenever you connect social with AI, AR and quantum computing, you can create the nirvana of every single marketeer. You can harness the power of authentic connections and make sure that social drives and unlocks new revenue streams. This disruption creates huge opportunities. If you want to capitalise on this disruption, you have to be first and fast.

Bruno Lambertini
Co-CEO, Content

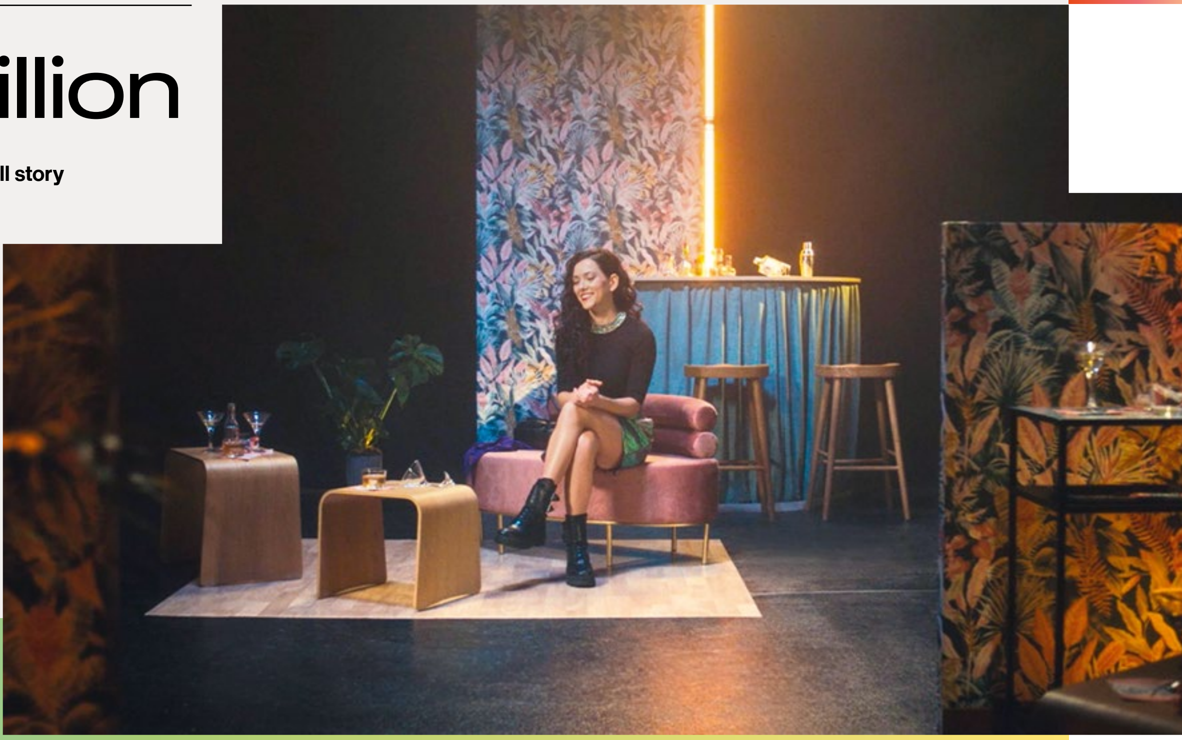
Not guilty: exposing bias

When it comes to gender violence, is the phenomenon of victim blaming still so deep-rooted? Yes, if you believe AI responses. Multinational beauty retailer Sephora and Media.Monks exposed the pervasive bias that exists around violence against women through ChatGPT-generated scripts about abuse at home, in the workplace and in a bar. In all the situations, the scripts had the female protagonist blaming herself. The resulting 'mAI colpevoli' (or 'Never Guilty') campaign, which launched on the International Day for the Elimination of Violence Against Women, was developed by Media.Monks to challenge cultural biases that fuel victim blaming and also highlight Sephora's steadfast support for women's freedom and self-expression.

Interactions

12 million

↗ **See the full story**



Measuring success: Key Performance Indicators

The Group uses a variety of Key Performance Indicators (KPIs) to monitor both financial and non-financial performance. Where applicable KPIs are based on alternative performance measures[1] to give a consistent year-on-year comparison.

Financial

Like-for-like net revenue £m

£873.2m

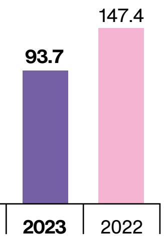
Like-for-like -4.5%

This is more closely aligned to the fees the Group earns for its services provided to the clients. This is a key metric used in business when looking at both Group and practice performance.

Like-for-like operational EBITDA £m

£93.7m

Like-for-like -36.6%

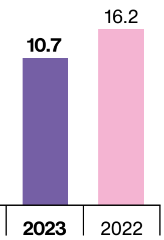


Operational EBITDA is operating profit before the impact of adjusting items, amortisation of intangible assets and property, plant and equipment depreciation. The Group considers this to be an important measure of Group performance and is consistent with how the Group is assessed by the Board and investment community.

Like-for-like operational EBITDA margin

10.7%

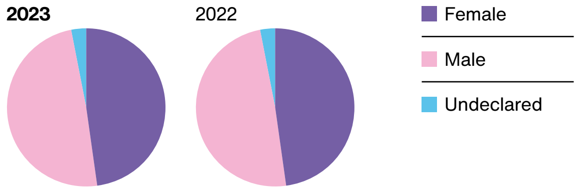
Like-for-like -550bps



Operational EBITDA margin is operating profit before the impact of adjusting items, amortisation of intangible assets and property, plant and equipment depreciation, as a percentage of net revenue.

Non-financial

Diversity, Equity & Inclusion

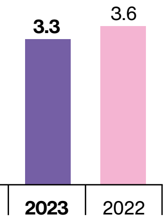


We have made strides in our commitment to foster an environment of diversity, equity, inclusion and belonging by focusing on gender equality and gender pay gap equality, among others detailed on page 64-66.

Climate change

3.3 tCO_2e **per FTE**

2022: 3.6 tCO_2e per FTE[2]



Greenhouse gas emissions for Scope 1, 2023 vs 2022, Media.Monks global. For all three GHG Scopes see page 57.

For an explanation of the significant difference between our GHG disclosures in the 2022 ESG Report and the 2022 SBTi Baseline see page 55.

Integration

26

out of 34 combinations fully integrated to date

Notes:

1. Further detail on alternative performance measures can be found in the Appendix to the Annual Report and Accounts on page 202.
2. 2022 figures recalculated.

Financial review

"We continued to enhance our financial processes and controls, supported by a now well established finance team"

Mary Basterfield
Group Chief Financial Officer

Billings
£1,870.5m
-1.1%
Like-for-like[1] -1.4%

Revenue
£1,011.5m
-5.4%
Like-for-like[1] -7.8%

Net revenue
£873.2m
-2.1%
Like-for-like[1] -4.5%

Operational EBITDA
£93.7m
-24.6%
Like-for-like[1] -36.6%

Operational EBITDA margin
10.7%
-320 basis points
Like-for-like[1] -550 basis points

Adjusted operating profit
£82.0m
-28.1%
Like-for-like[1] -40.6%

Operating profit
£20.2m
2022 -£135.3m loss

Note:
1. Like-for-like is a non-GAAP measure and relates to 2022 being restated to show the unaudited numbers for the previous year of the existing and acquired businesses consolidated for the same months as in 2023 applying currency rates as used in 2023.

Financial review continued

Introduction

Despite a challenging 2023 with slower market growth and ongoing macroeconomic uncertainty, cautious spending from clients, a difficult year for new business and a lower seasonal uplift than in previous years we have continued to enhance our financial processes and controls. We are supported by a now well established finance team, with a focus on operational EBITDA margin, tight cost controls, forecasting and driving cash generation. We will continue to focus on all of these areas throughout 2024,along with ongoing investments in finance systems and processes to support the Group in delivering its targets for the year.

Alternative performance measures

Management includes non-GAAP measures in reporting as they consider these measures to be both useful and necessary. They are used by management for internal performance analyses; the presentation of these measures facilitates comparability with other companies, although managements' measures may not be calculated in the same way as similarly titled measures reported by other companies; and these 'alternative performance measures' are useful in connection with discussions with the investment community.

The Group uses alternative performance measures as we believe these measures provide additional useful information on the underlying trend, performance and position of the Group. These underlying measures are used by the Group for internal performance analyses, and credit facility covenants calculations. The alternative performance measures include 'adjusted operating profit', 'adjusting items', 'adjusted operational EBITDA' and 'EBITDA' (earnings before interest, tax, depreciation). The terms 'adjusted operating profit', 'adjusting items', 'adjusted operational EBITDA' and EBITDA are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. The measures are not intended to be a substitute for, or superior to, GAAP measures. A full list of alternative performance measures and non-IFRS measures together with reconciliations to IFRS measures are set out in the Appendix to the Annual Report and Accounts on page 202.

Financial summary

Billings[1] were £1.9 billion, down 1.1% on a reported basis and down 1.4% like-for-like[2] and pro-forma[3]. Controlled billings[4], that is billings we influenced,were approximately £5.0 billion (2022: £5.7 billion).

Revenue was £1,011.5 million, down 5.4% from £1,069.5 million on a reported basis and down 7.8% like-for-like.

Net revenue was £873.2 million, down 2.1% reported and down 4.5% like-for-like.

Reported operational earnings before interest, taxes, depreciation and amortisation (operational EBITDA) was £93.7 million compared to £124.2 million in the prior year, a reported decrease of 24.6% and down 36.6% on a like-for-like basis reflecting the challenging revenue trajectory. We have continued to maintain a disciplined approach to cost management, including headcount and discretionary costs. These controls have resulted in the number of Monks at the end of the year being 7,707, down 13% from around 8,891 at this time last year and down 15% on the June 2022 figure. In December 2023, the Argentinian peso significantly devalued by over 50%. Operational EBITDA excludes this one-off benefit of £9.3 million, which is included in adjusting items. The outturn was in line with our revised operational EBITDA targets.

Operational EBITDA margin was 10.7%, down 320 basis points versus 13.9% in 2022 and down 550 basis points like-for-like reflecting primarily the lower growth and margins in the Content practice and lower margins in Data&Digital Media and Technology Services. Our ambition remains to return full year margins to historic levels, around 20%, over the longer term.

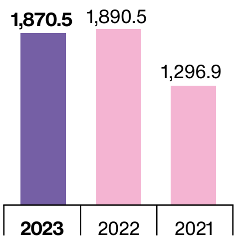
Notes:
1. Billings is gross billings to clients including pass-through costs.
2. Like-for-like is a non-GAAP measure and relates to 2022 being restated to show the unaudited numbers for the previous year of the existing and acquired businesses consolidated for the same months as in 2023 applying currency rates as used in 2023.
3. Pro-forma numbers relate to unaudited full year non-statutory and non-GAAP consolidated results in constant currency as if the Group had existed in full for the year and have been prepared under comparable GAAP with no consolidation eliminations in the pre-acquisition period.
4. Controlled billings is billings we influenced in addition to billings that flowed through the consolidated statement of profit or loss.

Adjusted operating profit was down 28.1% on a reported basis to £82.0 million from £114.1 million, before adjusting items of £61.8 million (2022: £249.4 million). The reduction in adjusting items is largely due to lower combination payments tied to continued employment. Adjusting items also includes share-based payments, restructuring costs primarily related to headcount, amortisation of business combination intangible assets and the benefit to our costs of the significant devaluation of the Argentinian peso.

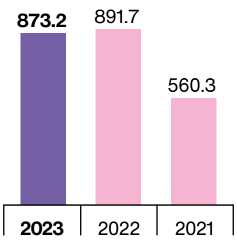
The reported operating profit of £20.2 million, was an improvement of £155.5 million on 2022, reflecting a reduction in acquisition expenses. Loss for the year was £6.0 million (2022: £160.5 million).

Adjusted basic earnings per share was 5.7p, versus adjusted basic earnings per share of 11.4p in 2022. Basic loss per share was 0.9p (2022: 27.2p). ►

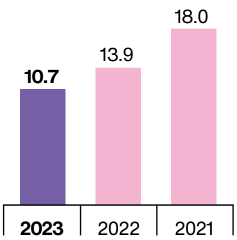
Billings £m



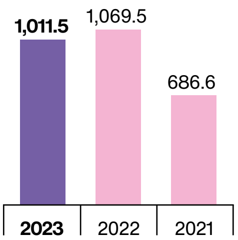
Net revenue £m



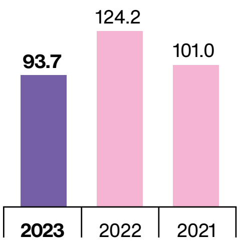
Operational EBITDA margin %



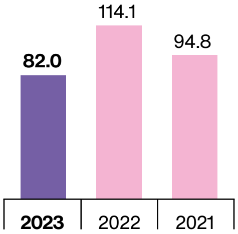
Revenue £m



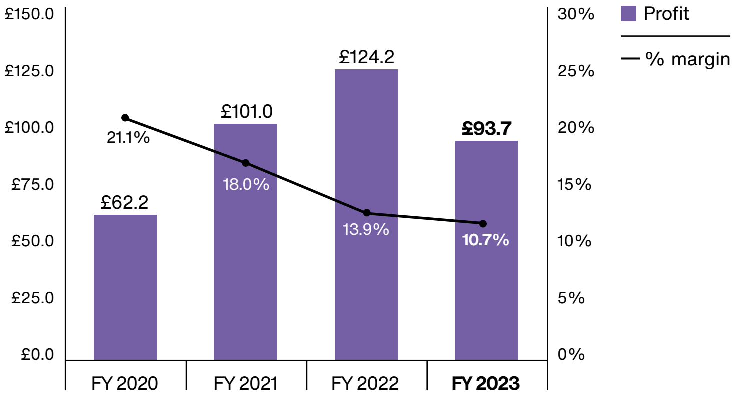
Operational EBITDA £m



Adjusted operating profit £m



Operational EBITDA and margin £m/%

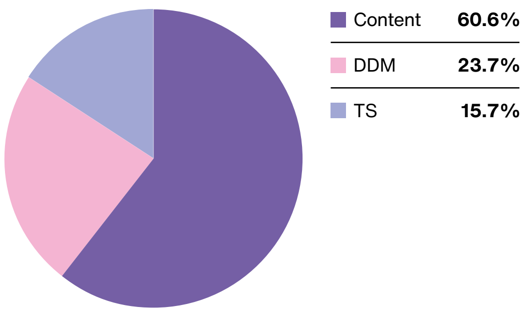


Financial review continued

Practice performance

Content practice operational EBITDA was £38.9 million, down 47.5% on a reported basis versus 2022 and down 55.7% on a like-for-like basis. The Content practice operational EBITDA margin was 7.4%, compared to 12.7% in 2022, reflecting lower revenues impacting profitability. Continued control on hiring and reorganisation of the practice has reduced the number of Monks at the year end. We continue to focus on improving the operating model, integration and forecasting.

Net revenue split by practice %



Data&Digital Media practice operational EBITDA was £33.5 million, down 16.0% on a reported basis from the last year and down 21.7% on a like-for-like basis. Data&Digital Media practice operational EBITDA margin was 16.2%, compared to 18.4%, reflecting the decline in revenue, people and related benefits cost inflation and higher travel and selling costs against a covid impacted comparison.

Technology Services performed strongly in the year, with operational EBITDA of £43.4 million and up 20.2% on a reported basis from the prior year, up 0.7% like-for-like and delivering an operational EBITDA margin of 31.7%.

The Content practice's net revenue was down 10.0% like-for-like, and down 9.2% on a reported basis, with Data&Digital Media down 3.1% like-for-like and down 4.4% on a reported basis. Technology Services was up 21.6% like-for-like and up 48.6% on a reported basis.

	Net revenue		
	2023 £m	2022 £m	LfL YoY
Net revenue	873.2	891.7	(4.5%)
Content	528.9	582.7	(10.0%)
Data&Digital Media	207.3	216.8	(3.1%)
Technology Services	137.0	92.2	21.6%
Operational EBITDA	93.7	**124.2**	(36.6%)
Content	38.9	74.1	(55.7%)
Data&Digital Media	33.5	39.9	(21.7%)
Technology Services	43.4	36.1	0.7%
Central	(22.1)	(25.9)	(15.0%)
Operational EBITDA margin	10.7%	**13.9%**	(550bps)
Content	7.4%	12.7%	(750bps)
Data&Digital Media	16.2%	18.4%	(380bps)
Technology Services	31.7%	39.2%	(650bps)

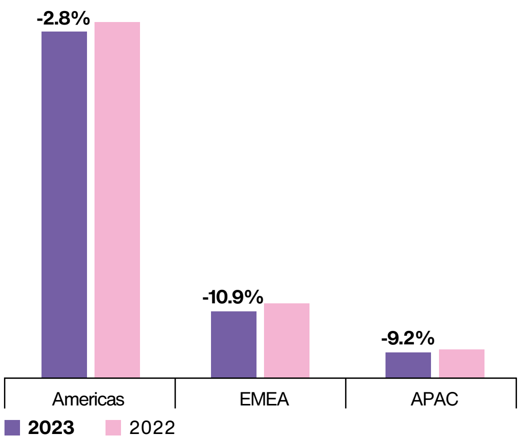
We continue to focus on improving the operating model, integration and forecasting"

Geographic performance

The Americas net revenue was £688.1 million (79% of total), up 0.6% on a reported basis from last year. On a like-for-like basis the Americas net revenue was down 2.8%, with growth in our 'whoppers' offset by slower market growth and client caution.

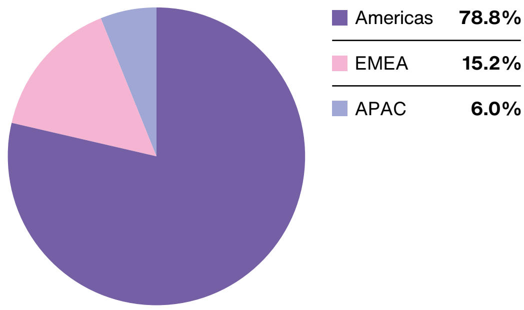
EMEA net revenue was £133.1 million (15% of total), down 10.2% from last year on a reported basis. On a like-for-like basis EMEA net revenue was down 10.9% primarily reflecting macroeconomic conditions leading to slower market growth and client caution and a difficult new business environment.

Net revenue growth by region, like-for-like %



APAC net revenue was £52.0 million (6% of total), down 12.6% on a reported basis. On a like-for-like basis APAC net revenue was down 9.2% reflecting challenging market conditions, and lower client demand. ▶

Net revenue split by region %



Financial review continued

Cash flow

	Year ending 31 December 2023 £m	Year ending 31 December 2022 £m
Operational EBITDA	93.7	124.2
Capital expenditure[1]	(10.2)	(16.1)
Interest and facility fees paid	(26.7)	(16.3)
Income tax paid	(20.5)	(19.0)
Restructuring and other one-off expenses paid	(20.8)	(4.9)
Change in working capital[2]	(1.7)	1.9
Free cash flow	13.8	69.8
Mergers & Acquisitions	(80.8)	(162.6)
Other	(3.6)	0.6
Movement in net debt	(70.6)	(92.2)
Opening net debt	(110.2)	(18.0)
Net debt	(180.8)	(110.2)

Notes:

1. Includes purchase of intangible assets, purchase of property, plant and equipment and security deposits.
2. Working capital primarily includes movement on receivables, payables, principal elements of lease payments and depreciation of right-of-use assets.

Free cash flow for 2023 was £13.8 million, a reduction of £56.0 million compared to 2022, with a lower operational EBITDA, increased cash interest costs reflecting higher interest rates, restructuring payments and a slight outflow in working capital.

Cash paid in relation to combinations (M&A) decreased £81.8 million versus the prior year to £80.8 million reflecting lower M&A activity. The majority of the cash payments have now been made with the majority of the balance of £11.4 million settled in the first quarter of 2024.

Treasury and net debt

The year end net debt was £180.8 million (2022: £110.2 million) or 1.9x net debt/pro-forma operational EBITDA. During the year S4Capital Group (as defined in its facilities agreement) complied with the covenants set in that agreement. The pro-forma operational EBITDA for the year was £93.3 million. S4Capital Group will ensure that the net debt will not exceed 4.5:1 of the pro-forma earnings before interest, tax, depreciation, and amortisation, measured at the end of any relevant period of 12 months ending each semi-annual date in a financial year, as defined in the facility agreement. As at 31 December 2023, the net debt/pro-forma EBITDA, as defined by the facilities agreement, was 1.9x.

The balance sheet has sufficient liquidity and long dated debt maturities. The duration of the facilities agreement is seven years in relation to the TLB, therefore the termination date is August 2028, and five years in relation to the RCF, therefore the termination date is August 2026.

Net debt reconciliation	2023 £m	2022 £m
Cash and bank	145.7	223.6
Loans and borrowings (excluding bank overdrafts)	(326.5)	(333.8)
Net debt	(180.8)	(110.2)
Lease liabilities	(49.0)	(58.4)
Net debt including lease liabilities	(229.8)	(168.6)

Interest and tax

Consolidated statement of profit or loss net financing costs were £35.4 million (2022: £25.7 million), an increase of £9.7 million due to higher interest rates and increased lease costs. The profit or loss tax credit for the year was £7.9 million (2022: £0.8 million expense).

Balance sheet

Overall the Group reported net assets of £865.9 million as at 31 December 2023, which is an increase of £15.8 million compared to 31 December 2022, driven mainly by the reduction in contingent consideration balances.

Acquisitions

Technology Services practice

On 31 October 2023, S4Capital plc announced the business combination of Formula Consultants Incorporated ('FCI') for an expected total consideration of £1.2 million, including performance linked consideration of £0.4 million. The initial cash outlay was funded through the Group's own cash resources for the entire issued share capital of FCI.

The purchase price allocation has been finalised and net identifiable assets acquired totalled £1.0 million, including cash and cash equivalents of £0.3 million. Goodwill arising on the acquisition was £0.2 million. FCI has contributed £0.4 million to the Group's revenue and £0.3 million to the Group's operational EBITDA since the acquisition date.

Outlook/guidance

We expect clients to remain cautious in the near term, despite the possibility of interest rate reductions later in 2024.

At a practice level we expect Content profitability to show a profitability improvement reflecting the benefit of cost reductions made in 2023, Data&Digital Media to show a similar top- and bottom-line performance to the prior year with some margin improvement, while the outlook for Technology Services is more challenging and expected to be lower, following a reduction in activity with some key clients.

For the Group as a whole, given the current outlook for Technology Services and wider market uncertainty, we are targeting like-for-like net revenue to be down on the prior year with a broadly similar overall level of operational EBITDA as 2023, as a result of cost reductions made in the previous year. The comparatives with 2023 will tougher in the first-half and will ease in the second-half. We expect the year to be heavily second-half weighted with improving end markets and our normal seasonality.

Our net debt is expected to fall in 2024 reflecting positive free cash flow and significantly lower combination payments. Our targeted range for the year end is £150 million to £190 million. We continue to aim for financial leverage of around 1.5 times operational EBITDA over the medium term.

Over the medium to longer term we continue to expect our growth to outperform our markets and operational EBITDA margins to return to historic levels of around 20%. ■

Principal risks and uncertainties

We strongly believe that effective risk management is crucial to the financial strength and resilience of the Group and for delivering its business strategy.

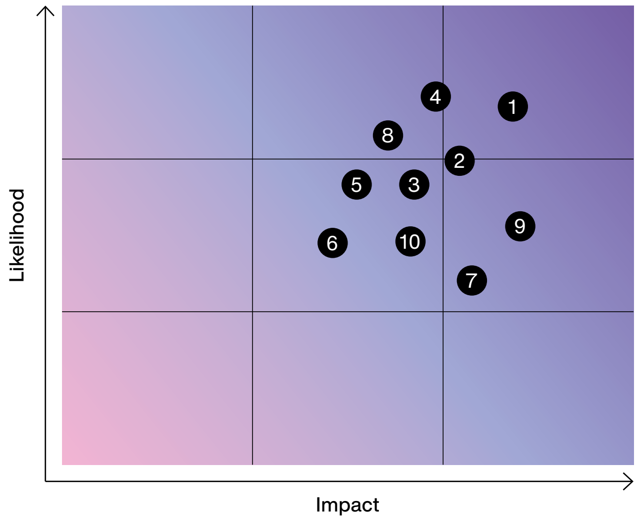
As part of the group's strategy to enhance its resilience and seek to deliver long-term growth, it has invested in creating a more robust approach to managing risk. In February 2023, a new Head of Risks joined the group, which has resulted in a new Enterprise Risk Management (ERM) Framework being launched in the group, following approval by the Audit and Risk Committee and Board.

The new framework has been adopted at a group level and is in the process of being rolled out and embedded globally. The aim is to ensure that the Board is made aware of the key risks, using both a "top down" and "bottom up" approach to provide a holistic view of the key operational, financial, commercial, and strategic risks facing the business.

The Board has ultimate responsibility for the Group's approach to risk management and internal control. On behalf of the Board, the Audit and Risk Committee oversees risk management for the Group. Both the Audit and Risk Committee and Board have reviewed and approved the Group's principal risks. In addition, each principal risk has a senior leader owning it, who is also responsible for documenting the corresponding risk response plan, which is submitted to the Head of Risks for review and monitoring.

Risks

The principal risks and uncertainties that the Board believes could have a significant impact on the Group are set out on pages 29 to 30. Other, less material risks (including emerging risks) are monitored by the Head of Risks and discussed at the Audit and Risk Committee. ▶



Risk description

1. Macroeconomic headwinds could result in existing clients reducing spend and potentially limiting new business opportunities.
2. Limits to market visibility and changing client budgets, combined with a complex internal budgeting and forecasting process, may create volatility in forecasts and results, which with a complicated data landscape, could lead to internal inefficiencies and slow down operational decision making.
3. Inadequate management of the talent lifecycle, from succession planning for key roles, through to people development, or below market salaries, could result in talent gaps, high employee turnover or loss of key talent.
4. If the Group's governance, compliance and ESG structure and processes are not robust, this could impact compliance with Corporate Governance regulations or best practice, or not meet client and investor requirements and expectations.
5. AI is a disruptive technology that can impact the standard commercial models in our industry, as well as scale up and down the need for specific teams and talent in the business. AI is also considered to be a business opportunity as well as a risk, as the Group considers AI to have considerable upsides to its commercial offering and support processes.
6. Slow integration of acquisitions could result in poor execution of the desired unified strategy and create inefficiencies, a fragmented systems environment, value leakage and potential lost new business opportunities.
7. Concentration of clients and suppliers creates a risk of material financial disruption if there is a sudden relationship breakdown, contract loss or reduction in spend from a client.
8. Risk of share price volatility if investors' expectations are not met through consistent and clear corporate messaging.
9. Insufficient controls over Information Security or Data Privacy creates a risk of security breaches, non-compliance with client contracts, or regulatory breach.
10. Increased competitive offerings and low barriers to entry in the industry may impede new business opportunities or erode margins.

Risk	Description	Management actions	Risk trend
1. Macroeconomic headwinds	Macroeconomic headwinds could result in existing clients reducing spend and potentially limiting new business opportunities.	• Broadening the Group's client and geographical mix to increase contribution of diverse regions and sectors beyond technology. • Restructuring the growth team to enhance delivery and accountability. • Improved planning processes for all 'whopper' and 'whoppertunity' clients. • Enhancing the in-house procurement function to manage internal spend and mitigate inflation risk.	↑
2. Operational decision making	Limits to market visibility and changing client budgets, combined with a complex internal budgeting and forecasting process, may create volatility in forecasts and results, which with a complicated data landscape, could lead to internal inefficiencies and slow down operational decision making.	• Internal reorganisation during 2023, including appointing Bruno Lambertini as co-CEO of Content, and new leadership in key markets including APAC. This will drive process improvements, a clear focus on commerciality and profitability, and deliver the strategy in growth markets. • Continued focus on integration and improvement of the operating model for Content. • Enhanced oversight and performance tracking with improved business partnering and rigour in target setting. Investment in HR and finance systems and processes, enhanced training, including on Salesforce globally. • Dedicated investment in relationship management to drive engagement with key clients and get early insight of client trends and drivers.	↔
3. Talent lifecycle	Inadequate management of the talent lifecycle, from succession planning for key roles, through to people development, or below market salaries, could result in talent gaps, high employee turnover or loss of key talent.	• Moving employees onto a single HR platform to better manage people performance and administration. • Increased cross-functional and intra-office employee forums to create a more unified culture and better collaboration across teams. • Salary and benefit benchmarking for key roles. • Increased DE&I forums and mental health support for our people. • Review of job levels and titles to create more consistency around the Group.	↓
4. Governance and compliance	If the Group's governance, compliance and ESG structure and processes are not robust, this could impact compliance with Corporate Governance regulations or best practice, or not meet client and investor requirements and expectations.	• Specialist leaders in ESG, Risk Management, Data Privacy and Compliance have responsibility for creating best practice globally. • A Governance Framework has been established and is being rolled out to strengthen the Group in meeting its obligations. • Enhanced policies are being rolled and embedded in the Company. • Cross-functional working groups have been formalised to ensure compliance with any changes in ESG or other Corporate Governance requirements.	↔

Principal risks and uncertainties continued

Risk	Description	Management actions	Risk trend
5. Artificial intelligence (AI)			
	AI is a disruptive technology that can impact the standard commercial models in our industry, as well as scale up and down the need for specific teams and talent in the business. AI is also considered to be a business opportunity as well as a risk, as the Group considers AI to have considerable upsides to its commercial offering and support processes.	• Media.Monks is *Adweek*'s inaugural AI Agency of the Year, which reflects the Group's ability to capture the opportunities of AI and seize the commercial initiative. • Core teams have had training and enablement programs on use of AI. • The business has forged strong relationships with key technology companies on utilisation and execution of AI tools. • A 'Launch and Learn' model has been rolled out to measure impact of AI use and enable continuous improvement.	↑
6. Integration of acquisitions			
	Slow integration of acquisitions could result in poor execution of the desired unified strategy and create inefficiencies, a fragmented systems environment, value leakage and potential lost new business opportunities.	• Greater centralisation of key corporate and operational teams to enhance process consistency across the Group. • Integrated sales teams and pitches to embed the unified business model. • Roll out of centralised systems such as ERPs and HR workflows to unify support teams. • Creation of new target operating models to consolidate and simplify execution of strategy.	↓
7. Key customers			
	Concentration of clients and suppliers creates a risk of material financial disruption if there is a sudden relationship breakdown, contract loss or reduction in spend from a client.	• 'Whopper' strategy of increasing the number of $20m+ revenue clients, to reduce concentration risk. • Continuing to differentiate the Group's offering against competitors. • In-depth client planning reviews to monitor client health and reduce relationship breakdown risk.	↑
8. Reputation risk			
	Risk of share price volatility if investors' expectations are not met through consistent and clear corporate messaging.	• Regular communication with investors and analysts through roadshows and conferences. • Enhanced use of brokers and trusted third parties to assist with timing and consistency of messaging.	↔
9. Information security and data privacy			
	Insufficient controls over Information Security or Data Privacy creates a risk of security breaches, non-compliance with client contracts, or regulatory breach.	• Awareness and training programme rolled out for staff on key information security ('Infosec') and privacy topics. • Vulnerability management and incident management programmes deployed. • Security controls rolled out in the software development lifecycle. • Enhanced policies and procedure frameworks executed in the Group. • Dedicated Infosec and privacy risk management programmes deployed, including third-party risk management by the Infosec team. • Information Governance Steering Committee established to ensure consistent approach to security of data across the Group.	↔
10. Competitive environment			
	Increased competitive offerings and low barriers to entry in the industry may impede new business opportunities or erode margins.	• Evolution of the Group's service offering, ensuring that it is leading edge. Current focus is on the metaverse and, most importantly, AI. • Three-year strategic planning process to identify opportunities and risks. • Strategic acquisitions if and when appropriate.	↑

Viability Statement

In accordance with Provision 31 of the UK Corporate Governance Code 2018, the Board of Directors of S4Capital Group ('the Group') has assessed the prospects and viability of the Group over a period of three years from 1 January 2024. The three-year period has been chosen as it aligns with the Group's strategic planning cycle, the rapidly changing landscape in the marketing and advertising industry, and the time horizon typically employed for the assessment of industry-specific risks and uncertainties.

The selection of a three-year period also allows the Group to balance short-term responsiveness with long-term strategic planning, reflecting our focus on agility, adaptability and innovation. This period is deemed appropriate considering the following factors:

1. **Industry dynamics:** The marketing and advertising industry is characterised by rapid technological advancements (including the impact of AI), evolving consumer preferences and the need for constant innovation. A three-year period allows the Group to monitor and adapt to these changes while maintaining a forward-looking perspective on future opportunities and challenges.
2. **Competitive landscape:** Given the fast-paced nature of the industry, it is essential for the Group to maintain a competitive advantage by anticipating and responding to emerging trends and client demands. A three-year period is suitable for assessing our competitive position and developing strategies to maintain and strengthen our market share.
3. **Environmental risks:** The Group recognises the importance of addressing environmental risks, including climate change and resource scarcity. A three-year period allows the Group to assess and manage the potential impact of these risks on its operations and implement measures to minimise any adverse effects.
4. **Financial resilience:** A three-year period aligns with the Group's strategic planning processes, enabling the Board to evaluate the financial resilience of the business while considering potential risks and uncertainties.

The Board has set the strategy for the Group within the digital marketing and advertising sector, considering key factors such as market dynamics, competitive landscape, technological developments, regulatory environment and the Group's financial resilience. The Board has also reviewed the Group's risk management framework, which identifies, evaluates and mitigates significant risks to the business, including both internal and external factors, with particular attention to environmental risks.

Key assumptions underpinning the viability assessment include the following:

1. Sustainable revenue growth driven by the increasing demand for digital marketing and advertising solutions and our ability to respond effectively to industry trends.
2. Adherence to a disciplined financial strategy, focusing on maintaining a prudent level of debt and ensuring access to adequate sources of funding.
3. Compliance with relevant laws and regulations, as well as our commitment to upholding the standards of corporate governance.
4. Effective management of key risks, including economic, operational, environmental and reputational risks, through the implementation of robust mitigation strategies.

The Board of Directors has performed a robust assessment of the principal risks and uncertainties that could threaten the business model, future performance, solvency or liquidity of the Group. The assessment includes an evaluation of the Group's resilience to these threats in severe but plausible scenarios. The principal risks and uncertainties that the Board believes could have a significant adverse impact on the Group's business are set out on pages 28 to 30.

In the downside scenario, the Group models a considerable decline in demand during 2024, 2025 and 2026, resulting in a significant 13% reduction in net revenue along with an 8% reduction in operating costs when compared to the Board-approved three-year plan forecasts. ▶

Principal risks and uncertainties continued

The results of our stress test in the downside scenario indicate that the Group maintains adequate liquidity throughout the evaluation period without breaking any existing debt covenants, demonstrating resilience under these challenging conditions.

The Board can leverage a variety of potential mitigating actions to control costs and manage cash flow. A combination of the following mitigating actions (all of which would be fully under the Group's control) could be leveraged to achieve over and above the level of operating cost reductions assumed in the downside scenario, if required:

1. **Workforce planning:** Review the Group's workforce and implement measures to optimise resource allocation, including potential hiring freezes, voluntary redundancy programmes or reskilling initiatives.
2. **Cost reduction:** Identify and implement cost-saving measures across the Group, including potential reductions in discretionary spending and operational efficiency improvements.
3. **Portfolio optimisation:** Re-evaluate the Group's product and service offerings to focus on high-margin, high-demand areas, while discontinuing underperforming or low-margin products and services.
4. **Financial management:** Review the Group's financial position and explore options for restructuring its debt, such as renegotiating loan terms, refinancing existing debt or securing alternative sources of financing.

In addition to the mitigating actions outlined above, the Group has access to a fully undrawn Revolving Credit Facility (RCF) of £100 million. This facility serves as an additional financial resource that can be utilised to manage liquidity, support operational stability, and address any unforeseen challenges or opportunities that may arise during the assessment period.

Based on the outcome of this comprehensive assessment, the Board has a reasonable expectation that S4Capital plc will be able to continue in operation and meet its liabilities as they fall due over the three-year period of assessment. The Board acknowledges that there are inherent uncertainties in any forward-looking analysis and, therefore, it will continue to monitor and update the Group's risk management framework and business strategy as needed. ■

The Strategic Report on pages 8 to 32 was approved by the Board of Directors on 26 March 2024 and signed on its behalf by:

Martin Sorrell

Sir Martin Sorrell
Executive Chairman

26 March 2024

Mary Basterfield
Group Chief Financial Officer

26 March 2024

2 Industry outlook & ESG reports

Shifts, rifts and dislocation

By Sir Martin Sorrell

During the last two years the shifting tectonic plates underpinning economic and political activity around the globe came together to release a series of powerful disruptive forces that have thrown the world into a heightened level of uncertainty for the near to medium future.

The world turns

In the Middle East, a political earthquake was triggered by the clash of ambition between regional players in the form of a new conflict focused on Israel and Gaza; the war in Ukraine ground on and the standoff between China and the US showed no signs of easing; artificial intelligence underwent a step change in evolution and public consciousness; and catastrophic climate change moved a step nearer as 2023 became the hottest year on record.

The aftershocks of the pandemic continued to rumble on in the form of new working practices, unprecedented reliance on technology, and an epic overhang of debt which combined with supply chain disruption to sustain damaging inflation and growth-sapping interest rates around the world. And as the population of India overtook that of China for the first time, emerging powers competed for influence in the race for leadership within a new multi-polar world.

So what does all this mean for the year ahead? Much will hinge on the outcome of major elections around the world. 2024 is set to be a milestone year for democracy with almost half the world's population choosing new leaders, including those in India, Indonesia, Mexico, Pakistan, Russia, the UK and the US. Whether Donald Trump or Joe Biden returns as President in the US is a question that will have a key impact on global politics as well as the outlook for business.

Otherwise, there are big questions to be asked about whether the embracing of AI will race ahead unchecked, what impact that will have in our industry, how China emerges from its growing pains and just how quickly interest rates are brought down by major central banks. But all the signs are that while economic uncertainty is reducing, political uncertainty is going to be greater than ever.

Here's what we know so far.

We have entered a period of intense competition between nations, where the 'easy' economic gains of the past are no longer readily available, and it seems so often that growth can only be clawed at the expense of other rival countries"

We're in the midst of a poly-crisis

War in Ukraine, the conflict between Israel and the Palestinians in Gaza, the malevolent ambitions of Iran, the looming threat to Taiwan's independence, question marks over democracy itself in the US and elsewhere... all these are evidence of a crisis that has many heads surfacing around the world and casting a pall of uncertainty for business leaders wanting to plan for the months and years ahead.

The poly-crisis extends far beyond the geopolitical arena: climate change; loss of biodiversity; pandemic; and widening economic disparities all add to the sense of emergency on multiple fronts.

These are overlapping and interconnected challenges that can't be solved by any country in isolation and make a call on international collaboration that is itself struggling to provide a coherent response as the traditional level of consensus breaks down.

We have entered a period of intense competition between nations, where the 'easy' economic gains of the past are no longer readily available, and it seems so often that growth can only be clawed at the expense of other rival countries. That is leading to assertion of a new multi-polar world order no longer dominated by the US, in which new partnerships are being forged and ambitions pursued while the global outlook that has prevailed for recent generations is replaced by increasing fragmentation. ►

10 things to think about

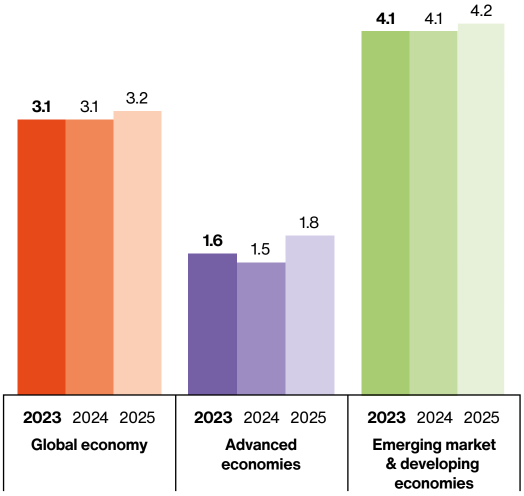
1. The world is now changing from the 40 years since Professor Ted Levitt's 'Globalization of Markets' was published in the *Harvard Business Review* in May/June 1983.
2. GDP growth will be slower, inflation higher and interest rates higher than before.
3. US/China relations, Russia's ambitions in Ukraine and beyond, Iran's aspirations in the Middle East, along with North Korea's volatility, all mean increased instability.
4. In this new world, two trends are particularly important for our clients and us. First, pick your geographic markets more carefully, mainly in the Americas, the Middle East and Asia Pacific. Second, efficiency becomes more important. AI, the metaverse, blockchain and quantum computing will drive this efficiency gain everywhere, but particularly in lower-growth Europe.
5. In this new world, clients have to focus on three things: agility; taking back control of their marketing; and first-party data.
6. Digital will continue to dominate media spend from 65% now to more than 70% by 2025.
7. The six major platforms – Alphabet, Meta, Amazon, Alibaba, Tencent and ByteDance – will continue to dominate digital media.
8. Clients will continue to focus on short-term results, so activation, performance and measurement have become ever more important.
9. Connected TV: retail advertising will become more and more important as linear TV remains under pressure.
10. AI will drive major changes in visualisation and copywriting, in hyper-personalisation, in media planning and buying, in client efficiency and in the democratisation of knowledge. As a result, companies will have flatter organisational structures and become more efficient.

Shifts, rifts and dislocation continued

In 2023 China used the BRICS forum directly to challenge western hegemony as six emerging market countries – Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates – were invited to join the bloc. The E7 group of seven leading emerging markets – Brazil, China, India, Indonesia, Mexico, Russia and Turkey – now has a higher combined GDP than its established counterpart the G7, composed of Canada, France, Germany, Italy, Japan, the UK and the US. Even the E6, excluding China, would be larger than a G6 excluding the US. Saudi Arabia exemplifies the new-found ambition among emerging states. Its leader, Mohammed bin Salman, is attempting to position the country as a world political and economic power as well as masterminding a transformation of the company's image. Alongside well-versed investments in golf, cricket, football and cultural activities he has forged a close relationship with China, restored relations with Iran and was on the verge of normalising relations with Israel before the attack on 7 October last year.

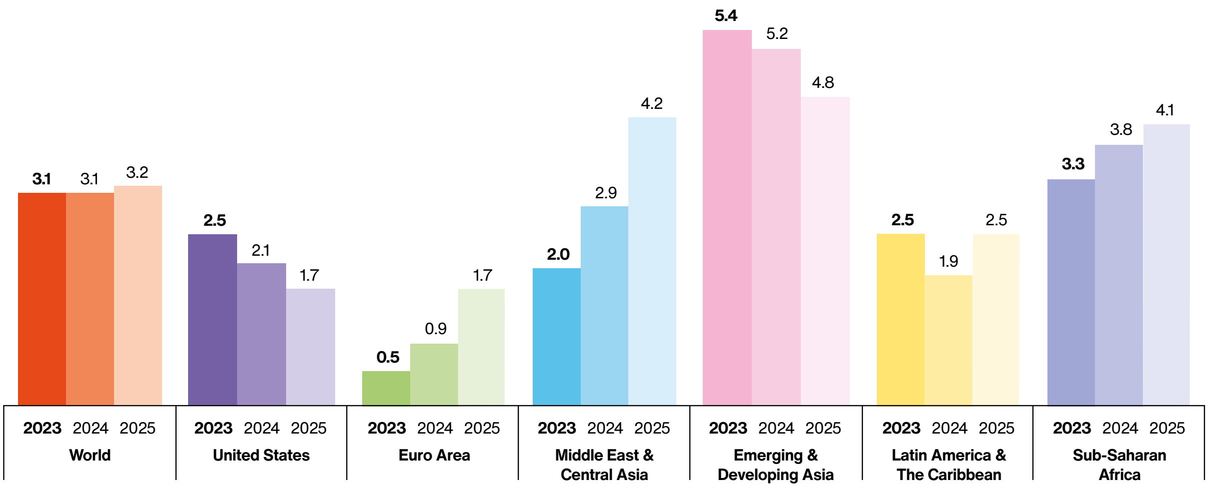
With this challenge to the old-world order, the philosophy of globalisation is in retreat. Geopolitical tensions exacerbate shortages and disrupt the supply chain, and the requirement to facilitate just-in-time manufacturing is becoming overtaken by the overwhelming need for security and de-risking. ►

World economic outlook growth projections (%)



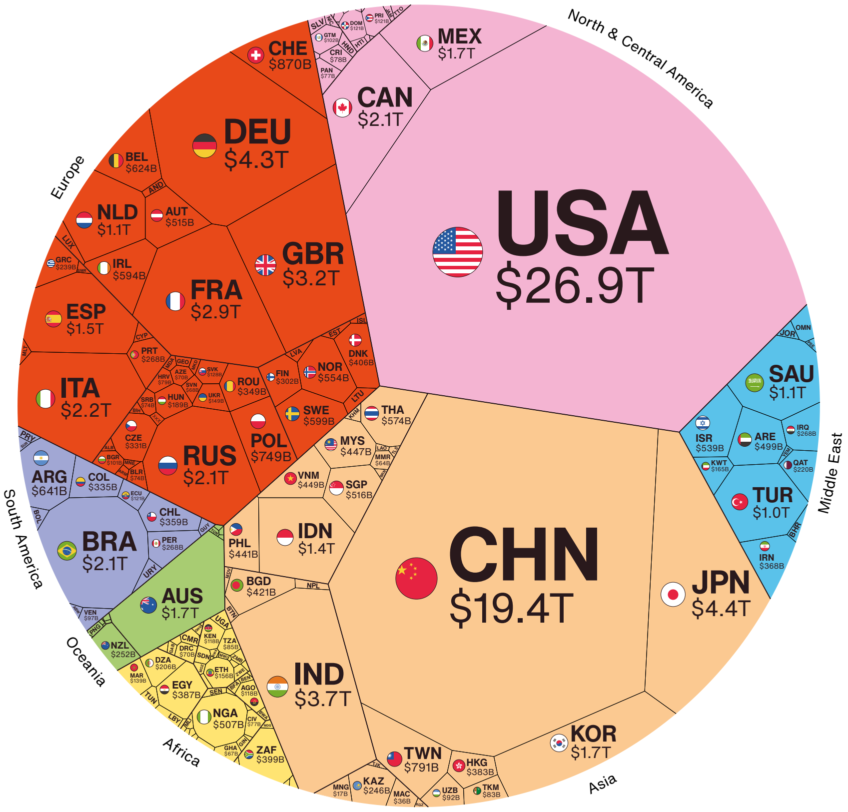
Source: IMF World Economic Outlook Update, January 2024

Growth projections by region (% change)



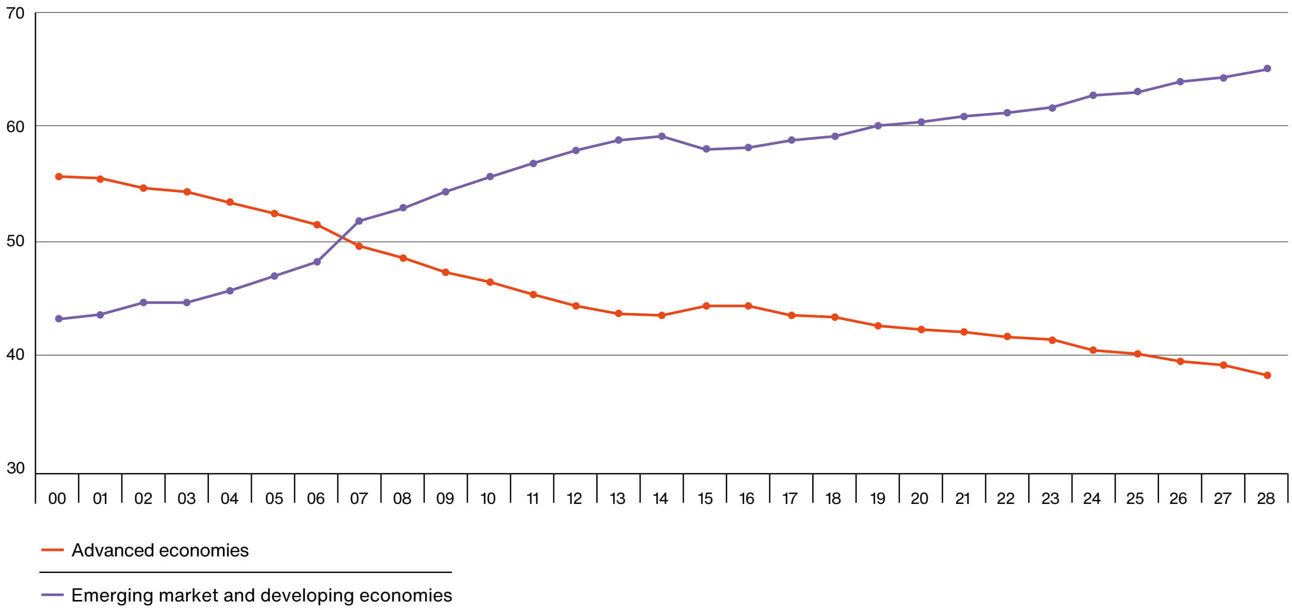
Source: IMF World Economic Outlook Update, January 2024

The $105 trillion world economy (global GDP 2023F)



F: Forecast
Source: IMF World Economic Outlook 2023

GDP based on PPP (% share of market)



Source: IMF, 2023

Shifts, rifts and dislocation continued

Companies that are over-exposed to supply from China are urgently looking to diversify as far afield as southeast Asia or north Africa; there's an urgent effort to build semiconductor manufacturing outside Taiwan; and the US is looking increasingly to South America to meet its sourcing needs.

Goldman Sachs reckons that global tensions will exacerbate supply shortages and lead to a commodities boom in 2024. But it's not just about politics: one major client told me their biggest problem last year was factories affected by flooding.

Growth is elusive

World economic growth in 2023 is panning out to be 3.1%. The IMF forecasts the same again for 2024. That masks a widespread variation from country to country and region to region. India has been a shining star with GDP growth forecast by the IMF at 6.7% in 2023 and 6.5% in 2024. India is a winner because of Prime Minister Modi's success – although he's controversial for some – and because it's the alternative to China. India's people are also really good technologically. For example, it's significant that a huge proportion of faculty at Harvard Business School, including two Deans, are from India. Indonesia is set to be a top five economy by 2050, and Vietnam is going great guns.

China still has good growth at around 5% in 2023 but many problems – from youth unemployment to the debt bubble in real estate to over-indebted State-Owned Industries. And the uncertainties around China, given the Taiwan risk, mean that there is an unwillingness to invest from overseas and assets are around 40% undervalued right now. There's also a long-term issue of population, with forecasts that by the end of this century, the Chinese population will have reduced from 1.4 billion to 770 million. President Xi was recently urging Chinese women to have more babies. (President Putin has been encouraging Russian women to do the same.) Every big company must decide whether they want to be bigger or smaller in China. Those with more than 20% of their production concentrated there will certainly have to think whether they want to go further. On the other hand, if you're Unilever or Reckitt Benckiser, with only a relatively small single-digit market share there, you almost certainly want to get bigger.

> The speed at which inflation and interest rates come down in the coming year is going to be the key determinant of economic prospects in the year ahead"

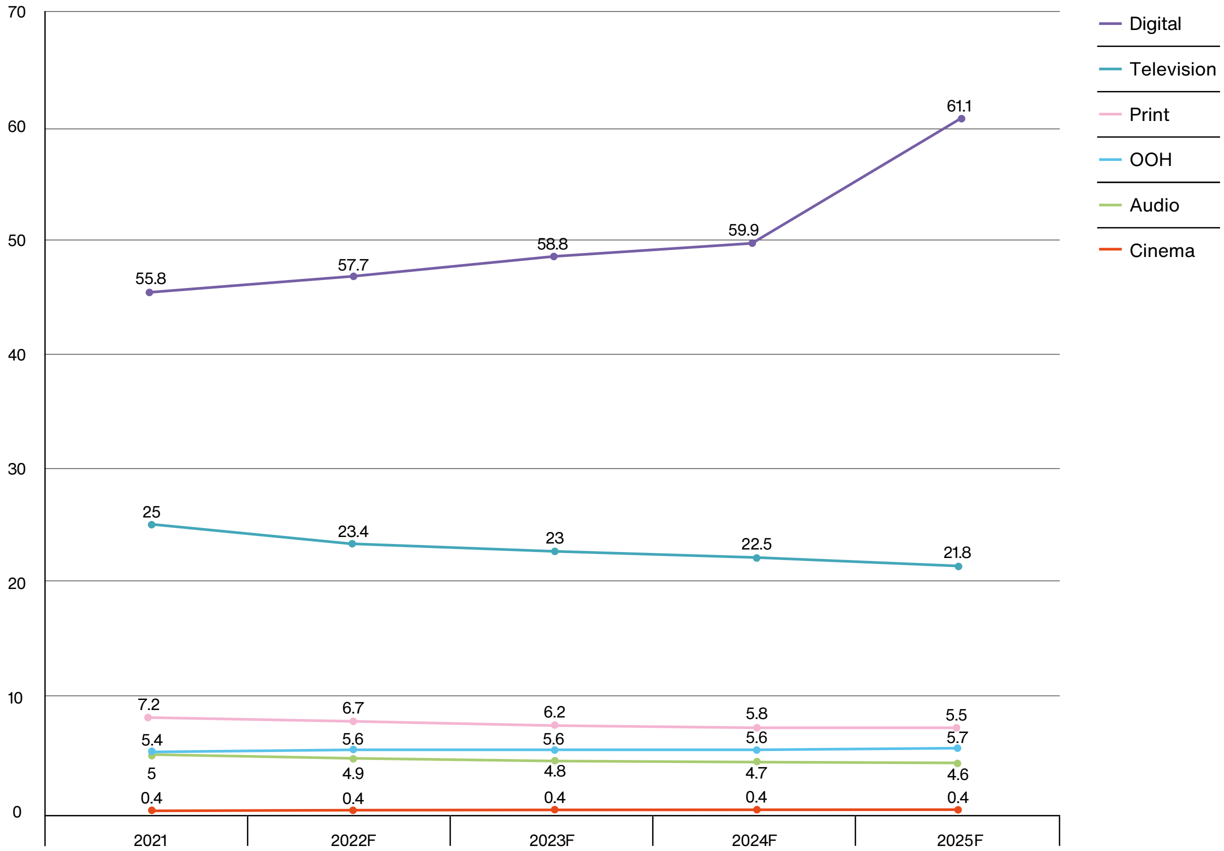
The US is doing better than most of the 'advanced' countries with 2.5% GDP growth in 2023, according to the IMF, although the direction will become clearer after the election. As someone pointed out to me recently, 10 years ago America was 25% of the world's economy – and it's still 25%. The US is vibrant and progressive, and technologically advanced and it still manages to punch above its weight with $27 trillion out of the $105 trillion global economy compared to China's $19 trillion.

Europe is in a deeper hole and is suffering from a dearth of good leadership. The UK is forecast by the IMF to grow at 0.6% next year, Germany at 0.5%. Europe has become a question of cost efficiency in a world where there's slower growth – and that's why digital transformation is so important, particularly driven by AI.

Inflation is deflating, but slowly

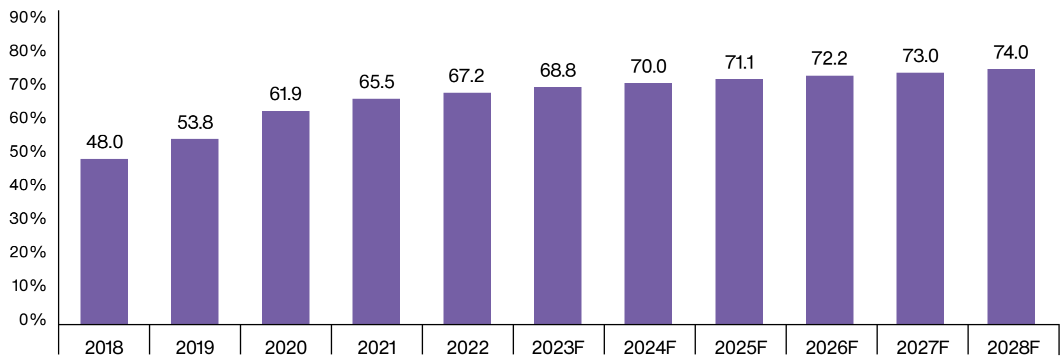
The speed at which inflation and interest rates come down in the coming year is going to be the key determinant of economic prospects in the year ahead. During 2023, inflation proved stickier than many people had expected and that meant central banks had to keep up interest rates to suppress demand. Inflation has proved more resilient in Europe and the UK than in the US, and although there was some positive news at the end of 2023, Europe's inflation saw a modest increase in December. Governments in many countries have to fund big deficits, in some cases well over 100% of GDP, and to sell bonds they have to offer an attractive return. The US is a case in point, and China is not buying bonds like it used to. If you offer a real return of 2% and inflation is still at 3% that indicates a bond yield of 5%. ►

Share of global ad spend by channel ($bn)



F: Forecast
Source: Dentsu 2023 Global Ad Spend Forecast

Share of digital in advertising revenue worldwide 2018-2028



F: Forecast
Source: Statista.com, 2024

Shifts, rifts and dislocation continued

Our market

7.7%

Digital media spend is projected to grow at 7.7% in 2024[1]

0.7%

Digital transformation services is expected to grow at 0.7% in 2024[2]

$305bn

AI is already a $305 billion market in 2024[3]

+26%

Top 25 agency groups had 2022 revenues of $130 billion, S4Capital Group has 0.92% market share, up 26%[4]

Sources:
1. GroupM, Dentsu, MAGNA, December 2023
2. epan, endava, Thoughtworks, CI&T, Globant, Accenture
3. Statista.com
4. AdAge, 2023

Clients have already become less cautious: little more than a year ago they were worried about interest rates going up; now they are focused on rates coming down. Lower interest rates will have a number of implications for our sector. Obviously, they will help stimulate investment and improve valuations of growth stocks; but reduced inflation will curb the ability to increase consumer prices and to use that to increase funding for advertising as a share of net revenue. Incidentally it will also eliminate opportunities for price gouging. In early 2024, Carrefour de-listed PepsiCo products in France because the retailer deemed they were priced too highly.

The US election will likely have a significant impact on the economy there. If the contest comes down to Biden vs Trump, it is the latter that business generally prefers. President Biden is seen as a big spender. Many CEOs rank regulation as their number one issue. President Trump represents low tax and low regulation.

Digital marches on

During 2023 the digitalisation of the media economy continued apace and the standout trend was the decline of linear TV. Revenues for linear TV were down something like 10% over the year and in some cases even more. Bob Iger, who's back at Disney, has had to do a *volte face* on selling ABC, although they are buttressed with live sports through owning ESPN. Disney now says it will focus on making ABC work with its streaming services. What's happening is a kind of repeat of what we saw with the decline of local newspapers though it has taken much longer and is a less dramatic decline. But it is the death knell of cable and broadcast TV in America, as linear sank below 50% for the first time according to Nielsen, and viewers progressively switch to streaming. And that is a reflection of what is happening, or has already happened, in other regions. PepsiCo was recently reported to be dropping linear TV media in some parts of the world.

Two areas of innovation are connected TV and retail media. Connected or addressable TV is traditional media's attempt to target people using IP addresses to personalise content on linear TV with more digitised executions. Retail media is the attempt by retailers to build their own ecosystem complete with advertising. Walmart and Walgreens are both doing this.

The share of advertising spend accounted for by digital is now around 65% worldwide, and is set to grow to 71% by 2025. What that means is that digital – which is where S4Capital is exclusively focused – continues to be the only growing segment of the advertising cake and that legacy advertising is set for continued decline.

Digital advertising is dominated ever more by the major platforms[1]. In 2023, of the nearly $630 billion digital advertising market worldwide, Google was 39%, Facebook was 18% and Amazon 7%. So that's almost

Note:
1. Statista.com

two-thirds of digital spend in the hands of three big players. TikTok broke through to 3%; Microsoft at 2%; and Apple at around 1%. Snap and X (formerly Twitter) at 0.8%; and Pinterest around 0.5%.

AI goes mainstream

If 2023 was generative AI's breakthrough year – to quote McKinsey – then it would be foolish to bet on the pace slowing down in 2024. Key milestones in 2023 included the launches of ChatGPT-4 by OpenAI, and Bard by Google – both taking natural language processing to a new level and bringing these capabilities within the range of millions of workers and even students. ChatGPT became the fastest-growing app ever, while a debate was ignited about the economic and social impact of AI.

That led to a flurry of investment in AI alongside growing focus on the ethics and governance – a topic on which the UK government convened an international conference. The Beatles released a single in which AI was used to recreate the vocals of John Lennon, and the year ended with OpenAI firing its CEO Sam Altman – apparently for his eagerness to commercialise the technology – and then reinstating him.

What does 2024 have in store? This could be the year when AI becomes truly monetised, with ChatGPT launching an app store, and Bard releasing a paid-for version. If CES in Las Vegas is anything to go by we will see AI integrated into every kind of consumer device, from refrigerators to smart TVs, cars – led by VW's range of EVs – and computer keyboards.

The winners from AI are going to be largely those who are already dominant in other technologies. These will include the big six platforms: Alphabet, Meta, Amazon, Alibaba, Tencent and Bytedance, as well as Nvidia, Apple, Microsoft, Musk and OpenAI, Adobe, Oracle and Salesforce. The big, in other words, are set to get bigger.

Advertising gets smarter

S4Capital has been at the forefront of understanding how AI will change our industry for several years now, and that was recognized when *AdWeek* named Media.Monks as its AI Agency of the Year in November 2023. We've identified five key ways in which AI is set to transform our industry.

The first is **visualisation and copywriting**. Content, in the form of copy, images and video, can now be produced far faster. Something that took three weeks can now be done in three hours. Clients are going to want to share that benefit, because we are selling time – albeit we should be selling outputs.

Second is **hyper-personalisation**. When we produce a campaign for Rebel Moon for Narcos on Netflix, for example, we produce around one and a half million pieces of content. And the process is automated with the help of AI. The Netflix model is still the best: you use the first-party data to create the content: "You started this movie, why didn't you finish it?"

Third is **media planning and buying**. Out of the total $950 billion advertising expenditure, around $650 billion can be bought with algorithms. The great thing about that is we'll have better information to make better decisions. However, there are 200,000-250,000 people doing semi-automated manual media planning and buying worldwide whose future is in question.

Fourth, use of AI is **general efficiency**. In every department AI can be harnessed to improve efficiency and deliver solutions faster and at lower cost. An example is Media.Monks' collaboration with AWS, Adobe and Nvidia to deliver software-defined outside broadcasting in place of capital- and carbon-intensive physical infrastructure.

Fifth is **democratisation of knowledge**. Knowing what we know, within the organisation, being able to instantly tap the knowledge of every individual is a kind of Holy Grail that is becoming a reality thanks to AI. As an example, we now have over 800 people globally working on Google. If we can get everybody in that team to know what everyone else is doing, then you flatten the organisation, and you increase efficiency.

It's time to own your data

Google started 2024 by announcing that it will deprecate third-party cookies, initially on 1% of searches and with the objective of eliminating them altogether in the second half of the year. This is a step that was originally planned before the pandemic and was delayed because of covid-19. What it means is that, for clients, the imperative to harvest first-party data in order to understand your customers and to achieve personalisation becomes all the more pressing and is likely to be a key focus this year. ►

Shifts, rifts and dislocation continued

The second key priority for clients right now is the need for agility – a key corporate attribute that is really difficult for companies to attain. It is a cultural factor; people like to be in control of their own swim lane and not have interference, but one consequence of that is that politics becomes a huge distraction. Agility means being able to respond quickly and effectively in world where the future is very uncertain and the situation is changing rapidly. The democratisation of knowledge that AI will facilitate will help to achieve that.

Taking back control is the third key priority for clients. After the financial crisis, zero-based budgeting came in and the trend to outsource went too far. But in a digital world where you have a vital need for first-party data, maybe in-housing is better than outsourcing. That may sound strange coming from an agency, but we are not trying to do ourselves out of a job. We have embedded models where we put our people inside a company, and other models where we support them to in-house it and then provide continuing services around technology. One is the subject of the business school case study around Sprint and T-Mobile. We won an award for Manufacturers Life, where we in-housed their media. We are continuing services around technology.

Short-termism also continues to be an important perspective for clients. Advertisers such as packaged goods companies whose budgets rose last year because they were set on net revenue, didn't put the money into linear TV – they put it into the platforms, because it is easier to measure and you can see the impact on sales. So the focus of spending has been moving down the funnel from branding towards activation performance, and that's largely because of the short-term focus from investors. Purpose is still there in the corporate boardroom – especially because of the threat from climate change – but because of economic pressures it has moved down the agenda.

The road ahead

2023 was a period of adjustment and some retrenchment in our industry, as we evaluated our own response to this changing and uncertain world. For the big tech companies – Apple, Google, Meta, Microsoft to name a few – it was the year of efficiency and everyone reduced their headcount significantly. At S4Capital we grew from 1,000 to 9,000 people very quickly and we have now reduced to around 7,700 in line with the changing demand. The tech companies reduced their spending on advertising, even while their revenues were going up, and so we are overdue for that ratio to be revisited.

> There is less caution around the economy looking forward, but threats, disruptions and uncertainties, particularly in the political sphere, are very real"

Our business model remains as valid today as when S4Capital started in 2018 – 'digital only, data driven, and faster, better, cheaper or more efficient'. We've added those last words because of the impact of AI which means we are now able to produce so much more within the same budget.

In terms of our breakdown of revenues by practice, Content is currently around 60%, Data&Digital Media 25%, and Technology Services 15%. I'd like that to evolve towards 50/25/25. And, geographically, we are about 80% in America, 15% in EMEA and 5% APAC. I'd like it to be 60/20/20 – keeping EMEA at the same portion but doubling our revenues from APAC.

We are still working out our new way of working since the pandemic. Undoubtedly some things have changed forever. I was watching CNBC and they had on an interviewee from Phoenix, Arizona. It's seven o'clock in the morning, so in Phoenix, it would be midnight. This guy is sitting in his office talking about the markets and it seems pretty obvious that he's decamped to Arizona because there's less state tax. On average, our people are in the office three days a week. I'd like it to be more, but there is academic research which suggests the key step is to ensure you have social gatherings – whether that's once a week or once a month – that provide the glue in your organisation.

It's going to be another tough year. CEOs are bullish, but the CMOs often less so. There is less caution around the economy looking forward, but threats, disruptions and uncertainties, particularly in the political sphere, are very real. The outlook may improve after the US election but, for now, the byword in every boardroom is going to be risk. ■

Taking action

We put our ESG vision into practice: harnessing technology and creativity as forces for good to make a positive material impact on people, the planet and society as a whole.

Girls Not Brides: Juanita & Roberto's Wedding

Despite laws that prohibit it, more than 300,000 girls in Mexico have been sold into marriage with older adults. As part of a campaign to expose this injustice and call for enforcement of the law, we invited all of Mexico to the wedding of Don Roberto and Juanita, a minor-age girl, in a video that went viral.

Awards won

iab. mixx awards · OC · Gerety awards · EPICA AWARDS

EL OJO DE IBEROAMÉRICA 23, 24 Y 25 DE NOVIEMBRE DE 2021 · FIAP 2022 · ANTHEM AWARDS

Getty Villa: Persepolis Reimagined

To complement Getty Villa's sweeping exhibition of the ancient superpower of Persia, we created an immersive WebGL experience that transports visitors to a historically accurate recreation of its capital, Persepolis.

Awards won

FWA · Dutch Creativity Awards · THE WEBBY AWARDS · eventex

AWWWARDS · #FWAWWWARDS

Coach: The Pleasure Pursuit

In partnership with Coach, we created a WebGL platform that tells the story of artist Tom Wesselmann and explores the themes of life's three pleasure principles: love, wonder, and play.

Awards won

Dutch Creativity Awards · CLIO AWARDS · D&AD · THE LOVIE AWARDS · THE ONE SHOW

AWWWARDS · FWA · LIA

See more stories on pages 60 and 68.

ESG: Our sustainability commitments

We firmly believe that technology and creativity can be used as forces for good and are powerful tools in transitioning towards a more sustainable society. This belief is the core of our sustainability vision, strategy and commitments"

Victor Knaap
Executive Director

A year of structure and stabilisation

This year marks our second year of reporting against the Task Force on Climate-Related Financial Disclosure (TCFD) requirements.

Globally, there is growing recognition of the impact of environmental, social and governance factors on business models, and increased efforts to steer economic activities towards sustainability.

In the EU, initiatives like the European Green Deal, the EU Green Claims Directive, and the Corporate Sustainability Reporting Directive (CSRD) are dominating conversations about sustainability. In the US, California introduced the Climate Corporate Data Accountability Act, while the US Securities and Exchange Commission (SEC) has announced ESG disclosure regulations mandating public companies to share greenhouse gas emissions (GHG) and climate risks. China's major stock exchanges issued new sustainability reporting guidelines for listed firms. Additionally, the International Sustainability Standards Board (ISSB) launched its initial standards – IFRS S1 and IFRS S2 – with over 20 regulators and standards organisations expressing support for the ISSB, and more than 50 jurisdictions displaying interest.

These developments highlight the importance of transparency and quantifiable outcomes, eliciting the need for quality data, as well as both internal and external data gathering. We have started the implementation of ESG software to develop our data quality and analysis and are focused on streamlining our activities, processes and governance to bring us closer to our goal of achieving net zero by 2040 – for example, setting formal Science-Based Targets (SBTi) and creating our transition plan. Having been carbon neutral in 2021 and 2022 through carbon offsetting, we have shifted our strategy to become net zero by 2040.

In our journey towards B Corp certification, we are now in the midst of B Lab assessment. Our continued efforts to report on Scopes 1, 2 and 3 of GHG have resulted in an upgrade of our CDP score from B- to B.

In 2023, there has been a shift in focus in the technology sector towards artificial intelligence (AI). Based on our deep knowledge of the AI space, we have led the conversation being named *Adweek*'s inaugural AI Agency of the Year and pivoting our solutions through innovation to serve changing demand by working in new automated ways.

Although we wholeheartedly embrace technology moving forward, we acknowledge the importance of social interaction in fostering culture and belonging at the office, as well as the efforts that remain to be made on that front. With that in mind, we encourage our Monks to be in the office at least three days a week.

When it comes to our people, creating agile practices, policies and programmes that both foster and meet the needs of our diverse workforce was of paramount importance in 2023. We also continued to focus on closing the representation gap for talent in our industry by providing training and fellowships.

Read the full Media.Monks ESG 2023 report at media.monks.com/esg

Our redefined ESG strategy

In 2023 we redesigned our ESG strategy.

S4Capital's Non-Executive Board member Miles Young – who provides guidance and structures to improve, support, and benefit our culture – redefined our strategy with the creation of an integrated Culture Model.

This model houses our vision, values and strategic actions that all contribute to our culture.

Diversity, Equity & Inclusion and our HR practices are now part of our People Fulfilment strategic pillar.

Zero Impact Workspaces and Sustainable Work are now housed in a single pillar, Our Responsibility to the World, alongside Transparency & Governance and Ethical & Responsible Marketing – areas that are important to our key stakeholders.

Our third strategic pillar is One Brand, representing the naming, branding, communication and positioning of our shared operations, with the ambition to create a shared culture amongst all.

Each of our three strategic pillars contributes to our overarching ESG goal to become a more sustainable and inclusive global company.

People Fulfilment

Our goal:

Create a workforce that is empowered and enabled.

Our plan:

Build programmes, practices and policies that provide global guidance and enable regional flexibility to support the growth and development of our Monks.

Read more on page 64

Our Responsibility to the World

Our goal:

Use our work as a catalyst for good in an environmentally-conscious household and transparent operations.

Our plan:

Execute the SBTi transition plan after SBTi targets are formally approved by SBTi.

Read more on page 61

One Brand

Our goal:

Establish visible signs of a common culture for a unified brand and company that our people and clients are proud to be a part of.

Our plan:

Build our identity through communication that integrates and creates rituals into one culture.

Our impact model

Our sustainability strategy, our activities and the resources we utilise help us create value in both the near- and long-term, and we actively work to manage and decrease any negative impact of our business operations. We strive to support the UN's Sustainable Development Agenda with our strategy and efforts, and align these efforts with its Sustainable Development Goals (SDGs).

Input

People	Resources	Our relationships
7,707 Monks 48% women 50% men 2% undeclared	61 offices 32 countries 4,477 MWh electricity used	Clients Business partners Charities

Output

Offered 94 intern and associate positions Rolled out the Diverse Slate approach to hiring Launched the Media.Monks Coaching Certification Program Accelerate.Monks fosters leadership growth and career advancement through interactive classes Motif, gained traction, and is a plan to take action on insights gathered from a cross-section of influential employees	20% emission reduction YoY 3.3 tCO_2e per FTE 45% of electricity is renewable	£1.0 billion revenue £64,870 (0.01% of revenue) and 1,449 voluntary hours donated to charities	8,414 projects 502 projects For Good 101 Purpose-driven clients

Long-term value

We empower our people to be a catalyst for change, in an inclusive, diverse and creative workplace	We create a climate-neutral and environmentally-conscious business operation	We remain economically viable and invest in our innovations to enable us to contribute to sustainability challenges in the long run	We improve the sustainable impact of our clients – to bring about the shift in attitudes and behaviour needed to reach the SDGs

People Fulfilment

5 Gender Equality
9 Industry, Innovation and Infrastructure
10 Reduced Inequalities

Our Responsibility to the World

12 Responsible Consumption and Production
13 Climate Action

One Brand

TCFD Report

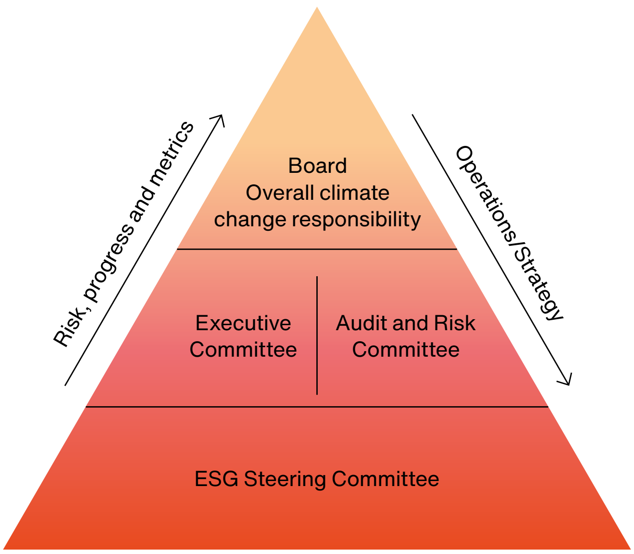
S4Capital remains committed to addressing our impact on climate change and continues to take steps to ensure our resilience against climate-related physical and transition risks. Accordingly, in 2023 we took further strides in the management of climate change, building on the foundation laid in last year's inaugural TCFD report. Throughout 2023, the Group has undergone substantial updates in its climate governance, with a particular focus on refining risk management processes and improving the effectiveness of our climate governance.

Governance

S4Capital's governance of climate issues continues to evolve, to ensure we can proactively manage climate-related risks and to remain on track for our climate targets. Having established a management-level ESG Steering Committee in 2022, in 2023 we have taken steps to refine its remit and improve its effectiveness, with a particular focus on supporting the accurate and timely collection of sustainability data. Accordingly, the committee is being reconfigured so that the cross-functional representatives are each engaged as data owner for the function under their remit, with the aim of ensuring accountability, facilitating progress monitoring on emissions targets, and ensuring compliance with rigorous audit and control processes. In addition, climate management at the executive level has been reconfigured so that responsibility sits with the overall Executive Committee, rather than a separate Executive ESG Committee.

Risk management

In September 2023 the Board formally approved a new Enterprise Risk Management Framework (ERMF). This framework will enable the Group to consistently evaluate the potential impact and probabilities of climate-related risks and opportunities materialising, facilitating analysis of their relative significance. In line with TCFD recommendations climate-related risks are considered as part of our overall Group risk management processes. Each business within the Group will now be required to consider ESG risks as part of their risk management processes.



Strategy

The Board reviewed the identified risks and opportunities, and associated mitigations. More work will be conducted in the following year to better understand and quantify our exposure to relevant risks and opportunities, and costs related to mitigating actions. This will be particularly important as we seek to drive progress on our recently submitted Science-Based Targets, as described overleaf. ▶

TCFD Report continued

Metrics and targets

Following Executive Committee approval, the Group formally submitted its Science-Based Targets for verification, including targets to:

- Reduce absolute Scope 1 & 2 GHG emissions by 42% by 2030 from a 2022 base year.
- Reduce absolute Scope 3 GHG emissions 25% by 2030 from a 2022 base year.
- Reduce absolute Scope 1, 2 & 3 GHG emissions by 90% by 2040 from a 2022 base year.

While our operational near-term and long-term targets are consistent with the 1.5°C ambition of the Paris Agreement, our full value chain target is consistent with a well-below 2°C pathway. Progress against these targets will be material to several of our key climate risks and opportunities.

Compliance with UK Listing Rules

In line with the 'Task Force on Climate-related Financial Disclosures' (TCFD) recommendations and Listing Rule LR 14.3.27R, S4Capital has provided information to stakeholders on its climate-related risks and opportunities and relevant governance structures, in turn helping them to make informed decisions. We set out below our compliance with the climate-related financial disclosures consistent with all the TCFD recommendations and recommended disclosures, as detailed in 'Recommendations of the Task Force on Climate-related Financial Disclosures', 2017, with consideration of the additional guidance in 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures', 2021. By this we mean the four TCFD recommendations and the 11 recommended disclosures and report on all greenhouse gas Scopes 1, 2, and 3. For Scope 3 we have re-examined all the 15 categories to determine the material categories that we include in our reporting, consistent with our 2022 ESG Report. Each year we will reassess all categories and decide which ones are material for our organisation to report on. For 2023 we will be reporting on six out of 15 Scope 3 categories: Purchased goods & services, Capital goods, Fuel- and energy-related activities (not included in Scope 1, 2), Waste generated in operations, Business travel and Employee commuting.

Recommendation	Recommended disclosures	Reference	CA 414CB
Governance Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	Page 47	(a)
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 49	(a)
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Page 51	(d)
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Page 50	(e)
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 50	(f)
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 50	(b)
	b) Describe the organisation's processes for managing climate-related risks	Pages 51-52	(b)
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Pages 50-52	(c)
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 53	(h)
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Page 56	(h)
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 53	(g)

Governance

Board level

The Board has overall responsibility to assess the basis on which the Group generates and preserves value over the long term, including the sustainability of the Group's business model and how its governance contributes to the delivery of its strategy. Accordingly, the Board has overall responsibility for climate change management and strategic response, and is supported and informed on climate-related issues by various channels, including the Audit and Risk Committee and Nomination and Remuneration Committee to ensure any potential impacts on climate change are incorporated into the review of Group strategy, business plans and risk management. With assistance and information from the Executive Committee, the Board sets the Group's targets in relation to climate change, and monitors implementation of climate change mitigation projects and activities. During the year the Board discussed issues including optimising emissions/energy data collection processes, third-party climate frameworks and certifications, the submission of SBTi targets, and client requirements regarding the climate.

As the designated Executive Director for ESG-related matters, Victor Knaap provides an operational and strategic channel to the Board on climate change matters and takes overall responsibility for climate and other sustainability issues. Additionally, the Board's discussions on climate-related issues are led by Non-Executive Director, Miles Young, who presents to the board at least twice a year on climate-related developments. He is supported in at least one of these meetings by Regina Romeijn, the Global Head of ESG.

ESG risks, including climate change, are periodically discussed by the Board alongside the review of overall principal risks. A full overview of ESG performance is conducted bi-annually with the full Executive and Non-Executive Board. Progress against climate-related targets and metrics is monitored and overseen by the Board based on information provided by the Executive Committee.

The Audit and Risk Committee has responsibility for maintaining and reviewing the Group's register of risks covering all areas of the business, including sustainability-related risks and particularly those relating to climate risk. The Committee meets at least three times each year to review all risks, referring key matters to the Board, including climate-related issues as part of the general risk framework.

Executive Committee

The Executive Committee has responsibility for ensuring that the Group's ESG priorities are aligned with, and integrated into, the Group's overall business strategy. This includes ensuring that progress towards the Group's ESG ambitions is appropriately resourced and included within the Group's financial planning processes, which include a three-year strategic and financial plan and the annual budget, which is reforecast on a quarterly basis. The Committee is informed on progress against ESG targets from the Global Head of ESG, who reports directly to the Executive Committee at least twice a year and ad hoc if urgent matters occur. In addition, Victor Knaap is the senior executive with primary responsibility for ESG issues within the Group.

Management-level

In 2022, the Group established the management-level ESG Steering Committee to manage climate-related risks and opportunities, ensure appropriate reporting to the Board, and oversee gathering of data from across the Group to measure progress against targets. Since launching in 2022, further refinements have been made to the Committee's operation and remit. The Committee is being reconfigured so that the cross-functional representatives are made to be consolidated data owners for the function under their remit. Chaired by Regina Romeijn, Global Head of ESG, the Committee is a cross-functional team with representation from finance, HR, operations, business and real estate. The ESG Steering Committee meets twice a year, or more frequently if required, to ratify the data and information that flows up to the Executive Committee, for instance emissions and energy consumption, which takes overall responsibility for setting the Group's sustainability strategy. The strategy will be conveyed to, and agreed by, the ESG Steering Committee on an annual basis.

Progress and measurement against climate-related targets is incentivised at the executive level through metrics applied under the Directors' Remuneration Policy.

As part of the refreshed Enterprise Risk Management Framework (ERMF) launched in the year, each business within the Group is required to consider ESG risks as part of their risk management processes and compliance. ►

TCFD Report continued

Risk management

Climate-related risks and opportunities relevant to S4Capital were identified with the help of external consultants, CEN-ESG, and refined through consultation with internal stakeholders and senior management. In September 2023, the Board approved the Group's new Enterprise Risk Management Framework, and senior leadership including the Global Head of ESG were trained on its application. In line with best practice, we assess the magnitude of climate risks using the same parameters as other risks in the overall risk management framework. Potential risks are assessed according to their occurrence within the short (0-3 years), medium (3-10 years), or long term (10+ years), which is sufficient to incorporate our net zero targets and time for certain climate-related risks to manifest.

Risks and opportunities were considered in all physical and transition risk categories, current and emerging, whether they occur within the Group's own operations or upstream and downstream of the Group, although not all climate-related risks and opportunities are relevant to the business. Climate-related risks have been classified as per S4Capital's existing risk management model, and use of this framework enables comparability of climate-related risks' relative significance in relation to other risks. Risk classification is assessed both through qualitative measures and quantifiable indicators, including Key Risk Indicators (KRIs) such as impact on revenue, sales and profit. Impact of opportunities is assessed using the inverse of the scale below.

Insignificant
Low
Moderate
High
Critical

Substantive impacts are those that would have a significant adverse impact on the Group's business, materially affecting its business model, future performance, solvency, liquidity or reputation. Any mitigation factors for climate related risks are also included in the Group Risk Register. Risks are subject to continual refinement and quantification over time, which assists with incorporation of climate-related risks into the overall strategy, budgeting and financial statements.

Strategy

S4Capital recognises that climate change presents both risks and opportunities to our business. Overall, we consider our climate exposure to be low, and in isolation the impact of most climate-related risks is limited. Having considered the below risks and opportunities, we conclude that the Group's strategy is resilient to climate change, with financial impacts classified as moderate at worst, but likely lower. Mitigating actions are in place or planned to further reduce and minimise the impact of these risks. Any impact will be accommodated into business-as-usual activity, so no fundamental change to the business strategy or budgets resulting from climate change is likely to be required in the foreseeable future. In addition there are no effects of climate-related matters reflected in judgments and estimates applied in the financial statements.

We have used scenario analysis to improve our understanding of the behaviour of certain risks under different climate outcomes, which helps to assess the resilience of the business to climate change. Accordingly we have selected three scenarios, looking forward to 2050:

- **Net Zero 2050** (NZE)[1] a normative scenario which sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. It does not rely on emissions reductions from outside the energy sector to achieve its goals.
- **Stated Policies** (STEPS)[1] the roll forward of already announced policy measures. This scenario outlines a combination of physical and transitions risk impacts as temperatures rise by 2.6°C by 2100 from preindustrial levels, with a 50% probability. This scenario is included as it represents a mid-way pathway with a trajectory implied by today's policy settings.
- **RCP 8.5**[2] where global temperatures rise between 4.1-4.8°C by 2100. This scenario is included for its extreme physical climate risks as the global response to mitigating climate change is limited.

Notes:
1. IEA (2021), World Energy Outlook 2021, IEA, Paris https://www.iea.org/reports/world-energy-outlook-2021/scenario-trajectories-and temperature-outcomes.
2. IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

Risks

For the relevant risks below, we have determined quantifiable impacts where the underlying data is available and where the current understanding of the risk is robust. Scenarios have been supplemented with additional sources that are specific to each risk to inform any assumptions included in projections. Having assessed the behaviour of these risks under different scenarios, we are satisfied that our risk mitigation strategies and action plans provide sufficient financial resilience to climate change.

Three key climate-related risks have been identified. These risks have been assessed in isolation and categorised as low impact.

The Group acknowledges that the cumulative impact could be greater if more than one of these risks were to manifest at the same time. We have assessed all our sites for exposure to climate-related physical risks, including hazards such as sea-level rise and flooding, and conclude that physical risk exposure to our sites is extremely limited due to the nature of our business. In particular the ability of the vast majority of employees to work remotely, our diversified portfolio of offices with short-term leases across the world, insurance recovery in the event of natural disasters, and flexibility to relocate from potentially hazardous areas provides strong resilience to physical risks even under a severe global warming scenario. ►

Risk	1. Carbon pricing in own operations	2. Reputational risks	3. Regulatory risk and reporting requirements
Risk description	• Cost of carbon is expected to rise. Abrupt increases to carbon prices during a disorderly transition to net zero may cause a particularly significant financial shock, if unmitigated	• Clients incorporate sustainability requirements into their tenders and require supplier carbon assessments. Many clients consider sustainability criteria including ESG framework scores in RFI/RFP process. • Failure to meet net zero/ SBTi targets could cause reputational damage.	• Sustainability regulations are consolidating. As a relatively new company, there is a risk of failure to keep pace with regulation if we do not maintain appropriate internal controls. • We note the recent European anti-greenwashing law, which bans unsubstantiated sustainability claims and misstatements in advertising.
Financial impact	• Reduced Scope 1 and 2 emissions, and incidental reduced operating costs	• Decreased revenues. • Loss of market share to competitors.	• Decreased access to capital. • Increased cost of borrowing. • Negative impact on share price.
KPIs	• Scope 1 and 2 emissions and IEA carbon price forecasts	• External ESG ratings (e.g. EcoVadis, MSCI). • Stakeholder feedback. • Energy consumed, tCO_2e. • % ICE vehicles in fleet. • Energy costs as % of total costs.	• External ESG ratings (e.g. EcoVadis, CDP, MSCI); stakeholder feedback.
Mitigation and response	• Purchase of renewables • SBTi submission and transition plan • Net zero target by 2040	• Additional sustainability resources applied. • Revised ESG steering committee with individual data owners. • New finance ESG software. • New financial controller with ESG experience.	• Additional sustainability resources. • Revised ESG Steering Committee with individual data owners. • Hiring ESG data accountant.
Time horizon	Short	Short	Short
Impact	Low	Low	Low
Likelihood	More likely than not	Likely	Likely

TCFD Report continued

Opportunity	1. Efficiencies through decarbonisation programme	2. Development and/or expansion of low emission goods and services	3. Access to new markets
Opportunity description	• Energy use reduction programmes	• Enhancing environmental credibility through improved practices and transparency of reporting may lead to new revenue opportunities from Purpose-driven clients.	• New lines of business related to sustainability, such as expanding sustainability consultancy/advisory work, represents opportunity to capitalise on growing climate-awareness among clients. • Continue to expand sustainable production solutions for clients.
Financial impact	• Reduced operating costs	• Increased revenues resulting from increased demand for sustainable products and services.	• Increased revenues resulting from increased demand for sustainable products and services.
KPIs	• % and kWh of electricity consumption sourced from green tariffs and/or energy attribute certificates • Energy costs as % of total costs	• Net revenue from Purpose-driven clients.	• Revenue from sustainable products and services.
Adaption and response	• All offices to use renewable energy by 2040 • PPAs for renewable electricity to be considered. • Investment in resource and energy efficiency • Targeting 100% renewable fleet by 2030 • Travel policy to promote more sustainable business travel	• Targeting 10% of revenue from Purpose-driven client projects by 2040. • B Corp certification currently under assessment. • Seek to reduce emissions from digital products and shoots wherever possible.	• Integrate sustainability solutions more systematically into client work. • Continuous focus on innovation.
Time horizon	Short term	Short term	Short term
Impact	Low	Low	Low
Likelihood	Likely	Likely	More likely than not

Metrics and targets

The Group has established clear targets related to climate change, in line with the UK Government's commitment to net zero by 2050. These include the Group's target to reduce absolute Scope 1-3 emissions to net zero by 2040. Scope 3 emissions have the largest contribution to our CO_2 emissions. We report on our Scope 1, 2 and 3 emissions, in alignment with the Greenhouse Gas Protocol, emissions intensity, and energy consumption. For Scope 3 we have analysed all 15 categories and identified six out of 15 material categories that we report on: Purchased goods & services; Capital goods; Fuel-and energy-related activities (not included in Scope 1, 2); Waste generated in operations; Business travel; and Employee commuting.

As mentioned previously, the Group formally submitted its Science-Based Targets for verification, including targets to:

- Reduce absolute Scope 1 & 2 GHG emissions by 42% by 2030 from a 2022 base year.
- Reduce absolute Scope 3 GHG emissions 25% by 2030 from a 2022 base year.
- Reduce absolute Scope 1, 2 & 3 GHG emissions by 90% by 2040 from a 2022 base year.

The 2022 GHG emissions data has been restated to include the impact of acquisitions and where extrapolations have been refined with more accurate data.

A range of actions are either underway or planned to drive the achievement of these targets. Scope 1 & 2 targets will require: implementation of electricity reduction and efficiency initiatives; engagement with landlords to switch to renewable electricity and reduce reliance on gas for heating; engagement to transition to less polluting refrigerant systems; and purchase of REGOs/RECs as an interim solution. Scope 3 targets will depend on efforts that are underway to improve the effectiveness of data collection processes at a Group level, particularly with the aim of improving the recording of Purchased goods & services and more granular Employee commuting data, in addition to focused engagement with suppliers. Business travel and Employee commuting emissions are also a focus of our transition. Enforcement of our Group business travel and expenses policy, which considers the carbon intensity of transport modes, will aim to reduce Business travel emissions. Initiatives will be carried out to incentivise our people to use less carbon-intensive methods of commuting such as increasing use of public transport, walking or cycling and switching personal vehicles to hybrid or electric.

Whilst recognising the recommendation to integrate an internal carbon price, this is currently deemed unnecessary and immaterial to the business because S4Capital is not a carbon intensive business. We may consider its use in the future, for instance in assessing large capital expenditure and investment activities. ■

Materiality impact

S4Capital's materiality matrix 2023

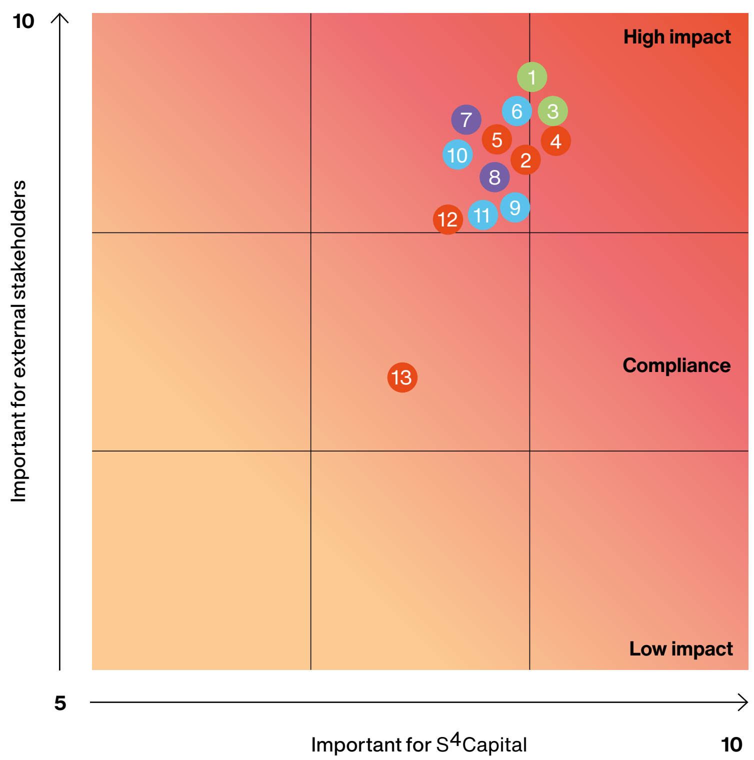
To understand what matters to our key stakeholders – our people, investors, suppliers and clients – we surveyed them on material ESG topics guided by the UN's Sustainable Development Goals (SDGs) to determine where we could best make a positive impact.

With regard to our ESG efforts, 43% of our internal stakeholders knew that we have an ESG strategy in place, and 91% of our internal stakeholders were aware that we have a team dedicated to our ESG activities and reporting. That leaves room for improvement in educating them about our ESG efforts.

In our 2022 Stakeholder survey, Ethics & Responsible Marketing was considered of highest impact by all our stakeholders. This year our external stakeholders find Privacy & Data protection more important, moving the topic up to the high impact area. The Group sees Working Conditions (HR) as most impactful. Diversity, Equity & Inclusion and Ethical and Responsible Business practices follow closely for all our stakeholders.

Community Volunteering & Monetary Donations move up in the Compliance area of the Materiality matrix. We still see many of our people spending extra time outside of their work hours committing their time and money to positively impact causes important to them. Donations from across the Group reached £64,870 in 2023.

All of these areas are highlighted and prioritised in our Culture Model and strategic focus – fulfilling our responsibility to the world by using creativity, technology and our impact as a force for good, prioritising our people and operating in a responsible and sustainable way – aligning us with the most important issues facing all of us in this time of macroeconomic uncertainty and geopolitical pressure.



- Zero Impact Workspaces
- Sustainable Work
- People Fulfilment
- Responsibility To The World: Governance

High impact

1 Privacy & Data Protection
2 Diversity, Equity & Inclusion
3 Ethics & Responsible Business Practices
4 Working Conditions (HR)
5 Talent Development & Training
6 Sustainable Workplaces
7 Sustainable Innovation & Technology
8 Impact Work
9 Climate Change
10 Waste & Resource Scarcity

Compliance

11 Sustainable Sourcing
12 Community Volunteering & Monetary Donations
13 Mental Health & Wellbeing

Our Responsibility to the World: Zero impact workspaces

We reaffirmed our commitment to SBTi's Corporate Net-Zero Standard while advancing the quality of our data via a new system for GHG emissions calculation.

In 2023, our absolute emissions declined 20%, year over year.

This decrease in absolute emissions is no accident. In alignment with our commitment to Science-Based Targets, which aim for a yearly reduction of 4.2% to help mitigate global warming and limit the increase in temperature to 1.5°C, our reduction in emissions is the culmination of improvements and achievements we have made in 2023 in refining our GHG inventory and strengthening our sustainability practices.

Importantly, we also enhanced and refined our GHG data recalculation process of our market-based reporting, substantially improving the quality of our GHG inventory that now includes all of S^{4}Capital's merged companies in our reporting scope. Not all targets were met; our renewable energy declined to 45% of our total energy consumption.

In 2023, we had increased access to our actual energy consumption data, which reduced the extrapolation factor for the offices for which we extrapolated the GHG emissions for. This impacts the renewable and non renewable energy results as a percentage of the total.

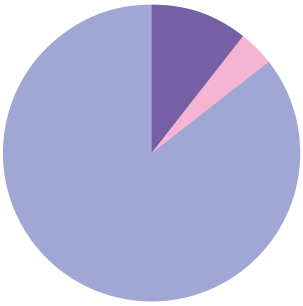
For Scope 3 we have examined all the 15 categories to determine the material categories that we include in our reporting. This has been consistent with our 2022 ESG Report. Each year we will reassess all categories and decide which ones are material for our organisation to report on. When a category becomes a material category for reporting, this category will be part of our next year's annual reporting. For 2023 we are reporting on six out of fifteen Scope 3 categories: Purchased goods & services, Capital goods, Fuel-and energy-related activities (not included in Scope 1, 2), Waste generated in operations, Business travel and Employee commuting.

In keeping with the Science-Based Targets Initiative (SBTi) baseline guidelines, we recalculated our 2022 GHG emissions and have set our 2022 footprint as the new baseline moving forward.

Meanwhile, the increased data quality and development of a more mature calculation method have provided us with valuable insights, allowing us to set formal emission reduction targets that we have submitted to the SBTi for approval. ►

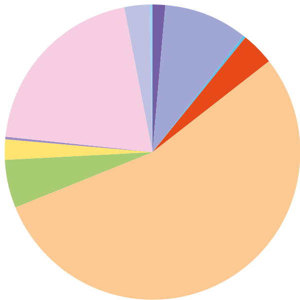
Our Responsibility to the World: Zero impact workplaces continued

2023 tCO_2e per Scope



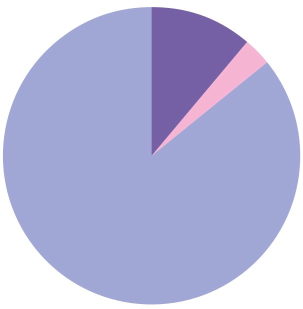
Total Scope 1	2,764
Total Scope 2	944
Total Scope 3	21,946

2023 tCO_2e by category



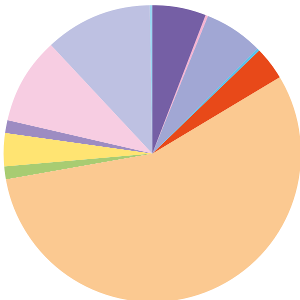
Natural gas	376
Company leased cars	45
Refrigerant leakages	2,343
District heating & steam	22
Electricity – Grey	922
Purchases of goods & services	13,977
Capital goods	1,359
Fuel- & energy-related activities	567
Waste generated in operations	93
Business travel (land & air)	5,169
Employee commuting	771
Water	10

2022 tCO_2e per Scope



Total Scope 1	3,611
Total Scope 2	1,084
Total Scope 3	27,520

2022 tCO_2e by category



Natural gas	1,682
Company leased cars	89
Refrigerant leakages	1,840
District heating & steam	34
Electricity – Grey	1,050
Purchases of goods & services	15,852
Capital goods	4,200
Fuel- & energy-related activities	1,056
Waste generated in operations	342
Business travel (land & air)	2,747
Employee commuting	3,294
Water	29

Emissions profile: Global and UK, 2023 vs 2022

General metrics	Total Global 2023	Restated Total Global 2022	Global % change 2023/2022	UK 2023	Restated UK 2022	UK % change 2023/2022
Employees	7,707	8,891	(13.3%)	312	290	7.6%
Office surface	42,420 m^2	69,875 m^2	(39.3%)	4,643 m^2	4,187 m^2	10.9%
Total tCO_2	25,653	32,215	(20.4%)	1,855	2,397	(22.6%)
Carbon intensity tCO_2e/FTE	3.3	3.6	(8.3%)	5.9	8.3	(28.9%)

Greenhouse gas emissions breakdown by Scope: Global and UK, 2023 vs 2022

Category	Global tCO_2e 2023	% of total 2023	tCO_2e/ FTE 2023	Restated tCO_2e 2022	Global % change 2023/2022	UK tCO_2e 2023	Restated UK tCO_2e 2022	UK % change 2023/2022
Scope 1								
Natural gas – stationary combustion	376	1.5%	0.1	1,682	(77.6%)	252	919	(72.6%)
Company leased cars – mobile combustion	45	0.2%	0.0	89	(49.4%)	0	0	0.0%
Refrigerant leakages – fugitive emissions	2,343	9.1%	0.3	1,840	27.3%	449	449	0.0%
Total Scope 1	**2,764**	**10.8%**	**0.4**	**3,611**	**(23.5%)**	**701**	**1,368**	**(48.8%)**
Scope 2								
Purchased heat & steam	22	0.1%	0.0	34	(35.3%)	0	0	0.0%
Purchased electricity – Grey Market-based	922	3.6%	0.1	1,050	(12.2%)	3	3	0.0%
Purchased electricity – Green – as a percentage of total consumption	45%			57%		97%	99%	(2.0%)
Total Scope 2	**944**	**3.7%**	**0.1**	**1,084**	**(12.9%)**	**3**	**3**	**0.0%**
Scope 3								
Purchased goods & services	13,977	54.5%	1.8	15,852	(11.8%)	566	556	1.8%
Capital goods	1,359	5.3%	0.2	4,200	(67.6%)	55	147	(62.6%)
Fuel- and energy related-activities	567	2.2%	0.1	1,056	(46.3%)	43	153	(71.9%)
Waste generated in operations	93	0.4%	0.0	342	(72.8%)	7	2	250.0%
Business travel (land & air)	5,169	20.1%	0.6	2,747	88.2%	453	85	432.9%
Employee commuting	771	3.0%	0.1	3,294	(76.6%)	27	53	(49.1%)
Water	10	0.0%	0.0	29	(65.5%)	1	31	(96.8%)
Total Scope 3	**21,946**	**85.5%**	**2.8**	**27,520**	**(20.3%)**	**1,152**	**1,027**	**12.2%**
Total GHG emissions	**25,654**	**100%**	**3.3**	**32,215**	**(20.4%)**	**1,856**	**2,398**	**(22.6%)**

The 2022 GHG emissions data has been restated to include the impact of acquisitions and where extrapolations have been refined with more accurate data.

We follow UK Government – Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance, March 2019 (Updated Introduction and Chapters 1 and 2) and will continue to report on our UK energy usage. The Group reports its Scope 1 and 2 GHG emissions, as well as Scope 3 emissions from Fuel- and energy-related activities, using a market-based methodology.

Two out of four offices in the UK are gas free and use 100% renewable electricity. ►

Our Responsibility to the World: Zero impact workplaces continued

Streamlined energy and carbon reporting for S4Capital's UK and Global operations, 2023 vs 2022

	UK Gas consumption 2023	Restated UK Gas consumption 2022	UK Gas consumption % difference 2023/2022	Global Gas consumption 2023	Restated Global Gas consumption 2022	Global Gas consumption % difference 2023/2022
kWh	1,359,285	5,017,797	(72.9%)	2,037,888	9,048,496	(77.5%)
$kgCO_2e$	251,887	918,570	(72.6%)	375,720	1,681,700	(77.7%)
kWh/FTE	4,357	17,303	(74.8%)	264	1,018	(74.1%)
$KgCO_2e$/FTE	807	3,167	(74.5%)	49	189	(74.1%)

	UK Electricity consumption 2023	Restated UK Electricity consumption 2022	UK Electricity consumption % difference 2023/2022	Global Electricity consumption 2023	Restated Global Electricity consumption 2022	Global Electricity consumption % difference 2023/2022
kWh	459,108	1,516,204	(69.7%)	4,476,841	6,194,611	(27.7%)
$kgCO_2e$	2,752	2,780	(1.0%)	922,035	1,050,449	(12.2%)
kWh/FTE	1,472	5,228	(71.8%)	581	697	(16.6%)
$KgCO_2e$/FTE	9	10	(10.0%)	120	118	1.7%

Our performance: GHG analysis

Our decrease in absolute emissions reflects the improved maturity of our data collection and calculation processes, increased accuracy of the data, and the culmination of improvements and achievements made in refining our GHG inventory and strengthening our sustainability practices. The 2022 data has been restated to include the impact of acquisitions and where extrapolations have been refined with more accurate data.

A significant achievement for us was the 78% decrease in natural gas emissions. This aligns with our dedication to diminishing reliance on fossil fuels and promoting the shift towards renewable energy.

We have also posted a reduction of over 68% in emissions from Capital goods, Waste and Employee commuting. The reduction in Capital goods emissions is linked to a decrease in spending in this category, which now accounts for around 5% of our total emissions compared to the previous year. The availability of actual data for Waste and Employee commuting categories has allowed us to minimise the reliance on extrapolated data, helping improve the accuracy of emissions reported in these areas. Our emissions from the Purchases of goods & services, including direct costs, have decreased by 12% compared to 2022. This reduction was achieved through operational cost optimisation, coupled with a marginally higher revenue compared to the preceding year. Even with the decrease in overall energy consumption, we observed a drop in the proportion of green electricity within our energy mix. Acknowledging the limited availability of renewable energy in certain operational regions, our commitment remains steadfast towards achieving 100% renewable energy consumption by 2040, as outlined in our SBTi targets. This necessitates further efforts in the upcoming year to enhance this figure from our baseline.

With the first-time inclusion of data from offices of combined entities, we saw an increase in fugitive emissions from refrigerant leakages. This heightened awareness of our baseline consumption will help us focus on reducing refrigerant leakages and phasing out old cooling equipment in our operations moving forward.

Business travel has increased by 88% compared to the previous year. While we have implemented policies to reduce air travel for short distances, there is still progress to be made. We recognise the emergence of sustainable aviation fuel as a solution for the aviation industry and actively support its use for unavoidable air travel.

On average, 64% of our people worldwide either work from home, or walk or cycle to work – resulting in negligible emissions – thanks to hybrid working and the strategic decision to maintain our locations in central areas. Our reduction in absolute emissions in 2023 is encouraging as we continue to pursue our commitment to the SBTi, aiming to reduce our emissions by 90% and achieve net zero by 2040. The availability of more actual data this year has allowed us to identify areas of success and areas that require further improvement.

Improved GHG inventory data quality and methodology

We initially disclosed our commitment to establish targets that are verified by the SBTi in 2022 with a goal of submitting these targets for approval to the SBTi in 2023. Because SBTi guidance recommends using the most recent year as a baseline, 2021 would therefore have served as our SBTi baseline for measuring progress.

After we released our 2022 ESG report in early 2023, additional data became available to us, prompting us to improve our methodology, particularly in the area of Scope 3 emissions as we gained a more comprehensive understanding of the Emissions Per Supplier category. To ensure consistent and comparable data for year-over-year comparisons, we are excluding 2021 and earlier year data to avoid confusion given the different methodology used during those periods. Upon reviewing our baseline, we also discovered that the mergers omitted from our 2022 calculations represented over 5% of our revenue. Consequently, we opted to incorporate them into our recalculated 2022 footprint.

In addition, we have made several adjustments to activities in the various Scopes to ensure the accuracy and reliability of the data reported in relation to GHG emissions:

Scope 1:

- Duplicates for refrigerant leakages were removed. Some facilities had submitted double refrigerant leakage data in 2022. Gas-free offices previously included in the extrapolation for 2022 have been excluded.

Scope 3:

- Purchases of goods & services: The total direct costs were divided more accurately into three major categories: 'motion picture and sound recording industries', 'photographers' and 'independent artists, writers, and performers'.
- Capital goods: Duplicates listed in both the Purchases of goods & services and Capital goods categories have been removed.
- Business travel: One office reported a spike in Business travel emissions, this turned out to be incorrect. The data has been adjusted accordingly.
- Fuel- & energy-related activities: Adjustment made based on the adjusted natural gas data.

We received and incorporated actual emissions based on our consumption from some of our key suppliers for the first time, including hosting and server emissions as well as Business travel, thanks to our efforts in implementing sustainable procurement practices throughout our supply chain.

We have calculated and included hotel emissions in this year's Scope 3, which has posed challenges for us in the past.

S4 Forest

Each new Monk receives a tree to plant to create ESG awareness. However, we do not have the ambition to become carbon neutral by offsetting, and instead are committed to reach net zero by 2040. ■

Total planted

504,512 trees

Total reforested

304 hectares

Total CO_2 captured

43,599 tonnes

We are steadily progressing and strengthening our ESG operations, making it real. A solid foundation to stand on within the business, connecting the dots between financial and non-financial reporting, operational execution, our people and our mission. This creates room to focus on supporting our clients on their own paths towards a more sustainable future"

Regina Romeijn
Global Head of ESG

Changing the conversation

We work with Purpose-driven clients to amplify their ESG goals and help them become agents of change by creating campaigns that resonate and empower.

Educar 2050: Egresados Incompletos (Incomplete Graduates)

In Argentina, education is facing serious challenges, with students struggling to meet minimum standards in maths, reading comprehension and timely graduation. To spark vital conversations during the 2023 elections, we partnered with NGO Educar 2050, a non-profit organisation working for Argentine education, to launch Incomplete Graduates, a line of graduation hoodies. Each hoodie represents a specific issue, creatively reflecting the incompleteness of education. The message which gained momentum on social media: It's time to prioritise education for Argentine students!

4 QUALITY EDUCATION

Irish Refugee Council: 30 Years 30 Voices

In light of recent global conflicts, our team in Ireland reached out to the Irish Refugee Council to see if we could support their efforts in any way. The result is the booklet '30 Years 30 Voices: The Power of Protection'. We provided pro bono design and copy support to the hugely inspirational IRC team to bring this project to life for World Refugee Day 2023.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

KWF: Kankerbestrijding (Take Action Against Cancer)

As the largest charity in the Netherlands, KWF (the Dutch Cancer Society) hosts dozens of events every year. But KWF is not just against cancer; it is primarily for everything that makes life worth living. KWF enlisted the help of Media.Monks to redefine this brand positioning and bring about a shift in mindset, affirming that everyone can make a difference. If you choose to do so, don't do it solely because you are against cancer, do it for life.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

See more stories on pages 43 and 68

Our Responsibility to the World: Sustainable work

Our work embodies our ESG strategy. We identify the daily impact of – and in – our work, to better ourselves, our methods and outcomes. Our aim is to:

1. **Facilitate a sustainable culture**. We will continue to engage our people in our sustainability journey and support them in their social one. By empowering people, enabling connectivity, to interact, interchange skills and inspire. This culture is the new normal, where people and the planet are always considered in our process, and where the impact of technology on our social behaviour and human interactions is taken seriously and part of any process (re-)design.
2. **Invest in the future of Sustainable Work**, and the future of our planet, through industry-leading innovation and R&D that helps us leverage AI to drive creativity and efficiency, design emission-reducing best practices and technologies, and offer clients sustainable solutions.
3. **Maximise Purpose-driven impact** by empowering Purpose-driven clients, promoting For Good projects (with both environmental and social impact), fostering community involvement and outreach through donations and volunteer work, and promoting inclusive marketing.

AI in focus

With AI now impacting almost every facet of our business, below are some issues and solutions we are actively working on.

Ethical considerations: Leveraging AI creates a whole host of ethical questions, and conversations about the ethical implications of AI are happening now. As a Group, we were early to the game and have ethical standards and guidelines in place for the work we do in this space – and we will continue to refine guidelines and have conversations with partners and clients on these topics as the space evolves.

Integrated workflows: Underscoring our vision of how AI tools come together to move organisations forward, we are offering solutions that connect AI, enterprise software and microservices into more efficient, automated workflows that thrive on cloud and compute. We have also developed software-defined workflows for broadcast, featuring a secure distributed infrastructure with robust redundancy to significantly reduce the risks incurred by traditional broadcasting workflows.

Sustainability of AI-related solutions: A key issue is how to harness the powers of AI and meet sustainability objectives. We are working with partners like Nvidia, AWS, Google and many others to address this challenge. ▶

Our Responsibility to the World: Sustainable work continued

Our performance in 2023

	2023	Restated 2022	% change 2023-2022	2021
Total number of projects	8,414	10,061	(16.4%)	14,331
Total For Good projects	502	445	12.8%	251
Revenue from For Good projects	£42,407,192	£43,448,053	(2.4%)	£23,610,000
% revenue from For Good projects/ revenue	4.2%	4.1%	2.4%	4.2%
Purpose-driven clients	101	75	34.7%	69
For Good projects for Purpose-driven clients	409	274	49.3%	159
Revenue from Purpose-driven clients	£33,249,745	£31,917,969	4.2%	£13,950,000
% revenue from Purpose-driven clients/ revenue	3.3%	3.0%	10.0%	2.5%
% of revenue from projects for alcohol and tobacco clients (tobacco clients: 0)	2.6% of revenue	1.9% of revenue	36.8%	0.9% of revenue
Monetary donations to community and charity services	£64,870 0.01% of revenue	£51,503 0.01% of revenue	26.0%	£87,091 0.02% of revenue
Hours donated to community and charity services	1,449	4,090	(64.6%)	1,460

Working for good

2023 saw remarkable growth in For Good projects done for Purpose-driven clients, up 49.3% compared to last year. For Good projects are projects for both commercial and Purpose-driven clients with the ambition to create a positive impact for people and/or the planet. These projects bring a sense of value and purpose to our people and the world.

We delivered 502 For Good projects in 2023, 409 of them for Purpose-driven clients.

Our increased number of Purpose-driven clients and projects compensated for a small decrease in overall revenue coming from For Good projects, which was down 2.4%. This was mostly due to non-Purpose-driven clients that budgeted fewer For Good projects. We view this as a potential positive, with sustainability and DE&I now maturing to become part of core branding instead of separate campaigns.

In 2023, we donated more money to charities, often matched by S4Capital. This resulted in an increase of donations by 26.0% year over year.

Our performance

For Good projects

502

4.2% of revenue;
12.8% increase in
For Good projects

Purpose-driven clients

101

3.3% of total revenue
34.7% increase in
Purpose-driven clients

Monetary donations

£64,870

The Group has been fast and first in the race to make AI a foundation for creativity and efficiency. We are also leveraging the technology to create innovations that better serve our clients.

Stand-out innovation

The year was a stand-out in terms of innovation. The proliferation of AI brought opportunities for us to pivot and leverage our strengths and capabilities to do what we do best: innovate. We created new workflows, developed new services and adapted new skills. All at high speed and in great depth, to support our clients in managing the impact these emerging technologies had on them. Below are some of the highlights.

Innovation sprints

With technology rapidly evolving, it is extremely important and valuable for our teams to have a safe space to experiment with new technologies at an early stage. And our partners agree. In partnership with Amazon Web Services (AWS), we hosted a challenge across time zones to create internal AI tools using Amazon SageMaker. Google gave us the opportunity to play with Vertex AI and push the technology to its limits in two multi-day events focused on experimentation.

Innovation sprints not only strengthen our partnerships, but also help us solve key industry challenges and develop use cases that drive brand results.

Monks.Flow

This is the Group's AI-centric professional managed service for marketers, revolutionising how people and AI work together.

Underscoring our vision of how AI tools come together to move organisations forward, Monks.Flow offers solutions for major marketing activities by connecting AI, enterprise software, and microservices into efficient, automated workflows. Monks.Flow connects the tech that powers today's AI-first organisations and moves marketing onto compute, making marketing workflows more efficient, effective and experience-driven with synthetic media that maximises quantity and manages cost.

Software-defined production

We use Amazon Web Services (AWS) to create a cloud-hybrid workflow which unlocks the power to produce and broadcast interactive digital experiences remotely while avoiding GHG emissions commonly associated with live broadcast workflows. In addition to avoiding travel-related emissions, the software-defined production workstream slashes costs from traditional broadcast set-ups by an estimated 50% or more and is powered by 95%+ renewable energy.

For this innovation in broadcasting, the Group was awarded a Sustainability in Leadership award at the NAB Show, which is produced by the US's National Association of Broadcasters.

Fan-focused AI highlights

As viewers crave a more moment-based approach to the media and entertainment they consume, this revolutionary broadcast model helps brands expand the value of their broadcast rights in innovative new ways.

Single-use appliances designed for one task alone are replaced with NVIDIA GPUs in the cloud (or a server rack), adding additional efficiency, flexibility and reduced cost, while remote teams allow rights holders to hire the best talent for the job regardless of their proximity to the event. This has enabled us to provide engaging, personalised content instantly – by clipping customised highlights from live broadcasts – to help brands deliver personalised, relevant content designed for today's audiences with fewer emissions, risks, costs and personnel. ■

People Fulfilment

S4Capital and our operating brand Media.Monks have made major strides across the client, integration and employer landscape from 2022 to 2023. In concert with our Board, executives and senior leadership teams, we focused on ESG, DE&I and employee development as our cornerstones – and our people have responded. Thanks to input from our Monks all across the globe, Media.Monks was named to *Newsweek*'s Top 100 Global Most Loved Workplaces 2023"

James Kinney
Global Chief People Officer

Supporting our people through practices, policies and programmes is a central focus as we build opportunities for continued engagement, growth and community across the Group.

Our 2023 data represents the integration of our Technology Services practice, now called Formula.Monks. This integration, and the relative consistency of our numbers despite the addition of a technology-based practice, demonstrates the power of the programmes and our commitments to empowering women in the workforce and leadership.

Our global gender composition remained relatively unchanged, with the population of women in management notably growing 9% year over year, reflecting our consistent commitment to gender balance.

In the US, BIPOC representation increased by 2%, with a 10% growth in the professional level population and an 8% growth in the management level population.

Overall Black representation remained consistent with an increase being demonstrated at the professional level.

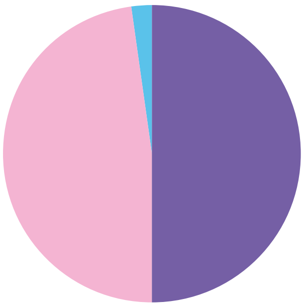
Upholding a genuine appreciation for diversity in its myriad forms, our aim is to cultivate an environment where every individual is treated equitably and with respect – a space conducive to flourishing. But fostering and sustaining a culture of belonging demands more than intent. It requires continuous self-reflection, deliberate intention, and decisive action.

Our people in 2023

Our people	Total 2023	Women 2023	Men 2023	Undeclared 2023	Total 2022[1]	Women 2022	Men 2022	Undeclared 2022
Employees	7,707	48%	50%	2%	8,306	48%	49%	3%
Part time	2%				2%			
Full time	98%				97%			
Permanent contract	96%				99%			
Temporary contract	4%				1%			
% of turnover per total employees by gender	36%	47%	50%	3%	29%	49%	47%	4%
Covered by collective bargain agreement	27%				28%			
Absenteeism in the Netherlands	3%				2%			

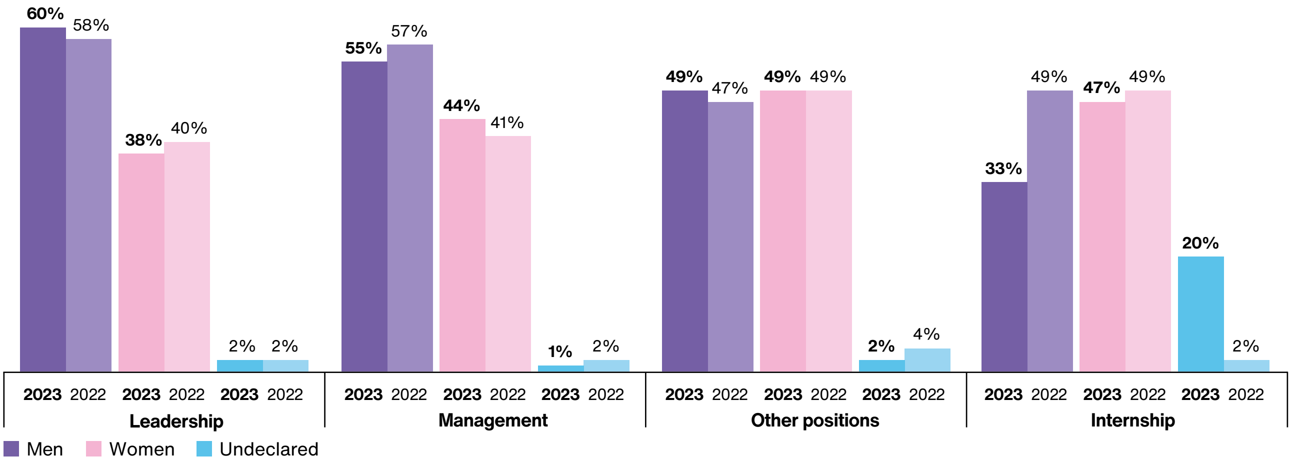
Note:
1. Average employee number for 2022 excluding apprentices and interns.

Gender balance of workforce 2023



Men	50%
Women	48%
Undeclared	2%

Gender balance of workforce by role 2023



Our representation

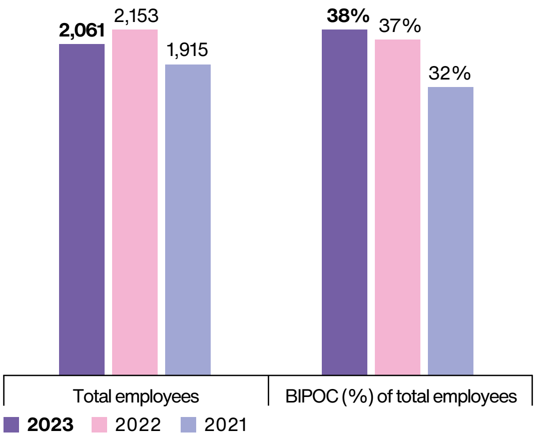
Growth in BIPOC representation is attributed to the success of our Diverse Slate approach to hiring, which rolled out in 2023 along with substantial investment and comprehensive training for recruiters and hiring managers. And while our diversity numbers seem to reflect an uptick in white representation at the leadership level, this can largely be attributed to a refinement of the data due to a greater number of employees opting to disclose information in 2023 versus 2022. With this more accurate data in hand, our focus has shifted towards enhancing diversity at the leadership level.

The population of women in management positions grew 9% year to year. Although the percentage of women in leadership positions trended down slightly, advancements were made at the leadership level with Laura Davis and Deborah Heslip appointed Co-Chief Client Officers, leading the 2023 cohort of women in leadership. Melanie Dhawan was promoted to Chief Finance Officer of the Content practice, contributing to the senior leadership team's efforts to drive that segment of the business forward.

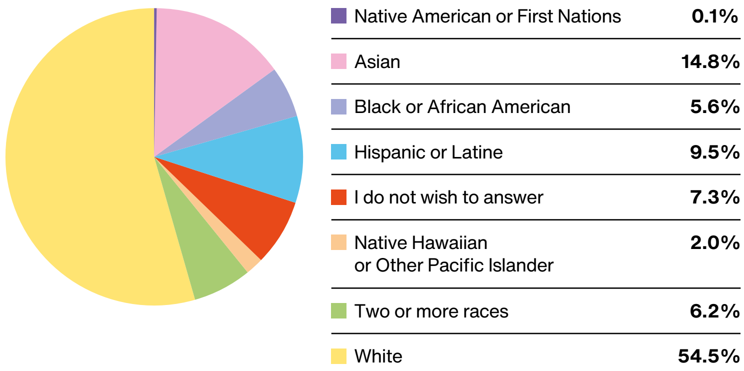
In addition, acknowledging that the technology sector has significant ground to cover in bridging the gender gap both in terms of the quantity of women participating in tech and the representation of women in decision-making roles, Formula.Monks launched its own Women's Leadership Program to empower and nurture the leadership of women in technology. Developed in collaboration with Laboratoria, an organisation dedicated to promoting women's participation in the tech industry and strengthening the leadership of women already thriving within the industry, the programme was open to all women at Formula.Monks. ▶

People Fulfilment continued

BIPOC as % of US employees in 2023



Overall US ethnicity 2023



Diversity of the individuals on the Company's Board and in executive management

Indicator	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Reporting on gender identity or sex					
Men	10	67%	67%	7	78%
Women	5	33%	33%	2	22%
Other categories	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–
Reporting on ethnic background					
White British or other white (including minority-white groups)	12	80%	67%	6	67%
Mixed/Multiple ethnic groups	1	7%	33%	1	11%
Asian/Asian British	2	13%	–	–	–
Black/African/Caribbean/ Black British	–	–	–	1	11%
Other ethnic group, including Arab	–	–	–	1	11%
Not specified/prefer not to say	–	–	–	–	–

As a part of our commitment to People Fulfilment, the People Team crafts global and local programmes with our Monks' growth in mind. In 2023, building upon the success of our legacy programmes we reimagined operations to expand access and designed new programmes to train, develop and inspire our global workforce.

S4 Women's Leadership Program

In our ongoing effort to increase representation of women at the management and leadership levels within the Company, the third cohort of the S4 Women's Leadership Program gathered in October 2023. Thirty participants selected from across the Group took part in the programme which is aligned with Women's Empowerment Principles (WEPs) and were mentored by internal leaders including Founder Sir Martin Sorrell, Group Chief Financial Officer Mary Basterfield, Co-Chief Client Officers Deborah Heslip and Laura Davis, Global Chief People Officer James Kinney, and EVP of Global Operations Louise Martens, among others, including external speakers for a diverse learning experience.

S4 Fellowship

The Fellowship programme supports our ongoing commitment to creating a robust pipeline of Black talent in the industry. Focused on professional development and training for underrepresented communities in the industry, the programme underwent a significant transformation in 2023, with a revamped selection process. The third cohort of the Fellowship garnered a 300% increase in applications from 20 different HBCUs from which the top three candidates were selected to the programme.

Increase in applications

300%

Media.Monks Coaching Certification Program

Launched in 2023, this cohort-based programme is a comprehensive journey for managers designed to enhance and redefine the coaching culture across the Group. After our first cohort of trainees graduate, the programme will be rolled out more broadly across the Group.

Accelerate.Monks

Led by subject matter experts, Accelerate.Monks aims to foster leadership growth and career advancement through interactive classes for all organisational levels across the Group. The programme creates a global learning culture, affording our people worldwide the opportunity to connect, share knowledge, and contribute to their personal and professional development.

Motif

This initiative has a two-fold goal of facilitating succession-planning thinking and extracting valuable insights from a handpicked group of over 400 influential, top team members and leaders from across the globe. The initial comprehensive survey resulted in over 5,000 data points that revealed the Company's core strengths and weaknesses, key opportunities for growth and perspectives on our most significant challenges. Insights have shaped discussions with our Board which have now evolved into regular monthly meetings focused on enhancing leadership, refining governance and capitalising on our strengths. ■

Data points

5,000

Personal voices

We focus on causes and programmes that are meaningful to our people and make a real impact on communities around the world.

University of Measure.Monks

Measure.Monks are our data analytics wizards, helping clients quantify the impact of content and media into sales and profit. They are crucial to business forecasting and use cutting-edge AI tools.

To address a lack of diversity on their team and a shrinking talent pool from which to draw the next generation into their specialty, they created an apprentice programme to recruit a cohort of pre-university candidates. Applicants receive funding for three years' university tuition, earning a BSc in data analytics and a salary while learning, and the Group is able to recruit from a wider, more diverse talent pool.

Pride In Action

The Group's new tradition, Pride In Action, supports the global LGBTQIA+ community through both action and donation and focuses on community impact where our Monks live and work.

In 2023 we surpassed our goal of 15,000 minutes of volunteer time and engagement in LGBTQIA+ initiatives (completed by our people from June through August). We also supported local LGBTQ+ initiatives globally through donations.

Minutes of volunteer time and engagement in LGBTQIA+ initiatives

15,000+

Black to the Future

The Group partnered with non-profit TEC Leimert for the Black to the Future Tech Conference in Los Angeles. This event brings together tech professionals, entrepreneurs and creatives from a broad spectrum of top Fortune 500 companies for a weekend of insights, learning and networking stemming from technological innovation. The event helps to bridge the growing digital divide that threatens underrepresented Black and Brown talent.

Non-financial and sustainability information statement

In compliance with the FCA's Listing Rules, the Group has made disclosures consistent with the TCFD 2021 Recommendations and Recommended Disclosures, including the appropriate annexes and supporting guidance. Additionally, following amendment of sections 414C, 414CA and 414CB of the Companies Act 2006, the Group has indicated in the below table which of the climate-related disclosures, outlined in Section 414CB, are addressed by the TCFD recommended disclosures are located.

Reporting requirement	Policies	Reference
Climate-related financial disclosures	This relates to S4Capital's compliance with the 'Task Force on Climate-related Financial Disclosures' recommendations, Listing Rule LR 14.3.27R, and relevant provisions of the Companies Act 2006	These are included in our TCFD Report, from page 47
Environmental matters	Set and submitted SBTi emission reduction targets for approval; Yearly GHG emission disclosure; TCFD statement	From page 43
Employees	Global Code of Conduct; Anti Financial Crime Policy; Speak Up Policy; Equal Opportunity Employment Statement; Health & Safety Standards; Employee Empowerment; Acceptable Use Policy; Bring Your Own Device Policy; Clear Desk Policy; Information Sensitivity Policy; General Information Security Policy	From page 64. Speak Up Policy can be found on S4Capital and Media.Monks websites
Human rights	Modern Slavery and Human Trafficking Statement; Global Code of Conduct; Anti Financial Crime Policy	S4Capital and Media.Monks websites
Social matters	Global Code of Conduct; Anti Financial Crime Policy Share/Securities Dealing Code	S4Capital and Media.Monks websites
Anti-corruption and anti-bribery	S4Capital has zero tolerance for any form of bribery or influence peddling. We comply with the anti-bribery and corruption laws of the countries where we operate, as well as those that apply across borders	This statement is included in our Global Code of Conduct and in the Anti Bribery and Corruption Policy.
Description of principal risks and impact of business activity	We have established governance processes and policies to help us manage risks and opportunities consistently across the organisation	This is included in our TCFD Report, from page 47 Principal risks and uncertainties from page 28
Description of the business model	This is reflected in our business model	Pages 6-7
Non-financial KPIs	Performance KPIs align to our ESG strategy and include a range of financial and non-financial metrics across three ESG pillars: Our Responsibility to the World; People Fulfilment; and One Brand	Pages 20, 46, 55-58

Human rights

Respect for human rights is a fundamental principle for S4Capital. We take seriously our responsibility to conduct business in an ethical way. Media.Monks has been a member of the United Nations Global Compact (UNGC) since 2012. The UNGC is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles, including in the areas of human rights and employment.

Anti-slavery and human trafficking

S4Capital does not tolerate modern slavery. We are committed to assess and address any modern slavery risks that may arise in the course of our business. As part of this commitment, we are implementing a Supplier Code of Conduct and seeking to regularly educate our people on the risks and how to mitigate them. This helps us identify and manage slavery and human trafficking risk in accordance with the principles and goals promoted by the Modern Slavery Act 2015 and related guidance.

Anti-bribery

S4Capital has zero tolerance for any form of bribery or influence peddling. We aim to comply with the anti-bribery and corruption laws of the countries where we operate, as well as those that apply across borders.
We do not offer, pay or accept bribes or kickbacks for any purpose, either directly or through a third party. We do not make facilitation payments or permit others to make them on our behalf.

Whistleblowing policy

Key values of S4Capital are integrity and responsibility – which link to our core principle of authenticity, integrity and the highest ethical standards in our business dealings. These apply in all our dealings within Media.Monks, and when we work with clients, suppliers and in our communities. Monks' concerns are important to the business and we encourage all of our people to take advantage of the Speak Up Line.

Section 172(1) statement

Addressing the needs of our stakeholders

Section 172(1) of the Companies Act 2006 requires the Directors to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing so, Section 172(1) requires the Directors to have regard, amongst other matters, to the:

- likely consequences of any decision in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, clients and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

In discharging our Section 172(1) duties the Directors have regard to the above factors and any other factors which we consider relevant to the decision being made. We acknowledge that every decision we make will not always result in a positive outcome for all our stakeholders. However, by considering the Company's purpose, mission, values and strategic objectives, and having a process in place for decision making, we aim to ensure that our decisions are considered and proportionate.

Further details on how the Board operates and reflects stakeholder views in its decision making are set out in the corporate governance report on pages 76 to 132.

Engagement with stakeholders

Our stakeholders

Building strong, constructive relationships and engaging regularly are key to ensuring we understand what matters to our stakeholders. Our broad range of stakeholders, representing different and often competing interests, bring informative and diverse perspectives to our decision making. Incorporating those perspectives into our decision making is a vital part of the execution of our long-term strategy. Our clients, our people and our shareowners are our key stakeholder groups, along with our communities and our suppliers (including our lenders).

The Board recognises that engagement with the Company's stakeholders is critical to the success of the business in realising this mission. The Directors continue to have regard to the interest of our people and the Company's other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation when making decisions. We recognise that promoting the long-term sustainability and success of the Company is intertwined with creating value for, and engagement with, our stakeholders. It is rightfully, therefore, at the core of our business.

Information provided by management is shared with the Board and direct engagement with stakeholders takes place throughout the year. Stakeholder considerations are taken into account as discussions at meetings of the Board and its committees, as well as informally in the day-to-day activities of the business.

On page 72 onwards we set out who we consider to be our principal stakeholders, including information on our methods of engagement with them, and the impact of such engagement on the Company's decisions and strategies. The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172(1) of the Act. Our intention is to behave responsibly and ensure that management operates the business in a responsible manner, operating within the high standards of business conduct and good governance expected of us. ►

What are the key interests of our stakeholders?

Our clients

We facilitate the provision of first-party data to fuel creative content and digital media planning and digital content, the design and development of digital creative content and provision of programmes to allow our clients to efficiently plan and deliver audience-focused campaigns.

Our shareowners

Robust financial accounts, sustainable long-term growth in the Company and its share price, sound investment and combination decisions and effective communication of strategy.

Our people

Creating a positive environment in which our people can work, physical and mental health and wellbeing, investment in personal development and career progression, support for flexible and agile working, equal opportunities, inclusion and diversity, promoting equal pay and honest communications.

Our communities and the environment

Creation of social value, supporting sustainability initiatives and community education.

Our suppliers

A productive and fair working relationship through collaboration, innovation and shared values.

Section 172(1) statement continued

Our key stakeholders and how we engage with them.

Our clients

- Our mission for S^4Capital is driven by engagement with our clients and our mantra of 'Speed, Quality, Value and More, with AI'.
- We have combined best-in-class practices, promoting alignment, an integrated service offering and emphasising transparency to clients.

How we engage

- We work alongside our clients on a day-by-day, hour-by-hour basis, helping them communicate with their audiences in a continuous loop.
- We continuously evolve how we communicate and deliver our services based on client feedback.
- We co-locate or embed our people, which not only facilitates clear communication, collaboration and teamwork, but also leaves a light environmental footprint.
- We continuously focus to implement (more) sustainable solutions throughout our processes and advise our clients on the next best solution in our industry.

How the Board engages

- Our Executive Directors provide updates to the Board regarding key market and client updates.
- Our Board receives 'whopper' and 'whoppertunity' updates.

Outcomes

- We continue to build our existing and new client base, with significant assignments from some of the world's top companies and at a local level. Our retention and new business rates are strong, often boosted by cross-practice pitches and referrals.

Our people

- Our people are central to our business. They play a significant role in the delivery of our strategy and the future growth of our business.
- We recognise the importance of attracting, developing and retaining the best talent, and the need to provide a safe and inclusive environment where individuals can thrive.

How we engage

- Our unitary structure, with a single P&L, gives our people a sense of common values, shared goals and a collaborative spirit.
- We have an active internal communications programme to keep our people engaged and informed on Group strategy, progress and development. This includes regular All-Hands meetings and team briefings on matters important to our global talent pool and a weekly 'State of our One Nation' email from the Executive Chairman to all Monks.
- To assist with the wellbeing and health of our people, our practices provide wellness programmes and support for individuals, all within a strong culture of mutual respect and understanding.
- We conduct regular employee surveys and use this feedback to improve our performance and culture and make the results part of our materiality analysis.
- Our culture is one of openness and transparency, where everyone has a voice and is free to raise questions and issues of concern.

How the Board engages

- Our Non-Executive Directors collectively share responsibility for employee engagement and report to the Board on their findings.
- In addition, Miles Young has been designated as the Independent Non-Executive Director responsible for overseeing culture.
- The Board receives updates from our Global Chief People Officer on communication activities with our people.
- The Nomination and Remuneration Committee reviews diversity initiatives across the Group and senior leadership succession plans.

Outcomes

- In 2023, we launched Accelerate. Monks, a global training and educational program across all regions and job levels. We successfully reached over 1,000 Monks, increasing their business acumen and industry knowledge. Over six months, our people learned leadership, presentation skills, business process modeling, and more. Monks who participated for the full program duration received a certification.
- Our Community Groups are set up internally by Monks to support and learn from one another, and are actively promoted to advance the understanding and inclusion of Monks with common life experiences including Pride.Monks, Enable.Monks, Melanin.Monks, Cultura.Monks, Caregiver. Monks, AAPI.Monks and WoMMen in Tech. Community Groups address the topics that really matter to our people, and they are fully supported by executive leadership. Further information is available on page 67.
- We continue to run our S4 Fellowship Program aimed at fostering the next generation of talent by empowering students from traditionally under-represented communities.

Our shareowners

- We recognise the importance of providing all of our shareowners with regular updates on our operations, financial performance and ESG activities. Engagement with shareowners gives us a broad insight into their priorities, which influences our own decision making and our strategic direction. The ongoing support of our shareowners during 2023 is something that we continue to value greatly.

How we engage

- We maintain regular contact with our shareowners through a comprehensive investor relations programme of conferences, roadshows and meetings, predominantly led by our Executive Chairman, Group Chief Financial Officer and Chief Growth Officer.
- After each quarterly results announcement, we have held extensive roadshows with investors.
- All our investor presentations, reports and earnings calls are available on the S4Capital website.

How the Board engages

- Our AGM provides the opportunity for our private shareowners to hear from and engage directly with the Board.
- During 2023, the Executive Chairman, Group Chief Financial Officer and Chief Growth Officer held over 200 meetings, in person and virtually to engage with institutional investors and analysts. More information is available on pages 97 and 98 onwards. ►

Section 172(1) statement continued

Our communities and the environment

- The Board recognises and supports the continuing focus on ESG and sustainability, especially on the environment and climate change, and aims to operate in a sustainable and responsible way while delivering value for shareowners.

How we engage

- Our businesses and people support local initiatives through donated hours and money, or physical efforts though charity runs or cycles. We continue to connect with diverse talent from middle school to students, through education and engagement.
- We contribute to society by actively sharing our talents, digital expertise and thought leadership and offering it to NGOs, social initiatives and charity projects.

How the Board engages

- The Board has oversight of our ESG strategy.
- ESG-related targets are included in the Group's annual performance targets, which are linked to the annual bonus.
- Victor Knaap, an Executive Director, and Miles Young, Independent Non-Executive Director, together champion our sustainability efforts. More information on our sustainability and ESG activities is available on pages 43-74 and in the Media.Monks annual ESG Report.

Outcomes

- We continued existing talent programmes and started a new one.
- We submitted our Science-Based Targets for official approval.
- We made charitable donations totalling £64,870 in 2023.
- In addition to financial donations, we also encourage and support employees who undertake voluntary work in their local communities and have registered 1,449 hours of voluntary work.
- The S4 Forest, our carbon offsetting and reforestation initiative, has now planted a total of 504,512 trees over the last three years.

Our suppliers

- We rely on suppliers to help deliver our services to clients and maintain our productivity, as well as helping to make our supply chain as sustainable and diverse as possible.
- Strong relationships with suppliers can bring innovative approaches and solutions that create shared value.

How we engage

- We ask our suppliers to commit to upholding the principles of our Global Code of Conduct, including fundamental standards on human rights, modern slavery and the prevention of financial crime.
- We aim to have a fair and transparent relationship with our suppliers and partners through regular dialogue and annual surveys on performance and ESG matters.
- We comply with non-financial or supplier diversity reporting frameworks like EcoVadis, CDP and UniTier for transparency in reporting.

How the Board engages

- The Board approved our Sustainable Procurement Policy.

Outcomes

- We build and maintain collaborative, long-term relationships with our suppliers. ■

3 Governance Report

Corporate governance statement of compliance

During the year, the Board has voluntarily complied the UK Corporate Governance Code (the Code) which was issued by the Financial Reporting Council (FRC) in 2018.

The Board confirms that, for the year under review and to the date of this report, the Company has applied all of the principles of the Code. However, we did not comply in full with Provisions 9, 36 and 37, as further described on page 77. This report, together with the reports from the Audit and Risk Committee and Nomination and Remuneration Committee, and the other statutory disclosures, provides details of how the Company has applied the provisions of the Code (pages 99 to 128).

The table below outlines how we have structured the governance section of this Annual Report and Accounts around the Code.

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Non-compliance

Provision	Explanation
9. The chair should be independent on appointment when assessed against the circumstances set out in Provision 10. The roles of chair and chief executive should not be exercised by the same individual. A chief executive should not become chair of the same company. If, exceptionally, this is proposed by the Board, major shareholders should be consulted ahead of appointment. The board should set out its reasons to all shareholders at the time of the appointment and also publish these on the company website.	The Board recognises that Sir Martin Sorrell's position as Executive Chairman which he has held since S4Capital plc's IPO, exercising the roles of both Chairman and Chief Executive Officer, is a departure from the Code. Sir Martin has been a leading figure in the marketing and communications services industry for over 40 years and the Board acknowledges that his expertise, knowledge and global network of relationships are an unparalleled advantage to the Group. In light of this, the Board, in particular through the work of its Nomination Committee, regularly assess the appropriateness of this arrangement and will continue to do so and recommend changes, as appropriate. The Independent Non-Executive Directors have concluded that the position remained appropriate for the year under review. **Control enhancements** ▪ Governance structure reviews – The Independent Non-Executive Directors meet regularly in private sessions, chaired by the Senior Independent Director. The meeting includes consideration of the appropriateness of the governance structure and safeguards for shareowners. ▪ The Chairs of the Board Committees, all of whom are Independent Non-Executive Directors, dedicate significant amount of time in the oversight of the functions that report to each respective Committee and have in-depth relationships with relevant executives.
36. Remuneration schemes should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The Remuneration Committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.	The Board acknowledges that the grant of shares to the Group Chief Financial Officer total a four-year period. The use of an overall four-year performance period for most of the award, structured as successive one-year periods rather than the standard three-year period, recognises that, as S4Capital continues to grow and evolve, each one of the next four years is critical. This approach was also designed to be competitive in the context of the international markets in which the Company operates, where performance and vesting periods can be shorter than the UK norm.
37. Remuneration schemes and policies should enable the use of discretion to override formulaic outcomes. They should also include provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so.	Whilst the Nomination and Remuneration Committee cannot override the formulaic outcome of the Incentive Share Scheme (A1/A2 shares), the Board believes that the scheme is aligned with the wider shareowner experience due to the long-term nature of the scheme. Furthermore, the participants only receive benefits once shareowners have experienced significant growth in the value of their investment.

Leadership: Board of Directors

A clear direction

EC

Sir Martin Sorrell

Executive Chairman
Appointed: 28 September 2018
Nationality: British

Sir Martin was Founder and CEO of WPP for 33 years, building it from a £1 million 'shell' company in 1985 into the world's largest advertising and marketing services company. When Sir Martin left in April 2018, WPP had a market capitalisation of over £16 billion and revenues of over £15 billion.

Sir Martin supports a number of leading business schools and universities, including his alma maters, Harvard Business School and Cambridge University, and a number of charities, including his family foundation. He has been nominated as one of the TIME 100: The Most Influential People and received the Harvard Business School Alumni Achievement Award.

Key skills

- Corporate governance
- Legal and regulatory
- Corporate transactions
- Finance
- Risk and compliance
- Global media, marketing and advertising
- Strategy and M&A
- Technology
- ESG
- Organisational design and corporate culture

Current external appointments

- None

EC

Scott Spirit

Chief Growth Officer
Appointed: 18 July 2019
Nationality: British

Scott joined S4Capital from artificial intelligence company Eureka, where he continues to serve as a board member and adviser. Previously, Scott spent almost 15 years at WPP in various roles in London, Shanghai and Singapore and was ultimately the Global Chief Strategy and Digital Officer.

In 2006 Scott moved to China and oversaw a period of rapid growth and multiple acquisitions, responsible for WPP´s corporate strategy and growth agenda. Scott was also a director of Nairobi-listed WPP-Scangroup PLC. Prior to WPP, Scott worked at Deloitte and Associated Newspapers.

Key skills

- Corporate transactions
- Finance
- Global media, marketing and advertising
- Strategy and M&A

Current external appointments

- Board member, Eureka AI

Committee membership: AR Audit and Risk Committee | NR Nomination and Remuneration Committee | EC Executive Committee | * Denotes Chair of Committee

EC

Mary Basterfield

Group Chief Financial Officer
Appointed: 9 January 2022
Nationality: British

Prior to joining S4Capital, Mary was Group Finance Director at Just Eat PLC, where she led the Finance team through the class 1 merger with Takeaway.com. Her experience spans e-commerce, media, strategy and financial management of businesses undergoing rapid growth and change.

Mary's previous roles include CFO at UKTV and CFO for Hotels.com at Expedia Group Inc. She began her career in the music industry and held senior finance positions at Warner Music and Sony Music.

Key skills

- Finance
- Strategy and M&A
- Corporate governance
- Corporate transactions
- Risk and compliance
- Technology
- Organisational design and corporate culture

Current external appointments

- None

EC

Christopher S. Martin

Executive Director
Appointed: 24 December 2018
Nationality: American

As Co-Founder and former COO of MightyHive, Christopher has built a career leading successful operations teams and client services organisations in technology industries. Christopher holds a Bachelor of Science degree in Computer Engineering and MBA from The Wharton School.

Prior to co-founding MightyHive, Christopher spent a decade at Yahoo! in multiple leadership positions within Mergers & Acquisitions, Post Merger Integration, Global Controllership and the Advanced Ad Targeting Products business unit.

Key skills

- Corporate transactions
- Finance
- Risk and compliance
- Global media, marketing and advertising
- Strategy and M&A
- Technology
- Information security, cyber security, privacy
- Organisational design and corporate culture

Current external appointments

- None

Leadership: Board of Directors continued

Victor Knaap

Executive Director
Appointed: 4 December 2018
Nationality: Dutch

Victor joined Media.Monks in 2003 and led its intercontinental expansion to the 1,100-person powerhouse that merged with S4Capital in 2018.

Today, Victor is responsible for Media.Monks' integrated Content, Data&Digital Media and Technology Services practices in EMEA and leads the development, implementation and communication to all stakeholders of Media.Monks' ESG strategy, decision making and transition to net zero.

Key skills

- Global media, marketing and advertising
- Strategy and M&A
- Technology
- Organisational design and corporate culture

Current external appointments

- None

EC

Wesley ter Haar

Executive Director
Appointed: 4 December 2018
Nationality: Dutch

Wesley is Co-Founder of Media.Monks, and former Chief Operating Officer of the legacy MediaMonks brand.

Wesley co-founded MediaMonks in 2001 to focus on craft and creativity in digital, working tirelessly to grow that company into a creative production powerhouse with global reach and recognition that merged with S4Capital in 2018.

Key skills

- Global media, marketing and advertising
- Strategy and M&A
- Technology
- Organisational design and corporate culture

Current external appointments

- None

Committee membership: AR Audit and Risk Committee NR Nomination and Remuneration Committee EC Executive Committee * Denotes Chair of Committee

Elizabeth Buchanan

Non-Executive Director
Appointed: 12 July 2019
Nationality: Australian

Elizabeth is Chief Commercial Officer of Rokt, the leading global ecommerce technology company.

A proven tech and business executive with passion for transformation, Elizabeth has spent more than 25 years in technology, marketing and advertising.

Key skills

- Finance
- Global media, marketing and advertising
- Strategy and M&A
- Technology
- ESG
- Information security, cyber security, privacy
- Organisational design and corporate culture

Current external appointments

- Board member of NGO Vital Voices Global Partnership
- Chief Commercial Officer, Rokt

AR*

Colin Day

Independent Non-Executive Director
Appointed: 3 August 2022
Nationality: British

Colin brings significant experience in financial, management and governance roles including Non-Executive Chairman of Premier Foods plc, Chief Executive of Essentra plc and 15 years of experience as Chief Financial Officer of both Reckitt Benckiser plc and Aegis plc.

He has served as a Non-Executive Director on the boards of major UK listed businesses including Amec Foster Wheeler, WPP, Cadbury, Imperial Brands, Meggitt, Euromoney Institutional Investor and easyJet.

Key skills

- Corporate governance
- Legal and regulatory
- Corporate transactions
- Finance
- Risk and compliance
- Strategy and M&A
- ESG
- Information security, cyber security, privacy
- Organisational design and corporate culture

Current external appointments

- Chair of Premier Foods Plc
- Non-Executive Director and Chair of the Audit and Risk Assurance Committee, DEFRA
- Non-Executive Director, Cranfield University
- Non-Executive Director, FM Global

Leadership: Board of Directors continued

AR NR

Rupert Faure Walker

Senior Independent Non-Executive Director
Appointed: 28 September 2018
Nationality: British

Rupert qualified as a Chartered Accountant with Peat Marwick Mitchell in 1972. He joined Samuel Montagu in 1977 to pursue a career in corporate finance. Over a period of 34 years Rupert advised major corporate clients on mergers, acquisitions, IPOs and capital raisings, including advising WPP on its acquisitions of JWT, Ogilvy & Mather and Cordiant, together with related funding. He was appointed a director of Samuel Montagu in 1982 and was Head of Corporate Finance between 1993 and 1998.

He was a Managing Director of HSBC Investment Banking until his retirement in 2011.

Key skills

- Corporate governance
- Legal and regulatory
- Corporate transactions
- Finance
- Risk and compliance
- Strategy and M&A

Current external appointments

- None

Margaret Ma Connolly

Independent Non-Executive Director
Appointed: 10 December 2019
Nationality: American and Chinese

Margaret is President and CEO of Asia, Informa Markets, overseeing its businesses in mainland China, Japan, India, Korea, Hong Kong and ASEAN, a portfolio of more than 250 brands, which include industry-leading exhibitions and digital services across 13 countries. Margaret joined UBM in 2008, before its combination with Informa in 2018.

In the last 12 years, she has spearheaded multiple milestones in key market sectors and successfully grown the business through organic development and strategic partnerships. Prior to this, she held senior positions at TNT and Global Sources. Margaret is a member of the Common Purpose Dao Xiang advisory board. She received an MBA degree from Oxford Brookes Business School with Corporate Director Certificate from Harvard Business School.

Key skills

- Corporate governance
- Legal and regulatory
- Finance
- Risk and compliance
- Strategy and M&A
- Technology
- ESG
- Information security, cyber security, privacy
- Organisational design and corporate culture

Current external appointments

- President & CEO of Asia, Informa Markets

Committee membership: AR Audit and Risk Committee | NR Nomination and Remuneration Committee | EC Executive Committee | * Denotes Chair of Committee

Daniel Pinto

Independent Non-Executive Director
Appointed: 24 December 2018
Nationality: French and British

Daniel Pinto is the Founder, Chairman and CEO of Stanhope Capital, the global investment management and advisory group overseeing approximately US$40 billion of client assets. He has considerable experience in asset management and merchant banking having advised prominent families, entrepreneurs, corporations and governments for over 25 years.

Formerly Senior Banker at UBS Warburg in London and Paris concentrating on mergers and acquisitions, he was a member of the firm's Executive Committee in France. He was also Chief Executive of a private equity fund backed by CVC Capital Partners. Daniel founded the New City Initiative, a think tank comprised of the leading independent UK and European investment management firms. He is the author of *Capital Wars* (Bloomsbury 2014), a book which won the prestigious Prix Turgot (Prix du Jury) and the HEC/Manpower Foundation prize.

Key skills

- Corporate governance
- Corporate transactions
- Finance
- Strategy and M&A

Current external appointments

- Director of Soparexo (Holding of Chateau Margaux)
- Director of the Independent Investment Management Initiative (IIMI) (formerly New City Initiative)
- Chairman and CEO of Stanhope Capital Group

AR NR

Sue Prevezer KC

Independent Non-Executive Director
Appointed: 14 November 2018
Nationality: British

Sue is a qualified solicitor and barrister at Brick Court Chambers, where she practices as an arbitrator and mediator and provides advice to commercial clients. She has over 30 years of experience of arguing and managing large complex commercial cases at every level of the UK judicial system and in arbitration.

From 2008-2020, Sue was Co-Managing Partner of law firm Quinn Emanuel Urquhart & Sullivan (UK) LLP where her clients included major corporates, funds, investors, trustees, office holders and high net worth individuals, for whom she managed complex, high value, domestic and international litigation. Sue has particular expertise in company, insolvency related, securitisation and restructuring litigation. She moved back to the Bar in 2020.

Key skills

- Corporate governance
- Legal and regulatory
- Corporate transactions
- Risk and compliance
- Strategy and M&A
- Organisational design and corporate culture

Current external appointments

- Chair of the Trustees of The Freud Museum
- Director at the Hampstead Theatre
- Non-Executive Director, BLOC Ventures Holding

Leadership: Board of Directors continued

Naoko Okumoto

Independent Non-Executive Director
Appointed: 10 December 2019
Nationality: Japanese

Naoko is the Managing Partner and Founder of Niremia Collective, a wellbeing technology fund and leads the investment strategy along with the global community building. She is also the CEO of Amber Bridge Partners, an advisory firm specialising in cross-border business development, investment and operations.

Prior to founding Niremia Collective, she drove US investment and collective impact community building for Mistletoe, a social impact fund founded by Mr. Taizo Son, and was an Executive Advisor at Z Corporation, a Web3 focused fund created by Softbank. She was also a founding partner at World Innovation Lab (WiL), a Silicon Valley/Tokyo-based venture capital company. Naoko was the Vice President of Strategic Partnership Management at Yahoo Inc. where she managed Yahoo's joint ventures and grew annual revenues from $16 million to $520 million.

Key skills

- Technology

Current external appointments

- Managing Partner and Founder, Niremia Collective
- CEO, Amber Bridge Partners
- Board advisor at Transformative Technology (NPO)

AR NR*

Paul Roy

Independent Non-Executive Director
Appointed: 28 September 2018
Nationality: British

Paul has over 40 years' experience in the banking, brokerage and asset management industries. In 2003, he co-founded NewSmith Capital Partners LLP, an independent investment management company, which was acquired by Man Group in 2015.

Prior to that, he was Co-President of Global Markets and Investment Banking at Merrill Lynch & Co and had responsibility for worldwide Investment Banking, Debt and Equity Markets. He was previously CEO of Smith New Court Plc, a leading market making and brokerage firm on the London Stock Exchange. Between 2007 and 2013, Paul served as Chairman of the British Horseracing Authority, responsible for governance and regulation of the sport.

Key skills

- Corporate governance
- Legal and regulatory
- Corporate transactions
- Finance
- Risk and compliance
- Strategy and M&A
- Organisational design and corporate culture

Current external appointments

- Non-Executive Chairman, BLOC Ventures Holding

Committee membership: AR Audit and Risk Committee; NR Nomination and Remuneration Committee; EC Executive Committee; * Denotes Chair of Committee

Miles Young

Independent Non-Executive Director
Appointed: 1 July 2020
Nationality: British

Miles spent almost 35 years at Ogilvy, ultimately as its global Chairman and CEO. He is currently the Warden of New College at Oxford University.

Miles joined what was then the ‘advertising’ business from Oxford in 1973, eventually moving to Ogilvy & Mather. After a period in the Asia-Pacific region based in Hong Kong, and working especially in China, he moved to New York in 2008 as Chief Executive, then Chairman of Ogilvy & Mather Worldwide. From then until 2016 Miles led a period of strong client growth and creative success.

In 2016, Miles returned to his Alma Mater of New College in Oxford, where he is Warden. He is President of the Oxford Literary Festival and Chair of the Oxford Bach Soloists, amongst other voluntary activities.

Miles is actively engaged in ESG efforts, maintaining oversight of S4Capital’s ESG performance and instrumental in the development of disruptive and innovative ESG initiatives.

Key skills

- Corporate governance
- Risk and compliance
- Global media, marketing and advertising
- ESG
- Information security, cyber security, privacy
- Organisational design and corporate culture

Current external appointments

- Warden of New College, Oxford University

Board support

EC

Caroline Kowall

General Counsel, Head of Compliance and Company Secretary

Caroline spent over a decade in-house gaining broad and extensive experience at large, complex asset managers. She joined S4Capital in June 2022 from the Canada Pension Plan Investment Board (Toronto and London) where she was a senior member of the legal and compliance teams.

Caroline was in private practice earlier in her legal career at Ashurst and Milbank in the City of London. She obtained her legal degrees and masters in France and the UK and is qualified to practice law in England and Wales and Ontario, Canada.

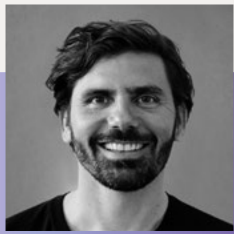
Leadership: Executive Committee

Jean-Benoit Berty

Group Chief Operating Officer
Nationality: French

Prior to joining the Group, Jean-Benoit was a Senior Partner at Ernst & Young for approximately 18 years, where he held various leadership roles, including being the Technology, Media & Telecommunications Leader, Head of Industries and part of the original management team to build the Consulting practice.

Jean-Benoit has also spent the past 12 years advising boards and management teams in the advertising and media industry on strategic and operational initiatives. His experience spans across strategic growth; commercial, organisational and operational effectiveness; margin improvement and enterprise-wide transformation. His previous roles include being Vice President at Capgemini Consulting and Managing Director at a couple of CRM consultancies. His 30 years in professional services spans across North America, Europe and Asia.



Bruno Lambertini

Co-CEO, Content
Nationality: Argentinian

Bruno Lambertini is a distinguished entrepreneur and Co-CEO of Media.Monks Content Practice.

Bruno's journey commenced in 2005 with the founding of Circus Marketing in CDMX, a venture that rapidly expanded into a multinational enterprise spanning eight countries. By championing social-first brands, Bruno's keen discernment of emerging digital opportunities propelled Circus Marketing to the vanguard of innovation.

In 2020, Bruno arranged the pivotal merger between Circus Marketing and Media Monks/ S4, a transformative moment for the company. His leadership played a pivotal role in enhancing Media Monks' Social capabilities and fostering strategic partnerships with esteemed brands. With his profound influence on the marketing and advertising sectors, he is a catalyst for industry innovation and advancement.

Sir Martin Sorrell, Mary Basterfield, Scott Spirit, Wesley ter Haar and Christopher S. Martin are also members of the Executive Committee. Their details appear on the preceding pages.

James Nicholas Kinney

Global Chief People Officer
Nationality: American

James Nicholas Kinney is a seasoned Chief People Officer with a track record of leading two billion-dollar organisations and overseeing 30,000 employees across 40 countries. He brings deep cross-functional expertise in people and operations and is recognised as a people transformation and culture expert across various business industries.

James is a member of the Forbes Human Resources Council and he also holds a certification in AI business strategy from MIT.

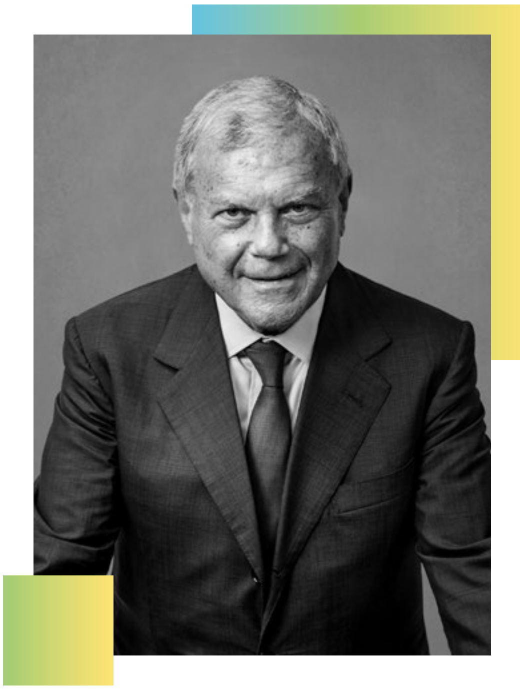
Brady Brim-DeForest

CEO, Technology Services (Formula.Monks)
Nationality: American

Brady joined S4 through the merger of his firm, TheoremOne, a leading enterprise transformation, consulting, and digital delivery partner to the Fortune 1000. He now leads our Technology Services division, Formula.Monks.

Brady helped pioneer the application of agile development, lean product design, and autonomous teams in the enterprise leading clients like AT&T, American Express, Caterpillar, Cisco, Disney, Fox, and Nielsen through broad-scale transformation initiatives. Prior to his current role, Brady served as CEO of video analytics platform Tubefilter, and in 2009 created the Streamy Awards – the premiere award show platform for online video. He is an elected Life Fellow of the Royal Society of Arts, and best-selling author of Smaller is Better: Using Autonomous Teams to Power the Future of Enterprise.

Executive Chairman's statement



Good governance and a strong corporate culture and tone from the top underpins successful and sustainable businesses"

Sir Martin Sorrell
Executive Chairman

Dear fellow shareowners

I am pleased to present our Corporate Governance Report for the year ended 31 December 2023, which sets out how the Group's governance framework supports and promotes its long-term success and provides an overview of the Board and its Committees.

Governance framework

This has been the first full year of our compliance with the UK Corporate Governance Code (the Code), which we voluntarily adopted with effect from July 2022, and we have remained in compliance with the majority of its provisions throughout the year. In relation to the three areas where we depart from the Code, two relate to share schemes which are finite in lifespan, and the last to my own role as Executive Chairman, which is subject to additional checks and balances. More information on our application of the Code is available on page 76.

During the year we have further strengthened our risk management and compliance frameworks by recruiting a dedicated Head of Risks, refreshing a number of policies and introducing new unified policies, codifying the inheritance of our constituent business in the development of our unitary structure.

By setting the tone for our culture, values and behaviour, the Board includes the views of all stakeholders in its decision making. We remain focused on delivery of the long-term sustainable success of the Group.

Purpose

Our purpose statement, 'We shift industries forward by flexing and re-shaping how businesses interact with the world, NOW' explains our raison d'être, and we deliver this 'NOW' mission through our strategy (see pages 12-13 for further information) and our people to our clients and other stakeholders.

Sustainability

I am pleased to report that much progress has been made over the last year in relation to the Group's ESG efforts. Miles Young, is our Non-Executive ESG and Culture Engagement Director and has started working closely with our Global Head of ESG, our General Counsel and our Global Chief People Officer to ensure that the Board continues to consider ESG issues when formulating its business strategy. More information on our ESG strategy is available on page 45.

Board composition and effectiveness

Whilst the composition of the Board did not change during the year under review, there were a number of management changes in each of the practices to strengthen reporting into the Board. With respect to the Board itself, through the Nomination and Remuneration Committee, we continue to review the balance of skills and experience across the Board and this year performed a formal skills matrix exercise, and succession planning. Further information on the Committee's activities can be found on pages 103-108. As announced in our press release in March, Christopher S. Martin, Scott Spirit, Victor Knapp and Wesley ter Haar are stepping down from the Board and will not be standing for re-election at the 2024 Annual General Meeting. Further details are set out on page 129.

Following last year's successful externally conducted Board effectiveness review, the Board conducted an internal performance evaluation, facilitated by the Company Secretary. The evaluation confirmed that the Board and its Committees were considered to be effective and identified a number of key priorities and actions, which the Board welcomed. Further detail on the evaluation and actions agreed can be found on page 96.

Diversity and inclusion

Greater diversity, in all its forms, and an inclusive workplace that welcomes that diversity, leads, in the view of the Board, to better decision making and therefore better outcomes for our people, clients and our business as a whole.

Throughout the year under review and to the date of this report, the Board has met the recommendations set out in the Parker Review. With regard to the more recent gender diversity targets set out by the FTSE Women Leaders Review, the Board continues to plan to achieve them whilst being mindful of overall Board size. More information on our Board diversity is available on page 90.

Stakeholder engagement

The Board recognises the importance of engaging with and considering the interests of our shareowners in promoting the Group's long-term success.

During the year, the Board continued its focus on workforce engagement. With our Company's geographical spread, the Board is committed to sharing the responsibility of engaging with our people amongst all our Non-Executive Directors, rather than a single designated individual. The Board believes that this approach is best suited to our organisation as it provides the Board with the broadest perspective of employee views, which each Non-Executive Director shares with the whole Board. It also allows each Committee Chair to engage directly in respect of matters their Committee is responsible for. More information on our stakeholder engagement is available on page 70.

The Company's AGM is a key event at which the Board and I interact with shareowners, but we encourage you to share thoughts and views with us at any time during the year via our Company Secretary (cosec@s4capital.com).

Conclusion

The Board and I remain committed to the highest standards of governance and active dialogue with all our shareowners. As we did last year, we will again hold a physical AGM, in early June 2024, with virtual attendance for those shareowners who are not able to attend in person.

I would like to thank our shareowners for their continued loyalty and support, and I look forward to seeing you at the AGM. ■

Sir Martin Sorrell
Executive Chairman

26 March 2024

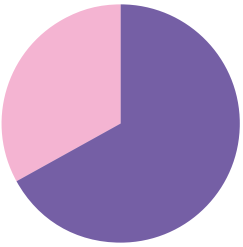
The role of the Board

Board and senior management diversity

The information included in the below tables has been collected by self-disclosure directly from the individuals concerned, using a questionnaire requesting the individual to select their gender identity and ethnicity from a list of options of equal prominence. Gender split for all employees can be found on page 20.

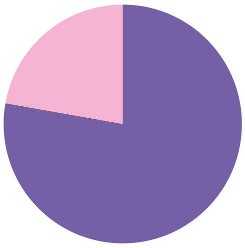
Diversity by gender and ethnicity

Board



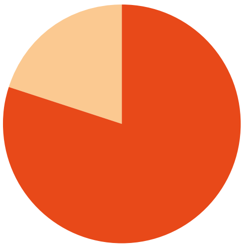
Male	67%	10
Female	33%	5

Senior management



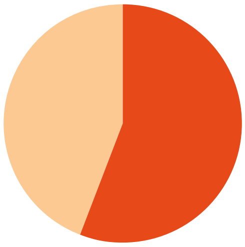
Male	78%	7
Female	22%	2

Board



White	80%	12
Minority Ethnic	20%	3

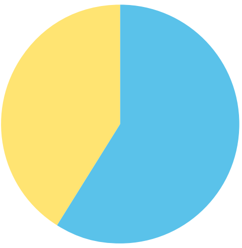
Senior management



White	56%	5
Minority Ethnic	44%	4

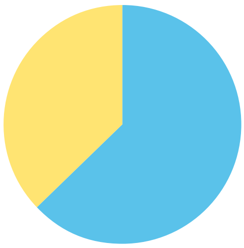
Senior management direct reports

Gender



Male	59%	67
Female	41%	47

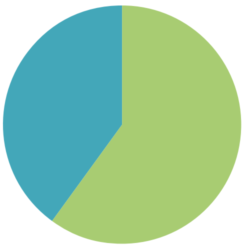
Ethnicity



White	63%	72
Minority Ethnic	37%	42

Board independence balance

Independence



Independent Directors	60%	9
Executive Directors	40%	6

Board and Committee attendance

The following table shows the Directors' attendance at scheduled meetings they were eligible to attend for the year ended 31 December 2023:

Board and Committee meeting attendance

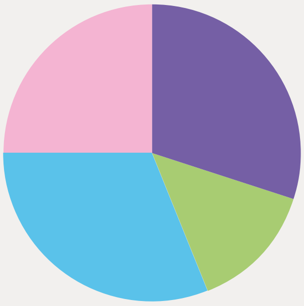
Director	Board[1]	Audit and Risk Committee	Nomination and Remuneration Committee
Total meetings	7	7	10
Sir Martin Sorrell	7/7	–	–
Mary Basterfield	7/7	–	–
Elizabeth Buchanan[2]	6/7	–	–
Margaret Ma Connolly[2]	4/7	–	–
Wesley Ter Haar[2]	6/7	–	–
Colin Day	7/7	7/7	–
Victor Knaap[2]	6/7	–	–
Christopher S. Martin	7/7	–	–
Naoko Okumoto[2]	5/7	–	–
Daniel Pinto[2]	4/7	–	–
Sue Prevezer[2]	5/7	7/7	8/10
Paul Roy	7/7	7/7	10/10
Scott Spirit[2]	6/7	–	–
Rupert Faure Walker	7/7	7/7	10/10
Miles Young[2]	4/7	–	–

Notes:
1. There were four scheduled Board meetings during the year and three ad hoc meetings, called at shorter notice.
2. Elizabeth Buchanan, Margaret Ma Connolly, Wesley Ter Haar, Victor Knaap, Naoko Okumoto, Daniel Pinto, Sue Prevezer, Scott Spirit and Miles Young were unable to attend some ad hoc Board or Committee meetings due to pre-existing arrangements which could not be changed at the shorter notice with which those ad hoc meetings had been called. ▶

The role of the Board continued

Activities of the Board during the year

Board activities



Strategy and operations	30%
Practice reviews	14%
Financial performance	31%
Governance and compliance	25%

During the year, the key Board activities were:

Financial performance

- Reviewed and approved the Group full year, interim and quarterly results, and the Group budget.
- Received regular reports from the Group Chief Financial Officer, including results and forecasts.
- Considered and approved the Group Tax Strategy statement.
- Received updates on the activities of the Audit and Risk Committee.

Strategy and operations

- Received updates on the North Star mission, resulting in the NOW strategy, refreshing the Group's vision and purpose, and the articulation and implementation of the Group's strategy and regional strategies.
- Approved the Formula Consultants merger to create Formula. Monks, a strategic merger with our existing world-class technology agencies: TheoremOne, Zemoga, and Proof.
- Received regular reports from the Global Chief People Officer, the Chief Operating Officer, and from Investor Relations.
- Received updates on the AI Risk Management, and the implementation of an Enterprise Risk Management Framework.

Governance and compliance

- Reviewed and approved recommendations arising from the Board's performance evaluation.
- Reviewed feedback from workforce engagement activities and planned future engagement.
- Reviewed and approved the Board role profiles and skills matrix, Committee Terms of Reference and other key Group policies.
- Received updates on the Group's culture and ESG strategies and activities.
- Received updates from the General Counsel and the Head of Risks on Legal, Compliance and Risks, and from the Chief Information Security Officer and the Global VP, Privacy on Information Security and Privacy risk management.

Practice reviews

- Received updates on the performance of each practice area (Content, Data&Digital Media, and Technology Services) or region, including financial performance and forecasts, clients, strategy, and operations.

Conflicts of interest

The Board operates a policy that restricts a Director from voting on any matter in which they might have a personal interest, unless the Board unanimously decides otherwise.

Prior to all major Board decisions, the Executive Chairman requires the Directors to confirm that they do not have a potential personal conflict with the matter being discussed. If a conflict does arise, the Director is excluded from discussions.

Internal measures are in place to ensure that any related party transaction involving Directors, or their connected parties, are conducted on an arm's length basis. Our Directors have a continuing duty to update any changes to these conflicts.

Purpose, values and culture

The Board, supported by its Committees, monitors the alignment of the Company's culture with its purpose, values and strategy. The Company's corporate culture is integral to our success, we have fostered and cultivated a culture of innovation and this feeds into how we do business. We work continuously to enhance and evolve our culture, taking into account the global nature of our communities.

Key central functions such as Legal, Finance and People are empowered to promote, embed and integrate good standards of ethical behaviours and corporate governance across the Group. This also involves the establishment, review, roll out and internal controls of underpinning policies and our Code of Conduct, which set the expectations of how the Group and its people should behave.

The Board monitors the cultural dynamics of the Group through its workforce engagement activities, which include site visits, employee surveys, regular 'Need to Know' and 'Unmuted' briefing sessions, as well as informal discussions with senior executives. In addition, Miles Young is the designated the Non-Executive Director responsible for overseeing culture. In this role he supports the Board in establishing the tone from the top and fostering connections between the Board and senior executives in setting the appropriate culture for the Group globally.

Governance framework

The Group's governance framework consists of the Board of Directors and its Committees. Our Committees have delegated authority to operate within specified Terms of Reference, which are available on our website, www.s4capital.com/investors. In addition, certain directors, such as the Senior Independent Director, Rupert Faure Walker, or Miles Young, designated Non-Executive Director for overseeing culture, have specific individual responsibilities. This framework enables the Company and its Directors to effectively discharge their duties and to comply with the UK Corporate Governance Code. ►

Board of Directors

The Board has responsibility for the overall leadership of the Group, setting the Group's purpose, values and strategy and satisfying itself that these align with its culture, taking into consideration the views of shareowners and other key stakeholders, to promote the long-term sustainable success of the Group. It also has responsibility for the Group's performance and governance oversight, including evaluating and managing principal risks through an effective internal controls environment.

Audit and Risk Committee

The Audit and Risk Committee ensures the governance and integrity of financial reporting and disclosures and reviews the controls in place. It oversees the internal audit function and the relationship with the external auditors, including monitoring independence, and also reviews the effectiveness of internal controls in the Group. The Committee also reviews and makes recommendations to the Board on the Group's risk appetite, risk principles and policies so the risks are reasonable and appropriate for the Group and can be managed and controlled within the limits of the Group's resources and appetite.

For more information see page 99

Nomination and Remuneration Committee

Responsible for reviewing the balance of skills, knowledge, experience and diversity of the Board and making recommendations for Board and Committee appointments and monitoring succession plans for the Board and senior management. Responsible for determining the remuneration and other benefits of Executive Directors. Reviews and approves the Remuneration Policy, ensuring that it is clear, simple, and aligned to culture. Recommends and monitors overall remuneration for senior management whilst considering employee remuneration and alignment of incentives and rewards with culture.

For more information see page 103

Executive Committee

The Executive Committee is responsible for defining strategic proposals, implementing the Group Strategy, and reviewing its success, overseeing performance against the strategy, defining the budget for the Company, promoting cultural development, and establishing and monitoring ESG strategy for the Group.

The role of the Board continued

Role of the Board

The Board is collectively responsible for the effective oversight and the long-term success of the Company. The Board delegates some of its responsibilities to the Audit and Risk Committee and the Nomination and Remuneration Committee, through agreed Terms of Reference which were updated this year and will continue to be subject to annual review. The responsibilities of each Committee are described in the governance framework on page 93, in the Committee reports on pages 99-108 and are available on our website.

The Board also receives regular updates on the performance of the Group's businesses, operational matters and legal updates from the Executive Chairman, the Executive Directors and General Counsel and this provides opportunities for Board members to provide guidance and constructive challenge. All Board members have full access to the Group's advisers for seeking professional advice at the Company's expense.

Division of responsibilities

The Board acknowledges that Sir Martin Sorrell's position as Chairman and Chief Executive Officer, a role he has held since S4Capital's founding, is a departure from the Code. The Independent Non-Executive Directors met during the year to review the Board structure including consideration of the ongoing suitability of the combined role. Sir Martin has been a leading figure in the marketing and communication services industry for over 40 years and the Board continues to be of the view that his expertise, knowledge and global network of relationships are a significant advantage to the Group. In light of this, the Board believes that combining the roles of Chairman and Chief Executive continued to be appropriate during the year under review. The Board will continue to review this regularly, including through an in-camera session held at each Board meeting with only the Non-Executive Directors participating.

Role	Responsibility
Executive Chairman Sir Martin Sorrell	Chairs the Board meetings, sets the Board agendas and promotes effective relationships between the Executive Directors and Non-Executive Directors.
Senior Independent Director Rupert Faure Walker	Provides a sounding board for the Executive Chairman and is available to act as an intermediary for other Directors when necessary. Responsible for reviewing the effectiveness of the Executive Chairman.
Non-Executive Directors	Independent of management and assist in developing and approving the strategy. Provide independent advice and constructive challenge to management, bring relevant experience and knowledge and serve on the Board Committees.
General Counsel, Head of Compliance and Company Secretary Caroline Kowall	Advises the Board on matters of corporate governance and ensures that the correct Board procedures are followed. All members of the Board and Committees have access to the services and support of the Company Secretary.

Further information on our Board roles and responsibilities are available on our website, www.s4capital.com/investors.

Directors' performance

During the year, the Executive Chairman held meetings with individual Directors at which, among other things, their individual performance was discussed. Informed by the Executive Chairman's continuing observation of individual Directors during the year, these discussions form part of the basis for recommending the election and re-election of Directors at the Company's AGM and include consideration of the Director's performance and contribution to the Board and its Committees, their time commitment and the Board's overall composition.

Executive Chairman's performance

Rupert Faure Walker in his capacity as the Senior Independent Director, leads the annual performance review of the Executive Chairman. This involved meetings during the year with the Independent Non-Executive Directors, without the Executive Chairman being present. The Senior Independent Director provided feedback to the Executive Chairman.

Election and re-election of Directors at the 2024 AGM

As announced in our press release in March, Christopher S.Martin, Scott Spirit, Victor Knaap and Wesley ter Haar will be stepping down with effect from the conclusion of the 2024 AGM, whilst all retaining their current roles as senior executives of the Group. The Board has confirmed that each Director standing for re-election continues to be effective and demonstrates commitment to their role. On the recommendation of the Nomination and Remuneration Committee, the Board will therefore be recommending that shareowners vote in favour of the resolutions proposing the election or re-election (as applicable) of the Directors standing for election or re-election at the 2024 AGM.

B Shareowner

As the founder of the Group, Sir Martin Sorrell has been issued with a B Share which provides him with enhanced rights.

As the owner of the B Share, Sir Martin has the right to:

- appoint one Director of the Company from time to time and remove or replace such Director from time to time;
- ensure no executives within the Group are appointed or removed without his consent;
- ensure no shareowner resolutions are proposed (save as required by law) or passed without his consent; and
- save as required by law, ensure no acquisition or disposal by the Company or any of its subsidiaries of an asset with a market or book value in excess of £100,000 (or such higher amount as Sir Martin may agree) may occur without his consent.

The B Share will lose the B Share Rights if it is transferred by Sir Martin and also:

(i) in any event after 14 years from 28 September 2018 (being the date on which the B Share was issued), or, if earlier, the date on which Sir Martin retires or dies; or

(ii) if Sir Martin sells any of the Ordinary Shares that he acquired on 28 September 2018 (other than in order to pay tax arising in connection with his holding of such shares).

In order to ensure that Sir Martin's exercise of the rights attaching to the B Shares do not prejudice the Company's ability to comply with the Listing Rules, Sir Martin and the Company have entered into a relationship agreement. Pursuant to this relationship agreement, Sir Martin has undertaken to ensure that:

- transactions and arrangements with Sir Martin (and/or any of his associates) will be conducted at arm's length and on normal commercial terms;
- neither Sir Martin nor any of his associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
- neither Sir Martin nor any of his associates will propose or procure the proposal of a shareowner resolution, which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

The Group has policies in place to ensure that the rights attaching to the B Share are not infringed. ►

The role of the Board continued

Board evaluation

Following on from last year's external Board effectiveness review, an internal review was conducted during the year. Working with the Nomination and Remuneration Committee, the Company Secretary distributed a structured online questionnaire seeking input on a number of topics including meeting administration, Board composition, accountability and standards of conduct.

The results were then analysed and discussed at a Board meeting after the year end, and proposed actions to enhance the effectiveness of the Board. The meeting also reviewed the findings of the previous, externally facilitated evaluation, and the actions undertaken during the year to address the findings of that review.

The evaluation's conclusions

The internal evaluation concluded that the Board provides strong leadership of the Company's values, mission and strategic and business plans, being well governed with appropriately structured committees and strongly cognisant of shareowner value. The Board felt it had good access to management and was empowered to ask appropriate questions and challenge constructively as necessary.

The review concluded that, whilst the Board was operating effectively, there were further improvements that could be made and the following key recommendations were agreed with the Board. ■

Topic	Recommendation	Progress/Plan of action
Meeting administration, Board agenda and focus	To ensure meeting materials and minutes are distributed in a more timely manner.	A set of internal deadlines and have been agreed with all stakeholders relating to the drafting, review and publication of meeting material and minutes, which are distributed electronically via a secure software solution.
	Agenda to be more focused on decision making and strategic oversight, and papers shorter, more to the point, and with a clearer 'ask' of the Board.	Operational matters discussed and agreed upon at the preceding meeting of the re-established Executive Committee, to free up the Board to consider more strategic matters.
Board structure and composition	To further refine the composition of the Board in terms of skills and experience, and consider a smaller Board with a structure more typical of UK-listed companies.	Board changes in respect of certain Executive Directors were announced on 27 March 2024, with further consideration to be given by the Nomination and Remuneration Committee as part of the Board's strategy session (see below) to be held in H2 2024.
Board Committees	To increase visibility of the activities of each of the Board's Committees.	A written summary of the items each Committee has considered since the previous Board meeting is included in the following Board meeting pack, together with Committee meeting minutes in an appendix. Each Committee Chair also provides a verbal summary, highlighting key matters and updates since the publication of the Board pack.
	To benchmark NED fees for Committee membership or Chairmanship to ensure they are commensurate with the time commitment required.	A benchmarking exercise will be conducted in conjunction with the Company's remuneration consultants, Korn Ferry, in H2 2024.
Strategy session	To hold an annual strategy session, separate from the quarterly cycle of Board meetings.	The Executive Committee held an off-site in Q1 for management to develop plans for Board review and approval in H2 2024.

How we engage with our people

Our diverse and dedicated people underpin the success of our business. The Board uses a combination of both informal and formal engagement channels as detailed below:

Non-Executive Director engagement

All of our Non-Executive Directors share the responsibility for workforce engagement, attendance at Community Group sessions (described below) or 'Need to Know' All-Hands sessions on specific topics, such as wider workforce remuneration, which was led by the Chair of the Nomination and Remuneration Committee, Paul Roy, or culture, which was led by Miles Young. Non-Executive Directors report to the Board following any engagement with the workforce.

Speak Up

Our Speak Up system allows for an anonymous reporting line for our people to raise any concerns, in addition to non-anonymous ways through HR managers and the General Counsel. The Board, through the Audit and Risk Committee, receive regular updates.

Employee surveys

We conduct regular employee surveys and use this feedback to improve our performance and culture.

How we engage with our people

State of our One Nation

The Executive Chairman sends out a weekly update to all our people to ensure that they are kept informed of business activities, key highlights and Group and/or departmental milestones.

All-Hands

We host All-Hands sessions, divided into departmental All-Hands and geographical All-Hands sessions. These sessions include a question and answer segment, providing two-way communication and further engagement.

Community Groups

Championed by our Global Chief People Officer and managed by our DE&I Team, these groups are voluntary, employee-led groups that aim to foster a diverse and inclusive workplace. Current groups include Pride.Monks, Enable.Monks, Melanin.Monks, Cultura.Monks, Caregiver.Monks, AAPI.Monks and WoMMen in Tech. These groups operate at a global and local level fostering cultural recognition and continuous learning its members and our organisation as a whole.

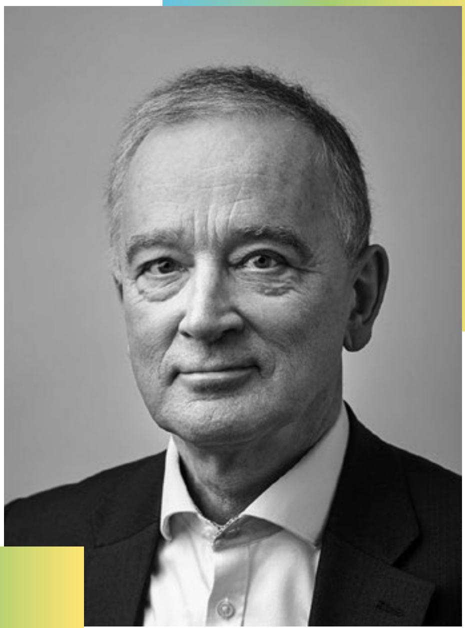
The role of the Board continued

How we engage with our shareowners

Our main engagement methods are listed below:

Annual Report and Accounts	Our Annual Report and Accounts is available to all shareowners, and we aim to make our Annual Report and Accounts as accessible as possible. Shareowners can opt to receive a hard copy in the post, or PDF copies via email or from our website. Shareowners can also contact our Company Secretary to request a copy via cosec@s4capital.com.
Corporate website	Our website is regularly updated and has a dedicated investor section which includes all our Annual Report and Accounts, our results presentations and contact details.
Annual General Meeting	The AGM provides an opportunity for our shareowners to question the Directors and the Chairs of each of the Board Committees. Information on the 2024 AGM is on page 131.
Shareowners consultation	When considering material changes to our Board, strategy or our remuneration policies, we will always seek to engage with shareowners.
Senior Independent Director	Should shareowners have any concerns, which the normal channels of communication to the Executive Chairman or Group Chief Financial Officer have failed to resolve, or for which contact is inappropriate, then our Senior Independent Director, Rupert Faure Walker, is available to address them. Rupert can be contacted via the General Counsel and Company Secretary (cosec@s4capital.com).
Investor meetings	The Executive Chairman, together with the Group Chief Financial Officer and Chief Growth Officer meet with the Company's largest institutional shareowners to hear their views and discuss any issues or concerns. During the year the Executive Chairman, Group Chief Financial Officer and Chief Growth Officer held over 200 investor meetings, in person and virtually. Following the announcement of our results, the Company's largest shareowners, together with financial analysts, are invited to a presentation with a question and answer session by the Executive Chairman, Group Chief Financial Officer and Chief Growth Officer. The webcasts are made available to all shareowners via the website.

Audit and Risk Committee Report



The Committee continued to play a key role in assisting the Board in its oversight responsibility and monitoring the integrity of the financial information"

Colin Day
Chair, Audit and Risk Committee

Letter from the Chair

Committee Membership

Colin Day: Chair
Sue Prevezer KCS
Rupert Faure Walker
Paul Roy

Dear shareowners

As its Chair, I present my report on the activities of the Audit and Risk Committee for the year ended 31 December 2023.

The Committee has been established by the Board primarily for the purpose of overseeing the accounting, financial reporting, internal controls and risk management processes and the audit of the financial statements of the Group. The Committee's role and responsibilities are set out in the Committee's Terms of Reference which are available on our website, www.s4capital.com/investors and subject to annual review.

During the year under review, I have continued to visit key finance locations across the world, including North and South America, and Europe, spending time in addition to Committee and Board meetings days deepening my knowledge of the Finance and Compliance teams' people and processes, as well as those of the internal and external audit functions. This has allowed the committee and I to assist the Board in its oversight of the quality and integrity of the Group's external financial reporting and accounting policies and practices.

During the year, the Committee maintained its oversight on the further evolution of the finance function including processes and systems, plans for the implementation of new ERP systems, intercompany netting solutions and the Enterprise Risk Management Framework (ERMF). In tandem, it continues to play a key role in assisting the Board in its oversight responsibility and monitoring the integrity of the financial information for the benefit of our shareowners and other key stakeholders. ▶

Audit and Risk Committee Report continued

Significant issues considered by the Committee during the year

In discharging its duties by reviewing the financial accounts of the Company and the auditor's report, the Committee considered and discussed the following key financial matters:

- **Revenue recognition:** During the year, the Committee oversaw internal audit reports and management responses into revenue recognition in all three cash generating units ('CGUs'), being the Content, Data&Digital Media and Technology Services practices. Due to the size and complexity of contracts in these segments, management's judgement is key, and the Committee was generally satisfied with the approach taken.
- **Taxation:** During the year, the Committee assessed the reasonableness of the Group's provisions for uncertain tax positions. The Committee reviewed the appropriateness of the disclosures in the Annual Report, and the Board reviewed and approved the Group's tax strategy statement, which is available on the Company's website at www.s4capital.com.
- **Impairment review:** During the year, management undertook the annual impairment review, which was performed at the three CGUs as well as on the Company's investment in subsidiary. The Committee reviewed management's approach and recommendations and concluded that management's assessment was appropriate.

Audit and Risk Committee activities in 2023

The main areas of the Committee activities during 2023 financial year included:

Financial and narrative reporting

- The material areas in which significant/key judgements were applied, based on reports from both the Group's management and the external auditor.
- The information, and underlying assumptions presented in support of the impairment, going concern and viability assessment.
- The consistency and appropriateness of the financial control and reporting environment.

Internal control and risk management

- Plans for the global roll out of a new Enterprise Risk Management Framework (ERMF), together with its launch and adoption at Group level.
- Performed a review of the Company's principal and emerging risks and uncertainties, risk appetite statements, risk owners and risk response plans.
- Further enhancements to internal controls, and update of the internal control manual and finance manual.
- Received updates on information security and data privacy.

Compliance, whistleblowing and fraud

- Reviewed reports arising from the Speak Up Line.
- Evaluated management's identification of fraud risk, its implementation of anti-fraud measures and the creation of an appropriate 'tone at the top'.

Internal audit

- Approved the annual internal audit plan.
- Reviewed key themes and findings from the internal audit reviews.

External auditor

- Reviewed the scope of, and findings from, the external audit undertaken by PricewaterhouseCoopers LLP (PwC) as the external auditor.
- Assessment of the performance, continued objectivity and independence of PwC.

Key focus for 2024

Alongside the regular cycle of matters that the Committee schedules for consideration each year, we are planning over the next 12 months to focus on the following areas:

- the appointment of a Head of Internal Audit to further enhance and strengthen our internal controls environment, insourcing internal audit;
- continuing finance transformation, including systems consolidation and process improvements; and
- the global roll out and embedding of ERMF.

Internal audit

The Committee is responsible for monitoring and reviewing the operation and effectiveness of the Group's Internal Audit function, including its independence, strategic focus, activities, plans and resources. Deloitte LLP ('Deloitte') has been appointed as the Group's internal audit function with the aim to provide independent assurance as to the adequacy and effectiveness of the Group's internal controls and risk management systems.

The Group's internal audit plan is prepared in accordance with standards promoted by the Chartered Institute of Internal Auditors. The Committee meets regularly with Deloitte to review progress against the plan.

The Committee is satisfied that the Internal Audit function has the necessary integrity, objectivity and competency to fulfil its mandate. It has also satisfied itself that the Internal Audit function has adequate standing and is free from management or other restrictions.

External audit

The Committee has primary responsibility for overseeing the relationship with, and performance of, the external auditor, PwC. This includes making recommendations to the Board concerning the appointment, reappointment and removal of the external auditor, as well as assessing its independence on an ongoing basis.

Following the conclusion of the 2022 audit, the Committee rotated its key audit partner as the incumbent, Mark Jordan, had served the maximum term permitted. The Committee was pleased to approve his successor, Jason Burkitt, in January 2023. PwC has served as external auditor since 2018.

During the year, the Committee reviewed the external auditor's performance, the Committee concluded that the external auditor remains independent, objective and effective in its role and therefore should be re-appointed for a further year. On the recommendation of the Committee, the Board is putting forward a resolution at this year's AGM to re-appoint PwC as external auditor for a further year.

The Committee's policy is that the external auditors should not undertake any work outside the scope of their annual audit and the review of the interim financial statements. The Committee has discretion to grant exceptions to this policy where it considers that exceptional circumstances exist and that independence can be maintained, whilst having due regard to the FRC's ethical standards for auditors. The Committee's approval is required to instruct PwC to perform non-audit services.

The Committee confirms that in respect of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, the Group has complied with the applicable provisions for the financial year under review.

Fees

The audit related fees for the year ended 31 December 2023 amounted to £4.0 million (2022: £4.2 million). The non-audit fees for the year ended 31 December 2023 amounted to £0.4 million (2022: £0.3 million). Further information is available on page 169.

Fair, balanced and understandable

At the request of the Board, the Committee considered whether, in its opinion, the 2023 Annual Report, taken as whole, is fair balanced and understandable. In its review, the Committee examined the preparation and review process and considered the continuing appropriateness of the accounting policies, important financial reporting judgments and the adequacy and appropriateness of disclosures. Board and Committee members received drafts of the Annual Report for their review and input which provided an opportunity to discuss the drafts with both management and the external auditor.

Following its review and the Committee's recommendation, the Board believes that the 2023 Annual Report and financial statements is representative of the year and, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareowners to assess the Group's position, performance, business model and strategy.

Going concern and long-term viability

The Committee considered the going concern position as detailed on page 150. Having reviewed and challenged the downside assumptions, forecasts and mitigation strategy of management, the Committee believe that the Group and Company are adequately placed to manage its business and financing risks. ►

Audit and Risk Committee Report continued

The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for a period longer than 12 months from the date of signing the financial statements. Therefore, the Directors continue to adopt the going concern basis in preparing the financial statements. The Directors, having considered the longer-term viability assessment as detailed on page 31, confirm that they have a reasonable expectation that the Group and Company will be able to continue in operation and meet its liabilities as they fall due and over the viability period to 2026.

Managing risks and internal controls

The Board has overall responsibility for setting the Group's risk appetite and ensuring that there is an effective risk management framework in place and has delegated the responsibility for review of the risk management methodology and effectiveness of internal controls to the Audit and Risk Committee. In February 2023, a new Head of Risks was appointed, who is responsible for ensuring that an appropriate ERMF exists in the Group, as well as embedding the framework globally. As a result, a review of the Group's principal risks has been undertaken, the results of which are detailed on pages 28 to 30. The Audit and Risk Committee and Board both reviewed and approved the new ERMF and principal risk matrix.

Speak Up

The Committee oversees the Group's Speak Up Policy and procedures. Concerns can be raised by employees with managers, HR or the General Counsel or can be reported by anyone, anonymously, if necessary, to a confidential hotline. The Committee received regular reports on matters raised. In 2023, a total of 14 cases were reported through the programme. Over 85% of those cases were HR-related, with the remainder consisting of suspected ethics violations.

Each issue was investigated under our standard investigation procedures and appropriate steps were taken, although no material issues were identified.

Membership of the Committee and attendance at meetings

The Committee is comprised solely of independent Non-Executive Directors with a wide range of experience. As the Chairman of the Committee, I am considered by the Board to have recent and relevant financial experience. My biographical details and those of my fellow Committee members can be found on pages 78-85. Meeting attendance of the Committee members can be found on page 91. The Board is satisfied that the Committee has the resources and expertise to fulfil its responsibilities. By invitation, the Executive Chairman, Group Chief Financial Officer, Group Financial Controller, General Counsel and Company Secretary, Deputy Company Secretary, and representatives from the internal auditors (Deloitte) and external auditors (PwC) attend Committee meetings. The Committee met seven times during the year. To further facilitate open dialogue and assurance, the Committee holds private sessions with the internal and external auditors without members of management being present.

Committee effectiveness

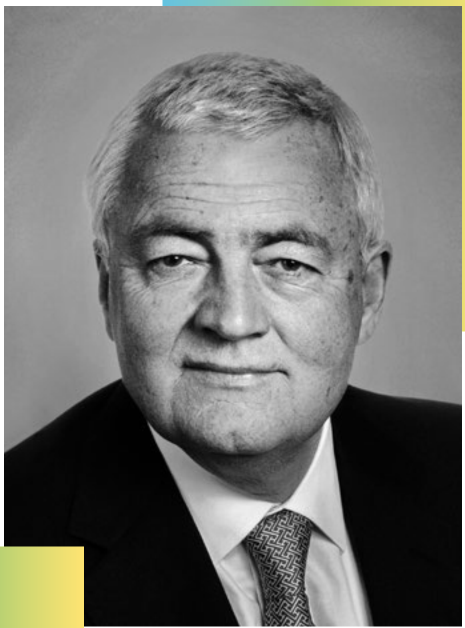
An evaluation of the effectiveness of the Board and its Committees was undertaken just after the year end, in line with the requirements of the UK Corporate Governance Code. The results confirmed that the Committee is operating effectively. The Committee considered that during the year it continued to have access to sufficient resources to enable it to carry out its duties and has continued to perform effectively. Further information on the Board effectiveness review is available on page 96.

As Chair of the Audit and Risk Committee, I am available to shareowners and stakeholders should they wish to discuss any matters within this report or under the Committee's area of responsibility generally, whether at the AGM or by writing to the General Counsel and Company Secretary at cosec@s4capital.com. ■

Colin Day
Chair, Audit and Risk Committee

26 March 2024

Nomination and Remuneration Committee Report



During challenging trading conditions, the management team has demonstrated significant drive and leadership and a commitment to regaining the confidence of the market"

Paul Roy
Chair, Nomination and Remuneration Committee

Letter from the Chair

Committee Membership

Paul Roy: Chair
Sue Prevezer KC
Rupert Faure Walker

Dear shareowners

As Chair of the Nomination and Remuneration Committee, I am pleased to present the Committee's report for the financial year ended 31 December 2023. I have chaired the Committee since it was established in 2018. The other members of the Committee are Rupert Faure Walker and Sue Prevezer. All three of us are considered by the Board to be independent Non-Executive Directors.

Board composition and succession planning

Although there were no changes to the Board during 2023, the Committee kept the composition of the Board under active review. As part of the Committee's 2023 priorities, this included further development and review of the Board skills matrix and an assessment of each Director's particular areas of expertise. The skills matrix is subject to ongoing review and is an essential reference point when considering the future evolution of the Board and succession planning, including in respect of the Executive Chairman.

Further consideration was also given during the year to succession plans for key Board and Committee positions, and in March, we announced that Christopher S. Martin, Scott Spirit, Victor Knapp and Wesley ter Haar are stepping down from the Board with effect from the conclusion of the 2024 AGM. Wesley ter Haar will become a Board observer, as an example of our founder management ownership structure and to support input into strategy, such as our focus on AI.

Board diversity

Board gender diversity remains a priority for the Committee and the Board as a whole. There are currently five women on the Board out of a total of 15 Directors (so 33% female representation). We are conscious that this is below the 40% recommended by the FTSE Women Leaders Review, and therefore this is being kept under active review. We currently meet the requirement to have at least one senior Board position (being the Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director position) held by a woman, with Mary Basterfield holding the position of Group Chief Financial Officer.

During 2023, and as at the date of this report, the Board met the recommendation to have at least one Director from an ethnic minority on the Board. We currently have three Directors who identify as ethnic minorities. ▶

Nomination and Remuneration Committee Report continued

Further details of our Board Diversity Policy are available on our website, www.s4capital.com. Information on the Company's Diversity, Equity and Inclusion (DE&I) policy and the diversity of the workforce as a whole are set out in the ESG section of the Strategic Report from page 64. In addition, on page 90 we include details of the gender and ethnic balance across the Board and senior management.

Directors' remuneration in 2023

The business experienced challenging trading conditions during 2023 reflecting the global macroeconomic conditions and clients' caution and fears of recession, a difficult year for new business and lower seasonal uplift than in previous years. We saw longer sales cycles, particularly for larger transformation projects, and whilst all practices saw some impact, this was most evident in Content with some technology clients, a reduction in smaller project-based assignments and local and regional clients. Throughout this difficult period, the management team has demonstrated significant drive and leadership and a commitment to regaining the confidence of the market. This has formed the context for the decisions taken by the Committee during the course of the year. The Committee has also been very aware of the competitiveness of the global talent markets from which S4Capital seeks to recruit senior leaders, and echoes the sentiments of those market participants calling for a more flexible approach to rewarding top executives of UK companies.

At the time of finalising last year's report, the Committee had not reached a final decision on whether any salary increases should be awarded to the Executive Directors for 2023. It was ultimately agreed that, with one exception, the Executive Directors would receive a 4% salary increase, effective from 1 April 2023. This salary increase was aligned to the level received by the wider workforce. The one exception was Christopher S. Martin, for whom the Committee agreed should be paid a salary more appropriate for the role of Chief Operating Officer, his position from August 2022. His salary was therefore increased to $441,258 (previously $207,360) to reflect his wider Group-wide responsibilities in the COO role. The new salary was considered more closely aligned to that of equivalent roles at similar international businesses.

As also noted in last year's report, we were keeping under review the matter of whether long-term share incentives should be granted to the Executive Directors in 2023. After extensive consideration, the Committee decided that it was appropriate to introduce a new performance-based long-term incentive plan targeted at the key executive leadership of the Group. Its purpose is to enhance the competitiveness of the compensation packages of these senior leaders, to retain their services and to ensure that their interests are fully aligned with those of shareowners. Awards were granted in July 2023 to c.40 senior executives across the business, including four of the Executive Directors. The awards were granted under the Group's Employee Share Ownership Plan (ESOP) and are consistent with the terms of the Directors' Remuneration Policy.

The awards were structured so that each participant received grants in the form of conditional shares (for half of the award) and share options with an exercise price of £2.00 (for the other half), i.e. at a significant premium to the share price at the time of grant. The use of premium-priced options was a deliberate design feature to provide a very clear signal to participants that to receive value from these awards there will need to be a significant increase in the share price.

This message was further reinforced by the choice of performance conditions for the awards. In the interests of simplicity and focus we chose to base the targets on rewarding share price growth. We accept that share price is only one way of measuring long-term performance, but it has the benefits of being simple, incentivising and aligned with the interest of shareowners. One half of the awards will vest in the event the share prices reaches £2.00, with the other half met for achieving a share price of £2.70 – a level considerably above the price at the time of grant and ahead of the price at the time of writing. The conditions will be met if the share price reaches these hurdles during any consecutive 30-day timeframe during the three-year vesting period from July 2023. For the Executive Directors, there is then a further two-year post-vesting holding period, which aligns with investor expectations and the UK Corporate Governance Code requirements.

The Executive Directors who received long-term incentive awards were Wesley ter Haar, Victor Knaap, Christopher S. Martin and Mary Basterfield. They each received conditional share awards with a face value of 125% of basic salary (60% of basic salary in case of Mary Basterfield, reflecting the fact that she also receives separate annual equity awards as part of the package agreed at the time of her appointment). They also received a grant of premium-priced share options over shares with the same face value, reflecting the value of the underlying shares at the time of grant. The Nomination and Remuneration Committee approved the awards of share options at this level noting that the fair value of each award was substantially lower than the face value at the time of grant, taking into account (among other things) the premium-priced nature of the options. The overall value of the total award was therefore significantly less than if we had granted conditional share awards only.

Awards were not granted to the other Executive Directors, Sir Martin Sorrell and Scott Spirit, in recognition of their ongoing participation in the separate Incentive Share Scheme which was established at the time of S4Capital's creation in 2018 and which rewards the growth in value of the invested capital in S4Capital 2 Limited. As at 31 December 2023, the minimum growth condition for this scheme had not been met and therefore awards are not yet capable of being exercised.

Each Executive Director participated in the annual cash bonus scheme for 2023, with payments based on performance against both financial and non-financial measures. For the financial measures (70%) we introduced a third metric, EBITDA to cash conversion, reflecting the increased internal focus on this metric. The other two financial metrics were net revenue growth and EBITDA margin, both of which are core indicators of the success of the strategy of the business. For the non-financial measures (30%), targets were linked to ESG performance, DE&I and ongoing business integration. The targets are set out on page 116.

After the year end, the Committee reviewed performance against the targets set. While the financial targets were not met, there was partial achievement against certain of the non-financial measures, leading to a total bonus outcome of 9% of maximum. However, mindful of the Company's overall financial results for the year, the Committee chose to exercise discretion and override the formulaic calculation, determining that no bonuses would be paid to the Directors for the year.

As previously disclosed, Mary Basterfield participates in certain equity arrangements agreed at the time of her recruitment in late 2021. During the year under review, she was granted the second of four separate annual awards to be made over the first four years of her employment. The award had a face value of £500,000, equivalent to 130% of her April 2023 salary, and was granted half as an award of market-priced share options and the other as a conditional share award. Prior to the grant of the award in July 2023, the Committee determined that the performance targets for this award should align with the financial and non-financial targets set for the 2023 annual bonus scheme. In line with the outcome for the annual bonus scheme, as set out above, the formulaic performance assessment was 9%. After detailed consideration, the Committee concluded that this was not a suitable reflection of Mary's contribution to the business over the course of 2023 and, in particular, her focus on improvements to internal financial processes, the enhancement of the overall finance function under her leadership and guidance, and her management of the external audit process. Mary has been instrumental in ensuring that S4Capital operates with improved financial controls and reporting protocols. Given the importance of these matters to the business, and the material improvements shown under Mary's leadership, the Committee decided to exercise discretion to increase the performance outcome from 9% to 50%. As previously agreed, the award does not vest until August 2026, this being four years after the date of the first annual award under these equity arrangements.

In addition, in late 2023 the Committee met to consider the vesting of the separate equity award granted to Mary in December 2021 at the time she joined the Company (but prior to her appointment to the Board). As disclosed in previous Directors' Remuneration Reports, this award was subject to targets linked both to her role and to her personal performance over the two-year period following grant. Given Mary's exceptional performance since she joined S4Capital, the Committee concluded that this award should vest in full. Further details of the performance assessment can be found on page 117. ►

Nomination and Remuneration Committee Report continued

All decisions taken during 2023 were consistent with the Directors' Remuneration Policy and the Committee therefore considered that the Policy operated as intended during the year.

Remuneration plans for 2024

For 2024, all elements of the Executive Directors' pay will continue to be in line with the approved Remuneration Policy.

As at the date of this report, the Committee has not yet finalised a decision on any salary increases to apply to the Executive Directors for 2024. Any increases, if agreed, will be effective no earlier than 1 April 2024 and, among other things, will take into account Board roles and responsibilities as well as salary increases for the wider workforce. Full disclosure of any changes to Directors' salaries will be provided in next year's Directors' Remuneration Report at the latest. Pension and benefits provision will continue unchanged.

Under the annual bonus scheme, Executive Directors will continue to have the opportunity to earn up to 100% of basic salary as a bonus, subject to the satisfaction of performance conditions linked to strategically important key financial and non-financial measures. 70% of the bonus will again be payable by reference to performance measured against financial metrics, including EBITDA to cash conversion, net revenue growth and EBITDA margin. These metrics all align with our stated focus on improving profitability against the backdrop of ongoing macro challenges. The remaining 30% of the bonus will be payable by reference to key non-financial objectives. As in previous years, this includes ESG performance, DE&I and measures linked to integration. We have been building our ESG strategy over a number of years and the ongoing inclusion of these measures in the bonus reflects the work still to do. Similarly, maximising the benefits of operating as a unitary business remains a strategic imperative. For 2024, this has been supplemented by a measure which focuses on the increased usage of AI technology, this being key to the ongoing success of the business and central to our long-term growth prospects.

The exact targets for the annual bonus scheme are currently considered commercially confidential, but as normal will be disclosed in full in next year's Directors' Remuneration Report alongside a discussion of the level of performance achieved.

Mary Basterfield will receive a further award of shares in 2024 with a face value at grant of £500,000. This will be the third of the four annual grants under the terms of her recruitment agreement, consistent with previous disclosures, and will again be split equally between market-priced options and conditional shares. The award will be subject to the satisfaction of targets based on key performance conditions measured over the financial year ending 31 December 2024. As for 2023, the precise performance targets will mirror those for the annual bonus scheme.

The targets are considered commercially confidential and will be disclosed in next year's Directors' Remuneration Report. To the extent that the performance targets are satisfied, the award will vest in August 2026, this being four years after the grant of the first award under these arrangements.

At this stage the Committee does not have any current intentions to make a further grant of long-term incentive awards to any of the Executive Directors in 2024. If this changes, any awards will be consistent with the terms of the Directors' Remuneration Policy, with full details provided in next year's Remuneration Report.

The Board (excluding the Non-Executive Directors) is responsible for determining Non-Executive Director fees. The Board has not yet reached a final decision on any fee increases for 2024. Any changes to fee levels will be disclosed in next year's Directors' Remuneration Report.

Review of Directors' Remuneration Policy

The Directors' Remuneration Policy was last approved by shareowners at the AGM in 2022 and therefore will be subject to renewal in 2025. During the course of the current financial year, the Committee will review the current Policy and determine whether any changes are necessary. As normal, it is the Committee's intention to consult with major shareowners on the key terms of the new Policy before it is presented for formal approval at the 2025 AGM.

UK Corporate Governance Code

The Committee supports the UK Corporate Governance Code and remains confident that the overall approach to remuneration is aligned to the Code, and that we continue to comply with the vast majority of the provisions relating to Directors' remuneration.

The overall Directors' Remuneration Policy and the way it is implemented is aligned with the strategy of the business and the promotion of long-term sustainable success. As a business, we seek to generate value by using our technology and data to create exceptional content, distributed by digital media. The success of this approach is to a significant extent measured by financial performance. A key component of the incentive schemes is rewarding the achievement of challenging targets based on financial measures which include EBITDA to cash conversion, net revenue growth and EBITDA margin, indicators of the success of our strategic objectives and measures which are closely tracked internally and by S⁴Capital's shareowners and market analysts. This is supplemented by a focus on non-financial measures which are critical to the long-term value of the business and aligned with our ESG strategy, such as ensuring that the Company has an appropriately diverse workforce and is managing its wider responsibilities to society. The long-term incentive plan initiated in 2023 has a focus on share price performance, this being critical to the business at a time when the valuation has been suppressed. The ultimate value of the separate Incentive Share scheme to participants is closely correlated with the long-term success of the business since its foundation in 2018 and incorporates an extended vesting period, consistent with the expectations of the Code.

The Committee has sought to ensure that the Directors' Remuneration Policy and its implementation are consistent with the factors set out in Provision 40 of the Code:

- **Clarity:** Remuneration arrangements for the Executive Directors are set out transparently in this report, allowing shareowners to understand the nature of the specific incentive schemes and payments under those schemes. We remain committed to engagement with our major shareowners and the wider workforce on remuneration matters.
- **Simplicity:** The structure of the Remuneration Policy for the Executive Directors is simple and straightforward. All Executive Directors participate in the annual bonus scheme, with the new long-term incentive plan applying to those who do not participate in the Incentive Share scheme. All long-term incentives have a relatively simply structure.
- **Risk:** The Committee is aware that the Incentive Share scheme may result in the issue of shares to participants of a significant value. However, such awards will be consistent with the creation of shareowner value since the foundation of S⁴Capital and therefore very clearly tied to the performance of the business. Any reputational risk triggered by a perception of excessive rewards which are divorced from the underlying performance of the business is therefore limited.
- **Predictability:** Rewards available to Executive Directors under their fixed remuneration arrangements and the annual bonus scheme are limited in scope and reasonably predictable in value. The value of the various equity incentives will vary in value depending on the achievement of the performance conditions and the share price as at the date of vesting/exercise. The ultimate value of long-term incentive awards (including those awarded under the Incentive Share scheme) is hard to predict exactly, but it will correlate with growth in shareowner value.
- **Proportionality:** The annual bonus scheme, the long-term incentive plan, the Incentive Share scheme and the equity awards to the Group Chief Financial Officer tie individual reward closely to the performance of the business. The targets for the bonus scheme and the Group Chief Financial Officer 's awards are linked to core financial priorities and key non-financial objectives. The Incentive Share scheme and the long-term incentive plan reward the generation of value for shareowners. As such, payouts under these schemes will be reflective of the success or otherwise of the strategic direction which has been set for the Group.
- **Alignment to culture:** S⁴Capital is continuing to build a new age/new era, digital, data-driven, unitary business. Our incentive schemes for Directors and for employees across the Group more widely are aligned and are all designed to ensure that performance is rewarded which supports overall business goals and is consistent with the purpose and culture of the Group. ►

Nomination and Remuneration Committee Report continued

There are two areas where we do not fully comply with the remuneration-related elements of the Code:

- **Provision 36:** The Group Chief Financial Officer's equity awards agreed as part of her recruitment in 2021 do not have a total vesting and holding period of five years or more. The full rationale for the structure of these awards was set out in the Directors' Remuneration Report for the year ended 31 December 2021 and remains unchanged. The Committee believes they are appropriate for S4Capital in the context of the need to offer a competitive recruitment package which is aligned to the interests of the business. The equity awards granted as part of the new long-term incentive arrangements in 2023 have a three-year vesting period and a separate two-year post-vesting holding period.
- **Provision 37:** The Incentive Share scheme does not include malus or clawback provisions, nor does the Committee have the ability to override the formulaic outcome of the scheme. This is due to the long-term nature of the plan and the fact that participants in the scheme can only receive benefits once shareowners have experienced significant growth in the value of their investment. In line with the Code, the other incentives in place for Directors (the annual bonus scheme, the equity incentives for the Group Chief Financial Officer and the more recent long-term incentive awards) include malus and clawback provisions and provisions which give the Committee the ability to override the formulaic outcome of the performance tests if deemed appropriate. Similar arrangements will apply to any new long-term incentive offered to the Executive Directors in the future.

The Committee has noted the publication of the new version of the Code, which will be effective for the financial year beginning 1 January 2025. We will review what changes, if any, we will need to make to ensure ongoing compliance with the new Code.

Discretion

The Committee oversees the application of discretion in accordance with the Remuneration Policy. The Committee exercised its discretion during the year to set new performance targets for the equity award granted to the Group Chief Financial Officer during the year to align the award with the measures in place for the annual bonus scheme. After the year end, and as explained above, the Committee exercised its discretion to increase the performance outcome for this award. The Committee also exercised discretion to reduce the annual cash bonus outcome for all of the Executive Directors to zero, as also explained above.

Committee engagement

The Committee welcomes the engagement of shareowners and is committed to maintaining an open dialogue regarding any nomination or remuneration-related matters. The Committee continued to reflect on and consider shareowner views on remuneration when implementing the Directors' Remuneration Policy throughout 2023. We were pleased to note that last year's Directors' Remuneration Report received a 97.95% vote in favour at the AGM in June 2023, indicating a good level of support for our overall approach.

In July 2023 I wrote to major shareowners to explain the rationale for the introduction of the new long-term incentive plan and set out the key terms of the initial award. No substantive feedback was received in response. I remain committed to ongoing dialogue with shareowners and welcome any comments or questions; should shareowners wish to raise any matters with me, please do not hesitate to get in touch via the Company Secretary.

Engagement with the wider workforce on remuneration matters is taken seriously by the Committee and during 2023 I held a further session with a group of employees from across the business to discuss compensation and, among other things, the alignment between executive remuneration and the pay practices and policies across the wider Group. ■

Paul Roy
Chair, Nomination and Remuneration Committee

26 March 2024

Summary of the Directors' Remuneration Policy

The Directors' Remuneration Policy was approved by shareowners at the AGM on 16 June 2022 and will continue to apply until a new Policy is approved in 2025. Payments to Directors and payments for loss of office can only be made if they are consistent with the terms of the approved Remuneration Policy. The Committee will be required to seek shareowner approval for an amendment to the Policy if it wishes to make a payment to a Director which is not envisaged by the approved Policy. The Committee is not seeking to make any changes to the Policy at the AGM in 2024.

A summary of the key features of the Policy is included below. The full Policy can be found on pages 71-80 of the 2021 Annual Report and is also available on the Group's website at www.s4capital.com/investors. If there is any discrepancy between the summary and the full Policy, the full Policy will prevail.

Policy table for Executive Directors

The table below sets out the core components of the remuneration package for Executive Directors and explains the purpose of each element and how it furthers the strategy of the Group. The table also summarises the operation of each element and its performance conditions (where relevant), the maximum reward opportunity and the relevant performance metrics.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance assessment
Base salary	A fixed element of the Executive Directors' remuneration, intended to provide a base level of income.	Salary is reviewed annually and otherwise by exception. Takes into account the role performed by the individual and information on the rates of pay for similar jobs in companies of comparable size and complexity. Salary is typically below market rates.	Annual increases will ordinarily be in line with awards to other people within the Group. Consistent with other roles within the Group, other specific adjustments may be made to take account of any changes to individual circumstances, such as an increase in scope and responsibility, an individual's development and performance in the role and any realignment following changes in market levels.	An individual's performance is one of the considerations in determining the level of annual increase in salary.
Benefits	A fixed element of the Executive Directors' remuneration, intended to attract, retain and motivate them, whilst remaining competitive.	Benefits such as insurance, fully-expensed transportation, private medical insurance and life assurance may be paid to the Executive Directors in line with market practice.	Benefits are set at a level which the Nomination and Remuneration Committee considers to be commensurate with the role and comparable with those provided in companies of a similar size and complexity.	n/a
Pension	A fixed and standard element of the Executive Directors' remuneration to support retirement.	Takes into account the role performed by the individual, the level of pension provided to the wider workforce, and the legal requirements in the country of appointment. Payment may be made into a company pension scheme, private pension plans or paid cash in lieu.	Until 31 December 2022, for incumbent Directors only, maximum 30% of base salary. For new appointments and from 1 January 2023 for incumbent Directors, the maximum level of pension contribution has been aligned with the rate payable to the majority of the workforce or the legal requirements in their country of appointment.	n/a

Remuneration Report continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance assessment
Annual Bonus Scheme	The annual bonus scheme is intended to reward Executive Directors for their achievements and the performance of the Group in the financial year.	Following the end of each financial year, the Nomination and Remuneration Committee reviews actual performance against the objectives set under the scheme and determines awards accordingly. Awards are normally paid in cash but the Nomination and Remuneration Committee has discretion to determine if a proportion of the bonus should be invested in shares. At the discretion of the Committee, for certain leavers, a pro-rata annual bonus may become payable at the normal payment date for the period of employment and based on full-year performance.	Maximum 100% of basic salary.	The targets against which annual performance is judged are determined annually by the Nomination and Remuneration Committee. Annual performance is assessed against a combination of financial, operational strategic and personal goals. Malus and clawback provisions apply to payments under the annual bonus scheme. For more details see page 116.
Incentive Share Scheme	The Incentive Shares and Options are intended to motivate the Executive Directors who are invited to subscribe for them to contribute towards the long-term development of the Group.	The Nomination and Remuneration Committee reviews the development of the Group against the terms of the scheme.	In aggregate, for all holders of Incentive Shares and Options, 15% of the growth in value of S4Capital 2 Limited, as described on page 122.	A compound annual growth rate of 6% since the foundational investment into S4Capital 2 Limited, as described on page 123.
Employee Share Ownership Plan	Motivate and incentivise employees and Executive Directors to contribute to the long-term development of the Group. As set out below, Executive Directors may become eligible to participate in other long-term incentive arrangements if deemed appropriate.	Awards over shares which, for Executive Directors, vest subject to the satisfaction of performance conditions. The vesting period will be up to four years. Awards can be structured as options (with or without an exercise price) or conditional share awards.	For Executive Directors, 200% of salary per annum.	In relation to awards made to Executive Directors, performance conditions will be linked to key strategic priorities or other targets identified at the time of grant. Malus and clawback provisions apply to these awards.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance assessment
Share Ownership Guidelines	Requires the Executive Directors to hold a minimum level of shares both during and after the period of their employment.	Executive Directors are encouraged to build up and then subsequently hold a minimum level of shareholding as soon as reasonably practicable following appointment with the expectation that this will normally be within five years of appointment. Executive Directors are also required to maintain a minimum level of shareholding for a period of two years following the cessation of their employment.	The minimum shareholding which should be built up by an Executive Director is a holding equivalent in value to 200% of their basic salary. Executive Directors must also maintain a shareholding for a minimum period of two years following the cessation of their employment of the lower of (1) the in-employment shareholding requirement of 200% of salary and (2) the individual's actual shareholding at the time of their departure.	n/a

Malus and clawback

The annual bonus scheme includes malus and clawback provisions which may be invoked by the Nomination and Remuneration Committee at its discretion within the two-year period following the payment of any bonus in the following circumstances:

- a material misstatement of the financial results of the Company;
- the identification of an error in the calculation of the grant or determination of a performance target;
- action or conduct which amounts to fraud or gross misconduct or other circumstances which would have warranted summary dismissal;
- a material failure of risk management;
- circumstances which have a significant impact on the reputation of the Group; and/or
- the insolvency of the Group.

The equity incentives granted to certain Executive Directors under the Employee Share Ownership Plan are subject to similar malus and clawback provisions. Furthermore, the Committee intends that similar provisions will be applied to any new long-term incentive scheme put in place during the lifetime of the Remuneration Policy.

Due to the long-term nature of the rewards offered by the Incentive Share scheme, which only allows the owners of the Incentive Shares to receive benefits under the scheme once shareowners have experienced significant growth in the value of their investment, there are no malus and clawback arrangements in respect of awards under this scheme. Awards are, however, subject to leaver provisions intended to motivate holders to remain with the Group over the long term (up to 14 years), subject to extension. ▶

Remuneration Report continued

Nomination and Remuneration Committee discretion

The Nomination and Remuneration Committee will operate the incentive schemes in accordance with the relevant scheme rules. Consistent with standard market practice, the Committee has certain discretions regarding the operation and administration of these schemes, including as to:

- participants;
- timing of grants or awards;
- size of awards;
- determination of how far performance metrics have been met;
- treatment of leavers or arrangements on a change of control; and
- adjustments of targets and/or measures if required following a specific event (e.g. material acquisition or disposal).

Any use of these discretions would be explained in the annual report on remuneration for the relevant year.

In addition, and in accordance with good practice, the Committee has the discretion to adjust the formulaic outcome of the annual bonus scheme and the equity awards granted to certain Executive Directors to reflect overall business performance over the vesting period. A similar discretionary override would be put in place for any new long-term incentive arrangement put in place during the lifetime of the Remuneration Policy.

Additional long-term incentive arrangements

Under this Remuneration Policy, the Committee has the flexibility to agree additional long-term incentive arrangements for Executive Directors during the lifetime of the Policy. This reflects the fast-moving nature of the business environment and the potential need to react quickly to changing circumstances without needing formal shareowner approval for an amendment to the Policy. Any new scheme would be aligned to the Company's medium and long-term strategy and would include appropriate performance metrics linked to the financial performance of the Company (unless the Committee determines that other targets are appropriate).

If any new long-term incentive plan is established, the limit on the size of individual awards would be a grant over shares worth up to 200% of base salary each year if granted as performance shares (with flexibility to increase to 250% of basic salary in exceptional circumstances). If other types of award are made, these would have a similar equivalent fair value. Such awards would vest over a period of up to four years, subject to the satisfaction of performance targets as noted above.

Recruitment

When hiring a new Executive Director, the Committee will use the Remuneration Policy as the initial basis for formulating the individual's package. To facilitate the hiring of candidates of the appropriate calibre to implement the Group's strategy, the Committee may include any other remuneration component or award not explicitly referred to in this Remuneration Policy (or a higher award opportunity than that set out in the Remuneration Policy table) sufficient to attract the right candidate. Any long-term incentive award granted to a new appointee would be up to a maximum of 250% of basic salary per annum.

Awards outside the normal policy would only be made (i) if they are considered a necessary part of an acquisition which involves a new Director joining the Board and/or (ii) to buy out awards being foregone by the incoming Executive Director, with the value of these buyout awards reflecting the value of the awards foregone. It is the Committee's intention that any buyout award would reflect the same delivery vehicle, performance and vesting horizon of the awards foregone. Where the recruitment requires the individual to relocate, appropriate relocation costs may be offered.

In determining the appropriate remuneration, the Committee will take into consideration all relevant factors, including the quantum and nature of the remuneration, to ensure the arrangements are in the best interests of the Company and its shareowners.

Contracts of service

The Company's policy is to offer contracts of employment that attract, motivate and retain skilled people who are incentivised to deliver the Company's strategy.

The Executive Directors have service agreements with the Company but are remunerated pursuant to agreements concluded with other entities in the Group. A summary of the agreements pursuant to which the Executive Directors are remunerated is set out below. The service agreements are available for inspection at the Company's registered office.

Director	Date of appointment	Date of contract	Notice period (months)
Sir Martin Sorrell	28 September 2018[1]	24 June 2018	12
Victor Knaap	4 December 2018	18 January 2021[2]	12[3]
Wesley ter Haar	4 December 2018	18 January 2021[2]	12[3]
Christopher S. Martin	24 December 2018	24 December 2018	At will
Scott Spirit	18 July 2019	2 July 2019	12
Mary Basterfield	3 January 2022[4]	14 November 2021	12

Notes:

1. Sir Martin has acted as a Director of S4Capital 2 Limited since its foundation on 23 May 2018, which is the effective date of the start of his employment pursuant to his service agreement.
2. New contracts with Victor Knaap and Wesley ter Haar were signed on this date, superseding the contracts dated 9 July 2018.
3. Notice period from Company. Notice period from Executive Director is 6 months based on Dutch legal requirement that it is half of period required from Company.
4. Date of appointment as a Director. Joined the Company on 13 December 2021.

Policy on payments for loss of office

The service agreements for the Executive Directors allow for lawful termination of employment by making a payment in lieu of notice, by making phased payments over any remaining unexpired period of notice, or, in relation to contracts governed by Californian law, by paying 12 months' base salary. There is no automatic or contractual right to annual bonus payments. At the discretion of the Committee, for certain leavers, a pro rata annual bonus may become payable at the normal payment date for the period of employment and based on full year performance. Should the Committee decide to make a payment in such circumstances, the rationale would be fully disclosed in the annual Remuneration Report.

The equity incentives awarded to Executive Directors under the Employee Share Ownership Plan include customary leaver provisions. In certain specific 'good leaver' circumstances (death, illness or disability, the business for which the individual works no longer being part of the Group, or any other reason determined by the Committee), the Committee may determine that awards which have not vested at the date of cessation shall continue and be available for vesting on the normal vesting date. The extent of vesting will depend upon the satisfaction of the relevant performance conditions. The award will also be subject to a pro-rata reduction to reflect the number of completed days in the period between the grant date and the date of cessation as a proportion of the total number of days in the vesting period. The Committee has the discretion to disapply this time pro-rating if deemed appropriate. If the Committee deems the individual to be a 'bad leaver', then any unvested award will lapse immediately on the date of cessation.

In the event of a change of control or winding up of the Company, the Committee has the discretion to determine that the performance conditions will continue to apply, and that the number of shares which vest will be subject to pro-rating to reflect the number of completed days between the grant date and the date of the corporate event.

The Committee reserves the right to make additional liquidated damages payments outside the terms of the Directors' service contracts where such payments are made in good faith in order to discharge an existing legal obligation, or by way of damages for breach of such an obligation, or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

Statement of consideration of employment conditions elsewhere in the Group

The Group operates in fast-moving sectors across multiple jurisdictions and with employees who have joined the Group following the acquisitions that have been made since S4Capital was established. Pay levels and structures for people across the organisation are designed to be competitive and to reflect the dynamics in specific markets. ►

Remuneration Report continued

Consideration of shareowner views

The Committee considers it extremely important to maintain open and transparent communication with the Company's shareowners. The views of shareowners are received through various avenues, such as at the AGM, during meetings with investors and through other contact during the year. These views are considered by the Committee and help to inform the development of the overall Remuneration Policy.

In 2023, the Committee Chair wrote to major shareowners with regard to the structure of the new long-term incentive plan and to invite questions or comments on the plan.

Policy table for the Non-Executive Directors

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance assessment
Fees	To attract and retain Non-Executive Directors with adequate experience and knowledge.	The fees of the Non-Executive Directors are determined by the Board based upon comparable market levels and time commitment. The Non-Executive Directors do not participate in any performance-related incentive arrangements, nor do they have any entitlement to benefits or pension contributions. Directors may be paid additional amounts for services such as acting as the Senior Independent Director or as a Committee Chair.	The maximum fees payable are subject to an aggregate annual limit as set out in the Articles of Association which is currently £500,000.	n/a

Fees

The Board (excluding the Non-Executive Directors) is responsible for determining the fees for the Non-Executive Directors.

Letters of appointment

The terms of appointment of the Non-Executive Directors are set out in their respective letters of appointment. Appointment as a Non-Executive Director is subject to a three-month notice period. The Group has no obligation to make termination payments if a Non-Executive Director is not re-elected as a Director at an AGM.

The appointments of Rupert Faure Walker and Paul Roy are governed by their appointment letters with S^4 Limited, which remained in place following the completion of the Company's acquisition of S^{4}Capital 2 Limited on 28 September 2018.

Director	Date of appointment	Date of letter of appointment	Notice period (months)
Rupert Faure Walker	28 September 2018	12 March 2021[1]	3
Paul Roy	28 September 2018	24 June 2018	3
Sue Prevezer	14 November 2018	3 November 2018	3
Daniel Pinto	24 December 2018	4 December 2018	3
Elizabeth Buchanan	12 July 2019	11 June 2019	3
Naoko Okumoto	10 December 2019	9 December 2019	3
Margaret Ma Connolly	10 December 2019	6 December 2019	3
Miles Young	1 July 2020	30 June 2020	3
Colin Day	2 August 2022	2 August 2022	3

Note:
1. A new letter of appointment was signed with Rupert Faure Walker on this date, superseding those dated 24 June 2018 and 10 September 2018.

Recruitment of new Non-Executive Directors

Any new Non-Executive Director appointed during the period covered by this Remuneration Policy will have their remuneration set in line with the provisions of the Policy table above.

Annual Remuneration Report

The information provided in this Annual Remuneration Report is subject to audit where indicated. Details of the Directors' interests in the share capital of the Company are set out on page 121. The remuneration of the Executive Directors for the year to 31 December 2023 is presented below with a comparison for the year to 31 December 2022.

Executive Directors' remuneration as a single figure (audited)

	Salary		All taxable benefits[1]		Annual bonus		Incentive shares		Pension		Other		Total[8]		Total fixed Remuneration		Total variable Remuneration	
£000	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sir Martin Sorrell	258	250	103	84	–	100	–	–	10	75	–	–	371	509	371	409	–	100
Victor Knaap[2]	188	180	16	15	–	74	–	–	8	7	–	–	212	276	212	202	–	74
Wesley ter Haar[2]	188	180	16	15	–	74	–	–	7	7	–	–	211	276	211	202	–	74
Peter Rademaker[2, 3]	–	20	–	–	–	–	–	–	–	1	–	–	–	21	–	21	–	–
Pete Kim[4, 5]	–	77	–	–	–	–	–	–	–	2	–	–	–	79	–	79	–	–
Christopher S. Martin[4]	308	168	–	–	–	69	–	–	8	5	–	–	316	242	316	173	–	69
Scott Spirit[6]	333	319	21	21	–	133	–	–	13	32	–	–	367	505	367	372	–	133
Mary Basterfield[7]	381	370	–	–	–	148	–	–	15	15	96	180	492	713	396	385	96	328
Total	1,656	**1,564**	156	**135**	–	**598**	–	**–**	61	**144**	96	**180**	1,969	**2,621**	1,873	**1,843**	96	**778**

Notes:

1. Taxable benefits include, and in the case of Sir Martin Sorrell, exclusively comprise amounts relating to health insurance.
2. The remuneration of Victor Knaap, Wesley ter Haar and Peter Rademaker is converted into sterling from euros using the average exchange rate for the year, consistent with the basis of the presentation of financial performance in the financial statements.
3. Peter Rademaker stepped down as an Executive Director on 3 January 2022. As disclosed in the Directors' Remuneration Report for the year ended 31 December 2021, he received no payments for loss of office but remained employed by the Company until 31 January 2022, during which time he received his salary and other fixed pay, as disclosed in the table above. He served on the Board as a Non-Executive Director until 16 June 2022.
4. The remuneration of Pete Kim and Christopher S. Martin is converted into sterling from US dollars using the average exchange rate for the year, consistent with the basis of the presentation of financial performance in the financial statements.
5. Pete Kim stepped down as an Executive Director on 16 June 2022. He received no payment for loss of office, and remained employed by the Group until 3 July 2023.
6. The remuneration of Scott Spirit is converted into sterling from Singaporean dollars using the average exchange rate for the year, consistent with the basis of the presentation of financial performance in the financial statements.
7. For Mary Basterfield, the amount disclosed under 'Other' for 2023 includes £59,342 as the value at the end of 2023 of the equity award granted during the year in connection with her recruitment, for which performance was measured over the 2023 financial year, and reflecting the Nomination and Remuneration Committee's decision that performance should be assessed at 50%. £nil of this amount is attributable to share price appreciation. The shares will vest in August 2026, being three years from the date of grant. The amount disclosed under 'Other' for 2023 also includes £36,995 as the value at vesting of the share award granted to Mary in December 2021 prior to her appointment as an Executive Director. £nil of this amount is attributable to share price appreciation. Further details on these awards can be found later in this report. The amount disclosed under 'Other' for 2022 is the value at the end of that year of the equity award granted in 2022 in connection with Mary's recruitment, for which performance was measured over the 2022 financial year. Further details on this award can be found in last year's Directors' Remuneration Report.
8. Total remuneration for Mary Basterfield is the aggregate remuneration of the highest paid UK director.

Salary (audited)

The salaries of the Executive Directors were reviewed by the Nomination and Remuneration Committee during the year and increased with effect from 1 April 2023. With the exception of Christopher S. Martin, all Directors received a salary increase of 4%, in line with the average increase for the wider workforce. Following a review, Christopher S. Martin's salary was increased to reflect the wider scope of his responsibilities as Chief Operating Officer, following his appointment to that role in 2022. ►

The annual salaries of the Directors with effect from April 2023 were as follows:

Sir Martin Sorrell	£260,000
Victor Knaap	€218,400
Wesley ter Haar	€218,400
Christopher S. Martin	$441,258
Scott Spirit	SG$561,600
Mary Basterfield	£384,800

Remuneration Report continued

Pension (audited)

For 2023, all Executive Directors' pensions were aligned with the wider workforce or to the legal requirements in place in their country of appointment. Pension contributions for Sir Martin Sorrell, Scott Spirit and Mary Basterfield were at a rate of 4% of basic salary. These contributions were paid into the Company's pension scheme in the case of Scott Spirit and Mary Basterfield. Sir Martin Sorrell received a payment of a cash amount in lieu of pension. Victor Knaap and Wesley ter Haar received Dutch age-related pension contributions. Pension contributions were made to Christopher S. Martin via a US 401(k) plan.

Annual bonus scheme (audited)

The 2023 bonus scheme was based on the achievement of performance targets linked to the Group's strategic priorities. 70% of the bonus was payable by reference to performance against Group financial metrics, and the remaining 30% was payable by reference to key non-financial objectives.

The specific financial metrics are set out in the table below.

	Weighting (% of total bonus)	Targets	Result
Gross profit (net revenue)	25%	8.9% to 9.9% growth on like-for-like basis vs FY22	-4.5%
EBITDA margin	25%	16% to 17.8% as percentage of net revenue	10.7%
EBITDA to cash conversion[1]	20%	70% to 80% ratio	68.4%

Note:
1. Defined as EBITDA less capex less change in working capital/EBITDA.

For the 30% of the bonus subject to non-financial objectives, targets were set based on the ongoing integration of the various businesses within S4Capital, diversity and inclusion and ESG, as summarised below.

Objective	Targets	Weighting (% of total bonus)	Achievements	Score
Integration	• Unifying business processes to improve efficiency and further enhance the 'one S4Capital' approach. • Identifying and managing execution of opportunities to integrate the S4Capital Group's physical presence. • Working as an integrated team to identify and execute opportunities to grow the top line.	20%	• Built MOTIF senior management communication group. • Developed culture and engagement roadmap, held workforce engagement presentations and expanded our global community groups across our culture to meet DE&I goals. • Conducted global information security training across the workforce, reduced staff and costs across back office and corporate teams. • Opened integrated offices in Sydney and Singapore. • Introduced the +1 strategy with wins across the practices.	33%
Diversity, Equity and Inclusion	• Improving the Black representation in the US towards the goal of 13%. • Improving the percentage of women in leadership towards the goal of 50%.	5%	• Target not met: slight decrease from 5.8% to 5.6% Black representation in the US. • Target not met: no increase in women in leadership.	0%
ESG	• Set the Science-Based Emission Targets for the next 10 years.	5%	• Targets agreed (and submitted to the SBTi in February 2024). • Also noted increase in CDP score from B- to B.	50%

Following the end of the financial year, the Committee considered in detail the achievements against both the financial and non-financial targets as set out above, which on a formulaic basis would have resulted in a bonus equivalent to 9.17% of the maximum opportunity.

However, mindful of the Company's overall financial results for the year, the Committee chose to exercise its discretion and override the formulaic calculation resulting in a determination that no bonus should be paid to the Directors.

Share awards for the Group Chief Financial Officer (audited)

Award granted during 2021 and vesting based on performance measured in 2023

As originally disclosed in the 2021 Directors' Remuneration Report, Mary Basterfield was granted a nil-cost option over shares when she joined the Company in December 2021. This award was over 76,913 shares and vested after two years subject to continued employment and the satisfaction of specific performance conditions linked to her role and personal performance. These performance conditions were based on: (a) the integration and development of the finance function across the business, including the development of the organisational structure, an assessment of the required skills for key roles and the appointment of appropriately qualified and experienced staff for these positions; (b) a full review of the finance function, its systems and processes; and (c) overall personal performance.

The Committee reviewed Mary's performance in detail in December 2023. Since joining the business, Mary has led a series of major changes across the finance function designed to improve internal systems and processes and enhance the quality of management information provided to the Board. She has reorganised certain roles and responsibilities within the finance function and recruited additional colleagues who have themselves contributed to a significant step change in the operation of this critical part of the business. The success of these initiatives have been recognised in positive feedback from both internal and external stakeholders. Mary's personal performance has also been excellent as she has successfully undertaken these initiatives at a time when the business has faced a number of challenges.

As a result of the performance achieved the Committee determined that the award should vest in full. This was considered to be a fair reflection of Mary's overall performance since she joined the Company at the end of 2021. ►

Remuneration Report continued

The number of shares awarded and the number scheduled to vest following the assessment of the performance condition is set out in the table below.

Director	Date of grant	Face value of award	Number of options awarded[1]	Exercise price (£)	Vesting proportion	No. of options to vest	Value as at vesting date[3]	Vesting date
Mary Basterfield	13 Dec 2021	£500,000	76,913 share options	Nil[2]	100%	76,913	£36,995	13 Dec 2023

Notes:

1. The number of shares awarded and the exercise price for the share options was based on the 30-day volume weighted average price per share, as calculated on the date of grant.
2. These awards were granted as nil-cost options and do not have an exercise price.
3. The value of the awards has been calculated based on a share price of 48.1p, being the share price at the date of vesting. Of the total value, £nil is deemed attributable to share price appreciation since the date of grant.

Award granted during 2023 and vesting based on performance measured in 2023

In accordance with the terms of her appointment, and as described in the audited 2021 Directors' Remuneration Report, Mary Basterfield will receive four separate grants of equity over the first four years of her appointment. Each award has a face value of £500,000, equivalent to 130% of her basic salary from April 2023.

The first award was granted in 2022. Details of the performance conditions for that award and the outcome of the performance test were set out in last year's Remuneration Report.

The second award was granted during 2023 as a mix of market-priced options and conditional shares. The use of market-priced options for half of the grant ensures a focus on share price growth as well as the performance conditions attached to the award.

The Nomination and Remuneration Committee agreed during the year that the award should incorporate the same performance conditions as the 2023 annual bonus scheme (as detailed in the bonus section above). In line with the outcome for the annual bonus scheme, the formulaic performance assessment was 9%. However, the Committee exercised its discretion to increase the performance outcome to 50%. The rationale for this is set out in the statement from the Committee Chair on page 105. Accordingly, 50% of the award will lapse. The remaining 50% will vest in August 2026, being four years after the date of grant of the first share award in 2022. There are no additional performance conditions which must be met prior to the vesting date. In light of the extended vesting period, the Committee believes that this award is a genuine long-term incentive. Mary's entitlement to the award will lapse in the event of her being deemed a 'bad leaver' prior to the vesting date.

The number of shares awarded and the number scheduled to vest following the assessment of the performance condition is set out in the table below.

Director	Date of grant	Face value of award	Number of shares/ options awarded[1]	Exercise price (£)	Vesting proportion	No. of shares options to vest	Value as at 31 Dec 2023[3]	Vesting date
Mary Basterfield	13 July 2023	£250,000	213,078 share options	1.173[1]	50%	106,539	£Nil	2 Aug 2026
	13 July 2023	£250,000	213,078 conditional shares	n/a[2]	50%	106,539	£59,342	2 Aug 2026

Notes:

1. The number of shares awarded and the exercise price for the share options was based on the 30-day volume weighted average price per share, as calculated on the date of grant.
2. These awards were granted as conditional share awards and do not have an exercise price.
3. The value of these awards has been calculated based on a share price of 55.70p, being the average share price over the final three months of the 2023 financial year. Of the total value, £nil is deemed attributable to share price appreciation since the date of grant.

Long-term incentives granted during the year (audited)

As explained in the Statement from the Chair of the Nomination and Remuneration Committee, during the financial year under review a number of Executive Directors were granted new long-term incentive awards under the Employee Share Ownership Plan (ESOP). These awards were granted as a mix of premium-priced share options and conditional share awards, as set out in the table below.

Director	Date of grant	Basis of award[1]	Face value of award[1]	Number of shares/ options awarded[2]	Exercise price (£)	Vesting date
Wesley ter Haar	13 July 2023	125% of salary	€273,000	200,286 share options	2.00	13 July 2026
	13 July 2023	125% of salary	€273,000	200,286 conditional shares	n/a[3]	13 July 2026
Victor Knaap	13 July 2023	125% of salary	€273,000	200,286 share options	2.00	13 July 2026
	13 July 2023	125% of salary	€273,000	200,286 conditional shares	n/a[3]	13 July 2026
Christopher S. Martin	13 July 2023	125% of salary	$551,573	373,262 share options	2.00	13 July 2026
	13 July 2023	125% of salary	$551,573	373,262 conditional shares	n/a[3]	13 July 2026
Mary Basterfield	13 July 2023	60% of salary[4]	£231,000	197,436 share options	2.00	13 July 2026
	13 July 2023	60% of salary[4]	£231,000	197,436 conditional shares	n/a[3]	13 July 2026

Notes:
1. This reflects the value of the underlying shares at the time of grant. The Nomination and Remuneration Committee approved the awards of share options at this level noting that the fair value of each award was substantially less than the face value at the time of grant, taking into account (among other things) the premium-priced nature of the options.
2. The number of shares awarded was based on the 30-day volume weighted average price per share of £1.173, as calculated on the date of grant.
3. These awards were granted as conditional share awards and do not have an exercise price.
4. Award size adjusted to reflect separate equity awards received by Mary as part of the arrangements agreed at the time of her recruitment.

The vesting of the awards is subject to performance conditions based on share price growth. The Company's share price must reach the following levels in order for the awards to vest.

Share price	Level of vesting
£2.70	100%
£2.00	50%
Less than £2.00	nil

The performance conditions are met in the event that the share price meets the £2.00 or £2.70 targets during any consecutive 30-day period during the three-year vesting period. However, no awards vest until July 2026, i.e. three years after the date of grant. Awards which vest to the Executive Directors are then subject to a further two-year post-vesting holding period. ▶

Remuneration Report continued

Non-Executive Directors' remuneration as a single figure (audited)

£000	Year to 31 December 2023[1]	Year to 31 December 2022
Rupert Faure Walker[2]	48	43
Paul Roy	45	45
Sue Prevezer	38	38
Daniel Pinto	38	38
Elizabeth Buchanan	38	38
Naoko Okumoto	38	38
Margaret Ma Connolly	38	38
Miles Young	38	38
Peter Rademaker[3]	–	19
Colin Day[4]	45	19

Notes:
1. There were no increases to the fees payable to the Non-Executive Directors during 2023.
2. As disclosed last year, Rupert was due to receive fees of £45,000 for services during 2022. However, due to an administrative error he received £42,500. The outstanding fees were paid in 2023, resulting in a total of £47,500 being received during the year.
3. Appointed as a Non-Executive Director on 3 January 2022 and retired from the Board on 16 June 2022.
4. Appointed to the Board on 2 August 2022.

Payments for loss of office/Payments to past Directors (audited)

No payments for loss of office or payments to past Directors were made during 2023.

Directors' interests in shares and share options (audited)

The consideration payable by the Group in respect of business combinations has included a substantial proportion of equity in the Company. As a result, the Executive Directors who previously held equity in MediaMonks or MightyHive hold a substantial number of the Company's shares. Further, Sir Martin Sorrell is a substantial shareowner in the Company as a consequence of his foundational investment into S4Capital 2 Limited.

The Directors' Remuneration Policy approved at the AGM in 2022 formalised a minimum shareholding requirement for Executive Directors to build and hold shares equivalent in value to 200% of their basic salary. This holding should be built up as soon as reasonably practicable following appointment and with the expectation that this will normally be within five years of appointment. The Policy also includes a requirement for Executive Directors to maintain a shareholding for a minimum period of two years following the cessation of their employment of the lower of (1) the in-employment shareholding requirement of 200% of salary and (2) the individual's actual shareholding at the time of their departure.

Details of Directors' interests in Ordinary Shares, unvested and vested share awards, and Incentive Shares as at 31 December 2023 are set out in the table below.

	Interest in Ordinary Shares	Unvested Share Awards and Share Options Subject to Performance Conditions	Unvested Share Awards and Share Options Subject to No Performance Conditions	Vested but Unexercised Share Options	Interest in Incentive Instruments	Shareholding Requirement (% of Basic Salary)	Shareholding Requirement Met?
Executive Directors							
Sir Martin Sorrell[1]	54,229,594	–	–	–	4,000	200%	Yes
Victor Knaap[2]	17,546,066	400,572[4]	–	–	–	200%	Yes
Wesley ter Haar[2]	17,546,067	400,572[4]	–	–	–	200%	Yes
Christopher S. Martin[2]	6,476,522	746,524[4]	–	–	–	200%	Yes
Scott Spirit[3]	307,194	–	–	–	2,000	200%	No
Mary Basterfield[4]	20,000	821,028[4]	165,618[5]	76,913[6]	–	200%	No
Non-Executive Directors							
Rupert Faure Walker	1,008,450	–	–	–	–	–	–
Paul Roy	1,950,129	–	–	–	–	–	–
Sue Prevezer	293,512	–	–	–	–	–	–
Daniel Pinto[7]	13,572,769	–	–	–	–	–	–
Elizabeth Buchanan	37,777	–	–	–	–	–	–
Naoko Okumoto	25,396	–	–	–	–	–	–
Margaret Ma Connolly	19,523	–	–	–	–	–	–
Miles Young	50,000	–	–	–	–	–	–
Colin Day	109,695	–	–	–	–	–	–

Notes:

1. Sir Martin Sorrell holds 4,000 A2 Incentive Shares and also holds the B share.
2. Victor Knaap and Wesley ter Haar hold their interests in Ordinary Shares through (i) Oro en Fools B.V., their joint personal holding vehicle which is owned (indirectly) 50% by Victor Knaap and 50% by Wesley ter Haar; and (ii) Zen 2 B.V., the ordinary share capital of which is owned 51% by Oro en Fools B.V. and 49% by funds managed by Bencis Capital Partners B.V. The interests in Ordinary Shares of Victor and Wesley noted above are the aggregate totals of the ordinary shares held by these entities. Certain of the interests of Christopher S. Martin are held through certain family trust arrangements.
3. Scott Spirit has options to subscribe for a total of 2,666 A1 Incentive Shares (this includes the 2,000 Incentive Share Options disclosed in the table above), as explained on page 122.
4. These awards reflect the share options and conditional share awards granted during the year under the long-term incentive plan (as detailed on page 119 and, in the case of Mary Basterfield, also include the separate share award granted in 2023 in connection with the arrangements agreed at the time of her recruitment as detailed on page 117.
5. Reflects the number of share options (82,809) and conditional share awards (82,809) remaining from the award originally granted to Mary Basterfield in 2022 in connection with the arrangements agreed at the time of her recruitment. As explained in last year's Directors' Remuneration Report, the performance conditions for this award were measured over the 2022 financial year and will vest at a level of 50% in August 2026. There are no further performance conditions attached to this award.
6. This award of nil-cost options was granted to Mary Basterfield in December 2021 prior to her appointment as an Executive Director. This award vested in full in December 2023 following the satisfaction of the relevant performance conditions, as discussed on page 117.
7. Comprises 232,600 shares held personally and 13,340,169 shares acquired by Stanhope Entrepreneur Fund, a growth capital fund managed by Stanhope Capital, of which Daniel Pinto is Chief Executive.

There were no changes to Directors' interests during the period from 31 December 2023 to the date of this report. ►

Remuneration Report continued

The S4Capital 2 Limited Scheme

Arrangements were put in place shortly after the formation of S4Capital 2 Limited (formerly S4Capital Limited) to create incentives for those certain executives who are expected to make key contributions to the success of the Group. The Group's success depends upon the sourcing of attractive investment opportunities and the improvement of the performance of any businesses that are acquired. Accordingly, an incentive scheme (the S4Capital 2 Limited Scheme, or the Incentive Share Scheme) was created to reward key contributors for the creation of value through the use of Incentive Shares.

Sir Martin Sorrell subscribed for A2 Incentive Shares in May 2018 and Scott Spirit was granted an option to subscribe for A1 Incentive Shares in January 2020. The terms of these awards are set out in the table below.

	Number of Incentive Instruments	Date of Issue
Sir Martin Sorrell	4,000 A2 Incentive Shares	29 May 2018
Scott Spirit[1]	2,000 A1 Incentive Share options	Option issued 27 January 2020 following Nomination and Remuneration Committee approval December 2019

Note:
1. Scott Spirit also has an option to subscribe for up to an additional 666 A1 Incentive Shares in the event of the issue of any further Incentive Shares by the Directors. The purpose of this additional award is to ensure that his interest in the Incentive Shares is maintained at the same level (5%, being 1/3rd of the total 15%) in the event of the issue of further Incentive Shares.

There were no new Scheme interests awarded under the S4Capital 2 Limited Scheme during the year ended 31 December 2023.

The Directors of S4Capital 2 Limited have the authority to issue a further 2,000 A1 Incentive Share options. The issue of further Incentive Shares will not increase the aggregate entitlement of the holders of Incentive Shares above 15% of the growth in value of S4Capital 2 Limited.

The Incentive Shares are subject to a number of conditions, as set out more fully below.

Terms of the S4Capital 2 Limited Scheme

The Incentive Shares entitle the holders, subject to certain performance criteria and leaver provisions, to up to 15% of the growth in value of S4Capital 2 Limited from the plan's inception provided that the growth condition (as described below) has been met. The growth in value of S4Capital 2 Limited is measured against the market capitalisation of the Company based on an average of the mid-market closing price of the Ordinary Shares over the preceding 30 trading days, plus any dividends or distributions to the Company's shareowners prior to the date of calculation and then deducting the net asset value of the Company on a standalone basis, ignoring the investment in S4Capital 2 Limited and its subsidiaries, and deducting the aggregate amount invested in the Company whether in cash or by issue of shares in its acquisitions, mergers and combinations.

Provided that the growth condition has been satisfied, the Incentive Shares entitle the holders to their return upon a sale or combination of S4Capital 2 Limited, its liquidation, the takeover or combination of the Company or, if none of those events has occurred prior to 9 July 2023 (being the fifth anniversary of the combination with MediaMonks by S4Capital 2 Limited), if Sir Martin Sorrell serves notice on the Company requiring it to acquire all of the Incentive Shares eligible for sale on or before 9 July 2025 (being the seventh anniversary of the combination with MediaMonks) or such later date as the Company and each of the Incentive Share classes agree. If Sir Martin serves such a notice, the growth in value of S4Capital 2 Limited is measured against the market capitalisation of the Company based on an average of the mid-market closing price of the Ordinary Shares over the preceding 30 trading days, plus any dividends or distributions over time. Once triggered, all of the Incentive Shares eligible for sale receive value at the same time on a pro rata basis and then automatically reset such that they may receive the same return over a second period of up to seven years, subject to extension.

The consideration payable if the Incentive Shares are triggered, save on a takeover, liquidation or combination of S4Capital 2 Limited, will be satisfied by the issue of Ordinary Shares in S4Capital plc at the average of the mid-market closing price of the Ordinary Shares over the 30 trading days preceding the triggering of the Incentive Shares.

Growth condition

The growth condition is the compound annual growth rate of the invested capital in S4Capital 2 Limited being equal to or greater than 6% per annum since the foundational investment into S4Capital 2 Limited on 29 May 2018. The growth condition takes into account the date and price at which shares in S4Capital 2 Limited have been issued, the date and price of any subsequent share issues and the date and amount of any dividends paid, or capital returned by S4Capital 2 Limited to the Company. Any cash raised by the Company from time to time has been and will continue to be invested in S4Capital 2 Limited so that the growth condition will apply to that capital also.

As at 31 December 2023, the growth condition has not been met as there had been no growth in the invested capital when measured against the Company's market capitalisation.

Additional conditions

The Incentive Instruments are subject to certain conditions, at least one of which must be (and continue to be) satisfied in order for Sir Martin Sorrell (as the holder of the majority of the A2 Incentive Shares) to elect for the A1 share options and A2 Incentive Shares to be sold to the Company. The A1 and A2 Incentive Shares and Options will vest into Ordinary Shares of S4Capital plc in the following circumstances:

- a sale of all or a material part of the business of S4Capital 2 Limited;
- a sale of all of the issued S4Capital 2 Limited Ordinary Shares by the Company;
- a winding up of S4Capital 2 Limited occurring;
- a sale or change of control of S4Capital 2 Limited or the Company; or
- if later than 9 July 2023 (being the fifth anniversary of the MediaMonks combination).

Compulsory redemption

If the growth condition is not satisfied on or before 9 July 2025 (being the seventh anniversary of the combination with MediaMonks), or such later date as the Company and each of the Incentive Share classes agree, the Incentive Shares must be sold to the Company at a price per Incentive Share equal to the subscription price of £25.00 per Incentive Share.

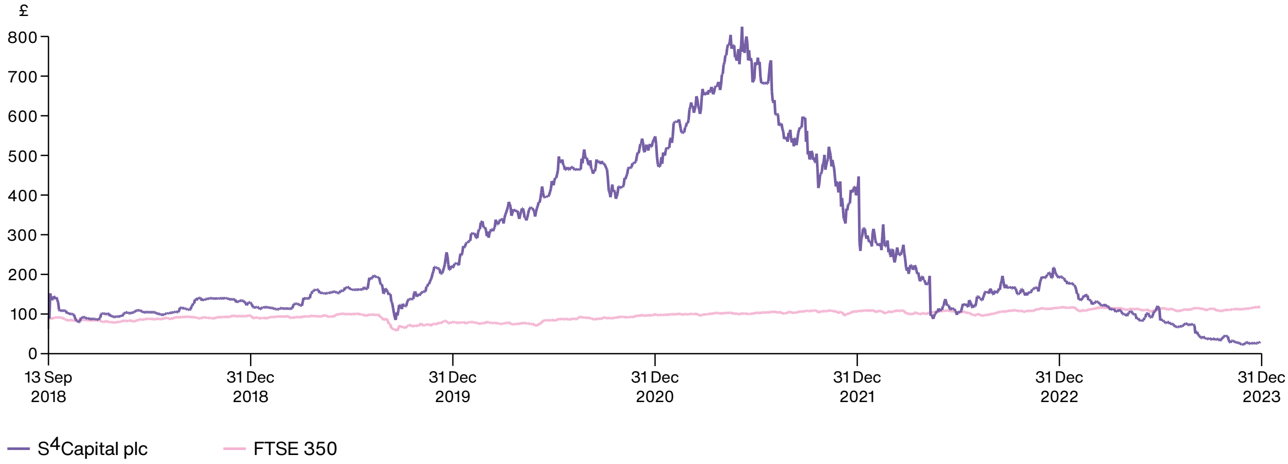
Leaver provisions

The Incentive Shares are subject to leaver provisions. If a holder of Incentive Shares ceases to be employed by or hold office with the Group, that holder will become a 'Leaver' and, depending on the circumstances of his or her departure, certain of his or her Incentive Shares may be subject to forfeiture. ►

Remuneration Report continued

Share price

The chart below illustrates the performance over the period of an investment of £100 in the Company's shares made on 13 September 2018, shortly before the Company acquired the S4Capital Group and was re-admitted to trading on the Official List, to 31 December 2023. This has been compared to the performance of the same investment on the same date in the FTSE 350. This comparator has been chosen as it is a broad equity market index of large and medium-sized UK-listed companies, many of which have an international dimension.



The table below sets out the Executive Chairman's total remuneration as a single figure, together with the percentage of maximum annual bonus awarded over the same period as the chart above in respect of the Company's share price.

	Year to 31 December 2018	Year to 31 December 2019	Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	**Year to 31 December 2023**
Executive Chairman single figure of remuneration (£000)	140	272	218	203	509	**371**
Annual bonus payout (% of maximum)	100%	85%	75%	0%	40%	**0%**
Share award vesting (% of maximum)	n/a	n/a	n/a	n/a	n/a	**n/a**

Percentage change in remuneration of Directors compared to employees

The table below shows the year-on-year percentage change in salary, benefits and bonus for each Director for each of the last four financial years, compared with the average change in employee pay.

The figures for the Directors are based on the disclosures in the single total figure table on page 115 and the corresponding tables from previous Directors' Remuneration Reports.

	2023 vs 2022			2022 vs 2021			2021 vs 2020			2020 vs 2019		
	Salary/ Fees	Benefits	Bonus	Salary/ Fees	Benefits	Bonus	Salary/ Fees	Benefits	Bonus	Salary/ Fees	Benefits	Bonus
Executive Directors												
Sir Martin Sorrell	3%	22.6%	-100%	150%	14%	100%	33%	62%	-100%	-25%	-21%	-12%
Victor Knaap	4.7%	6.7%	-100%	-1%	-0.5%	100%	95%	88%	-100%	-48%	100%	-16%
Wesley ter Haar	4.7%	6.7%	-100%	-1%	-0.5%	100%	95%	88%	-100%	-48%	100%	-16%
Christopher S. Martin	82.7%	–	-100%	11%	-99%	100%	51%	1,500%	–	-36%	-96%	–
Scott Spirit[1]	4.6%	0%	-100%	9%	9%	100%	28%	-5%	-100%	–	–	–
Mary Basterfield[1]	3%	0%	-100%	–	–	–	–	–	–	–	–	–
Non-Executive Directors												
Rupert Faure Walker	11.8%	–	–	-4%	–	–	32%	–	–	35%	–	–
Paul Roy	0%	–	–	0%	–	–	32%	–	–	35%	–	–
Sue Prevezer	0%	–	–	0%	–	–	36%	–	–	13%	–	–
Daniel Pinto	0%	–	–	0%	–	–	36%	–	–	13%	–	–
Elizabeth Buchanan[1]	0%	–	–	0%	–	–	36%	–	–	–	–	–
Naoko Okumoto[1]	0%	–	–	0%	–	–	36%	–	–	–	–	–
Margaret Ma Connolly[1]	0%	–	–	0%	–	–	36%	–	–	–	–	–
Miles Young[1]	0%	–	–	0%	–	–	–	–	–	–	–	–
Colin Day[1]	–	–	–	–	–	–	–	–	–	–	–	–
All UK Group employees[2]	4%	0%	25%	4%	3%	-68%	-6%	-6%	-67%	3%	-16%	11%

Notes:
1. Percentage change not shown for these Directors in certain periods as they had part-year service for one of the comparative periods.
2. Included to provide a more representative sample of the wider employee base in the UK. The listed entity, S4Capital plc, has no direct employees.

Pay ratio

The table below reports the pay ratio for the year ended 2023 and has been calculated using the method known as Option A, which involves calculating a single figure for each UK employee based on their actual pay for the year. This ensures that the most accurate information is used for the purposes of calculating the ratio and is the option most favoured by investors. ►

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	Option A	8.4	6.0	4.5
Total pay and benefits £000		44	61	83
Salary £000		43	58	80
2022[1]	Option A	12.1	8.5	6.2
2021[1]	Option A	5.0	3.6	2.6
2020[1]	Option A	5.3	3.7	2.8
2019[1]	Option A	6.8	5.8	4.1

Note:
1. The calculations of the pay for the employees at the different levels have been calculated as of 31 December of each relevant year.

Remuneration Report continued

A full-time equivalent calculation has been applied to the pay of part-time employees and those leaving or joining during each year to ensure an appropriate annualised comparison with the pay of the Executive Chairman. The Committee believes that the median pay ratio for 2023, as disclosed in the table above, is reflective of the current pay policies across the UK employee base at this stage, and is consistent with the wider pay, reward and progression policies affecting UK employees. Employees' pay packages are designed to be competitive and to ensure that performance as a whole is rewarded through appropriate incentive schemes. As illustrated in the table above, the 2023 pay ratio is lower than that for 2022 but higher than for earlier years. This primarily reflects the nil bonus payment in 2023 compared to the previous year.

S4Capital is a global business with approximately 7,700 employees in 32 countries. Multiple different compensation arrangements have been inherited from the various businesses acquired over the period since S4Capital was established. A key focus of management in recent years has been to ensure a greater level of harmonisation of people and compensation practices across the whole businesses. Pay policies and practices are intended to be consistent across the whole Group, and during 2023 there was enhanced focus on ensuring we have the appropriate variable compensation to be able to reward effectively in what remain very competitive markets for key talent. Equity is granted to selected key employees either in the form of long-term incentives (mirroring the approach taken for certain Executive Directors in 2023) or as retention awards with extended vesting periods.

During the year, the Nomination and Remuneration Committee reviewed workforce remuneration and related policies and the relationship between the Directors' Remuneration Policy and the arrangements in place for the wider workforce. The Committee is satisfied that the remuneration for the Executive Directors is appropriate in this context and that there is close alignment between the pay structures for the Executive Directors and those for the senior executives operating below Board level.

In addition, in late 2023 the Chair of the Committee held a session with selected employees to discuss the compensation philosophy across the business and the alignment of the pay of senior S4Capital executives (including the Executive Directors) with that of the wider workforce.

Relative importance of spend on pay

The table below shows the relative importance of spend on pay for all of the Group's people in comparison to distributions to shareowners. Total pay includes wages and salaries, pension costs, social security and share-based payments. The Company did not make any distributions to shareowners in respect of the financial year.

	Year to 31 December 2023	Year to 31 December 2022	% change
Average number of employees	8,374	8,772	-4.5%
Total personnel costs (£000)	670,845	682,072	-1.6%
Total distributions to shareowners (£000)	–	–	–

Statement of voting on remuneration

The table below provides details of the voting results on (1) the Directors' Remuneration Report resolution presented for shareowner approval at the AGM in June 2023, and (2) the Directors' Remuneration Policy resolution presented for shareowner approval at the AGM in June 2022.

	Votes for	Votes against	Total votes cast	Votes withheld
Approve the Directors' Remuneration Report (2023 AGM)	270,259,424	5,652,099	275,911,523	21,256,825
	97.95%	2.05%		
Approve the Directors' Remuneration Policy (2022 AGM)	162,386,097	70,564,359	232,950,456	29,199,926
	69.71%	30.29%		

The Committee's response to the outcome of the vote on the Remuneration Policy at the 2022 AGM was described in last year's Remuneration Report.

Nomination and Remuneration Committee membership and meetings

The Committee is comprised solely of independent Non-Executive Directors with a wide range of experience. Biographical details of the Committee Chair and members can be found on pages 78-85. The Committee met 10 times during the year and the meeting attendance of the Committee members can be found on page 91. Additional attendees at Committee meetings may include the Executive Chairman, Group Chief Financial Officer, Global Chief People Officer, Company Secretary and Deputy Company Secretary. No individual participates in decisions regarding his or her own remuneration.

The Board is satisfied that the Committee has the resources and expertise to fulfil its responsibilities and the Committee is authorised to seek external legal or independent advice as it sees fit.

The Terms of Reference for the Committee were last reviewed in December 2023. A copy of the Committee's current Terms of Reference can be found on the Company's website.

External advisers

Korn Ferry is the Committee's remuneration adviser and was appointed by the Committee in 2019 following the Committee's decision to seek regular external advice on remuneration matters. Korn Ferry provides independent commentary and advice, together with updates on legislative requirements, best practice and market practice to assist with its decision making. The fees paid to Korn Ferry in respect of work carried out for the Committee during 2023 totalled £64,413. Fees are determined on a time and materials basis using standard hourly rates for Korn Ferry consultants. The Committee undertakes due diligence to ensure that the remuneration advisers remain independent of the Group and that the advice provided is impartial and objective. Korn Ferry reports directly to the Committee and is a member of the Remuneration Consultants Group and operates under its code of conduct. No other services were provided by Korn Ferry to the Company during 2023.

Implementation of Remuneration Policy for 2024

The Directors' Remuneration Policy approved at the AGM in 2022 will continue to operate for the year ending 31 December 2024. The Nomination and Remuneration Committee intends to implement the Policy as follows.

Basic salary

As at the date of this report, the Committee has not yet finalised a decision on any salary increases to apply to the Executive Directors for 2024. Any increases, if agreed, will be effective no earlier than 1 April 2024 and, among other things, will take into account any changes to Board roles and responsibilities as well as salary increases for the wider workforce. Full disclosure of any changes to Directors' salaries will be provided in next year's Directors' Remuneration Report at the latest.

Pension and benefits

Executive Directors' pension provision will continue unchanged. Pension contributions for Sir Martin Sorrell, Scott Spirit and Mary Basterfield will be at a rate of 4% of basic salary. Wesley ter Haar and Victor Knaap will receive Dutch age-related pension contributions and Christopher S. Martin will continue to receive pension contributions via a US 401(k) plan.

Benefits provided will be similar to those provided in 2023.

Annual bonus

The Committee has decided that the annual bonus scheme for 2024 will operate in a broadly similar manner to that in place for 2023. 70% of the bonus will again be payable by reference to performance measured against financial metrics, including net revenue growth, EBITDA margin and EBITDA to cash conversion. The remaining 30% will be payable by reference to key non-financial objectives, including ESG and DE&I performance, and measures linked to the ongoing integration of the various businesses within S4Capital. In addition, a new measure has been agreed which focuses on the increased usage of AI technology within the business. The specific targets are currently considered commercially confidential but full details will be disclosed in next year's Remuneration Report after the end of the performance period. The maximum bonus opportunity for 2024 will remain at 100% of basic salary for all Executive Directors, in line with the limit in the Directors' Remuneration Policy and the practice in previous years.

The bonus scheme includes the discretion to adjust formulaic outcomes as well as recovery and withholding provisions, as summarised in the Directors' Remuneration Policy. ►

Remuneration Report continued

Share incentives

Mary Basterfield will receive a further award of shares in 2024 with a face value at grant of £500,000. This will be the third of four annual grants under the terms of the agreement reached with Mary at the time of her appointment. This award will be subject to the satisfaction of targets based on key performance conditions measured over the financial year ending 31 December 2024. As for 2023, the precise performance targets will mirror those for the annual bonus scheme. The targets are considered commercially confidential and will be disclosed in next year's Directors' Remuneration Report. To the extent that the performance targets are satisfied, the award will vest in August 2026, this being four years after the grant of the first award under these arrangements. The award will be split equally between market-priced options and conditional shares.

At this stage the Committee does not have any current intentions to make a further grant of long-term incentive awards to any Executive Director in 2024. If this changes, any awards will be consistent with the terms of the Directors' Remuneration Policy, with full details provided in next year's Remuneration Report.

Non-Executive Directors

The Non-Executive Directors receive a base fee of £37,500, with an additional fee of £7,500 paid to each of the Senior Independent Director, Chair of the Audit and Risk Committee and Chair of the Nomination and Remuneration Committee. The Board has not yet reached a final decision on any fee increases for 2024. Any changes to fee levels will be disclosed in next year's Directors' Remuneration Report. ■

Directors' Report

S4Capital plc is incorporated and domiciled in the UK and is registered in England and Wales with the registered number 10476913. The correspondence address and registered office of the Company is 12 St James's Place, London SW1A 1NX.

This report has been drawn up and presented in accordance with, and in reliance upon, applicable English law and the liabilities of the Directors in preparing this report shall be subject to the limitations and restrictions provided by such law. The Director's Report is designed to inform shareowners and help them assess how the Directors have performed their duty to promote the success of the Company.

Strategic Report and Corporate Governance

The Strategic Report can be found on pages 8-32 and 69-74 and is included by reference into this Directors' Report. The Strategic Report sets out the development and performance of the Group's business during the financial year, the position of the Group at the end of the period, a description of the principal risks and uncertainties facing the Group, details of the Group's Diversity, Equity & Inclusion policy and reporting of ESG activities. The Strategic Report also sets out a summary of how the Directors have engaged with our people as well as how the Directors have had regard to the need to foster the Group's business relationships with suppliers, clients and others, in line with Section 172 (page 70). The other sections of the Group's Governance Report are also included by reference into this report. The industry outlook set out on pages 34-42 outlines an indication of future developments and is included by reference into this report.

Directors and their interests

Biographies of the Directors who served on the Board during the year ended 31 December 2023 and up to the date of signing of the financial statements are set out on pages 78-85. As set out in the Notice of Annual General Meeting, all the Directors will retire at this year's Annual General Meeting (AGM) and, with the exception of Christopher S. Martin, Victor Knapp, Wesley ter Haar and Scott Spirit, will submit themselves for election and re-election by shareowners. All Directors seeking appointment and reappointment were subject to a formal and rigorous performance evaluation, further details of which can be found on page 96. Details of Directors' service contracts are set out in the Directors' Remuneration Report on page 113. The interests of the Directors in the shares of the Company are also shown on page 121 of that report.

Other than the Incentive Shares held by Sir Martin Sorrell and the options over Incentives Shares held by Scott Spirit as disclosed on page 122, no Directors have beneficial interests in the shares of any subsidiary company.

Dividend

No dividend was declared or paid in respect of the year to 31 December 2023 and the Directors are not recommending that a final dividend be paid (2022: £nil).

Capital structure

As at 26 March 2024, the Company's issued share capital comprised of 583,491,444 Ordinary Shares of £0.25 each and one B Share of £1.00. 6,000,000 Ordinary Shares are currently held in treasury. The Company was authorised at the 2023 AGM to allot up to 191,442,563 ordinary shares as permitted by the Act. A renewal of a similar authority will be proposed at the 2024 AGM. The Company's issued share capital as at 31 December 2023, together with details of shares issued during the year, is set out in note 21 to the Financial Statements on page 184.

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. The holder of the B Share has no right to receive dividends and is entitled to one vote at general meetings of the Company when voting in favour of resolutions, and such number of votes as may be required to defeat the relevant resolution when voting against.

Any appointment and removal of a Director requires the consent of Sir Martin Sorrell as the holder of the B Share. The processes for the appointment and replacement of Directors are governed by the Company's Articles of Association, the 2018 UK Corporate Governance Code, the Companies Act 2006 and related legislation. The powers of Directors are described in the Articles, which can be found on our website.

Restrictions on transfer of securities

The Ordinary Shares are freely transferable and there are no restrictions on transfer. Except for Sir Martin Sorrell, who holds the B Share. No other person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or voting rights. ►

Directors' Report continued

Articles of Association

The Company's Articles were adopted at the 2022 Annual General Meeting (AGM) and may only be amended by a special resolution of the shareowners. The Articles can be found on our website with www.s4capital.com.

Authority to purchase shares

The Company was given authority at its AGM in 2023 to make market purchases of Ordinary Shares up to a maximum number of 57,432,769 Ordinary Shares. During the year no Ordinary Shares were repurchased, however, on 26 January 2024 the Company announced it had allocated an initial £2.7m from its available cash reserves to a buyback programme. As at 26 March 2024 it had repurchased 6,000,000 shares, which are held as treasury shares in accordance with the provisions of the Companies Act 2006.

The Directors believe that it is desirable to have the general authority to buy back the Company's Ordinary Shares in order to provide maximum flexibility in the management of the Group's capital resources, and accordingly, propose to renew these authorities at the 2024 AGM for a further year. This authority will only be used if the Board was satisfied at the time that to do so would be in the best interests of shareowners.

Insurance and indemnities

The Company maintains Directors' and Officers' liability insurance in respect of legal action that might be brought against its Directors and Officers. As permitted by the Company's Articles of Association (the 'Articles'), and to the extent permitted by law, the Company indemnifies each of its Directors and other Officers of the Group against certain liabilities that may be incurred as a result of their positions with the Group. The indemnities were in force throughout the tenure of each Director during the last financial year and are currently in force. The Group's financial risk management policies and objectives can be found in Note 20 on page 178 of the financial statements.

Substantial shareholders

As at 31 December 2023 and 26 March 2024, the Company has received notification of the following interest in voting rights pursuant to the Disclosure Guidance and Transparency Rules:

	Number of Shares	% shareholding
Sir Martin Sorrell[1]	54,229,594	9.442
Oro en Fools B.V.	35,092,132	6.110
Patient Capital Management	29,968,483	5.150
The Capital Group Companies	28,979,522	4.970

Note:
1. In addition, Sir Martin Sorrell has, in aggregate, donated 3,910,000 Ordinary Shares to the UBS Donor Advised Foundation.

Employees

The Board recognises the importance of attracting, developing and retaining the best people. In accordance with best practice, we have employment policies in place which provide equal opportunities for all employees, irrespective of age, sex, race, colour, disability, sexual orientation, religious beliefs, socio-economic background education and professional backgrounds or marital status. The Group also materially complies with all applicable national and international human and labour rights within the locations in which it operates. Further information on the Board's methods for engaging with the workforce is on page 97.

Significant agreements

The Group's term loan and revolving facility contain customary prepayment, cancellation and default provisions including, if required by a lender, mandatory prepayment of all utilisations provided by that lender upon the sale of all or substantially all of the business and assets of the Group or a change of control. The Company does not have agreements with any Director that would provide compensation for loss of office or employment resulting from a takeover except for provisions, which may cause awards granted under such arrangements to vest on a takeover.

Political donations

The Group's policy prohibits any donations being made for or on behalf of the Group for political purposes, accordingly, the Group did not make any donations or contributions to any political party or other political organisation and did not incur any political expenditure within the meanings of sections 362 to 379 of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP has confirmed its willingness to continue as auditors of the Group.

In accordance with section 489 of the Companies Act 2006, separate resolutions for the appointment of PricewaterhouseCoopers LLP as auditors of the Group and for the Directors to determine its remuneration will be proposed at the forthcoming AGM of the Company.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and ensure that the auditor is aware of such information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Post balance sheet events

There were no material post balance sheet events, that require adjustment or disclosure, occurring between the reporting period and 26 March 2024.

Annual General Meeting

The AGM of the Company will be held at midday on 6 June 2024 at Media.Monks, 15 Bonhill Street, London, EC2A 4DN. For participation details please refer to the Notice of AGM which will be posted to shareholders and available on our website www.s4capital.com in due course.

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 regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, 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 Group and Company and of the profit or loss of the Group 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 UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, 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 Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. ►

Directors' Report continued

Directors' confirmations

Each of the Directors, whose names and functions are listed in the Governance Report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and 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 Group's and Company's auditors are aware of that information. ■

On behalf of the Board:

Martin Sorrell

Sir Martin Sorrell
Executive Chairman

26 March 2024

Mary Basterfield
Group Chief Financial Officer

26 March 2024

4 Financial statements

Independent auditors' report to the members of S4Capital plc

Report on the audit of the financial statements

Opinion

In our opinion:

- S4Capital plc's Group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the company's affairs as at 31 December 2023 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2023 (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2023; the Consolidated statement of profit or loss, the Consolidated statement of comprehensive income, the Consolidated and Company statements of changes in equity and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 6, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Context

S4Capital plc is a United Kingdom-based public company limited by shares. S4Capital Group's principal activities are focused on the provision of new age/new era digital advertising and marketing services via three operating segments: Content, Data&Digital Media (DDM) and Technology Services. Following the acquisition in prior years of a number of businesses the Group has significant Goodwill and Intangible assets and it is now focussed on integrating the acquired businesses. There is also a significant investment value held on the company balance sheet relating to these acquisitions. The Content segment of the group contains material fixed fee contracts which require judgement in revenue recognition. We have considered these factors in our risk assessment and designed appropriate audit procedures in response to the related identified risks. Further details regarding our audit procedures over management's impairment assessment and revenue recognition on fixed fee contracts within the Content practice are set out within our Key audit matters.

Overview

Audit scope

- Our audit included full scope audits of 6 components. Additionally, we also performed audit of specific account balances or specified procedures for 15 components; and
- Taken together, the components at which audit and specified procedures work was performed accounted for 79% of the Group's consolidated revenue.

Key audit matters

- Impairment of goodwill and intangible assets (Group)
- Impairment of investment in subsidiary (parent)
- Accuracy of revenue recognition on fixed fee contracts within the Content practice (Group)

Materiality

- Overall group materiality: £10.0 million (2022: £10.0 million) based on approximately 1% of revenue.
- Overall company materiality: £11.1 million (2022: £10.5 million) based on approximately 1% of total assets.
- Performance materiality: £6.5 million (2022: £5.0 million) (Group) and £7.25 million (2022: £5.25 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Purchase price allocation and acquisition accounting for significant acquisitions and contingent consideration, which were key audit matters last year, are no longer included because of both key audit matters being specific to the preceding period, due to there being no material acquisitions in the year and significantly reduced value of contingent consideration liabilities as at year end. Otherwise, the key audit matters below are consistent with last year.

Independent auditors' report to the members of S4Capital plc continued

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible assets (group) At 31 December 2023, the Group had goodwill of £691.3 million (2022: £718.8 million) and intangible assets of £381.6 million (2022: £445.2 million). Circumstances indicating that the carrying value of goodwill and intangible assets may have been impaired were identified in the first half at the three identified cash generating units (CGUs): Content, DDM and Technology Services (TS). Management determined that there was no impairment at 30 June 2023. The annual goodwill impairment assessment was performed as at 30 September 2023. The determination of whether an impairment exists can be judgemental. Management must determine the recoverable amount when impairment indicators are identified or annually where a CGU contains goodwill. The determination of recoverable amount, being the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"), requires judgement and estimation on the part of management in identifying and then determining the recoverable amounts for the relevant CGUs. Recoverable amounts are based on management's view of key assumptions which include net revenue growth rates and EBITDA margins. Management concluded that there was no impairment, however each of the 3 CGUs were sensitive to the assumptions. Refer to the accounting policies section within the financial statements for disclosure of the related accounting policies, judgements and estimates, Note 10 for detailed goodwill disclosures and Note 11 for detailed intangible asset disclosures within the consolidated financial statements.	With respect to goodwill, our audit procedures focused on challenging and evaluating the discount rates, short-term forecasts and long-term growth rates used in the respective discounted cash flow models to determine the recoverable amount of each CGU and included the following audit procedures: ▪ assessed the appropriateness of management's identification of the Group's CGUs; ▪ verified the integrity of the formulae and the mathematical accuracy of management's valuation models; ▪ held discussions with each practice in order to evaluate the Group's cash flow forecasts, and the process by which they were prepared. This involved confirming that they were the forecasts approved by the board of directors and assessing the reasonableness of the revenue, costs and margins included in those forecasts based on our understanding of the Group and its past performance, including the impact of climate change; ▪ assessed management's forecasts against external market indicators such as wider digital advertising spending trends and independent analyst reports; ▪ evaluated management's ability to accurately forecast future revenues and growth rates by comparing actual results to management's historical forecasts; ▪ with the assistance of our valuations specialists, we assessed the discount rates used in the models and whether the rates fell within a reasonable range taking into consideration both internal and external market data; ▪ performed sensitivity analysis to assess the point at which the model would reach zero headroom; ▪ assessed whether the assumptions had been determined and applied on a consistent basis, where relevant, across the Group; and ▪ evaluated the Group's disclosures on goodwill and intangible assets against the requirements of UK-adopted international accounting standards. Based on the procedures performed, we noted no material issues arising from our work.

Key audit matter	How our audit addressed the key audit matter
Impairment of investment in subsidiary (parent) At 31 December 2023, the Company held investments in its subsidiary amounting to £1.11 billion (2022: £1.04 billion). The investment in subsidiary is accounted for at historical cost less accumulated impairment. Judgement is required to assess if impairment triggers exist and where triggers are identified, if the investment carrying value is supported by the recoverable amount. In assessing impairment triggers, management considers if the underlying net assets of the investment support the carrying amount and whether other facts and circumstances would be indicative of a trigger. The carrying amount of investments exceeded market capitalisation as at 31 December 2023. Accordingly, management performed an impairment test to determine whether the recoverable amount exceeded the carrying amount of the investment in the subsidiary. Based on management's assessment, they have concluded that there was no impairment of the carrying value of the Company's investment in the subsidiary. However, it is sensitive to changes in assumptions.	In respect of the Company's Investment in subsidiary, we performed the following procedures over management's impairment test: ▪ evaluated management's impairment assessment of investment in subsidiary including ensuring that consideration had been given to the results of the Group's goodwill impairment assessment (see impairment of goodwill and intangible assets Key audit matter above); ▪ evaluating the appropriateness of management's assessment and judgements to calculate value in use in conjunction with the goodwill and intangible impairment test referred to in the above key audit matter; ▪ verified the mathematical accuracy of management's assessment and that the cash flows used for the value in use calculation were adjusted for the contractual cash outflows relating to the outstanding debt; and ▪ evaluated the disclosures in Note 1 of the Company financial statements. Based on the procedures performed, we noted no material issues arising from our work.

Independent auditors' report to the members of S4Capital plc continued

Key audit matter	How our audit addressed the key audit matter
Accuracy of revenue recognition on fixed fee contracts within the Content practice (Group) Assessing the timing of revenue recognised on fixed fee contracts in the Content practice at year-end is an area of complexity and judgement is required in identifying performance obligations and whether the revenue should be recognised over time or at a point in time. Further, estimation is required in assessing the stage of delivery of performance obligations on open contracts where revenue is recognised over time. Given the complexity in estimation and judgement involved, the timing of revenue recognition and the accuracy of fixed fee contract revenue recognised in the financial statements is subject to both risk of error and fraud as there is an incentive for management to manipulate the results by allocating revenues attributable to future periods into 2023 in order to achieve targets. These factors led us to identify the revenue recognition for fixed fee contracts open as at 31 December 2023 within the Content practice as a key audit matter. Auditing these estimates requires extensive audit effort and a high degree of judgement given the bespoke nature of each contract and the variety of evidence needing to be assessed in order to support the percentage of completion determined. Refer to the accounting policies section within the financial statements for disclosure of the related accounting policies, judgements and estimates and Note 5 of the consolidated financial statements.	Our audit procedures to address the significant risk in relation to the accuracy of revenue recognition of fixed fee contracts included the following: ▪ We obtained an understanding of and performed walkthroughs of the controls over revenue recognition of the Content practice including the revenue recognition on fixed fee contracts. This included a walkthrough of controls related to management's assessment of IFRS 15 'Revenue from contracts with customers' compliance; ▪ We assessed the revenue accounting policy to ensure it was consistent with the principles of IFRS 15 and in particular the correct application of IFRS 15 with regards to recognising revenue over time; ▪ We evaluated the accuracy of management's previous estimates of stage of completion and forecasts of effort to complete projects by performing retrospective reviews of such estimates as compared to actual results for performance obligations that have been fulfilled; ▪ We selected a sample of contracts with customers and performed the following audit procedures; – assessed contractual terms (e.g acceptance criteria, delivery and payment terms) to ensure that these terms were applied correctly within each project; – evaluated the reasonableness and consistency of the methods and assumptions used by management to develop the estimate with respect to the effort to complete and stage of delivery of the relevant performance obligations; – considered whether there was any evidence which contradicted management's assumptions regarding the percentage of completion and the estimated effort to complete; and – recalculated revenue recognised based on the proportion of the service performed in respect of each performance obligation by obtaining support for service delivery or schedules of estimated effort to complete from project managers and challenging the key supporting evidence to test its completeness and accuracy. Based on the procedures performed, we noted no material issues arising from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group is organised into three reportable segments - Content, Data&Digtial Media 'DDM' and Technology Services. The Group's accounting processes for its operations are structured around a local finance function at each component, which are supported by the practice finance team and the Group's central functions in the United Kingdom. Each component reports to the Group through an integrated consolidation system. For the purposes of our scoping, we have also considered the levels at which management prepared aggregated financial information.

We scoped in 6 components requiring an audit of their complete financial information, of which 4 were considered to be financially significant components. Of the 4 financially significant components, three were audited by our component teams and one by the group engagement team.

In addition, 15 components were scoped in for the audit of significant account balances and transactions to obtain appropriate coverage of all material balances. Specified procedures were performed for these components by the group audit team along with PwC component auditors in Argentina, Colombia, France, Mexico and Brazil.

Taken together, the components where we performed our audit and specified procedures work accounted for 79% of the Group's consolidated revenue.

The Group engagement team were significantly involved at all stages of the component audits by virtue of numerous communications throughout, including the issuance of detailed audit instructions and review and discussions of the audit approach and findings, in particular over our areas of focus. This also involved regular component calls through video conferencing. The Group audit team met with local management and the component audit teams and attended their interim and completion clearance meetings.

The Group audit team members visited component teams in the US, Brazil, France and Mexico as part of oversight procedures. In addition, we reviewed the component team reporting results and their supporting working papers, which together with the additional procedures performed at group level, gave us the evidence required for our opinion on the financial statements as a whole. We performed centralised audit procedures over consolidation, goodwill and intangible assets impairment assessment, right of use assets and lease liabilities, cash and cash equivalents (for components not in scope for full scope audit or specified audit procedures), share-based payments and borrowings.

The financial statements of the Company are prepared using the same accounting processes and controls as the Group's central functions and were audited by the Group audit team. This includes the procedures performed in relation to impairment of investment in subsidiary as explained in the Key audit matters section above.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand their process to assess the extent of the potential impact of climate change on the Group and its financial statements. The Group explains the impact of climate change on its business within the 'TCFD Report' section. Further, the Group also approved a new Enterprise Risk Management Framework (ERMF) during 2023 to enable consistent evaluation of potential climate-related risks and related impacts.

As a result of our procedures, we concluded that the key areas in the financial statements which are more likely to be materially impacted by climate change are those areas that are based on forecast cash flows. As such, we particularly considered how the commitments made by the Group would impact the assumptions made in the forecasts prepared by management that are used in the Group's impairment assessment, for assessing both the recoverability of goodwill and intangible assets and the Investment held by the Company. We did not identify any matters as part of this work which were inconsistent with the disclosures in the Annual Report or led to any material adjustments to the accounts.

Our procedures included reading the disclosures in relation to climate change within the Annual Report and considering its consistency with the financial statements and our knowledge from the audit. We did not identify any material impact on our key audit matters or the wider audit for the year ended 31 December 2023.

Independent auditors' report to the members of S4Capital plc continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£10.0 million (2022: £10.0 million).	£11.1 million (2022: £10.5 million).
How we determined it	approximately 1% of revenue	approximately 1% of total assets
Rationale for benchmark applied	We have consistently used revenue to determine materiality as opposed to a profit based benchmark as there is considerable volatility in profit before tax as a result of business combinations. Revenue continues to be a key performance metric for the group and is considered to be more stable than a profit based metric.	We considered the total assets to be an appropriate benchmark for the Company, given that it is the ultimate holding company and holds a material investment in a subsidiary undertaking. Total assets is also a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £800,000 and £9 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 65% (2022: 50%) of overall materiality, amounting to £6.5 million (2022: £5 million) for the Group financial statements and £7.25 million (2022: £5.25 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £0.5 million (Group audit) (2022: £0.3 million) and £0.5 million (Company audit) (2022: £0.3 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- reading management's paper to the Audit and Risk Committee in respect of going concern, and agreeing the forecasts set out in this paper to the underlying base case cash flow model and board approved budgets;
- obtaining and examining management's base case and severe but plausible downside scenarios;
- evaluating the key assumptions within management's forecasts and applying our own independent sensitivities based on our knowledge from the audit and assessment of previous forecasting accuracy;
- considering the historical reliability of management's forecasting for cash flows and net debt by comparing budgeted results to actual performance;
- assessing the level of remaining liquidity available to the Group under both the base case and severe but plausible downside scenario;
- identifying the covenants applicable to the Group's borrowings and auditing whether management's assessment supports ongoing compliance with those covenants under both base case and severe but plausible downside scenarios;

- evaluating the appropriateness of management's mitigating actions considered in the severe but plausible downside scenario; and
- considering the appropriateness of the disclosure given in note 2C to the consolidated financial statements.

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 group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent auditors' report to the members of S4Capital plc continued

Corporate governance statement

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment, health and safety regulations and data protection regulations (including the General Data Protection Regulation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and Companies Act, 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or profits and management bias within accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Understanding and evaluating the design and implementation of controls designed to prevent and detect irregularities and fraud;
- Inquiry of management, the Audit and Risk Committee, Internal Audit and the Group's internal legal counsel regarding their consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Assessment of the Group's whistleblowing facility and matters reported through the facility;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Identifying and testing intercompany balances to ensure they were genuine and were eliminated appropriately within the consolidated financial statements;
- Scoping in all bank accounts for bank confirmation or alternative procedures where bank confirmations could not be obtained; and
- Challenging assumptions and judgements made by management in respect of critical accounting judgements and significant accounting estimates, and assessing these judgements and estimates for management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of S4Capital plc continued

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 28 January 2019 to audit the financial statements for the year ended 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement is six years, covering the years ended 31 December 2018 to 31 December 2023.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Jason Burkitt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 March 2024

Consolidated statement of profit or loss

For the year ended 31 December 2023

	Notes	2023 £m	2022 Restated[1] £m
Revenue	5	1,011.5	**1,069.5**
Direct costs		(138.3)	(177.8)
Net revenue		873.2	891.7
Personnel costs	6	(670.8)	(682.1)
Other operating expenses	6	(92.6)	(83.3)
Acquisition, restructuring and other one-off expenses	6	(11.9)	(155.9)
Depreciation, amortisation and impairment	6	(77.9)	(105.7)
Share of profit of joint venture	14	0.2	–
Total operating expenses		(853.0)	(1,027.0)
Operating profit/(loss)		20.2	**(135.3)**
Adjusted operating profit		82.0	114.1
Adjusting items[2]		(61.8)	(249.4)
Operating profit/(loss)		20.2	(135.3)
Finance income	7	2.8	1.5
Finance costs	7	(38.2)	(27.2)
Net finance costs		(35.4)	(25.7)
Gain on the net monetary position		1.3	1.3
Loss before income tax		(13.9)	**(159.7)**
Income tax credit/(expense)	8	7.9	(0.8)
Loss for the year		(6.0)	**(160.5)**
Attributable to owners of the Company		(6.0)	(160.5)
Attributable to non-controlling interests		–	–
		(6.0)	**(160.5)**
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share (pence)	9	(0.9)	(27.2)
Diluted loss per share (pence)	9	(0.9)	(27.2)

Notes:

1. The comparatives for the year ended 31 December 2022 have been restated for the adoption of the amendment to IAS 12 (see Note 2).
2. Adjusting items comprises amortisation and impairment of £48.6 million (2022: £78.9 million), acquisition expenses of £9.2 million gain (2022: £151.0 million expense), share-based payments of £10.1 million (2022: £14.6 million) and restructuring and other one-off expenses of £12.3 million (2022: £4.9 million).

The results for the year are wholly attributable to the continuing operations of the Group.

The accompanying notes on pages 150 to 195 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	2023 £m	2022 Restated[1] £m
Loss for the year	(6.0)	**(160.5)**
Other comprehensive (expense)/income		
Items that may be reclassified to profit or loss		
Foreign operations – foreign currency translation differences	(53.8)	70.7
Other comprehensive (expense)/income	(53.8)	70.7
Total comprehensive expense for the year	(59.8)	**(89.8)**
Attributable to owners of the Company	(59.8)	(89.8)
Attributable to non-controlling interests	–	–
	(59.8)	**(89.8)**

Note:
1. The comparatives for the year ended 31 December 2022 have been restated for the adoption of the amendment to IAS 12 (see Note 2).

The accompanying notes on pages 150 to 195 form an integral part of these consolidated financial statements.

Consolidated balance sheet

At 31 December 2023

	Notes	2023 £m	2022 Restated[1] £m
Assets			
Goodwill	10	691.3	718.8
Intangible assets	11	381.6	445.2
Right-of-use assets	12	45.8	55.7
Property, plant and equipment	13	21.9	29.7
Interest in joint ventures	14	0.2	–
Deferred tax assets	15	7.3	5.4
Other receivables	16	13.7	12.2
Non-current assets		1,161.8	**1,267.0**
Trade and other receivables	16	407.5	442.4
Current tax assets		4.9	–
Cash and cash equivalents	17	145.7	223.6
Current assets		558.1	**666.0**
Total assets		1,719.9	**1,933.0**
Liabilities			
Deferred tax liabilities	15	(32.7)	(54.1)
Loans and borrowings	19	(320.9)	(326.2)
Lease liabilities	12	(35.8)	(43.1)
Contingent consideration and holdbacks	20	(7.3)	(11.3)
Provisions		(2.7)	(5.7)
Non-current liabilities		(399.4)	**(440.4)**
Trade and other payables	18	(418.1)	(443.2)
Contingent consideration and holdbacks	20	(18.2)	(177.3)
Loans and borrowings	19	(0.2)	(0.7)
Lease liabilities	12	(13.2)	(15.3)
Provisions		(1.0)	–
Current tax liabilities		(3.9)	(6.0)
Current liabilities		(454.6)	**(642.5)**
Total liabilities		(854.0)	**(1,082.9)**
Net assets		865.9	**850.1**
Equity			
Share capital		145.9	142.0
Share premium		80.4	5.9
Other reserves		162.7	175.2
Foreign exchange reserves		(5.3)	48.5
Retained earnings		482.1	478.4
Attributable to owners of the Company		865.8	**850.0**
Non-controlling interests	21	0.1	0.1
Total equity		865.9	**850.1**

Note:
1. The comparatives as at 31 December 2022 have been restated for measurement period adjustments in respect of business combinations, the adoption of the amendment to IAS 12, the deferred tax offsetting and reclassification between trade and other payables and provisions (see Note 2).

The accompanying notes on pages 150 to 195 form an integral part of these consolidated financial statements.

The consolidated financial statements of S[4]Capital plc on pages 196 to 201, Company registration number 10476913, were approved by the Board of Directors on 26 March 2024 and signed on its behalf by:

Martin Sorrell

Sir Martin Sorrell
Executive Chairman

Mary Basterfield
Group Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2023

Equity	Notes	Share capital £m	Share premium £m	Merger reserves £m	Other reserves[1] £m	Foreign exchange reserves £m	Retained earnings/ (accumulated losses) £m	Attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
At 1 January 2022		**138.8**	**446.9**	**205.7**	**76.7**	**(22.2)**	**(44.8)**	**801.1**	**0.1**	**801.2**
Amendment to IAS 12 restatement[2]		–	–	–	–	–	1.3	1.3	–	1.3
Hyperinflation restatement		–	–	–	3.3	–	–	3.3	–	3.3
Adjusted opening balance		**138.8**	**446.9**	**205.7**	**80.0**	**(22.2)**	**(43.5)**	**805.7**	**0.1**	**805.8**
Comprehensive (loss)/income for the year										
Loss for the year		–	–	–	–	–	(160.5)	(160.5)	–	(160.5)
Other comprehensive income		–	–	–	–	70.7	–	70.7	–	70.7
Total comprehensive income/(loss) for the year		**–**	**–**	**–**	**–**	**70.7**	**(160.5)**	**(89.8)**	**–**	**(89.8)**
Transactions with owners of the Company										
Realised merger reserve[3]	21	–	(462.6)	(205.7)	–	–	668.3	–	–	–
Business combinations	21	3.2	21.6	–	94.8	–	–	119.6	–	119.6
Share-based payments	23	–	–	–	0.4	–	14.1	14.5	–	14.5
At 31 December 2022		**142.0**	**5.9**	**–**	**175.2**	**48.5**	**478.4**	**850.0**	**0.1**	**850.1**
At 1 January 2023		**142.0**	**5.9**	**–**	**175.2**	**48.5**	**478.4**	**850.0**	**0.1**	**850.1**
Hyperinflation restatement		–	–	–	2.6	–	–	2.6	–	2.6
Adjusted opening balance		142.0	5.9	–	177.8	48.5	478.4	852.6	0.1	852.7
Comprehensive loss for the year										
Loss for the year		–	–	–	–	–	(6.0)	(6.0)	–	(6.0)
Other comprehensive expense		–	–	–	–	(53.8)	–	(53.8)	–	(53.8)
Total comprehensive loss for the year		–	–	–	–	(53.8)	(6.0)	(59.8)	–	(59.8)
Transactions with owners of the Company										
Business combinations	21	3.9	74.5	–	(15.7)	–	–	62.7	–	62.7
Share-based payments	23	–	–	–	0.6	–	9.7	10.3	–	10.3
At 31 December 2023		145.9	80.4	–	162.7	(5.3)	482.1	865.8	0.1	865.9

Notes:

1. Other reserves include the deferred equity consideration of £156.2 million (2022: £171.8 million), which comprises TheoremOne for £81.4 million (2022: £55.0 million), Raccoon for £43.6 million (2022: £43.0 million), Decoded for £nil (2022: £47.9 million), XX Artists for £25.3 million (2022: £7.8 million), Cashmere for £nil (2022: £6.9 million), Zemoga for £3.4 million (2022: £8.7 million), 4 Mile for £2.3 million (2022: £2.3 million) and Destined for £0.2 million (2022: £0.2 million), the treasury shares issued in the name of S^{4}Capital plc to an employee benefit trust for the amount of £1.2 million (2022: £1.8 million), and the impact of hyperinflation in Argentina of £7.5 million (2022: £4.9 million).
2. The opening balance as at 1 January 2022 and the comparatives as at 31 December 2022 have been restated for the adoption of the amendment to IAS 12 (see Note 2).
3. During the year ended 31 December 2022, the Group undertook a reduction of capital to effect the cancellation of the C ordinary shares resulting from the capitalisation of the sum of £205.7 million standing to the credit of the Company's merger reserve.

The accompanying notes on pages 150 to 195 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2023

	Notes	2023 £m	2022 Restated[1] £m
Cash flows from operating activities			
Loss before income tax		(13.9)	**(159.7)**
Net finance costs	7	35.4	25.7
Depreciation, amortisation and impairment	6	77.9	105.7
Share-based payments	23	10.1	14.2
Acquisition, restructuring and other one-off expenses	6	11.9	155.9
Employment linked contingent consideration paid	20	(77.7)	(38.9)
Restructuring and other one-off expenses paid[1]		(20.8)	(4.9)
Share of profit in joint venture	14	(0.2)	–
Gain on the net monetary position		(1.3)	(1.3)
Other non cash items		(9.8)	–
Decrease/(increase) in trade and other receivables		11.3	(48.7)
(Decrease)/increase in trade and other payables[1]		(13.1)	49.3
Cash flows from operations		9.8	**97.3**
Income taxes paid		(20.5)	(19.0)
Net cash flows (used in)/from operating activities		(10.7)	**78.3**
Cash flows from investing activities			
Purchase of intangible assets	11	(2.1)	(1.5)
Purchase of property, plant and equipment	13	(5.9)	(16.4)
Acquisition of subsidiaries, net of cash acquired[2]		(3.1)	(123.7)
Amounts (paid into)/withdrawn from security deposits		(2.2)	1.8
Cash flows used in investing activities		(13.3)	**(139.8)**
Cash flows from financing activities			
Proceeds from issuance of shares		0.2	0.2
Principal element of lease payments[1]	12	(16.3)	(15.4)
Repayments of loans and borrowings	19	(0.2)	(0.9)
Interest and facility fees paid[1]		(26.7)	(16.3)
Cash flows used in financing activities		(43.0)	**(32.4)**
Net movement in cash and cash equivalents		(67.0)	**(93.9)**
Cash and cash equivalents beginning of the year	17	223.6	299.1
Exchange (loss)/gain on cash and cash equivalents		(10.9)	18.4
Cash and cash equivalents at the end of the year	17	145.7	**223.6**

Notes:

1. The comparatives for the year ended 31 December 2022 have been reclassified (see Note 2).
2. Comprises cash paid into escrow accounts of £nil (2022: £12.8 million) and contingent consideration and holdback payments, net of cash released from escrow accounts, of £2.6 million (2022: £21.7 million), cash paid on the current year acquisition of £0.8 million (2022: £96.8 million) less cash acquired of £0.3 million (2022: £7.6 million).

The accompanying notes on pages 150 to 195 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

S4Capital plc ('S4Capital' or 'Company'), is a public Company with a standard listing on the London Stock Exchange, limited by shares, incorporated on 14 November 2016 in England, United Kingdom. The Company has its registered office at 12 St James's Place, London, SW1A 1NX, United Kingdom.

The consolidated financial statements represent the results of the Company and all its subsidiaries (together referred to as 'S4Capital Group' or the 'Group'). An overview of the subsidiaries is included in Note 29. S4Capital Group's principal activities are focused on the provision of new age/new era digital advertising and marketing services.

2. Basis of preparation

A. Statement of compliance

The financial statements of S4Capital plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and disclosure guidance and transparency rules sourcebook of the United Kingdom's Financial Conduct Authority.

The consolidated financial statements were authorised for issue by the Board of Directors on 26 March 2024.

B. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Pound Sterling (£ or GBP), S4Capital plc's functional currency. In the 2022 Annual Report and Accounts all financial information in Pound Sterling was rounded to the nearest thousand. In the 2023 Annual Report and Accounts all financial information in Pound Sterling has been rounded to the nearest million, unless otherwise indicated, for both current and prior years.

C. Basis of measurement

The consolidated financial statements are prepared on a going concern basis. The consolidated financial statements are prepared on the historical cost basis, except for the fair value measurement of contingent considerations and holdbacks. The accounting principles have been consistently applied over the reporting periods.

Going Concern

The Board has examined the Group's cash flow projections for the period extending until June 30, 2025, under both base and a severe yet plausible downside scenario. These assessments take into account uncertainties such as inflation, decreased demand, and the potential impacts of these uncertainties on growth rates, macroeconomic conditions, and the Group as a whole. The primary assumptions in the base case are in accordance with the Group's Board-approved 2024-26 three-year plan, with these forecasts being in line with those considered for the goodwill impairment testing.

The Group possesses substantial financial resources and has significant liquidity in all scenarios considered. As of December 31, 2023, the Group's financial resources amounted to £246 million, comprising cash and bank balances of £146 million and an undrawn £100 million equivalent multicurrency senior secured revolving credit facility, which is set to expire in August 2026. These facilities ensure that the Group has access to adequate cash resources and working capital.

The severe yet plausible downside scenario reflects a 13% reduction in net revenue versus the base case, with a mitigation of 8% reduction in total operating costs which management believe could reasonably be achieved through natural cost reductions from lower activity, including reduced bonuses and limited recruitment. In this scenario no breach of covenants was identified. The Group has also identified additional cost control measures that could be implemented. These additional cost control measures include reviewing the Group's work force and implementing measures to optimise resource allocation, identify and implement cost-saving measures across the Group and re-evaluate the Group's product and service offerings to focus on high-margin high-demand areas. Management is confident that these forecasts have been prudently established and consider potential effects on growth rates and trading performance.

The Board is confident that the Group and Company can operate within the confines of their current debt and revolving credit facility, and covenants (see Note 20) while maintaining sufficient liquidity to fulfil its financial obligations as they become due for at least 12 months from the date of signing these financial statements. Consequently, the Group and Company will continue to employ the going concern basis in the preparation of their financial statements.

D. Critical accounting judgements and estimates

In preparing these consolidated financial statements, S4Capital Group makes certain judgements and estimates. Judgements and estimates are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these judgements and estimates.

The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or the consolidated statement of profit or loss within the next financial year are discussed below.

Judgements

Revenue recognition

The Group's revenue is earned from the provision of data and digital media solutions and technology services. Under IFRS 15, revenue from contracts with customers is recognised as, or when, the performance obligation is satisfied.

Specifically for the Content segment, due to the size and complexity of contracts, management is required to form a number of judgements in the determination of the amount of revenue to be recognised including the identification of performance obligations within the contract and whether the performance obligation is satisfied over time or at a point in time. The key judgement is whether revenue should be recognised over time or at point in time. Where revenue is recognised over time, an estimate must be made regarding the progress towards completion of the performance obligation.

See Note 3 for a full description of the Group's revenue accounting policies.

Impairment of goodwill and intangible assets

The Group applies judgement in determining whether the carrying value of goodwill and intangible assets have any indication of impairment on an annual basis, or more frequently if required. Both external and internal factors are monitored for indicators of impairment. When performing the impairment review, management's approach for determining the recoverable amount of a cash-generating unit is based on the higher of value in use or fair value less cost to dispose. The value in use is compared with the carrying amount of the cash generating units.

Tax positions

The Group is subject to sales tax in a number of jurisdictions. Judgement is required in determining the provision for sales taxes due to uncertainty of the amount of tax that may be payable. Provisions in relation to uncertain tax positions are established on an individual rather than portfolio basis, considering whether, in each circumstance, the Group considers it is probable that the uncertainty will crystallise.

Use of alternative performance measures

In establishing which items are disclosed separately as adjusting items to enable a better understanding of the underlying financial performance of the Group, management exercise judgement in assessing the size and nature of specific items. The Group uses alternative performance measures as we believe these measures provide additional useful information on the underlying trend, performance, and position of the Group. These underlying measures are used by the Group for internal performance analyses, and credit facility covenants calculations. The alternative performance measures include 'adjusted operating profit', 'adjusting items', 'EBITDA' (earnings before interest, tax, depreciation) and 'operational EBITDA'. The terms 'adjusted operating profit', 'adjusting items', 'EBITDA' and 'operational EBITDA' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. The measures are not intended to be a substitute for, or superior to, GAAP measures. A full list of alternative performance measures and non-IFRS measures together with reconciliations to IFRS measures are set out in the Alternative Performance Measures on pages 202 to 207.

Estimates

Impairment of goodwill and intangible assets

The recoverable amount for each CGU is determined using a value-in-use calculation. In determining the value-in-use, the Group uses forecast net revenue and EBITDA percentage margins adjusted for non-cash transactions to generate cash flow projections. The forecasts are prepared by management based on the Board-approved three-year business plans for each CGU along with a one-year management-prepared extrapolation period. The forecasts reflect the expected financial performance for each CGU, and consider the impact of inflation and the latest macroeconomic trends and external factors, as well as historic performance and trends, amongst other factors.

Notes to the consolidated financial statements continued

2. Basis of preparation continued

E. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs) as applicable for contingent consideration.

F. New and amended standards and interpretations adopted by the Group

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Definition of accounting estimates (Amendments to IAS 8)

In February 2021, the IASB issued Definition of accounting estimates (Amendments to IAS 8) to clarify the distinction between accounting policies and accounting estimates. The amendments are effective for reporting periods beginning on or after 1 January 2023. The Group adopted this standard as of 1 January 2023. The adoption of this standard had no material impact on the Group's consolidated financial statements.

Making Materiality Judgements (Amendments to IAS 1 and IFRS Practice Statement 2)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 "Making Materiality Judgements", which provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their material accounting policies and adding guidance on how entities are to apply the concept of materiality in making decisions about accounting policy disclosures. These amendments are applicable for annual periods beginning on or after 1 January 2023. These amendments have been adopted as of such date and have had no material impact on the Group's consolidated financial statements.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes)

In May 2021, the IASB issued Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes) to clarify how to account for deferred tax on transactions including leases and decommissioning obligations. The amendments are effective for reporting periods beginning on or after 1 January 2023. The Group adopted this standard as of 1 January 2023 and retrospectively applied the changes as at 1 January 2022, as detailed in Note H.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts. IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17. This standard is effective for reporting periods beginning on or after 1 January 2023. The Group adopted this standard as of 1 January 2023. The adoption of this standard had no material impact on the Group's consolidated financial statements.

Pillar 2

The Group is within the scope of the OECD Pillar Two model rules which will come into effect from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. Under the legislation, the Group is liable to pay a top-up tax on adjusted jurisdictional profits for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.

Based on the Pillar Two assessment undertaken by the Group using the relevant information for the year ending 31 December 2023, the Group should be able to benefit from one of the three tests under the transitional CbCr safe harbour for most of its jurisdictions. The Group considers that the total amount of top up tax arising in respect of its jurisdictions is expected to be immaterial and as such has not undertaken detailed calculations required under the legislation. The Group expects to undertake a Pillar 2 assessment in the second quarter of 2024 for the purposes of interim reporting based on its forecasts for the year ending 31 December 2024.

G. New and amended standards and interpretations not yet adopted

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. None of these are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

H. Restatement and reclassification

Business combinations

The consolidated balance sheet at 31 December 2022 has been restated for fair value adjustments relating to the TheoremOne acquisition. See Note 4 for further details.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes)

An amendment to IAS 12 Income taxes was published in May 2021 and became effective for the Group from 1 January 2023. The amendment narrowed the scope of the deferred tax recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group has considered the impact of this amendment, notably in relation to the accounting for deferred taxes on leases and dilapidation provisions. The impact of transitioning to the revised standard was to increase deferred tax assets by £0.3 million, decrease deferred tax liabilities by £1.0 million and increase total equity by £1.3 million as at 1 January 2022. The impact on the consolidated statement of profit or loss was £0.8 million expense for period ended 31 December 2022. As a result, basic and diluted loss per share has increased by 0.2 pence. The impact of this retrospective adjustment on the consolidated balance sheet at 31 December 2022 is shown below.

Deferred tax offset

There was a further adjustment to restate the deferred tax assets and deferred tax liabilities where there is a right of offset for any deferred tax balances within the same tax jurisdiction.

The impact of this retrospective adjustment as at 31 December 2022 was a £9.7m decrease on both deferred tax assets and deferred tax liabilities, with no impact on net assets. There impact on the consolidated balance sheet at 1 January 2022 was £nil. The impact on the consolidated statement of profit or loss was £nil.

Provisions and other payables

Provisions previously presented as other payables have been reclassified to be shown separately on the consolidated balance sheet to provide consistency with the presentation of balances for the year ended 31 December 2023.

						31 December 2022
	As reported £m	Business combinations £m	Amendment to IAS 12 £m	Deferred tax offset £m	Reclassification £m	As restated £m
Goodwill	720.4	(1.6)	–	–	–	718.8
Deferred tax assets	16.8	–	(1.7)	(9.7)	–	5.4
Total non-current assets	**1,280.0**	**(1.6)**	**(1.7)**	**(9.7)**	**–**	**1,267.0**
Trade and other receivables	440.8	1.6	–	–	–	442.4
Total current assets	**664.4**	**1.6**	**–**	**–**	**–**	**666.0**
Total assets	**1,944.4**	**–**	**(1.7)**	**(9.7)**	**–**	**1,933.0**
Deferred tax liabilities	(66.0)	–	2.2	9.7	–	(54.1)
Provisions	–	–	–	–	(5.7)	(5.7)
Other payables	(5.7)	–	–	–	5.7	–
Total non-current liabilities	**(452.3)**	**–**	**2.2**	**9.7**	**–**	**(440.4)**
Total liabilities	**(1,094.8)**	**–**	**2.2**	**9.7**	**–**	**(1,082.9)**
Net assets	**849.6**	**–**	**0.5**	**–**	**–**	**850.1**

Notes to the consolidated financial statements continued

2. Basis of preparation continued

H. Restatement and reclassification continued

Reclassification of statement of cash flows

The restructuring and other one-off expenses paid have been separately presented for the year ended 31 December 2023, and as a result the comparative amount has been reclassified to provide consistency. The interest on lease liabilities have been reclassified for the year ended 31 December 2023 to be included within interest and facility fees paid and the comparative amount has been reclassified to provide consistency.

	31 December 2022		
	As reported £m	Reclassification £m	As restated £m
Cash flows from operating activities			
Restructuring and other one-off expenses paid	–	(4.9)	(4.9)
Increase in trade and other payables	44.4	4.9	49.3
Cash flows from operations	**97.3**	**–**	**97.3**
Cash flows from financing activities			
Principal element of lease payments	17.5	(2.1)	15.4
Interest and facility fees paid	14.2	2.1	16.3
Cash flows used in financing activities	**(43.0)**	**–**	**(43.0)**

3. Accounting policies

A. Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the S4Capital Group. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated statement of profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised as a fair value gain or loss within acquisition, restructuring and other expenses within the consolidated statement of profit or loss.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that entitle their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying value of non-controlling interests is the value of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

B. Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment is recognised initially in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

C. Revenue recognition

S^{4}Capital Group produces digital campaigns, films, creative content, platforms and ecommerce for home-grown and international brands and provides data & digital media solutions for future thinking marketers and agencies and provides technology services.

Revenue comprises of gross amounts billed, or billable to clients and is stated exclusive of VAT and equivalent applicable taxes. The difference between revenue and net revenue represents direct costs. Direct costs comprise fees and expenses paid to external suppliers when they are engaged to perform all or part of a specific project and are charged directly to the customer, and where the Group retains quality control oversight. Direct costs are expensed as incurred.

Costs to obtain a contract are typically expensed as incurred as contracts are generally short term in nature.

S^{4}Capital Group determines all the separate performance obligations within the customers' contract at contract inception. In many instances, promised services in a contract are not considered distinct or represent a series of services that are substantially the same with the same pattern of transfer to the customer and, as such, are accounted for as a single performance obligation.

Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. This is assessed on a contract-by-contract basis. Revenue is recognised over time when the customer consumes the services as it is performed or the Group is entitled to payment for the services performed to date. Where there is no clear consumption by the customer or limited activities that transfer to the customer, revenue is recognised at a point in time, generally when the services or created content are delivered to the customer.

Notes to the consolidated financial statements continued

3. Accounting policies continued

C. Revenue recognition continued

For each performance obligation that is satisfied over time, revenue is recognised by measuring progress towards completion of that performance obligation. Revenue recognised over time is based on the proportion of the level of services performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. For most fee arrangements, costs incurred are used as an objective input measure of performance. The primary input of substantially all work performed under these arrangements is labour and direct costs. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance.

Revenue recognised in the current reporting period that related to performance obligations that were satisfied, or partially satisfied, in a prior reporting period was immaterial.

For our retainer arrangements, we have a stand-ready obligation to perform services on an ongoing basis over the life of the contract. The scope of these arrangements is broad and generally not reconcilable to another input or output criteria. In these instances, revenue is recognised using a time-based method resulting in straight-line revenue recognition.

Where the total project costs exceed the project revenue, the loss is recognised within direct costs and personnel costs in the consolidated statement of profit or loss. A provision is recognised for such loss. No material onerous contract provisions have been identified in the year.

Accrued income is a contract asset and is recognised when a performance obligation has been satisfied but has not yet been billed. Accrued income is transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement.

In certain cases, payments are received from customers or amounts are billed with an unconditional right to receive consideration prior to satisfaction of performance obligations and recognised as deferred income. These balances are considered contract liabilities and are included in deferred income.

Accrued income and deferred income arising on contracts are included in trade and other receivables and trade and other payables, as appropriate.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components in which case they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. No element of financing is deemed present as the sales are made with a general credit term of 30 days; some large multinational customers have credit terms of 45 days to 120 days.

The Group has applied the practical expedients in IFRS 15 not to account for significant financing components where the timing difference between receiving consideration and transferring control of services or created content to its customer is one year or less; and to expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

The Group has applied the practical expedient permitted by IFRS 15 to not disclose the transaction price allocated to performance obligations unsatisfied (or partially unsatisfied) as of the end of the reporting period as contracts typically have an original expected duration of a year or less.

D. Foreign currency

The main foreign currencies for the Group are the US dollar (USD) and Euro (EUR).

Foreign currency transactions and balances

- Foreign currency transactions are translated into the functional currency using the average exchange rates in the month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.
- Share capital, share premium and brought forward earnings are translated using the exchange rates prevailing at the dates of the transactions.

Consolidation of foreign entities

On consolidation, income and expenses of the foreign entities are translated from the local functional currencies to Pound Sterling, the presentation currency of the S4Capital Group, using average exchange rates during the period, apart from any foreign entities in hyperinflationary economies (see note 3F). All assets and liabilities of the Group's foreign operations are translated from the local functional currencies to Pound Sterling using the exchange rates prevailing at the reporting date. The exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income and accumulated in a separate component of equity. Exchange differences are recycled to the consolidated statement of profit or loss as a reclassification adjustment upon disposal of the foreign operation.

E. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if S4Capital Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

S4Capital Group issues equity-settled share-based payments (including share options) to certain employees and accounts for these awards in accordance with IFRS 2. The share-based payments are measured at fair value at the grant date.

The fair value determined at the grant date is recognised in the consolidated statement of profit or loss as an expense on a straight-line basis over the relevant vesting period, based on the Group's estimate of the number of shares that will ultimately vest and adjusted for the effect of non-market vesting conditions. A detailed description of the share-based payment plans is included in Note 23.

Defined contribution plans

S4Capital Group accounts for retirement benefit costs in accordance with IAS 19 Employee Benefits. For defined contribution plans, contributions are charged to the consolidated statement of profit or loss as payable in respect of the accounting period.

F. Hyperinflation

Argentina is designated as a hyperinflationary economy and the financial statements of the Group's subsidiaries in Argentina have been adjusted for the effects of inflation.

IAS 29 Financial Reporting in Hyperinflationary Economies requires that the consolidated statement of profit or loss is adjusted for inflation in the period and translated at the year-end foreign exchange rate and that non-monetary assets and liabilities on the balance sheet are restated to reflect the change in purchasing power caused by inflation from the date of initial recognition.

In 2023, this resulted in an increase in property, plant and equipment of £3.5 million (2022: £2.0 million), an increase in right of use assets of £2.9 million (2022: £2.5 million), an increase in equity of £nil (2022: £nil) and an opening equity restatement of £2.6 million (2022: £3.3 million). For the year ended 31 December 2023, this resulted in a gain on the net monetary position of £1.3 million (2022: gain on the net monetary position of £1.3 million) in the consolidated statement of profit or loss. The impact on other non-monetary assets and liabilities in the year was immaterial.
The FACPCE price index (Federación Argentina de Consejos Profesionales de Ciencias Económicas) of 2,816.1 was used at 31 December 2023 (2022: 1,132.2). The movement in this index during 2023 was 192% (2022: 94.4%).

In addition to the hyperinflationary economy causing the general devaluation of the Argentinian peso, on 13th December 2023, the Argentinian peso experienced a significant devaluation of over 50%. This was a one-off single event towards the end of the Group's reporting period. The Group considers the impact of hyperinflation as part of its underlying operations, however, the significant devaluation is considered as a one-off item and therefore the impact is excluded from the Group's Alternative Performance Measures. The impact on operational EBITDA is a reduction of £9.3 million.

Notes to the consolidated financial statements continued

3. Accounting policies continued

G. Income tax

Income tax expense comprises current and deferred tax. It is recognised in consolidated statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the financial year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which these items can be utilised.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

H. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

Goodwill

The Group accounts for business combinations using the acquisition method when control is transferred to the S4Capital Group. The consideration transferred is measured at the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the year. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair value of net identifiable assets and liabilities acquired. Goodwill is measured at cost less accumulated impairment losses. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of profit or loss on the acquisition date.

Other intangible assets – arising on the acquisition of business combinations

Brands, customer relationships and order backlog arising on the acquisition of business combinations, are measured at cost less accumulated amortisation and accumulated impairment losses. The acquired brands are well-known brands which are registered, have a good track record and have finite useful lives. Customer relationships are measured at the time of the business combination and have finite useful lives. Order backlog has finite useful lives and represents the contracted but not yet fulfilled revenues at the time of the business combination.

Other intangible assets – development expenditure and purchased software

Expenditure on research activities is recognised in the consolidated statement of profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the consolidated statement of profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Purchased software packages have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Notes to the consolidated financial statements continued

3. **Accounting policies** continued

H. **Intangible assets** continued

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Impairment of goodwill and intangible assets with indefinite useful lives

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on the most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset, except for assets previously revalued with the revaluation taken to other comprehensive income (OCI). For such assets, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are also tested for impairment annually at year end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Amortisation

Amortisation is charged to the consolidated statement of profit or loss to allocate the cost of intangible assets over their estimated useful economic lives, using the straight-line method. Goodwill is not amortised.

The estimated useful economic lives of intangible assets for current and comparative periods are as follows:

- Brands 3 – 20 years
- Customer relationships 6 – 16.5 years
- Order backlog 0 – 3 years
- Others 3 – 10 years

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

I. Leases

The Group leases most of its offices in cities where it operates.

At inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period of time and whether it obtains substantially all the economic benefits from the use of that asset, in exchange for consideration.

Each lease is recognised as a right-of-use asset with a corresponding liability at the date at which the lease asset is available for use by the Group. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation is recognised in operating expenses costs and interest expense is recognised under finance expenses in the consolidated statement of profit or loss. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Right-of-use assets are reviewed for indicators of impairment and an impairment test is performed when an impairment indicator exists.

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 interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate for the same term as the underlying lease. Lease payments included in the measurement of lease liabilities comprise fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate as at the commencement date. Lease modifications result in remeasurement of the lease liability.

Short-term leases and leases of low value assets

The Group has elected to use the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option and leases of low value assets which the present value of the assets is below £5,000. The payments associated with these leases are recognised as operating expenses over the lease term.

J. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of profit or loss.

Depreciation

Depreciation is charged to the consolidated statement of profit or loss to allocate the cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives, using the straight-line method. The estimated useful lives for current and comparative periods range as follows:

• Leasehold improvements	Over life of lease
• Furniture and fixtures	5 years
• Office equipment	3 – 5 years
• Other assets	3 – 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

PPE assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in carrying value is being charged to the consolidated statement of profit or loss. PPE assets that have been impaired are reviewed for possible reversal of the impairment loss at the end of each reporting period. The reversal is limited to the carrying amount net of depreciation, had no impairment loss been recognised in the prior reporting periods.

Notes to the consolidated financial statements
continued

3. Accounting policies continued

K. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – Recognition and initial measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Classification and subsequent measurement – Financial assets

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Derecognition

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities – Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Financial liabilities – Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss.
- Financial liabilities at amortised cost (loans and borrowings).

Notes to the consolidated financial statements continued

3. Accounting policies continued

K. Financial instruments continued

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Any gains or losses on liabilities held are recognised as a fair value gain or loss in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Financial liabilities – Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of profit or loss as a fair value gain or loss.

L. Equity

The Group's ordinary share capital is classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The Group issues financial instruments which are treated as equity only to the extent that they do not meet the definition of a financial liability. These equity instruments are based on a fixed number of shares. These equity instruments include both initial deferred equity consideration and deferred equity consideration following the achievement of contingent consideration criteria.

M. Cash flow statement

The cash flow statement is prepared using the indirect method. The cash and cash equivalents in the cash flow statement comprise cash and cash equivalents except for deposits with a maturity of longer than three months and minus current bank loans drawn under overdraft facilities. Cash flows denominated in foreign currencies are converted based on average exchange rates. Exchange rate differences affecting cash items are shown separately in the cash flow statement.

Income taxes paid are included in cash flows from operating activities. Interest and facility fees paid is included in cash flows from financing activities. Purchase consideration for amounts paid for acquiring subsidiaries, net of cash acquired, is included in cash flows from investing activities, insofar as the acquisition is settled in cash. Performance linked contingent consideration paid is included within the investing activities. Where the estimate of contingent consideration is adjusted outside of the measurement period, through the consolidated statement of profit or loss, then the payment of the difference between the initial estimate and the increased estimate is included within operating cash flows. Employment linked contingent consideration paid is included in cash flows from operating activities. Principal elements of lease payments are included in cash flows from financing activities.

4. Acquisitions

Current year acquisitions

On 31 October 2023, S4Capital plc announced the business combination of Formula Consultants Incorporated ('FCI') for an expected total consideration of £1.2 million, including performance linked consideration of £0.4 million. The initial cash outlay was funded through the Group's own cash resources for the entire issued share capital of FCI.

The purchase price allocation has been finalised and net identifiable assets acquired totalled £1.0 million, including cash and cash equivalents of £0.3 million. Goodwill arising on the acquisition was £0.2 million.

FCI has contributed £0.4 million to the Group's revenue and £0.3 million to the Group's operational EBITDA since the acquisition date. If the acquisition had occurred on 1 January 2023, the Group's Revenue and operational EBITDA would have been £1,012.2 million and £93.3 million respectively.

Prior year acquisitions

XX Artists

The initial accounting for the business combination of XX Artists was provisional at the 31 December 2022 and was finalised as at 30 June 2023. There has been no change to the provisional fair value as disclosed at 31 December 2022.

At 31 December 2023, the employment linked contingent consideration was unconditional, on the basis that XX Artists fully achieved post acquisition EBITDA targets for the 12 month period ended 31 December 2022. As a result, during the year ended 31 December 2023 £35.8 million of employment linked contingent consideration liability was derecognised, with £15.3 million being cash settled, £17.5 million being recognised as deferred equity consideration and a revaluation gain of £0.9 million recognised in the consolidated statement of profit or loss.

At 31 December 2023, the holdback remaining on the balance sheet was £1.3 million. The Group expects to settle the maximum amounts, as the business had achieved the post acquisition EBITDA targets for the 12 month period ended 31 December 2022.

TheoremOne

The initial accounting for the business combination of TheoremOne was provisional at the 31 December 2022. As required by IFRS 3, the following fair value adjustments have been made during the measurement period, which had no impact on the consolidated statement of profit or loss.

	As disclosed at 31 December 2022		At 31 December 2023
	Provisional fair value £m	Fair value adjustments £m	Fair value £m
Net identifiable assets	105.0	–	105.0
Goodwill	38.0	(1.5)	36.5
Total	**143.0**	**(1.5)**	**141.5**
Cash	78.0	–	78.0
Deferred consideration	55.0	–	55.0
Holdback obligations	10.0	–	10.0
Adjustment to purchase consideration[1]	–	(1.5)	(1.5)
Total purchase consideration	**143.0**	**(1.5)**	**141.5**

Note:
1. Adjustment to purchase consideration relates to the amount recovered by the Group through the completion accounts process.

During the year ended 31 December 2023, £28.5 million was charged to the consolidated statement of profit or loss with no further amounts to be accrued which related to the employment linked contingent consideration due to Sellers who remain employees of the business.

Notes to the consolidated financial statements continued

4. **Acquisitions** continued

At 31 December 2023, the employment linked contingent consideration was unconditional, on the basis that TheoremOne fully achieved post acquisition EBITDA targets for the 12 month period ended 31 December 2022. As a result, £79.0 million of employment linked contingent consideration was derecognised, with £39.5 million being cash settled, £26.4 million being recognised as deferred equity consideration and a revaluation gain of £13.1 million recognised in the consolidated statement of profit or loss.

Included within other reserves as at 31 December 2023 is £81.4 million, comprised of £55.0 million of deferred consideration on initial acquisition and £26.4 million recognised during the period, as explained above.

At 31 December 2023, £6.0 million of holdbacks remain as a liability, relating to amounts held back to cover and indemnify the Group against certain acquisition costs and damages. The Group currently expects to settle the maximum holdback amount. The amount payable would be dependent on the amount of these acquisition costs and damages, with the minimum amount payable being £nil.

4 Mile

At 31 December 2023, the performance linked and employment linked contingent consideration remaining on the balance sheet is £6.7 million and £2.6 million respectively. As a result of partially achieving post acquisition EBITDA targets for the 12 month period ended 31 December 2022, this amount was agreed and will be paid in 2024. As a result, a revaluation gain of £1.5 million recognised in the consolidated statement of profit or loss and a gain of £1.1 million recognised in the consolidated statement of profit or loss through contingent consideration as remuneration during the year ended 31 December 2023.

At 31 December 2023, £4.7 million of holdbacks remain relating to amounts held back to cover and indemnify the Group against certain acquisition costs and any damage. The Group currently expects to settle the maximum holdback amount. The amount payable would be dependent on the acquisition costs and any damages, with the minimum amount payable being £nil.

Raccoon Group (Raccoon)

At 31 December 2023, the employment linked contingent consideration was unconditional, on the basis that Raccoon fully achieved post acquisition EBITDA targets for the 12 month period ended 31 December 2022. As a result, £55.1 million of employment linked contingent consideration was derecognised, with £20.7 million cash settled, £17.4 million recognised as deferred equity consideration, a revaluation gain of £3.4 million recognised in the consolidated statement of profit or loss and a gain of £14.4 million recognised in the consolidated statement or profit or loss through contingent consideration as remuneration.

Zemoga Group (Zemoga)

At 31 December 2023, £0.9 million of holdbacks remain relating to amounts held back to cover and indemnify the Group against certain acquisition costs and damages. The Group currently expects to settle the maximum holdback amount. The amount payable is dependent on the amount of these acquisition costs and damages, with the minimum amount payable being £nil. During the year the Group settled £2.0 million of holdbacks, with a revaluation gain of £3.3 million recognised in the consolidated statement of profit or loss.

Cashmere Agency Inc (Cashmere)

At 31 December 2023, £nil of holdbacks remain relating to amounts held back to cover and indemnify the Group against certain acquisition costs and damages. The Group settled £1.6 million of holdbacks during the year, with a revaluation gain of £1.2 million recognised in the consolidated statement of profit or loss.

5. Segment information

A. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM has been identified as the Board of Directors of S4Capital Group.

During the year, S4Capital Group has three reportable segments as follows:

- Content: Creative content, campaigns, and assets at a global scale for paid, social and earned media – from digital platforms and apps to brand activations that aim to convert consumers at every possible touchpoint.
- Data&Digital Media: Full-service campaign management analytics, creative production and ad serving, platform and systems integration, transition, training and education.
- Technology Services: Digital transformation services in delivering advanced digital product design, engineering services and delivery services.

The customers are primarily businesses across technology, fast moving consumer goods (FMCG) and media and entertainment. Any intersegment transactions are based on commercial terms.

The Board of Directors monitor the results of the reportable segments separately for the purpose of making decisions about resource allocation and performance assessment prior to charges for tax, depreciation and amortisation.

The Board of S4Capital Group uses net revenue rather than revenue to manage the Group due to the fluctuating amounts of direct costs, which form part of revenue.

The following is an analysis of the Group's net revenue and results by reportable segments:

2023	Content £m	Data&Digital Media £m	Technology Services £m	Total £m
Revenue	664.1	210.4	137.0	1,011.5
Net revenue	528.9	207.3	137.0	873.2
Segment profit[1]	46.5	35.2	43.4	125.1
Overhead costs				(22.1)
Adjusted non-recurring and acquisition related expenses[2]				(22.0)
Depreciation, amortisation and impairment[3]				(60.8)
Net finance costs and gain on net monetary position				(34.1)
Loss before income tax				**(13.9)**

Notes:
1. Including £17.1 million related to depreciation and impairment of right-of-use assets.
2. Comprised of acquisition and restructuring expenses (£11.9 million) and share-based payment costs (£10.1 million). See Note 6.
3. Excluding £17.1 million related to depreciation and impairment of right-of-use assets.

2022	Content £m	Data&Digital Media £m	Technology Services £m	Total £m
Revenue	755.4	220.5	93.6	**1,069.5**
Net revenue	582.7	216.8	92.2	891.7
Segment profit[1]	74.1	39.9	36.1	150.1
Overhead costs				(25.9)
Adjusted non-recurring and acquisition related expenses[2]				(170.6)
Depreciation, amortisation and impairment[3]				(88.9)
Net finance costs and gain on net monetary position				(24.4)
Loss before income tax				**(159.7)**

Notes:
1. Including £16.8 million related to depreciation of right-of-use assets.
2. Comprised of acquisition and restructuring expenses (£155.9 million) and share-based payment costs (£14.6 million). See Note 6.
3. Excluding £16.8 million related to depreciation and impairment of right-of-use assets.

Notes to the consolidated financial statements continued

5. Segment information continued

A. Operating segments continued

Segment profit represents the profit earned by each segment without allocation of the share of profit of joint ventures, central administration costs including Directors' salaries, finance income, non-operating gains and losses, and income tax expense. This is the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance.

B. Information about major customers

One customer (2022: one) accounted for more than 10% of the Group's revenue during the year, contributing £177.5 million (2022: £187.5 million). The revenue from this customer was attributable to both the Content and Data&Digital Media segments.

C. Geographical information

The Group's revenue, net revenue and non-current assets by geographical segment are shown below. Non-current assets exclude deferred tax assets.

2023	The Americas £m	Europe, Middle East & Africa £m	Asia Pacific £m	Total £m
Revenue	747.5	199.0	65.0	1,011.5
Net revenue	688.1	133.1	52.0	873.2
Non-current assets	741.5	370.7	42.3	1,154.5

2022	The Americas £m	Europe, Middle East & Africa £m	Asia Pacific £m	Total £m
Revenue[1]	786.5	203.0	80.0	1,069.5
Net revenue[1]	683.9	148.3	59.5	891.7
Non-current assets[2]	824.3	397.6	41.2	1,263.1

Notes:
1. The prior year geographical split of revenue and net revenue has been re-presented to be consistent with the internal reporting provided to the Group's Board of Directors in the current year.
2. The comparatives as at 31 December 2022 have been restated for the adoption of the amendment to IAS 12 (see Note 2).

6. Operating expenses

Personnel expenses[1]	2023 £m	2022 £m
Wages and salaries	528.9	544.3
Social security costs[2]	88.0	79.2
Other pension costs	16.3	15.7
Share-based payments[2]	10.1	14.2
Other personnel costs	27.5	28.7
Total	**670.8**	**682.1**

Notes:
1. Contingent consideration is disclosed separately from personnel expenses, as part of acquisition expenses below.
2. Social security costs includes £nil (2022: £0.4 million) of social security relating to share-based payments.

The key management personnel comprise the Directors of the Group. Details of compensation for key management personnel are disclosed on pages 115 to 116.

Monthly average number of employees by segment	2023	2022
Content	5,197	5,707
Data&Digital Media	2,374	2,432
Technology Services	772	597
Central	31	36
Total	**8,374**	**8,772**

Monthly average number of employees by geography	2023	2022
The Americas	5,641	5,859
Europe, Middle East and Africa	1,862	1,966
Asia Pacific	871	947
Total	8,374	**8,772**

Acquisition, restructuring and other one-off expenses	2023 £m	2022 £m
Advisory, legal, due diligence and related costs	2.3	7.9
Restructuring costs	18.2	4.9
Transformation costs	2.9	–
Acquisition related bonuses	–	0.4
Contingent consideration linked to employee service	13.2	172.4
Contingent consideration fair value gain	(24.7)	(29.7)
Total	11.9	**155.9**

Depreciation, amortisation and impairment	2023 £m	2022 £m
Depreciation of property, plant and equipment	12.2	10.1
Depreciation of right-of-use assets	17.1	16.3
Amortisation of intangible assets	48.6	57.0
Impairment of goodwill	–	15.2
Impairment of intangible assets	–	6.7
Impairment of right-of-use assets	–	0.4
Total	77.9	**105.7**

Other operating expenses	2023 £m	2022 £m
IT expenses	30.6	29.9
Consultancy fees	6.7	6.8
Accounting and administrative service fees	9.3	10.8
Lease costs	6.2	6.0
Sales and marketing costs	7.9	6.0
Legal fees	4.3	5.0
Travel and accommodation costs	9.3	8.6
Insurance fees	3.5	2.5
Impairment loss recognised on trade receivables	3.6	0.9
Other general and administrative costs	11.2	6.8
Total	92.6	**83.3**

Lease costs mainly relate to short term and low value lease costs under IFRS 16.

Audit fees included in general and administrative costs are as follows:

Audit fees	2023 £m	2022 £m
Fees payable to the company's auditors and its associates for the audit of parent company and consolidated financial statements	3.7	4.2
Fees payable to company auditors and its associates for other services:		
Audit of the financial statements of the company's subsidiaries	0.3	–
Total audit fees for the current year audit	4.0	**4.2**
Fees payable to the company's auditors and its associates for the audit of parent company and consolidated financial statements- prior year	–	1.7
Total audit fees	4.0	**5.9**
Fees payable to company auditors and its associates for audit-related assurance services	0.4	0.3
Total	4.4	**6.2**

Notes to the consolidated financial statements continued

Audit related assurance services to the Group relates to the fee charged for the half-year review. No other fees were payable to PricewaterhouseCoopers LLP.

7. Finance income and expenses

Finance income	2023 £m	2022 £m
Interest income	2.8	1.5
Total	2.8	**1.5**

Finance expenses	2023 £m	2022 £m
Interest on bank loans and overdrafts	(23.3)	(14.3)
Interest on lease liabilities	(2.3)	(2.1)
Discounting of contingent consideration	–	(1.5)
Foreign exchange differences	(8.0)	(3.5)
Other finance costs	(4.6)	(5.8)
Total	(38.2)	**(27.2)**

8. Income tax

The income tax credit/(expense) comprises the following:

	2023 £m	2022 Restated[1] £m
Current tax for the year	(13.3)	(18.2)
Adjustments for current tax of prior years	(1.3)	0.2
Total current tax	(14.6)	(18.0)
Movement in deferred tax liabilities	6.6	8.0
Movement in deferred tax assets	15.9	9.2
Income tax credit/(expense) in profit or loss	7.9	**(0.8)**

Note:
1. The comparatives for the year ended 31 December 2022 have been restated for the adoption of the amendment to IAS 12 (see Note 2).

The tax charge for the year can be reconciled to the income tax credit/(expense) in the consolidated statement of profit or loss as follows:

	2023 £m	2022 Restated[1] £m
Loss before income tax	(13.9)	(159.7)
Tax credit at the UK rate of 23.5% (2022: 19.0%)	3.3	30.3
Tax effect of amounts which are non-deductible	6.6	(29.3)
Difference in overseas tax rates	(2.0)	(1.8)
Income tax credit/(expense) in profit or loss	7.9	**(0.8)**

Note:
1. The comparatives for the year ended 31 December 2022 have been restated for the adoption of the amendment to IAS 12 (see Note 2).

The UK rate has increased from 19.0% in 2022 to 23.5% in 2023 due to the increase of corporation tax rate in the UK from 19.0% to 25.0% from April 2023.

The applicable tax rate is based on the proportion of the contribution to the result by the Group entities and the tax rate applicable in the respective countries. The applicable tax rate in the respective countries ranges from 0% to 35%. The effective tax rate for the year deviates from the applicable tax rate mainly because of non-deductible items, amortisation, accelerated capital allowances over depreciation on plant, property and equipment and differences in overseas tax rate.

9. Loss per share

	2023	2022 Restated[1]
Loss attributable to shareowners of the Company (£m)	(6.0)	(160.5)
Weighted average number of Ordinary Shares	639,218,703	590,667,949
Basic loss per share (pence)	(0.9)	**(27.2)**

Loss per share is calculated by dividing the loss attributable to the shareowners of the Group by the weighted average number of Ordinary Shares in issue during the year.

	2023	2022 Restated[1]
Loss attributable to shareowners of the Company (£m)	(6.0)	(160.5)
Weighted average number of Ordinary Shares	639,218,703	590,667,949
Diluted loss per share (pence)	(0.9)	**(27.2)**

	2023	2022
Adjusted profit attributable to shareowners of the Company (£m)	36.5	67.5
Weighted average number of Ordinary Shares	639,218,703	590,667,949
Adjusted basic earnings per share (pence)	5.7	**11.4**

Note:
1. The comparatives for the year ended 31 December 2022 have been restated for the adoption of the amendment to IAS 12 (See Note 2).

10. Goodwill

Net book value	2023 £m	2022[1] Restated £m
At 1 January	718.8	625.0
Acquired through business combinations	0.2	51.8
Impairments	–	(15.2)
Foreign exchange differences	(27.7)	57.2
At 31 December	691.3	**718.8**

Note:
1. The comparatives as at 31 December 2022 have been restated for measurement period adjustments in respect of business combinations for the year ended 31 December 2023 (see Note 2).

During the year an amount of £0.2 million (2022: £51.8 million) has been acquired through business combinations and has been allocated to the Technology Services CGU. See Note 4.

Goodwill represents the excess of consideration over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Impairment testing

Goodwill acquired through business combinations is allocated to CGUs for the purpose of the impairment testing. The Group's three CGUs are Content, Data&Digital Media and Technology Services. The goodwill balance is allocated to each of the three CGUs as follows:

	2023 £m	2022[1] Restated £m
Content	413.6	393.3
Data&Digital Media	197.6	241.0
Technology Services	80.1	84.5
Total	691.3	**718.8**

Note:
1. The comparatives as at 31 December 2022 have been restated for measurement period adjustments in respect of business combinations for the year ended 31 December 2023. See Note 2.

Notes to the consolidated financial statements continued

10. Goodwill continued

The recoverable amount for each CGU is determined using a value-in-use calculation. In determining the value-in-use, the Group uses forecast revenue and profits adjusted for non-cash transactions to generate cash flow projections. The forecasts are prepared by management based on the Board-approved three-year business plans for each CGU along with a one-year management-prepared extrapolation period. The forecasts reflect the expected financial performance for each CGU, and consider the impact of inflation and the latest macroeconomic trends and external factors, as well as historic performance and trends, amongst other factors.

Sensitivity analysis has been carried out for the value-in-use calculations of each CGU. Based on this sensitivity analysis, it has been determined that the excess of recoverable amount over the carrying amount of all three CGUs could, without changing other assumptions, be reduced to nil as a result of reasonably possible changes in the key assumptions of net revenue growth and EBITDA percentage margin in the cash flow forecasts, which are considered the two most sensitive assumptions.

For Content, with a headroom of £85.1 million, the range of net revenue growth rates across the four-year forecast period is between -0.3% and 12.6%, and the range of EBITDA margin across the four-year forecast period is between 14.1% and 20.0%. A pre-tax discount rate of 13.9% has been used, with a long-term growth rate of 2.0% applied in perpetuity beyond the four-year explicit forecast period. The recoverable amount would equal the carrying amount either if net revenue growth range were to be reduced to a range of -0.4% to 7.6% (with margins remaining unchanged) or if EBITDA margin were to be reduced to a range of 12.7% to 18.6% (with net revenue growth remaining unchanged).

For Data&Digital Media, with a headroom of £34.4 million, the range of net revenue growth rates across the four-year forecast period is between -0.2% and 13.3%, and the range of EBITDA margin across the four-year forecast period is between 15.0% and 20.0%. A pre-tax discount rate of 13.9% has been used, with a long-term growth rate of 2.0% applied in perpetuity beyond the four-year explicit forecast period. The recoverable amount would equal the carrying amount either if net revenue growth range were to be reduced to a range of -0.3% to 8.8% (with margins remaining unchanged) or if EBITDA margin were to be reduced to a range of 13.5% to 18.4% (with net revenue growth remaining unchanged).

For Technology Services, with a headroom of £61.0 million, the range of net revenue growth rates across the four-year forecast period is between -13.9% and 50.1%, and the range of EBITDA margin across the four-year forecast period is between 11.8% and 22.0%. A pre-tax discount rate of 13.4% has been used, with a long-term growth rate of 2.0% applied in perpetuity beyond the four-year explicit forecast period. The recoverable amount would equal the carrying amount either if net revenue growth range were to be reduced to a range of -19.5% to 29.5% (with margins remaining unchanged) or if EBITDA margin were to be reduced to a range of 7.8% to 18.1% (with net revenue growth remaining unchanged).

The consequential impacts of the changes in net revenue growth/EBITDA margins on cash flow assumptions including working capital movements and tax charges have been incorporated into the sensitivity analyses referred to above.

11. Intangible assets

	Customer relationships £m	Brands £m	Order Backlog £m	Other £m	Total £m
Cost					
At 1 January 2022	389.0	20.9	15.0	15.2	440.1
Acquired through business combinations	104.3	3.2	7.8	0.3	115.6
Additions	–	–	–	1.5	1.5
Disposals	–	–	(22.9)	–	(22.9)
Foreign exchange differences	38.5	2.0	0.6	1.4	42.5
At 31 December 2022	**531.8**	**26.1**	**0.5**	**18.4**	**576.8**
Acquired through business combinations	0.6	–	–	–	0.6
Additions	–	–	–	2.1	2.1
Disposals	–	–	–	–	–
Foreign exchange differences	(21.8)	(1.0)	–	(0.8)	(23.6)
At 31 December 2023	510.6	25.1	0.5	19.7	555.9

Accumulated amortisation and impairment	Customer relationships £m	Brands £m	Order Backlog £m	Other £m	Total £m
At 1 January 2022	(58.2)	(6.3)	(13.7)	(5.6)	(83.8)
Charge for the year	(38.5)	(5.6)	(9.2)	(3.7)	(57.0)
Impairment	(6.1)	(0.3)	–	(0.3)	(6.7)
Disposals	–	–	22.9	–	22.9
Foreign exchange differences	(5.4)	(0.6)	(0.4)	(0.6)	(7.0)
At 31 December 2022	**(108.2)**	**(12.8)**	**(0.4)**	**(10.2)**	**(131.6)**
Charge for the year	(41.1)	(4.0)	(0.2)	(3.3)	(48.6)
Impairment	–	–	–	–	–
Disposals	–	–	–	–	–
Foreign exchange differences	4.7	0.6	0.1	0.5	5.9
At 31 December 2023	(144.6)	(16.2)	(0.5)	(13.0)	(174.3)

Net book value					
At 31 December 2022	**423.6**	**13.3**	**0.1**	**8.2**	**445.2**
At 31 December 2023	366.0	8.9	–	6.7	381.6

The impairment of customer relationships, brands and other intangibles in the year ended 31 December 2022 relates to 4 Mile. See Note 10. Other intangibles relates mainly to software.

The average remaining amortisation period of intangible assets as at 31 December 2023 was 5.1 years (2022: 5.3 years).

12. Leases

Right-of-use assets	2023 £m	2022 £m
Balance at 1 January	55.7	36.6
Acquired through business combinations	0.2	0.7
Additions	15.1	29.9
Impairments	–	(0.4)
Disposals and modifications	(6.2)	0.7
Depreciation of right-of-use assets	(17.1)	(16.3)
Hyperinflation	2.9	2.5
Exchange rate differences	(4.8)	2.0
Balance at 31 December	45.8	**55.7**

Lease liabilities	2023 £m	2022 £m
Balance at 1 January	(58.4)	(42.0)
Acquired through business combinations	(0.2)	(0.7)
Additions	(14.0)	(26.9)
Disposals and modifications	6.2	(0.7)
Payment of lease liabilities	18.6	17.5
Interest on lease liabilities	(2.3)	(2.1)
Exchange rate differences	1.1	(3.5)
Balance at 31 December	(49.0)	**(58.4)**

Non-current lease liabilities	(35.8)	(43.1)
Current lease liabilities	(13.2)	(15.3)
Balance at 31 December	(49.0)	**(58.4)**

The right-of-use assets and lease liabilities primarily relate to offices.

Notes to the consolidated financial statements continued

13. Property, plant and equipment

	Leasehold improvements £m	Furniture and fixtures £m	Office equipment £m	Other assets £m	Total £m
Cost					
At 1 January 2022	11.6	3.5	22.0	1.3	38.4
Acquired through business combinations	0.1	0.1	0.8	–	1.0
Additions	5.9	1.1	8.7	0.7	16.4
Hyperinflation	1.2	0.2	2.1	0.2	3.7
Disposals	(0.1)	(0.1)	(0.7)	(0.1)	(1.0)
Foreign exchange differences	(0.5)	0.2	0.3	(0.3)	(0.3)
At 31 December 2022	**18.2**	**5.0**	**33.2**	**1.8**	**58.2**
Acquired through business combinations	–	–	0.2	–	0.2
Additions	1.8	0.2	3.4	0.5	5.9
Hyperinflation	2.7	0.5	4.2	0.4	7.8
Disposals	(0.4)	–	(0.9)	(0.2)	(1.5)
Foreign exchange differences	(3.9)	(0.6)	(6.2)	(0.8)	(11.5)
At 31 December 2023	18.4	5.1	33.9	1.7	59.1
Accumulated depreciation and impairment					
At 1 January 2022	(3.5)	(1.7)	(11.4)	(0.2)	(16.8)
Charge for the year	(2.4)	(0.7)	(6.7)	(0.3)	(10.1)
Hyperinflation	(0.4)	(0.1)	(1.2)	–	(1.7)
Disposals	0.1	0.1	0.7	0.1	1.0
Foreign exchange differences	(0.1)	(0.2)	(0.6)	–	(0.9)
At 31 December 2022	**(6.3)**	**(2.6)**	**(19.2)**	**(0.4)**	**(28.5)**
Charge for the year	(3.9)	(0.8)	(6.9)	(0.6)	(12.2)
Hyperinflation	(1.0)	(0.1)	(3.1)	(0.1)	(4.3)
Disposals	0.4	–	0.9	0.2	1.5
Foreign exchange differences	2.0	0.1	4.0	0.2	6.3
At 31 December 2023	(8.8)	(3.4)	(24.3)	(0.7)	(37.2)
Net book value					
At 31 December 2022	**11.9**	**2.4**	**14.0**	**1.4**	**29.7**
At 31 December 2023	9.6	1.7	9.6	1.0	21.9

14. Interest in joint ventures

The Group, through its subsidiary S4Capital 2 Limited a directly owned subsidiary, together with Stanhope Capital LLP (Stanhope LLP), through its subsidiary Portman Square General Partner S.à r.l. (Stanhope), subscribed for the initial €6,000 of shares each to incorporate S4S Ventures General Partner S.à r.l. (GP), a Luxembourg company. The GP also controls S4S Ventures General Partner LLC. The GP has since established two S4S Ventures funds established in Luxembourg and the US.

The Group has a 50% interest in the GP (2022: 50%), a joint venture whose primary activity is to invest in technology companies focused on the marketing and advertising industries, to focus on early-stage technology investments with the ability to transform the sector. S4S aims to invest in companies across five principal areas: Martech, Adtech, Data Technology, Creative Technology, and Emerging Digital Media/Content. The Group's interest is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised balance sheet:

	2023 £m	2022 £m
Non-current assets	–	–
Current assets[1]	0.4	0.3
Current liabilities	(0.1)	(0.4)
Net assets/(liabilities)	**0.3**	**(0.1)**
Group's share of net assets/(liabilities) – 50%	**0.2**	**(0.1)**
Less: loss restricted to carrying value of investment[2]	–	0.1
Group's carrying amount of the investment	**0.2**	**–**

Notes:
1. Includes cash and cash equivalents held by the joint venture of £0.1 million (2022: £0.2 million).
2. The Group has not recognised losses totalling £0.1 million in 2022 in relation to its interests in S4S Ventures, because the Group has no obligation in respect of these losses.

Summarised statement of profit or loss:

	2023 £m	2022 £m
Revenue	1.1	0.7
Operating expense	(0.6)	(0.8)
Profit/(loss) for the year	0.5	(0.1)
Other comprehensive expense	–	–
Total comprehensive income/(expense)	**0.5**	**(0.1)**

Group's share of joint venture profit:

	2023 £m	2022 £m
Revenue	0.5	0.4
Operating expense	(0.3)	(0.5)
Profit/(loss) for the year	0.2	(0.1)
Other comprehensive expense	–	–
Total comprehensive income/(expense)	0.2	(0.1)
Less: loss restricted to carrying value of investment[1]	–	0.1
Group's share of joint venture profit	**0.2**	**–**

Note:
1. The Group has not recognised losses totalling £0.1 million in 2022 in relation to its interests in S4S Ventures, because the Group has no obligation in respect of these losses.

The joint venture had no other contingent liabilities or commitments as at 31 December 2023 (2022: nil).

Notes to the consolidated financial statements continued

15. Deferred tax assets and liabilities

Deferred tax assets	Intangible assets £m	Leases and Property plant and equipment[1] £m	Short term differences £m	Total £m	Offset[2] £m	Net deferred tax assets £m
At 1 January 2022[3]	**–**	**11.6**	**6.2**	**17.8**	**(11.0)**	**6.8**
Credited to profit or loss[3]	6.7	0.1	2.4	9.2	–	9.2
Foreign exchange differences	0.1	(0.1)	0.7	0.7	–	(10.6)
At 31 December 2022[3]	**6.8**	**11.6**	**9.3**	**27.7**	**(22.3)**	**5.4**
Credited to profit or loss	5.9	5.1	4.9	15.9	–	15.9
Foreign exchange differences	(0.3)	(1.6)	(0.5)	(2.4)	–	(2.4)
At 31 December 2023	12.4	15.1	13.7	41.2	(33.9)	7.3

Deferred tax liabilities	Intangible assets £m	Loans and borrowings £m	Leases and Property plant and equipment[1] £m	Total £m	Offset[2] £m	Net deferred tax liabilities £m
At 1 January 2022[3]	**(67.7)**	**–**	**(10.9)**	**(78.6)**	**11.0**	**(67.6)**
Reclassification	(0.4)	–	0.4	–	–	–
Credited/(charged) to profit or loss[3]	8.8	–	(0.8)	8.0	–	8.0
Foreign exchange differences	(5.7)	–	(0.1)	(5.8)	–	5.5
At 31 December 2022[3]	**(65.0)**	**–**	**(11.4)**	**(76.4)**	**22.3**	**(54.1)**
Acquired through business combinations	(0.2)	–	–	(0.2)	–	(0.2)
Credited to profit or loss	9.6	–	(3.0)	6.6	–	6.6
Foreign exchange differences	2.4	–	1.0	3.4	–	3.4
At 31 December 2023	(53.2)	–	(13.4)	(66.6)	33.9	(32.7)

Notes:

1. Includes deferred tax assets recognised on lease liabilities and dilapidation provisions of £13.1 million (2022: £10.9 million) and deferred tax liabilities recognised on right-of-use assets of £11.8 million (2022: £10.5 million).
2. Where there is a right of offset, any deferred tax assets and deferred tax liabilities within the same tax jurisdiction have been offset.
3. The comparatives as at 1 January 2022 and for the year ended 31 December 2022 have been restated for the impact of IAS 12 and the deferred tax offset (see Note 2).

Recognition of the deferred tax assets is based upon the expected generation of future taxable profits. Our expectation is based on long-term planning. The deferred tax asset is expected to be recovered in more than one year's time and the deferred tax liability will reverse in more than one year's time as the intangible assets are amortised.

The value of unrecognised deferred tax assets on future losses is £2.0 million (2022: £nil).

16. Trade and other receivables

	2023 £m	2022 Restated[2] £m
Trade receivables	346.8	349.6
Prepayments	13.1	16.4
Accrued income[1]	28.2	44.7
Other receivables	33.1	43.9
Total	421.2	**454.6**

	2023 £m	2022 Restated[2] £m
Included in current assets	407.5	442.4
Included in non-current assets	13.7	12.2
Total	421.2	**454.6**

Notes:

1. The accrued income as at 31 December 2022 has been fully billed in 2023.
2. The comparatives as at 31 December 2022 have been restated for measurement period adjustments in respect of business combinations for the year ended 31 December 2023. See Note 2.

17. Cash and cash equivalents

The cash and cash equivalents in the statement of cash flows is made up as follows:

	2023 £m	2022 £m
Cash and bank	145.7	223.6
Cash and cash equivalents	**145.7**	**223.6**

18. Trade and other payables

	2023 £m	2022 Restated[1] £m
Trade payables	(249.1)	(251.6)
Accruals	(90.9)	(102.8)
Deferred income[2]	(53.6)	(65.6)
Sales taxes	(7.9)	(1.2)
Wage taxes and social security contributions	(7.7)	(10.0)
Other payables	(8.9)	(12.0)
Total	**(418.1)**	**(443.2)**
Included in current liabilities	(418.1)	(443.2)
Total	**(418.1)**	**(443.2)**

Notes:

1. The comparatives as at 31 December 2022 have been restated for measurement period adjustments in respect of business combinations and reclassified for consistency with the presentation for the year ended 31 December 2023 (see Note 2).
2. The deferred income as at 31 December 2022 has been fully recognised in the consolidated statement of profit or loss of 2023.

19. Loans and borrowings

Loans and borrowings	Bank loans £m	Senior secured term loan B (TLB) £m	Transaction costs £m	Interest payable on Facilities Agreement £m	Total £m
Balance at 1 January 2022	**(3.3)**	**(315.1)**	**8.0**	**(0.6)**	**(311.0)**
Acquired through business combinations	(0.3)	–	–	–	(0.3)
Loans Waived	0.3	–	–	–	0.3
Repayments	2.8	–	–	13.5	16.3
Charged to profit-or-loss	–	–	(1.3)	(13.5)	(14.8)
Exchange rate differences	(0.1)	(17.4)	0.2	(0.1)	(17.4)
Total transactions during the year	**2.7**	**(17.4)**	**(1.1)**	**(0.1)**	**(15.9)**
Balance at 31 December 2022	**(0.6)**	**(332.5)**	**6.9**	**(0.7)**	**(326.9)**
Acquired through business combinations	–	–	–	–	–
Loans Waived	–	–	–	–	–
Repayments	0.2	–	–	23.1	23.3
Charged to profit-or-loss	–	–	(1.4)	(22.7)	(24.1)
Exchange rate differences	–	6.6	(0.1)	0.1	6.6
Total transactions during the year	**0.2**	**6.6**	**(1.5)**	**0.5**	**5.8**
Balance at 31 December 2023	**(0.4)**	**(325.9)**	**5.4**	**(0.2)**	**(321.1)**
Included in current liabilities	–	–	–	(0.2)	(0.2)
Included in non-current liabilities	(0.4)	(325.9)	5.4	–	(320.9)

Notes to the consolidated financial statements continued

19. Loans and borrowings continued

A. Facility agreement

S4Capital Group has a facility agreement, consisting of a Term Loan B (TLB) of EUR375 million and a multicurrency Revolving Credit Facility (RCF) of £100 million. During 2023, the RCF remained fully undrawn (2022: fully undrawn). The interest on TLB is the aggregate of the variable interest rate (EURIBOR) and a 3.75% margin. The interest on the multicurrency RCF facility is the aggregate of the variable interest rate (EURIBOR or, in relation to any loan in GBP, SONIA) and a margin range from 2.25% to 3.25% depending on the leverage. The duration of the facility agreement is seven years in relation to the TLB, therefore the termination date is August 2028, and five years in relation to the RCF, therefore the termination date is August 2026.

During the reporting period, the average interest rate of the outstanding loans amounted to 7.61% (2022: 4.76%). The average effective interest rate for the outstanding loans is 6.85% (2022: 4.06%) and during the period interest expense of £22.7 million was recognised (2022: £13.5 million).

The facility agreement imposes certain covenants on the Group. S4Capital Group will ensure that the net debt will not exceed 4.5:1 of the pro-forma earnings before interest, tax, depreciation, and amortisation, measured at the end of any relevant period of 12 months ending each semi-annual date in a financial year, as defined in the facility agreement. During the year S4Capital Group complied with the covenants set in the loan agreement. Certain subsidiaries of S4Capital Group guarantee its principal debt obligation and are obligors under the facility agreement.

20. Financial instruments

The Board of Directors of S4Capital plc has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. S4Capital Group reports in Pound Sterling. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board. S4Capital Group does not issue or use financial instruments of a speculative nature.

S4Capital Group is exposed to the following financial risks:

- Market risk;
- Credit risk; and
- Liquidity risk.

The Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are trade and other receivables, cash and cash equivalents, accrued income, trade and other payables, loans and borrowings, contingent consideration and lease liabilities.

Fair values of the Group's financial assets and liabilities are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques.

To the extent financial instruments are not carried at fair value in the consolidated balance sheet, the carrying amount approximates to fair value as of the financial year end due to being short-term in nature.

Financial instruments by category

Financial assets	2023 £m	2022 £m
Financial assets held at amortised cost		
Cash and cash equivalents	145.7	223.6
Trade receivables	346.8	349.6
Accrued income	28.2	44.7
Other receivables[1]	33.1	43.9
Total	**553.8**	**661.8**

Note:

1. The comparatives as at 31 December 2022 have been restated for measurement period adjustments in respect of business combinations and reclassified for consistency with the presentation for the year ended 31 December 2023 (see Note 2).

Financial liabilities	2023 £m	2022 £m
Financial liabilities held at amortised cost		
Trade and other payables	(348.9)	(369.2)
Loans and borrowings	(321.1)	(326.9)
Lease liabilities	(49.0)	(58.4)
Financial liabilities held at fair value through profit or loss		
Contingent consideration and holdbacks	(25.5)	(188.6)
Total	(744.5)	**(943.1)**

The following table categorises the Group's financial liabilities held at fair value on the consolidated balance sheet. There have been no transfers between levels during the year (2022: none).

Financial liabilities held at fair value	2023 Fair value £m	2023 Level 3 £m	2022 Fair value £m	2022 Level 3 £m
Contingent consideration and holdbacks	(25.5)	(25.5)	(188.6)	(188.6)
Total	(25.5)	(25.5)	**(188.6)**	**(188.6)**

The following table shows the movement in contingent consideration and holdbacks.

Contingent consideration and holdbacks	Performance linked contingent consideration £m	Employment linked contingent consideration £m	Holdbacks[1] £m	Total £m
Balance at 1 January 2022	**(42.9)**	**(58.7)**	**(16.8)**	**(118.4)**
Acquired through business combinations	(12.5)	–	(14.2)	(26.7)
Recognised in consolidated statement of profit or loss[2]	13.1	(155.6)	(1.6)	(144.1)
Cash paid	17.0	38.9	9.4	65.3
Equity settlement	19.1	35.4	–	54.5
Exchange rate differences	(4.7)	(11.7)	(2.8)	(19.2)
Balance at 31 December 2022	**(10.9)**	**(151.7)**	**(26.0)**	**(188.6)**
Acquired through business combinations	(0.4)	–	–	(0.4)
Recognised in consolidated statement of profit or loss[2]	1.6	4.1	5.8	11.5
Cash paid	–	77.7	5.9	83.6
Equity settlement	–	62.3	0.4	62.7
Exchange rate differences	0.7	4.6	0.4	5.7
Balance at 31 December 2023	(9.0)	(3.0)	(13.5)	(25.5)
Included in current liabilities	(10.9)	(151.7)	(14.7)	(177.3)
Included in non-current liabilities	–	–	(11.3)	(11.3)
Balance at 31 December 2022	**(10.9)**	**(151.7)**	**(26.0)**	**(188.6)**
Included in current liabilities	(8.6)	(3.0)	(6.6)	(18.2)
Included in non-current liabilities	(0.4)	–	(6.9)	(7.3)
Balance at 31 December 2023	(9.0)	(3.0)	(13.5)	(25.5)

Notes:
1. Holdback payments of £5.9 million (2022: £9.4 million) includes £3.3 million (2022: £4.7 million) of cash paid out escrow accounts.
2. Includes a charge of £13.2 million (2022: £172.4 million) relating to employment linked contingent consideration and holdback deemed remuneration, a credit of £24.7 million relating to a fair value gain (2022: £29.8 million) and a charge of £nil (2022: £1.5 million) relating to the impact of discounting.

Notes to the consolidated financial statements
continued

20. **Financial instruments** continued

Where the contingent consideration conditions have been satisfied, consideration that is payable as equity is recognised within Other Reserves as deferred equity consideration. See Note 21.

The fair value of the performance linked contingent consideration has been determined based on management's best estimate of achieving future targets to which the consideration is linked. The most significant unobservable input used in the fair value measurements is the future forecast performance of the acquired business. The fair value is assessed and recognised at the acquisition date, and reassessed at each balance sheet date thereafter, until fully settled, cancelled or expired. Any change in the range of future outcomes is recognised in the consolidated statement of profit or loss as a fair value gain or loss. The impact of discounting on the performance linked contingent consideration is £nil for the year (2022: £1.5 million). During the year ended 31 December 2023, a fair value gain of £1.6 million (2022: £14.6 million) was recognised in the consolidated statement of profit or loss.

The fair value of the employment linked contingent consideration has been determined based on management's best estimate of achieving future targets to which the consideration is linked. The most significant unobservable input used in the fair value measurements is the future forecast performance of the acquired business. The fair value is assessed at the acquisition date, and systematically accrued over the respective employment term. Any changes in the range of future outcomes are recognised in the consolidated statement of profit or loss as a fair value gain or loss. During the year ended 31 December 2023, a £4.1 million credit (2022: £155.6 million charge) was recognised in the consolidated statement of profit or loss. The £4.1 million (2022: £155.6 million charge) comprised a charge of £13.2 million (2022: £170.8 million) relating to the systematic accrual of the employment linked contingent consideration and a fair value gain of £17.3 million (2022: £15.2 million).

Holdbacks relate to amounts held by the Group to cover and indemnify the Group against certain acquisition costs and any damages. The fair value of the holdbacks has been determined based on management's best estimate of the level of the costs incurred and any damages expected to which the holdback is linked, which is the most significant unobservable input used in the fair value measurement. During the year ended 31 December 2023, a credit of £5.8 million (2022: £1.6 million charge) has been recognised in the consolidated statement of profit or loss, which related to holdbacks liabilities linked to employment. No further amounts are to be charged to the consolidated statement of profit or loss.

A. Market risk

Market risk arises from the Group's use of interest bearing and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or foreign exchange rates (currency risk).

Interest rate risk

S⁴Capital Group is exposed to cash flow interest rate risk from bank borrowings at variable rates. S⁴Capital Group's bank loans and other borrowings are disclosed in Note 19. S⁴Capital Group manages the interest rate risk centrally.

The Group's treasury function reviews its risk management strategy on a regular basis and will, as appropriate, enter into derivative financial instruments in order to managing interest rate risk.

The following table demonstrates the sensitivity to a 1% change (lower/higher) to the interest rates of the loans and borrowings as of year end to the loss in the current year before tax (increase/decrease) and net assets (increase/decrease) for the year if all other variables are held constant:

	2023 £m	2022 £m
Bank loans	**326.3**	333.2
+/- 1% impact	**3.3**	**3.3**

The contractual repricing or maturity dates, whichever dates are earlier, and effective interest rates of borrowings are disclosed in Note 19.

Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. Management estimate that for a 1 cent change in the exchange rate between USD and GBP, net revenue will change by approximately £4.7 million, and operational EBITDA will change by approximately £1.5 million. S⁴Capital Group manages this risk through natural hedging. The effect of fluctuations in exchange rates on the USD, EUR and other currencies denominated trade receivables and payables is partially offset.

The Group considers the need to hedge its exposure as appropriate and, if needed, will enter into forward foreign exchange contracts to mitigate any significant risks.

The S4Capital Group's gross exposure to foreign exchange risk is as follows:

At 31 December 2023	GBP £m	USD £m	EUR £m	Other currencies £m	Total £m
Trade receivables	14.8	241.9	36.6	53.5	346.8
Cash and cash equivalents	(23.8)	91.2	15.1	63.2	145.7
Trade payables	(9.5)	(175.1)	(20.3)	(44.2)	(249.1)
Loans and borrowings	–	–	(326.5)	–	(326.5)
Financial assets/(liabilities)	(18.5)	158.0	(295.1)	72.5	(83.1)
+/- 10% impact	–	15.8	(29.5)	7.3	(6.4)

At 31 December 2022	GBP £m	USD £m	EUR £m	Other currencies £m	Total £m
Trade receivables	15.7	226.3	41.2	66.4	**349.6**
Cash and cash equivalents	7.7	140.4	24.3	51.2	**223.6**
Trade payables	(10.0)	(174.5)	(27.6)	(39.5)	**(251.6)**
Loans and borrowings	–	–	(333.9)	–	**(333.9)**
Financial assets / (liabilities)	**13.4**	**192.2**	**(296.0)**	**78.1**	**(12.3)**
+/- 10% impact	**–**	**19.2**	**(29.6)**	**7.8**	**(2.6)**

B. Credit risk

Credit risk is the risk of financial loss to S4Capital Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. S4Capital Group is exposed to credit risk primarily attributable to its receivable balance from customers. The Group's net trade receivables for the reported periods are disclosed in the financial assets table above.

S4Capital Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customers with agreed credit terms. In order to minimise this credit risk, S4Capital Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount. S4Capital Group evaluates the collectability of its accounts receivable and provides an allowance for expected credit losses based upon the ageing of receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance for other receivables is based on the three stage expected credit loss model. No other receivables have had material impairment.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before the end of the period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current- and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowance for trade receivables is determined as follows:

Notes to the consolidated financial statements continued

20. Financial instruments continued

B. Credit risk continued

Trade receivables	Expected Credit Loss Rate	Gross trade receivables £m	Impairment provision £m	Net trade receivables £m
Not passed due	0.20-0.25%	273.6	(0.6)	273.0
Past due 1 day to 30 days	0.40-0.50%	54.1	(0.3)	53.8
Past due 31 days to 60 days	0.60-1.00%	7.3	(0.1)	7.2
Past due 61 days to 90 days	0.80-2.00%	3.3	(0.1)	3.2
Past due more than 90 days	1.00-7.50%	10.1	(0.5)	9.6
Specific provisions against individual debtors	up to 100%	7.4	(7.4)	–
Balance at 31 December 2023		355.8	(9.0)	346.8

Trade receivables	Expected Credit Loss Rate	Gross trade receivables £m	Impairment provision £m	Net trade receivables £m
Not passed due	0.20-0.25%	281.7	(0.6)	281.1
Past due 1 day to 30 days	0.40-0.50%	49.0	(0.2)	48.8
Past due 31 days to 60 days	0.60-1.00%	9.6	(0.1)	9.5
Past due 61 days to 90 days	0.80-2.00%	5.7	(0.1)	5.6
Past due more than 90 days	1.00-7.50%	4.9	(0.3)	4.6
Specific provisions against individual debtors	up to 100%	4.5	(4.5)	–
Balance at 31 December 2022		**355.4**	**(5.8)**	**349.6**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with S4Capital Group. The changes in the loss allowance for trade receivables is as follows:

	2023 £m	2022 £m
Balance at the beginning of the year	5.8	5.3
Business combinations	–	2.0
Utilised during the period	(0.4)	(2.4)
Charge for the year	3.6	0.9
Balance at the end of the year	9.0	**5.8**

Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.

Credit risk on cash and cash equivalents is considered to be small as the majority of external counterparties are substantial banks with high credit ratings assigned by international credit rating agencies and are managed through regular review. As per the end of the reporting period, credit ratings are summarised in the table below:

	2023 £m	2022 £m
Aa 1	–	0.9
Aa 2	66.4	112.4
Aa 3	33.6	10.7
A 1	23.8	46.1
A 2	3.9	5.4
A 3	5.1	3.1
Baa1	0.2	1.5
Baa 2	0.7	14.2
Baa 3	–	16.5
Ba 1	2.9	–
Ba 2	–	8.0
B 2	–	–
No credit rating	9.1	4.8
Total cash and cash equivalents	145.7	**223.6**

The maximum exposure is the amount of the deposit. To date, S4Capital Group has not experienced any losses on its cash and cash equivalent deposits.

Other receivables primarily comprise escrow account balances held against holdbacks and lease rental deposits. The credit risk on most of these balances are limited as the balances are held with banks which have high credit ratings, and the Group has not experienced any losses on the other receivables.

C. Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that S4Capital Group will encounter difficulty in meeting its financial obligations as they fall due. The Group monitors its liquidity risk using a cash flow projection model which considers the maturity of the Group's assets and liabilities and the projected cash flows from operations. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The table below analyses the Group's financial liabilities by contractual maturities and all amounts disclosed in the table are the undiscounted contractual cash flows:

At 31 December 2023	Within 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m
Trade payables	249.1	–	–	–
Lease liabilities	15.7	13.9	31.0	1.2
Contingent consideration and holdbacks	18.2	7.3	–	–
Loans and borrowings	0.2	0.2	325.9	–
Interest payments	23.0	23.0	59.6	–
Total	306.2	44.4	416.5	1.2

At 31 December 2022	Within 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m
Trade payables	251.7	–	–	–
Lease liabilities	17.5	14.5	26.6	5.6
Contingent consideration and holdbacks	177.3	5.5	5.8	–
Loans and borrowings	–	–	0.6	332.6
Interest payments	13.5	13.5	40.6	8.2
Total	**460.0**	**33.5**	**73.6**	**346.4**

Notes to the consolidated financial statements continued

20. Financial instruments continued

D. Capital management

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareowners and benefits for other stakeholders; and
- to provide an adequate return to shareowners by pricing products and services commensurately with the level of risk.

The risks to safeguard the ability to continue as a going concern and to provide an adequate return to our shareowners are reviewed and discussed regularly by the Board in order to meet our objectives.

As per the end of the reporting period, the Group's net debt position is made up as follows:

	2023 £m	2022 £m
Loans and borrowings	(326.5)	(333.8)
Cash and bank	145.7	223.6
Total	(180.8)	**(110.2)**

Changes in loans and borrowings is disclosed further in Note 19.

The Group's capital as at the end of the reporting period is disclosed on page 148.

The capital structure of S4Capital Group consists of shareowners' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources and borrowings. The Group is not subject to externally imposed regulatory capital requirements.

21. Equity

A. Share capital and share premium

The authorised share capital of S4Capital plc contains an unlimited number of Ordinary Shares having a nominal value of £0.25 per Ordinary Share. At the end of the reporting period, the issued and paid up share capital of S4Capital plc consisted of 583,064,256 (2022: 567,832,883) Ordinary Shares having a nominal value of £0.25 per Ordinary Share.

On 28 September 2018 S4Capital issued 1 B share at a price of 100 pence per share to Sir Martin Sorrell. See the Governance Report on page 95 for details.

The share premium is net of costs directly relating to the issuance of shares. In accordance with Section 612 of the Companies Act 2006, merger relief has been applied on share for share exchanges. No share issuances in the current or prior period qualified for merger relief.

Amount subscribed for share capital in excess of nominal value less transaction costs.

During the year ended 31 December 2023, £3.9 million and £74.5 million has been credited to share capital and share premium in relation to the deferred equity consideration and contingent consideration which have been issued during the period. The amounts credited to share capital and share premium comprise of Decoded (£2.3 million and £45.6m respectively), Raccoon (£0.8 million and £16.1 million respectively), Cashmere (£0.3 million and £6.8 million respectively), Zemoga (£0.3 million and £5.3 million respectively), and Miyagi (£0.2 million and £0.7 million respectively).

During the year ended 31 December 2022, £3.2 million and £21.6 million has been credited to share capital and share premium in relation to the deferred equity consideration which have been issued during the period. The amounts credited to share capital and share premium comprise of Zemoga (£0.9 million and £6.9m respectively), Staud (£0.8 million and £4.4 million respectively), Dare.Win (£0.4 million and £2.6 million respectively), Miyagi (£0.3 million and £1.4 million respectively), Jam3 (£0.3 million and £3.0 million respectively), Destined (£0.2 million and £1.9 million respectively), WhiteBalance (£0.1 million and £0.6 million respectively) and Orca (£0.1 million and £0.9 million respectively).

B. Reserves

The following describes the nature and purpose of each reserve within equity:

Merger reserves by merger relief	Amount subscribed for share capital in excess of nominal value less transaction costs as required by merger relief. Further details are in section D below.
Other reserves	Other reserves include treasury shares issued in the name of S4Capital plc to an employee benefit trust, EBT pool C and MightyHive. Included within other reserves is the deferred equity consideration relating to the initial deferred equity consideration and deferred equity consideration following the achievement of contingent consideration criteria.
Foreign exchange reserves	Legal reserve for foreign exchange translation gains and losses on the translation of the financial statements of a subsidiary from the functional to the presentation currency.
Retained earnings	Retained earnings represents the net gain for the year and all other net gains and losses and transactions with shareowners (example dividends) not recognised elsewhere.

The following table shows the amount of deferred equity consideration, and number of shares, held in other reserves by acquisition.

	2023 £m	2023 shares	2022 £m	2022 shares
TheoremOne	81.4	40,217,125	55.0	19,242,228
Decoded	–	–	47.9	9,311,922
Raccoon	43.6	29,217,838	43.0	13,937,669
XX Artists	25.3	21,384,430	7.8	3,397,106
Cashmere	–	–	6.9	827,710
Zemoga	3.4	1,629,599	8.7	2,319,841
4 Mile	2.3	441,623	2.3	427,206
Destined	0.2	66,921	0.2	66,921
Total	156.2	92,957,536	**171.8**	**49,530,603**

C. Non-controlling interest

On 24 May 2018, non-controlling interests arose as a result of the issuance of 4,000 A2 incentive shares by S4Capital 2 Limited subscribed at fair value for £0.1 million and paid in full.

The incentive shares provide a financial reward to executives of S4Capital Group for delivering shareowner value, conditional on achieving a preferred rate of return. The incentive shares entitle the holders, subject to certain performance conditions and leaver provisions, up to 15%, of the growth in value of S4Capital 2 Limited provided that certain performance conditions have been met. Further details are within the Remuneration Report on page 122.

D. Share capital and merger reserve realisation

On 13 September 2022, the Group undertook a reduction of capital to effect the cancellation of: (i) the C ordinary shares resulting from the capitalisation of the sum of £205,717,000 standing to the credit of the Company's merger reserve and; (ii) the entire amount standing to the credit of the Company's share premium account (the Capital Reduction) at that date, in order to create distributable reserves.

The Capital Reduction was approved by shareowners at the Company's Annual General Meeting held on 16 June 2022. As announced on 13 September 2022, the Capital Reduction was approved by the High Court of Justice of England and Wales on 13 September 2022 and was registered by the Registrar of Companies on 21 September 2022. This will provide the Group with the flexibility to make future purchases of its own shares and/or to make future ordinary course dividends. The Board continues to review the advisability of declaring a modest dividend in future. The Group announced in January 2024 the commencement of a Share BuyBack Programme. £2.7 million from its available cash reserve has been allocated to the Share BuyBack Programme.

22. Dividends

For both the current and prior year, no dividends were paid or proposed by S4Capital plc to its shareowners.

Notes to the consolidated financial statements continued

23. Share-based payments

As at 31 December 2023, a total number of 4,956,597 (31 December 2022: 7,383,204) shares are held by the Equity Benefit Trust (EBT). The EBT will be used for future option schemes and bonus shares for employees.

Awards movement during the reporting period	Employee Share Ownership Plan m	Restricted stock units m	All-employee incentive plan m	A1 incentive share options m	Total m
Outstanding at 1 January 2022	**12.5**	**3.8**	**0.6**	**–**	**16.9**
Granted	6.7	–	–	–	6.7
Exercised	(0.7)	(1.8)	–	–	(2.5)
Lapsed	(3.1)	(0.1)	–	–	(3.2)
Outstanding at 31 December 2022	**15.4**	**1.9**	**0.6**	**–**	**17.9**
Reinstatement	0.5	–	–	–	0.5
Restated outstanding at 31 December 2022	**15.9**	**1.9**	**0.6**	**–**	**18.4**
Granted	16.2	–	–	–	16.2
Exercised	(1.8)	(0.6)	–	–	(2.4)
Lapsed	(4.9)	–	(0.1)	–	(5.0)
Outstanding at 31 December 2023	25.4	1.3	0.5	–	27.2
Exercisable at 31 December 2023					4.7
Within 1 year					6.0
1-2 years					3.7
2-5 years					12.8
Outstanding at 31 December 2023					27.2

Employee Share Ownership Plan (ESOP) – previously known as Discretionary Share Option Plan (DSOP)

In 2021, the S4Capital Group Board approved employee option schemes for key employees of 3,124,241 options over S4Capital plc Ordinary Shares with an exercise price of between £nil and £8.04 and a maximum term of six years. In 2022 6,741,277 options were approved by the Board with an exercise price in the range between £nil and £5.72 and a maximum term of four years. During 2023 an additional 4,575,606 options have been approved by the Board with an exercise price in the range between £nil and £5.60 and a maximum term of 3 years. In accordance with IFRS 2, the Group recognises share-based payment charges from the date of granting the option plans until the vesting of the option plans. Vesting of the options are subject to S4Capital Group achieving year on year business performance targets and options holders achieving personnel performance targets with continued employment. During 2023, 1,799,929 (2022: 717,870) options were exercised with an average weighted exercise price of 0.21p.

During 2023 a total charge of £4.7 million (2022: £6.8 million) is recognised in relation to the ESOP and DSOP.

Long Term Incentive Plan (LTIP)

In 2023, the S4Capital Group Board approved a long term incentive plan for key employees over S4Capital plc Ordinary Shares with an exercise price of between £1.17 and £2.00 and a maximum term of three years. During 2023, 11,639,329 options have been approved by the Board. In accordance with IFRS 2, the Group recognises share-based payment charges from the date of granting the option plans until the vesting of the option plans. Vesting of the options are subject to S4Capital Group achieving year on year business performance targets and options holders achieving performance targets with continued employment. During 2023, nil options were exercised.

During 2023 a total charge of £0.8 million (2022: £nil) is recognised in relation to the LTIP.

Restricted Stock Units (RSUs)

In December 2018, the S4Capital Group Board approved an employee option scheme of 8,952,610 RSUs over S4Capital plc Ordinary Shares. During 2019 to 2023 no RSUs were approved. In accordance with IFRS 2, the Group recognises a share-based payment charge from grant date until vesting date in relation to this option plan. Vesting of the RSUs are subject to continued employment and have a maximum term of 4 years. During the reporting period a total of 589,387 shares (2022: 1,750,783) were exercised by employees with an average exercise price of nil pence.

During 2023 a total charge of £0.1 million (2022: £0.3 million) is recognised in relation to the RSU plan.

A1 incentive share options

In 2019, the S4Capital Group Board approved 2,000 options over A1 incentive shares in S4Capital 2 Limited to executives. In accordance with IFRS 2, the Group recognises share-based payment charges from the date of granting the option plans till the moment of vesting of the option plans. During 2023 a total charge of £4.5 million (2022: £7.1 million) is recognised in relation to the A1 incentive share options. Full disclosure of these options is contained within the Remuneration Report on page 122. These shares are potentially dilutive for the purposes of calculating diluted EPS if the Company were to recognise a profit in future years and if the growth target (as detailed on page 123) is met.

All-employee incentive plan

In 2019, the S4Capital Group Board approved an employee option scheme of 873,500 options, with an average exercise price of nil pence, over S4Capital Ordinary Shares for all employees employed by the S4Capital Group at 30 November 2018. Based on the number of years service at Media.Monks Group all employees received a set amount of options over S4Capital Ordinary Shares. In accordance with IFRS 2, the Group recognised a share-based payment charge from January 2019 until vesting date in relation to this option plan. Vesting of the options are subject to continued employment and have a maximum term of 6 years. During 2023 £nil (2022 :£nil) was recognised in relation to the all-employee incentive plan.

A charge of £nil (2022: £0.4 million) has been taken in the year in relation to employer social security costs on share-based payment schemes.

Valuation methodology

For all of these schemes, the valuation methodology is based upon fair value on grant date, which is determined by the market price on that date or the application of a Black-Scholes or Monte-Carlo model, depending upon the characteristics of the scheme concerned. The assumptions underlying the models are detailed below. Market price on any given day is obtained from external, publicly available sources.

During 2023, 16,214,935 granted options in the ESOP and LTIP plans have an exercise price in the range between £nil and £5.60. The weighted average fair value of options granted in the year was as follows:

	2023
Weighted average of fair value of options	**£0.62**
Weighted average assumptions	
Risk free rate	**3.9%**
Expected life (years)	**3.4**
Expected volatility	**50%**
Dividend yield	**n/a**

The weighted average exercise price of options outstanding at the beginning of the financial year was £0.72. The weighted average exercise price of options forfeited during the year ended 31 December 2023 was £1.14.

Expected life is the weighted average life across all shares granted. Expected volatility is sourced from external market data and represents the historical volatility of share prices of comparable company datasets over a period equivalent to the expected option life.

The options were exercised on a regular basis during the period; the average share price in 2023 was £1.24 (2022: £2.75).

Notes to the consolidated financial statements continued

23. Share-based payments continued

The range of exercise prices of the share options outstanding as at 31 December 2023 outstanding and the weighted average remaining contractual life were as follows:

	Number of options	Exercise price	Remaining contractual life
Share options outstanding	15,635,643	£0.00	2024-2027
Share options outstanding	213,078	£1.17	2026
Share options outstanding	227,000	£1.27	2024-2026
Share options outstanding	821,599	£1.42	2024-2025
Share options outstanding	50,000	£1.49	2024
Share options outstanding	420,670	£1.51	2024-2026
Share options outstanding	510,043	£1.80	2024-2027
Share options outstanding	6,613,409	£2.00	2024-2026
Share options outstanding	2,244,982	£2.37	2024-2026
Share options outstanding	9,977	£3.22	2025
Share options outstanding	39,766	£3.77	2024
Share options outstanding	32,538	£3.98	2025-2026
Share options outstanding	2,939	£4.26	2024
Share options outstanding	52,500	£4.88	2024
Share options outstanding	166,041	£5.02	2024
Share options outstanding	11,000	£5.26	2024
Share options outstanding	46,500	£5.36	2024
Share options outstanding	19,134	£5.54	2024
Share options outstanding	45,349	£5.72	2024
Share options outstanding	54,450	£6.05	2024
Share options outstanding	19,600	£8.04	2024
Total share options outstanding	27,236,218		

24. Net debt reconciliation

The following table shows the reconciliation of net cash flow to movements in net debt:

	Borrowings and overdraft £m	Cash £m	Net Debt £m	Leases £m	Net debt including lease liabilities £m
Net debt as at 1 January 2022	**(319.0)**	**301.0**	**(18.0)**	**(42.0)**	**(60.0)**
Financing cash flows	0.9	(95.8)	(94.9)	15.4	(79.5)
Acquired through business combinations	(0.3)	–	(0.3)	(0.7)	(1.0)
Lease additions	–	–	–	(26.9)	(26.9)
Foreign exchange adjustments	(17.6)	18.4	0.8	(3.5)	(2.7)
Interest expense	(13.5)	–	(13.5)	(2.1)	(15.6)
Interest payment	13.5	–	13.5	2.1	15.6
Other	2.2	–	2.2	(0.7)	1.5
Net debt as at 31 December 2022[1]	**(333.8)**	**223.6**	**(110.2)**	**(58.4)**	**(168.6)**
Financing cash flows	0.2	(67.0)	(66.8)	16.3	(50.5)
Acquired through business combinations	–	–	–	(0.2)	(0.2)
Lease additions	–	–	–	(14.0)	(14.0)
Foreign exchange adjustments	6.8	(10.9)	(4.1)	1.1	(3.0)
Interest expense	(22.7)	–	(22.7)	(2.3)	(25.0)
Interest payment	23.1	–	23.1	2.3	25.4
Other	(0.1)	–	(0.1)	6.2	6.1
Net debt as at 31 December 2023	(326.5)	145.7	(180.8)	(49.0)	(229.8)

Note:
1. The comparatives for the year ended 31 December 2022 have been reclassified between financing cash flows and interest payment (see Note 2).

25. Retirement Benefit Schemes

The defined benefit scheme acquired as part of the TheoremOne acquisition was settled during the year, with all obligations being eliminated. The impact of settlement on the consolidated statement of comprehensive income was £nil.

26. Related party transactions

Compensation for key management personnel is made up as follows:

	2023 £m	2022 £m
Short-term employee benefits	2.0	2.6
Share-based payments	6.6	7.4
Total	8.6	**10.0**

Details of compensation for key management personnel are disclosed on pages 115 to 116.

Interest in S4S Ventures

The Group, through its subsidiary S4Capital 2 Limited a directly owned subsidiary, together with Stanhope Capital LLP (Stanhope LLP), through its subsidiary Portman Square General Partner S.à r.l. (Stanhope), subscribed for the initial €6,000 of shares each to incorporate S4S Ventures General Partner S.à r.l. (GP), a Luxembourg company. The GP also controls S4S Ventures General Partner LLC. The GP has since established two S4S Ventures funds established in Luxembourg and the US. See Note 14.

S4Capital Group did not have any other related party transactions during the financial year (2022: £nil).

27. Contingent liabilities

Capital commitments

Capital commitments represents capital expenditure contracted for at the end of the reporting period but not yet incurred at the period end. At 31 December 2023, S4Capital Group has no capital commitments outstanding (2022: £nil).

Notes to the consolidated financial statements continued

28. Events occurring after the reporting period

There were no material post balance sheet events, that require adjustment or disclosure, occurring between the reporting period and the 26 March 2024.

29. Interest in other entities

Subsidiaries

The Group's subsidiaries at the end of the reporting period are set out below. Unless otherwise stated, they have share capital consisting solely of Ordinary Shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. S4Capital 2 Limited has ordinary shares, 4,000 A2 incentive shares, 2,000 options over A1 incentive shares as disclosed in Note 21. S4Capital plc directly holds effectively 100% of the ordinary shares in S4Capital 2 Limited. S4Capital plc indirectly holds effectively 100% of the ordinary shares in the other entities.

Name of entity	Address of the registered office	Place of business/ Country of incorporation	Ownership interest %	Principal activity
S4 Capital 2 Limited	3rd Floor, 44 Esplanade St Helier, Jersey, JE4 9WG	Jersey	100	Holding company
S4 Capital Acquisitions 1 Ltd	3rd Floor, 44 Esplanade St Helier, Jersey, JE4 9WG	Jersey	100	Financing company
S4 Capital Acquisitions 2 Ltd	3rd Floor, 44 Esplanade St Helier, Jersey, JE4 9WG	Jersey	100	Holding company
S4 Capital APAC Holdings Ltd	3rd Floor, 44 Esplanade St Helier, Jersey, JE4 9WG	Jersey	100	Holding company
S4 Capital AUD Finance Ltd	3rd Floor, 44 Esplanade St Helier, Jersey, JE4 9WG	Jersey	100	Financing company
S4 Capital Australia Holdings Pty Ltd (Previously MediaMonks Australia Holding Pty Ltd)	c/- MinterEllison, Level 11, 1 Constitution Avenue Canberra, CITY ACT 2601	Australia	100	Holding company
S4 Capital BRL Finance Ltd	12 St. James's Place, London, SW1A 1NX	United Kingdom	100	Financing company
S4 Capital CAD Finance Ltd	3rd Floor, 44 Esplanade St Helier, Jersey, JE4 9WG	Jersey	100	Financing company
S4 Capital Canada 2 Ltd	Suite 1700, Park Place 666, Burrard Street, Vancouver, BC, V6C 2X8	Canada	100	Holding company
S4 Capital EMEA Holdings B.V.	Oude Amersfoortseweg 125, 1212 AA Hilversum	The Netherlands	100	Holding company
S4 Capital EUR Finance Ltd	3rd Floor, 44 Esplanade St Helier, Jersey, JE4 9WG	Jersey	100	Financing company
S4 Capital France Holdings SAS	43-47 Avenue de la Grande Armée, 75116 Paris	France	100	Holding company
S4 Capital Germany Holdings GmbH	Zielstattstraße 40 c/o BDO AG, 81379, München	Germany	100	Holding company
S4 Capital Holdings Ltd	3rd Floor, 44 Esplanade St Helier, Jersey, JE4 9WG	Jersey	100	Holding company
S4 Capital INR Finance Ltd	3rd Floor, 44 Esplanade St Helier, Jersey, JE4 9WG	Jersey	100	Financing company
S4 Capital Investment Pte Ltd	69 Neil Road, Singapore 088899	Singapore	100	Holding company
S4 Capital Italy Holdings Srl	Viale Abruzzi 94 CAP 20131 Milano	Italy	100	Holding company
S4 Capital LUX Finance S.à r.l.	20, rue Eugène Ruppert, L-2453 Luxembourg	Luxembourg	100	Financing company
S4 Capital Services Ltd	3rd Floor, 44 Esplanade St Helier, Jersey, JE4 9WG	Jersey	100	Financing company
S4 Capital South America Holdings Ltd	3rd Floor, 44 Esplanade St Helier, Jersey, JE4 9WG	Jersey	100	Holding company

Name of entity	Address of the registered office	Place of business/ Country of incorporation	Ownership interest %	Principal activity
S4 Capital UK Holdings Ltd	3rd Floor, 44 Esplanade St Helier, Jersey, JE4 9WG	Jersey	100	Holding company
S4 Capital US Holdings LLC	251 Little Falls Drive, Wilmington, DE 19808.	United States of America	100	Holding company
S4 Korea Bidco Ltd	3F, 166, Toegye-ro, Jung-gu, Seoul,	Republic of Korea	100	Holding company
4 Mile Analytics Pty Ltd	Suite 1003, Level 10, 28 Margaret St, Sydney NSW, 2000	Australia	100	Data&Digital Media
4 Mile LLC	877 Cedar St., #150, Santa Cruz CA 95060	United States of America	100	Data&Digital Media
Bluetide, S.A.P.I DE C.V.	Avenida Lago Alberto 442 Torre A- 404 Suite 558, PO BOX: 11320, Anahuac, II Seccion, Miguel Hidalgo, Ciudad de México	Mexico	100	Content
Brightblue Consulting Ltd	Media.Monks, Bonhill Building, Bonhill Street, London, England, EC2A 4DN	United Kingdom	100	Content
Brightblue Holdings Ltd	Media.Monks, Bonhill Building, Bonhill Street, London, England, EC2A 4DN	United Kingdom	100	Holding company
Cashmere Agency Inc	850 New Burton Road, Suite 201, City of Dover, County of Kent, Delaware 19904	United States of America	100	Content
Circus BA S.A.	Tucumán 1, 4th. Floor, City of Buenos Aires, C1049AAA	Argentina	100	Content
Circus Colombia, S.A.S	Carrera 16 No. 97 – 46 P 8, Bogota	Colombia	100	Content
Circus LAX LLC	3500 S Dupont HWY, Dover, Kent, Delaware, 19901	United States of America	100	Holding company
Circus Marketing DF, S.A.P.I DE C.V	Calle Lago Alberto 442 Torre A- 404 Suite 607, PO BOX: 11320, Anahuac, I Seccion, Miguel Hidalgo, Ciudad de Mexico	Mexico	100	Content
Circus Marketing Europa S.L.	C/ Garcia Paredes No. 17, Interior Madrid 28010, Madrid	Spain	100	Content
Circus Network Holding, S.A.P.I. DE C.V.	Calle Lago Alberto 442 Torre A- 404 Suite 608, PO BOX: 11320, Anahuac, I Seccion, Miguel Hidalgo, Ciudad de Mexico	Mexico	100	Holding company
Circus Network Servicos De Marketing Ltda	Rua Girassol, 128, 3o andar, Vila Madalena, 05433-000, São Paulo, SP.	Brazil	100	Content
Citrusbyte, LLC (DBA TheoremOne, LLC)	21550 Oxnard St, 3rd Floor, #11 Woodland Hills, CA 91367	United States of America	100	Technology Services
Conversion Works Ltd	Unit 6 Windsor Business Centre, Vansittart Estate, Windsor, Berkshire, SL4 1SP	United Kingdom	100	Data&Digital Media
Decoded Advanced Media LLC	874, Walker Road, Suite C, Dover County of Kent, DE 19904	United States of America	100	Content
Decoded Advertising LLC	874, Walker Road, Suite C, Dover County of Kent, DE 19904	United States of America	100	Content
Decoded Advertising UK Ltd	Mercer & Hole, 21 Lombard Street, London, EC3V 9AH	United Kingdom	100	Content
Decoded Intelligence LLC	874, Walker Road, Suite C, Dover County of Kent, DE 19904	United States of America	100	Content
Decoded US Holdco Inc	850 New Burton Road, Suite 201, Dover, Delaware 19904	United States of America	100	Holding company
Destined 4 Pty Ltd	Level 8, 32 West Street North Sydney NSW 2060	Australia	100	Data&Digital Media

Notes to the consolidated financial statements continued

29. Interest in other entities continued

Name of entity	Address of the registered office	Place of business/ Country of incorporation	Ownership interest %	Principal activity
Destined 5 Pte Ltd	30 Cecil Street, #19-08, Prudential Tower, Singapore (049712)	Singapore	100	Data&Digital Media
Digocloud SAS	CR 11 NO. 94 A 25 OF 201 Bogotá	Colombia	100	Data&Digital Media
Digodat SA	Tucumán 1, 4th. Floor, City of Buenos Aires C1049AAA	Argentina	100	Data&Digital Media
Digolab SPA	La Capitanía nro 80, Bloque Of Dpto 108 Las Condes, Santiago	Chile	100	Data&Digital Media
Digosoft SRL de CV	Goldsmith 40, ofna 9, Colonia Polanco, Delegación Miguel Hidalgo, Ciudad de México, CP 11550	Mexico	100	Data&Digital Media
Farzul SA	Dr. Scoseria 2671 - Punta Carretas - Montevideo	Uruguay	100	Content
Firewood Marketing Mexico S. de R.L. de C.V.	Gustavo Baz 2160, Edificio 3, piso 1, 54060 Tlalnepantla de Baz, Estado de México, México	Mexico	100	Content
Firewood Marketing Inc	850 New Burton Road Suite 201, City of Dover, County of Kent, Delaware 19904	United States of America	100	Content
Firewood Marketing Ireland Ltd	3rd Floor Ulysses House, Foley Street, Dublin 1	Ireland	100	Content
Firewood Marketing UK Ltd	12 St. James's Place, London, SW1A 1NX	United Kingdom	100	Content
Flying Nimbus SAS	Tucumán 1, 4th. Floor, City of Buenos Aires C1049AAA	Argentina	100	Data&Digital Media
Formula Consultants Inc.	2300 East Katella Avenue, Suite 355 Anaheim CA 92806 United States	United States of America	100	Technology Services
Formula Partners, LLC	2140 S. Dupont Highway Camden, DE 19934	United States of America	100	Technology Services
Hilanders (Hong Kong) Ltd	Room 303, 3/F., Golden Gate Commercial Building, 136-138 Austin Road, Tsim Sha Tsui, Kowloon	Hong Kong	100	Content
IMAgency B.V.	Danzigerbocht 41 C, 1013AM Amsterdam	The Netherlands	100	Content
IMAgency USA Inc	8 The Green, STE B B, Dover County of Kent, DE 19901	United States of America	100	Content
Jam3 EMEA B.V.	Van Diemenstraat 180, 1013CP Amsterdam	The Netherlands	100	Content
Jam3 Holding Inc	Suite 1700, Park Place 666, Burrard Street, Vancouver, BC, V6C 2X8	Canada	100	Holding company
Jam3 of America Inc	850 New Burton Road, Suite 201, Dover, Delaware 19904	United States of America	100	Content
Lemma Solutions LLC	2140 S. Dupont Highway Camden, DE 19934	United States of America	100	Technology Services
Lens10 Pty Ltd	Level 5, 66 King Street, Sydney NSW 2000	Australia	100	Data&Digital Media
Made.for.Digital Inc	874 Walker Road, Suite C, County of Kent, Dover, Delaware, 19904	United States of America	100	Content
Mamba Holding S.r.l,	Milano (mi), Viale Papiniano 44, 20123	Italy	100	Content
Maverick Digital Inc	838 Walker Road, Suite 21-2, Dover, County of Kent, 19904, Delaware.	United States of America	100	Data&Digital Media
Maverick Digital Services Pvt Ltd	25/30, Third Floor, Babaji Complex, Tilak Nagar, Delhi 110018	India	100	Data&Digital Media
MediaMonks Canada Holdings Inc.	850 New Burton Road, Suite 201, Dover, DE, 19904, United States	United States of America	100	Holding company
Media.Monks DDM (Hilversum) B.V.	Oude Amersfoortseweg 125, 1212 AA Hilversum	The Netherlands	100	Data&Digital Media
Media.Monks Paris SAS (previously Darewin SAS)	17 rue Martel – Paris (75010)	France	100	Content

Name of entity	Address of the registered office	Place of business/ Country of incorporation	Ownership interest %	Principal activity
Media.Monks Publishing B.V.	Oude Amersfoortseweg 125, 1212 AA Hilversum	The Netherlands	100	Content
Media.Monks Taiwan Co. Ltd	27F., No.9, Songgao Rd., Xinyi Dist., Taipei City 110, (R.O.C.)	Taiwan	100	Data&Digital Media
MediaMonks Arabian Company for Media Production LLC	8884 Airport Street, 13413, Riyadh	Kingdom of Saudi Arabia	100	Content
MediaMonks Australia Pty Ltd	HWL Ebsworth Level 14, Australia Square, 264-278 George Street, Sydney Cove NSW 2000	Australia	100	Content
MediaMonks B.V.	Oude Amersfoortseweg 125, 1212 AA Hilversum	The Netherlands	100	Content
MediaMonks Buenos Aires SRL	Tucumán 1, 4th Floor, Buenos Aires	Argentina	100	Content
MediaMonks Cape Town Pty Ltd	410 The Hills, Buchanan Square, 160 Sir Lowry Road, Woodstock 7925, Cape Town	South Africa	100	Content
MediaMonks FZ-LLC	Dubai Media City Building 9, Third floor, unit 318, Dubai, U.A.E.	United Arab Emirates	100	Content
MediaMonks Germany GmbH	Mollenbachstraße 3, 71229 Leonberg	Germany	100	Content
MediaMonks Hong Kong Ltd	11/F, Unit B, Winbase Centre 208 Queen's Road Central Sheung Wang	Hong Kong	100	Holding company
MediaMonks Inc.	874, Walker Road, Suite C, Dover County of Kent, DE 19904	United States of America	100	Content
MediaMonks Information Technology (Shanghai) Co. Ltd.	Room 603-A09, East Building 1, No.29 Jiatai Road, China (Shanghai) Pilot Free Trade Zone 201206	P.R. China	100	Content
MediaMonks Kazakhstan LLP	Building 6, Premise 1, Saryarka Avenue, Saryarka District, city of Nur-Sultan, 010000 (Z10H9E3)	Republic of Kazakhstan	100	Content
MediaMonks London Ltd	Media.Monks, Bonhill Building, Bonhill Street, London, England, EC2A 4DN	United Kingdom	100	Content
MediaMonks Malaysia Sdn. Bhn.	No. 256B, Jalan Bandar 12, Taman Melawati, Wilayah Persekutuan, Kuala Lumpur, 53100	Malaysia	100	Content
MediaMonks Mexico City S. de R.L. de C.V.	Amsterdam 271 Int 203, Colonia Hipodromo, Delegación Cuauhtemoc, CP 06100 CDMX	Mexico	100	Content
MediaMonks Multimedia Holding B.V.	Oude Amersfoortseweg 125, 1212 AA Hilversum	The Netherlands	100	Holding company
MediaMonks Poland Spółka Z Ograniczoną Odpowiedzialnością	ul. SZCZYTNICKA, nr 11, lok. miejsc. WROCŁAW, kod 50-382, poczta WROCŁAW	Poland	100	Content
MediaMonks Russia LLC	125047, Moscow, VN.TER.G. Municipal District of Tverskoy, 4-TH Lesnoy Lane, D. 4, Floor 4 Rooms. I, COM. 23 Office 4107.	Russian Federation	100	Content
MediaMonks Sao Paolo Serv. De Internet para Publicidade Ltda.	Rua Fidalga, 184, Anexo 198, Pinheiros, CEP: 05432-000, São Paulo.	Brazil	100	Content
MediaMonks Seoul LLC	3F, Heungguk BLDG, 166, Toegye-ro, Jung-gu, Seoul, 04627	Republic of Korea	100	Content
MediaMonks Services B.V.	Oude Amersfoortseweg 125, 1212 AA Hilversum	The Netherlands	100	Content
MediaMonks Singapore Pte. Ltd.	9 Raffles Place #26-01 Republic Plaza, 048619	Singapore	100	Content

Notes to the consolidated financial statements continued

29. Interest in other entities continued

Name of entity	Address of the registered office	Place of business/ Country of incorporation	Ownership interest %	Principal activity
MediaMonks Stockholm AB	Norrlandsgatan 18, 11143 Stockholm	Sweden	100	Content
MediaMonks Tokyo G.K.	1-6-5 Jinnan, Shibuya Ku, Tokyo 150-0041	Japan	100	Content
MediaMonks Toronto Ltd	Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8	Canada	100	Content
Metric Theory LLC	850 New Burton Road, Suite 201, Dover, Delaware 19904	United States of America	100	Data&Digital Media
MightyHive AB	Norrlandsgatan 18, 111 43 Stockholm	Sweden	100	Data&Digital Media
MightyHive AU Pty Ltd	HWL Ebsworth Level 14, Australia Square, 264-278 George Street, Sydney Cove NSW 2000	Australia	100	Data&Digital Media
MightyHive Brazil Consulting Ltda.	Rua Girassol, 106, 1 andar, CEP: 05433-000, Vila Madalena, São Paulo	Brazil	100	Data&Digital Media
MightyHive France SAS	43-47 Avenue de la Grande Armee, 75116 Paris	France	100	Data&Digital Media
MightyHive Germany GmbH	Brienner StraBe 28, 80333 Munchen	Germany	100	Data&Digital Media
MightyHive Holdings Ltd	333 Seymour Street, 8th Floor, Vancouver BC V6B 5A7, Canada	Canada	100	Data&Digital Media
MightyHive Hong Kong Ltd	47/F Central Plaza, 18 Harbour Road, Wanchhai	Hong Kong	100	Data&Digital Media
MightyHive Inc	850 New Burton Road, Suite 201, Dover, Delaware 19904	United States of America	100	Data&Digital Media
MightyHive India Pvt Ltd	Shop No.2, Ram Niwas CHS Ltd., Ranchod Das Road, Dahisar West, Mumbai 400068, Maharashtra	India	100	Data&Digital Media
MightyHive Information Technology (Shanghai) Co. Ltd	Room 07-130, Floor 08, No. 3, Lane 26, Qixia Road, China (Shanghai) Pilot Free Trade Zone (actual floor, 7th floor)	P. R. China	100	Data&Digital Media
MightyHive K.K.	1 Chome 11-1, Nishiikebukuro, Toshima-ku, Tokyo, 171-0021	Japan	100	Data&Digital Media
MightyHive Korea Co. Ltd	3F, 166, Toegye-ro, Jung-gu, Seoul	Republic of Korea	100	Data&Digital Media
MightyHive Ltd	The Pinnacle, 160 Midsummer Boulevard, Milton Keynes MK 9 1FF	United Kingdom	100	Data&Digital Media
MightyHive NZ Ltd	William Buck (NZ) Ltd, Level 4 Zurich House, 21 Queen Street, Auckland, 1010	New Zealand	100	Data&Digital Media
MightyHive SG Ptd Ltd	61 Robinson Road, Level 16 #12-61, Singapore, 068893	Singapore	100	Data&Digital Media
MightyHive SRL	Milano (MI) ViaLe Abruzzi 94 CAP 20131	Italy	100	Data&Digital Media
Miyagi S.r.l.	Milano (mi), Viale Papiniano 44, 20123	Italy	100	Content
M-Monks Digital Media Pvt. Ltd.	Flat No. 402, Paras Pearl, No. 161, Greenglen Layout, Sarjapur Outer Ring Rd, Bellandur, Bangalore 0 560037, Karnataka	India	100	Content
Orca Pacific Manufacturers Representatives LLC	1100 Dexter Avenue North, Suite 200, Seattle, WA 98109-3598	United States of America	100	Data&Digital Media
Permundi Agenciamento, Treinamentos e Tecnologia Ltda.	Rua Dona Alexandrina, No. 1346, Vila Monteiro, Gleba I, City of São Carlos, State of São Paulo, 13.560-290	Brazil	100	Data&Digital Media

Name of entity	Address of the registered office	Place of business/ Country of incorporation	Ownership interest %	Principal activity
Progmedia Argentina SAS	Ortiz de Ocampo 3302 Building 1, 1st floor Office No. 7, City of Buenos Aires	Argentina	100	Data&Digital Media
Proof LLC	21550 Oxnard St, 3rd Floor, #11 Woodland Hills, CA 91367	United States of America	100	Technology Services
PT Media Monks Indonesia	Equity Tower Building 35-37th floor, JL. JEND. SUDIRMAN, KAV 52-53, Desa/Kelurahan Senayan, Kec. Kebayoran Baru, Kota Adm. Jakarta Selatan, Provinsi DKI Jakarta, Kode Pos: 12190	Indonesia	100	Data&Digital Media
Raccoon Publicidade Ltda.	Rua Dona Alexandrina, No. 1346, Vila Monteiro, Gleba I, City of São Carlos, State of São Paulo, 13.560-290	Brazil	100	Data&Digital Media
Rewinda SAS	5 Rue Rebeval, Appt 50, 75019 Paris	France	100	Content
Rocky Publicidade Ltda.	Av. Irene da Silva Venâncio, number 199, GP 03A, Bairro Protestantes, CEP: 18111-100	Brazil	100	Data&Digital Media
Staud Studios GmbH	Mollenbachstraße 3, 71229 Leonberg	Germany	100	Content
Superhero Cheesecake Inc.	874 Walker Road, Suite C, Dover, County of Kent, DE 19904	United States of America	100	Content
Tableau, S. DE R.L. DE C.V.	Calle Lago Alberto 442 Torre A- 404 Suite 558, PO BOX: 11320, Anahuac, I Seccion, Miguel Hidalgo, Ciudad de Mexico	Mexico	100	Content
Technical Performance Services LLC	21550 Oxnard St, 3rd Floor, #11 Woodland Hills, CA 91367	United States of America	100	Technology Services
The Monastery LLC (Previously MediaMonks Films LLC)	874, Walker Road, Suite C, Dover County of Kent, DE 19904	United States of America	100	Content
Toga S.r.l.	Milano (mi), Viale Papiniano 44, 20123	Italy	100	Content
Tomorrow (Shanghai) Ltd	Room 2385, No. 12, Lane 65, Huandong No.1 Road, Fengjing Town, Jinshan District, Shanghai	P.R. China	100	Content
XX Artists LLC	12130 Millennium Dr., Suite 300 Los Angeles, CA 90045	United States of America	100	Content
Zemoga Inc	850 New Burton Road, Suite 201, Dover, Delaware 19904	United States of America	100	Technology Services
Zemoga SaS	Calle 95 15-09 Bogota	Colombia	100	Technology Services
PT Mightyhive Indonesia	Gedung Revenue Lt. 23 Unit 23-122, Jl. Jenderal Sudirman Kac. 52-53, Senayan, Kebayoran Baru, Kota Adm. Jakarta Selatan, DKI Jakarta	Indonesia	100	Data&Digital Media

Joint Ventures

Name of entity	Address of the registered office	Place of business/ Country of incorporation	Ownership interest %	Principal activity
S4S Ventures General Partner S.à r.l.	412F, Route d'Esch L-1471, Luxembourg	Luxembourg	50	Holding company
S4S Ventures General Partner LLC	251 Little Falls Drive, Wilmington, DE 19808	United States of America	50	Holding company

Company balance sheet

At 31 December 2023

	Notes	2023 £m	2022 £m
Assets			
Fixed assets			
Investment in subsidiary	1	1,112.2	1,039.5
		1,112.2	1,039.5
Current assets			
Trade and other receivables	2	9.3	6.5
Cash and cash equivalents	3	0.2	–
		9.5	6.5
Total assets		1,121.7	**1,046.0**
Liabilities			
Current liabilities			
Trade and other payables	4	(17.0)	(11.4)
		(17.0)	(11.4)
Total liabilities		(17.0)	**(11.4)**
Net assets		1,104.7	**1,034.6**
Equity			
Share capital	5	145.9	142.0
Reserves	5	958.8	892.6
Total equity		1,104.7	**1,034.6**

The Company reported a net loss for the financial year ended 31 December 2023 of £2.9 million (2022: £8.2 million loss). The accompanying notes on pages 198 to 201 form an integral part of the financial statements.

The financial statements on pages 196 to 201 were approved by the Board of Directors on 26 March 2024 and signed on its behalf by

Martin Sorrell

Sir Martin Sorrell
Executive Chairman

Mary Basterfield
Group Chief Financial Officer

Company's registered number: 10476913

Company statement of changes in equity

For the year ended 31 December 2023

	Share capital £m	Share premium £m	Merger reserves £m	Other reserves £m	Retained earnings £m	Total £m
Balance at 1 January 2022	**138.8**	**446.9**	**205.7**	**75.0**	**42.3**	**908.7**
Loss for the year	–	–	–	–	(8.2)	(8.2)
Total comprehensive loss	–	–	–	–	(8.2)	(8.2)
Transactions with owners of the Company						
Business combinations	3.2	21.6	–	94.9	–	119.7
Capital reduction	–	(462.6)	(205.7)	–	668.3	–
Employee share schemes	–	–	–	0.4	14.0	14.4
Balance at 31 December 2022	**142.0**	**5.9**	**–**	**170.3**	**716.4**	**1,034.6**
Loss for the year	–	–	–	–	(2.9)	(2.9)
Total comprehensive loss	–	–	–	–	(2.9)	(2.9)
Transactions with owners of the Company						
Business combinations	3.9	74.5	–	(15.7)	–	62.7
Capital reduction	–	–	–	–	–	–
Employee share schemes	–	–	–	0.6	9.7	10.3
Balance at 31 December 2023	145.9	80.4	–	155.2	723.2	1,104.7

The accompanying notes on pages 198 to 201 form an integral part of the Company financial statements.

Notes to the Company financial statements

A. General

The Company financial statements are part of the 2023 financial statements of S4Capital plc. S4Capital plc is a public Company, limited by shares, is listed on the London Stock Exchange and has its registered office at 12 St James's Place, London, SW1A 1NX, United Kingdom. S4Capital plc (the Company) is a holding company for investments active in the digital advertising and marketing services space.

B. Basis of preparation

The Parent Company balance sheet and related notes have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of Cash Flows and related Notes
- disclosures in respect of transactions with wholly owned subsidiaries
- disclosures in respect of capital management
- the effects of new but not yet effective IFRSs
- disclosures in respect of the compensation of Key Management Personnel.

As the Group consolidated financial statements (presented on pages 145 to 195) include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 'Share-based Payment' in respect of Group settled share-based payments certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instrument Disclosures'.
- No individual profit or loss account is prepared as provided by Section 408 of the Companies Act 2006.

C. UK-adopted international accounting standards

The consolidated financial statements of S4Capital plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

D. New and amended standards and interpretations adopted by the Company

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Further detail can be found in the Group accounts on page 152. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

E. New and amended standards and interpretations not yet adopted

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. None of these are expected to have a material impact on the Company in the current or future reporting periods.

F. Basis of accounting

The Company financial statements are prepared under the historical cost convention and on a going concern basis, in accordance with the Companies Act 2006. The following paragraphs describe the main accounting policies, which have been applied consistently.

The ability of the Company to continue as a going concern is contingent on the ongoing viability of the Group. The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

Estimates and judgements

The preparation of the Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those judgements and estimates. There are no critical judgements or estimates affecting the parent company.

Impairment of Investment in subsidiary

The carrying value of the Company's investment in subsidiary have been disclosed in Note 1 and is assessed for indicators of impairment at each reporting period. Determining whether the carrying value has any indication of impairment requires judgement. In testing for impairment, estimates are used to determine cash flows and discount rates.

Foreign currencies

Profit or loss account items in foreign currencies are translated into GBP at average rates for the relevant accounting periods. Monetary assets and liabilities are translated at exchange rates prevailing at the date of the Company balance sheet. Exchange gains and losses on loans and on short-term foreign currency borrowings and deposits are included within net finance cost. Exchange differences on all other foreign currency transactions are recognised in operating profit.

Taxation

The current tax payable is based on taxable profit for the year. Taxable profit differs from reported profit because taxable profit excludes items that are either never taxable or tax deductible or items that are taxable or tax deductible in a different period. The Company's current tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the asset can be utilised. This requires judgements to be made in respect of the availability of future taxable income.

No deferred tax asset or liability is recognised in respect of temporary differences associated with investments in subsidiaries and branches where the Company is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The Company's deferred tax assets and liabilities are calculated using tax rates that are expected to apply in the period when the liability is settled or the asset realized based on tax rates that have been enacted or substantively enacted by the reporting date.

Accruals for tax contingencies require management to make judgements of potential exposures in relation to tax audit issues. Tax benefits are not recognised unless the tax positions will probably be accepted by the authorities. This is based upon management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable result.

Accruals for tax contingencies are measured using either the most likely amount or the expected value amount depending on which method the Company expect to better predict the resolution of the uncertainty.

Investments

Fixed asset investments, including investments in subsidiaries, are stated at cost and reviewed for impairment if there are indications that the carrying value may not be recoverable.

Share-based payments

The issuance by the Company to employees of its subsidiaries of a grant of awards over the Company's shares, represents additional capital contributions by the Company to its subsidiaries. An additional investment in subsidiaries results in a corresponding increase in shareholders' equity. The additional capital contribution is based on the fair value of the grant issued, allocated over the underlying grant's vesting period, less the market cost of shares charged to subsidiaries in settlement of such share awards.

Notes to the Company financial statements
continued

F. Basis of accounting continued

Litigation

Through the normal course of business, the Group is involved in legal disputes the settlement of which may involve cost to the Company. Provision is made where an adverse outcome is probable and associated costs can be estimated reliably. In other cases, appropriate descriptions are included.

Dividends

Up to the date of approval of these financial statements no dividends were paid by S4Capital plc to its shareowners (2022: £nil).

Employees

The Company had no employees during either year. Details of Directors' emoluments, which were paid by other Group companies, are set out in the Directors' Remuneration Report on pages 115 to 116.

1. Investment in subsidiary

Investment in subsidiary is stated at cost less, where appropriate, provisions for impairment.

	2023 £m	2022 £m
Balance at the beginning of the year	**1,039.5**	**905.0**
Capital contributions	62.4	120.3
Share-based payments	10.3	14.2
Balance at the end of the year	**1,112.2**	**1,039.5**

The Company directly holds 100% ownership in S4Capital 2 Limited. The Company indirectly holds effectively 100% of ordinary shares of the subsidiaries disclosed in Note 29 of the consolidated financial statements. The investment in subsidiary is assessed to determine if there is any indication that the investment might be impaired.

As at 31 December 2023, in light of the Group's market capitalisation and revised targets issued during the year management has performed an impairment test to determine whether recoverable amount exceeded the cost of investment recognised. The recoverable amount is assessed on a value in use basis. The value in use is calculated using a discounted cash flow methodology using financial information related to the subsidiaries including projected cashflows in conjunction with the goodwill impairment analysis performed by the Group, as disclosed in Note 10 of the consolidated financial statements. The value of the investment in subsidiary of the Company of £1,112.2 million is higher than the combined carrying amount of the CGU's tested for impairment in Note 10. The Group's value in use calculated for the goodwill impairment has been adjusted downwards for the contractual cashflows relating to debt to arrive at the investment in subsidiary's value in use and using the Group's discount rate. The resultant value in use exceeds the carrying value of the investment in subsidiary, although with very limited headroom.

Sensitivity analysis has also been carried out for the value in use calculations of the investment in subsidiary in line with those disclosed in Note 10 of the consolidated financial statements. If no mitigating factors were applied, any changes to the net revenue growth rates and the EBITDA margin percentage would result in the value in use being lower than the carrying value of the investment in subsidiary.

2. Trade and other receivables

	2023 £m	2022 £m
Value added tax	0.7	–
Corporate tax	4.4	3.0
Amounts owed by subsidiaries	3.0	1.9
Other receivables and prepayments	1.2	1.6
Total	**9.3**	**6.5**

The loss allowance for receivables from subsidiaries is based on the three-stage impairment expected credit loss model. No material impairment arose.

3. Cash and cash equivalents

	2023 £m	2022 £m
Cash and cash equivalents	0.2	–
Total	**0.2**	**–**

4. Trade and other payables

	2023 £m	2022 £m
Trade payables	(1.3)	(1.4)
Other payables and accruals	(3.0)	(3.8)
Value added taxes	–	(0.8)
Amounts owed to subsidiaries	(12.7)	(5.4)
Total	**(17.0)**	**(11.4)**

5. Equity

A. Share capital

The authorised share capital of S4Capital plc contain an unlimited number of Ordinary Shares having a nominal value of £0.25 per Ordinary Share. At the end of the reporting period, the issued and paid-up share capital of the Company consisted of 583,064,256 (2022: 567,832,883) Ordinary Shares having a nominal value of £0.25 per Ordinary Share.

B. Reserves

The following describes the nature and purpose of each reserve within equity:

- Share premium — Amount subscribed for share capital in excess of nominal value. The share premium is net of costs directly relating to the issuance of shares.
- Merger reserves — Amount subscribed for share capital in excess of nominal value as required by merger relief.
- Other reserves — Shares issued in the name of the Company to an employee benefit trust and shares issued in the name of S4Capital Group for deferred consideration.
- Retained earnings — Retained earnings represents the net profit (loss) for the year and all other net gains and losses and transactions with shareowners (example dividends) not recognised elsewhere.

6. Related party transactions

Details of compensation for key management personnel are disclosed on page 189. The Company did not have any other related party transactions during the financial year (2022: £nil).

7. Events occurring after the reporting period

Details of events occurring after the reporting period are disclosed in Note 28 of the consolidated financial statements.

Appendix: Alternative Performance Measures

The Group has included various unaudited alternative performance measures (APMs) in its Annual Report and Accounts. The Group includes these non-GAAP measures as it considers these measures to be both useful and necessary to the readers of the Annual Report and Accounts to help them more fully understand the performance and position of the Group. The Group's measures may not be calculated in the same way as similarly titled measures reported by other companies. The APMs should not be viewed in isolation and should be considered as additional supplementary information to the IFRS measures. Full reconciliations have been provided between the APMs and their closest IFRS measures.

The Group has concluded that these APMs are relevant as they represent how the Board assesses the performance of the Group and they are also closely aligned with how shareholders value the business. They provide like-for-like, year-on-year comparisons and are closely correlated with the cash inflows from operations and working capital position of the Group. They are used by the Group for internal performance analysis and the presentation of these measures facilitates comparison with other industry peers as they adjust for non-recurring factors which may materially affect IFRS measures. Adjusting items for the Group include amortisation of acquired intangibles, acquisition related expenses costs, share-based payments, employment-related acquisition costs and restructuring costs. Whilst adjusted measures exclude amortisation of intangibles, acquisition costs and restructuring costs they do include the revenue from acquisitions and the benefits of the restructuring programmes and therefore should not be considered a complete picture of the Group's financial performance, that is provided by the IFRS measures.

The adjusted measures are also used in the calculation of the adjusted earnings per share and banking covenants as per our agreements with our lenders.

APM	Closest IFRS measure	Adjustments to reconcile to IFRS Measure	Reason for use
Consolidated statement of profit or loss			
Controlled billings	Revenue	Includes media spend contracted directly by clients with media providers and pass-through costs (see reconciliation A1 on page 204)	It is an important measure to help understand the scale of the activities that Group has managed on behalf of its clients, in addition to the activities that are directly invoiced by the Group.
Billings	Revenue	Includes pass through costs (see reconciliation A1 on page 204)	It is an important measure to understand the activities that are directly invoiced by the Group to its clients.
Net revenue	Revenue	Excludes direct costs (see reconciliation A2 on page 204)	This is more closely aligned to the fees the Group earns for its services provided to the clients. This is a key metric used in business when looking at the Practice performance.
Operational EBITDA	Operating profit	Excludes acquisition related expenses, non-recurring items (primarily acquisition payments tied to continued employment, amortisation of business combination intangible assets and restructuring and other one-off expenses) and recurring share-based payments, and includes right-of-use asset depreciation (see reconciliation A3 on page 204)	Operational EBITDA is operating profit before the impact of adjusting items, amortisation of intangible assets and PPE depreciation. The Group considers this to be an important measure of Group performance and is consistent with how the Group is assessed by the Board and investment community.

APM	Closest IFRS measure	Adjustments to reconcile to IFRS Measure	Reason for use
Like-for-like	Revenue and operating profit	Is the prior year comparative, in this case 2022, restated to include acquired businesses for the same months as 2023, and restated using same FX rates as used in 2023 (see reconciliations A4 on page 204 to 205)	Like-for-like is an important measure used by the Board and investors when looking at Group performance. It provides a comparison that reflects the impact of acquisitions and changes in FX rates during the period.
Pro-forma	Revenue and operating profit	Is full year consolidated results in constant currency and for acquisitions as if the Group had existed in full for the year (see reconciliations A5 on page 205)	Pro-forma figures are used extensively by management and the investment community. It is a useful measure when looking at how the Group has changed in light of the number of acquisitions that have been completed and to understand the performance of the Group.
Adjusted basic earnings	Basic earnings per share	Excludes amortisation of intangible assets, acquisition related costs, share-based payments and restructuring and other one-off expenses (see reconciliation A6 on page 206)	Adjusted basic earnings per share is used by management to understand the earnings per share of the Group after removing non-recurring items and those linked to combinations.
Adjusted profit for the year	(Loss)/Profit for the year	Excludes amortisation of intangible assets, acquisition related expenses, share-based payments and restructuring and other one-off expenses (see reconciliation A6 on page 206)	Adjusted profit for the year is used by management to understand the profit for the Group after removing non-recurring items and those linked to combinations.
Consolidated balance sheet			
Net debt	None	Net debt is cash less gross bank loans (excluding transaction costs and lease liabilities). This is a measure used by management and in calculations for bank covenants (see reconciliation A7 on page 207)	Net debt is a commonly used metric to identify the debt obligations of the Group after utilising cash in bank.
Consolidated statement of cash flows			
Free cash flow	Net cash inflow/ (outflow) from operating activities	Net cash flow from operating activities adjusted for purchase of intangibles and property, plant and equipment, lease liabilities, interest and facility fees paid, security deposits and employment linked contingent consideration paid (see reconciliation A8 on page 207)	Free cash flow is a commonly used metric used to identify the amount of cash at the disposal of the Group.

Alternative Performance Measures continued

Billings and controlled billings (A1)	2023 £m	2022 £m
Revenue	1,011.5	**1,069.5**
Pass-through expenses	859.0	821.0
Billings[1]	1,870.5	**1,890.5**
Third party billings direct to clients	3,152.3	3,760.7
Controlled billings[2]	5,022.8	**5,651.2**

Notes:
1. Billings are gross billings to clients including pass-through expenses.
2. Controlled billings are billings we influenced.

Net revenue (A2)	2023 £m	2022 £m
Revenue	1,011.5	**1,069.5**
Direct costs	(138.3)	(177.8)
Net revenue	873.2	**891.7**

Reconciliation to operational EBITDA (A3)	2023 £m	2022 £m
Operating profit/(loss)	20.2	**(135.3)**
Amortisation and impairment of intangible assets	48.6	78.9
Acquisition expenses	(9.2)	151.0
Share-based payments	10.1	14.6
Restructuring and other one-off expenses[1]	11.8	4.9
Depreciation of property, plant and equipment[2]	12.2	10.1
Operational EBITDA	93.7	**124.2**

Notes:
1. Restructuring and other one-off expenses relate to restructuring costs of £18.2 million (2022: £4.9 million), transformation costs of £2.9 million (2022: £nil), offset by £9.3 million due to the significant devaluation of the Argentinian Peso (2022: £nil).
2. Depreciation of property, plant and equipment is exclusive of depreciation on right-of-use assets and includes £0.5 million expense (2022: £nil) relating to the significant devaluation of Argentinian Peso.

Like-for-Like (A4)

Like-for-like revenue Year ended 31 December 2022	Content £m	Data&Digital Media £m	Technology Services £m	Total £m
Revenue	**755.4**	**220.5**	**93.6**	**1,069.5**
Impact of acquisitions	41.5	8.4	80.3	130.2
Impact of foreign exchange	(31.8)	(11.3)	(59.5)	(102.6)
Like-for-like revenue[1]	**765.1**	**217.6**	**114.4**	**1,097.1**
% like-for-like revenue change	(13.2%)	(3.3%)	19.8%	(7.8%)

Note:
1. Like-for-like is a non-GAAP measure and relates to 2022 being restated to show the audited numbers for the previous year of the existing and acquired businesses consolidated for the same months as in 2023, applying currency rates as used in 2023.

Like-for-like net revenue Year ended 31 December 2022	Content £m	Data&Digital Media £m	Technology Services £m	Total £m
Net revenue	**582.7**	**216.8**	**92.2**	**891.7**
Impact of acquisitions	23.9	8.1	79.0	111.0
Impact of foreign exchange	(19.0)	(11.0)	(58.5)	(88.5)
Like-for-like net revenue[1]	**587.6**	**213.9**	**112.7**	**914.2**
% like-for-like net revenue change	(10.0%)	(3.1%)	21.6%	(4.5%)

Note:
1. Like-for-like is a non-GAAP measure and relates to 2022 being restated to show the audited numbers for the previous year of the existing and acquired businesses consolidated for the same months as in 2023, applying currency rates as used in 2023.

Like-for-like operational EBITDA Year ended 31 December 2022	Total £m
Operational EBITDA	**124.2**
Impact of acquisitions	39.9
Impact of foreign exchange	(16.4)
Like-for-like operational EBITDA[1]	**147.7**
% like-for-like operational EBITDA change	(36.6%)

Note:
1. Like-for-like is a non-GAAP measure and relates to 2022 being restated to show the audited numbers for the previous year of the existing and acquired businesses consolidated for the same months as in 2023, applying currency rates as used in 2023.

Pro-forma (A5)

Pro-forma revenue	Content £m	Data&Digital Media £m	Technology Services £m	Total £m
FY23 Revenue	664.1	210.4	137.0	1,011.5
Impact of acquisitions	–	–	0.7	0.7
FY23 Pro-forma revenue[1]	664.1	210.4	137.7	1,012.2
FY22 Revenue	**755.4**	**220.5**	**93.6**	**1,069.5**
Impact of acquisitions	41.5	8.4	80.9	130.8
Impact of foreign exchange	(31.8)	(11.3)	(59.4)	(102.5)
FY22 Pro-forma revenue[1]	**765.1**	**217.6**	**115.1**	**1,097.8**
% pro-forma revenue change	(13.2%)	(3.3%)	19.6%	(7.8%)

Note:
1. Pro-forma relates to audited full year non-statutory and non-GAAP consolidated results in constant currency as if the Group had existed in full for the year and have been prepared under comparable GAAP with no consolidation eliminations in the pre-acquisition period.

Pro-forma net revenue	Content £m	Data&Digital Media £m	Technology Services £m	Total £m
FY23 net revenue	528.9	207.3	137.0	873.2
Impact of acquisitions	–	–	0.6	0.6
FY23 Pro-forma net revenue[1]	528.9	207.3	137.6	873.8
FY22 net revenue	**582.7**	**216.8**	**92.2**	**891.7**
Impact of acquisitions	23.9	8.1	79.7	111.7
Impact of foreign exchange	(19.1)	(11.0)	(58.5)	(88.6)
FY22 Pro-forma net revenue[1]	**587.5**	**213.9**	**113.4**	**914.8**
% pro-forma net revenue change	(10.0%)	(3.1%)	21.3%	(4.5%)

Note:
1. Pro-forma relates to audited full year non-statutory and non-GAAP consolidated results in constant currency as if the Group had existed in full for the year and have been prepared under comparable GAAP with no consolidation eliminations in the pre-acquisition period.

Pro-forma operational EBITDA	Total £m
FY23 operational EBITDA	93.7
Impact of acquisitions	(0.4)
FY23 Pro-forma operational EBITDA[1]	93.3
FY22 operational EBITDA	**124.2**
Impact of acquisitions	39.5
Impact of foreign exchange	(16.4)
FY22 Pro-forma operational EBITDA[1]	**147.3**
% pro-forma operational EBITDA change	(36.7%)

Note:
1. Pro-forma relates to audited full year non-statutory and non-GAAP consolidated results in constant currency as if the Group had existed in full for the year and have been prepared under comparable GAAP with no consolidation eliminations in the pre-acquisition period.

Alternative Performance Measures continued

Adjusted basic earnings per share (A6)

Year ending 31 December 2023	Reported £m	Amortisation and impairment[1] £m	Acquisition expenses[2] £m	Share-based payments £m	Restructuring and other one-off expenses[3] £m	Adjusted £m
Operating profit	20.2	48.6	(9.2)	10.1	12.3	82.0
Net finance costs	(35.4)	–	–	–	1.5	(33.9)
Gain on the net monetary position	1.3	–	–	–	(1.3)	–
(Loss)/profit before income tax	(13.9)	48.6	(9.2)	10.1	12.5	48.1
Income tax expense	7.9	(14.7)	–	(0.7)	(4.1)	(11.6)
(Loss)/profit for the year	(6.0)	33.9	(9.2)	9.4	8.4	36.5

Notes:
1. Amortisation and impairment relates to the intangible assets recognised as a result of the acquisitions (see Note 6).
2. Acquisition expenses relate to acquisition related advisory fees of £2.3 million, contingent consideration as remuneration of £13.2 million and remeasurement gain on contingent considerations of £24.7 million.
3. Restructuring and other one-off expenses relate to restructuring costs of £18.2 million, transformation costs of £2.9 million, offset by £8.8 million due to the significant devaluation of the Argentinian Peso.

Year ending 31 December 2022	Reported £m	Amortisation and impairment[1] £m	Acquisition expenses[2] £m	Share-based payments £m	Restructuring and other one-off expenses[3] £m	Adjusted £m
Operating (loss)/profit	(135.3)	78.9	151.0	14.6	4.9	**114.1**
Net finance costs	(25.7)	–	–	–	–	(25.7)
Gain on the net monetary position	1.3	–	–	–	(1.3)	–
(Loss)/profit before income tax	(159.7)	78.9	151.0	14.6	3.6	**88.4**
Income tax expense	(0.8)	(16.7)	(0.1)	(2.5)	(0.8)	(20.9)
(Loss)/profit for the year	(160.5)	62.2	150.9	12.1	2.8	**67.5**

Notes:
1. Amortisation and impairment relates to the intangible assets recognised as a result of the acquisitions (see Note 6).
2. Acquisition expenses relate to acquisition related advisory fees of £7.9 million, bonuses of £0.4 million, contingent consideration as remuneration of £172.4 million and remeasurement gain on contingent considerations of £29.7 million.
3. Restructuring and other one-off expenses relate to restructuring costs of £4.9 million.

Adjusted basic result per share	2023	2022
Adjusted profit attributable to owners of the Company (£m)	36.5	67.5
Weighted average number of Ordinary Shares for the purpose of basic EPS (shares)	639,218,703	590,667,949
Adjusted basic earnings per share (pence)	5.7	11.4

Net debt (A7)

Net debt	2023 £m	2022 £m
Cash and bank	145.7	223.6
Loans and borrowings (excluding bank overdrafts)	(326.5)	(333.8)
Net debt	**(180.8)**	**(110.2)**
Lease liabilities	(49.0)	(58.4)
Net debt including lease liabilities	(229.8)	(168.6)

Free cash flow (A8)

Year ending 31 December 2023	2023 £m	2022 £m
Net cash (outflow)/inflow from operating activities	**(10.7)**	**78.3**
Employment linked contingent consideration paid	77.7	38.9
Interest and facility fees paid	(26.7)	(16.3)
Purchase of intangible assets	(2.1)	(1.5)
Purchase of property, plant and equipment	(5.9)	(16.4)
Security deposits	(2.2)	1.8
Principal element of lease payments	(16.3)	(15.4)
Other	–	0.4
Free cash flow	**13.8**	**69.8**

Shareowner information

Advisers and registrars

Principal bankers	HSBC Bank Plc
Joint brokers	Dowgate Capital Limited Morgan Stanley & Co Jefferies International Limited
Independent auditors	PricewaterhouseCoopers LLP
Solicitor	Travers Smith LLP
Communications adviser	Powerscourt Limited
Registrars	Share Registrars Limited 3 The Millennium Centre Crosby Way Farnham Surrey GU9 7XX 01252 821390 enquiries@shareregistrars.uk.com
Group Company Secretary	Caroline Kowall
ISIN	GB00BFZZM640
Ticker	SFOR
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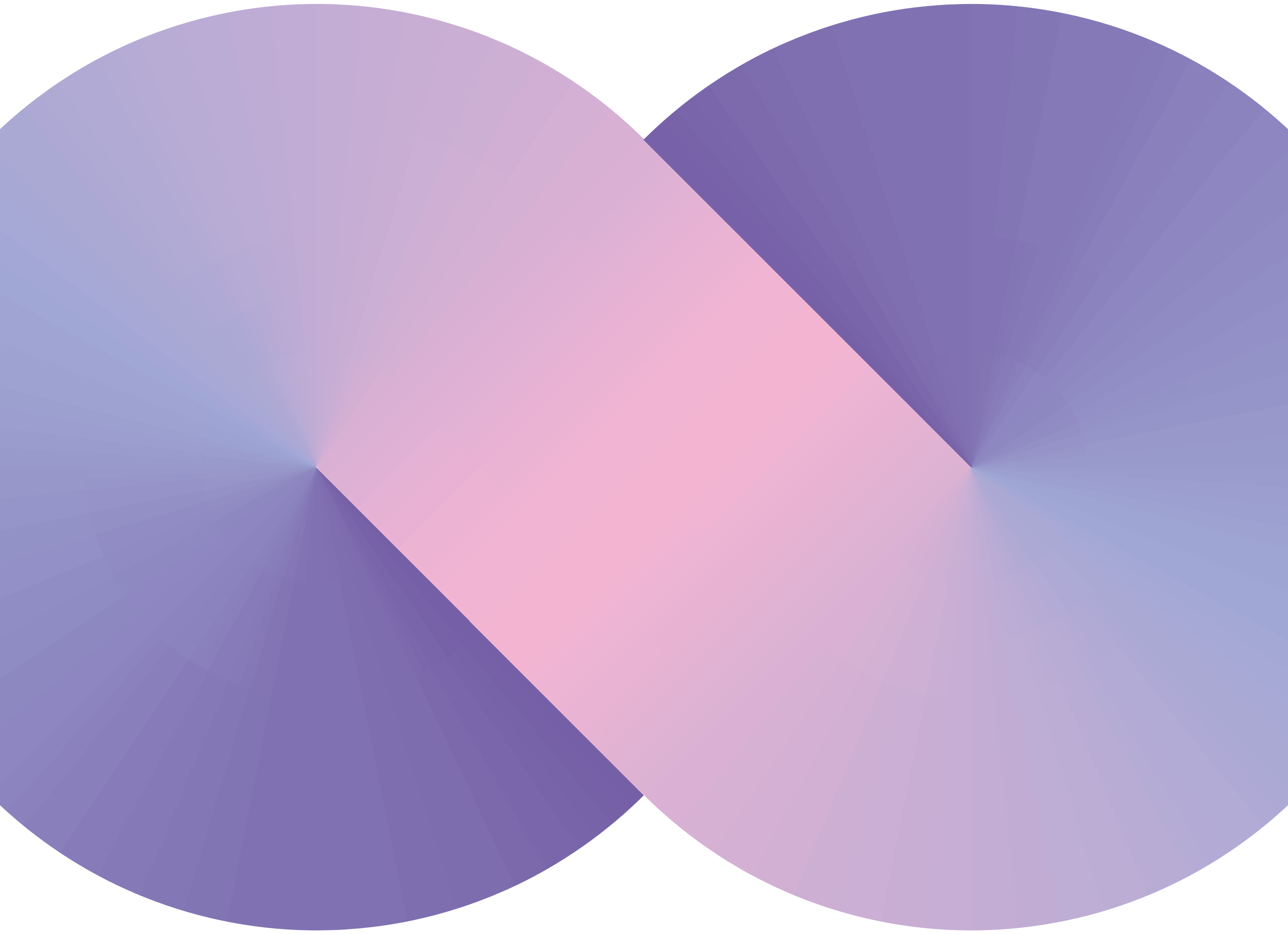

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