RNS Number : 6895M
S4 Capital PLC
18 September 2023

S[4]Capital plc

("S[4]Capital" or "the Company" or "the Group")

Interim Results for 2023

Net revenue[2] growth of 18.7%, 5.1% like-for-like[3]

Operational EBITDA[5] £36.5 million up 21.3% on a reported basis, down 30.2% like-for-like

Net debt[7] at £109 million, better than expectations and last year's £135 million

The Board will consider a dividend of at least 1p per share when the final results for 2023 have been determined

Continued client conversion at scale, with like-for-like revenue growth from top 20 clients of 8.9% and top 50 clients of 11.4%

Revised full year like-for-like net revenue target, likely down on last year with operational EBITDA margins of 12 to 13.5%[9]

£ millions	**six months ended 30 June 2023**	six months ended 30 June 2022[8]	change Reported	change Like-for-like[3]	change Pro-forma[4]
Billings[1]	925.4	765.6	20.9%	10.9%	10.9%
Revenue	517.1	446.4	15.8%	2.5%	2.5%
Net revenue[2]	445.5	375.3	18.7%	5.1%	5.1%
Operational EBITDA[5]	36.5	30.1	21.3%	(30.2%)	(30.2%)
Operational EBITDA margin[5]	8.2%	8.0%	20bps	(410)bps	(410)bps
Adjusted[6] operating profit	30.6	25.4	20.5%		
Adjusting[6] items	(37.0)	(100.8)	63.3%		
Operating loss	(6.4)	(75.4)	91.5%		
Loss for period	(19.7)	(82.3)	76.1%		

Basic loss per share *(pence)*	(3.2)	(14.5)	11.3
Adjusted[6] basic earnings per share *(pence)*	1.7	2.1	(0.4)
Number of Monks	8,551	9,041	(5.4%)
Net debt[7]	(109.4)	(135.5)	

Financial highlights

- Billings[1] £925.4 million, up 20.9% on a reported basis, up 10.9% like-for-like[3].
- Revenue £517.1 million, up 15.8% reported, 2.5% like-for-like.
- Net revenue[2] £445.5 million, up 18.7% reported, and 5.1% like-for-like, reflecting the challenging macroeconomic conditions compared to last year and clients' caution, with longer sales cycles, particularly with technology and newer regional and local clients. Two-year and three-year net revenue stacks (like-for-like net revenue growth stacks for the last two and three years) are 32.9% and 82.3%.
- Operational EBITDA[5] £36.5 million, up 21.3% reported and down 30.2% like-for-like.
- Operating loss £6.4 million, an improvement of £69.0 million on the prior year, primarily due to lower combination related expenses.
- Basic loss per share of 3.2p, compared to 14.5p basic loss per share in the first half of 2022.
- Adjusted[6] basic earnings per share, which excludes adjusting items after tax, of 1.7p per share, compared to 2.1p per share last year.
- The Board will consider a dividend of at least 1p per share, when the final results for 2023 have been determined, reflecting its confidence in the strategy and that we expect to be cash generative in 2024 with no material combination payments.
- Net debt[7] ended the period at £109.4 million, or 0.9x net debt/pro-forma 12 month operational EBITDA. The cash consideration payments to be made in respect of prior year combinations are now expected in H2, and as a result we expect to see net debt rise by the year end to £180-220 million.
- The balance sheet has sufficient liquidity and long-dated debt maturities to facilitate growth.

Strategic and operational highlights

- Our stated 'whopper' strategy of building broad scaled relationships with leading enterprise clients continues to drive our growth. Revenues from our top 20 clients grew 8.9% on a like-for-like basis in H1 2023 and the average size of our top 20 clients increased from £14.3 million to £15.5 million. Our top 50 client cohort delivered similar revenue growth of 11.4% on a like-for-like basis and their average size increased from £7.0 million to £7.7 million. We will likely have eight "whoppers" this year, with a further two on the fringe of reaching $20 million of gross revenue in 2023.
- We had a mixed first half of 2023, despite reported H1 net revenue growth of 18.7%, with like-for-like growth 5.1%. This reflects the more challenging global macroeconomic conditions and clients' caution reflecting fears of recession. We see longer sales cycles, particularly for larger transformation projects, and whilst all

practices have seen some impact, this is most evident in Content and in particular with one or two technology clients and regional and local opportunities.

¤ Profitability in the first half reflects slower top line growth and was below our budgets. We have seen some salary and related benefits inflation and we continue to maintain a disciplined approach to cost management, including headcount and discretionary costs. These controls have resulted in the number of Monks at the half year of 8,550, down over 5% from over 9,000 at this time last year. The Group continues to take action, especially in Content, given the current market outlook.

¤ The Content practice net revenue[2] was down 2.5% like-for-like, but up 5.8% on a reported basis, with Data&Digital Media up 2.4% like-for-like and Technology Services up 54.3% like-for-like. Content had a very challenging first half, particularly in May and June with one or two technology clients and regional and local opportunities. Data&Digital Media had modest growth in the first half, again highlighting tougher end markets and Technology Services remained strong, continuing to outperform.

¤ Geographically, on a like-for-like basis, the Americas net revenue growth was up 6.8% and now accounts for 79% of the Company, EMEA, accounting for 15% was up 1.7% and Asia Pacific, accounting for the remaining 6% was down 6.9%, reflecting lower client demand, particularly in China and some underperformance.

¤ Growth rates in digital media and transformation still remain above those of traditional, analogue markets. We are mainly focused on the digital media and transformation markets and are at the heart of developing trends around Blockchain, the Metaverse, AI and Quantum computing. Initial traction from our AI initiatives with clients is encouraging, such as last week's exclusive Outside Broadcasting Services initiative with Nvidia, AWS and Adobe, which is engendering considerable interest from media companies.

¤ 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).

¤ No new combinations were added to the Company in the first half of 2023.

Outlook

¤ Following slower than expected trading over the summer months, including August and current client activity levels, full year expectations have been further revised. Like-for-like net revenue is now expected to be likely down on the prior year and operational EBITDA margins are now targeted to be in the range of 12% to 13.5%. As in recent years, we expect the full year results to be heavily Q4 weighted reflecting our seasonality and anticipated client activity[9].

¤ Our net debt[7] will rise in H2 2023 reflecting payments for prior year combinations, after which virtually all of the existing contingent consideration due will have been satisfied. Our expected range for the year end is £180-220 million. We aim for financial leverage of around 1.5 times operational EBITDA over the medium term.

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

Sir Martin Sorrell, Executive Chairman of S^{4}Capital plc said:

"We had a very mixed first half of the year reflecting challenging global macroeconomic conditions and consequent fears of recession, which resulted in client caution to commit and extended sales cycles, particularly for larger projects. Despite this like-for-like revenue growth at our top 20 clients was up 8.9% and at the top 50 up 11.4%. We expect the year as usual to be weighted to the second half, especially Q4 - stimulated, in particular, by increased seasonal levels of clients' activity and our Artificial Intelligence initiatives and the use cases we are developing with our clients. We remain confident our talent, business model, strategy and scaled client relationships position us well for above average growth in the longer term, with a new emphasis on deploying free cash flow to dividends and share buybacks."

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 2022 being restated to show the unaudited numbers for the previous period of the existing and acquired businesses consolidated for the same months as in 2023 applying currency rates as used in 2023.
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, restructuring costs and amortisation of business combination intangible assets) 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. Operational EBITDA margin is operational EBITDA as a percentage of net revenue.
6. Adjusted operating profit is operating profit/loss adjusted for non-recurring items (as defined above) and recurring share-based payments.
7. Net debt excludes lease liabilities.
8. The prior period figures have been restated for the adoption of the amendment to IAS 12.
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^{4}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 during the event.

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

Webcast: https://brrmedia.news/SFOR_H1IR2023

Conference call:

UK: +44 (0)330 551 0200
USA: +1 786 697 3501

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

Webcast: https://brrmedia.news/SFOR_H1IRUS23

Conference call:

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Interim results statement overview

The first half of 2023 was mixed with slower market growth and continuing macroeconomic uncertainty. Our stated 'whopper' strategy of building broad scaled relationships with leading enterprise clients continues to drive our growth. Overall, we have seen clients being cautious and very much focused on the short term, particularly in relation to larger transformation projects. We anticipate an improved second half performance reflecting our seasonality and particularly Q4 weighting, and ongoing cost management which drives the stronger performance. We remain focused on a disciplined approach to costs, headcount and operational cash generation.

In the second half of 2023 there will be a cash outflow relating to 2022 and prior year combinations, with net debt expected to rise as a result. We will maintain a liquid balance sheet and the focus will be on improving operating performance and deploying free cash flow to dividends and buybacks.

The Company reports in three well defined practices; Content, Data&Digital Media and Technology Services. Content had a challenging first half, with like for like net revenue down slightly, which impacted margins significantly, delivering results below our budget. Data&Digital Media saw modest like-for-like net revenue growth, but is trading satisfactorily, although at reduced margins. Technology Services continues to perform strongly. Growth in Technology Services is expected to moderate in the second half due to expected phasing of work with its larger clients and strong comparatives. As in prior years, we anticipate a significant second half weighting and particularly in Q4 reflecting our seasonality and anticipated client activity, which will be complemented by an ongoing disciplined approach to cost management.

Both Data&Digital Media and Technology Services growth rates remain above those of traditional, analogue markets. We are mainly focused on the digital media and transformation markets and are at the heart of developing trends around Blockchain, the Metaverse, AI and Quantum computing. We are seeing our Artificial Intelligence initiatives improving visualisation and copywriting productivity, in delivering more empathetic hyper-personalisation (better targeted content at greater scale), more automated media planning and buying, improving general client and agency efficiency and democratising knowledge. The initial client traction reinforces our confidence in our offering and approach. As anticipated our markets and clients are growing more slowly in 2023, reflecting the weaker global economic conditions, which have been impacted by inflation and higher interest rates and general geopolitical uncertainty around US/China relations, the war in Ukraine and relations with Iran.

We continue to focus on the three areas of our ESG strategy: zero impact workspaces, sustainable work, and diversity, equity and inclusion (DE&I). We are adopting new tools to help us move towards increased transparency and measuring of CO^2 emissions. We continue to engage with leading stakeholders, industry efforts and global initiatives - like Amazon and the World Economic Forum and we continue to focus on our external reporting and compliance.

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 a signatory to the United Nations (UN) Women's Empowerment Principles and continue to focus on closing the representation gap in our industry by providing training to underserved and/or underrepresented talent.

Summary and outlook

Following slower than expected trading over the summer months, including August and current client activity levels, full year expectations have been revised further. Like-for-like net revenue is now expected to be down on the prior year and operational EBITDA margins are now targeted to be in the range of 12 to 13.5%. As in recent years, we expect the full year results to be heavily Q4 weighted reflecting our seasonality and anticipated client activity.

Our net debt will rise in H2 2023 reflecting payments for prior year combinations, after which virtually all of the existing contingent consideration due will have been satisfied. Our expected range for the year end is £180-220 million. We aim for financial leverage of around 1.5 times operational EBITDA over the medium term. We will focus on improving efficiency and effectiveness and deploying free cash flow to dividends and buybacks.

Over the longer term we continue to expect our growth to outperform our markets and operational EBITDA margins to return to historic levels of 20%+. The strategy of S[4]Capital remains the same. The Company's purely digital transformation model, based on first-party data fuelling the creation, production and distribution of digital advertising content, distributed by digital media and built on technology platforms to ensure success and efficiency, resonates with clients. Our tagline 'faster, better, cheaper, more' or 'speed, quality, value, more' (to both of which with the arrival of AI we have added 'more') and a unitary structure both appeal strongly, even more so in challenging economic times.

Financial review

Summary of results

£ millions	**six months ended 30 June 2023**	six months ended 30 June 2022[8]	change Reported	change Like-for-like[3]	change Pro-forma[4]
Billings[1]	925.4	765.6	20.9%	10.9%	10.9%
Revenue	517.1	446.4	15.8%	2.5%	2.5%
Net revenue[2]	445.5	375.3	18.7%	5.1%	5.1%
Operational EBITDA[5]	36.5	30.1	21.3%	(30.2%)	(30.2%)
Operational EBITDA margin[5]	8.2%	8.0%	20bps	(410)bps	(410)bps
Adjusted[6] operating profit	30.6	25.4	20.5%		
Adjusting[6] items	(37.0)	(100.8)	63.3%		
Adjusted[6] operating profit margin	6.9%	6.8%	10bps		
Net finance expenses and loss on net monetary position	(16.8)	(10.2)	(64.7%)		
Adjusted[6] result before income tax	13.8	15.2	(9.2%)		
Adjusted[6] Income tax expenses	(3.5)	(3.3)	(6.1%)		
Adjusted[6] result for the period	10.3	11.9	(13.4%)		
Adjusted[6] basic earnings per share *(pence)*	1.7	2.1	(0.4)		

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

Financial summary

Despite the challenging first half of 2023 with slower market growth and ongoing macroeconomic uncertainty, we have continued to enhance our financial processes and controls, supported by a now well established finance team, with a 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

2023 to support the Company in delivering its revised targets for the year.

Billings[1] were £925.4 million, up 20.9% on a reported basis, up 10.9% on a like-for-like[3] basis.

Revenue was £517.1 million, up 15.8% from £446.4 million on a reported basis, up 2.5% like-for-like basis.

Net revenue[2] was £445.5 million, up 18.7% reported, up 5.1% like-for-like.

Operational EBITDA[5] was £36.5 million compared to £30.1 million in the prior year, a reported increase of 21.3% and down 30.2% on a like-for-like basis. We have continued to maintain a disciplined approach to cost management, including headcount and discretionary costs. These controls have resulted in the number of Monks at the half year being around 8,550, down 5% from over 9,000 at this time last year. We are taking further actions in the second half, particularly in Content, given the current market conditions.

Operational EBITDA margin was 8.2%, up 20 basis points versus 8.0% in the first half of 2022 and down 410 basis points like-for-like reflecting primarily the lower growth in the Content practice and lower margins in Data&Digital Media. Our ambition remains to return full year margins to historic levels, above 20%, over the longer term.

Adjusted operating profit was up 20.5% on a reported basis to £30.6 million from £25.4 million, before adjusting items of £37.0 million. The reduction in adjusting items is largely due to lower combination costs tied to continued employment and a fair value adjustment on equity consideration. Adjusting items also includes share-based payments, restructuring costs primarily related to headcount and amortisation of business combination intangible assets.

The reported operating loss of £6.4 million, was £69.0 million lower than in 2022, reflecting a reduction in the acquisition and restructuring expenses. The loss for the period was £19.7 million (30 June 2022: £82.3 million).

Adjusted basic earnings per share was 1.7p, versus adjusted basic earnings per share of 2.1p in the first half of 2022.

The Board will consider a dividend of at least 1p per share, when the final results for 2023 have been determined, reflecting its confidence in the strategy for the Group and that we expect to be cash generative in 2024 with no material combination payments.

Practice and Geographic Performance

£ millions	**six months ended 30 June 2023**	six months ended 30 June 2022	change Reported	change Like-for-like[3]	change Pro-forma[4]
Content	264.7	250.2	5.8%	(2.5%)	(2.5%)
Data&Digital Media	106.6	100.7	5.9%	2.4%	2.4%
Technology Services	74.2	24.4	204.1%	54.3%	54.3%
Net revenue[2]	445.5	375.3	18.7%	5.1%	5.1%
Americas	353.7	284.5	24.3%	6.8%	6.8%
EMEA	66.1	63.3	4.4%	1.7%	1.7%
Asia-Pacific	25.7	27.5	(6.5%)	(6.9%)	(6.9%)

Net revenue[2*]	445.5	375.3	18.7%	5.1%	5.1%
Content	6.8	14.0	(51.4%)	(73.3%)	(73.3%)
Data&Digital Media	16.3	17.4	(6.3%)	(15.5%)	(15.5%)
Technology Services	26.5	8.8	201.1%	49.7%	49.7%
S[4] central	(13.1)	(10.1)	(29.7%)	(28.4%)	(28.4%)
Operational EBITDA[5]	36.5	30.1	21.3%	(30.2%)	(30.2%)

*The prior period geographical split of net revenue has been re-presented to be consistent with the internal reporting provided to the Group's Board of Directors in the current period.

Practice performance

Content practice operational EBITDA was £6.8 million, down 51.4% on a reported basis versus the first half of 2022, down 73.3% on a like-for-like basis. The Content practice operational EBITDA margin was 2.6%, compared to 5.6% in the first half of 2022, reflecting people cost inflation and related benefits, higher IT costs and lower than budgeted revenues impacting profitability. Continued control on hiring has reduced headcount at the period end and will benefit the second half and Q4. We continue to focus on integration and improving the operating model for Content, with further cost reduction measures taking place during Q3 and Q4.

Data&Digital Media practice operational EBITDA was £16.3 million, down 6.3% on a reported basis from the last year, down 15.5% on a like-for-like basis. Data&Digital Media practice operational EBITDA margin was 15.3%, compared to 17.3%, reflecting the lower like-for-like topline growth, people cost inflation and related benefits, and higher travel and selling costs against a covid impacted comparison.

Technology Services continues to outperform with operational EBITDA of £26.5 million, up 201.1% on a reported basis from the prior period, up 49.7% like-for-like and delivering an operational EBITDA margin of 35.7%.

Central costs reflect a full six months of the investments made in 2022 to build out finance, assurance and governance.

Geographic performance

The Americas net revenue was £353.7 million (79.4% of total), up 24.3% on a reported basis from last year. On a like-for-like basis the Americas net revenue was up 6.8%, reflecting growth in our "whoppers" offset by slower market growth and client caution.

EMEA net revenue was £66.1 million (14.8% of total), up 4.4% from last year on a reported basis. On a like-for-like basis EMEA net revenue was up 1.7% primarily reflecting slower market growth and client caution.

Asia Pacific net revenue was £25.7 million (5.8% of total), down 6.5% on a reported basis. On a like-for-like basis Asia Pacific net revenue was down 6.9% reflecting challenging market conditions, particularly in China and some underperformance.

Cash flow

£ millions	**six months ended 30 June 2023**	six months ended 30 June 2022
Operational EBITDA	36.5	30.1
Capital expenditure[1]	(5.1)	(10.2)
Interest paid	(11.6)	(6.6)
Income tax paid	(10.7)	(7.4)
Change in working capital	(10.8)	(7.7)
Free cashflow	(1.7)	(1.8)
Mergers & Acquisitions	(0.3)	(125.6)
Other	2.8	9.9
Movement in net cash/(net debt)	0.8	(117.5)
Opening net debt	(110.2)	(18.0)
Net debt	(109.4)	(135.5)

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

1. Includes investment in intangible assets, investments in property, plant and equipment and security deposits.

Free cashflow for the period was negative £1.7 million, an improvement of £0.1 million compared to the first of 2022 with an improvement in operational EBITDA and the benefits of lower capital expenditure, partially offset by increased cash interest costs reflecting higher interest rates.

Cash paid in relation to combinations (M&A) decreased £125.3 million versus the prior period to £0.3 million reflecting lower M&A activity and timing of payments, which are now expected in the second half of the year.

Treasury and net debt

Net debt reconciliation *£ millions*	**six months ended 30 June 2023**	six months ended 30 June 2022
Cash and cash equivalents	213.3	193.1
Loans and borrowings (excluding bank overdrafts)	(322.7)	(323.8)
Bank overdrafts	-	(4.8)
Net debt	**(109.4)**	**(135.5)**

The half year net debt was £109.4 million (30 June 2022: £135.5 million) or 0.9x net debt/12 month pro-forma operational EBITDA. The balance sheet has sufficient liquidity and long dated debt maturities. During the period S^{4}Capital Group complied with the covenants set in its loan agreement. The pro-forma 12 month operational EBITDA for the period to 30th June 2023 was £128.1 million.

Interest and tax

Income statement net financing costs were £16.8 million (30 June 2022: £10.2 million), an increase of £6.6 million due to higher interest rates, increased lease costs and the discounting of contingent consideration. The income statement tax credit for the half year was £3.5 million (30 June 2022: £3.3 million).

Balance sheet

Overall the Group reported net assets of £827.8 million as at 30 June 2023, which is a decrease of £22.3 million compared to 31 December 2022, driven mainly by changes in FX rates and amortisation of intangible assets.

Acquisitions

No acquisitions were made in the six months ended 30 June 2023.

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 S4Capital 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 S4Capital plc are listed in the S4Capital plc annual report for 31 December 2022. A list of current directors is maintained on the S4Capital plc website: www.s4capital.com.

By order of the Board

Sir Martin Sorrell Mary Basterfield

Chairman Chief Financial Officer

About S4Capital

S4Capital 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.

Victor Knaap, Wesley ter Haar, Christopher S. Martin, Scott Spirit and Mary Basterfield 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 Colin Day.

The Company now has approximately 8,600 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 6% 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 2023

	Note	Six months ended 30 June 2023 £m	Six months ended 30 June 2022[1] £m
Revenue	7	**517.1**	446.4
Direct costs		**(71.6)**	(71.1)
Net revenue	7	**445.5**	**375.3**
Personnel costs		**(358.8)**	(308.9)
Other operating expenses		**(48.7)**	(36.1)
Acquisition, restructuring and other expenses		**(5.7)**	(69.7)
Depreciation and amortisation		**(38.8)**	(36.0)
Share of profit of joint ventures		**0.1**	-
Total operating expenses		**(451.9)**	(450.7)
Operating loss		**(6.4)**	**(75.4)**
Adjusted operating profit		**30.6**	25.4
Adjusting items[2]		**(37.0)**	(100.8)
Operating loss		**(6.4)**	(75.4)
Finance income		**1.1**	0.8
Finance costs		**(18.6)**	(10.4)
Net finance costs		**(17.5)**	(9.6)
Gain/(loss) on the net monetary position		**0.7**	(0.6)
Loss before income tax		**(23.2)**	**(85.6)**
Income tax credit		**3.5**	3.3
Loss for the period		**(19.7)**	**(82.3)**
Attributable to owners of the Company		**(19.7)**	(82.3)
Attributable to non-controlling interests		**-**	-
		(19.7)	**(82.3)**
Loss per share is attributable to the ordinary equity holders of the Company			
Basic loss per share (pence)		**(3.2)**	(14.5)
Diluted loss per share (pence)		**(3.2)**	(14.5)

Notes:

1. The comparatives for the six month period ended 30 June 2022 have been restated for the adoption of the amendment to IAS 12 (see Note 2).
2. Adjusting items comprises amortisation of intangibles of £24.2m (H1 2022: £24.2m), acquisition and restructuring expenses of £5.7m (H1 2022: £69.7m) and share-based payments of £7.1m (H1 2022: £6.9m).

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 2023

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022[1] £m
Loss for the period	**(19.7)**	**(82.3)**
Other comprehensive (expense)/income		
Items that may be reclassified to profit or loss		
Foreign operations - foreign currency translation differences	(38.8)	70.4
Other comprehensive (expense)/income	(38.8)	70.4
Total comprehensive expense for the period	**(58.5)**	**(11.9)**
Attributable to owners of the Company	(58.5)	(11.9)
Attributable to non-controlling interests	-	-
	(58.5)	**(11.9)**

Notes:

1. The comparatives for the six month period ended 30 June 2022 have been restated for the adoption of the amendment to IAS 12 (see Note 2).

Unaudited consolidated interim balance sheet

As at 30 June 2023

	Note	Six months ended 30 June 2023 £m	Year ended 31 December 2022[1] £m
Assets			
Goodwill	8	690.2	718.8
Intangible assets		404.3	445.2
Right-of-use assets		51.5	55.7
Property, plant and equipment		27.0	29.7
Interest in joint ventures		0.1	-
Deferred tax assets		15.8	15.1
Other receivables		9.3	12.2
Non-current assets		1,198.2	**1,276.7**
Trade and other receivables		365.2	442.4
Tax assets		3.6	-
Cash and cash equivalents		213.3	223.6
Current assets		582.1	**666.0**
Total assets		1,780.3	**1,942.7**

Liabilities			
Deferred tax liabilities		**(57.2)**	(63.8)
Loans and borrowings		**(316.3)**	(326.2)
Lease liabilities		**(38.9)**	(43.1)
Contingent consideration and holdbacks	9	**(6.3)**	(11.3)
Provisions		**(4.7)**	(5.7)
Non-current liabilities		**(423.4)**	**(450.1)**
Trade and other payables		**(401.4)**	(443.2)
Contingent consideration and holdbacks	9	**(111.3)**	(177.3)
Loans and borrowings		**(0.4)**	(0.7)
Lease liabilities		**(15.2)**	(15.3)
Provisions		**(0.8)**	-
Tax liabilities		**-**	(6.0)
Current liabilities		**(529.1)**	**(642.5)**
Total liabilities		**(952.5)**	**(1,092.6)**
Net assets		**827.8**	**850.1**
Equity			
Share capital		**145.1**	142.0
Share premium		**67.6**	5.9
Merger reserves		**-**	-
Other reserves		**139.7**	175.2
Foreign exchange reserves		**9.7**	48.5
Retained earnings/(accumulated losses)		**465.6**	478.4
Attributable to owners of the Company		**827.7**	**850.0**
Non-controlling interests		**0.1**	0.1
Total equity		**827.8**	**850.1**

Notes:

1. The comparatives as at 31 December 2022 have been restated for the adoption of the amendment to IAS 12, measurement period adjustments in respect of business combinations and re-presented to split out certain balance sheet items and provide more clarity for the year ended 31 December 2022. See Note 2.

Unaudited consolidated interim statement of changes in equity

For the six month period ended 30 June 2023

	Share capital[1] £m	Share premium £m	Merger reserves £m	Other reserves[2] £m	Foreign exchange reserves £m	Retained earnings/ (accumulated losses)[3] £m	Attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
At 1 January 2022	**138.8**	**446.9**	**205.7**	**76.7**	**(22.2)**	**(44.8)**	**801.1**	**0.1**	**801.2**
Amendment to IAS 12 restatement[3]	-	-	-	-	-	1.3	1.3	-	1.3
Hyperinflation restatement	-	-	-	1.7	-	-	1.7	-	1.7
Adjusted opening balance	138.8	446.9	205.7	78.4	(22.2)	(43.5)	804.1	0.1	804.2
Comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(82.3)	(82.3)	-	(82.3)
Foreign currency translation differences	-	-	-	-	70.4	-	70.4	-	70.4
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**70.4**	**(82.3)**	**(11.9)**	**-**	**(11.9)**
Transactions with owners of the Company									
Business combinations	0.2	2.9	-	91.0	-	-	94.1	-	94.1
Share-based payments	-	-	-	0.3	-	6.6	6.9	-	6.9
At 30 June 2022[3]	**139.0**	**449.8**	**205.7**	**169.7**	**48.2**	**(119.2)**	**893.2**	**0.1**	**893.3**
Hyperinflation restatement	-	-	-	1.6	-	-	1.6	-	1.6
Adjusted opening balance	139.0	449.8	205.7	171.3	48.2	(119.2)	894.8	0.1	894.9

Comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(78.2)	(78.2)	-	(78.2)
Other comprehensive Income	-	-	-	-	0.3	-	0.3	-	0.3
Total comprehensive income/(loss) for the period	-	-	-	-	**0.3**	**(78.2)**	**(77.9)**	**-**	**(77.9)**
Transactions with owners of the Company									
Realised merger reserve[4]	-	(462.6)	(205.7)	-	-	668.3	-	-	-
Business combinations	3.0	18.7	-	3.8	-	-	25.5	-	25.5
Share-based payments	-	-	-	0.1	-	7.5	7.6	-	7.6
At 31 December 2022[3]	**142.0**	**5.9**	-	**175.2**	**48.5**	**478.4**	**850.0**	**0.1**	**850.1**
Hyperinflation restatement	-	-	-	2.4	-	-	**2.4**	-	**2.4**
Adjusted opening balance	142.0	5.9	-	177.6	48.5	478.4	852.4	0.1	852.5
Comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(19.7)	(19.7)	-	(19.7)
Other comprehensive Income	-	-	-	-	(38.8)	-	(38.8)	-	(38.8)
Total comprehensive loss for the period	-	-	-	-	**(38.8)**	**(19.7)**	**(58.5)**	-	**(58.5)**
Transactions with owners of the Company									
Business combinations	3.1	61.7	-	(38.3)	-	-	26.5	-	26.5
Share-based payments	-	-	-	0.4	-	6.9	7.3	-	7.3
At 30 June 2023	**145.1**	**67.6**	-	**139.7**	**9.7**	**465.6**	**827.7**	**0.1**	**827.8**

Notes:

1. At the end of the reporting period, the issued and paid up share capital of S4Capital plc consisted of 580,147,552 (H1 2022: 556,085,466, 2022: 567,832,883) Ordinary Shares having a nominal value of £0.25 per Ordinary Share.
2. Other reserves primarily includes the deferred equity consideration arising from business combinations of £133.5m (H1 2022: £168.0m), made up of the following: TheoremOne for £81.4m, Raccoon for £26.2m, XX Artists for £7.8m, Cashmere for £6.9m, Zemoga £8.7m, 4Mile for £2.3m and Destined for £0.2m, the treasury shares issued in the name of S[4]Capital plc to an employee benefit trust for the amount of £1.4m (H1 2022: £2.2m), and hyperinflation restatement in Argentina of £7.4m (H1 2022: £3.4m).
3. The comparatives as at 30 June 2022, 31 December 2022 and 1 January 2022 have been restated for the adoption of the amendment to IAS 12. See Note 2.
4. During the year ended 31 December 2022, the Group undertook a reduction of capital to effect the cancellation of the C ordinary shares resulting from the capitalisation of the sum of £205.7m outstanding to the credit of the Company's merger reserve.

Unaudited consolidated interim statement of cashflows

For the six month period ended 30 June 2023

	Note	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Cash flows from operating activities			
Loss before income tax		**(23.2)**	(85.6)

Financial income and expenses		**17.5**	9.6
Depreciation and amortisation		**38.8**	36.0
Share-based payments		**7.1**	6.9
Acquisition, restructuring and other expenses		**5.7**	69.7
Employment linked contingent consideration paid		**-**	(32.3)
Share of profit in joint venture		**(0.1)**	-
(Gain)/loss on the net monetary position		**(0.7)**	0.6
Decrease in trade and other receivables		**60.6**	40.9
Decrease in trade and other payables		**(70.3)**	(48.1)
Cash flows from operations		**35.4**	(2.3)
Income taxes paid		**(10.7)**	(7.4)
Net cash inflow/(outflow) from operating activities		**24.7**	**(9.7)**
Cash flows from investing activities			
Investments in intangible assets		**(1.1)**	(0.5)
Investments in property, plant and equipment		**(3.8)**	(10.2)
Acquisition of subsidiaries, net of cash acquired	6, 9	**(0.3)**	(93.2)
Security deposits		**(0.2)**	0.5
Cash flows used in investing activities		**(5.4)**	**(103.4)**
Cash flows from financing activities			
Proceeds from own shares		**0.2**	-
Payment of lease liabilities		**(9.7)**	(7.6)
Repayments of loans and borrowings		**(0.1)**	(0.2)
Transaction costs paid on borrowings		-	(0.3)
Interest paid		**(11.6)**	(6.6)
Cash flows used in financing activities		**(21.2)**	**(14.7)**
Net movement in cash and cash equivalents		**(1.9)**	(127.8)
Cash and cash equivalents beginning of the year[1]		**223.6**	299.1
Exchange (loss)/gain on cash and cash equivalents		**(8.4)**	17.1
Cash and cash equivalents at the end of the period[1]		**213.3**	**188.4**

Note:

1. Including bank overdrafts £nil (31 December 2022: £nil; 30 June 2022: £4.8m; 31 December 2021: £1.9m).

Notes to the unaudited consolidated interim financial statements

For the six month period ended 30 June 2023

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 interim financial statements represent the results of the Company and its subsidiaries (together referred to as 'S^{4}Capital Group' or the 'Group').

S^{4}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[4]Capital plc for the year ended 31 December 2022 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 2023 are a condensed set of financial information and have been prepared on the basis of the policies set out in the 2022 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 17 September 2023.

B. Restatement and re-presentation

Business combinations

The consolidated balance sheet at 31 December 2022 has been restated for fair value adjustments relating to the TheoremOne acquisition. See Note 6 for further details.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes)

An amendment to IAS 12 Income taxes was published in May 2021 and became effective for the Group from 1 January 2023. The amendment narrowed the scope of the deferred tax recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group has considered the impact of this amendment, notably in relation to the accounting for deferred taxes on leases and dilapidation provisions. The impact of transitioning to the revised standard was to increase deferred tax assets by £0.3 million, decrease deferred tax liabilities by £1.0 million and increase total equity by £1.3 million as at 1 January 2022. The impact on the statement of profit and loss was £0.1 million income and £0.9 million expense for period ended 30 June 2022 and 31 December 2022 respectively. The impact of this retrospective adjustment on the consolidated balance sheet at 31 December 2022 is shown below.

Provisions and other payables

Provisions previously presented as other payables have been re-presented to be shown separately on the consolidated balance sheet to provide consistency with the presentation of balances for the six months ended 30 June 2023.

				31 December 2022	
	As reported £m	Business combinations £m	Amendment to IAS 12 £m	Re-presented £m	As restated £m
Goodwill	720.4	(1.6)	-	-	718.8
Deferred tax assets	16.8	-	(1.7)	-	15.1
Total non-current assets	1,280.0	(1.6)	(1.7)	-	1,276.7
Trade and other receivables	440.8	1.6	-	-	442.4

Total current assets	664.4	1.6	-	-	666.0
Total assets	1,944.4	-	(1.7)	-	1,942.7
Deferred tax liabilities	66.0	-	(2.2)	-	63.8
Provisions	-	-	-	5.7	5.7
Other payables	5.7	-	-	(5.7)	-
Total non-current liabilities	452.3	-	(2.2)	-	450.1
Total liabilities	1,094.8	-	(2.2)	-	1,092.6
Net assets	849.6	-	0.5	-	850.1

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 2022 year end are set out in detail on pages 24 to 28 of the Annual Reports and Accounts 2022. The principal risks and uncertainties facing the Group at the 30 June 2023 remain the same and relate the following:

- Economic environment
- People retention
- Controls and compliance
- Strategy
- Integration of entities
- Governance
- Systems and processes
- Competitive environment
- Information security

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 139 to 154 of the Annual Report and Accounts 2022, excluding the impact of amended standards as detailed below.

A number of amended standards became applicable for the current reporting period. These are as follows:

Definition of accounting estimates (Amendments to IAS 8)

In February 2021, the IASB issued Definition of accounting estimates (Amendments to IAS 8) to clarify the distinction between accounting policies and accounting estimates. The amendments are effective for reporting periods beginning on or after 1 January 2023. The Group adopted this standard as of 1 January 2023. The adoption of this standard had no material impact on the Groups unaudited consolidated interim financial statements.

Making Materiality Judgements (Amendments to IAS 1 and IFRS Practice Statement 2)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 "Making Materiality Judgements", which provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their material accounting policies and adding guidance on how entities are to apply the concept of materiality in making decisions about accounting policy disclosures. These amendments are applicable for annual periods beginning on or after 1 January 2023. These amendments have been adopted as of such date and has had no material impact on the Group's unaudited consolidated interim financial statements.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes)

In May 2021, the IASB issued Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes) to clarify how to account for deferred tax on transactions including leases and decommissioning obligations. The amendments are effective for reporting periods beginning on or after 1 January 2023. The Group adopted this standard as of 1 January 2023, as detailed in Note 2.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued *IFRS 17 Insurance Contracts*. IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17. This standard is effective for reporting periods beginning on or after 1 January 2023. The Group adopted this standard as of 1 January 2023. The adoption of this standard had no material impact on the Group's unaudited consolidated interim financial statements.

Pillar 2

The Group has applied the mandatory temporary exception under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar 2 rules.

4. Critical accounting judgements and estimates

The following are the critical accounting judgements and estimates, made by management in the process of applying the Group's accounting policies, that have the most significant effect on the amounts recognised in the Group's unaudited consolidated interim financial statements.

Judgements

Revenue recognition

The Group's revenue is earned from the provision of data and digital media solutions and technology services. Under IFRS 15, revenue from contracts with customers is recognised as, or when, the performance obligation is satisfied.

Specifically for the Content segment, due to the size and complexity of contracts, management is required to form a number of judgements in the determination of the amount of revenue to be recognised including the identification of performance obligations within the contract and whether the performance obligation is satisfied over time or at a point in time. The key judgment is whether revenue should be recognised over time or at point in time. Where revenue is recognised over time, an estimate must be made regarding the progress towards completion of the performance obligation.

Impairment of goodwill and intangible assets

The Group applies judgement in determining whether the carrying value of goodwill and intangible assets have any indication of impairment at each reporting period, or more frequently if required. Both external and internal factors are monitored for indicators of impairment. When performing the impairment review, management's approach for determining the recoverable amount of a cash-generating unit is based on the higher of value in use or fair value less cost to dispose. In determining the value in use, estimates and assumptions are used to derive cashflows, growth rates and discount rates. See Note 8 for further information.

Tax positions

The Group is subject to sales tax in a number of jurisdictions. Judgement is required in determining the provision for sales taxes due to uncertainty of the amount of tax that may be payable. Provisions in relation to uncertain tax positions are established on an individual rather than portfolio basis, considering whether, in each circumstance, the Group considers it is probable that the uncertainty will crystallise.

Use of alternative performance measures

In establishing which items are disclosed separately as adjusting items to enable a better understanding of the underlying financial performance of the Group, management exercise judgement in assessing the size and nature of specific items. The Group uses alternative performance measures as we believe these measures provide additional useful information on the underlying trend, performance, and position of the Group. These underlying measures are used by the Group for internal performance analyses, and credit facility covenant calculations. The alternative performance measures include 'adjusted operating profit', 'adjusting items', 'EBITDA' (earnings before interest, tax, depreciation) and 'operational EBITDA'. The terms 'adjusted operating profit', 'adjusting items', 'EBITDA' and 'operational EBITDA' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. The measures are not intended to be a substitute for, or superior to, GAAP measures. A full list of alternative performance measures and non-IFRS measures together with reconciliations to IFRS or GAAP measures are set out in the Alternative Performance Measures.

Estimates

Fair value of assets and liabilities acquired and measurement of consideration on business combinations

During the six months ended 30 June 2023, there were no business combinations. In determining the fair value of the customer relationships in comparative periods, or adjustments to provisional amounts recognised, estimates and assumptions are used in deriving the cashflows, renewal rates and discount rates. The cashflows include estimates of revenue growth, attrition rates, profit margins, contract durations and discount rates. Management involves external advisors on the valuation techniques used in determining the fair value of customer relationships. These inputs, combined with our internal knowledge and expertise on the relevant market growth opportunities, enabled management to determine the appropriate value of customer relationships. See Note 6 for further details.

The Group recognises contingent consideration on acquisitions, which comprise both performance and employment linked contingent consideration. The fair value of contingent consideration is based on management's best estimate of achieving future targets to which the contingent consideration is linked to, which is the most significant unobservable input. See Note 6 and 9 for further information.

5. Statutory information and independent review

The condensed unaudited consolidated interim financial statements for the six months period ended 30 June 2023 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 2022 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 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 2023.

Prior period acquisitions

XX Artists

The initial accounting for the business combination of XX Artists was provisional at the 31 December 2022 and has been finalised as at 30 June 2023. There has been no change to the provisional fair value as disclosed at 31 December 2022.

At 30 June 2023, the employment linked contingent consideration and holdback remaining on the balance sheet was £34.0 million and £0.6 million respectively. The Group expects to settle the maximum amounts, as the business had achieved the post acquisition EBITDA targets for the 12 month period ended 31 December 2022.

TheoremOne

The initial accounting for the business combination of TheoremOne was provisional at the 31 December 2022. As required by IFRS 3, the following fair value adjustments have been made during the measurement period, which had no material impact on the profit or loss statement.

	As disclosed at 31 December 2022		At 30 June 2023
	Provisional fair value £m	Fair value adjustments £m	Fair value £m
Net identifiable assets	105.0	-	**105.0**
Goodwill	38.0	(1.5)	**36.5**
Total	143.0	(1.5)	**141.5**
Cash	78.0	-	**78.0**
Deferred consideration	55.0	-	**55.0**
Holdback obligations	10.0	-	**10.0**
Adjustment to purchase consideration[1]	-	(1.5)	**(1.5)**
Total purchase consideration	143.0	(1.5)	**141.5**

Notes:

1. Adjustment to purchase consideration relates to the amount to be recovered by the Group through the completion accounts process. This has been received by the Group after the 30 June 2023.

During the six months ended 30 June 2023, £28.5 million was charged to the statement of profit or loss with no further amounts to be accrued which related to the employment linked contingent consideration due to Sellers who remain employees of the business.

At 30 June 2023, the employment linked contingent consideration became unconditional, on the basis that TheoremOne fully achieved post acquisition EBITDA targets for the 12 month period ended 31 December 2022. As a result, £79.0 million of employment linked contingent consideration was derecognised, with £39.5 million being recognised within trade and other payables, £26.4 million being recognised as deferred equity consideration and a revaluation gain of £13.1 million recognised in the statement of profit or loss. The £39.5 million within trade and other payables was settled in August 2023.

Included within other reserves as at 30 June 2023 is £81.4 million, comprised of £55.0 million of deferred consideration on initial acquisition and £26.4 million recognised during the period, as explained above.

At 30 June 2023, £7.9 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

At 30 June 2023, the performance linked and employment linked contingent consideration remaining on the balance sheet is £8.3 million and £3.5 million respectively. The post acquisition gross margin targets for the 12 months ended 31 December 2022 have not been met in full and the amounts held at 30 June 2023 represent the maximum amount payable based on this performance. Given the performance, the Group continues to hold commercial discussions with the Sellers regarding the outstanding consideration. The minimum amount payable would be £nil.

At 30 June 2023, £4.7 million of holdbacks remain relating to amounts held back to cover and indemnify the Group against certain acquisition costs and any damage. The Group currently expects to settle the maximum holdback amount. The amount payable would be dependent on the acquisition costs and any damages, with the minimum amount payable being £nil.

Raccoon Group (Raccoon)

At 30 June 2023, the employment linked contingent consideration remaining on the balance sheet is £42.6 million. As the business had not fully met the agreed post-acquisition EBITDA targets for the 12 months ended 31 December 2022, during the six months ended 30 June 2023, a revaluation gain of £14.3 million was recognised in the statement of profit or loss. The amount held of £42.6 million was paid in August 2023.

Zemoga Group (Zemoga)

At 30 June 2023, £6.0 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 is dependent on the amount of these acquisition costs and damages, with the minimum amount payable being £nil.

Cashmere Agency Inc (Cashmere)

At 30 June 2023, £2.8 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 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^4Capital Group.

During the period, S^4Capital 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^4Capital Group uses net revenue rather than revenue to manage the Company due to the fluctuating amounts of direct costs, which form part of revenue.

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

Six months ended 30 June 2023	Content £m	Data&Digital Media £m	Technology services £m	Total £m
Revenue	334.8	108.1	74.2	517.1
Net revenue	264.7	106.6	74.2	445.5
Segment profit[1]	6.8	16.3	26.5	49.6
Overhead costs				(13.1)
Adjusted non-recurring and acquisition related expenses[2]				(12.8)
Depreciation, amortisation and impairments[3]				(30.1)
Net finance costs and gain on net monetary position				(16.8)
Loss before income tax				(23.2)

Six months ended 30 June 2022	Content £m	Data&Digital Media £m	Technology services £m	Total £m
Revenue	319.1	102.3	25.0	**446.4**
Net revenue	250.2	100.7	24.4	375.3
Segment profit[1]	14.0	17.4	8.8	40.2
Overhead costs				(10.1)
Adjusted non-recurring and acquisition related expenses[2]				(76.6)
Depreciation, amortisation and impairments[3]				(28.9)
Net finance costs and loss on net monetary position				(10.2)
Loss before income tax				**(85.6)**

Notes:
1. Including £8.7m (H1 2022: £7.1m) depreciation on right-of-use assets.
2. Comprised of acquisition and restructuring expenses of £5.7m (H1 2022: £69.7m) and share-based payment costs of £7.1m (H1 2022: £6.9m).
3. Excluding £8.7m (H1 2022: £7.1m) 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

S[4]Capital Group has an attractive and expanding client base with four clients providing more than £20 million of revenue in the first six months of the year representing 36% of the Group's revenue. During the six months ended 30 June 2022 four clients provided more than £20 million of revenue representing 31% of the Group's revenue.

One customer accounted for more than 10% of the Group's revenue during the period, contributing £92.6 million. The revenue from this customer was attributable to both the Content and Data&Digital Media segments. For the prior period, one customer accounted for more than 10% of the Group's revenue, contributing £70.9 million. The revenue from this customer was attributable to both the Content and Data&Digital Media segments.

8. Goodwill

	Six months ended 30 June 2023 £m	Restated[1] Year ended 31 Dec 2022 £m
At the start of the period	718.8	625.0
Acquired through business combinations	-	51.8
Impairments	-	(15.2)
Foreign exchange differences	(28.6)	57.2
At the end of the period	690.2	**718.8**

Note:
1. Restated for the business combinations. Refer to Note 2.

Goodwill represents the excess of consideration over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Impairment testing

The Group performs its Goodwill impairment testing annually and in addition, when circumstances indicate that the carrying value may be impaired. In light of the Group's recent market capitalisation and revised targets for the full year as issued in July, the Group has conducted impairment tests of the 3 cash-generating unit's (CGU) as at 30 June 2023.

The Group's impairment testing is based on value-in-use calculations. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

The recoverable amount for each CGU is determined using a value-in-use calculation. The Group's CGUs are Content, Data&Digital Media and Technology Services. In determining the value in use, the Group uses forecasted revenue and profits adjusted for non-cash transactions to generate cash flow projections. The forecasts reflect management's latest expectations for each CGU's future financial performance, based on estimated growth rates and margins for each CGU considering the latest macroeconomic trends and external factors, historic performance and trends, and latest outlook for the rest of the year, amongst other factors.

Net revenue growth rates of between -1% and 22% per annum depending on the CGU in years one to five has been used. Beyond the explicit five-year forecast period, a long-term growth rate has been applied in perpetuity. A terminal value has been applied using an underlying long term growth rate of 2.0%. The cash flows have been discounted to present value using a pre-tax discount rate of between 14.3% and 14.8% depending on the CGU. The resultant value-in-use figure exceeds the carrying value of the CGUs.

Sensitivity analysis has been carried out by adjusting the respective CGU discount rates, growth rates and margins. Based on the Group's sensitivity analysis, no indications of impairment have been identified. In carrying out the impairment review, management believes that there are no CGUs where reasonably possible changes to the underlying assumptions exist that would give rise to an impairment.

The Group will continue to perform its annual impairment test as part of the preparation for the year end Annual Report and Accounts.

9. Financial instruments

Financial instruments by category

Financial assets	**Six months ended 30 June 2023 £m**	**Year ended 31 Dec 2022 £m**
Cash and cash equivalents	**213.3**	223.6
Trade receivables	**291.5**	349.6
Accrued income	**39.4**	44.7
Other receivables	**34.6**	42.2
Total	**578.8**	**660.1**

Financial liabilities	**Six months ended 30 June 2023 £m**	**Year ended 31 Dec 2022 £m**
Financial liabilities held at amortised cost		
Trade and other payables	**(321.3)**	(369.2)
Loans and borrowings	**(316.7)**	(326.9)
Lease liabilities	**(54.1)**	(58.4)
Financial liabilities held at fair value through profit and loss		

Contingent consideration and holdbacks	(117.6)	(188.6)
Total	(809.7)	**(943.1)**

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.

Financial liabilities	**Six months ended 30 June 2023 Fair value £m**	**Six months ended 30 June 2023 Level 3 £m**	**Year ended 31 Dec 2022** Fair value £m	**Year ended 31 Dec 2022** Level 3 £m
Contingent consideration and holdbacks	**117.6**	**117.6**	188.6	188.6
Total	**117.6**	**117.6**	**188.6**	**188.6**

The following table shows the movement in contingent consideration and holdbacks.

Contingent consideration and holdbacks	**Performance linked contingent consideration £m**	**Employment linked contingent consideration £m**	**Holdbacks £m**	**Total £m**
Balance at 1 January 2022	**42.9**	**58.7**	**16.8**	**118.4**
Acquired through business combinations	12.5	-	14.2	26.7
Recognised in consolidated statement of profit and loss	(13.1)	155.6	1.6	144.1
Cash paid	(17.0)	(38.9)	(9.4)	(65.3)
Equity settlement	(19.1)	(35.4)	-	(54.5)
Exchange rate differences	4.7	11.7	2.8	19.2
Balance at 31 December 2022	**10.9**	**151.7**	**26.0**	**188.6**
Acquired through business combinations	**-**	**-**	**-**	**-**
Recognised in consolidated statement of profit and loss	**-**	**1.1**	**-**	**1.1**
Cash paid	**-**	**-**	**(0.3)**	**(0.3)**
Equity settlement	**-**	**(26.4)**	**-**	**(26.4)**
Transfer to other payables	**-**	**(39.5)**	**-**	**(39.5)**
Exchange rate differences	**(0.5)**	**(4.0)**	**(1.4)**	**(5.9)**
Balance at 30 June 2023	**10.4**	**82.9**	**24.3**	**117.6**
Included in current liabilities	10.9	151.7	14.7	177.3
Included in non-current liabilities	-	-	11.3	11.3
Balance at 31 December 2022	**10.9**	**151.7**	**26.0**	**188.6**
Included in current liabilities	**10.4**	**82.9**	**18.0**	**111.3**
Included in non-current liabilities	**-**	**-**	**6.3**	**6.3**
Balance at 30 June 2023	**10.4**	**82.9**	**24.3**	**117.6**

Where the contingent consideration conditions have been satisfied, the Group recognises deferred equity consideration, which is included within Other Reserves.

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.

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 2023, the amounts recognised in the consolidated statement of profit or loss, of £28.5 million (2022: £172.4 million), related to the systematic accrual of the employment linked contingent consideration. During the six months ended 30 June 2023, a revaluation gain of

£27.4 million (2022: £28.3 million) was recognised in the consolidated statement of profit or loss.

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 2023, £nil (2022: £nil) 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
Net debt as at 1 January 2022	**(319.0)**	**301.0**	**(18.0)**	**(42.0)**	**(60.0)**
Financing cash flows	0.2	(125.1)	(124.9)	7.6	(117.3)
Acquired through business combinations	(0.3)	-	(0.3)	-	(0.3)
Lease additions	-	-	-	(18.3)	(18.3)
Foreign exchange adjustments	(6.8)	17.2	10.4	(3.2)	7.2
Interest expense	(6.1)	-	(6.1)	(1.0)	(7.1)
Interest payment	6.1	-	6.1	-	6.1
Other	(2.7)	-	(2.7)	1.6	(1.1)
Net debt as at 30 June 2022	**(328.6)**	**193.1**	**(135.5)**	**(55.3)**	**(190.8)**
Financing cash flows	0.7	29.4	30.1	9.9	40.0
Acquired through business combinations	-	-	-	(0.7)	(0.7)
Lease additions	-	-	-	(8.6)	(8.6)
Foreign exchange adjustments	(10.8)	1.1	(9.7)	(0.3)	(10.0)
Interest expense	(7.4)	-	(7.4)	(1.1)	(8.5)
Interest payment	7.4	-	7.4	-	7.4
Other	4.9	-	4.9	(2.3)	2.6
Net debt as at 31 December 2022	**(333.8)**	**223.6**	**(110.2)**	**(58.4)**	**(168.6)**
Financing cash flows	**0.1**	**(2.0)**	**(1.9)**	**9.7**	**7.8**
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**	**-**	**11.7**
Other	**-**	**-**	**-**	**(0.6)**	**(0.6)**
Net debt as at 30 June 2023	**(322.7)**	**213.3**	**(109.4)**	**(54.1)**	**(163.5)**

11. Related party transactions

Details of compensation for key management personnel for the 12 months to 31 December 2022 are disclosed on pages 105 to 116 of the Annual Report and Accounts 2022. Apart from the key management personnel compensation and the interest in S4S Ventures detailed in the Annual Report and Accounts 2022, S^4Capital Group did not have any other related party transactions during the financial period (2022: 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 17 September 2023.

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
Unaudited consolidated interim statement of profit or loss			
Controlled Billings	Revenue	Includes media spend contracted directly by clients with media providers and pass-through costs (see reconciliation A1 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, restructuring costs and amortisation of business combination intangible assets) 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 2022, restated to include acquired businesses for the same months as 2023, and restated using same FX rates as used in 2023 (see reconciliations A4 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 period.

APM	Closest IFRS measure	Adjustments to reconcile to IFRS Measure	Reason for use
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 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 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	See reconciliation A7 below	Net debt is cash less gross bank loans (excluding transaction costs). This is a key measure used by management and in calculations for bank covenants.

Unaudited consolidated interim statement of cashflows

Free cash flow	Net cash inflow/(outflow) from operating activities	Net cash flow from operating activities adjusted for investments in intangibles and property, plant and equipment, lease liabilities, interest 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.

Billings and Controlled billings (A1)	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 Dec 2022 £m
Revenue	**517.1**	446.4	1,069.5
Pass-through expenses	**408.3**	319.2	821.0
Billings[1]	**925.4**	**765.6**	**1,890.5**
Third party billings direct to clients	**1,352.8**	2,068.7	3,760.7
Controlled billings[2]	**2,278.2**	**2,834.3**	**5,651.2**

1. Billings is gross billings to clients including pass-through expenses.

2. Controlled billings are billings we influenced.

Net Revenue (A2)	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 Dec 2022 £m
Revenue	**517.1**	446.4	1,069.5
Direct costs	**(71.6)**	(71.1)	(177.8)
Net Revenue	**445.5**	**375.3**	**891.7**

Reconciliation to Operational EBITDA (A3)	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Operating loss	**(6.4)**	(75.4)
Amortisation and impairment of intangible assets	**24.2**	24.2
Acquisition, restructuring and other expenses	**5.7**	69.7
Share-based payment	**7.1**	6.9
Depreciation of property, plant and equipment[1]	**5.9**	4.7
Operational EBITDA	**36.5**	**30.1**

1. Depreciation of property, plant and equipment is exclusive of depreciation on right-of-use assets

Like-for-Like (A4)

Like-for-like revenue	Content	Data&Digital Media	Technology Services	Total
Six months ended 30 June 2022	£m	£m	£m	£m
Revenue	**319.1**	**102.3**	**25.0**	**446.4**
Impact of acquisitions	17.9	4.9	32.6	55.4

Impact of foreign exchange	12.8	(1.4)	(8.5)	2.9
Like-for-like revenue[1]	**349.8**	**105.8**	**49.1**	**504.7**
% like-for-like revenue change	(4.3%)	2.2%	51.1%	2.5%

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

Like-for-like net revenue	**Content**	**Data&Digital Media**	**Technology Services**	**Total**
Six month period ended 30 June 2022	**£m**	**£m**	**£m**	**£m**
Net revenue	**250.2**	**100.7**	**24.4**	**375.3**
Impact of acquisitions	11.0	4.7	32.2	47.9
Impact of foreign exchange	10.3	(1.3)	(8.5)	0.5
Like-for-like net revenue[1]	**271.5**	**104.1**	**48.1**	**423.7**
% like-for-like net revenue change	(2.5%)	2.4%	54.3%	5.1%

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

Like-for-like Operational EBITDA	**Total**
Six month period ended 30 June 2022	**£m**
Operational EBITDA	**30.1**
Impact of acquisitions	17.1
Impact of foreign exchange	5.1
Like-for-like operational EBITDA[1]	**52.3**
% like-for-like operational EBITDA change	(30.2%)

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

Pro-forma (A5)

Pro-forma revenue	**Content £m**	**Data&Digital Media £m**	**Technology Services £m**	**Total £m**
HY23 Revenue	**334.8**	**108.1**	**74.2**	**517.1**
Impact of acquisitions	-	-	-	-
HY23 Pro-forma revenue[1]	**334.8**	**108.1**	**74.2**	**517.1**
HY22 Revenue	**319.1**	**102.3**	**25.0**	**446.4**
Impact of acquisitions	17.9	4.9	32.6	55.4
Impact of foreign exchange	12.8	(1.4)	(8.5)	2.9
HY22 Pro-forma revenue[1]	**349.8**	**105.8**	**49.1**	**504.7**
% pro-forma revenue change	(4.3%)	2.2%	51.1%	2.5%

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.

Pro-forma net revenue	**Content £m**	**Data&Digital Media £m**	**Technology Services £m**	**Total £m**
HY23 net revenue	**264.7**	**106.6**	**74.2**	**445.5**
Impact of acquisitions	-	-	-	-
HY23 Pro-forma net revenue[1]	**264.7**	**106.6**	**74.2**	**445.5**
HY22 net revenue	**250.2**	**100.7**	**24.4**	**375.3**
Impact of acquisitions	11.0	4.7	32.2	47.9
Impact of foreign exchange	10.3	(1.3)	(8.5)	0.5
HY22 Pro-forma net revenue[1]	**271.5**	**104.1**	**48.1**	**423.7**
% pro-forma net revenue change	**(2.5%)**	**2.4%**	**54.3%**	**5.1%**

Pro-forma Operational EBITDA	**Total £m**
HY23 operational EBITDA	**36.5**
Impact of acquisitions	-
HY23 Pro-forma operational EBITDA[1]	**36.5**
HY22 Operational EBITDA	**30.1**
Impact of acquisitions	17.1
Impact of foreign exchange	5.1
HY22 Pro-forma operational EBITDA[1]	**52.3**

% pro-forma operational EBITDA change (30.2%)

Adjusted basic earnings per share (A6)

Six month period ended 30 June 2023	Reported £m	Amortisation[1] £m	Acquisition expenses £m	Share-based payments £m	Restructuring and other expenses £m	Adjusted £m
Operating (loss) / profit	(6.4)	24.2	2.1	7.1	3.6	30.6
Net finance costs	(17.5)	-	-	-	-	(17.5)
Gain on net monetary position	0.7	-	-	-	-	0.7
(Loss) / profit before income tax	(23.2)	24.2	2.1	7.1	3.6	13.8
Income tax credit/(expense)	3.5	(6.2)	-	-	(0.8)	(3.5)
(Loss) / profit for the period	(19.7)	18.0	2.1	7.1	2.8	10.3

1. Amortisation relates to the amortisation of the intangible assets recognised as a result of the acquisitions.

Six month period ended 30 June 2022	Reported £m	Amortisation[1] £m	Acquisition expenses £m	Share-based payments £m	Restructuring and other expenses £m	Adjusted £m
Operating profit	**(75.4)**	**24.2**	**69.7**	**6.9**	**-**	**25.4**
Net finance costs	(9.6)	-	-	-	-	(9.6)
Loss on net monetary position	(0.6)	-	-	-	-	(0.6)
(Loss) / profit before income tax	**(85.6)**	**24.2**	**69.7**	**6.9**	**-**	**15.2**
Income tax expense[2]	3.3	(6.6)	-	-	-	(3.3)
(Loss) / profit for the period	**(82.3)**	**17.6**	**69.7**	**6.9**	-	**11.9**

1. Amortisation relates to the amortisation of the intangible assets recognised as a result of the acquisitions.

2. The comparatives as at 30 June 2022 have been restated for the adoption of the amendment to IAS 12 (see Note 2).

Adjusted basic result per share	Six months ended 30 June 2023	Six months ended 30 June 2022
Adjusted profit attributable to owners of the Company (£m)	10.3	11.9
Weighted average number of ordinary shares for the purpose of basic EPS (shares)	615,663,576	567,714,015
Adjusted basic earnings per share (pence)	1.7	2.1

Net debt (A7)	Six months ended 30 June 2023 £m	Year ended 31 Dec 2022 £m
Cash and bank	213.3	223.6
Loans and borrowings (excluding bank overdrafts)[1]	(322.7)	(333.8)
Net debt	(109.4)	**(110.2)**
Lease liabilities	(54.1)	(58.4)
Net debt including lease liabilities	(163.5)	(168.6)

1. Loans and borrowings exclude £6.0m (2022: £6.9m) of transaction costs.

Free cash flow (A8)	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Net cash inflow/(outflow) from operating activities	24.7	(9.7)

Employment linked contingent consideration paid	**-**	32.3
Interest paid	**(11.6)**	(6.6)
Investments in intangible assets	**(1.1)**	(0.5)
Investments in property, plant and equipment	**(3.8)**	(10.2)
Security deposits	**(0.2)**	0.5
Payment of lease liabilities	**(9.7)**	(7.6)
Free cash flow	**(1.7)**	(1.8)

Independent review report to S^{4}Capital plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed S^{4}Capital plc's condensed consolidated interim financial statements (the "interim financial statements") in the unaudited consolidated interim financial statements of S^{4}Capital plc for the 6 month period ended 30 June 2023 (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 2023;
- 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 unaudited consolidated interim financial statements of S4 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 unaudited consolidated interim financial statements 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 unaudited consolidated interim financial statements, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the unaudited consolidated interim financial statements in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the unaudited consolidated interim financial statements, 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 unaudited consolidated interim financial statements 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
17 September 2023

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