S⁴Capital plc
("S⁴Capital" or "the Company")

Unaudited 2021 preliminary results

Like-for-like gross profit/net revenue up 44% with simple two year stack up over 63% and three year up over 100%

Significant growth in like-for-like and pro-forma billings, revenue, gross profit/net revenue and EBITDA in the range of market expectations

2022-24 Three Year Plan calls for a like-for-like doubling of top line and EBITDA margins returning to prior levels

Market guidance of 25% like-for-like gross profit growth with steady improvement in EBITDA margins for 2022

2022 Gross profit/net revenue has started ahead of guidance

Significant investment in and tightening of financial controls, risk and governance being implemented following the unacceptable delay in publishing the 2021 results

1. Financial highlights

/ Billings* £1.3 billion, up 99.4% reported, up 66.8% like-for-like** and pro-forma*** billings £1.4 billion, up 67.1%.

/ Revenue £686.6 million, up 100.4% reported from £342.7 million, like-for-like up 52.4%, pro-forma up 53.8%.

/ Gross profit which is equivalent to net revenue £560.3 million, up 89.8% reported from £295.2 million, like-for-like up 43.7%, pro-forma up 45.7%.

/ Two year simple like-for-like gross profit/net revenue stack up over 63%******* and three year up over 100%.

/ Operational EBITDA**** £101.0 million, up 62.4% reported, like-for-like up 11.9%, pro-forma up 16.8%.

/ Operational EBITDA margin 18.0%, down 3.0 percentage points on 2020 reported, like-for-like down 5.1 percentage points, pro-forma down 4.6 percentage points driven by investment in major new "whopper******" clients, new areas of organic growth and the Group's management infrastructure. Operational EBITDA margin improved from 14.5% in the first half to 20.6% in the second half.

/ Adjusted basic net result per share 13.0p versus 7.9p in 2020 up 64.6%.

/ 2021 results in the range of market expectations of revenue of £619.0 million to £691.0 million, gross profit/net revenue of 553.6 million to 572.5 million and Operational EBITDA of £99.7 million to £111.6 million (consensus of £650.8 million, £559.1 million and £103.8 million respectively).

/ Operating loss £42.1 million versus an operating profit of £8.1 million in 2020. Operating loss is after charging £136.9 million of Adjusting items relating to acquisitions, amortisation and share based payments (including £72.3 million in contingent combination consideration mainly tied to continued employment). Pro-forma operating loss of £83.5 million versus an pro-forma operating loss of £87.9 million in 2020.

/ Loss before income tax £55.7 million, after charging adjusting items, versus a profit of £3.1 million in 2020.

/ Statutory loss for the period £56.7 million, after charging adjusting items and after taxation, versus £3.9 million (loss) in 2020 and pro-forma loss for the period of £98.1 million.

/ Basic and diluted net loss per share 10.3p, after charging adjusting items and after taxation, versus 0.8p (loss) in 2020.

/ Year-end net debt***** £18.0 million (2020: net cash £51.6 million), despite making £96.6 million in cash payments for combinations and increasing working capital investment primarily to fund larger accounts, reflecting liquidity from operations and EBITDA conversion to cash flow from operating activities of 54.1% (including £10.0 million relating to contingent consideration tied to employment) versus 99.2% in 2020.

- January and February gross profit/net revenue ahead of targeted 25% like-for-like growth.

- Significant increase in financial controls, risk and governance processes and resources being implemented and planned under guidance of new Chief Financial Officer, who took over the role on January 3rd 2022.

2. Sir Martin Sorrell, Executive Chairman of S^{4}Capital Plc said:

"In our third full financial year we almost doubled in size, approximately half through organic growth and approximately half through combinations and generated over $900 million of revenue in 33 countries. We continued to develop conversion at scale with six well established "whoppers" and a further nineteen clients identified as "whoppertunities" and with approximately half of our revenues from technology clients. We plan to achieve our ultimate 20^2 objective, that is twenty clients each generating revenues of over $20 million per annum, over the period 2022-24. Whilst this growth, both organic and through business combinations, is very satisfying, the delay in producing our 2021 results is unacceptable and embarrassing and significant changes in our financial control, risk and governance structure and resources are being implemented and planned, including several significant additions to the central and Content practice financial teams and the Audit Committee.

Pride of place for any achievements should go to our (now) over 8,400 Monks globally, who no sooner than recovering from the strain and challenge of the pandemic, had to face the impact of the shocking events in Ukraine, but continue to respond unflinchingly. Their creativity, adaptability, resilience and hard work have made this success possible and have started to prove the potency of our new age/new era, digital, data-driven, unitary model, which has gained significant traction. The pandemic has, at the same time, accelerated the drive to create a digital world, together with the adoption of digital transformation amongst consumers, across all media and within enterprises and, in turn, stimulated the demand from clients for digital marketing expertise.

We continue to grow our top line at industry leading rates, despite Covid-19, and have exhibited agility in developing new content revenue streams quickly, in such areas as the Unreal Engine, the Metaverse, blockchain, crypto and NFTs placing us at the forefront of these significant disruptions. We continued to broaden and deepen our Content and Data&digital media practices through organic growth and by the addition of a further five Content, four Data&digital media and one Technology services companies in 2021 and one so far in early 2022, in the Data&digital media practice. As a result, we broadened our services capabilities by expanding into the third practice area – Technology services – enabling us to engage more deeply with CIOs and CTOs in addition to CMOs, Chief Sales Officers and CDOs. We further integrated our unitary client offering around our Content, Data&digital media and Technology services practices, with the launch mid-year of one operating brand, Media.Monks, which celebrated our roots in both Content (MediaMonks) and Data&digital media (MightyHive) and embodied sufficient flexibility to engage our entrepreneurial talent. We broadened and deepened our client roster. We continued to embrace our diversity, equity and inclusion opportunities with unique black-orientated fellowship and female executive leadership programmes, changed hiring practices and education programmes. In addition, we continued to make progress in our zero carbon commitments targeting 2024, earlier than most. We also leveraged our balance sheet to take advantage of combination opportunities.

2022 has started, more than in line with our latest three year plan to double gross profit/net revenue organically in three years and we are focused on five objectives for the year - to continue to develop our six existing "whoppers" and develop and secure five more this year, one having already been almost secured, to integrate our three practices and three geographies even more effectively into an even stronger unitary, one P&L client offering; to strengthen and deepen our diversity and climate change agenda; to continue to broaden and deepen our digital client offering through combinations; and finally, to try to ensure that a results delay does not happen again, we are making the necessary investments to strengthen and tighten our financial controls. Although global GDP forecasts have slipped in the past few months from 4-5% to 3%+, we believe 2022 will generally be a good year economically overall, with consumers temporarily insulated from an inflationary squeeze by Covid savings. This, despite the significant inflation, higher interest rates, continued Covid lockdowns in China, and the bitter, vicious war in Ukraine - which will raise risk levels for clients in Central and Eastern Europe and to a lesser extent Asia Pacific, whilst lowering them in North and South America. As defence budgets are increased, the need for strong technology companies with a robust surrounding technological eco-system will become more and more apparent. 2023 may be a different kettle of fish as GDP growth weakens further and geo-political tensions impact economics more significantly. Although a bi-polar world and populist forces may check globalisation and free trade and slow overall global GDP growth, the demand for technological development and digital transformation will continue to drive the demand for our digital marketing services. Digital marketing expenditure is closely correlated to, but not dependent on GDP growth, just as traditional media spending used to be in the last century."

S4 CAPITAL

3. Strategic and operational highlights

- In January 2021, MediaMonks announced combinations with Decoded Advertising, an integrated, creative, technology and media agency, based in New York and also combined with Tomorrow, an award-winning, Shanghai-based, creative agency and with Staud Studios, a high-end creative, production studio, specialising in the automotive industry.

- Also, in January 2021, MightyHive announced a combination with Metric Theory, an integrated performance marketing agency, providing services across search, social and commerce media. The combinations with Metric Theory and Decoded Advertising were completed on 31 December, 2020.

- In February 2021, MightyHive acquired the assets of Datalicious Australia, a Sydney, Melbourne and Brisbane-based data & analytics company.

- In March 2021, S⁴Capital announced that it had entered into a conditional agreement in relation to a combination of MediaMonks with highly awarded design and experience agency, Jam3, based in Toronto with offices in Amsterdam, Los Angeles and Uruguay.

- In May 2021, MightyHive announced it had entered into a conditional agreement in relation to a combination of MightyHive with the leading digital performance agency in Brazil, Raccoon Group.

- In July 2021, MightyHive announced a combination with Salesforce specialist Destined expanding its data and digital media practice in Asia Pacific.

- Also in July 2021, S⁴Capital announced it had engaged Credit Suisse AG, London branch, HSBC Bank plc and Barclays Bank plc as lead arrangers for a seven-year €375 million senior secured term loan. In addition, it negotiated a five-year £100 million equivalent multicurrency senior secured revolving credit facility with Credit Suisse, HSBC, Barclays, JP Morgan and BNP Paribas. Both term loan and revolving facility were successfully completed in early August 2021. This refinanced its existing €25 million and US$28.9 million term loans and its €35 million and €43.5 million multicurrency revolving credit facilities and provided approximately £200 million for general corporate purposes, including funding the cash element of future combinations, which is typically one-half of overall consideration. The Company will maintain its policy of maximum net leverage not exceeding 1.5-2x Operational EBITDA.

- During the summer functional talent teams in social media and government communications joined the group from leading competitors.

- In August 2021, S⁴Capital launched its unitary brand, by merging MediaMonks and MightyHive into a single operational brand, Media.Monks, represented by a dynamic logo mark that features MightyHive's iconic hexagon. This marked the next step in speedily delivering on its foundational promise to unify its practices into one P&L.

- In September 2021, the new unitary brand Media.Monks announced a combination with the iconic culture and creative marketing agency Cashmere, based in Los Angeles.

- Also in September 2021, Media.Monks announced a combination with leading digital transformation services firm Zemoga, headquartered in Los Angeles, with further US offices as well as delivery centres in Colombia. The combination expanded the Media.Monks offering into technology services for the first time.

- In November 2021, Media.Monks announced a combination with leading creative content marketing agency Miyagi. The combination added to Media.Monks' existing content and data & digital media capabilities in Italy, Europe's fourth largest advertising market. The acquisition was completed on 10 November 2021.

- In December 2021, Media.Monks announced a combination with Maverick Digital, expanding its Data&digital media and Technology services and global Salesforce capabilities. The acquisition was completed on 30 November 2021.

- 2021 saw the addition of four new "whoppers" - Meta, Mondēlez, BMW/MINI and HP - adding to Alphabet and a leading NDA'd telecommunications company - all of which generate more than $20 million of revenue. A further 19 clients have been identified as "whoppertunities" over the three year period 2022-24 to reach the objective of 20^2 or 20 "whoppers".

- Post year end, Media.Monks announced a combination with 4Mile Analytics, a US based leader in delivery of services on the Looker platform.

- Continuation of both the S[4] Fellowship Programme for students from Historically Black Colleges and Universities and its extension to High Schools in the United States and the S[4] Women Leadership Programme in association with UC Berkeley in California.

- The Group now has over 8,400 people in 33 countries, trending towards double where we were at this time last year.

- 2021 saw the expansion of our major client relationships with additional remits and geographies at brands including Google, Meta, Amazon, Paypal, HP, Netflix, Procter & Gamble, Mondelez and BMW. We also saw significant new business with engagements from new clients including Allianz, Miele, Instacart, Pearson, Dropbox, Canva, Constellation Brands and M1.

- Our current client activity pipeline is running at a stronger level than last year.

*Billings is gross billings to client including pass through costs
**Like-for-like relates to 2020 being restated to show the unaudited numbers for the previous year of the existing and acquired businesses consolidated for the same months as in 2021 applying currency rates as used in 2021
***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
****Operational EBITDA is EBITDA adjusted for acquisition related expenses, non-recurring items and recurring share-based payments, and includes Right-of-use assets depreciation. It is a non-GAAP measure management uses to assess the underlying business performance (also see note 7). Operational EBITDA margin is Operational EBITDA as a percentage of Gross Profit/net revenue.
*****Net debt comprises cash minus gross bank loans (excluding transaction costs)
****** A "Whopper" is defined as a major client with over $20 million in revenue and currently number 6 - Google, an NDA'd telecommunications FAANG, Meta, Mondēlez, BMW/MINI and HP.
******* Two year simple stack is like-for-like 2021 growth added to 2020 and three year simple stack, 2019 growth added to 2020 and 2021.

This document contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group, including, among other things, statements about expected revenues, margins, earnings per share or other financial or other measures. Although the Group believes its expectations are based on reasonable assumptions, any forward-looking statements, by their very nature, involve risks and uncertainties and may be influenced by factors that could cause actual outcomes and results to be materially different from those predicted. The forward-looking statements reflect knowledge and information available at the date of preparation of this document and the Group undertakes no obligation to update these forward-looking statements. The Group identifies the forward-looking statements by using the words 'anticipates', 'believes', 'expects', 'intends', 'estimate', 'expect', 'project', 'plan', 'believe', 'target' and similar expressions in such statements. Important factors that could cause actual results to differ materially from those contained in forward-looking statements, certain of which are beyond the Group's control, include, among other things: the unanticipated loss of a material client or key personnel, delays or reductions in client advertising budgets, shifts in industry rates of compensation, regulatory compliance costs or litigation, natural disasters or acts of terrorism, the overall level of economic activity in the Company's major markets etc.
Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this document.

Results webcast and conference call

A webcast and conference call covering the results will be held today at 08:30 BST in London, followed by another webcast and call at 08:00 EDT / 13:00 BST. The presentation for these webcasts and conference calls has been posted on our website www.s4capital.com at the same time as this announcement.

08:30 BST webcast (watch only) and conference call (for Q&A):
Webcast: https://brrmedia.news/SFOR_FY21_Eur
Conference call:
UK: +44 (0) 33 0551 0200
US: +1 212 999 6659
Confirmation code: 060522

08:00 EDT / 13:00 BST webcast (watch only) and conference call (for Q&A):
Webcast: https://brrmedia.news/SFOR_FY21_US
Conference call:
UK: +44 (0) 33 0551 0200
US: +1 212 999 6659
Confirmation code: 02060522

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Summary of results (unaudited)

	Notes	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000	Like-for-like[1] Year ended 31 December 2020 £'000	Proforma[2] Year ended 31 Dec 2021 £'000	Proforma Year ended 31 Dec 2020 £'000
Revenue	1	686,601	342,687	450,452	740,203	481,139
Cost of sales		126,338	47,505	60,568	131,076	63,173
Gross profit	1	**560,263**	**295,182**	**389,884**	**609,127**	**417,966**
Content		385,552	220,497	261,585	408,194	273,872
Data & digital media		167,079	74,685	124,044	180,430	132,662
Technology services		7,632	-	4,255	20,503	11,432
America's		391,117	206,316	283,591	434,112	310,353
EMEA		115,957	58,233	70,511	118,637	69,475
Asia-Pacific		53,189	30,633	35,782	56,378	38,138
Total operating expenses		602,318	287,049	431,090	692,589	505,889
Operating (loss) / profit		**(42,055)**	**8,133**	**(41,206)**	**(83,462)**	**(87,923)**
Adjusted operating profit		94,808	57,950	85,225	106,700	91,498
Adjusting items	2	(136,863)	(49,817)	(126,431)	(190,162)	(179,421)
Operating (loss) / profit		(42,055)	8,133	(41,206)	(83,462)	(87,923)
Net finance expenses		(12,251)	(5,037)	(4,328)	(12,261)	(4,523)
Loss on the net monetary position		(1,344)	-	-	-	-
(Loss) / profit before income tax		**(55,650)**	**3,096**	**(45,534)**	**(95,723)**	**(92,446)**
Adjusted profit before income tax		81,213	52,913	80,897	94,439	86,975
Adjusting items	2	(136,863)	(49,817)	(126,431)	(190,162)	(179,421)
(Loss) / profit before income tax		(55,650)	3,096	(45,534)	(95,723)	(92,446)
Income tax expense		(1,065)	(7,025)	(11,011)	(2,402)	(10,739)
(Loss) / profit for the period		**(56,715)**	**(3,929)**	**(56,545)**	**(98,125)**	**(103,185)**
Adjusted profit for the period		71,781	38,892	59,534	82,335	64,548
Adjusting items	2	(136,863)	(49,817)	(126,431)	(190,162)	(179,421)
Tax on adjusting items		8,367	6,996	10,352	9,702	11,688
Loss for the period		(56,715)	(3,929)	(56,545)	(98,125)	(103,185)
Operating (loss) / profit		(42,055)	8,133	(41,206)	(83,462)	(87,923)
Adjusting items	2	136,863	49,817	126,431	190,162	179,421
Depreciation (excl. right-of-use assets)		6,179	4,228	5,036	6,338	5,259
Operational EBITDA	2	**100,987**	**62,178**	**90,261**	**113,038**	**96,757**
Central costs		9,410	6,112	5,991	9,410	5,991
Operational EBITDA before central costs		**110,397**	**68,290**	**96,252**	**122,448**	**102,748**
Weighted average number of shares in issue for the purpose of basic and adjusted net result per share		551,752,618	493,290,974	551,752,618	556,142,912	556,142,912
Net loss attributable to equity owners of the company *(£'000)*		(56,715)	(3,929)	(56,545)	(98,125)	(103,185)
Basic net loss per share *(pence)*		**(10.3)**	**(0.8)**	**(10.2)**	**(17.6)**	**(18.6)**
Diluted net loss per share *(Pence)*		**(10.3)**	**(0.8)**	**(10.2)**	**(17.6)**	**(18.6)**
Adjusted profit for the period		71,781	38,892	59,534	82,335	64,548
Adjusted basic earnings per share *(pence)*		**13.0**	**7.9**	**10.8**	**14.8**	**11.6**

Notes:

1. Like-for-like is a non-GAAP measure and relates to 2020 being restated to show the unaudited numbers for the previous year of the existing and acquired businesses consolidated for the same months as in 2021 applying currency rates as used in 2021;
2. Proforma 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.

Chairman's Letter

Dear Shareowner,

My Executive colleagues, Victor Knaap, Wesley ter Haar, Pete Kim, Christopher Martin, Scott Spirit, Mary Basterfield, and I are delighted to present our fourth set of results for the year ending 31 December 2021 to our fellow shareowners. However, the delay in producing these results is totally unacceptable and embarrassing to all of us and has caused significant concern to our shareowners (of which management accounts for approximately 40%). In response, significant financial control, risk and governance changes are being implemented and planned across the Company under the guidance and leadership of new Chief Financial Officer, Mary Basterfield, who took over the role at January 3rd 2022 along with a strengthening of the Audit Committee.

2021 saw the expansion of our major client relationships with additional remits and geographies at brands including Google, Meta, Amazon, Paypal, HP, Netflix, Procter & Gamble, Mondelez and BMW. We also saw significant new business with engagements from new clients including Allianz, Miele, Instacart, Pearson, Dropbox, Canva, Constellation Brands and M1. Encouragingly, our current pipeline is proportionally ahead of last year's level following a fast start to 2022.

We had six "whoppers" (clients with revenues over $20 million per annum) in 2021, as opposed to only two in 2020. We have also now identified nineteen more potential "whoppers", where we currently project $5-15 million of revenue per annum and which potentially could break through the $20 million per annum level over the latest three year planning period for 2022-24. We anticipate that up to a further five clients may well become "whoppers" this year making a total of eleven in 2022, well on the way to achieving our 20^2 objective and have already landed an NDA'd consumer goods client at an annual "whopper" level.

2021 also saw significant strengthening and deepening of our Content and Data&digital media practices. Our newly launched unitary brand, Media.Monks, broadened and deepened its geographical footprint in 2021 and so far in 2022. It added North and South American Content and Data&digital media capabilities through Jam3, Racoon Group, Cashmere, Maverick Digital and 4Mile. In Europe, the Middle-East and Africa, Media.Monks entered the German and Italian markets through Staud Studios and Miyagi. In Asia Pacific, we added Content and Data&digital capabilities through Tomorrow in China and Datalicious and Destined both in Australia. Media.Monks also added significant talent from competitors in the areas of new digital media social content and digital government communications. Finally, Media.Monks entered a third practice, Technology services, through South-American based Zemoga.

Media.Monks has integrated each combination into our now three practices: Content, Data&digital media and Technology services. We operated as a single P&L, pretty much from inception, so as to develop and maintain a seamless, fully integrated offer for our clients. In addition, one of the consequences of the pandemic was an acceleration in consolidating separate offices on a city-by-city basis, as existing leases were terminated more quickly. We are now planning new leases with an approximately 60% pro-rata capacity floor plate, assuming office occupation of three days a week on average. There is little doubt that we will not return to the old normal in terms of office location, layout and use. There will be more flexible working from home, probably about 40% of the working week, with more flexible commuting times, more dispersed working and living patterns and different office layouts, with separate spaces for our people to meet, to work and to engage with clients. We are also increasingly consolidating our strategic, client content, data and programmatic and technology services offer at the S^{4}Capital level.

Turning to the results themselves, we thought it would be most useful to compare the reported results not only with last year's reported results, but also on an unaudited like-for-like and unaudited pro-forma basis, particularly given the continued rapid inorganic expansion of the Group in 2021.

Billings were £1.3 billion, up 99.4% on a reported basis, up 66.8% like-for-like and up 67.1% pro-forma. Controlled Billings, that is billings we influenced in addition to billings that flowed through our income statement, were approximately £5.4 billion (2020: £2.3 billion). Revenue was £686.6 million, up 100.4% from £342.7 million on a reported basis, up 52.4% like-for-like, and up 53.8% on a pro-forma basis. Gross profit was £560.3 million, up 89.8% reported, up 43.7% like-for-like, and up 45.7% pro-forma. Operational EBITDA was £101.0 million, up 62.4% reported, up 11.9% like-for-like, and up 16.8% pro-forma. Operational EBITDA margin was 18.0%, down 3.0 percentage points on 2020, down 5.1 percentage points like-for-like and 4.6 percentage points pro-forma, reflecting investment ahead of the revenue curve in major new "whopper" clients, new areas of organic growth, such as connected tv, and management infrastructure to manage future growth, in line with our first half statement in September 2021.

Operational EBITDA margin improved in the second half to 20.6% from 14.5% in the first half giving 18.0% for the full year, as the first half increased investment in our people yielded higher productivity in the latter half. Operating loss was £42.1 million, after £136.9 million of adjusting items, principally acquisition and amortisation expense, versus an operating profit of £8.1 million in 2020. Adjusted basic net result per share was 13.0p versus 7.9p in 2020. Statutory loss for the period was £56.7 million, versus a reported £3.9 million (loss) in 2020, after charging under IFRS £72.3 million of combination payments, which were mainly tied to the continued employment of key share-owning principals in combinations. Although such contractual provisions impact the income statement, your Board believes this is a better commercial approach given the professional service nature of our business. Basic and diluted net loss per share were 10.3p, versus 0.8p (loss) in 2020.

Year-end net debt was £18.0 million (2020 net cash: £51.6 million), despite making £96.6 million in cash combination payments and reflecting cash flow from operating activities with 54.1% operating cash flow conversion from EBITDA. In line with our first half statement in September 2021, Operational EBITDA margins improved in the second half from 14.5% in the first half to 20.6% in the second half giving 18.0% for the full year, as the first half increased investment in our people yielded higher productivity in the second half.

Pro-forma billings were £1.4 billion. Pro-forma revenue was £740.2 million and pro-forma gross profit was £609.1 million up 53.8% and 45.7% respectively on 2020. Pro-forma operational EBITDA was £113.0 million, up 16.8% on 2020, with operational EBITDA margin at 18.6%, 4.6 percentage points down on the previous year. Pro-forma adjusted operating profit, excluding adjusting items of £190.2 million, is £106.7 million, up 16.6% on the previous year. Pro-forma adjusted pre-tax profits were £94.4 million versus £87.0 million in the previous year, up 8.6%. Pro-forma adjusted profit for the period was £82.3 million (2020: £64.5 million), up 27.6%.

By geography, on a pro-forma basis, the Americas accounted for 71.3% of gross profit against 74.3% in 2020. Europe, the Middle-East and Africa represented 19.4% of gross profit against 16.6% in 2020. Asia-Pacific represented 9.3% of gross profit against 9.1% in 2020. Pro-forma growth in gross profit/net revenue was up 39.9% in the Americas, 70.8% in Europe, Middle-East and Africa and 47.8% in Asia-Pacific. Our long-term objective has been to achieve a geographic distribution of 40% in the Americas, 20% in Europe, the Middle-East and Africa and 40% in Asia-Pacific, particularly given the likely continuing rise of China and India and despite the recent US/China trade frictions. However, the war in Ukraine, has increased concerns about Taiwan and China and as a result, it is likely that our transition to Asia Pacific will take longer, with a 60:20:20 geographical split being a more realistic objective, at least in the medium term.

By practice, on a pro-forma basis, Content accounted for 67.0% of gross profit/net revenue against 65.5% in 2020. The Data&digital media practice represented 29.6% of gross profit/net revenue against 31.8% in 2020. Technology services, a new practice for us in 2021, accounted for the remaining 3.4%. Pro-forma growth in gross profit/net revenue was up 49.0% at the Content practice and up 36.0% at the Data&digital media practice. Technology services was up 79.3%. Our long-term objective now is to achieve a practice distribution around one-half in Content, one quarter in Data&digital media and one quarter in Technology services.

Environment, Social and Governance strategy

In 2021, the Company continued to raise the bar in all three areas of our ESG strategy. We actively track our CO_2 emissions and perform competitively with a sample of peer companies in the areas of gender and diversity. We have committed to achieving carbon neutrality by 2024, which we have realised in 2021 by offsetting our 2020 emissions in our S^4 forest. We have planted over 265,000 trees and will officially offset our emission for 2021 in 2022 through certified forest preservation projects. These actions are taken in response to the World Economic Forum 2020 Davos Manifesto. We are the first advertising and marketing firm to commit to the Amazon Climate Challenge, which has a longer term objective in relation to zero emissions. We are seeking B Corp status across the whole Company, not for individual offices, by 2023.

In 2021, we strengthened changes in our hiring and educational policies in relation to diversity, equity, and inclusion. We have continued to closely track our numbers and included the option for our people of not declaring gender or race for the first time in 2021. As a result our diversity numbers changed slightly compared to 2020 in the United States - 32% People of Colour and 16% undeclared vs 40% People of Colour and 60% White in 2020. We also increased our Black representation, from 5% to 6.5%, which, though an improvement, still shows significant under-representation of the communities we work in. In California, our percentage is somewhat representative, but nationally, where the proportion is 13% and in New York, where it is 24%, it is not acceptable. We have also hired our second year flight of Fellows (and Fellowesses) for the S^4 Programme, who exclusively come from Historically Black Colleges and Universities in the United States. The Class of 2021 is developing very well and about to start new assignments, some of them international. This is a four-year, multi-practice programme, that will in the future extend recruitment beyond the borders of the United States. We have also started to recruit in US High Schools, starting with two, one public and one charter in New York. With regard to gender diversity, our relative ratio has also improved, with 43% women globally, 13% undeclared and 44% men (compared to 45% women and 55% men in 2020). Our second edition of the S^{4}Women Leadership Programme has just launched. While the inaugural programme was on-line and hosted over 50 global leaders from across the firm, in 2022 the program will run in person, in May, at UC Berkeley, and will feature 30 of our global women leaders. Finally, the most important step we have taken towards keeping diversity efforts front and centre of our everyday practices has been to hire James Nicholas Kinney as our global Chief Diversity Officer. His main task is leading our recruiting efforts, so we can discover and attract the candidates that represent our communities.

Across S^{4}Capital we donated 1,460 hours to Community and Charity services and we continue to contribute to society and the needs of the planet with our Projects for Good, which are all related to the United Nations Sustainable Development Goals and aimed to create positive impact. In 2021 we raised our number of Projects for Good from 41 to 251.

As regards Governance, we continue to try to enhance the capabilities of the Board with the addition of more diverse talent to add to the existing, four female and four male Non-Executive Directors based in the Americas, EMEA and Asia Pacific and will strengthen the Audit Committee given the unacceptable delay in reporting these results.. We continue to review the recommendations of Lord Hill's Report to the UK's Chancellor of the Exchequer that provides a possible pathway to a premium UK listing and the possibilities of a US listing, where market valuations for comparators are higher.

Outlook and current trading

All-in-all, we continued to fire on almost all cylinders in 2021, with like-for-like revenue and gross profit/net revenue up 52.4% and 43.7%, two-year simple stacks for gross profit/net revenue up 63% and three year up over 100%, the one feature we would have liked to improve on being the Operational EBITDA margin, which was impacted by the significant investment required to bed down our growth. Pro-forma revenue and gross profit/net revenue growth were 53.8% and 45.7% and a pro-forma operational EBITDA margin was 18.6%, after central costs. Strong performance is planned to continue into 2022, with budgets and plans targeting strong revenue, gross profit/net revenue growth and improving operational EBITDA margin and the three-year plan for 2022-24 aiming for a doubling of the group organically, excluding combinations and EBITDA margins returning to previous levels. January and February 2022 gross profit/net revenue growth was ahead of guidance. Mary Basterfield, our new Chief Financial Officer, who took over the role at January 3rd 2022, has had an immediate number of challenges to deal with, but has responded strongly, already adding new positions at the S^4 Capital level in the financial control, treasury, risk and governance functions and in the Content practice. More resources will be added across all three practices in short order, so as to try to ensure that delays in producing our figures do not reoccur.

There is no doubt that covid-19 has had a devastating impact on the global economy and society over the last two years. Our people have been put under immense strain, particularly with the illness and loss of family members. We applaud their resilience, hard work and success and thank them for all their efforts. We took the view that we would not make significant reductions in the number of people in the company, nor rely in any significant way on government support or funding. Our Content practice, now representing about two-thirds of our business pivoted very quickly to robotic production and animation and from orchestrating live events to virtual ones. We, therefore, created significant new content revenue streams very quickly, with like-for-like gross profit/net revenue growth of 19.4% in 2020 and 43.7% in 2021, a two year simple growth stack of 63% and three year over 100%, whilst the analogue advertising and marketing services industry struggled to find low single digit two- and three-year simple stack of around 3%. There was steady progression in the Content and Data&digital media practices with gross profit/net revenue organic growth rates relatively even across the year, although Data&digital media had a slightly stronger first half. Technology services made a blockbuster start as it was included for the first time in the fourth quarter.

Overall, it is clear that Covid-19 has accelerated the adoption of digital transformation and digital media at three levels. Firstly, at the consumer level, with consumers buying groceries and essentials on-line, educating their kids on-line, using financial services on-line and gorging on on-line entertainment and gaming. Secondly, media trends have been accelerated, with the streamers like Netflix and Disney+ gaining on free to air tv, traditional newspapers and magazines under greater pressure from digital alternatives and traditional outdoor being increasingly eclipsed by digital outdoor, despite recent gyrations. Finally, enterprise adoption of digital transformation has accelerated, as covid-19 disrupted steady state growth and during that disruption "change agents" have been given more oxygen to implement digital organisational change.

It is also clear that the Company's purely digital model based on first party data (reinforced by the recent privacy policy decisions by Apple and Google) fuelling the creation, production and distribution of digital advertising content and distributed by digital media is increasingly resonating with clients. Our tag line "faster, better, cheaper" or "speed, quality, value" and unitary, one P&L structure also appeal strongly. The imperatives for 2022 continue to be to greater client conversion at scale and achieving our 20^2 objective as rapidly as possible; to integrate our three practices even more effectively; to continue to strengthen our diversity, equity and inclusion and climate change achievements; to continue to broaden and deepen our service capability through further combinations; and finally, of course, to try to ensure we never experience an unacceptable delay in our results again.

Best wishes,

Sir Martin Sorrell
Executive Chairman

About S4Capital

S4Capital plc (SFOR.L) is the tech-led, new age/new era digital advertising and marketing services company, established by Sir Martin Sorrell in May 2018.

Its strategy is to build a purely digital advertising and marketing services business for global, multinational, regional, local clients and millennial-driven influencer brands. This will be achieved by integrating leading businesses in three practice areas: Content, Data&digital media and Technology services, along with an emphasis on "faster, better, cheaper" executions in an always-on consumer-led environment, with a unitary structure.

Digital is by far the fastest-growing segment of the advertising market. S4Capital estimates that in 2021 digital accounted for over 60% (for the first time) or $400-450 billion of total global advertising spend of $680-700 billion (excluding over $500 billion of trade promotion marketing, the primary target of the Amazon advertising platform) and projects that by 2025 total global advertising spend will expand to $975 billion and digital's share will grow to approximately 70%, accelerated by the impact of covid-19. In fact 97% of the projected growth in Advertising spend between 2021 and 2025 will come from Digital. Global spend on Digital Transformation (the primary addressable market for Technology Services) is growing at 21% CAGR and projected to be $879bn by 2025.

In 2018, S4Capital combined with MediaMonks, the leading AdAge A-listed creative digital content production company led by Victor Knaap and Wesley ter Haar, and then with MightyHive, the market-leading digital media solutions provider for future thinking marketers and agencies, led by Peter Kim and Christopher S. Martin.

Since then, MediaMonks and MightyHive combined with more than 25 companies across Content, Data&digital media and Technology services. For a full list, please see the S4Capital website.

In August 2021, S4Capital launched its unitary brand by merging MediaMonks and MightyHive into Media.Monks, represented by a dynamic logo mark that features MightyHive's iconic hexagon. As the operational brand, Media.Monks underpins S4Capital's agility, digital knowledge and efficiency and is the next step in delivering on its foundational promise to unify Content, Data&digital media and Technology services.

Victor Knaap, Wesley ter Haar, Pete Kim, Christopher Martin, Mary Basterfield and Scott Spirit all joined the S4Capital Board as Executive Directors. The S4Capital Board also includes Rupert Faure Walker, Paul Roy, Daniel Pinto, Sue Prevezer, Elizabeth Buchanan, Naoko Okumoto, Margaret Ma Connolly, Miles Young and Peter Rademaker.

The Company now has over 8,400 people in 33 countries across the Americas, Europe, the Middle East and Africa and Asia-Pacific and a current market capitalisation of approximately £1.8 billion (c.$2 billion) and would rank in the FTSE 200. It achieved Unicorn status in a little over one year, unique in the advertising and marketing services industry. Sir Martin was 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 with a market capitalisation of over £16 billion on the day he left. Today its market capitalisation is £11 billion, dropping into third place behind both Omnicom and Publicis for the first time ever. Prior to that Sir Martin was Group Financial Director of Saatchi & Saatchi Company Plc for nine years.

Unaudited consolidated statement of profit or loss

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Revenue	6	686,601	342,687
Cost of sales		126,338	47,505
Gross profit	6	560,263	295,182
Personnel costs		412,537	205,135
Other operating expenses		49,829	30,561
Acquisition and set-up related expenses		83,496	14,338
Depreciation and amortisation		56,456	37,015
Total operating expenses		602,318	287,049
Operating (loss) / profit		(42,055)	8,133
Adjusted operating profit		94,808	57,950
Adjusting items	7	(136,863)	(49,817)
Operating (loss) / profit		(42,055)	8,133
Finance income		1,032	698
Finance expenses		(13,283)	(5,735)
Net finance expenses		(12,251)	(5,037)
Loss on the net monetary position		(1,344)	-
(Loss) / profit before income tax		(55,650)	3,096
Income tax expense	8	(1,065)	(7,025)
Loss for the year		(56,715)	(3,929)
Attributable to owners of the Company		(56,715)	(3,929)
Attributable to non-controlling interests		-	-
		(56,715)	(3,929)
Loss per share is attributable to the ordinary equity holders of the Company			
Loss per share (pence)	9	(10.3)	(0.8)
Diluted loss per share (pence)	9	(10.3)	(0.8)

Unaudited consolidated statement of comprehensive income

For the year ended 31 December 2021

	2021 £'000	2020 £'000
Loss for the year	**(56,715)**	(3,929)
Other comprehensive (loss) / income		
Items that may be reclassified to profit or loss		
Foreign operations – foreign currency translation differences	**(6,358)**	2,905
Total other comprehensive (loss) / income	**(6,358)**	2,905
Total comprehensive loss for the year	**(63,073)**	(1,024)
Attributable to owners of the Company	**(63,073)**	(1,024)
Attributable to non-controlling interests	-	-
	(63,073)	(1,024)

Unaudited consolidated balance sheet

as at 31 December 2021

	Notes	2021 £'000	2020 Restated [1] £'000
Assets			
Non-current assets			
Intangible assets	10	**980,915**	801,066
Right-of-use assets		**36,608**	26,830
Property, plant and equipment		**21,548**	14,537
Deferred tax assets		**6,526**	2,068
Other receivables		**3,185**	2,125
		1,048,782	846,626
Current assets			
Trade and other receivables		**335,498**	181,708
Cash and cash equivalents		**301,021**	142,052
		636,519	323,760
Total assets		**1,685,301**	1,170,386
Liabilities			
Non-current liabilities			
Deferred tax liabilities		**68,478**	59,794
Loans and borrowings	11	**308,571**	44,819
Lease liabilities		**31,423**	20,860
Contingent consideration		**31,749**	32,593
Other payables		**2,845**	1,941
		443,066	160,007
Current liabilities			
Trade and other payables		**324,059**	191,069
Contingent consideration and holdback		**86,370**	37,330
Loans and borrowings	11	**2,523**	45,623
Lease liabilities		**10,545**	8,100
Tax liabilities		**17,500**	12,480
		440,997	294,602
Total liabilities		**884,063**	454,609
Net assets		**801,238**	715,777
Equity			
Share capital		**138,827**	135,516
Reserves		**662,311**	580,161
Attributable to owners of the Company		**801,138**	715,677
Non-controlling interests		**100**	100
Total equity		**801,238**	715,777

[1] Restated for the initial accounting for the business combinations of Decoded, Metric Theory, Orca Pacific and BrightBlue as required by IFRS 3. Details are disclosed in Note 10.

Company's registered number: 10476913

Unaudited consolidated statement of cash flows

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operations	12	**68,496**	72,428
Income taxes paid		**(13,874)**	(10,758)
Net cash flows from operating activities		**54,622**	**61,670**
Cash flows from investing activities			
Investments in intangible assets	10	**(3,458)**	(34)
Investments in property, plant and equipment		**(11,119)**	(7,396)
Acquisition of subsidiaries, net of cash acquired		**(86,604)**	(124,155)
Tax paid as a result of acquisition		**(5,116)**	-
Financial fixed assets		**(323)**	871
Cash flows from investing activities		**(106,620)**	**(130,714)**
Cash flows from financing activities			
Proceeds from issuance of shares		**1,143**	113,386
Additional borrowings during the year	11	**342,994**	45,622
Payment of lease liabilities		**(10,903)**	(12,175)
Repayments of loans and borrowings	11	**(110,895)**	-
Transaction costs paid on borrowings	11	**(8,379)**	(244)
Interest paid	11	**(5,530)**	(742)
Cash flows from financing activities		**208,430**	**145,847**
Net movement in cash and cash equivalents		**156,432**	**76,803**
Cash and cash equivalents beginning of the year		**142,052**	66,106
Exchange gain / (loss) on cash and cash equivalents		**638**	(857)
Cash and cash equivalents at 31 December		**299,122**[1]	**142,052**

[1] Including bank overdrafts of £1.9 million.

Unaudited consolidated statement of changes in equity

For the year ended 31 December 2021

Equity	*Number of shares*	Share capital £'000	Share premium £'000	Merger reserves £'000	Other reserves[2] £'000	Foreign exchange reserves £'000	Accumulated losses £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1 January 2020	***469,227,259***	**117,307**	**174,302**	**205,717**	**(1,160)**	**(18,750)**	**(11,215)**	**466,201**	**100**	**466,301**
Comprehensive loss for the year										
Loss for the year	-	-	-	-	-	-	(3,929)	(3,929)	-	(3,929)
Foreign currency translation differences	-	-	-	-	-	2,905	-	2,905	-	2,905
Total comprehensive loss for the year		-	-	-	-	2,905	(3,929)	(1,024)		(1,024)
Transactions with owners of the Company										
Issue of Ordinary Shares	*36,766,642*	9,192	103,995	-	-	-	-	113,187	-	113,187
Business combinations	*34,744,022*	8,686	84,564		28,655			121,905		121,905
Employee share schemes	*1,327,535*	331	1,334	-	(454)	-	11,963	13,174	-	13,174
Balance as previously reported	***542,065,458***	**135,516**	**364,195**	**205,717**	**27,041**	**(15,845)**	**(3,181)**	**713,443**	**100**	**713,543**
Restatement[1]	**-**	**-**	**-**	**-**	**2,234**	**-**	**-**	**2,234**		**2,234**
Balance as at 31 December 2020	***542,065,458***	**135,516**	**364,195**	**205,717**	**29,275**	**(15,845)**	**(3,181)**	**715,677**	**100**	**715,777**
Comprehensive loss for the year										
Loss for the year	-	-	-	-	-		(56,715)	(56,715)	-	(56,715)
Foreign currency translation differences	-	-	-	-	-	(6,358)	-	(6,358)	-	(6,358)
Hyperinflation revaluation	-	-	-	-	1,633	-	-	1,633	-	1,633
Total comprehensive loss for the year	-	-	-	-	1,633	(6,358)	(56,715)	(61,440)	-	(61,440)
Transactions with owners of the Company										
Issue of Ordinary Shares	-	-	-	-	-	-	-	-	-	-
Business combinations	*13,242,114*	3,311	82,715	-	45,856	-	-	131,882	-	131,882
Employee share schemes	-	-	-	-	(110)	-	15,129	15,019	-	15,019
Balance at 31 December 2021	***555,307,572***	**138,827**	**446,910**	**205,717**	**76,654**	**(22,203)**	**(44,767)**	**801,138**	**100**	**801,238**

Notes:

1. Restated deferred equity consideration for the business combination of Decoded as required by IFRS 3. Details are disclosed in Note 10.
2. Other reserves include the deferred equity consideration of £77.0 million, made up of the following: Decoded for £47.9 million, Raccoon for £16.8 million, Cashmere for £6.9 million and Zemoga £5.4 million (2020: £28.9 million), the treasury shares issued in the name of S[4]Capital Group to an employee benefit trust for the amount of £2.5 million (2020: £ 3.8 million), and hyperinflation impact in Argentina of £1.6m (2020: nil).

Notes to the unaudited consolidated financial statements

For the year ended 31 December 2021

1. General information

S^{4}Capital Plc ('S^{4}Capital 'or 'Company') is a public limited company incorporated on 14 November 2016 in the United Kingdom. The Company has its registered office at 12 St James's Place, London, SW1A 1NX, United Kingdom.

The unaudited consolidated financial statements represent the results of the Company and its subsidiaries (together referred to as 'S^{4}Capital Group 'or the 'Group'). An overview of the subsidiaries is provided in note 14 on page 128 of the Annual Report and Accounts 2020 and note 4 for the combinations made during the year.

S^{4}Capital Group is a new age/new era digital advertising and marketing services company.

2. Basis of preparation

A. Statement of compliance

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. S4 Capital transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The financial statements of S^{4}Capital 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.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2021. The statutory accounts for 2021 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies in due course. The unaudited financial information is prepared under the historical cost basis, unless stated otherwise in the accounting policies.

B. Functional and presentation currency

The unaudited consolidated financial statements are presented in Pound Sterling (£ or GBP), the Company's functional currency. All financial information in Pound Sterling has been rounded to the nearest thousand unless otherwise indicated.

3. Significant accounting policies

The unaudited consolidated financial statements have been prepared on a consistent basis with the accounting policies of the Group which were set out on pages 105 to 114 of the Annual Report and Accounts 2020. No changes have been made to the Group's accounting policies in the year ended 31 December 2021.

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December reporting periods and have not yet been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. Amendments to IFRS effective in the year do not have a material effect on the Group's financial statements.

4. Critical accounting estimates and judgements

The critical accounting estimates and judgments will be included in the Annual Report and Accounts 2021. These are consistent with those described in the Annual Report and Accounts 2020, which were set out on pages 106 and 107, with the addition of revenue recognition for fixed fee contracts where revenue is recognised over time.

5. Statutory information

The unaudited consolidated financial statements for the year ended 31 December 2021 and the financial information for the year ended 31 December 2021 do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2020 have been delivered to the Registrar of Companies and received an unqualified auditors' report, did not include a reference to any matters to which the auditors drew attention by way of an emphasis of matter and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

6. Operating segments

A. Revenue from operations

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Services	686,601	342,687
Total	**686,601**	**342,687**

B. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Board of Directors of S[4]Capital Group.

During the year, S[4]Capital Group has been active in three segments.

// Content Practice: 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: this technology and services practice encompasses full-service campaign management analytics, creative production and ad serving, platform and systems integration and transition and 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, FMCG and media & entertainment. Any intersegment transactions are based on commercial terms.

The Board of Directors monitor the results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment prior to charges for tax, depreciation and amortisation.

Operating segment information under the primary reporting format is disclosed below:

2021	Content Practice £'000	Data & Digital media £'000	Technology Services £'000	Total £'000
Gross profit	**385,552**	**167,079**	**7,632**	**560,263**
Segment profit[1]	**52,286**	**55,024**	**3,087**	**110,397**
Overhead costs				**(9,410)**
Adjusted non-recurring and acquisition related expenses				**(97,372)**
Depreciation[2] and amortisation				**(45,670)**
Net finance expenses and loss on net monetary position				**(13,595)**
Loss before income tax				**(55,650)**

[1] Including £ 10.8 million depreciation on right-of-use assets
[2] Excluding £ 10.8 million depreciation on right-of-use assets

2020	Content £'000	Data & Digital media £'000	Total £'000
Gross profit	220,497	74,685	295,182
Segment profit[1]	46,687	21,603	68,290
Overhead costs			(6,112)
Adjusted non-recurring and acquisition related expenses			(26,669)
Depreciation[2] and amortisation			(27,376)
Net finance expenses			(5,037)
Profit before income tax			3,096

[1] Including £ 9.6 million depreciation on right-of-use assets
[2] Excluding £ 9.6 million depreciation on right-of-use assets

The Board of S[4]Capital Group use gross profit rather than revenue to manage the Company due to the fluctuating amounts of third-party costs and/or pass-through expenses, which form part of revenue. The revenue amounted to £686.6 million, 75% from Content Practice, 24% from Data & Digital media and 1% from Technology Services. In 2020 the revenue amounted to £342.7 million, 78% from Content Practice and 22% from Data & Digital media.

No analysis of the assets and liabilities of each operating segment is provided to the chief operating decision maker ("CODM") in the monthly management accounts; therefore, no measure of segmental assets or liabilities is disclosed in this Note.

7. Adjusted items

S[4]Capital Group uses certain adjusted earnings measures to provide additional clarity about the performance of the business. Therefore, the operating profit in the condensed consolidated income statement is also adjusted for the following items, which comprise:

// Acquisition and set-up related expenses are not considered part of underlying trading and are adjusted to an allow a clearer understanding of the underlying performance of the Group.
// Amortisation of certain fair value adjustments recorded in respect of finite-life intangible assets recognised in the purchase price allocation of the acquisitions.
// Share based compensation.

The adjusting items amount to £136.9 million for the financial year ended 31 December 2021 (for the financial year ended 31 December 2020: £49.8 million). The tables below provide a reconciliation of the Group's reported statutory earnings measures to its adjusted measures.

January to December 2021	Reported £'000	Amortisation[1] £'000	Acquisition and set-up related expenses[2] £'000	Share based compensation £'000	Adjusted £'000
Operating (loss) / profit	**(42,055)**	**39,491**	**83,496**	**13,876**	**94,808**
Net finance expenses and loss on net monetary position	(13,595)	-	-	-	(13,595)
(Loss) / profit before income tax	**(55,650)**	**39,491**	**83,496**	**13,876**	**81,213**
Income tax expense	(1,065)	(6,941)	(1,426)	-	(9,432)
(Loss) / profit for the year	**(56,715)**	**32,550**	**82,070**	**13,876**	**71,781**

[1] Amortisation relates to the amortisation of intangible assets recognised as a result of the acquisitions.
[2] Acquisition and set-up related expenses relate to acquisition related advisory fees of £10.5 million, bonuses of £0.8 million, contingent consideration as remuneration of £70.5 million (out of which £10.0 million is cash) and remeasurement loss on contingent considerations of £1.7 million.

January to December 2020	Reported £'000	Amortisation[1] £'000	Acquisition and set-up related expenses[2] £'000	Share based compensation £'000	Adjusted £'000
Operating profit	**8,133**	**23,148**	**14,338**	**12,331**	**57,950**
Net finance expenses	(5,037)	-	-	-	(5,037)
Profit before income tax	**3,096**	**23,148**	**14,338**	**12,331**	**52,913**
Income tax credit / (expense)	(7,025)	(5,758)	(1,238)	-	(14,021)
(Loss) / profit for the year	**(3,929)**	**17,390**	**13,100**	**12,331**	**38,892**

[1] Amortisation relates to the amortisation of intangible assets recognised as a result of the acquisitions.
[2] Acquisition and set-up related expenses relate to acquisition related bonuses of £2.2 million, transaction related advisory fees of £13.6 million and a remeasurement gain on contingent consideration of £1.5 million.

8. Income tax expense

The corporate income tax charge comprises the following:

	2021 £'000	2020 £'000
Current tax for the year	(12,638)	(12,970)
Adjustments for current tax of prior years	620	(203)
Total current tax	(12,018)	(13,173)
Movement in deferred tax liabilities	6,594	5,699
Movement in deferred tax assets	4,359	449
Income tax expense in profit or loss	**(1,065)**	**(7,025)**

	2021 £'000	2020 £'000
Income (Loss) before income taxes	(55,650)	3,098
Tax credit at the UK rate of 19% (2020:19%)	10,574	(589)
Tax effect of amounts which are non-deductible (taxable)	(12,840)	(4,245)
Differences in overseas tax rates	581	(1,988)
Adjustment for current taxes of prior years	620	(203)
Income tax expense in profit or loss	**(1,065)**	**(7,025)**

9. Earnings per share

	2021	2020
Loss attributable to shareowners of the Company (£'000)	(56,715)	(3,929)
Weighted average number of ordinary shares	551,752,618	493,290,974
Basic loss per share (pence)	**(10.3)**	**(0.8)**
Diluted loss per share (pence)	**(10.3)**	**(0.8)**

Earnings per share is calculated by dividing the net result attributable to the shareowners of the S^{4}Capital Group by the weighted average number of Ordinary Shares in issue during the year.

10. Intangible assets

	Goodwill £'000	Customer relationships £'000	Brands £'000	Order Backlog £'000	Other £'000	Total £'000
Net book value at 1 January 2020	**328,836**	**192,108**	**13,981**	**-**	**5,204**	**540,129**
Acquired through business combinations	228,376	39,379	1,059	3,065	2,269	274,148
Addition	-	-	-	-	34	34
Reclassifications	(2,793)	2,298	211	-	-	(284)
Amortisation charge for the year	-	(17,747)	(1,866)	(1,919)	(1,616)	(23,148)
Foreign exchange differences	5,503	2,303	294	56	94	8,250
Total transactions during the year	**231,086**	**26,233**	**(302)**	**1,202**	**781**	**259,000**
Cost	559,922	250,583	16,799	8,805	8,745	844,854
Accumulated amortisation	-	(32,243)	(3,121)	(7,604)	(2,757)	(45,725)
Net book value at 31 December 2020 as previously reported	**559,922**	**218,340**	**13,678**	**1,201**	**5,988**	**799,129**
Restatement[1]	(61,809)	56,537	1,758	2,989	2,462	1,937
Net book value at 31 December 2020	**498,113**	**274,877**	**15,436**	**4,190**	**8,450**	**801,066**

Acquired through business combinations	134,975	86,552	2,804	3,547	829	228,707
Addition	-	-	-	-	3,458	3,458
Amortisation charge for the year	-	(26,762)	(3,312)	(6,380)	(3,037)	(39,491)
Foreign exchange differences	(8,462)	(3,790)	(431)	(28)	(114)	(12,825)
Total transactions during the year	**126,513**	**56,000**	**(939)**	**(2,861)**	**1,136**	**179,849**
Cost	624,626	389,040	20,883	14,987	15,203	1,064,739
Accumulated amortisation	-	(58,163)	(6,386)	(13,658)	(5,617)	(83,824)
Net book value at 31 December 2021	**624,626**	**330,877**	**14,497**	**1,329**	**9,586**	**980,915**

[1] Restated for the initial accounting for the business combinations of Decoded, and Metric Theory (completed and control passed on 31 December 2020) as required by IFRS 3.

A. Acquistions 2021

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill of the subsidiaries acquired in the financial year 2021 are as follows:

	Jam3 £'000	Raccoon £'000	Cashmere £'000	Zemoga £'000	Others £'000	Total £'000
Intangible assets - Customer relationships	20,713	14,907	17,703	26,053	7,176	86,552
Intangible assets - Brand names	573	553	535	638	505	2,804
Intangible assets - Order Backlog	1,243	-	466	1,252	586	3,547
Intangible assets - Software	661	168	-	-	-	829
Property, plant and equipment and ROU assets	832	1,175	2,670	954	3,218	8,849
Cash and cash equivalents	3,233	546	8,611	1,393	2,056	15,839
Trade and other receivables	4,513	3,719	2,885	4,874	4,927	20,918
Other non-current assets	38	9	145	369	142	703
Trade and other payables	(3,871)	(695)	(8,629)	(4,003)	(4,699)	(21,897)
Current taxation	(6,550)	(865)	(322)	(37)	(665)	(8,439)
Lease liabilities	(461)	(684)	(2,697)	(125)	(2,387)	(6,354)
Other non-current liabilities	-	(25)	-	(792)	(1,471)	(2,288)
Deferred taxation	(1,178)	-	(5,237)	(7,790)	(2,132)	(16,337)
Net assets	19,746	18,808	16,130	22,786	7,256	84,726
Goodwill	18,564	14,955	29,308	41,069	31,079	134,975
Total purchase consideration	**38,310**	**33,763**	**45,438**	**63,855**	**38,335**	**219,701**
Payment in kind (common stock)	16,176	-	16,647	12,509	10,904	56,236
Cash	10,785	16,862	19,843	16,216	13,498	77,204
Deferred consideration	-	16,834	6,156	5,454	-	28,444
Contingent consideration	11,349	67	2,792	29,676	13,933	57,817
Total purchase consideration	**38,310**	**33,763**	**45,438**	**63,855**	**38,335**	**219,701**
Cash purchase consideration	10,785	16,862	19,843	16,216	13,498	77,204
Cash and cash equivalents	3,233	546	8,611	1,393	2,056	15,839
Cash outflow on acquisition (net of cash acquired)	**7,552**	**16,316**	**11,232**	**14,823**	**11,442**	**61,365**

With all business combinations 100% of the voting equity interest has been acquired. In 2021, S4Capital Group combined with the following businesses:

Content Practice

Jam3

On 25 March 2021, S4Capital plc announced (completed and control passed on 4 May 2021) the combination of MediaMonks with Jam3, a Toronto-based design and experience agency, for a total consideration of £38.3 million. Since the acquisition date, Jam3 contributed £19.9 million to the Group's revenue and £2.7 million of profit for the year ended 31 December 2021.

Cashmere

On 3 September 2021, S4Capital plc announced (completed and control passed on 3 September 2021) the combination of Media.Monks with Cashmere, an iconic and creative marketing agency based in Los Angeles, for a total consideration of £45.4 million. Since the acquisition date, Cashmere contributed £13.5 million to the Group's revenue and £0.9 million of profit for the year ended 31 December 2021. Once the opening balance sheet is finalized the purchase price allocation can be concluded and therefore the calculated goodwill is provisional. During the measurement period in 2022, S4Capital plc will obtain the information necessary to identify and measure the assets and liabilities and retrospectively adjust the provisional amounts recognised at the acquisition date.

Other Content Practice

Other combinations in 2021 of the Group's Content Practice are:

// On 11 January 2021, S[4]Capital plc announced the combination with Tomorrow, an award-winning Shanghai-based creative agency.

// On 20 January 2021, S[4]Capital Plc announced the combination with Staud Studios, a German high-end creative production studio specializing in the automotive industry.

// On 15 November 2021, S[4]Capital Plc announced the combination with Miyagi, a leading creative content marketing agency, integrating strategy, creativity and production, further expending its content practice into Italy Europe.

The total consideration for the above three transactions all due to contingent are expected to be approximately £20.2 million. These acquisitions contributed £11 million revenue and £1.9 million profit.

Data & digital media practice

Raccoon

On 26 May 2021, S[4]Capital plc announced (completed and control passed on 26 May 2021) the combination of its Data & digital media practice with Raccoon Group, a leading digital performance agency in Brazil, for total consideration of £33.8 million. Since the acquisition date, Raccoon Group contributed £11.8 million to the Group's revenue and £4.3 million of profit for the year ended 31 December 2021. Once the opening balance sheet is finalized the purchase price allocation can be concluded and therefore the calculated goodwill is provisional. During the measurement period in 2022, S[4]Capital Group will obtain the information necessary to identify and measure the assets and liabilities and retrospectively adjust the provisional amounts recognised at the acquisition date.

Other Data & digital media practice

Other combinations in 2021 of the Group's Data & digital media practice are:

// On 1 February 2021, S[4]Capital Plc announced that MightyHive has acquired the assets of Datalicious, a leading Google Marketing Platform, Google Cloud and Google Analytics partner in Asia Pacific.

// On 29 July 2021, S[4]Capital Plc announced the combination with Salesforce specialist Destined expanding its data and digital media practice in Asia Pacific.

// On 1 December 2021, S[4]Capital Plc announced the combination with Maverick Digital, a leader in digital transformation strategy, Salesforce platform implementation, integration strategy & execution and managed services.

The total consideration for the above three transactions is expected to be approximately £18.1 million. These acquisitions contributed £2.7 million revenue and £0.1 million profit.

Technology services practice

Zemoga

On 17 September 2021, S[4]Capital plc announced (completed and control passed on 15 September 2021) the combination of Media.Monks with Zemoga, a US-based leading digital transformation services firm specialising in providing product design, engineering and delivery services to enterprise clients across multiple verticals, for a total consideration of £63.9 million. Since the acquisition date, Zemoga contributed £7.8 million to the Group's revenue and £2.4 million of profit for the year ended 31 December 2021. Once the opening balance sheet is finalized the purchase price allocation can be concluded and therefore the calculated goodwill is provisional. During the measurement period in 2022, S4Capital Group will obtain the information necessary to identify and measure the assets and liabilities and retrospectively adjust the provisional amounts recognised at the acquisition date.

Goodwill and other disclosures

The goodwill represents the potential growth opportunities and synergy effects from the acquisitions. The goodwill is not deductible for tax purposes. Trade receivables, net of expected credit losses, acquired are considered to be fair value and are expected to be collectable in full. The gross contractual amounts receivable of the acquired companies at the acquisition date are £14.7 million and the best estimate at the acquisition date of the contractual cash flows not expected to be collected is £0.4 million. At the end of the reporting period the purchase price allocations for Tomorrow, Staud, Jam3, Raccoon, Destined, Cashmere, Zemoga, Miyagi and Maverick have not been fully finalised and therefore the assets and liabilities remain provisional. During the remaining measurement period in 2022, S[4]Capital Group will obtain the information necessary to identify and measure the assets and liabilities and retrospectively adjust the provisional amounts recognized at the acquisition date.

Contingent consideration arising from business combinations is fair valued, with key inputs including the probability of success of the combinations achieving target, consideration of potential delays and the expected levels of future revenues. The contingent consideration is contingent on the acquired companies achieving their 2021 results and, in some cases their 2022 and 2023 results, as forecasted upon acquiring the subsidiary. The contingent considerations are included for the maximum amount of the consideration expected to be paid which is in line with management's estimate of expected pay-out. Contingent consideration classified as a liability is subject to remeasurement at each reporting date until its ultimate settlement date. Deferred considerations are commonly expected to be paid on the second-year anniversary of the acquisition date. Holdbacks as part of the purchase consideration are generally held in escrow accounts and are expected to be released within two years of the acquisition date. Any change in the fair value of the liability due to events that occur after the acquisition date would be recognized in the profit or loss. The contingent consideration and holdback liabilities of £118.1 million as at 31 Dec 2021 includes £67.9 million of employment linked consideration and £16.8 million of holdbacks. During 2021, an amount of £25.2 million of contingent consideration and holdback have been paid.

The total acquisition costs of £8.1 million (2020: £10.8 million) have been recognised under acquisition and set-up related expenses in the statement of profit or loss.

Since the acquisition date, the acquired companies contributed £66.7 million (Jam3 £19.9 million, Raccoon £11.8 million, Cashmere £13.5 million, Zemoga £7.8 million and the others £13.7 million) to the Group's revenue and £12.3 million (Jam3 £2.7 million, Raccoon £4.3 million, Cashmere £0.9 million, Zemoga £2.4 million and the others £2.0 million) into the Group's profit for the year ended 31 December 2021.

If the acquisitions had occurred on 1 January 2021, the Group's revenue would have been £740.2 million and the Group's loss for the year would have been £98.1 million.

B. Restatements

As stated on page 116 of the Group's 2020 annual report and accounts, the initial accounting for the business combinations of Decoded, Metric Theory, BrightBlue and Orca Pacific, acquired as of 31 December 2020, was incomplete by the end of the reporting period ending 31 December 2020. At the end of the reporting period, the identifiable intangibles acquired were not identified, were consequently not measured and were therefore not deducted from goodwill as at 31 December 2020.

During the reporting period ended 31 December 2021, S^4Capital Group has obtained the information necessary to identify and measure the identifiable intangible assets for the business combinations of Decoded Advertising, Metric Theory, BrightBlue and Orca Pacific and has adjusted its intangible assets, deferred tax liabilities and reserves as of 31 December 2020, as required by IFRS 3, as follows:

Restatement Note	31 Dec 20 £'000	Adjustment £'000	31 Dec 20 restated £'000
Intangible assets – Customer relationships	39,379	56,537	95,916
Intangible assets – Brand names	1,059	1,758	2,817
Intangible assets – Order backlog	3,065	2,989	6,054
Intangible assets – Software	2,269	2,462	4,731
Property, plant and equipment, ROU assets	2,453	5,175	7,628
Financial fixed assets	267	-	267
Cash and cash equivalents	19,814	-	19,814
Trade and other receivables	38,160	317	38,477
Trade and other payables	(40,026)	56	(39,970)
Current taxation	(418)		(418)
Lease liabilities	(674)	(5,971)	(6,645)
Other non-current liabilities	(1,937)		(1,937)
Deferred taxation	(11,664)	2,306	(9,358)
Net assets	51,747	65,629	117,376
Goodwill	228,376	(61,807)	166,569
Total purchase consideration	**280,123**	**3,822**	**283,945**
Payment in kind (common stock)	73,671	(2,234)	71,437
Cash	123,442	-	123,442
Deferred consideration	35,111	-	35,111

Contingent consideration	47,899	(1,588)	46,311
			-
Total purchase consideration	**280,123**	**(3,822)**	**276,301**
Purchase consideration – cash	123,442	-	123,442
Cash and cash equivalents	19,814	-	19,814
Cash outflow on acquisition (net of cash acquired)	**103,628**	**-**	**103,628**

11. Loans and borrowings

Loans and borrowings	**Bank loans** £'000	**Senior secured term loan B (TLB)** £'000	**Transaction costs** £'000	**Loan interest**	**Total** £'000
Balance at 1 January 2020	**43,215**	**-**	**(841)**	**-**	**42.374**
Additions	45,623	-	(244)	-	45,379
Acquired through business combinations	1,958	-	-	-	1,958
Repayments	-	-	-	-	-
Charged to profit-or-loss	-	-	286	-	286
Exchange rate differences	489	-	(45)	-	444
Total transactions during the year	**48,070**	**-**	**(3)**	**-**	**48,067**
Principal amount	93,083	-	(1,442)	-	91,641
Accumulated repayments	(1,798)	-	-	-	(1,798)
Accumulated charges to profit or loss	-	-	598	-	598
Balance at 31 December 2020	**91,285**	**-**	**(844)**	**-**	**90,441**
Additions	24,632	318,938	(8,379)	-	335,191
Acquired through business combinations	2,760	-	-	-	2,760
Waived loans	(1,592)	-	-	-	(1,592)
Repayments	(110,895)	-	-	(5,530)	(116,425)
Charged to profit-or-loss	-	-	1,283	6,169	7,452
Exchange rate differences	(2,864)	(3,833)	(21)	(15)	(6,733)
Total transactions during the year	**(87,959)**	**315,105**	**(7,117)**	**624**	**220,653**
Principal amount	117,308	315,105	(9,789)	-	422,624
Accumulated repayments	(112,390)	-	-	(5,488)	(117,878)
Accumulated charges to profit-or-loss	(1,592)	-	1,828	6,112	6,348
Balance at 31 December 2021	**3,326**	**315,105**	**(7,961)**	**624**	**311,094**
Repayment obligations coming year	1,899	-	-	624	2,523
Long-term balance as at 31 December 2021	**1,427**	**315,105**	**(7,961)**	**-**	**308,571**

A. New facility agreement

On 6 August 2021, S^4 Capital Group signed a new facility agreement, consisting of a Term Loan B (TLB) of EUR 375 million and a multicurrency Revolving Credit Facility (RCF) of £100 million. During 2021 the RCF remained fully undrawn. The interest on the facilities is the aggregate of the variable interest rate (EURIBOR, LIBOR or, in relation to any loan in GBP, SONIA) and a margin based on leverage (between 2.25% and 3.75%). 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 carried interest rate of the outstanding loans amounts 2.96% (2020: 1.42%) The average effective interest rate for the outstanding loans is 2.93% (2020: 1.38%) and during the period interest expense of £ 6.2 million was recognised on a monthly basis.

B. Prepayment of previous facilities

On 9 August 2021, S^4 Capital Group has prepaid its previous facilities, consisting of a EUR 25.0 million term loan, USD 28.9 million term loan, a multicurrency Revolving Credit Facility (RCF) of EUR 35 million, which was fully drawn at the end of the prior reporting period, and a multicurrency Revolving Credit Facility (RCF) of EUR 43.5 million, which was fully drawn at the end of the prior reporting period. The repayments of these facilities amounted to £110.6 million. The capitalized transactions costs for these repaid facilities, which amounted £1.0 million on 9 August 2021 were charged to profit-or-loss.

The new facility agreement imposes certain covenants on the Group. The loan agreement states that (subject to certain exceptions) S^4 Capital Group will not provide any other security over its assets and receivables and will ensure that the net debt will not exceed 4.50:1 of the proforma 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.

During the year S^4 Capital Group complied with the covenants set in the loan agreement.

12. Cashflow from operations

		2021		2020
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
(Loss)/ profit before income tax		(55,650)		3,096
Financial income and expenses		12,251		5,038
Depreciation and amortisation		56,456		37,015
Share based compensation		13,876		12,331
Acquisition and set-up related expenses	83,496		14,338	
Contingent consideration paid[1]	(9,985)		-	
		73,511		14,338
Loss on the net monetary position		1,344		-
Increase in trade and other receivables		(131,662)		(29,282)
Increase in trade and other payables		98,370		29,892
Cash flows from operations		**68,496**		**72,428**

[1] Contingent consideration tied to employment is deemed remuneration expenses according to IFRS 3.

13. Events occurring after the reporting period

On 12 January 2022, S^{4}Capital plc announced that 4 Mile Analytics, a California-based full-service data consultancy specializing in custom data experience powered by the Looker platform, combined with Media.Monks. The combination significantly expands Media.Monks' capabilities of its Data&Digital media practice. The merger augments its global analytics capabilities and expands its client base. 4 Mile Analytics is a leader in data analytics, data engineering, data governance, software engineering, UX design and project & product management.