

M&C SAATCHI PLC

Unaudited results for the six months ended 30 June 2024

Strong performance, building foundations for future growth

Financial summary

	Like-for-like (LFL) ¹ results			Statutory results ⁽⁴⁾		
	H1 2024 £m	H1 2023 £m	% change	H1 2024 £m	H1 2023 £m	% change
Revenue	211.5	202.9	4%	213.6	216.7	(1)%
Net revenue ²	120.1	112.8	6%	120.4	120.4	0%
Operating profit	17.1	12.2	40%	14.1	(3.6)	-
Operating profit margin	14.2%	10.8%	+3.4ppts	11.7%	(3.0)%	+14.7ppts
Profit/loss before taxation	14.2	11.3	26%	11.3	(5.1)	-
Net cash ²				12.9	15.4	(16)%
EPS (Diluted) ³				6.4p	(5.2)p	-

¹ Like-for-like (LFL) results adjust Headline results (Statutory results excluding one-offs and exceptionals) to exclude subsidiaries discontinued in 2023 and in H1 2024 and retranslate 2023 figures to 2024 FX rates.

² Refer to Notes for the definition of Net revenue and net cash.

³ Earnings are calculated after deducting tax and the share of profits attributable to non-controlling interests. Please see note 5 for a detailed view on Statutory vs. Headline EPS.

⁴ Within statutory reporting, profitability includes the improved cost management and mix benefits which are also in LFL, and, in addition, the impact of the exit of loss-making businesses over the last twelve months. The decrease in net cash reflects the short-term impact of the settlement of put option liabilities.

Note: Note 1 of the financial statements reconciles Statutory results to Headline results. In order to provide a better basis for understanding our current and future performance, we provide commentary on LFL figures, where applicable, instead of Headline figures. Headline results are covered in the reports and accounts below and reflect the underlying profitability of the business units, by excluding a number of items that are not part of routine expenses.

Group performance – highlights

- **Strong LFL Net revenue growth of 6%**, driven by 7% growth in Non-advertising Specialisms, largely Issues and Media, whilst Advertising grew 6%. Strong regional performances from the UK (+12.9%), Europe (+16.7%) and the Middle East (+47.6%)
- **Significant improvement in profitability** driven by the global cost efficiency program, local cost actions, loss making business exits (particularly in Advertising), and improved mix:
 - **LFL operating profit grew 40%**, primarily due to Advertising
 - **Operating margins of 14.2% (+3.4ppts)**, driven by higher-margin Non-advertising Specialisms at 23.4% margin (+2.2ppts), and Advertising at 11.4% margin (+7.2ppts)
 - **LFL profit before tax increased 26%**
- **Statutory earnings per share at 6.4p** (H1 2023: 5.2p loss) reflects the underlying profitability improvement, assisted by a further reduction in put option liabilities, with minority interests now at 6% of earnings, down from 18% at H1 2023
- **Cash generation:** Net cash of £12.9 million (£-2.5 million movement vs H1 2023), however, net cash improved by £4.6 million vs FY 2023 (£8.3 million) having settled £5.9 million of put options in H1 2024; operating cash conversion rate was high at 98%¹
- **Global cost efficiency programme remains on track** to deliver annualised savings of £10 million by the end of FY 2024, having delivered £4.5 million in H1 2024 on top of £3.9 million achieved in FY 2023
- **Transformation investment continues** with key hires to build the team for the future, including high-profile joint Chief Creative Officers, Global Head of Passions & PR, and the internal promotion of the UK Group CEO
- **Repeat business remains strong** with c.75% of 2023 clients choosing to spend in H1 2024; new wins across our geographies and Specialisms include McDonalds, Ford, Danone, MTN, IKEA and Sony Pictures, adding to our strong blue-chip client roster

¹ Conversion of Headline operating profits into adjusted operating cash (operating cash generated from operations (excluding put option payments and non-Headline cash costs) net of purchases of intangible/tangible fixed assets and the principal payment of leases).

Operational LFL performance – highlights

- **Advertising:** the significantly improved revenue growth was driven by momentum in the US, Europe and the Middle East, particularly versus difficult market conditions in H1 2023, while the closures of loss-making businesses and our back-office cost savings drove enhanced profitability:
 - Net revenue was £45.2 million (+6%), contributing 38% to Group Net revenue
 - Operating profit was £5.1 million (+183%)
 - Operating margin was 11.4% (+7.2ppts)
- **Non-advertising Specialisms²:** the strong topline performance was driven primarily by Issues reflecting growing demand from the security and government segments (+30%) and some recovery in Media (+3%). Profitability from the higher-margin Non-advertising Specialisms was also very strong, reflecting our back-office cost savings programme and some exits from loss-making businesses:
 - Net revenue was £74.8 million (+7%), contributing 62% of the Group Net revenue
 - Operating profit was £17.5 million (+18%)
 - Operating margin was 23.4% (+2.2ppts)

Transformation journey reinforcing creativity

- We are building a more efficient, stronger and scalable platform, with senior regional leadership to drive regional-first go-to-market
- Our new structure with centralised services frees up creativity, and we are developing a culture which preserves our entrepreneurial spirit. Employee engagement metrics are steady, with the response rate well above the benchmark level
- Our newly appointed high-profile, experienced leaders have already boosted our talent and, critically, strengthened the foundations for the next phase of our growth (with further new joiners in H2)
- We are democratising our data stack and technology, bringing several new products to market and for internal use, including those powered by AI

Outlook in line with market expectations

Our strong first half performance and solid Q3 trading to-date underpin our confidence in delivering in line with FY 2024 market expectations, despite continued market volatility, tougher H2 comparators and further investment in talent expected in the second half.

Looking forward, we expect the increasing strength and diversity of our portfolio, the progress in the execution of our cost efficiency programme, and a more integrated and regional-first agile operating model, to provide sustainable organic growth, as well as resilience in the continuing volatile macro environment. Our transformation strategy continues, building foundations for long-term sustainable growth and returns for shareholders.

Zaid Al-Qassab, Chief Executive Officer, said:

“I am delighted to present this strong set of results, my first as CEO, which demonstrate the benefits of our ongoing transformation and diversity of our specialisms. Whilst preserving creativity at the heart of all we do, and leveraging the power of our global brand, we are creating a more agile, integrated, regional-first operating model which focuses on growth.”

“My first impressions of the Group are incredibly positive: from the diversity of the businesses, operating from twenty-three geographies, the breadth of our capabilities, and the fantastic global brand of M&C Saatchi, to the creative and talented minds delivering inspiring work and outstanding service to our clients.”

“We continue to make great progress in building a strong platform to deliver sustainable organic growth through our self-help initiatives and wider transformation. Our increasingly diversified revenue provides greater resilience against macro volatility, and our higher-margin businesses continue to be our highest growth contributors. Whilst there is always more to do, we are excited about the further potential we can unleash.”

“Looking forward, despite continued volatility within our markets, we are confident that we are on track to deliver against market expectations for FY 2024, whilst noting the tougher second half comparators. We will continue to deliver on our cost saving programme whilst also making strategic investments in the second half of the year to underpin our ambition of long-term sustainable growth and delivering strong returns for shareholders.”

² Non-advertising Specialisms comprise Issues, Passions & PR, Consulting and Media.

M&C Saatchi 2024 Interim Results presentation

Zaid Al-Qassab, Chief Executive Officer, and Simon Fuller, Chief Financial Officer, will host an in-person presentation for analysts and investors at 9.00am BST on 18 September 2024 at 36 Golden Square, London W1F 9EE. To register your interest, please contact Headland Consultancy at MCSaatchi@headlandconsultancy.com.

A replay will be also available on the Company's website following the event at <https://mcsaatchiplc.com/>

Investor Meet Company presentation

In addition, M&C Saatchi will be hosting a separate live presentation hosted by Zaid Al-Qassab and Simon Fuller for retail investors via the Investor Meet Company platform on the same day at 12.30pm BST.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event up until 9.00am BST the day before via the Investor Meet Company dashboard or at any time during the live presentation.

Those wishing to sign up and join the meeting online, can do so here:

<https://www.investormeetcompany.com/mc-saatchi-plc/register-investor>

Investors who already follow M&C Saatchi on the Investor Meet Company platform will automatically be invited.

FURTHER INFORMATION

M&C Saatchi

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Simon Fuller, Chief Financial Officer
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PERFORMANCE REVIEW

Financial performance highlights

£m	Like-for-like (LFL) ¹			Headline ²		
	H1 2024	H1 2023	Change %	H1 2024	H1 2023	Change %
Net revenue ³	120.1	112.8	6%	120.4	120.4	0%
Operating profit	17.1	12.2	40%	17.5	10.0	75%
Operating profit margin	14.2%	10.8%	+3.4ppts	14.5%	8.3%	+6.2ppts
PBT	14.2	11.3	26%	14.6	8.8	66%
EBITDA ⁴				21.5	14.5	48%
Net cash ³				12.9	15.4	(16)%
EPS (Diluted) ⁵				7.9p	4.5p	

¹ Like-for-like (LFL) applies constant foreign exchange rates and removes entities discontinued during 2023 and H1 2024 from Headline results.

² Headline results reflect the underlying profitability of the business units, by excluding a number of items that are not part of routine expenses. Note 1 of the financial statements reconciles Statutory results to Headline results.

³ Refer to Notes for the definition of Net revenue, and net cash.

⁴ EBITDA is calculated excluding the income statement charges relating to IFRS 16.

⁵ Earnings are calculated after deducting tax and the share of profits attributable to non-controlling interests. Please see note 5 for detailed view on Statutory vs. Headline EPS.

This is a strong set of results which demonstrate both the fundamental strengths of our business and the benefits of our ongoing transformation. This includes the impact of our cost efficiency programme, Project Forward, and the exit from loss-making businesses. As the financial benefit of the latter is, by definition, excluded in the LFL measurement, the LFL results provide a meaningful base for future performance.

Our improved LFL Net revenue growth of 6% has been underpinned by M&C Saatchi's powerful, global brand, creativity, and our iconic and loyal client base. We won repeat business from c.75% of 2023 clients in H1 2024 and achieved significant new business wins.

Our profitability improvement is significantly driven by our transformation initiatives. Cost savings achieved in H1 amounted to £4.5 million on an annualised basis, on top of the £3.9 million annualised savings achieved in FY 2023 and we are on track to deliver annualised savings of £10 million by the end of 2024, as previously announced. Due to these cost saving initiatives operating profit rose 40% and operating margin was 14.2% (+3.4ppts). Headline EBITDA grew 48% to £21.5 million (H1 2023: £14.5 million). LFL PBT rose 26% while Headline PBT rose 66%.

Headline Diluted EPS at 7.9p (H1 2023: 4.5p), is largely a result of improved profitability as well as the significant reduction in minorities to 6% of earnings from 18% as a result of the continued reduction in put option liabilities. We are well on track for minorities to be less than 5% of earnings in H2, at the lower end of market expectations.

The settlement of put options absorbed £5.9 million of cash in H1 and net cash stood at £12.9 million, down 16% or £(2.5) million vs. H1 2023 but up 55% or £4.6 million vs FY 2023. During H2 2024 we expect to settle a further £2.9 million of put options, leaving us with a residual liability of c.£5.6 million at a 195p share price (the share price as at 30 June 2024). The operating cash conversion rate was high at 98% and compares favorably to our longer-term target of 80% cash conversion, allowing for some degree of variability through the cycle.

The Group is exposed to movements in foreign currency exchange rates on the translation of the results of its overseas businesses. The LFL basis applies the constant foreign exchange applicable for the current period to the comparative period in order to present the results on a comparable basis. Key Group currency movements reflected weakness in the Australian Dollar and Euro versus Sterling while the US Dollar was broadly flat.

OPERATIONAL REVIEW

Like-for-like reconciled to Headline summary

	Net revenue			Operating profit		
	H1 2024 £m	H1 2023 £m	Change	H1 2024 £m	H1 2023 £m	Change
Non-advertising Specialisms	74.8	70.0	7%	17.5	14.8	18%
Advertising	45.2	42.8	6%	5.1	1.8	183%
Group Central Costs	0	0		-5.6	-4.4	27%
Total LFL (excl. discontinued)	120.1	112.8	6%	17.1	12.2	40%
<i>Restated FX</i>		2.9			(0.1)	
<i>Discontinued</i>	0.3	4.7		0.4	(2.1)	
Total Headline	120.4	120.4	0%	17.5	10.0	75%

Non-advertising Specialisms delivered LFL Net revenue of £74.8 million (+7%), contributing 64% of Group Net revenue, while Advertising delivered £45.2 million, (+6%), contributing to the balance.

Non-advertising Specialisms performance was fuelled by 30% growth in Issues, highlighting our leading market position and the specific expertise that we have developed in this field. Media showed some recovery (+3%) against the more difficult year in 2023. Advertising grew 6%, thanks to good momentum in the US, the Middle East and Europe.

Our higher-margin Non-advertising Specialisms delivered a significant increase in operating profit, up 18%, with operating margin of 23.4% (+2.2ppts), with good revenue growth, mix improvements and management of the cost base. Advertising's 183% growth in operating profit, with operating margin at 11.4% (+7.2ppts) was largely driven by strong management of the cost base as well as the exit from loss-making businesses.

Group costs increased largely due to bonus accrual in H1 2024, after the more challenging 2023 performance.

Individual Specialisms LFL performance

Advertising

38% of LFL Group Net revenue, in-line with in H1 2023

- LFL Net revenue of £45.2 million (+6%) (H1 2023: £42.8 million)
- Headline Net revenue of £45.2 million (+2%) (H1 2023: £44.3 million)

The first half of the year has shown an overall improvement in momentum across multiple markets, albeit against a weaker H1 2023, with good revenue growth in the US, Europe and the Middle East. This was driven by a combination of new client wins as well as retained client work from 2023. Market conditions in Australia and the UK remain challenging, largely due to subdued consumer sentiment and macro challenges.

Issues

22% of LFL Group Net revenue, up from 19% in H1 2023

- LFL Net revenue of £27.0 million (+30%) (H1 2023: £20.7 million)
- Headline Net revenue of £27.0 million (+28%) (H1 2023: £21.0 million)

Strong growth continued in the first half, driven by a combination of continued client work and new wins with multi-year engagements. We continue to develop our expertise in this unique and deeply specialised field of work, and see good momentum with a positive outlook for 2024.

Passions & PR³

16% of LFL Group Net revenue, up from 14% in H1 2023

- LFL Net revenue of £18.9 million (-4%) (H1 2023: £19.6 million)
- Headline Net revenue of £18.9 million (-5%) (H1 2023: £19.9 million)

Passions now includes our PR business which will benefit from greater synergies (moved from Advertising after the management restructure in H1 2024 to reflect the “owned and earned” nature of these activities). This specialism also encompasses our award-winning Sport & Entertainment and Talent businesses. With management’s focus on sustainable profitability, we are actively managing the shape of our Passions client base. Without the PR business, growth would have been slightly ahead of H1 2024, due to multi-year client engagements and new client wins. The outlook for 2024 is affected by the negative impact of the PR business.

Consulting

14% of LFL Group Net revenue, down from 15% in H1 2023

- LFL Net revenue of £16.6 million (-7%) (H1 2023: £17.8 million)
- Headline Net revenue of £16.6 million (-9%) (H1 2023: £18.3 million)

Broader market challenges continue in this sector, largely due to wider economic pressures resulting in lower client budgets. We continue to develop our M&C Saatchi Consulting branded proposition, offering clients transformative growth via specialist expertise, supported by digital and data solutions, including AI. We remain cautious on the market backdrop for 2024, given sector challenges.

Media

10% of LFL Group Net revenue, consistent with H1 2023

- LFL Net revenue of £12.3 million (+3%) (H1 2023: £11.9 million)
- Headline Net revenue of £12.3 million (+2%) (H1 2023: £12.1 million)

This specialism registered a good recovery in the first half of 2024. While 2023 was held back by macro-economic slowdown, which adversely impacted technology sector spend in particular, the start of the year has seen broad client wins in other industries, across a range of geographies. We are encouraged by recent momentum but remain cautious on the market backdrop for 2024.

SENIOR MANAGEMENT AND THE BOARD

The Board

As previously announced, Chief Executive Officer Zaid Al-Qassab was appointed to the Company’s Board of Directors as an Executive Director effective 16 May 2024. Concurrently, Zillah Byng-Thorne returned to her role as Non-Executive Chair after serving as Executive Chair. Additionally, Simon Fuller was appointed to the Board of Directors as an Executive Director on 1 July 2024, alongside his appointment as Chief Financial Officer on the same date.

Bruce Marson, previously Chief Financial Officer, stepped down from the Board on 30 June 2024 and reverted to the position of Deputy Chief Financial Officer. The Board once again thanks Bruce Marson for the key role he has played in the transformation of M&C Saatchi since he joined the Company in October 2021, stepping up to Chief Financial Officer in March 2023.

Executive management

In the first half of the year, the Group has made several changes within the senior management and wider senior leadership team, which prioritise growth through creativity and talent.

As announced in recent months, the Group welcomes two industry titans, Rob Doubal and Laurence (Lolly) Thomson, as new global joint chief creative officers effective from 16 September 2024. Additionally, Jo Bacon, who recently joined, was appointed CEO of M&C Saatchi’s UK Group business, and Nadja Bellan-White, CEO of SS+K, now represents the US on the Executive Leadership Team. Finally, Robin Clarke has been appointed as Global CEO of the Passions & PR specialism, effective October. With nearly 25 years of experience in the sports and entertainment industry, he brings exceptional leadership and his expansive network.

³ Passions includes the PR business (moved from Advertising) as of FY 2024, with the prior year restated.

STRATEGIC UPDATE – PROGRESS ON TRANSFORMATION

Our transformation journey is founded on creativity, and, by leveraging the global brand of M&C Saatchi, we are building a scalable, agile and integrated platform to unleash the full potential of the Group. These results demonstrate the effectiveness of this transformation.

New operating model

We have made good progress with building a simplified operating model which places our regional focus and global specialist expertise at the heart of everything we do. This is a client-focused model, providing integrated solutions which cut through the complexity clients face every day.

By outsourcing many of our non-creative activities to our new service centres (in South Africa and India), we have freed our people to focus on client service, creativity and driving revenue. Overall, the structural improvement delivered by these actions builds operational leverage into our model and supports future margin accretion.

The mix and breadth of our diversified portfolio, combined with the broad offering of creative solutions and Specialisms across the value chain, geographies and capabilities, means that the Group is increasingly resilient against cyclical exposure.

Cost savings

Operational cost savings have been a key focus for both 2023 and 2024 and most recently include:

- People: continued optimisation and rationalisation of group support functions, including Finance, IT and HR, by creating shared service centres to support the Group on a global basis. While there is still more work to be done, these structural changes to our cost base alongside our new operating model are increasing our operational leverage potential which will help support future margin expansion
- Procurement: rationalisation of our cost base via supplier relationships such as IT service provision through group-wide deployments and a global approach to provision (including common collaboration tools)
- Property: rationalising office space, particularly in the UK, the US and Australia

Although there is still more to be done, we have made good progress, and remain on course to deliver annualised savings of £10 million by the end of 2024, with £4.5 million annualised achieved in H1 2024 on top of the £3.9 million annualised achieved in FY 2023.

Rationalisation of our portfolio

We have continued to review our portfolio, in particular a number of non-core or loss-making businesses. In 2023, the Group exited from businesses that, in aggregate, represented a consolidated c.£9 million of revenue and c.£3 million of operating losses in 2023. Since then, the Group has:

- Sold the Swiss business in March 2024 which contributed £823k of revenue in FY 2023 (£183k in H1 2024)
- Announced the divestment of its shares in the M&C Saatchi South Africa Group with an expected close date of 30 September 2024. The cash consideration for the shares of the M&C Saatchi South Africa Group of £5.6 million will be retained by the Group. In the year ended 31 December 2023, the M&C Saatchi South Africa Group generated Net revenue of £16.1 million (£5.5 million Net revenue in H1 2024) and consolidated profit after tax of £1.3 million (£0.7 million excluding minority interests)

For a number of the businesses that have been disposed of over the past 18 months, we have entered into agreements that enable these businesses to continue to use the M&C Saatchi brand. These businesses will pay an ongoing licence fee to the Group and remain connected to our global network. This allows us to continue to offer global scale to clients, share in their success as independent businesses, and transforms them into a profit contributor for the Group.

Democratisation of data stack and technology

We have developed our existing suite of innovative new data and technology solutions designed to meet growing client demand for services relating to brand experience and strategy, audience acquisition and retention, and campaign optimisation. Our innovative solutions capitalise on significant breakthroughs in AI including (but not limited to) computer vision and large language models and enable us to offer clients critical advantage in strategic decision-making.

We have also simplified access to our fast-growing data and technology services, both directly to clients and internally across our business divisions. Our specialist data function is democratising access to this advanced data stack across the organisation, ensuring all staff can leverage best-in-class solutions to the benefit of all our clients globally.

Reduction of put option drag on cash and earnings

As of 30 June 2024, our minority interests stand at 6% of Group Headline earnings, down from 18% in H1 2023. Based on the put option holders that have exercised in 2024, around one-third of the remaining liability will be settled in H2 2024. This is expected to reduce minority interests to below 5% of Headline earnings in 2024, down from nearly 40% in 2019. This significantly reduces the dilution to the Group's earnings.

Net cash at 30 June 2024 was £12.9 million (£8.3 million at 31 December 2023). During H1 2024, we cash-settled £5.9 million of put options. During H2 we expect to settle a further £2.9 million of put options, leaving us with a residual liability of c.£5.6 million at a 195p share price (at 30 June 2024).

CAPITAL ALLOCATION

Our approach to capital allocation remains unchanged:

- M&C Saatchi is a capital light business which, over the medium-term, is capable of converting at least 80% of its operating profits into cash, subject to some degree of variability through the cycle. Our streamlined portfolio of businesses, our new operating model, and our go-to-market strategy give us a high degree of confidence in the potential for sustainable and growing free cash generation
- Our strategy to evolve and grow M&C Saatchi will require investment. We will seek to re-invest to drive long-term growth and to add capability, capacity and scale in the parts of the Group that will generate the greatest return. We will remain open to opportunities to accelerate that through selective M&A, addressing gaps in our client-facing capabilities and regional coverage
- We are comfortable operating with a net debt to EBITDA ratio not exceeding 1.5 times, although we would allow for a temporary spike in the case of a material acquisition
- By simplifying our Group, re-investing in growth, and selective bolt-on acquisitions, we believe we can deliver a compelling proposition of a robust, optimal balance sheet and returns to shareholders including capital growth and a progressive year-end dividend

OUTLOOK

Our strong first half performance and solid Q3 trading to-date underpin our confidence in delivering in line with FY 2024 market expectations, despite continued market volatility, tougher H2 comparators and further investment in talent expected in the second half.

Looking forward, we expect the increasing strength and diversity of our portfolio, the progress in the execution of our cost efficiency programme, and a more integrated and regional-first agile operating model, to provide sustainable organic growth, as well as resilience in the continuing volatile macro environment. Our transformation strategy continues, building foundations for long-term sustainable growth and returns for shareholders.

FINANCIAL REPORT

Headline results		H1 2024	H1 2023	FY 2023
Net revenue	4	120,406	120,391	252,765
Operating profit	4	17,467	9,980	32,436
Profit before tax	4	14,558	8,848	28,669
Profit after tax attributable to equity shareholders of the Group	4	10,026	5,462	18,545
EBITDA	4	21,467	14,524	41,544

This report covers the key items presented in the following financial statements.

Income Statement

- **Statutory Profit Before Tax**

Statutory profit before tax was £11.3m (H1 2023: £5.1m loss). This profit was primarily driven by reduced staff costs in 2024.

- **Taxation**

The effective tax rate for H1 2024 has increased to 27.8% (H1 2023: 23.7%). This is mainly due to the increase in corporation tax rate in the UK from 19% to 25% in April 2023.

- **Earnings**

The Headline earnings increased, and minority interests were further reduced in H1 to 6% (from 18% in H1 2023).

Balance sheet and cashflow

- **Cash and Borrowings**

Operating cash inflow before movements in working capital was £13.2 million, which was higher than last year (£4.2 million in H1 2023), in line with the higher profitability.

We invested £0.9 million, similar to last year, buying replacement IT equipment, fit-outs for new offices in the US and South Africa. We paid out £5.9 million to settle put options and reduce our minority interests (with more to come in H2). We also paid what was due on our property leases (£2.8 million), down from £4.4 million last year.

Cash net of bank borrowings at 30 June 2024 is £12.9 million, compared to £8.3 million of net cash at 31 December 2023 and £15.4 million of net cash at 30 June 2023.

- **Working Capital Movement**

Trade and other receivables decreased by £2.5 million (2%) between 30 June 2023 and 30 June 2024, driven by lower levels of prepaid balances outstanding from clients and lower overall billings due to timing of projects. Trade and other payables decreased by £3.1 million (2%) between 30 June 2023 and 30 June 2024, driven by the phasing of payments.

Net working capital improved by £2.1 million since the beginning of the year. This has been driven predominantly by improved cash collection and increased cost accruals in Non-advertising Specialisms, in line with increased activity.

- **Other Balance Sheet Movements**

The other movements include the revaluation of investment properties of £0.4 million and the reversal of impairment of right-of-use assets of £0.6 million. This is in relation to properties that were vacated in 2023 or earlier. Tenants have been secured and the sublease agreements signed or heads of terms agreed.

EXPLANATORY NOTES

Company

M&C Saatchi plc, a company incorporated and domiciled in England and Wales with company number 05114893, listed on the AIM Market of the London Stock Exchange plc.

Group

The Company and its subsidiaries.

Like-for-Like results: Like-for-like (LFL) results adjust Headline results (Statutory results excluding one-offs and exceptionals) to exclude subsidiaries discontinued in 2023 and in H1 2024 and retranslate 2023 figures to 2024 FX rates.

Headline results

A self-defined alternative measure of profit that provides a different perspective to the Statutory results. The Directors believe it provides a better view of the underlying performance of the Company, because it excludes a number of items that are not part of routine business income and expenses. These Headline figures are a better way to measure and manage the business and are used for internal performance management and reward. "Headline results" is not a defined term in IFRS.

Headline results represent the underlying trading profitability of the Group and excludes:

- Separately disclosed items that are one-off in nature and are not part of running the business.
- Impairment of non-current assets.
- Amortisation of acquired intangibles.
- Gains or losses generated by disposals of subsidiaries and associates.
- Fair value adjustments to unlisted equity investments, acquisition related contingent consideration, investment properties and put options.
- Dividends paid to IFRS 2 put option holders.

A reconciliation of Statutory to Headline results is presented in Note 4.

Foreign Exchange

The Group is exposed to movements in foreign currency exchange rates on the translation of the results of its overseas businesses. The LFL basis applies the constant foreign exchange applicable for the current period to the comparative period in order to present the results on a comparable basis. Key Group currency movements reflected weakness in the Australian Dollar and Euro versus Sterling while the US Dollar was broadly flat.

Key H1 2024 currencies and average FX rates used H1 2024 to retranslate H1 2023

Currency		Jun-24	Dec-23	Sterling Stronger/(weaker)
United Arab Emirates Dirham	AED	4.68	4.64	0.7%
Australian \$	AUD	1.90	1.87	1.5%
Euro €	EUR	1.18	1.15	2.3%
US \$	USD	1.26	1.27	(0.7%)
South African Rand	ZAR	23.0	23.3	(1.2%)

Operating profit margin

Operating profit margin refers to the percentage calculated through dividing operating profit by net revenue.

Net cash

Net cash refers to cash and cash equivalents, less borrowings of the Group, excluding lease liabilities.

Net revenue

Net revenue is equal to revenue less project cost / direct cost. It is not an IFRS defined term. It is, however, used as a key performance indicator by the Group.

Revenue

Revenue comprises the total of all gross amounts billed, or billable, to clients in respect of commission-based, fee-based and any other income where we act as principal and our share of income where we act as an agent. The difference between Billings and Revenue is represented by costs incurred on behalf of clients with whom we operate as an agent, and timing differences where invoicing occurs in advance or in arrears of the related revenue being recognised.

EBITDA

EBITDA is earnings before depreciation, amortisation, finance expense and taxation, and excludes any charges relating to IFRS 16. It is not an IFRS defined term. It is, however, used as a key performance indicator by the Group.

Billings

Billings comprise all gross amounts billed, or billable to clients in respect of commission-based and fee-based income, whether acting as agent or principal, together with the total of other fees earned, in addition to those instances where the Group has made payments on behalf of customers to third parties. It is stated exclusive of VAT and sales taxes.

Minority interests and non-controlling interests

Within the Group, there are a number of subsidiary companies and partnerships in which employees hold a direct interest in the equity of those companies. These employees are referred to as minority shareholders. Of these subsidiary companies and partnerships, most account for the shareholding of their minority shareholders as a management incentive (through the award of conditional shares) and are 100% consolidated in the Group's financial statements. The remaining four subsidiary companies (including one without a put option) account for their minority shareholders as non-controlling interests, a defined IFRS term, with their share of the Group's profits being shown separately on the Income Statement.

UNAUDITED CONSOLIDATED INCOME STATEMENT

Headline results		Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 December 2023
	Note	£000	£000	£000
Billings		243,982	250,448	526,013
Revenue		213,554	216,672	453,913
Project cost / direct cost		(93,148)	(96,281)	(201,148)
Net revenue		120,406	120,391	252,765
Staff costs		(86,583)	(99,030)	(187,621)
Depreciation		(3,809)	(4,458)	(8,816)
Amortisation		(366)	(397)	(841)
Impairment reversal / (charges)		720	(426)	(6,798)
Other operating charges		(16,053)	(17,731)	(36,876)
Other gains / (losses)		339	(1,922)	(4,898)
Loss allowance		(192)	–	(422)
Gain / (loss) on disposal of subsidiaries		(315)	304	782
Operating profit/(loss)		14,147	(3,269)	7,275
Share of results of associates and joint ventures		(26)	(14)	121
Other non-operating income		27	–	–
Finance income		278	874	831
Finance costs		(3,172)	(2,650)	(7,512)
Profit/(loss) before taxation		11,254	(5,059)	715
Taxation		(3,127)	(1,223)	(3,517)
Profit/(loss) for the period		8,127	(6,282)	(2,802)
Attributable to:				
Equity shareholders of the Group		8,113	(6,376)	(3,529)
Non-controlling interests		14	94	727
Profit/(loss) for the period		8,127	(6,282)	(2,802)
Earnings per share				
Basic (pence)	5	6.64p	(5.22)p	(2.89)p
Diluted (pence)	5	6.40p	(5.22)p	(2.89)p
Headline results				
Net revenue	4	120,406	120,391	252,765
Operating profit	4	17,467	9,980	32,436
Profit before tax	4	14,558	8,848	28,669
Profit after tax attributable to equity shareholders of the Group	4	10,026	5,462	18,545
EBITDA		21,467	14,524	41,544

UNAUDITED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 December 2023
	£000	£000	£000
Profit/(Loss) for the period	8,127	(6,282)	(2,802)
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations before tax	146	(3,657)	(4,287)
Other comprehensive income/(loss) for the period net of tax	146	(3,657)	(4,287)
Total comprehensive income/(loss) for the period	8,273	(9,939)	(7,089)
Total comprehensive income/(loss) attributable to:			
Equity shareholders of the Group	8,259	(10,033)	(7,816)
Non-controlling interests	14	94	727
Total comprehensive income/(loss) for the period	8,273	(9,939)	(7,089)

UNAUDITED CONSOLIDATED BALANCE SHEET

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Non-current assets			
Intangible assets	34,128	39,812	34,593
Investments in associates and JVs	113	177	138
Plant and equipment	6,887	7,793	7,007
Right-of-use assets	30,219	39,191	33,772
Investment properties	2,134	–	2,369
Other non-current assets	3,503	1,290	2,302
Deferred tax assets	6,015	5,878	6,036
Financial assets at fair value through profit or loss	7,215	10,796	7,227
Deferred and contingent consideration	253	738	738
	90,467	105,675	94,182
Current assets			
Trade and other receivables	127,517	130,054	123,686
Current tax assets	3,969	5,274	4,321
Cash and cash equivalents	31,915	27,393	24,326
	163,401	162,721	152,333
Assets held for sale	–	–	780
	163,401	162,721	153,113
Current liabilities			
Trade and other payables	(139,477)	(142,649)	(133,850)
Provisions	(32)	(487)	(1,050)
Current tax liabilities	(2,662)	(2,551)	(743)
Borrowings	(199)	(157)	(15,943)
Lease liabilities	(5,759)	(6,003)	(5,751)
Minority shareholder put option liabilities	(4,412)	(21,578)	(9,891)
	(152,541)	(173,425)	(167,228)
Net current (liabilities) / assets	10,860	(10,704)	(14,115)
Total assets less current liabilities	101,327	94,971	80,067
Non-current liabilities			
Deferred tax liabilities	(920)	(1,939)	(1,235)
Borrowings	(18,797)	(11,795)	–
Lease liabilities	(41,024)	(45,890)	(43,692)
Minority shareholder put option liabilities	(3,482)	(5,075)	(3,525)
Other non-current liabilities	(1,988)	(3,566)	(2,079)
	(66,208)	(68,265)	(50,531)
Total net assets	35,116	26,706	29,536
Equity			
Share capital	1,227	1,227	1,227
Share premium	50,327	50,327	50,327
Merger reserve	37,554	37,554	37,554
Treasury reserve	(1,666)	(550)	(550)
Minority interests put option reserve	(2,175)	(2,506)	(2,506)
Non-controlling interests acquired	(33,119)	(33,251)	(33,168)
Hedging reserve	201	–	–
Foreign exchange reserve	2,497	2,981	2,351
Accumulated loss	(20,228)	(29,092)	(26,232)
Equity attributable to shareholders of the Group	34,618	26,690	29,003
Non-controlling interests	498	16	533
Total equity	35,116	26,706	29,536

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	MI put option reserve £000	Non-controlling interests acquired £000	Hedging reserve £000	Foreign exchange reserves £000	Retained earnings/ (accumulated losses) £000	Subtotal £000	Non-controlling interests in equity £000	Total £000
At 31 December 2023	1,227	50,327	37,554	(550)	(2,506)	(33,168)	–	2,351	(26,232)	29,003	533	29,536
Share option charge	–	–	–	(1,116)	–	–	–	–	104	(1,012)	–	(1,012)
Hedge revaluation	–	–	–	–	–	–	201	–	–	201	–	201
Disposal of subsidiaries	–	–	–	–	331	49	–	–	(265)	115	(49)	66
Dividends	–	–	–	–	–	–	–	–	(1,948)	(1,948)	–	(1,948)
Total transactions with owners	–	–	–	(1,116)	331	49	201	–	(2,109)	(2,644)	(49)	(2,693)
Total profit for the period	–	–	–	–	–	–	–	–	8,113	8,113	14	8,127
Total other comprehensive loss for the period	–	–	–	–	–	–	–	146	–	146	–	146
At 30 June 2024	1,227	50,327	37,554	(1,666)	(2,175)	(33,119)	201	2,497	(20,228)	34,618	498	35,116

	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	MI put option reserve £000	Non-controlling interests acquired £000	Foreign exchange reserves £000	Retained earnings/ (accumulated losses) £000	Subtotal £000	Non-controlling interests in equity £000	Total £000
At 31 December 2022	1,227	50,327	37,554	(550)	(2,896)	(32,984)	6,638	(21,303)	38,013	173	38,186
Share option charge	–	–	–	–	–	–	–	434	434	–	434
Exercise of Minority Interest put options	–	–	–	–	390	(184)	–	–	206	(206)	–
Dividends	–	–	–	–	–	–	–	(1,834)	(1,834)	(161)	(1,995)
Total transactions with owners	–	–	–	–	390	(184)	–	(1,400)	(1,194)	(367)	(1,561)
Total (loss) for the year	–	–	–	–	–	–	–	(3,529)	(3,529)	727	(2,802)
Total other comprehensive income for the period	–	–	–	–	–	–	(4,287)	–	(4,287)	–	(4,287)
At 31 December 2023	1,227	50,327	37,554	(550)	(2,506)	(33,168)	2,351	(26,232)	29,003	533	29,536

UNAUDITED CONSOLIDATED CASHFLOW STATEMENT AND ANALYSIS OF NET CASH

	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 December 2023
	£000	£000	£000
Operating profit/(loss)	14,147	(3,573)	7,275
Adjustments for:			
Depreciation of plant and equipment	1,145	1,250	2,573
Depreciation of right-of-use assets	2,664	3,208	6,243
Impairment (reversal) of right-of-use assets	(633)	463	1,884
Loss on sale of plant and equipment	(2)	22	271
Impairment of plant and equipment	–	–	132
Loss on sale of software intangibles	–	1	–
Revaluation of investment properties	(361)	–	–
Revaluation of financial assets at FVTPL	22	1,922	4,722
Revaluation of contingent consideration	–	–	176
Amortisation and impairment of acquired intangible assets	176	296	1,764
Impairment reversal of associates and investments	(87)	–	–
Impairment of goodwill and other intangibles	–	–	3,733
Impairment and amortisation of capitalised software intangible assets	190	101	138
Exercise of IFRS 2 put options	(3,004)	–	(14,637)
Purchase of shares (EBT)	(1,116)	–	–
Equity settled share-based payment expenses	104	491	841
Operating cash before movements in working capital	13,246	4,181	15,115
Decrease/(Increase) in trade and other receivables	(1,700)	2,486	9,924
(Decrease)/Increase in trade and other payables	3,996	(8,683)	(24,437)
(Decrease)/Increase in provisions	(1,018)	(569)	(6)
Working capital movement	1,278	(6,766)	(14,519)
Cash generated from operations	14,524	(2,585)	596
Tax paid	(710)	(1,812)	(4,156)
Net cash (used in)/generated from operating activities	13,814	(4,397)	(3,560)
Investing activities			
Disposal of subsidiary (net of cost disposed of)	(81)	(44)	(209)
Investment loans	148	–	(608)
Proceeds from sale of unlisted investments	638	–	49
Proceeds from assets held for sale	857	–	–
Exercise of IFRS 9 put options	(2,863)	–	–
Purchase of plant and equipment	(942)	(1,402)	(1,827)
Purchase of capitalised software	(89)	(212)	(19)
Interest received	278	302	831
Net cash (used in)/generated from investing activities	(2,054)	(1,356)	(1,783)
Net cash (used in)/generated from operating and investing activities	11,760	(5,753)	(5,343)

UNAUDITED CONSOLIDATED CASHFLOW STATEMENT AND ANALYSIS OF NET CASH

	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 December 2023
	£000	£000	£000
Financing activities			
Dividends paid to equity holders of the company	(1,948)	–	(1,834)
Dividends paid to non-controlling interests	–	(128)	(161)
Cash consideration for non-controlling interests acquired	–	(3,264)	(785)
Payment of lease liabilities	(2,692)	(3,051)	(6,228)
Proceeds from bank loans	2,887	5,000	9,000
Repayment of bank loans	(33)	(106)	(164)
Borrowing costs	(795)	–	–
Interest paid	(1,385)	(821)	(2,318)
Interest paid on lease liabilities	(1,588)	(1,474)	(2,876)
Net cash used in financing activities	(5,554)	(3,844)	(5,366)
Net (decrease)/ increase in cash and cash equivalents	6,206	(9,597)	(10,709)
Effect of exchange rate fluctuations on cash held	1,184	(285)	(2,186)
Cash and cash equivalents at the beginning of the year	24,326	37,221	37,221
Total cash and cash equivalents at the end of period	31,716	27,339	24,326
Cash and cash equivalents	31,915	27,393	24,326
Bank overdrafts ¹	(199)	(54)	–
Total cash and cash equivalents at the end of period	31,716	27,339	24,326
Bank loans and borrowings	(18,797)	(11,898)	(16,043)
Net cash	12,919	15,441	8,283

¹ These overdrafts are legally offset against balances held in the UK; however, they have not been netted off in accordance with the requirements of IAS32.42.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office and the Company is 36 Golden Square, London W1F 9EE.

The Company is listed on the AIM market of the London Stock Exchange.

This consolidated half-yearly financial information was approved for issue on 18 September 2024.

The comparative financial information for the year ended 31 December 2023 in these interim financial statements does not constitute statutory accounts for that year.

The statutory accounts for the year ended 31 December 2023 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

2. Basis of preparation

This consolidated half-yearly financial information for the six months ended 30 June 2024 has been prepared on the going concern basis, in accordance with the AIM Rules for companies. The interim financial statements do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023.

3. Use of judgements and estimates

In the course of preparing the interim financial statements, management necessarily makes judgements and estimates that can have a significant impact on the interim financial statements. These estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting judgements

Management has considered the following judgements, which have the most significant effect in terms of the amounts recognised, and their presentation, in the interim financial statements. These are the same accounting estimates and judgements the Group has applied in its financial statements for the year ended 31 December 2023:

Non-controlling interests put option accounting – IFRS 2 or IFRS 9

The key judgement is whether the awards are given beneficially as a result of employment, which can be determined where there is an explicit service condition, where the award is given to an existing employee, where the employee is being paid below market value or where there are other indicators that the award is a reward for employment. In such cases, the awards are accounted for as a share-based payment in exchange for employment services under IFRS 2.

Otherwise, where the holder held shares prior to the Group acquiring the subsidiary, or gained the equity to start a subsidiary using their unique skills, and there are no indicators it should be accounted for under IFRS 2, then the award is accounted for under IFRS 9.

- Impairment – assessment of CGUs and assessment of indicators of impairment

Impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. Assets with finite lives are reviewed for indicators of impairment (an impairment “trigger”) and judgement is applied in determining whether such a trigger has occurred. External and internal factors are monitored by management, including a) adverse changes in the economic or political situation of the geographic locale in which the underlying entity operates, b) heightened risk of client loss or chance of client gain, and c) internal reporting suggesting that an entity’s future economic performance is better or worse than previously expected. Where management have concluded that such an indication of impairment exists, then the recoverable amount of the asset is assessed.

For the interim financial statements, management have concluded that no such indication of impairment exists.

Significant estimates and assumptions

The areas of the Group’s interim financial statements subject to key assumptions and other significant sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described below. The Group has based its assumptions and estimates on information available when the interim financial statements were prepared.

- Deferred tax assets

The Group assesses the future availability of carried forward losses and other tax attributes by reference to jurisdiction-specific rules around carry forward and utilisation and it assesses whether it is probable that future taxable profits will be available against which the attribute can be utilised.

- Fair value measurement of financial instruments

The Group holds certain financial instruments which are recorded on the balance sheet at fair value at the point of recognition and remeasured at the end of each reporting period. At the period end these relate to:

- (i) equity investments at FVTPL in non-listed limited companies; and
- (ii) certain contingent consideration.

No formal market exists to trade these financial instruments and, therefore, their fair value is measured by the most appropriate valuation techniques available, which vary based on the nature of the instruments. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, judgement is required to establish fair values.

- Share-based incentive arrangements

Share-based incentives are valued at the date of the grant, using stochastic Monte Carlo pricing models with non-market vesting conditions. Typically, the value of these awards is directly related to the performance of a particular entity of the Group in which the employee holds a minority interest. The key inputs to the pricing model are risk-free interest rates, share price volatility and expected future performance of the entity to which the award relates. Management apply judgement to these inputs, using various sources of information, including the Company's share price, experience of past performance and published data on risk-free interest rates (government gilts).

- Leasing estimates

Anticipated length of lease term – IFRS 16 defines the lease term as the non-cancellable period of a lease, together with the options to extend or terminate a lease, if the lessee is reasonably certain to exercise that option. Where a lease includes the option for the Group to extend the lease term, the Group takes a view, at inception, as to whether it is reasonably certain that the option will be exercised. This will take into account the length of time remaining before the option is exercisable, current trading, future trading forecasts and the level and type of any planned capital investment. The assessment of whether the option will be exercised is reassessed in each reporting period. A reassessment of the remaining life of the lease could result in a recalculation of the lease liability and a material adjustment to the associated balances.

4. Headline results

Headline results – Six Months Ended 30 June 2024

	Statutory results	Separately disclosed items	Gain/loss on disposal of subsidiaries	Amortisation of acquired intangibles	Impairment of intangible assets	Impairment of non-current assets	FVTPL investments under IFRS 9	Revaluation of investment properties	Dividends paid to IFRS 2 put holders	Put option accounting	Headline results
Six months ended 30 June 2024	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue	213,554	–	–	–	–	–	–	–	–	–	213,554
Net revenue	120,406	–	–	–	–	–	–	–	–	–	120,406
Staff costs	(86,583)	1,825	–	–	–	–	–	–	694	648	(83,416)
Depreciation	(3,809)	–	–	–	–	–	–	–	–	–	(3,809)
Amortisation	(366)	–	–	178	–	–	–	–	–	–	(188)
Impairments	720	–	–	–	(87)	(633)	–	–	–	–	–
Other operating charges	(16,053)	715	–	–	–	–	4	–	–	–	(15,334)
Other gains/(losses)	339	–	–	–	–	–	42	(381)	–	–	–
Loss allowance	(192)	–	–	–	–	–	–	–	–	–	(192)
Gain/(loss) on disposal of subsidiaries	(315)	–	315	–	–	–	–	–	–	–	–
Operating profit	14,147	2,540	315	178	(87)	(633)	46	(381)	694	648	17,467
Share of results of associates and JV	(26)	–	–	–	–	–	–	–	–	–	(26)
Other non-operating income	27	–	–	–	–	–	–	–	–	–	27
Finance income	278	–	–	–	–	–	–	–	–	–	278
Finance expense	(3,172)	–	–	–	–	–	–	–	–	(16)	(3,188)
Profit before taxation	11,254	2,448	315	178	(87)	(633)	46	(381)	694	632	14,558
Taxation	(3,127)	(655)	–	(58)	–	–	–	–	–	–	(3,840)
Profit for the year	8,127	1,885	315	120	(87)	(633)	46	(381)	694	632	10,718
Non-controlling interests	14	–	–	–	–	–	–	–	678	–	692
Profit attributable to equity holders of the Group	8,113	1,885	315	120	(87)	(633)	46	(381)	1,372	632	10,026

Headline results – Six Months Ended 30 June 2023

	Statutory results	Separately disclosed items	Amortisation of acquired intangibles	Impairment of non-current assets	Gain/loss on disposal of subsidiaries	FVTPL investments under IFRS 9	Dividends paid to IFRS 2 put holders	Put option accounting	Headline results
Six months ended 30 June 2023	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue	216,672	–	–	–	–	–	–	–	216,672
Net revenue	120,391	–	–	–	–	–	–	–	120,391
Staff costs	(99,030)	954	–	–	–	–	3,668	6,156	(88,252)
Depreciation	(4,458)	–	–	–	–	–	–	–	(4,458)
Amortisation	(397)	–	296	–	–	–	–	–	(101)
Impairment charges	(426)	–	–	463	–	–	–	–	37
Other operating charges	(17,731)	423	–	–	–	(329)	–	–	(17,637)
Other gains/(losses)	(1,922)	–	–	–	–	1,922	–	–	–
Operating profit	(3,573)	1,377	296	463	–	1,593	3,668	6,156	9,980
Share of results of associates and JV	(14)	–	–	–	–	–	–	–	(14)
Gain/(loss) on disposal of subsidiaries	304	–	–	–	(304)	–	–	–	–
Finance income	874	–	–	–	–	–	–	–	874
Finance expense	(2,650)	–	–	–	–	365	–	293	(1,992)
Profit before taxation	(5,059)	1,377	296	463	(304)	1,958	3,668	6,449	8,848
Taxation	(1,223)	(363)	(72)	–	–	(514)	–	–	(2,172)
Profit/(Loss) for the year	(6,282)	1,014	224	463	(304)	1,444	3,668	6,449	6,676
Non-controlling interests	(94)	–	–	–	–	–	(1,120)	–	(1,214)
Profit attributable to equity holders of the Group	(6,376)	1,014	224	463	(304)	1,444	2,548	6,449	5,462

Headline results – Year Ended 31 December 2023

	Statutory 2023	Separately disclosed items	Gain/loss on disposal of subsidiaries	Revaluation of associates on transition to assets held for sale	Amortisation of acquired intangibles	Impairment of intangible assets	Impairment of non- current assets	FVTPL investments under IFRS 9	Dividends paid to IFRS 2 put holders	Put option accounting	Headline results
Year ended 31 December 2023	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue	453,913	–	–	–	–	–	–	–	–	–	453,913
Net revenue	252,765	–	–	–	–	–	–	–	–	–	252,765
Staff costs	(187,621)	6,908	–	–	–	–	–	–	2,499	4,203	(174,011)
Depreciation	(8,816)	–	–	–	–	–	–	–	–	–	(8,816)
Amortisation	(841)	–	–	–	537	–	–	–	–	–	(304)
Impairments	(6,798)	–	–	–	–	4,794	2,004	–	–	–	–
Other operating charges	(37,298)	744	–	–	–	–	–	(644)	–	–	(37,198)
Other losses	(4,898)	–	–	–	–	–	–	4,898	–	–	–
Gain on disposal of subsidiaries	782	–	(782)	–	–	–	–	–	–	–	–
Operating profit	7,275	7,652	(782)	–	537	4,794	2,004	4,254	2,499	4,203	32,436
Share of results of associates and JV	121	–	–	(133)	–	–	–	–	–	–	(12)
Finance income	831	–	–	–	–	–	–	–	–	–	831
Finance expense	(7,512)	–	–	–	–	–	–	813	–	2,113	(4,586)
Profit before taxation	715	7,652	(782)	(133)	537	4,794	2,004	5,067	2,499	6,316	28,669
Taxation	(3,517)	(1,821)	–	–	(198)	(28)	(536)	(1,178)	–	(65)	(7,343)
Profit for the year	(2,802)	5,831	(782)	(133)	339	4,766	1,468	3,889	2,499	6,251	21,326
Non-controlling interests	727	–	–	–	–	–	–	–	2,054	–	2,781
Profit attributable to equity holders of the Group	(3,529)	5,831	(782)	(133)	339	4,766	1,468	3,889	4,553	6,251	18,545

5. Earnings per share

Earnings per share – Six Months Ended 30 June 2024

Basic and diluted earnings per share are calculated by dividing appropriate earnings metrics by the weighted average number of the Company's ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of the Company's shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. The dilutive effect of unvested outstanding put options is calculated based on the number that would vest had the balance sheet date been the vesting date. In 2023, since the Company made a Statutory loss, no diluted earnings per share is calculated.

	Statutory 2024	Headline 2024
Profit attributable to equity shareholders of the Group (£000)	8,113	10,026
Basic earnings per share		
Weighted average number of shares (thousands)	122,101	122,101
Basic earnings per share	6.64p	8.21p
Diluted earnings per share		
Weighted average number of shares (thousands) as above	122,101	122,257
Add:		
– LTIP	2,373	2,373
– Put options (payable in cash)	2,365	2,365
Total	126,839	126,839
Diluted EPS	6.40p	7.90p
Excluding the put options (payable in cash)	(2,365)	(2,365)
Weighted average numbers of shares (thousands) including dilutive shares	124,474	124,474
Diluted EPS – excluding items the Group intends and is able to pay in cash	6.52p	8.05p

Earnings per share – Six Months Ended 30 June 2023

	Statutory 2023	Headline 2023
Profit attributable to equity shareholders of the Group (£000)	(6,376)	5,462
Basic earnings per share		
Weighted average number of shares (thousands)	122,257	122,257
Basic (loss)/earnings per share	(5.22)p	4.47p
Diluted earnings per share		
Weighted average number of shares (thousands) as above	122,257	122,257
Diluted (loss)/earnings per share	(5.22)p	4.47p

Earnings per share – Year Ended 31 December 2023

	Statutory 2023	Headline 2023
Year ended 31 December 2023		
Profit attributable to equity shareholders of the Group (£000)	(3,529)	18,545
Basic earnings per share		
Weighted average number of shares (thousands)	122,257	122,257
Basic EPS	(2.89)p	15.17p
Diluted earnings per share		
Weighted average number of shares (thousands) as above	122,257	122,257
Add		
– LTIP	–	1,500
– Put options	–	5,247
Total	122,257	129,004
Diluted EPS	(2.89)p	14.38p
Excluding the put options (payable in cash)	–	(5,247)
Weighted average numbers of shares (thousands) including dilutive shares	122,257	123,757
Diluted EPS – excluding items the Group intends and are able to pay in cash	(2.89)p	14.99p

6. Separately disclosed items

Separately disclosed items include significant one-off, non-recurring revenues or expenses. These are shown separately and are excluded from Headline profit to provide a better understanding of the underlying results of the Group.

30 June 2024

Separately disclosed items for the six months ended 30 June 2024 comprise the following:

	Staff costs	Operating costs	Taxation	Total
	£000	£000	£000	£000
Restructuring – ongoing businesses	1,200	10	(317)	893
Restructuring – global cost efficiency programme	248	252	(123)	377
Transformation project costs	535	453	(255)	733
Other	(158)	–	40	(118)
Total separately disclosed items	1,825	715	(655)	1,885

The Group has been pursuing a strategy to simplify its operating structure and improve efficiency across the Group. This restructuring programme continued into 2024:

- Local businesses within the Group have continued to review their own future, permanent operational structures, following market changes, which has resulted in staff redundancy costs in the period across seven ongoing businesses across the Group. The restructuring costs are treated as separately disclosed items only when a role has been permanently eliminated from the business (there should be no intention for the role to be replaced in the next 12 months). There are £1,200k of redundancy costs included within non-Headline restructuring for ongoing businesses, and £174k of redundancy costs are included within the Headline staff costs.
- The Group's global cost efficiency programme has continued to identify and reduce specific central HQ and local support function roles, which will be replaced overseas to save cost. The redundancy costs associated with this restructuring programme have been treated as an exceptional non-Headline cost, as they are one-off exit costs.

In H2 2022, the Group commenced a global cost efficiency programme. The staff costs of the project team dedicated to this transformation project (£535k) have been classified as separately disclosed items in line with the treatment in 2022 and in 2023. The project team will continue to manage the project through to conclusion in 2025. The programme's operating costs mainly relate to recruitment costs for roles in our new overseas service centres, travel costs relating to the programme, and service charges and rates for the 30 Great Pulteney Street office in London, which has been fully vacated.

Other includes CEO compensation credit relating to the over-accrual of 3 months of staff costs in 2023 which arises from the gardening leave of the former CEO which was legally committed by the business, but had no benefit for the business. The cost was treated as an exceptional non-Headline cost in 2023 and the reversal of this over-accrual has also been treated as an exceptional item in 2024.

30 June 2023

Separately disclosed items for the six months ended 30 June 2023 comprise the following:

	Staff costs	Operating costs	Taxation	Total
	£000	£000	£000	£000
Global cost efficiency programme	106	421	(132)	395
Local strategic review and restructuring	848	2	(231)	619
Total separately disclosed items	954	423	(363)	1,014

PricewaterhouseCoopers LLP assisted with the global cost efficiency programme which commenced in H2 2022. The professional and legal fees and staff costs incurred in relation to this project were classified as non-Headline (£527k).

In addition, within nine of the agencies in the Group, a strategic review has been commenced which has resulted in staff redundancy costs in the period. The strategic review and restructuring costs are treated as separately disclosed items only when a role has been permanently eliminated from the business (there should be no intention for the role to be replaced in the next 12 months). There are £848k of redundancy costs included within non-Headline strategic review and restructuring, and £150k of redundancy costs are included within the Headline staff costs.

7. Segmental information ¹

The Group's operating segments are aligned to those business units that are regularly evaluated by the chief operating decision maker ("CODM"), namely the Board, in making strategic decisions, assessing performance and allocating resources.

We primarily assess the Group's performance by division, namely Advertising, Non-advertising Specialisms and Group Central Costs. The segmental information is reconciled to the Headline results in Note 4.

Please note that prior year comparatives have been restated according to the updated division and geographic segments. A summary of relevant changes between 2023 and 2024 is included in a table below.

Segmental Information by Division

	Advertising	Non-advertising Specialisms	Group central Costs	Local Central Costs	Discontinued subsidiaries	Total
Six Months Ended 30 June 2024	£000	£000	£000	£000	£000	£000
Net revenue	45,235	74,832	–	–	340	120,406
Operating profit/(loss)	5,133	16,319	(5,558)	1,167	405	17,467
Operating profit margin	11%	22%	–	–	119%	14%
Profit/(loss) before tax	4,775	17,168	(7,002)	(789)	405	14,558

	Advertising	Non-advertising Specialisms	Group Central Costs	Local Central Costs	Discontinued subsidiaries	Total
Six Months Ended 30 June 2023 (restated)	£000	£000	£000	£000	£000	£000
Net revenue	44,259	71,321	–	–	4,811	120,391
Operating profit/(loss)	1,818	13,183	(4,356)	1,521	(2,185)	9,980
Operating profit margin	4%	19%	–	–	(45%)	8%
Profit/(loss) before tax	1,700	13,371	(2,455)	(1,435)	(2,333)	8,848

¹ The segmental reporting reflects Headline results

	Advertising	Non-advertising Specialisms	Group Central Costs	Local Central Costs	Discontinued subsidiaries	Total
Year Ended 31 December 2023 (restated)	£000	£000	£000	£000	£000	£000
Net revenue	93,752	149,567	–	–	9,446	252,765
Operating profit/(loss)	9,105	33,234	(7,642)	652	(2,913)	32,436
Operating profit margin	10%	22%	–	–	(31%)	13%
Profit/(loss) before tax	8,864	34,555	(7,396)	(4,179)	(3,176)	28,669

Segmental Information by Geography

	UK	Europe	Middle East	Africa	Asia Pacific (APAC)	Americas	Group Central Costs	Discontinued	Total
Six Months Ended 30 June 2024	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net revenue	52,460	5,823	4,532	7,991	27,171	22,090	–	340	120,406
Operating profit/(loss)	13,522	1,157	736	994	3,820	2,391	(5,558)	405	17,467
Operating profit margin	26%	20%	16%	12%	14%	11%	–	119%	14%
Profit/(loss) before tax	12,622	1,162	707	956	3,304	2,403	(7,002)	405	14,558

	UK	Europe	Middle East	Africa	Asia Pacific (APAC)	Americas	Group Central Costs	Discontinued	Total
Six Months Ended 30 June 2023 (restated)	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net revenue	46,827	5,112	3,148	7,792	30,232	22,468	–	4,811	120,391
Operating profit/(loss)	9,121	866	259	774	3,662	1,840	(4,356)	(2,185)	9,980
Operating profit margin	19%	17%	8%	10%	12%	8%	–	(45%)	8%
Profit/(loss) before tax	8,104	845	242	2,204	3,158	598	(2,455)	(2,333)	8,848

	UK	Europe	Middle East	Africa	Asia Pacific (APAC)	Americas	Group Central Costs	Discontinued	Total
Year Ended 31 December 2023 (restated)	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net revenue	101,080	11,005	7,509	16,080	60,733	46,913	–	9,446	252,765
Operating profit/(loss)	21,982	1,716	1,343	1,869	9,326	6,755	(7,642)	(2,913)	32,436
Operating profit margin	22%	16%	18%	12%	15%	14%	–	(31%)	13%
Profit/(loss) before tax	20,404	1,676	1,294	1,753	8,426	5,688	(7,396)	(3,176)	28,669

The changes to segmental reporting divisions and regions are summarised as follows:

Agency	Previous Division	New Division
M&C Saatchi World Services Pakistan (PVT) LTD	Issues	Advertising
Talk PR LTD	Advertising	Passions
The Source (W1) LLP	Advertising	Consulting

The following agencies are included in the Discontinued subsidiaries column:

Agency	Division	Region	Year discontinued
M&C Saatchi (Switzerland) SA	Advertising	Europe	2024
M&C Saatchi Accelerator Limited	Advertising	UK	2023
M&C Saatchi Advertising GMBH	Advertising	Europe	2023
M&C Saatchi Digital GMBH	Advertising	Europe	2023
M&C Saatchi Spencer Hong Kong Limited	Advertising	Asia	2023
M&C Saatchi (Singapore) PTE LTD	Advertising	Asia	2023
The Source (Malaysia)	Advertising	Asia	2023
AEIOU Shanghai	Advertising	Asia	2023
AEIOU Hong Kong	Advertising	Asia	2023
M&C Saatchi Indonesia	Advertising	Asia	2023
Majority LLC	Advertising	US	2023
Thread Innovation LTD	Consulting	UK	2023
M&C Saatchi Life Limited	Consulting	UK	2023
M&C Saatchi Holdings Asia PTE LTD	Local Central Costs	Asia	2023

8. Net finance income / (expense)

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Bank interest receivable	149	189	412
Other interest receivable	129	682	414
Sublease finance income	-	3	5
Finance income	278	874	831
Bank interest payable	(1,385)	(788)	(2,318)
Amortisation of loan costs	(133)	(95)	(190)
Other interest payable	(37)	-	(14)
Interest on lease liabilities	(1,580)	(1,474)	(2,876)
Amortisation adjustment to minority shareholder put option liabilities	16	(293)	-
Exchange difference on financing activities	(53)	-	-
Valuation adjustment to IFRS 9 put option liabilities	-	-	(2,114)
Finance expense	(3,172)	(2,650)	(7,512)
Net finance expense	(2,894)	(1,776)	(6,681)

9. Taxation

Income tax expenses are recognised based on management's estimate of the average annual income tax rate expected for the full financial year.

The estimated effective Headline annual tax rate used for H1 2024 is 26.4% (H1 2023: 23.7%; Full Year 2023: 25.6%).

We expect smaller variations in future statutory tax rates due to lower amounts of significant non-deductible items such as share-based payments (put option charges) and dividends that are payable to minority shareholders that are defined as a staff cost.

10. Dividends

The Board believes that the Group has significant growth potential. Accordingly, the Board believes that the Group would be best served, and this potential realised, from investing annual profits back into the business and into new growth initiatives.

However, the Board recognises the importance of dividends within the Company's capital allocation policy, alongside the settlement of put options and investment in growth initiatives. The Board therefore decided to resume the payment of dividends in 2023 and intends to adopt a progressive dividend policy in the future.

The Board declared a final dividend of 1.6 pence per ordinary share for the financial year ended 31 December 2023 (1.5 pence in 2022), which was paid in June 2024.

11. Share-based payments

In 2021, the Board made the decision that all put options would be settled in cash. However, the optionality remains to issue shares in the Company to settle put options in the future, should circumstances warrant.

Total future expected put option liabilities at 30 June 2024

			Potentially payable					
	Paid H1 2024	Payable H2 2024	2025	2026	2027	2028	2029	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 195p								
IFRS9 put option schemes*	2,863	–	–	2,701	–	–	–	2,701
IFRS2 put option schemes**	3,004	2,907	574	2,298	–	–	–	5,779
Total	5,867	2,907	574	4,999	–	–	–	8,480

* At 30 June 2024 IFRS9 put option schemes includes a £514k fair value discount for time.

** At 30 June 2024 99% of IFRS2 put option schemes by value were vested. The balance sheet liability at 30 June 2024 is £5,703k.

Put option holders are not required to exercise their put options at the first opportunity. Many do not and prefer to remain shareholders in the subsidiary companies they manage. As a result, some put option holders may not exercise their put options on the dates estimated in the table above. If the Company in the future decides to settle these put options with the Company's shares, then the amount of Company shares that will be provided is equal to the liability divided by the Company's share price at the date of settlement.

For illustrative purposes, we show the settlement values at a share price of 250p. These would be £2,912k for H2 2024; £684k for 2025; and £5,761k for 2026.

Of the amount payable in H2 2024, £2,897k has already been agreed to be paid.

12. Events after the balance sheet date

The Directors are not aware of any other events since 30 June 2024 that have had, or may have, a significant impact on the Group's operations, the results of those operations, or the state of affairs of the Group in future years.