



RNS Number : 7974E  
S4 Capital PLC  
19 September 2024

## S<sup>4</sup>Capital plc

("S<sup>4</sup>Capital" or "the Company" or "the Group")

### Interim Results for 2024

**Like for like full year profit targets unchanged with net revenue down on the prior year and previous indications, a broadly similar overall level of operational EBITDA<sup>5,9</sup> as 2023 reflecting both significant cost reductions and second half weighting**

**Net revenue<sup>2</sup> reduction of 15.6%, 13.5% like-for-like<sup>3</sup>**

**Operational EBITDA<sup>5</sup> £30.1 million, as expected, down 17.5% on a reported basis, down 8.2% like-for-like**

**Net debt<sup>7</sup> at £182.9 million, reflecting first share buy-back and combination payments as planned, together with improved free cashflow**

### Major new AI-driven client account win

<i>£ millions</i>	<b>six months ended 30 June 2024</b>	six months ended 30 June 2023 Restated <sup>8</sup>	change Reported	change Like-for-like <sup>3</sup>	change Pro-forma <sup>4</sup>
Billings <sup>1</sup>	908.9	925.4	(1.8%)	0.8%	0.8%
Revenue	422.5	517.1	(18.3%)	(16.2%)	(16.2%)
Net revenue <sup>2</sup>	376.1	445.5	(15.6%)	(13.5%)	(13.5%)
Operational EBITDA <sup>5</sup>	30.1	36.5	(17.5%)	(8.2%)	(8.2%)
Operational EBITDA margin <sup>5</sup>	8.0%	8.2%	(20bps)	50bps	50bps
Adjusted operating profit <sup>6</sup>	24.8	30.6	(19.0%)		
Adjusting items <sup>6</sup>	(28.5)	(37.0)	23.0%		
Operating loss	(3.7)	(6.4)	42.2%		
Loss for period	(13.7)	(21.8)	37.2%		

Basic loss per share ( <i>pence</i> )	(2.0)	(3.5)	1.5
Adjusted basic earnings per share <sup>6</sup> ( <i>pence</i> )	1.2	1.3	(0.1)
Number of Monks	7,553	8,551	(11.7%)
Net debt <sup>7</sup>	(182.9)	(109.4)	

## Financial highlights

- ✘ Billings<sup>1</sup> £908.9 million, down 1.8% on a reported basis, up 0.8% like-for-like<sup>3</sup>, reflecting stronger digital media planning and buying activity.
  - ✘ Revenue £422.5 million, down 18.3% reported and 16.2% like-for-like.
  - ✘ Net revenue<sup>2</sup> £376.1 million, down 15.6% reported and 13.5% like-for-like, reflecting both continued global macroeconomic uncertainty and high interest rates, client caution particularly amongst some of our large technology clients, along with the expected significant lower transformation activity in one of our larger Technology Services clients.
  - ✘ Operational EBITDA<sup>5</sup> £30.1 million, as expected, down 17.5% reported and 8.2% like-for-like.
  - ✘ Operational EBITDA margin of 8.0%, up 50bps on a like-for-like basis.
  - ✘ Operating loss £3.7 million, an improvement of £2.7 million on the prior year, due to lower combination related expenses and lower share-based payments.
  - ✘ Basic loss per share of 2.0p, compared to 3.5p basic loss per share in the first half of 2023.
- / Adjusted basic earnings per share<sup>6</sup>, which excludes adjusting items after tax, of 1.2p per share, compared to 1.3p per share in the first half of 2023.
- ✘ Net debt<sup>7</sup> ended the period at £182.9 million, or 2.2x net debt/pro-forma 12 month operational EBITDA. In the first half combination related payments of £9.7 million were made. Our expectation for year-end net debt remains at £150-£190 million.
  - ✘ The balance sheet has sufficient liquidity and long-dated debt maturities to facilitate future growth.

## Strategic and operational highlights

- ✘ Our strategy remains the same. We continue to build a purely digital advertising and marketing services business for global, multinational, regional, and local clients, and millennial-driven influencer brands. The Company's unitary, 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.
- ✘ We continue to streamline and integrate our businesses. We have recently rebranded to just Monks and we are focusing all our current capabilities into two practices: Marketing Services and Technology Services. Our tagline 'faster, better, cheaper, more' or 'speed, quality, value, more' and a unitary structure both appeal strongly to clients, even more so in challenging economic times. Client behaviour

and budgets are changing, driven by Artificial Intelligence (AI) and new ways of working and we believe we are well positioned to take advantage of the opportunities all this provides and are encouraged by recent wins that leverage our AI tools and capabilities.

- ✦ All Practices have seen some impact from the net revenue reductions, most evident in Technology Services reflecting anticipated lower transformation revenue from one client. Profitability by Practice in the first half reflects significant improvements in margins in both Content and Data&Digital Media, due to the actions taken on costs, whilst Technology Service's profitability is lower, as expected, due to revenue reduction. We continue to maintain a disciplined and active approach to cost management, including headcount and discretionary costs. These controls have resulted in the number of Monks at the half year of 7,553, down around 12% from over 8,500 at this time last year. The Group continues to take cost action, especially in Content and Technology Services, as the market is expected to remain challenging and will reduce costs further in the second half in order to protect profitability.
- ✦ New business activity continues at significant levels, particularly with a focus on AI driven hyper-personalisation at scale. New business wins in the first half include General Motors, Qiddiya, Marriot, Burger King, Panasonic, FanDuel, AliExpress, Decathlon, Santander, SC Johnson, PepsiCo and ICBC. The Company continues to capitalise on its strong AI positioning, which has been key to some of these wins, in particular General Motors, which will be our latest "Whopper". We are also winning multiple exploratory AI assignments as clients experiment with applications and develop use cases. These are currently focused on visualisation and copywriting, hyper-personalisation at scale, media planning and buying, general client and agency efficiency and democratisation of knowledge. Momentum has built particularly in the first two areas and in general client and agency efficiency. Developments around media planning and buying and democratisation of knowledge are starting to build.
- ✦ Our talented people have responded positively to the challenges of the first half and we have continued to make progress in the three areas of our ESG strategy: zero impact workspaces, sustainable work, and diversity, equity and inclusion (DE&I). We are delighted to confirm that we have achieved B-Corp status, recognising our achievements in environmental, social and DE&I, that we are accountable to all stakeholders, not just shareowners and that we are transparent in terms of our reporting.

## Outlook

- ✦ We maintain our profit target for the year. For the Company as a whole, given the current outlook for Technology Services and wider market uncertainty, we target like-for-like net revenue to be down on the prior year, but to a greater extent than that assumed in May 2024 in our last trading update. However, we continue to expect a broadly similar overall level to the like-for-like operational EBITDA<sup>9</sup> of 2023, as a result of cost reductions made last year and a continued focus on our cost base, where we have taken further action. We continue to expect the year to be heavily second half weighted, affected by seasonality and supported by further cost

saving actions.

- ✘ At a Practice level, we expect Content to continue to show profitability improvement. Data&Digital Media is expected to show a similar performance to the prior year with some modest margin improvement, while the outlook for Technology Services remains challenging and the performance will be lower, as previously highlighted, following a reduction in activity with one key client.
- ✘ Our targeted range for the year end net debt remains £150 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%<sup>9</sup>.

### Sir Martin Sorrell, Executive Chairman of S<sup>4</sup>Capital plc said:

"As highlighted previously, trading in the first half reflects the continuing impact of both challenging global macroeconomic conditions and high interest rates. This particularly impacted marketing spend by some technology clients and our Technology Services practice was affected by a reduction in one of our larger relationships. There has been improvement in Content Practice first half margins, reflecting the actions taken on the cost base both last year and this year. We continue to develop our larger, scaled relationships with leading enterprise clients and are maintaining our focus on margin improvement through greater efficiency, utilisation, billability and pricing. We maintain our profit target for the full year and, as in prior years, financial performance will be significantly second half weighted. We remain confident in our strategy, business model and talent, which together with scaled client relationships position us well for growth in the longer term, with an emphasis on deploying free cash flow to improve shareowner returns, now all significant combination payments have been made. In addition to a very significant new account, we continue to capitalise on our prominent AI positioning and we continue to see multiple initial AI related assignments as clients start to use our MonksFlow tools and our experience to implement applications."

Notes:

1. Billings is unaudited gross billings to client including pass through costs.
2. Net revenue is revenue less direct costs.
3. Like-for-like is a non-GAAP measure and relates to 2023 being restated to show the unaudited numbers for the previous period of the existing and acquired businesses consolidated for the same months as in 2024 applying currency rates as used in 2024.
4. Pro-forma numbers relate to unaudited non-statutory and non-GAAP consolidated results at half year in constant currency as if the Group had existed in full for the six month period and have been prepared under comparable GAAP with no consolidation eliminations in the pre-acquisition period.
5. Operational EBITDA is operating profit or loss 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. Operational EBITDA margin is operational EBITDA as a percentage of net revenue.
6. Adjusted figures are adjusted for non-recurring and recurring items as defined above.

7. Net debt excludes lease liabilities.
8. The prior period figures have been restated to account for the recognition of deferred tax balances related to certain business combinations in the prior periods.
9. This is a target and not a profit forecast.

#### Disclaimer

This announcement includes 'forward-looking statements'. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's services) are forward-looking statements.

Forward-looking statements are subject to risks and uncertainties and accordingly the Company's actual future financial results and operational performance may differ materially from the results and performance expressed in, or implied by, the statements. These factors include but are not limited to those described in the Company's prospectus dated 8 October 2019 which is available on the news section of the Company's website. These forward-looking statements speak only as at the date of this announcement. S<sup>4</sup>Capital expressly disclaims any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based unless required to do so.

No statement in this announcement is intended to be a profit forecast and no statement in this announcement should be interpreted to mean that earnings per share of the Company for the current or future years would necessarily match or exceed the historical published earnings per share of the Company.

Neither the content of the Company's website, nor the content on any website accessible from hyperlinks on its website for any other website, is incorporated into, or forms part of, this announcement nor, unless previously published by means of a recognised information service, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of, shares in the Company.

## Results webcast and conference call

A webcast and conference call covering the results will be held today at 09:00 BST, followed by another webcast and call at 08:00 EDT/ 13:00 BST. Both webcasts of the presentation will be available at [www.s4capital.com](http://www.s4capital.com) during the event.

09:00 BST webcast (watch only) and conference call (for Q&A):

Webcast: [https://brrmedia.news/SFOR\\_IRUK\\_24](https://brrmedia.news/SFOR_IRUK_24)

Conference call:

UK: +44 (0) 33 0551 0200

US: +1 786 697 3501

08:00 EDT / 13:00 BST webcast (watch only) and conference call (for Q&A):

Webcast: [https://brrmedia.news/SFOR\\_IRUS\\_24](https://brrmedia.news/SFOR_IRUS_24)

Conference call:

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## Interim results statement overview

As previously highlighted trading in the first half reflects both continued uncertainty around global macroeconomic conditions and high interest rates. Client caution persisted particularly in some of our large technology clients, along with the expected lower transformation activity in one of our larger Technology Services clients. Billings were £908.9 million down 1.8% reported and up 0.8% like-for-like, reflecting stronger digital media planning and buying activity. Revenue was down 18.3% reported to £422.5 million, down 16.2% like-for-like. Net revenue declined 15.6% on a reported basis, or 13.5% like-for-like against strong comparatives last year.

Operational EBITDA in the first half reflects improvement in margins in Content and Data&Digital Media due to the actions taken on costs, whilst Technology Services operational EBITDA reflects the anticipated lower revenue. We continue to maintain a disciplined and active approach to cost management, including the number of Monks and discretionary costs. The number of Monks at the half year was 7,553, down around 12% from over 8,500 at this time last year.

### **Performance by practice**

The Company currently reports in three Practices. We have recently rebranded to Monks and are now streamlining all our current capabilities into two Practices: Marketing Services and Technology Services. We plan to initiate organisational and reporting structures for this new services model in 2025.

Net revenue for the Content practice was down 9.3% like-for-like, with Data&Digital Media down 7.7% like-for-like and Technology Services down 36.6% like-for-like.

Content's first half net revenue growth was disappointing, reflecting ongoing caution and lower activity with some of our larger technology clients in particular. However, Content's operational EBITDA improved to £16.2 million (H1 2023: £6.8 million), reflecting the benefits of the action taken on costs. Content's operational EBITDA margin also improved to 6.9%, compared to 2.6% in the first half of 2023.

Data&Digital Media performed as expected in the first half, managing its costs to match activity levels. Operational EBITDA improved to £17.7 million (H1 2023: £16.3 million). Operational EBITDA margin was 18.5%, compared to 15.3% in the first half of 2023.

Technology Services performance reflected the anticipated lower revenue from one key client, as well as longer sales cycles for new business reflecting the challenging ongoing macroeconomic conditions and high interest rates. Operational EBITDA was down sharply to £5.7 million (H1 2023: £26.5 million) and operational EBITDA margin was 12.4%, compared to 35.7% in the first half of 2023.

The Company's revenue from technology clients remained at 44% in the first half of 2024.

### **Performance by geography**

On a like-for-like basis, the Americas net revenue was down 14.9% and now accounts

for 78% of the Company's net revenue, EMEA accounting for 16% was down 7.9% and Asia Pacific, accounting for the remaining 6% was down 8.6%.

### **New business and AI**

We are seeing our AI initiatives improve visualisation and copywriting productivity, deliver considerably more effective and economic hyper-personalisation (better targeted content at greater scale), more automated and integrated media planning and buying, improving general client and agency efficiency and democratisation of knowledge. MonksFlow is our AI product solution that automates marketing workflows, and we are continuing to add applications and expand its capabilities. Our 10+ MonksFlow product suites enable our clients to more easily implement AI solutions, particularly in visualisation and copywriting, in hyper-personalisation at scale, in real time focus groups and linking media planning and buying.

We are seeing significant opportunities for new business, particularly driven by our AI tools and capability. New business wins in the first half include General Motors, as their foundational agency, Qiddiya, Marriot, Burger King, Panasonic, FanDuel, AliExpress, Decathlon, Santander, SC Johnson, PepsiCo and ICBC. We are also winning multiple exploratory assignments as clients experiment and explore AI applications and develop AI use cases.

### **Balance Sheet**

Net debt<sup>7</sup> ended the first half at £182.9 million, or 2.2x net debt/pro-forma 12 month operational EBITDA. This compared to £180.8 million at the year end and £206.0 million at the end of the first quarter reflecting a reduction in working capital. In the first half we made combination payments of £9.7 million, which are the last significant combination payments. The trailing 12 months pro-forma EBITDA was £85.0 million. The balance sheet has sufficient liquidity and long-dated debt maturities to facilitate growth and our key covenant, being net debt not to exceed 4.5x the 12 month pro-forma EBITDA.

### **ESG**

We continue to focus on the three areas of our ESG strategy: zero impact workspaces, sustainable work, and diversity, equity and inclusion. We continue to focus on our external reporting and compliance and our reporting tools to help us move towards increased transparency and effective reporting and to comply with future regulatory requirements including CSRD.

Across the Company, we continue to donate hours to support community and charity services and our For Good projects. We focused on our people and people experience with our DE&I platform, Diversity in Action, which touches all aspects of our business. Embedding a greater understanding of diversity and cultural fluency into the Company is also a top priority.

We are delighted to confirm that we have achieved B-Corp status, this certification recognises our achievements in environmental, social and DE&I, that we are accountable to all stakeholders, not just shareowners, and that we are transparent in terms of our reporting.

### **Summary and outlook**

We maintain our profit target for the year. At a Practice level, we expect Content to continue to show improved profitability reflecting the benefit of cost reductions made in 2023 and in 2024. Data&Digital Media is expected to show a similar performance to the

prior year with some margin improvement, while the outlook for Technology Services remains challenging and the performance will be lower, following a reduction in transformation activity with one key client.

For the Company as a whole, given the current outlook for Technology Services and wider market uncertainty, we target like-for-like net revenue to be down on the prior year, but to a greater extent than assumed in May 2024, in our last trading update. However, we continue to expect a broadly similar overall level of like-for-like operational EBITDA<sup>9</sup> to 2023, as a result of cost reductions made last year and a continued focus on our cost base, where we have taken further action. We continue to expect the year to be heavily second half weighted, affected by seasonality and supported by further cost saving actions.

Our targeted range for the year end net debt remains £150 to £190 million. We continue to target 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%<sup>9</sup>.

The strategy of S<sup>4</sup>Capital remains the same. The Company's unitary, 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.

We continue to streamline and integrate our businesses, we have recently rebranded to Monks and are focusing all our current capabilities into two practices: Marketing Services and Technology Services. Our tagline 'faster, better, cheaper, more' or 'speed, quality, value, more' and a unitary structure both appeal strongly, even more so in challenging economic times.

## Financial review

### Summary of results

<i>£ millions</i>	<b>six months ended 30 June 2024</b>	six months ended 30 June 2023 Restated <sup>8</sup>	change Reported	change Like-for-like <sup>3</sup>	change Pro-forma <sup>4</sup>
Billings <sup>1</sup>	908.9	925.4	(1.8%)	0.8%	0.8%
Revenue	422.5	517.1	(18.3%)	(16.2%)	(16.2%)
Net revenue <sup>2</sup>	376.1	445.5	(15.6%)	(13.5%)	(13.5%)
Operational EBITDA <sup>5</sup>	30.1	36.5	(17.5%)	(8.2%)	(8.2%)
Operational EBITDA margin <sup>5</sup>	8.0%	8.2%	(20bps)	50bps	50bps
Adjusted operating profit <sup>6</sup>	24.8	30.6	(19.0%)		
Adjusting items <sup>6</sup>	(28.5)	(37.0)	23.0%		
Adjusted operating profit margin <sup>6</sup>	6.6%	6.9%	(30bps)		



Net finance expenses and loss on net monetary position	(13.5)	(16.8)	19.6%
Adjusted result before income tax <sup>6</sup>	11.3	13.8	(18.1%)
Adjusted Income tax expenses <sup>6</sup>	(3.4)	(5.6)	(39.3%)
Adjusted result for the period <sup>6</sup>	7.9	8.2	(3.7%)
Adjusted basic earnings per share <sup>6</sup> (pence)	1.2	1.3	(0.1)

A full list of alternative performance measures and non-IFRS measures together with reconciliations to IFRS or GAAP measures is set out in the Alternative Performance Measures.

### Financial summary

Trading as expected in the first half reflects both continued challenging global macroeconomic conditions and high interest rates, clients' caution persisted particularly in some of the large technology clients, along with the expected lower activity in one of our larger Technology Services clients. Despite all this, we have continued to enhance our financial processes and controls, including through our finance transformation programme. Following the changes made in 2022 the finance reporting team has performed well during 2023 and 2024. We continue to focus on operational EBITDA margin, tight cost controls and driving cash generation centred around working capital. We will continue to focus on all of these areas throughout the second half of 2024 to support the Company in delivering its targets for the year.

Billings were £908.9 million, down 1.8% on a reported basis, up 0.8% on a like-for-like basis reflecting stronger digital media planning and buying activity.

Revenue was £422.5 million, down 18.3% from £517.1 million on a reported basis, down 16.2% like-for-like basis.

Net revenue was £376.1 million, down 15.6% reported, down 13.5% like-for-like.

Operational EBITDA was £30.1 million compared to £36.5 million in the prior year, a reported decrease of 17.5% and down 8.2% on a like-for-like basis. We have continued to maintain a disciplined and active approach to cost management, including headcount and discretionary costs. These controls have resulted in the number of Monks at the half year being around 7,550, down around 12% from over 8,500 at this time last year.

Operational EBITDA margin was 8.0%, down 20 basis points versus 8.2% in the first half of 2023 and up 50 basis points like-for-like, reflecting primarily the improved profitability in Content and in Data&Digital Media, although this was partly offset by the anticipated reduction in revenue in Technology Services. Our ambition remains to return full year margins to historic levels, around 20%<sup>9</sup>, over the longer term.

Adjusted operating profit was down 19.0% on a reported basis to £24.8 million from £30.6 million, before adjusting items of £28.5 million. The reduction in adjusting items is largely due to lower combination costs (which are tied to continued employment) and a reduction in share-based payment expense. Adjusting items also includes restructuring costs, primarily related to headcount and amortisation of business combination intangible assets.

The reported operating loss of £3.7 million, was £2.7 million lower than in 2023, reflecting a reduction in the acquisition and restructuring expenses. The loss for the period was £13.7 million (30 June 2023: £21.8 million).

Adjusted basic earnings per share was 1.2p, versus adjusted basic earnings per share of 1.3p in the first half of 2023.

### Practice and Geographic Performance

<i>£ millions</i>	<b>six months ended 30 June 2024</b>	six months ended 30 June 2023	change Reported	change Like-for-like <sup>3</sup>	change Pro-forma <sup>4</sup>
Content	234.3	264.7	(11.5%)	(9.3%)	(9.3%)
Data&Digital	95.7	106.6	(10.2%)	(7.7%)	(7.7%)
Media	46.1	74.2	(37.9%)	(36.6%)	(36.6%)
Technology					
Services					
<b>Net revenue<sup>2</sup></b>	<b>376.1</b>	<b>445.5</b>	<b>(15.6%)</b>	<b>(13.5%)</b>	<b>(13.5%)</b>
Americas	294.0	353.7	(16.9%)	(14.9%)	(14.9%)
EMEA	59.8	66.1	(9.5%)	(7.9%)	(7.9%)
Asia-Pacific	22.3	25.7	(13.2%)	(8.6%)	(8.6%)
<b>Net revenue<sup>2</sup></b>	<b>376.1</b>	<b>445.5</b>	<b>(15.6%)</b>	<b>(13.5%)</b>	<b>(13.5%)</b>
Content	16.2	6.8	138.2%	165.6%	165.6%
Data&Digital	17.7	16.3	8.6%	12.0%	12.0%
Media	5.7	26.5	(78.5%)	(76.2%)	(76.2%)
Technology	(9.5)	(13.1)	27.5%	26.9%	26.9%
Services					
S <sup>4</sup> central					
<b>Operational EBITDA<sup>5</sup></b>	<b>30.1</b>	<b>36.5</b>	<b>(17.5%)</b>	<b>(8.2%)</b>	<b>(8.2%)</b>
Content	6.9%	2.6%	430bps	450bps	450bps
Data&Digital	18.5%	15.3%	320bps	330bps	330bps
Media	12.4%	35.7%	(2,330bps)	(2,050bps)	(2,050bps)
Technology					
Services					
<b>Operational EBITDA margin<sup>5</sup></b>	<b>8.0%</b>	<b>8.2%</b>	<b>(20bps)</b>	<b>50bps</b>	<b>50bps</b>

### Practice performance

Content practice operational EBITDA was £16.2 million, up 138.2% on a reported basis versus the first half of 2023, up 165.6% on a like-for-like basis. The Content practice operational EBITDA margin improved to 6.9%, compared to 2.6% in the first half of 2023, reflecting the reduction in number of Monks as compared to 2023. Continued control on hiring has further reduced the number of Monks during 2024 and will affect the second half. We continue to focus on integration and improving the operating model for Content.

Data&Digital Media practice operational EBITDA was £17.7 million, up 8.6% on a

reported basis from the last year, up 12.0% on a like-for-like basis. Data&Digital Media practice operational EBITDA margin was 18.5%, compared to 15.3%, reflecting the cost reduction actions taken in 2023 and ongoing focus on costs during 2024.

Technology Services practice operational EBITDA of £5.7 million was down 78.5% on a reported basis from the prior period, down 76.2% like-for-like and delivered an operational EBITDA margin of 12.4% compared to 35.7% in the first half of 2023. This primarily relates to the anticipated reduction in transformation revenue from one large client, as well as longer sales cycles for new business. Operational EBITDA was significantly impacted by the reduction in revenue and, given the scale of the reduction in revenue, this has impacted the margin overall.

### Geographic performance

The Americas net revenue was £294.0 million (78% of total), down 16.9% on a reported basis from last year. On a like-for-like basis the Americas net revenue was down 14.9%, reflecting lower revenue in one large Technology Services client and ongoing client caution particularly in our technology clients.

EMEA net revenue was £59.8 million (16% of total), down 9.5% from last year on a reported basis. On a like-for-like basis EMEA net revenue was down 7.9% primarily reflecting slower growth and client caution.

Asia Pacific net revenue was £22.3 million (6% of total), down 13.2% on a reported basis. On a like-for-like basis Asia Pacific net revenue was down 8.6% reflecting local market conditions.

### Cash flow

<i>£ millions</i>	<b>six months ended 30 June 2024</b>	six months ended 30 June 2023 Restated <sup>1</sup>
Operational EBITDA	30.1	36.5
Capital expenditure <sup>2</sup>	(4.1)	(5.1)
Interest and facility fees paid	(15.2)	(12.8)
Interest received	1.2	-
Income tax paid	(7.5)	(10.7)
Restructuring and other one-off expenses paid	(5.6)	(3.2)
Change in working capital <sup>3</sup>	4.2	(6.4)
<b>Free cashflow</b>	<b>3.1</b>	(1.7)
Mergers & Acquisitions	(9.7)	(0.3)
Share buybacks	(2.5)	-
Other	7.0	2.8
<b>Movement in net debt</b>	<b>(2.1)</b>	0.8
Opening net debt	(180.8)	(110.2)
<b>Net debt</b>	<b>(182.9)</b>	(109.4)

The table reflects how the business is managed and this is a non-statutory cash flow format.

1. The prior period figures have been restated to account for the recognition of deferred tax balances related to certain business combinations in the prior periods.
2. Includes purchase of intangible assets, purchase of property, plant and equipment and security deposits.

3. Working capital primarily includes movement on receivables, payables, principal elements of lease payments and depreciation of right-of-use assets.

Free cashflow for the period was £3.1 million, an improvement of £4.8 million compared to the first half of 2023, with a working capital inflow, partially offset by increased cash interest costs reflecting higher interest rates.

Cash paid in relation to combinations (M&A) increased £9.4 million versus the prior period to £9.7 million, reflecting the timing of planned M&A payments in the first half of the year.

### Treasury and net debt

	<b>six months ended 30 June 2024</b>	six months ended 30 June 2023
<b>Net debt reconciliation</b>		
<i>£ millions</i>		
Cash and cash equivalents	135.0	213.3
Loans and borrowings (excluding bank overdrafts)	(317.9)	(322.7)
<b>Net debt</b>	<b>(182.9)</b>	<b>(109.4)</b>

The half year net debt was £182.9 million (30 June 2023: £109.4 million) or 2.2x net debt/12 month pro-forma operational EBITDA. The balance sheet has sufficient liquidity and long dated debt maturities. During the period S<sup>4</sup>Capital Group complied with the covenants set in its loan agreement. The pro-forma 12 month operational EBITDA for the period to 30<sup>th</sup> June 2024 was £85.0 million.

S<sup>4</sup>Capital Group's key covenant is that the net debt should 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 30 June 2024, the net debt/pro-forma EBITDA, as defined by the facilities agreement, was 2.0x.

The duration of the facilities agreement is seven years in relation to the Term Loan B, therefore the termination date is August 2028, and five years in relation to the RCF, therefore the termination date is August 2026. The RCF remains undrawn as at 30 June 2024.

### Interest and tax

Consolidated net finance costs were £13.5 million (30 June 2023: £16.8 million), a decrease of £3.3 million due to higher interest income and FX benefit partially offset by higher interest payable. The profit or loss tax credit for the half year was £3.5 million (30 June 2023: £1.4 million credit).

### Balance sheet

Overall the Group reported net assets of £877.9 million as at 30 June 2024, which is a decrease of £14.0 million compared to 31 December 2023, driven mainly by changes in foreign exchange rates and amortisation of intangible assets.

### Acquisitions

No acquisitions were made in the six months ended 30 June 2024.

### Responsibility Statement

The directors confirm that these unaudited consolidated interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- ✦ an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six

- months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The maintenance and integrity of the S<sup>4</sup>Capital plc website is the responsibility of the directors; the work carried out by the authors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that might have occurred to the interim financial statements since they were initially presented on the website. The directors of S<sup>4</sup>Capital plc are listed in the S<sup>4</sup>Capital plc Annual Report and Accounts for the year ended 31 December 2023, with the exception of the following changes in the period: Christopher S. Martin, Victor Knaap, Wes ter Haar, Scott Spirit, Paul Roy and Naoko Okumoto retired from the Board at the AGM. A list of current directors is maintained on the S<sup>4</sup>Capital plc website: [www.s4capital.com](http://www.s4capital.com).

By order of the Board

Sir Martin Sorrell Mary Basterfield

Chairman Chief Financial Officer

## About S<sup>4</sup>Capital

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S<sup>4</sup>Capital plc (SFOR.L) is the tech-led, new age/new era digital advertising, marketing and technology services company, established by Sir Martin Sorrell in May 2018.

Our strategy is to build a purely digital advertising and marketing services business for global, multinational, regional, and local clients, and millennial-driven influencer brands. This will be achieved by integrating leading businesses in three practices: Content, Data&Digital Media and Technology Services, along with an emphasis on 'faster, better, cheaper, more' execution in an always-on consumer-led environment, with a unitary structure.

The S<sup>4</sup>Capital Board includes Rupert Faure Walker, Daniel Pinto, Sue Prevezzer, Elizabeth Buchanan, Margaret Ma Connolly, Miles Young and Colin Day as Non-Executive Directors.

The Company now has approximately 7,600 people in 32 countries with approximately 80% of net revenue across the Americas, 15% across Europe, the Middle East and Africa and 5% across Asia-Pacific. The longer-term objective is a geographic split of 60%:20%:20%. Content currently accounts for approximately 60% of net revenue, Data&Digital Media 25% and Technology Services 15%. The long-term objective for the practices is a split of 50%:25%:25%.

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. Prior to that Sir Martin was Group Financial Director of Saatchi & Saatchi Company Plc for nine years.

## Unaudited consolidated interim statement of profit or loss

For the six month period ended 30 June 2024

<b>Six months ended 30 June 2024</b>		Six months ended 30 June 2023
£m		Restated <sup>1</sup> £m
	<b>Note</b>	
<b>Revenue</b>	7	<b>422.5</b> 517.1
Direct costs		<b>(46.4)</b> (71.6)
Net revenue	7	<b>376.1</b> <b>445.5</b>
Personnel costs		<b>(301.1)</b> (358.8)
Other operating expenses		<b>(41.6)</b> (48.7)
Acquisition, restructuring and other one-off expenses		<b>(1.7)</b> (5.7)
Depreciation, amortisation and impairment		<b>(35.5)</b> (38.8)
Share of profit of joint ventures		<b>0.1</b> 0.1
Total operating expenses		<b>(379.8)</b> (451.9)
<b>Operating loss</b>		<b>(3.7)</b> <b>(6.4)</b>
Adjusted operating profit		<b>24.8</b> 30.6
Adjusting items <sup>2</sup>		<b>(28.5)</b> (37.0)
Operating loss		<b>(3.7)</b> (6.4)
Finance income		<b>1.5</b> 1.1
Finance costs		<b>(14.4)</b> (18.6)
Net finance costs		<b>(12.9)</b> (17.5)
(Loss)/gain on the net monetary position		<b>(0.6)</b> 0.7
<b>Loss before income tax</b>		<b>(17.2)</b> <b>(23.2)</b>
Income tax credit		<b>3.5</b> 1.4
<b>Loss for the period</b>		<b>(13.7)</b> <b>(21.8)</b>
Attributable to owners of the Company		<b>(13.7)</b> (21.8)
Attributable to non-controlling interests		- -
		<b>(13.7)</b> <b>(21.8)</b>
<b>Loss per share is attributable to the ordinary equity holders of the Company</b>		
Basic loss per share (pence)		<b>(2.0)</b> (3.5)
Diluted loss per share (pence)		<b>(2.0)</b> (3.5)

Notes:

- The comparatives for the six month period ended 30 June 2023 have been restated to account for the recognition of deferred tax balances related to certain business combinations in the prior periods (see Note 2).
- Adjusting items comprises amortisation and impairment of £23.0 million (H1 2023: £24.2 million), acquisition expenses of £2.1 million gain (H1 2023: £2.1 million cost), share-based payments of £3.8 million (H1 2023: £7.1 million) and restructuring and other one-off expenses of £3.8 million (H1 2023: £3.6 million).

The results for the period are wholly attributable to the continuing operations of the Group.

## Unaudited consolidated interim statement of comprehensive income

For the six month period ended 30 June 2024

	<b>Six months ended 30 June 2024 £m</b>	Six months ended 30 June 2023 Restated <sup>1</sup> £m
<b>Loss for the period</b>	<b>(13.7)</b>	<b>(21.8)</b>
<b>Other comprehensive expense</b>		
<i>Items that may be reclassified to profit or loss</i>		
Foreign operations - foreign currency translation differences	(5.1)	(39.5)
Other comprehensive expense	(5.1)	(39.5)
<b>Total comprehensive expense for the period</b>	<b>(18.8)</b>	<b>(61.3)</b>
Attributable to owners of the Company	(18.8)	(61.3)
Attributable to non-controlling interests	-	-
	<b>(18.8)</b>	<b>(61.3)</b>

Notes:

- The comparatives for the six month period ended 30 June 2023 have been restated to account for the recognition of deferred tax balances related to certain business combinations in the prior periods (see Note 2).

## Unaudited consolidated interim balance sheet

As at 30 June 2024

	<b>Note</b>	<b>30 June 2024 £m</b>	<b>31 December 2023 Restated<sup>1</sup> £m</b>
<b>Assets</b>			
Goodwill	8	685.5	691.3
Intangible assets		357.8	381.6
Right-of-use assets		42.4	45.8
Property, plant and equipment		19.7	21.9
Interest in joint ventures		0.3	0.2
Deferred tax assets		26.1	24.7
Other receivables		9.6	13.7
<b>Non-current assets</b>		<b>1,141.41</b>	<b>1,179.2</b>
Trade and other receivables		366.2	407.5
Current tax assets		7.7	4.9
Cash and cash equivalents		135.0	145.7
<b>Current assets</b>		<b>508.9</b>	<b>558.1</b>
<b>Total assets</b>		<b>1,650.31</b>	<b>1,737.3</b>
<b>Liabilities</b>			
Deferred tax liabilities		(20.0)	(24.1)
Loans and borrowings		(313.1)	(320.9)
Lease liabilities		(32.7)	(35.8)
Contingent consideration and holdbacks	9	(5.3)	(7.3)
Provisions		(2.8)	(2.7)
<b>Non-current liabilities</b>		<b>(373.9)</b>	<b>(390.8)</b>
Trade and other payables		(378.8)	(418.1)
Contingent consideration and holdbacks	9	(4.9)	(18.2)
Loans and borrowings		(0.2)	(0.2)
Lease liabilities		(12.2)	(13.2)
Provisions		(0.7)	(1.0)

Current tax liabilities	(1.7)	(3.9)
<b>Current liabilities</b>	<b>(398.5)</b>	<b>(454.6)</b>
<b>Total liabilities</b>	<b>(772.4)</b>	<b>(845.4)</b>
<b>Net assets</b>	<b>877.9</b>	<b>891.9</b>
<b>Equity</b>		
Share capital	153.5	145.9
Share premium	155.9	80.4
Other reserves <sup>2</sup>	80.3	162.7
Foreign exchange reserves	(11.2)	(6.1)
Retained earnings	499.3	508.9
<b>Attributable to owners of the Company</b>	<b>877.8</b>	<b>891.8</b>
Non-controlling interests	0.1	0.1
<b>Total equity</b>	<b>877.9</b>	<b>891.9</b>

Notes:

1. The comparatives as at 31 December 2023 have been restated to account for the recognition of deferred tax balances related to certain business combinations in the prior periods (see Note 2).
2. During the period the Group completed a share buy-back scheme and purchased 6,000,000 shares for £2.5 million.

## Unaudited consolidated interim statement of changes in equity

For the six month period ended 30 June 2024

	Share capital <sup>1</sup> £m	Share premium £m	Other reserves <sup>2</sup> £m	Foreign exchange reserves £m	Retained earnings/ (accumulated losses) £m	Attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
<b>At 1 January 2023</b>	<b>142.0</b>	<b>5.9</b>	<b>175.2</b>	<b>48.5</b>	<b>478.4</b>	<b>850.0</b>	<b>0.1</b>	<b>850.1</b>
Deferred tax restatement <sup>3</sup>	-	-	-	-	35.1	35.1	-	35.1
Hyperinflation restatement	-	-	2.4	-	-	2.4	-	2.4
<b>Adjusted opening balance</b>	<b>142.0</b>	<b>5.9</b>	<b>177.6</b>	<b>48.5</b>	<b>513.5</b>	<b>887.5</b>	<b>0.1</b>	<b>887.6</b>
<b>Comprehensive loss for the period</b>								
Loss for the period <sup>3</sup>	-	-	-	-	(21.8)	(21.8)	-	(21.8)
Other comprehensive income	-	-	-	(39.5)	-	(39.5)	-	(39.5)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(39.5)</b>	<b>(21.8)</b>	<b>(61.3)</b>	<b>-</b>	<b>(61.3)</b>
<b>Transactions with owners of the Company</b>								
Business combinations	3.1	61.7	(38.3)	-	-	26.5	-	26.5
Share-based payments	-	-	0.4	-	6.9	7.3	-	7.3
Treasury shares	-	-	-	-	-	-	-	-
<b>At 30 June 2023<sup>3</sup></b>	<b>145.1</b>	<b>67.6</b>	<b>139.7</b>	<b>9.0</b>	<b>498.6</b>	<b>860.0</b>	<b>0.1</b>	<b>860.1</b>
Hyperinflation restatement	-	-	0.2	-	-	0.2	-	0.2
<b>Adjusted opening balance</b>	<b>145.1</b>	<b>67.6</b>	<b>139.9</b>	<b>9.0</b>	<b>498.6</b>	<b>860.2</b>	<b>0.1</b>	<b>860.3</b>
<b>Comprehensive income/(loss) for the period</b>								
Profit for the period <sup>3</sup>	-	-	-	-	7.5	7.5	-	7.5
Other comprehensive income	-	-	-	(15.1)	-	(15.1)	-	(15.1)





Depreciation, amortisation and impairment	35.5	38.8
Share-based payments	3.8	7.1
Acquisition, restructuring and other one-off expenses	1.7	5.7
Employment linked contingent consideration paid	(2.9)	-
Restructuring and other one-off expenses paid	(5.6)	(3.2)
Share of profit in joint venture	(0.1)	(0.1)
Gain/(loss) on the net monetary position	0.6	(0.7)
Other non-cash items	1.2	-
Decrease in trade and other receivables	31.3	60.6
Decrease in trade and other payables	(27.6)	(67.1)
<b>Cash flows from operations</b>	<b>33.6</b>	<b>35.4</b>
Income taxes paid	(7.5)	(10.7)
<b>Net cash flows from operating activities</b>	<b>26.1</b>	<b>24.7</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(1.9)	(1.1)
Purchase of property, plant and equipment	(2.6)	(3.8)
Acquisition of subsidiaries, net of cash acquired <sup>2</sup>	6, 9 (6.8)	(0.3)
Amounts withdrawn from/(paid into) security deposits	0.4	(0.2)
Interest received	1.2	-
<b>Cash flows used in investing activities</b>	<b>(9.7)</b>	<b>(5.4)</b>
<b>Cash flows from financing activities</b>		
Share buybacks	(2.5)	-
Proceeds from issuance of shares	-	0.2
Principal element of lease payments	(6.6)	(8.5)
Repayments of loans and borrowings	(0.1)	(0.1)
Interest and facility fees paid	(15.2)	(12.8)
<b>Cash flows used in financing activities</b>	<b>(24.4)</b>	<b>(21.2)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(8.0)</b>	<b>(1.9)</b>
Cash and cash equivalents beginning of the year	145.7	223.6
Exchange loss on cash and cash equivalents	(2.7)	(8.4)
<b>Cash and cash equivalents at the end of the period</b>	<b>135.0</b>	<b>213.3</b>

Notes:

1. The comparatives for the period ended 30 June 2023 have been reclassified (see Note 2).
2. Comprises contingent consideration and holdback payments, net of cash released from escrow accounts of £3.5 million (H1 2023: £0.3 million).

## Notes to the unaudited consolidated interim financial statements

For the six month period ended 30 June 2024

### 1. General information

S<sup>4</sup>Capital plc ('S<sup>4</sup>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. Its shares are listed on the London Stock Exchange. The new UK Listing Rules, which came into force on July 29 2024, have removed the distinction between standard and premium listing categories, which are now categorised as equity shares commercial companies (ESCC). As at the date of

approval of the unaudited consolidated interim financial statements, S<sup>4</sup>Capital plc is in the Transition category.

The unaudited consolidated interim financial statements represent the results of the Company and its subsidiaries (together referred to as 'S<sup>4</sup>Capital Group' or the 'Group').

S<sup>4</sup>Capital Group is a new age/new era digital advertising and marketing services company.

## 2. Basis of preparation

### A. Statement of compliance

This report is to be read in conjunction with the Annual Report and Accounts of S<sup>4</sup>Capital plc for the year ended 31 December 2023 and has 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 unaudited consolidated interim financial statements for the 6 months period ended 30 June 2024 are a condensed set of financial information and have been prepared on the basis of the policies set out in the 2023 annual financial statements and in accordance with UK adopted IAS 34 and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority.

The Group has undertaken a detailed going concern assessment, reviewing its current and projected financial performance and position. The Directors believe that the Group's forecasts have been prepared on a prudent basis. Considering the Group's bank covenant and liquidity headroom and cost mitigation actions which could be implemented, the Directors have concluded that the Group will be able to operate within its facilities and comply with its banking covenants for the foreseeable future and therefore believe it is appropriate to prepare the financial statements of the Group on a going concern basis and that there are no material uncertainties which gives rise to a significant going concern risk. Given its debt maturity profile and available facilities, the Directors believe the Group has sufficient liquidity to match its requirements for the foreseeable future.

The unaudited consolidated interim financial statements were authorised for issue by the Board of Directors on 18 September 2024.

### B. Restatement and re-presentation

#### Deferred tax related to business combinations

The Group has restated the comparative financial statements to account for the recognition of deferred tax balances related to certain business combinations in the prior periods. This adjustment represents deferred tax assets recognised in respect of future tax deductions expected to be allowed for tax goodwill amortisation related to the payments of employment linked contingent consideration and acquisition expenses recognised in the post acquisition period on certain business combinations. We have also recognised deferred tax liabilities in respect of amortisation of goodwill for tax purposes expected to be allowed in certain jurisdictions. These restatements result in the recognition on a net basis of deferred tax assets in each of the restated periods as noted below.

The impact of the above adjustment on total equity as at 1 January 2023 is an increase of £35.1 million.

The following tables detail the impact on the consolidated statement of profit or loss for

the half year ended 30 June 2023 and year ended 31 December 2023:

	30 June 2023		
	As reported £m	Deferred tax adjustment £m	As restated £m
Income tax credit/(expense)	3.5	(2.1)	1.4
Loss for the period	(19.7)	(2.1)	(21.8)
Attributable to the owners of the Company	(19.7)	(2.1)	(21.8)
Basic loss per share (pence)	(3.2)	(0.3)	(3.5)
Diluted loss per share (pence)	(3.2)	(0.3)	(3.5)
	31 December 2023		
	As reported £m	Deferred tax adjustment £m	As restated £m
Income tax credit/(expense)	7.9	(8.3)	(0.4)
Loss for the year	(6.0)	(8.3)	(14.3)
Attributable to the owners of the Company	(6.0)	(8.3)	(14.3)
Basic loss per share (pence)	(0.9)	(1.3)	(2.2)
Diluted loss per share (pence)	(0.9)	(1.3)	(2.2)

The following table details the impact on the consolidated balance sheet as at 31 December 2023:

	31 December 2023		
	As reported £m	Deferred tax adjustment £m	As restated £m
<b>Non-current assets</b>			
Deferred tax assets	7.3	17.4	24.7
<b>Non-current liabilities</b>			
Deferred tax liabilities	(32.7)	8.6	(24.1)
<b>Equity</b>			
Currency translation reserves	(5.3)	(0.8)	(6.1)
Retained earnings	482.1	26.8	508.9

#### Reclassification of statement of cash flows

The statement of cash flows for the period ended 30 June 2023 has been reclassified to provide consistency with the presentation of amounts for the period ended 30 June 2024.

	30 June 2023		
	As reported £m	Reclassification £m	As restated £m
Cash flows from operating activities:			
Restructuring and other one-off expenses paid	-	(3.2)	(3.2)
Decrease in trade and other payables	(70.3)	3.2	(67.1)
<b>Cash flows from operations</b>	<b>35.4</b>	<b>-</b>	<b>35.4</b>
Cash flows from financing activities:			
Principal element of lease payments	(9.7)	1.2	(8.5)
Interest and facility fees paid	(11.6)	(1.2)	(12.8)
<b>Cash flows used in financing activities</b>	<b>(21.2)</b>	<b>-</b>	<b>(21.2)</b>

### **C. Functional and presentation currency**

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

### **D. Principal risks and uncertainties**

The principal risks and uncertainties facing the Group at the 2023 year end are set out in detail on pages 28 to 30 of the Annual Report and Accounts 2023. The principal risks and uncertainties facing the Group at the 30 June 2024 remain the same and relate to the following:

- ✘ Macroeconomic headwinds
- ✘ Operational decision making
- ✘ Talent lifecycle
- ✘ Governance and compliance
- ✘ Artificial intelligence
- ✘ Integration of acquisitions
- ✘ Key customers
- ✘ Reputation risk
- ✘ Information security and data privacy
- ✘ Competitive environment

## **3. Significant accounting policies**

The unaudited consolidated interim financial statements have been prepared on a consistent basis with the accounting policies of the Group which were set out on pages 154 to 164 of the Annual Report and Accounts 2023, excluding the impact of amended standards as detailed below.

The following amended standards became applicable for the current reporting period. These are as follows:

#### **Presentation of Financial Statements (Amendments to IAS 1)**

In January 2020, the IASB issued amendments to IAS 1 (Presentation of Financial Statements) to clarify the meaning of 'settlement' for the purpose of classifying a liability as current or non-current and the classification of liabilities as current or non-current. Both amendments are applicable for annual reporting periods beginning on or after 1 January 2024. The Group adopted these amendments as of 1 January 2024. The adoption of this had no material impact on the Groups unaudited consolidated interim financial statements.

#### **Leases (Amendments to IFRS 16)**

In September 2022, the IASB issued amendments to IAS 16 (Leases) to clarify how a seller-lessee subsequently measures sale and leaseback transactions. The amendments are applicable for annual reporting periods beginning on or after 1 January 2024. The Group adopted these amendments as of 1 January 2024. The adoption of this had no material impact on the Groups unaudited consolidated interim financial statements.

#### **Supplier Finance Arrangements (Amendments to IFRS 7 and IAS 7)**

In June 2021, the IASB issued amendments to IAS 7 (Statement of Cash Flows) and IFRS 7 (Financial instruments) to introduce new disclosure requirements for supplier finance arrangements to enhance transparency. The amendments are applicable for annual reporting periods beginning on or after 1 January 2024. The Group adopted these amendments as of 1 January 2024. The adoption of this had no material impact on the Groups unaudited consolidated interim financial statements.

## 4. Critical accounting judgements and estimates

In preparing these unaudited consolidated interim financial statements, the critical accounting judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Report and Accounts 2023.

## 5. Statutory information and independent review

The condensed unaudited consolidated interim financial statements for the six months period ended 30 June 2024 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 2023 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. The condensed consolidated interim financial statements are unaudited but have been reviewed by the auditors and their report is set out on the last page.

## 6. Acquisitions

### **Current period acquisitions**

There were no acquisitions during the six month period ended 30 June 2024.

### **Prior period acquisitions**

#### **XX Artists**

During the period, the Group settled the remaining holdback of £1.3 million from escrow as the business had achieved the post acquisition EBITDA targets for the 12 month period ended 31 December 2022.

#### **TheoremOne**

Included within other reserves as at 30 June 2024 is £26.4 million, comprised of £26.4 million recognised as deferred equity consideration in 2023.

At 30 June 2024, £6.1 million of holdbacks remain relating to amounts held back due 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.

#### **4Mile**

As a result of partially achieving post acquisition EBITDA targets for the 12 month period ended 31 December 2022, £6.8 million and £2.5 million were paid to the Sellers during the period in relation to performance linked and employment linked contingent consideration respectively.

During the period, £2.2 million of holdbacks were paid from escrow, with a £2.5 million gain recognised in the consolidated statement of profit or loss through contingent considerations as remuneration. The remaining balance of holdbacks as at 30 June 2024 was therefore £nil.

#### **Zemoga Group (Zemoga)**

At 30 June 2024, £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.

## 7. 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 S<sup>4</sup>Capital Group.

During the period, S<sup>4</sup>Capital Group has three reportable segments as follows:

- 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 practice: Full-service campaign management analytics, creative production and ad serving, platform and systems integration and transition, training and education.
- Technology Services practice: digital transformation services in delivering advanced digital product design, engineering services and delivery services.

The customers are primarily businesses across technology, 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 S<sup>4</sup>Capital Group uses net revenue rather than revenue to manage the Company due to the fluctuating amounts of direct costs, which are recharged as part of revenue.

The following is an analysis of the Group's net revenue and results by reportable segments:

Six months ended 30 June 2024	ContentData&Digital		Technology	Total
	£m	Media £m	services £m	
<b>Revenue</b>	<b>279.4</b>	<b>96.9</b>	<b>46.2</b>	<b>422.5</b>
Net revenue	234.3	95.7	46.1	376.1
Segment profit <sup>1</sup>	16.2	17.7	5.7	39.6
Overhead costs				(9.5)
Adjusted non-recurring and acquisition related expenses <sup>2</sup>				(5.5)
Depreciation and amortisation <sup>3</sup>				(28.3)
Net finance costs and gain on net monetary position				(13.5)
<b>Loss before income tax</b>				<b>(17.2)</b>
Six months ended 30 June 2023	ContentData&Digital		Technology	Total
	£m	Media £m	services £m	
<b>Revenue</b>	<b>334.8</b>	<b>108.1</b>	<b>74.2</b>	<b>517.1</b>
Net revenue	264.7	106.6	74.2	445.5
Segment profit <sup>1</sup>	6.8	16.3	26.5	49.6
Overhead costs				(13.1)
Adjusted non-recurring and acquisition related expenses <sup>2</sup>				(12.8)
Depreciation and amortisation <sup>3</sup>				(30.1)
Net finance costs and loss on net monetary position				(16.8)
<b>Loss before income tax</b>				<b>(23.2)</b>

Notes:

1. Including £7.2 million (H1 2023: £8.7 million) depreciation on right-of-use assets.

2. Comprised of acquisition and restructuring expenses of £1.7 million (H1 2023: £5.7 million) and share-based payment costs of £3.8 million (H1 2023: £7.1 million).

3. Excluding £7.2 million (H1 2023: £8.7 million) depreciation on right-of-use assets.

Segment profit represents the profit earned by each segment without allocation of the share of loss 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 (H1 2023: one) customer accounted for more than 10% of the Group's revenue during the period, contributing £73.3 million (H1 2023: £92.6 million). The revenue from this customer was attributable to both the Content and Data&Digital Media segments.

## 8. Goodwill

	Six months ended 30 June 2024 £m	Year ended 31 Dec 2023 £m
At the start of the period	691.3	718.8
Acquired through business combinations-		0.2
Foreign exchange differences	(5.8)	(27.7)
<b>At the end of the period</b>	<b>685.5</b>	<b>691.3</b>

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.

## 9. Financial instruments

### Financial instruments by category

#### Financial assets

	Six months ended 30 June 2024 £m	Year ended 31 Dec 2023 £m
<b>Financial assets held at amortised cost</b>		
Cash and cash equivalents	135.0	145.7
Trade receivables	295.8	346.8
Accrued income	33.7	28.2
Other receivables	25.7	33.1
<b>Total</b>	<b>490.2</b>	<b>553.8</b>

#### Financial liabilities

	Six months ended 30 June 2024 £m	Year ended 31 Dec 2023 £m
<b>Financial liabilities held at amortised cost</b>		
Trade and other payables		(319.3)(348.9)
Loans and borrowings		(313.3)(321.1)
Lease liabilities		(44.9) (49.0)
<b>Financial liabilities held at fair value through profit and loss</b>		
Contingent consideration and holdbacks		(10.2) (25.5)
<b>Total</b>		<b>(687.7)(744.5)</b>

The following table categorises the Group's financial liabilities held at fair value on the unaudited consolidated interim balance sheet. There have been no transfers between levels during the period (2023: none).

Financial liabilities	Six months ended 30 June 2024 Fair value £m	Six months ended 30 June 2024 Level 3 £m	Year ended 31 Dec 2023 Fair value £m	Year ended 31 Dec 2023 Level 3 £m
Contingent consideration and holdbacks	(10.2)	(10.2)	(25.5)	(25.5)
<b>Total</b>	<b>(10.2)</b>	<b>(10.2)</b>	<b>(25.5)</b>	<b>(25.5)</b>

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 <sup>1</sup> £m	Total £m
<b>Balance at 1 January 2023</b>	<b>(10.9)</b>	<b>(151.7)</b>	<b>(26.0)</b>	<b>(188.6)</b>
Acquired through business combinations	(0.4)	-	-	(0.4)
Recognised in consolidated statement of profit or loss <sup>2</sup>	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
<b>Balance at 31 December 2023</b>	<b>(9.0)</b>	<b>(3.0)</b>	<b>(13.5)</b>	<b>(25.5)</b>
Acquired through business combinations	-	-	-	-
Recognised in consolidated statement of profit or loss <sup>2</sup>	-	(0.3)	2.5	2.2
Cash paid	6.8	2.9	3.5	13.2
Equity settlement	-	-	0.2	0.2
Exchange rate differences	(0.2)	(0.1)	-	(0.3)
<b>Balance at 30 June 2024</b>	<b>(2.4)</b>	<b>(0.5)</b>	<b>(7.3)</b>	<b>(10.2)</b>
Included in current liabilities	(8.6)	(3.0)	(6.6)	(18.2)
Included in non-current liabilities	(0.4)	-	(6.9)	(7.3)
<b>Balance at 31 December 2023</b>	<b>(9.0)</b>	<b>(3.0)</b>	<b>(13.5)</b>	<b>(25.5)</b>
<b>Included in current liabilities</b>	<b>(2.4)</b>	<b>(0.5)</b>	<b>(2.0)</b>	<b>(4.9)</b>
<b>Included in non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>(5.3)</b>	<b>(5.3)</b>
<b>Balance at 30 June 2024</b>	<b>(2.4)</b>	<b>(0.5)</b>	<b>(7.3)</b>	<b>(10.2)</b>

**Notes:**

1. Holdback payments of £3.5 million (2023: £5.9 million) includes £3.5 million (2023: £3.3 million) of cash paid out escrow accounts.

2. Includes a charge of £0.3 million (2023: £13.2 million) relating to employment linked contingent consideration and holdback deemed remuneration, a credit of £2.5 million relating to a fair value gain (2023: £24.7 million credit) and a charge of £nil (2023: £nil million) relating to the impact of discounting.

Where the contingent consideration conditions have been satisfied, consideration that is payable as equity is recognised within other reserves as deferred equity consideration.

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. During the period ended 30 June 2024, £nil (2023: £1.6 million gain) 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. During the six month period ended 30 June 2024, a £0.3 million charge (2023: £4.1 million gain) was recognised in the consolidated statement of profit or loss comprising of a systematic accrual charge of the employment linked

contingent consideration of £0.3 million (2023: £13.2 million) and £nil in relation to fair value gain (2023: £17.3 million gain).

Holdbacks relate to amounts held by the Group to cover and indemnify the Group against certain acquisition costs and damages. The fair value of the holdbacks has been determined based on management's best estimate of the level of the costs incurred and damages expected to which the holdback is linked, which is the most significant unobservable input used in the fair value measurement. During the six month period ended 30 June 2024, £2.5 million gain (2023: £5.8 million gain) has been recognised in the consolidated statement of profit or loss.

## 10. Net debt reconciliation

The following table shows the reconciliation of net cash flow to movements in net debt:

	Borrowings and overdrafts £m	Cash £m	Net Debt £m	Leases £m	Net Debt including Lease Liabilities £m
<b>Net debt as at 1 January 2023</b>	<b>(333.8)</b>	<b>223.6</b>	<b>(110.2)</b>	<b>(58.4)</b>	<b>(168.6)</b>
Financing cash flows	0.1	(2.0)	(1.9)	8.5	6.6
Acquired through business combinations	-	-	-	-	-
Lease additions	-	-	-	(5.1)	(5.1)
Foreign exchange adjustments	9.7	(8.3)	1.4	1.5	2.9
Interest expense	(10.4)	-	(10.4)	(1.2)	(11.6)
Interest payment	11.7	-	11.7	1.2	12.9
Other	-	-	-	(0.6)	(0.6)
<b>Net debt as at 30 June 2023</b>	<b>(322.7)</b>	<b>213.3</b>	<b>(109.4)</b>	<b>(54.1)</b>	<b>(163.5)</b>
Financing cash flows	0.1	(65.0)	(64.9)	6.6	(58.3)
Acquired through business combinations	-	-	-	(0.2)	(0.2)
Lease additions	-	-	-	(8.9)	(8.9)
Foreign exchange adjustments	(2.9)	(2.6)	(5.5)	(0.4)	(5.9)
Interest expense	(12.3)	-	(12.3)	(1.1)	(13.4)
Interest payment	11.4	-	11.4	2.3	13.7
Other	(0.1)	-	(0.1)	6.8	6.7
<b>Net debt as at 31 December 2023</b>	<b>(326.5)</b>	<b>145.7</b>	<b>(180.8)</b>	<b>(49.0)</b>	<b>(229.8)</b>
Financing cash flows	<b>(0.1)</b>	<b>(8.0)</b>	<b>(8.1)</b>	<b>6.6</b>	<b>(1.5)</b>
Acquired through business combinations	-	-	-	-	-
Lease additions	-	-	-	<b>(0.8)</b>	<b>(0.8)</b>
Foreign exchange adjustments	<b>8.7</b>	<b>(2.7)</b>	<b>6.0</b>	<b>0.8</b>	<b>6.8</b>
Interest expense	<b>(12.3)</b>	-	<b>(12.3)</b>	<b>(1.2)</b>	<b>(13.5)</b>
Interest payment	<b>12.3</b>	-	<b>12.3</b>	<b>1.2</b>	<b>13.5</b>
Other	-	-	-	<b>(2.5)</b>	<b>(2.5)</b>
<b>Net debt as at 30 June 2024</b>	<b>(317.9)</b>	<b>135.0</b>	<b>(182.9)</b>	<b>(44.9)</b>	<b>(227.8)</b>

## 11. Related party transactions

Details of compensation for key management personnel for the 12 months to 31 December 2023 are disclosed on pages 109 to 128 of the Annual Report and Accounts 2023. Apart from the key management personnel compensation and the interest in S4S Ventures detailed in the Annual Report and Accounts 2023, S<sup>4</sup>Capital Group did not have any other related party transactions during the financial period (2023: nil).

## 12. 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 18 September 2024.

### Appendix- Alternative Performance Measures

The Group has included various unaudited alternative performance measures (APMs) in its unaudited consolidated interim financial statements. The Group includes these non-GAAP measures as it considers these measures to be both useful and necessary to the readers of these unaudited consolidated interim financial statements 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
<b>Unaudited consolidated interim statement of profit or loss</b>			
Controlled Billings	Revenue	Includes media spend contracted directly by clients with media providers and pass-through costs (see reconciliation A1 below)	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 below)	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 below)	This is more closely aligned to the fees the Group earns for its services provided to the clients. This is a key metric used by the Group 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 assets depreciation. (see reconciliation A3 below)	Operational EBITDA is Operating profit or loss 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.
Like-for-Like	Revenue and operating profit	Is the prior period comparative, in this case 2023, restated to include acquired businesses for the same months as 2024, and restated using same FX rates as used in 2024 (see reconciliations A4 below)	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 year.
<b>APM</b>	<b>Closest IFRS measure</b>	<b>Adjustments to reconcile to IFRS Measure</b>	<b>Reason for use</b>
Pro-forma	Revenue and operating profit	Is the period consolidated results in constant currency and for acquisitions as if the Group had existed in full for the period (see reconciliations A5 below)	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 per share	Basic earnings per share	Excludes amortisation of intangible assets, acquisition related expenses, share-based payments and restructuring and other one-off expenses (see reconciliation A6 below)	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 (loss)/profit period	(Loss)/Profit for the period	Excludes amortisation of intangible assets, acquisition related expenses, share-based payments and restructuring and other one-off expenses (see reconciliation A6 below)	Adjusted (loss)/profit for the period is used by management to understand the (loss)/profit for the Group after removing non-recurring items and those linked to combinations.

**Unaudited consolidated interim balance sheet**

Net debt	None	Net debt is cash less gross bank loans (excluding transaction costs and lease liabilities). This is a key measure used by management and in calculations for bank covenants (see reconciliation A7 below)	Net debt is a commonly used metric to identify the debt obligations of the Group after utilising cash in bank.
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#### Unaudited consolidated interim statement of cashflows

Free cash flow	Net cash (used in)/from operating activities	Net cash flow from operating activities adjusted for investments in intangibles and property, plant and equipment, lease liabilities, interest and facility fees paid, security deposits and employment linked contingent consideration paid.	Free cash flow is a commonly used metric used to identify the amount of cash at the disposal of the Group.
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Six months ended  
30 June 2024

#### Billings and Controlled billings (A1)

	£m	Six months ended 30 June 2023 £m	Year ended 31 Dec 2023 £m
<b>Revenue</b>	<b>422.5</b>	517.1	1,011.5
Pass-through expenses	<b>486.4</b>	408.3	859.0
<b>Billings<sub>1</sub></b>	<b>908.9</b>	<b>925.4</b>	<b>1,870.5</b>
Third party billings direct to clients	<b>1,531.8</b>	1,352.8	3,152.3
<b>Controlled billings<sub>2</sub></b>	<b>2,440.7</b>	<b>2,278.2</b>	<b>5,022.8</b>

#### Notes:

1. Billings is gross billings to clients including pass-through expenses.
2. Controlled billings are billings we influenced.

Six months ended  
30 June 2024

#### Net Revenue (A2)

	£m	Six months ended 30 June 2023 £m	Year ended 31 Dec 2023 £m
<b>Revenue</b>	<b>422.5</b>	517.1	1,011.5
Direct costs	<b>(46.4)</b>	(71.6)	(138.3)
<b>Net Revenue</b>	<b>376.1</b>	<b>445.5</b>	<b>873.2</b>

#### Reconciliation to Operational EBITDA (A3)

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m
<b>Operating loss</b>	<b>(3.7)</b>	(6.4)
Amortisation and impairment of intangible assets	<b>23.0</b>	24.2
Acquisition expenses	<b>(2.1)</b>	2.1
Share-based payments	<b>3.8</b>	7.1
Restructuring and other one-off expenses <sup>1</sup>	<b>3.8</b>	3.6
Depreciation of property, plant and equipment	<b>5.3</b>	5.9
<b>Operational EBITDA</b>	<b>30.1</b>	<b>36.5</b>

**Notes:**

1. Restructuring and other one-off expenses relates to restructuring costs of £1.7 million (H1 2023: £3.2 million), transformation costs of £2.1 million (H1 2023: £0.4 million).

**Like-for-Like (A4)**

<b>Like-for-like revenue</b>	<b>ContentData&amp;Digital Media</b>		<b>Technology Services</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Six months ended 30 June 2023</b>				
<b>Revenue</b>	<b>334.8</b>	<b>108.1</b>	<b>74.2</b>	<b>517.1</b>
Impact of acquisitions	-	-	0.4	0.4
Impact of foreign exchange	(8.4)	(3.0)	(1.9)	(13.3)
<b>Like-for-like revenue<sub>1</sub></b>	<b>326.4</b>	<b>105.1</b>	<b>72.7</b>	<b>504.2</b>
% like-for-like revenue change	(14.4%)	(7.8%)	(36.5%)	(16.2%)

**Notes:**

1. Like-for-like is a non-GAAP measure and relates to 2023 being restated to show the unaudited numbers for the previous period of the existing and acquired businesses consolidated for the same months as in 2024, applying currency rates as used in 2024.

<b>Like-for-like net revenue</b>	<b>ContentData&amp;Digital Media</b>		<b>Technology Services</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Six month period ended 30 June 2023</b>				
<b>Net revenue</b>	<b>264.7</b>	<b>106.6</b>	<b>74.2</b>	<b>445.5</b>
Impact of acquisitions	-	-	0.4	0.4
Impact of foreign exchange	(6.5)	(2.9)	(1.9)	(11.3)
<b>Like-for-like net revenue<sub>1</sub></b>	<b>258.2</b>	<b>103.7</b>	<b>72.7</b>	<b>434.6</b>
% like-for-like net revenue change	(9.3%)	(7.7%)	(36.6%)	(13.5%)

**Notes:**

1. Like-for-like is a non-GAAP measure and relates to 2023 being restated to show the unaudited numbers for the previous period of the existing and acquired businesses consolidated for the same months as in 2024, applying currency rates as used in 2024.

<b>Like-for-like Operational EBITDA</b>	<b>Total</b>
<b>Six month period ended 30 June 2023</b>	<b>£m</b>
<b>Operational EBITDA</b>	<b>36.5</b>
Impact of acquisitions	(0.3)
Impact of foreign exchange	(3.4)
<b>Like-for-like operational EBITDA<sub>1</sub></b>	<b>32.8</b>
% like-for-like operational EBITDA change	(8.2%)

**Notes:**

1. Like-for-like is a non-GAAP measure and relates to 2023 being restated to show the unaudited numbers for the previous period of the existing and acquired businesses consolidated for the same months as in 2024, applying currency rates as used in 2024.

<b>Pro-forma (A5)</b>	<b>ContentData&amp;Digital Media</b>		<b>Technology Services</b>	<b>Total</b>
<b>Pro-forma revenue</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>HY24 Revenue</b>	<b>279.4</b>	<b>96.9</b>	<b>46.2</b>	<b>422.5</b>
Impact of acquisitions	-	-	-	-
<b>HY24 Pro-forma revenue<sub>1</sub></b>	<b>279.4</b>	<b>96.9</b>	<b>46.2</b>	<b>422.5</b>
<b>HY23 Revenue</b>	<b>334.8</b>	<b>108.1</b>	<b>74.2</b>	<b>517.1</b>
Impact of acquisitions	-	-	0.4	0.4
Impact of foreign exchange	(8.4)	(3.0)	(1.9)	(13.3)
<b>HY23 Pro-forma revenue<sub>1</sub></b>	<b>326.4</b>	<b>105.1</b>	<b>72.7</b>	<b>504.2</b>
% pro-forma revenue change	(14.4%)	(7.8%)	(36.5%)	(16.2%)
<b>Pro-forma net revenue</b>	<b>ContentData&amp;Digital Media</b>		<b>Technology Services</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>HY24 net revenue</b>	<b>234.3</b>	<b>95.7</b>	<b>46.1</b>	<b>376.1</b>
Impact of acquisitions	-	-	-	-
<b>HY24 Pro-forma net revenue<sup>1</sup></b>	<b>234.3</b>	<b>95.7</b>	<b>46.1</b>	<b>376.1</b>

<b>HY23 net revenue</b>	<b>264.7</b>	<b>106.6</b>	<b>74.2</b>	<b>445.5</b>
Impact of acquisitions	-	-	0.4	0.4
Impact of foreign exchange	(6.5)	(2.9)	(1.9)	(11.3)
<b>HY23 Pro-forma net revenue<sup>1</sup></b>	<b>258.2</b>	<b>103.7</b>	<b>72.7</b>	<b>434.6</b>
% pro-forma net revenue change	(9.3%)	(7.7%)	(36.6%)	(13.5%)
<b>Pro-forma Operational EBITDA</b>	<b>Total</b>			
	<b>£m</b>			
<b>HY24 operational EBITDA</b>	<b>30.1</b>			
Impact of acquisitions	-			
<b>HY24 Pro-forma operational EBITDA<sub>1</sub></b>	<b>30.1</b>			
<b>HY23 Operational EBITDA</b>	<b>36.5</b>			
Impact of acquisitions	(0.3)			
Impact of foreign exchange	(3.4)			
<b>HY23 Pro-forma operational EBITDA<sub>1</sub></b>	<b>32.8</b>			
% pro-forma operational EBITDA change	(8.2%)			

**Notes:**

1. Pro-forma relates to unaudited non-statutory and non-GAAP consolidated results in constant currency as if the Group had existed in full for the period and have been prepared under comparable GAAP with no consolidation eliminations in the pre-acquisition period.

**Adjusted basic earnings per share (A6)**

Six month period ended	Reported	Amortisation and impairment <sup>1</sup>	Acquisition expenses <sup>2</sup>	Share-based payments	Restructuring and other one-off expenses <sup>3</sup>	Adjusted
30 June 2024	£m	£m	£m	£m	£m	£m
<b>Operating (loss)/profit</b>	<b>(3.7)</b>	<b>23.0</b>	<b>(2.1)</b>	<b>3.8</b>	<b>3.8</b>	<b>24.8</b>
Net finance costs	(12.9)	-	-	-	-	(12.9)
Loss on net monetary position	(0.6)	-	-	-	-	(0.6)
<b>(Loss)/profit before income tax</b>	<b>(17.2)</b>	<b>23.0</b>	<b>(2.1)</b>	<b>3.8</b>	<b>3.8</b>	<b>11.3</b>
Income tax credit/(expense)	3.5	(6.9)	-	-	-	(3.4)
<b>(Loss)/profit for the period</b>	<b>(13.7)</b>	<b>16.1</b>	<b>(2.1)</b>	<b>3.8</b>	<b>3.8</b>	<b>7.9</b>

**Notes:**

1. Amortisation and impairment relates to the intangible assets recognised as a result of the acquisitions.
2. Acquisition expenses relate to acquisition related advisory fees of £0.1 million, contingent consideration as remuneration of £0.3 million and remeasurement gain on contingent considerations of £2.5 million.
3. Restructuring and other one-off expenses relate to restructuring costs of £1.7 million and transformation costs of £2.1 million.

Six month period ended	Reported	Amortisation and impairment <sup>1</sup>	Acquisition expenses <sup>2</sup>	Share-based payments	Restructuring and other one-off expenses <sup>3</sup>	Adjusted
30 June 2023	£m	£m	£m	£m	£m	£m
<b>Operating (loss)/profit</b>	<b>(6.4)</b>	<b>24.2</b>	<b>2.1</b>	<b>7.1</b>	<b>3.6</b>	<b>30.6</b>
Net finance costs	(17.5)	-	-	-	-	(17.5)
Gain on net monetary position	0.7	-	-	-	-	0.7
<b>(Loss)/profit before income tax</b>	<b>(23.2)</b>	<b>24.2</b>	<b>2.1</b>	<b>7.1</b>	<b>3.6</b>	<b>13.8</b>
Income tax credit/(expense) <sup>4</sup>	1.4	(6.2)	-	-	(0.8)	(5.6)
<b>(Loss)/profit for the period</b>	<b>(21.8)</b>	<b>18.0</b>	<b>2.1</b>	<b>7.1</b>	<b>2.8</b>	<b>8.2</b>

**Notes:**

1. Amortisation and impairment relates to the intangible assets recognised as a result of the acquisitions.
2. Acquisition expenses relate to acquisition related advisory fees of £1.0 million, bonuses of £nil, contingent

consideration as remuneration of £14.2 million and remeasurement gain on contingent considerations of £13.1 million.

3. Restructuring and other one-off expenses relate to restructuring costs of £3.2 million and transformation costs of £0.4 million.
4. The comparatives for the six month period ended 30 June 2023 have been restated to account for the recognition of deferred tax balances related to certain business combinations in the prior periods (see Note 2).

<b>Adjusted basic result per share</b>	<b>Six months ended 30 June 2024</b>	<b>Six months ended 30 June 2023</b>
Adjusted profit attributable to owners of the Company (£m)	7.9	8.2
Weighted average number of ordinary shares for the purpose of basic EPS (shares)	671,233,751	615,663,576
Adjusted basic earnings per share (pence)	1.2	1.3

**Notes:**

1. The comparatives for the six month period ended 30 June 2023 have been restated to account for the recognition of deferred tax balances related to certain business combinations in the prior periods (see Note 2).

	<b>Six months ended 30 June 2024</b>	<b>Year ended 31 Dec 2023</b>
	<b>£m</b>	<b>£m</b>
<b>Net debt (A7)</b>		
Cash and bank	135.0	145.7
Loans and borrowings <sup>1</sup>	(317.9)	(326.5)
<b>Net debt</b>	<b>(182.9)</b>	<b>(180.8)</b>
Lease liabilities	(44.9)	(49.0)
Net debt including lease liabilities	(227.8)	(229.8)

**Notes:**

1. Excluding transaction costs of £4.7 million (2023: £5.4 million).

	<b>Six months ended 30 June 2024</b>	<b>Six months ended 30 June 2023</b>
	<b>£m</b>	<b>£m</b>
<b>Free cash flow (A8)</b>		
<b>Net cash inflow from operating activities</b>	<b>26.1</b>	<b>24.7</b>
Employment linked contingent consideration paid	2.9	-
Interest and facility fees paid	(15.2)	(12.8)
Interest received	1.2	-
Purchase of intangible assets	(1.9)	(1.1)
Purchase of property, plant and equipment	(2.6)	(3.8)
Security deposits	0.4	(0.2)
Principal element of lease payments	(6.6)	(8.5)
Other non-cash items	(1.2)	-
<b>Free cash flow</b>	<b>3.1</b>	<b>(1.7)</b>

**Independent review report to S<sup>4</sup>Capital plc  
Report on the condensed consolidated interim financial statements**

**Our conclusion**



We have reviewed S<sup>4</sup>Capital plc's condensed consolidated interim financial statements (the "interim financial statements") in the S<sup>4</sup>Capital plc Interim results for 2024 of S<sup>4</sup>Capital plc for the 6 month period ended 30 June 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the unaudited consolidated interim balance sheet as at 30 June 2024;
- the unaudited consolidated interim statement of profit or loss and unaudited consolidated interim statement of comprehensive income for the period then ended;
- the unaudited consolidated interim statement of cashflows for the period then ended;
- the unaudited consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the S<sup>4</sup>Capital plc Interim Results for 2024 of S<sup>4</sup>Capital plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

## Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the S<sup>4</sup>Capital plc Interim Results for 2024 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

## Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern

basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

## **Responsibilities for the interim financial statements and the review**

### **Our responsibilities and those of the directors**

The S<sup>4</sup>Capital plc Interim Results for 2024, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the S<sup>4</sup>Capital plc Interim Results for 2024 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the S<sup>4</sup>Capital plc Interim Results for 2024, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the S<sup>4</sup>Capital plc Interim Results for 2024 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP  
Chartered Accountants  
London  
18 September 2024

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