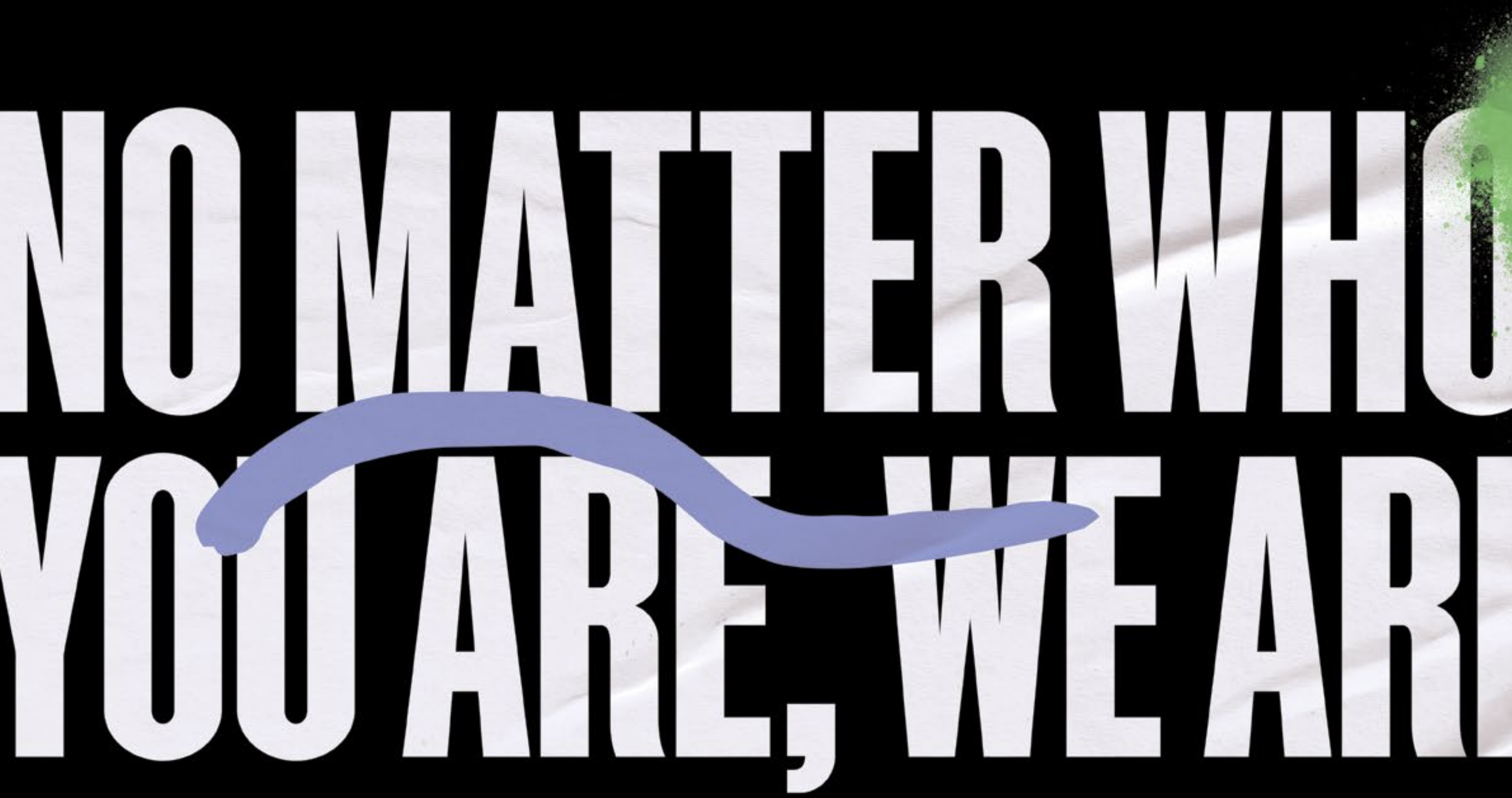
M&C SAATCHI GROUP



M&C Saatchi Plc
Annual Report and Accounts 2023

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Flame-grilled challenge, M&C Saatchi Abu Dhabi

STRATEGIC REPORT

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Net revenue of

£252.8m

(2022: £271.1m) -7%, -2% like-for-like.*

Headline** profit before tax of

£28.7m

(2022: £31.8m) -10%, -1% like-for-like.*

Headline** EBITDA of

£41.5m

(2022: £45.2m) -8%.

Statutory profit before tax of

£0.7m

(2022: £5.4m).

Headline** operating profit of

£32.4m

(2022: £35.4m) -8%.

Headline** basic earnings per share of

15.2p

(2022: 14.8p) +3%.

Headline** operating profit margin of

12.8%

(2022: 13.1%) -0.3 pts, +0.2 pts like-for-like.*

Statutory basic earnings per share of

(2.9p)

(2022: 0.1p).

Statutory operating profit of

£7.3m

(2022: £10.5m).

Net cash of

£8.3m

(2022: £30.0m).

* Like-for-like applies constant foreign exchange rates and removes entities discontinued during 2023.

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

RECOGNITION

- M&C Saatchi Fluency – Start-up Agency of the Year (Campaign Awards).
- M&C Saatchi Sport & Entertainment – Agency of the Year (Sports Industry Awards, and UK Sponsorship Awards).
- M&C Saatchi Performance – Performance Marketing Agency of the Year (Marketing Interactive Agency Awards), Marketing/ Advertising Agency of the Year (The American Business Awards). APAC Agency of the Year and South East Asia Agency of the Year (Campaign).
- M&C Saatchi Australia Group – Ad Campaign of the Year (Mumbrella Awards), Best Animation Short (LA Film Awards).
- M&C Saatchi UAE Grand Prix – Film (Lynx Awards).
- New business – Received new global assignments from the World Health Organization (WHO), Porsche, adidas, Nike, Revlon and McDonald's.
- M&C Saatchi Talk - Best Global Content (PR Week Awards).
- Razor PR – Best Reputation Work (PRvoke Media – Sabre Awards).
- M&C Saatchi Australia Group – NGO/Charity The Plastic Forecast, Minderoo Foundation (Campaign Ad Net Zero Awards).

AT A GLANCE

WHO WE ARE

M&C Saatchi is a worldwide brand powered by the most talented people in the industry. We have powerful and distinctive offerings, with businesses and regions laddering up to making the whole greater than the sum of the parts. We are a company and culture of trail blazers, not path followers. We are as famous for our creativity as we are for our boldness; at the heart of everything we do is the desire to drive reappraisal, consideration and demand for our clients' brands and businesses.

OUR VISION

Our vision is to deliver meaningful change through creative thinking, being indispensable to our clients, in market leading positions with scalable platforms and processes.

OUR PURPOSE

Our purpose is to become the leading creative solutions partner to our global client base.

We want to make it easier for our clients to grow by accessing the full breadth of our skills and capabilities to maximise the reach and potential of their brands. Our offer builds on our creative heritage but is driven by our boldness and our willingness to think – and be – different.

This purpose will be driven by three key themes which are covered in this report:

- **Transformation** – a simpler, leaner, more agile business.
- **Aligning with our clients** – simplifying how we face our clients and making it easier for our global specialisms, our key differentiator, to reach the market.
- **Capital allocation** – liberating our capital to re-invest in longer-term growth opportunities and support shareholder returns.

WHAT DIFFERENTIATES US

For our clients, it is about us daring to be different, to be bold and creative in our approach to solving their growth challenges. Our global and regional reach, when combined with our deep, specialist, multi-disciplinary capabilities creates a powerful and highly differentiated proposition. In an increasingly complex and digitally interconnected world, we seek to cut through and create simple, yet powerful impacts for our clients' brands, to help our clients understand the journey they could be on, what that journey looks like and to partner them through the journey itself.

For our people, it is about being an integral part of an organisation that is seeking to make a difference. We have always been proud of our environment and culture which has always valued creativity, entrepreneurialism and a desire to make a difference to our clients, our colleagues and the world in which we operate. Our people are the lifeblood of our organisation and creating a positive, inclusive, dynamic and rewarding working life is critical to our ongoing success.

For our shareholders, it is about our ability to deliver and accelerate returns, whether through growth, or efficiency, or investment or dividends. Our transformation programme is already delivering tangible returns, with more to come, and our new operating model and go-to-market strategy will bring us closer to our clients with a simpler, leaner organisation that is more closely aligned to our clients' needs.

1995
Launched M&C Saatchi. Won British Airways and Qantas accounts. Opened in Sydney, Singapore, Hong Kong and New York.

1996
Launched M&C Saatchi Sponsorship.

1997
Named "Fastest growing start-up in history".

1998
Won UK Agency of the Year.

1999
"New Labour, New Danger" work.

2000
Appointed on UK Government Roster.

2003
Opened in China and Malaysia.

2004
Launched Sport & Entertainment. The Company listed on AIM.

2005
Expanded Europe footprint: Paris and Berlin. Appointed to London 2012 Olympic bid.

2006
Opened in Madrid.

2007
Acquired Clear.

2008
Sport & Entertainment won Agency of the Year for the first time.

2009
Launched brand design company Re.

2010
Acquired Inside Mobile, now M&C Saatchi Performance. Opened in South Africa.

WE ARE A PEOPLE BUSINESS

We are a creative solutions organisation with 2,706 colleagues.

We operate out of 23 countries, with large offices in London, New York, Sydney, Singapore, Milan, Berlin and Dubai.

Our Group annual employee engagement survey was completed by 76% of employees (an increase from 69% in 2022).

In the UK, our gender split for leadership positions (Senior Leadership Team and Executive Leadership Team combined) is 45% female.

The five largest industries that we work across are government, retail, financial services (over 15% of our revenue mix), FMCG and media/telecoms (over 10% of our revenue mix).

In 2023, we won 119 awards globally.

In 2023, we had 216 new business wins.

OUR EVOLUTION

M&C Saatchi has evolved, and is still evolving far beyond its famous advertising heritage. Our Group now operates across a globally diverse, regional network, delivering creative, strategic and data-led services across five global specialisms. Our global interdisciplinary team blends cutting-edge data expertise with diverse thinking and exceptional creativity. Entrepreneurialism is in M&C Saatchi's DNA. And every business in its network is driven to make change.

We offer global clients solutions and capabilities across the following specialisms:

- **Advertising** – scaled and personalised content to create and fulfil demand.
- **Consulting** – growth consulting in high margin and emerging sectors.
- **Issues** – communication for defence, diplomacy and development.
- **Passions & PR** – connecting brands to customers through passions, communications and personalities.
- **Media** – connecting brands with digitally connected consumers.

OUR HISTORY

M&C Saatchi was formed in January 1995 by Jeremy Sinclair, Bill Muirhead, David Kershaw and the brothers, Maurice and Charles Saatchi. The Group was started as an advertising agency from a modest office above a London real estate agent, it set about realising its ambition to change the world.

International since day one, M&C Saatchi grew businesses with the best people all over the world. Each business was an independent entity with its own operating name – run by entrepreneurial leaders with an ownership stake in their business.

2011
Started M&C Saatchi World Services.

2012
Opened in New Delhi and Mumbai.

2013
Acquired Merlin, now M&C Saatchi Talent Group.

2014
Acquired SS+K in New York.

2015
Launched Human Digital proprietary data tech. Won Best Agency in South Africa.

2016
Opened in the UAE.

2018
Sport & Entertainment won Agency of the Year for the 6th time.

2019
Record awards year: Performance and South Africa won "Agency of the Year". Australia won "Most Innovative Company in Australia". Sport & Entertainment won "Sponsorship Agency of the Year".

2020
Moray MacLennan announced as Chief Executive Officer of the Company and new Board appointed.

2021
Launched data consultancy Fluency. Milan named "Agency of the Decade" at Digital Awards. Performance named "Agency of the Decade". Razor named "Best New PR Agency Globally". Became Principal Patron of Saatchi Gallery.

2022
Two hostile takeover bids successfully defended.

2023
Zillah Byng-Thorne announced as Non-Executive Chair and subsequently Executive Chair of the Company.

INVESTMENT CASE

M&C Saatchi is on a journey driven by our ambition to accelerate client business growth through creating beautifully simple solutions, for an increasingly complex world.

Our ambition is reinforced by our proven capabilities:

- **Our heritage** – founded on creativity and a willingness to challenge convention.
- **Diversity of thought** – we can uniquely meet our clients' needs through diversity of thought. Embracing uncommon thinking and disruptive viewpoints across the Group to generate fresh, impactful ideas. Clients work with us because our offer builds on our creative heritage that is also driven by our boldness, and our willingness to think, and be, different.
- **Specialisms** – while our roots lie in our advertising business, which represents 42% of our net revenue, we have evolved to encompass a broader mix of skills and capabilities across a global footprint, with 58% of net revenue and 80% of pre-central cost profitability generated by other faster growth and higher margin specialisms.
- **Agility, flexibility and efficiency** – we have made substantial progress towards our transformation goals of greater agility, flexibility and efficiency.

Our strategy is centred around the following strands:

- **Transformation** – a simpler, leaner, more agile business.
- **Indispensable** – indispensable work for our clients, easy to work with, broad in capability, deep local knowledge; we are an indispensable partner.
- **Capital allocation** – liberating our capital to re-invest in longer-term growth opportunities and support shareholder returns.

We will deliver returns by:

- **Growth** – our new regional first, global specialism delivery operating model will bring our specialist skills closer to the clients who need these capabilities the most.
- **Profitability** – we are transforming our business, removing complexity and cost, which will drive structural improvements to our operating margin and our flexibility to respond to changing client needs.
- **Free cash flow** – we are a business capable of generating material free cash flow and we are removing the barriers that have held this back in the past.
- **Sustainable and progressive dividend policy** – we are a capital light business and expect to continue to return cash to shareholders via dividends; we do not think share buy backs would be appropriate at this stage in our cycle.

We will enhance returns by:

- **Re-investing in long-term growth** – where appropriate, we will seek to re-invest from our improved cash flow and margin into areas that offer the clearest long-term and sustainable growth opportunities.
- **Active portfolio management** – we have already exited a number of loss-making, non-core businesses and will continue to actively manage our portfolio to ensure that our capital is best allocated to drive growth and returns.
- **Selective M&A** – our approach to inorganic growth will be different from the past and will focus on where the client needs, or gaps in our offer, are clearly identified.
- **Optimising our capital structure** – we will further reduce shareholder dilution by continuing to settle outstanding put option liabilities in cash and we will operate within a leverage cap of not more than 1.5x net debt to EBITDA on a through-the-cycle basis.

Substantial progress towards our transformation:

- **Agility and flexibility** – our goal is to be a simpler, leaner, more client aligned organisation that is a best fit for the rapidly evolving global marketplace we are active in. We have implemented a new operating model this year and moved to a more integrated agency model. This enables us to have the agility and flexibility to respond to our clients.
- **Cost savings** – another goal of the transformation is to ensure material and structural cost savings to underpin our expectations around the future margin progression. We have delivered £3.9m of fully annualised cost savings in 2023, ahead of our initial target, and remain on track to deliver an additional £6.1m of annualised savings by the end of 2024, totalling £10m.
- **Material reduction in put options** – ongoing cash flow will benefit from the material reduction in outstanding put options, following significant exercises in 2023.

Our capital allocation approach:

- **Cash-generative business model** – we remain focused on cash generation and believe our business is capable of converting at least 80% of its operating profits into operating cash, although each future year will undoubtedly see some degree of variability, through the cycle.
- **Capital allocation** – while aiming to maintain an optimal capital structure for supporting our growth ambitions, we will use this extra cash flow to deliver value for shareholders through:
  - Investment in the business organically or through targeted M&A.
  - Pursuit of a progressive dividend policy.

EXECUTIVE CHAIR'S STATEMENT

ZILLAH BYNG-THORNE
Executive Chair

"2024 will also benefit from the full-year impact of the actions we have already undertaken and the planned actions we are yet to deliver."

2023 was a year of significant progress for M&C Saatchi. Our financial results not only reflect both the challenging market environment our businesses operate in, but also the considerable progress that has been made in shaping the Group to best deliver sustainable growth in the future.

We delivered a materially better financial performance in the second half of the year following the more challenging start to the year already flagged. This was partly led by impressive contributions from Issues and Passions. The biggest drivers of improvement were our own proactive actions on costs, accelerating our structural transformation, and closing or divesting a number of loss-making businesses which drove operating margins up from 8.3% in the first half to 16.9% in the second half.

Although much has already been achieved in transforming our Group, there is more to do and 2024 will deliver further progress. The market environment in which we are operating continues to be challenging, but 2024 will also benefit from the full-year impact of the actions we have already undertaken and the planned actions we are yet to deliver. This report will cover what we have been doing to improve our Group and lay the foundations for what we all believe will be an exciting future for the Company and all of its stakeholders.

OUTLOOK

Over the last 12 months, there have been many changes at M&C Saatchi against a background of significant market volatility. The Board has materially changed, including the appointment of a new Chair and Chief Executive Officer designate while our markets have been challenging, particularly in the technology sector. As such, we have taken the decision to no longer provide long-term targets and will, instead, provide nearer-term guidance.

2024 has started with renewed energy and focus and encouraging first quarter momentum. While our end markets continue to be affected by macro-economic uncertainty, we expect Headline profit before tax for 2024 to be in line with expectations. We are confident that the structural changes we are making to our cost base alongside our new operating model are increasing our operational leverage potential which will help support future margin expansion.

We have evolved the senior leadership team, increasing capabilities and alignment. Zaid Al-Qassab, as our new Chief Executive Officer, is at the core of this process and sets the scene for our delivery over the coming years.

We are well progressed on building a simplified operating model which places our regional focus and global specialist expertise at the heart of everything we do. This will ensure we can continue to be unashamedly bold, creative, entrepreneurial, and fearless in the work we do with our clients.

Our focus is on growing returns for our shareholders by investing in capabilities and driving the Group forward with renewed purpose. We have a marked advantage in being able to operate at scale with the agility of a start-up, allowing us to move at pace.

DIVIDEND

In recognition of the earnings growth, and our confidence in our future, the Board will be recommending the payment of an increased final dividend of 1.6 pence per share. This is in line with our intention to deliver a sustainable and growing dividend.

MY THANKS TO MY COLLEAGUES

I would like to take this opportunity to acknowledge, and express my appreciation and gratitude, for the effort and commitment shown by our employees. We are a people business, and our success ultimately boils down to the talent that exists throughout our Group and the willingness of that talent to share our vision for M&C Saatchi. To deliver the strength of results that we have, against a difficult backdrop, gives me enormous confidence and optimism around our future.

PROGRESS ON PEOPLE

2023 was a year of significant change from a senior management and Board perspective.

Firstly, I would like to take this opportunity to thank Moray MacLennan, who stepped down as a director at the end of September 2023 following his intention to retire as Chief Executive Officer, for his longstanding contribution and commitment to our Group. Moray had been with the Company since its founding in 1995 and his leadership since 2021 was instrumental in seeing the business return to a sound footing after a particularly challenging period and laying the groundwork for its subsequent growth.

More recently, we were delighted to announce the appointment of Zaid Al-Qassab as our new Chief Executive Officer. Zaid will be taking up his role in May 2024, at which point I will step back from my interim role as Executive Chair to fulfil the role of Non-Executive Chair.

Our search for a new Chief Executive Officer was comprehensive and in Zaid we have found a compelling blend of dynamism, passion and proven leadership qualities. Not only does Zaid bring significant marketing industry experience, he also brings a client perspective that will be critical to our customer-led growth journey. Zaid joins us from Channel 4 where he was Chief Marketing Officer since 2019. Under his leadership, he oversaw the success of Channel 4's own inhouse creative agency, 4creative, and digital content and brand entertainment agency, 4studio. Prior to Channel 4, Zaid was Chief Brand & Marketing Officer for BT Group PLC.

I look forward to working closely with, and supporting, Zaid as he takes the Company forward over the coming years.

Over the course of the year, a key priority has been to reshape our Executive Leadership Team. We have sought to both streamline and rebalance the skills within our senior management structures. This has resulted in a number of internal promotions and external appointments.

- Scott Feasey, the Chief Executive Officer of our UAE region has been promoted to the Executive Leadership Team.
- Simon Bergman, the Chief Executive Officer of the World Services business has been promoted to the Executive Leadership Team.
- Damian Symons has been promoted to Chief Executive Officer of the M&C Saatchi Consulting Group having previously been Chief Executive Officer of Clear. This reflects our commitment to fostering greater collaboration within this specialism and a recognition of the longer-term growth opportunity we see in this market.
- Marcus Peffers saw his role expanded during the year to take on regional leadership of the UK Group enabling the business to quickly move to this new model, while continuing to chair the World Services business.

- Following both an internal and external search for a Chief Operating Officer, we were delighted to promote Mark Dickinson-Keen to the role of Chief People and Operations Officer. In this new role, he has responsibility for People, IT, Facilities, ESG and the delivery of our global efficiency programme.
- We are close to announcing the appointment of a new Global Chief Creative Officer, a role that will sit within the Executive Leadership Team. As we roll out our new operating model, having a global role that elevates the standard of our creative output will be an important step.

As a result of these changes, our new Executive Leadership Team is as below:

EXECUTIVE LEADERSHIP TEAM

ZILLAH BYNG-THORNE
Executive Chair

REGIONS	SPECIALISMS	CENTRAL TEAM
UK **Marcus Peffers**	**ISSUES** **Simon Bergman**	**PEOPLE & OPERATIONS** **Mark Dickinson-Keen**
APAC **Justin Graham**	**TALENT** **Richard Thompson**	**FINANCE** **Bruce Marson**
SOUTH AFRICA **Mike Abel**	**MEDIA** **James Hilton**	**CREATIVE** **Vacant**
AMERICAS **Lenny Stern**	**CONSULTING** **Damian Symons**	
EUROPE **Carlo Noseda**	**PASSIONS & PR** **Vacant**	
MIDDLE EAST **Scott Feasey**		

Beyond our Executive Leadership Team:

- Jo Bacon has been appointed to lead the newly formed UK Agency. Jo brings a wealth of experience with her and joins us from Ogilvy (part of the WPP Group) where she has been Global Client Lead for the last three years. The newly formed UK Agency has been created through the reorganisation of the previously separate UK creative agency businesses into a single entity to simplify the UK client proposition and enable more collaboration across multiple disciplines.
- Nadja Bellan-White has been appointed Chief Executive Officer of SS+K, our New York-based agency. Nadja joins us from Vice Media where she was Chief Marketing Officer. Prior to this, Nadja held several senior roles at Ogilvy, Publicis and Digitas.
- We were delighted to make a number of further senior promotions during the year, including:
  - Promoting Kabeer Chaudhary to Chief Executive Officer of our Performance Media business, having previously led the APAC region for Performance Media since 2021. Kabeer has been with M&C Saatchi Performance since 2015 and has served in the role of managing director of APAC for the past two years.
  - Promoting Rhonda Hiatt to Chief Executive Officer of Clear, our consultancy business, to accelerate growth ambitions across key markets. Rhonda has been a group board level leader within Clear for close to 10 years and enjoys 20+ years in the consulting industry.
  - Promoting Laura Coller to be Chief Executive Officer of Sport & Entertainment (UK) having served as a Board Director for the past seven years and as a Managing Director in the business since 2022.

Alongside the ongoing evolution of our senior management structures, we have also seen a few changes to our Board.

Firstly, I would like to thank my predecessor as Chair, Gareth Davis, who retired from the Board at the Annual General Meeting in June 2023. Gareth steered and led the Board through periods of growth and challenges for the Group, not least the two unsuccessful bids for the Company in 2022. Gareth was also instrumental in strengthening the Board, and we owe him a debt of gratitude for all he achieved.

Similarly, I would like to express my thanks to Lisa Gordon, who also stepped down from her role as Senior Independent Director at the Annual General Meeting in June 2023. Lisa has been a steadfast supporter of the Group, and we wish her well in her other endeavours.

In January 2024, we welcomed Dame Heather Rabbatts to the Board. Dame Heather will serve as our new Senior Independent Director. Dame Heather brings to the Board her experience across a range of industries, including local government, infrastructure, media and sport. Dame Heather has held a number of executive and non-executive roles. She is currently a Non-Executive Director of Associated British Foods plc and has previously been a Non-Executive Director at both Grosvenor Britain & Ireland and Kier Group plc. Dame Heather was the first woman appointed to the board of the Football Association in over 150 years. Dame Heather will be a great addition to our Board, and I look forward to working with her.

Lastly, we welcomed Chris Sweetland to the Board as a non-independent Non-Executive Director. Chris sits on the Board as the nominated representative of AdvancedAdvT Limited and Vinodka Murria, who hold in aggregate 22.2% of the Company's issued share capital. Chris brings substantial experience as he was previously Deputy Group Finance Director of WPP Group plc and has been an excellent addition to our Board.

Please refer to pages 64 and 65 for details of the Board's engagement with its stakeholders (section 172 statement).

Sustainability: Planet and People Initiatives

The changes we are making to how we work have enabled us to continue to make good progress in relation to our ESG priorities. Please refer to pages 66 to 80 for more details of our 11 commitments and the sustainability and people initiatives we are implementing.

THE SHAPE OF OUR YEAR

Market Backdrop

2023 was a challenging year across our industry, particularly in the first half. However, as we indicated at the interims, we had already accelerated our global efficiency programme and were taking action on the loss-making non-core businesses within our portfolio. As a result, we were able to arrest the decline and significantly improve profitability in the second half.

The early signs we noted at the half year, that pressure was easing on client marketing budgets pointing to an improving market backdrop, are being realised. Nevertheless, looking at the year overall, the more cyclically exposed parts of our businesses felt pressure throughout the year. As a result of this, Advertising, Media and Consulting were the most heavily affected (particularly where they were exposed to large technology clients), while Issues and Passions, which are less exposed to the broader marketing spend cycle, continued to deliver strong growth and healthy margins, underpinning the benefit of our diversified business model.

Group Financial Results

Within the context of challenging market conditions, net revenue declined by 7% to £252.8m (4% at constant FX) in line with the first half performance. However, on a like-for-like basis, excluding the impact of the non-core businesses we exited in the second half, net revenue declined 2%.

The impact of the self-help actions we have undertaken through the year are evident in operating profit which improved markedly in the second half, rising 30% versus 2022, following the first half decline of 45%. The full-year Headline operating profit was £32.4m, down 8%.

While full-year operating margin was 12.8%, down 30 basis points on 2022, it rose significantly from 8.3% in the first half. On a like-for-like basis, excluding the loss-making business we have now discontinued in both 2022 and 2023, operating margin improved year-on-year by 20 basis points to 14.2%.

In 2023 we delivered £3.9m of annualised cost savings, ahead of our initial target, as we continue to simplify our structure. We remain committed to our target of delivering £10.0m of fully annualised cost savings in 2024. This provides a strong basis for future operating margin progression. (The review of our global efficiency programme and our active portfolio management is covered in more detail in the following pages.)

Headline profit before tax was £28.7m, a decline of 10% from 2022. On a like-for-like basis, however, the decline was limited to 1%.

Headline earnings per share improved to 15.2p from 14.8p in 2022, as the share of Headline profits represented by minority interests declined sharply from 25% to 13% as a result of our settlement of put option liabilities through the course of the year.

We settled approximately half our put option liabilities for £15.4m in cash, leaving a reduced liability of £14.4m with £9.9m of this potentially payable in 2024, reducing the minority interest to well below 10% of Headline profits. We would expect to settle the balance over the course of the next five years.

This settlement of £15.4m of put options had an impact on net cash, which stood at £8.3m at the year-end, compared with £30m in 2022. In addition, working capital absorption of £14.5m was driven by £8m reduction in bonus accruals, a £3m reduction in minority interest profit share liabilities and £3m relating to changing revenue mix.

We expect to see some working capital normalisation through the course of 2024, and our net cash position at the end of the first quarter showed an improvement compared with December. Reducing put option liabilities remains one of our key priorities for the Company which will simplify our capital structure. In the context of our capital light and cash-generative business model, this means that we expect to strengthen free operating cash flow delivery in the future and accelerate future returns to our shareholders.

Specialisms

The resilience that our diversified portfolio lends the Group, is evident in this year's performance.

Advertising

- Represented 42% of the Group net revenue, down from 46% in 2022.
- 2023 was a challenging year, encompassing a broad range of outcomes across the geographical breadth of this business, with the US and the UAE outperforming Asia and Europe.
- Advertising was most affected by business exits and excluding these, like-for-like (LFL) net revenue declined 8% (a 12% decline in the first half and a 5% decline in the second half). Net revenue overall declined 15% in the full-year ahead of the 16% decline at the half year.
- Market sentiment has shown signs of improvement, but we remain cautious on the outlook. Our self-help measures, including strengthened leadership and internal improvements from operating as integrated, simpler agencies, will be the key drivers of performance in 2024.

Issues

- Represented 20% of Group net revenue, up from 15% in 2022.
- Characterised by a global client base of both commercial and non-commercial entities and multi-year engagements, which is less cyclical and has been a strong contributor to the Group over the last two years.
- Delivered 21% net revenue growth; 22% LFL.
- The outlook for 2024 remains positive.

Passions

- Represented 14% of Group net revenue, up from 12% in 2022. In FY23, PR's results are included in Advertising, but will be included in Passions & PR from 2024 reflecting the consolidation taking place.
- This specialism encompasses our award-winning Sport & Entertainment and Talent businesses. It is also characterised by multi-year client engagements and benefits from the growing desire of brands to partner and engage through consumer events and non-traditional channels.
- Passions delivered 8% net revenue growth; 10% LFL.
- The outlook for 2024 remains positive, and we expect to invest further in this business to drive growth.

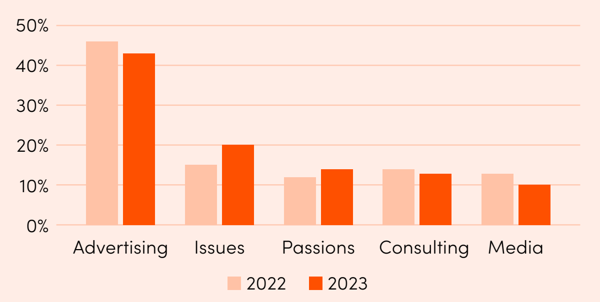
Consulting

- Represented 14% of Group net revenue, in line with 2022.
- Broader market challenges in the consultancy sector were evident and net revenue declined by 9%; 6% LFL.
- We acted on costs within this specialism and re-aligned our business structures and leadership. In addition, we have simplified our proposition, launching M&C Saatchi Consulting, in order to make it simpler for our clients to access our services.
- 2024 has started on a firmer footing than 2023, but we remain cautious about market conditions.

Media

- Represented 10% of Group net revenue, down from 13% in 2022.
- This was the most challenged specialism in 2023 with a 23% decline in net revenue; 21% decline LFL notwithstanding a number of good client wins. The decline was 30% in the first half and 12% decline in the second half.
- Most materially impacted by the macro factors at the start of 2023, including the reduction in spend from technology clients in the first half, coupled with changes relating to privacy regulations.
- We have addressed costs in this business during the year and have strengthened leadership to enable a focus on strategic growth.
- While we remain cautious about the structural headwinds the paid media market faces in the short term, the outlook for 2024 is more promising. We have seen a stronger start to the year compared to 2023.

NET REVENUE BY SPECIALISM



New Revolving Credit Facility

We have recently renegotiated our banking facilities. We have welcomed a new banking partner, HSBC, into our lending group alongside Barclays and NatWest. Our new arrangements comprise a core facility of £50m alongside a new and additional accordion facility of £50m. Our covenant terms are improved over our previous facility arrangements. This is covered more fully in the Financial Review.

Dividend

In recognition of the earnings performance during the year, the Board will be recommending the payment of an increased final dividend of 1.6 pence per share. It is our intention that shareholders should benefit from a sustainable and growing dividend. Subject to shareholder approval at the Annual General Meeting, to be held on 16 May 2024, the dividend will be paid on 24 June 2024 to shareholders on the register as at 10 May 2024. The shares will go ex-dividend on 9 May 2024.

PROGRESS ON TRANSFORMATION

The transformation of our business is multi-phased. The initial phase has focused on securing short-term efficiency and cost savings and reviewing the loss-making businesses within our Group. This is now well underway, and we have made very tangible progress. In the next stage, we will focus on shaping our business for the future and what that means for the structure of our Group. I discuss this is in more detail in the following section.

The purpose of the initial phase was three-fold:

- To deliver a structural and long-term improvement to our Group operating margins.
- To simplify our Group structure and ensure that all the businesses within the Group are wholly aligned with our new operating model and go-to-market strategy.
- To free up the capital required to support these businesses and allow this capital to be re-invested where longer-term growth opportunities are more attractive.

At our interim results, we announced that we would be accelerating and refocusing our global efficiency programme. We have made good progress exceeding our 2023 target with £3.9m of fully annualised cost savings delivered by the year-end. We remain on course to deliver an additional £6.6m of annualised savings by the end of 2024 totalling £10m.

Where we focused our efforts in 2023:

- **People.** Focus primarily on our Group head office and a range of functions where roles are no longer necessary or likely to be duplicated.
- **Property.** Rationalising and optimising our UK, Australian and US property portfolios.
- **Procurement.** Seeking greater efficiency around our use of service suppliers and internal cost centres such as travel.

Looking forward to 2024, we see further material gains to be made from:

- Optimising and rationalising our Group support functions including, Finance, IT and HR to create shared service centres to support the Group on a global basis.
- Further gains from our property portfolio with more efficient use of our UK property.
- Rationalising our IT service provision through group-wide deployments.
- Focus on creation of centres of excellence for our middle office functions and common capabilities, specifically production, data and analytics and social media.

Costs of the global efficiency programme

In 2023, we incurred £3.3m of exceptional costs relating to our global efficiency programme, of which £1.1m was cash and £2.2m represented property impairment charges.

For 2024, we expect a higher level of costs to be incurred but we still expect the total cost of this programme, both cash and accounting costs, to be in line with our previous guidance of 0.5x to 1.0x the level of cost savings delivered.

Portfolio Rationalisation

Above and beyond the operational cost savings we are making, we have also been actively reviewing our portfolio, in particular a number of non-core or loss-making businesses. Significant progress has been made, and we have exited from businesses that, in aggregate, represented c.£9m of revenue and c.£3m of operating losses in 2023, including:

- **Sweden.** We reduced our interest from 70% to 30%, with the management team acquiring our interest.
- **Asia.** We have closed, wound down, or exited through local management buy-outs, a number of our smaller offices across this region, including in China, Hong Kong, Indonesia and Singapore. We have also consolidated our regional structure into a unified regional headquarters for APAC.
- **UK.** We have exited several of our smaller, non-core businesses and have merged our agencies into an integrated new UK Agency.

For a number of the businesses that have been disposed of, we have entered into future relationship agreements that enable these businesses to continue to use the M&C Saatchi brand. In return for the use of our brand rights, and to remain connected to our global network, these businesses will pay an ongoing licence fee to the Group. This allows us to continue to share in their success as independent businesses, albeit not solely at the equity level, and transforms them into a profit centre for the Group rather than a cost centre.

In the first quarter of 2024, the Group divested of its shareholdings in its three French associate investments for a consideration of €1m. More recently on 9 April 2024, the Group announced the divestment of its shares in the M&C Saatchi South Africa Group for £5.6m. Once completed, these transactions mean that we will have materially completed the simplification of our business portfolio.

CAPITAL ALLOCATION

M&C Saatchi is a business that is capable, over the medium-term, of converting at least 80% of its operating profits into cash, although each future year will undoubtedly see some degree of variability through the cycle. Putting aside the one-off impacts on cash generation in 2023, our streamlined portfolio of businesses, our new operating model and 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. Aligned to our regional first, global delivery-led approach, we would 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. We expect that the majority of acquisitions would be bolt-on in nature and address gaps in our client-facing capabilities and regional coverage.

Our confidence in the Group's ability to generate sustainable and growing free cash underpins our view on our capital allocation. We are comfortable operating with a net debt to EBITDA ratio not exceeding 1.5x, although we would allow for a temporary spike in the case of a material acquisition.

By simplifying our Group, good execution, re-investing in growth, and selective bolt-on acquisitions, we believe we can deliver a compelling proposition of returns to shareholders including capital growth, a progressive dividend, and a robust, optimal balance sheet.

IN CONCLUSION

This has been a critical year for M&C Saatchi. We have made significant progress in addressing the challenges our markets have posed, partially mitigating the impact of the macro headwinds. We have begun the transformation, achieving key steps towards greater efficiency and our new operating and strategic model that will align us more closely with our clients.

There is much more to achieve in 2024 and our focus remains on delivering the sustainable, longer-term growth and shareholder returns of which we know the Group is capable.

ZILLAH BYNG-THORNE
Executive Chair
11 April 2024

> "Our strategy to evolve and grow M&C Saatchi will require investment. Aligned to our regional first, global delivery-led approach, we would 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."

HOW WE ARE SHAPING THE BUSINESS FOR THE FUTURE

BUILDING ON OUR CREATIVE HERITAGE

Creativity is a word that has often been associated with M&C Saatchi, and with good reason. Our position in the market has been hard won over the years through a dedication to creativity to empower our clients by cutting through a crowded and competitive brand landscape. M&C Saatchi has always been a business that has dared to be different.

However, creativity must have a purpose and be accompanied, supported and enhanced by other skills and specialisms that fit the broader, and evolving, needs of our clients. M&C Saatchi exemplifies exactly that exciting breadth of skills and passions.

The challenge is not whether we have the capability, it is how best to align these capabilities with our customers. This is about removing the internal barriers to growth that our historic approach had put in place to reflect the changing needs of our clients.

In the past, M&C Saatchi had based its strategy around backing entrepreneurial founders, bringing their talent and dynamism into a broader group platform from which they could grow their individual businesses. The benefit of this approach can be seen in the quality of our people, the breadth of our five specialisms and our geographical reach. This is a very strong place from which to start. However, this approach also created a group of considerable complexity, with internal structures that did not lend themselves to collaboration, nor supportive of a truly cohesive client-facing and group strategy. Through the course of 2023, our Executive Leadership Team has brought together a new operating model and a strategic vision that places us at the heart of where our clients need us to be.

THE CHANGING LANDSCAPE WE FACE

The internal transformation we are embarked upon is meaningless without first understanding the market context we face. M&C Saatchi has built its reputation on being a pathfinder in the industry, daring to be different and ensuring we are best able to meet clients' changing needs. Our markets and our customers are not, and have not, been standing still. Whether we look at our markets through the lens of technology, or economics, we see profound and rapid change. Against such a backdrop, M&C Saatchi has an opportunity to set out a new model for its future evolution, enabling us to do the best work with the best people, focused on our client growth.

As we look at the market we operate in, we see clear opportunities to evolve and transform:

- **Our clients face complexity every day.** A brand no longer exists within a single medium and a customer no longer interacts with a brand through a single point of contact. Our clients must drive growth by navigating a bewilderingly complex and changing marketing ecosystem where physical and digital brand assets and consumer touchpoints are interchangeable, or even indistinguishable from one another.
  - ***What does that mean for us:*** *Simplify. We will help our clients to solve their problems, not create new ones. Our agency approach must be to align our global and regional skills and capabilities with the needs our clients actually have. The answer to any client question almost certainly sits somewhere within our organisation. We need a structure that allows the two to meet as easily and quickly as possible.*
- **Media is converging.** As the boundaries between, and the roles of, traditional media formats break down, this poses a threat to the single discipline agency specialist, who increasingly see their narrow, but deep, field of vision contract. Dealing with a myriad of narrow specialists only adds to the complexity and the costs faced by our clients.
  - ***What does that mean for us:*** *Integrate. We must make the full breadth of our specialist capabilities easily accessible by our clients. We need to face our clients as an integrated agency partner, not as a collection of loosely connected domain specific experts.*

- **Commoditisation of creative.** In the golden age of TV, a great campaign cut through the noise and the creative was king. This is no longer the case. As media formats converge, driven by technology and social change, creative agencies run the risk of commoditising their own creative lifeblood to keep up with competitors and technology in a race to the creative bottom.
  - *__What does this mean for us:__ Differentiate. We will redefine what creativity means to us as an organisation and to our clients. We are an organisation that has always prided itself on being different; bold and fearless in our approach. We need to broaden our definition of what creativity is and use that as our lightning rod. This will allow us to stand apart from a commoditising world.*
- **Client budget pressure is not going away.** Client marketing budgets are not growing as fast as the media complexity into which they are being deployed. Increasingly, larger brands are looking to inhouse the old school agency retainer and parcel out specific projects.
  - *__What does this mean for us:__ Proximity. We will have a structure that places us closer to our potential clients. We need to be able to identify those clients for whom we can make a difference and grow with them. We need to be comfortable with not being a global partner but with bringing our global skills to bear on the client problem that needs to be solved.*

Our Fluency data consultancy is an excellent example of a centre of excellence in action. We highlight in this case study who Fluency is, what it does and how it will be able to support our growth strategy.

WHO WE ARE

Fluency is an award-winning global data consultancy that helps brands make smarter business decisions by connecting deeper insight to smarter actions. Building on the Group's intellectual capital in brand, marketing and design, Fluency specialises in creative solutions fuelled by high quality analytics, diverse data, and innovative technology. Fluency's team of specialists operate out of hubs in New York and London, servicing clients from Amazon, Nike and Diageo, to the UK Government and UN.

WHAT WE DO

Fluency approaches the market through four common client challenge and problem areas, opening a wider front door which is easily scalable to support Fluency's growth and expansion.

These are:

- Systems (setting clients up for success).
- Audiences (targeting growth opportunities).
- Experiences (enhancing touchpoint relevance and resonance).
- Effectiveness (measurement and optimisation).

Fluency's reason to buy:

We help decision-makers deliver stronger outcomes, by connecting deeper insight to smarter actions.

Fluency's right to win:

Fluency's specialists unlock true commercial advantage at speed and scale by blending diverse datasets with cutting-edge technology.

Awards:

Gold winner of industry's prestigious Campaign's Agency of the Year for best start-up, reflecting client base, talent pool, culture, and market offer.

Clients:

Amazon, Nike, the UK Government and Diageo.

HOW WE CAN MAKE IT EASIER TO GROW

The sheer complexity of our organisation across its geographical footprint and the lack of historic integration did not always work in our favour. We had a group of scale and reach but lacked the ability to take full advantage of the client opportunities in front of us. Our internal structures, both operational and financial, created barriers to the collaboration necessary to win in the markets we now find ourselves operating in.

While we have a culture that focuses on helping our clients grow, the reality was that our structure and incentives meant that, at times, it had been hard for clients to work with us. Over the last few months, we have set about implementing a new operating model and reward framework that overcomes these hurdles, making it easier for all of us to harness the full capability within M&C Saatchi to do our best work for our clients. The focus of our Executive Leadership Team has been to identify how best to re-orient ourselves to address these challenges.

Regional First

We solve the problem of client complexity and proximity by going towards, and becoming closer to, our clients and presenting a clear and integrated solution to them. Our existing regional presence already places us close to our clients but rather than presenting a narrow, regional set of solutions to them, we will open up the full range of capabilities that exist within our global specialisms.

We also need to recognise the client opportunities that this model is ideally suited for. These are the regional champions that need the full suite of our capabilities but have yet to go fully global themselves; these are the businesses that we can grow with over the long term and deliver a meaningful impact to. We recognise that we have a core competency in helping the businesses that are ambitious, and that are at an inflection point facing competitive or market challenges that we can deliver solutions to.

Global Specialism Delivery

A regional first focus does not imply no global client mandates. Our specialisms already work with a wide array of global clients on a global basis, and we do not see this changing. Instead, a regional first focus means that our global specialist teams will be exposed to a broader array of clients. We want our global specialisms to be busier. We see this as the fastest route to bring our unique suite of skills closer to more of our clients. Please refer to the case study on M&C Saatchi Consulting on page 44 for an example of this in practice.

Supported by Global Shared Services and an Integrated Agency Model

Critical to the success of this regional first, global specialism delivery model is a group and agency structure that will enable delivery on this basis and remove internal barriers.

- **Global shared services.** This is about efficiency and the speeding up of client delivery. By creating global service centres that deliver Group-wide support and back-office functions, we can streamline and increase the agility of our client-facing regional hubs. Not only will this enhance our margins by removing duplicated functions and reducing procurement costs, but it will also decrease complexity and increase our institutional flexibility and speed of response.
- **Integrated agency model.** We reduce the complexity of our client offer by reducing the number of distinct, and often disconnected, faces we present to them. For clients with bottomless marketing budgets and infinite time resources, dealing with a myriad of narrow experts may be satisfactory, but the reality is that these clients are either very rare or simply do not exist. Our clients need to see us as a partner that can deploy the requisite skills at the right time to solve the issues they face.

Our Australian businesses have already integrated their agencies into a single, go-to-market proposition. We have created a new integrated agency in the UK, and we will see further integration as the year progresses. This is about recognising that the template for success already exists within the Group and ensuring that we make this our uniform approach.

The simplification of our Group structure, coupled with the simplification of our balance sheet will liberate the capital, both fixed and working, that will be needed to deliver this new operating model across the Group. In the pages that follow, we will showcase not only the strength of the regional first model but the depth and reach of our global specialisms.

"Over the last few months, we have set about implementing a new operating model and reward framework that overcomes these hurdles, making it easier for all of us to harness the full capability within M&C Saatchi to do our best work for our clients."

GLOBAL EFFICIENCY PROGRAMME

Context

While conceived in 2022, our global efficiency programme was initiated in earnest in 2023. The first stage was a detailed analysis of all back-office (HR, IT and Finance) activities and roles alongside defining the future target operating models for these functions. The scope of the programme was expanded to include a broader focus on efficiency across the front, middle as well as the original back-office scope.

As we enter 2024, the programme now comprises 11 workstreams which cover establishing specialist hubs for our IT, HR and Finance operating models, procurement, redefining our property footprint, globalising our production, data and media capabilities, standardising and scaling our go-to-market, and our brand licensing approach.

Overview of workstreams and their objectives

Workstream	Objective
GTM approach	Delivering a consistent framework and approach to client solutions.
Brand licensing	Standardising the approach to brand licensing in non-core geographies.
Data middle office	Enabling data access, analysis, and education for the global business.
Production middle office	Creating integrated global production capabilities.
Global media offer	Building scale through integrating our media capabilities.
Establishing specialist hubs	Operationalising global strategic hubs, across Cape Town, Delhi and Bangalore.
HR target operating model	Reorganising the people team, streamlining operational and commercially supporting activities.
IT target operating model	Redefining the support and systems architecture into a consistent global platform and offshore service delivery model.
Finance target operating model	Consolidating across transactional and commercial finance support.
Procurement	Delivering material savings from transforming global Group purchasing.
Property and facilities	Driving a consistent and consolidated global property footprint.

Progress in 2023 and Programme Delivery in 2024

In 2023, we took the initial steps to reorganise our back-office functions, rightsizing the central, global functional teams and conducting the detailed planning for the entity-by-entity impact of the new operating model. In addition, we consolidated and renegotiated employee-related non-staff costs to drive efficiencies from scale purchasing.

Aligned to the Company's ESG commitments, travel, especially air-travel was limited, delivering initial benefits in 2023, with further reductions expected in 2024.

In 2024, in the back-office, we will be moving from our historic agency-led back-office model to a process-led offshore model enabling efficiencies from process consistency and automation. In parallel, the programme will elevate the remaining embedded teams to provide business partnership and commercial advisory services. This transition will be phased over 12 months with the first phase completed at the end of June 2024.

Procurement excellence is also a key focus for the programme in 2024, through leveraging regional consolidation as well as the global scale and footprint of the Group to deliver technology-related consolidation and simplification. This begins the roll-out of a single system architecture, toolset and hardware estate. The first phase will be completed by September 2024.

The global property portfolio has also been a key focus which began in the final quarter of 2023 and is expected to be completed in the second quarter of 2024. This includes a further reduction in our property footprint in London, with active marketing and imminent subletting of floor space expected to deliver material savings from the final quarter of 2024. We are also actively consolidating our footprint in Australia across our Sydney and Melbourne offices, and we recently opened a new, consolidated and more collaborative office in New York.

Brand Licensing

As we have disposed of non-core businesses the Company has entered into licence agreements with these businesses to enable them to retain the M&C Saatchi brand for continuity and competitive advantage. This has created a new revenue stream for the Group and retained the global partnerships and network which is critical for new business development and conversion.

Go-to-market

With the revised globally integrated, regionally executed strategy, we are reviewing and codifying our global products and services to make collaboration simpler for our teams and our clients as well as create consistency in what we as M&C Saatchi deliver and stand for in the market.

Establishing Specialist Hubs for Back and Middle Offices

By the end of 2024, the Company will operate three specialist hubs leading process-led shared service centres for our middle and back-office functions. These include: 61 people in Cape Town across Finance, IT and HR (with a view to add production in the last quarter of 2024), 55 people in Delhi across IT, HR and media operations and 62 people in Bangalore across media data, strategy and production. These roles have been offshored from across the UK, Europe, the US, the UAE and Australia.

SHOWCASING OUR BREADTH AND DEPTH

In this section we highlight each of our key regions and the global specialisms that we deploy to help our clients in their own growth journey. This illustrates the breadth and the depth across our organisation, while also aligning with how we report our performance to our stakeholders. However, it is also important for our stakeholders to understand that although we break our business down into the five distinct specialisms, the reality is that our specialisms are more connected than our reporting structure might imply.

When we look across our specialisms, we can see three broad groupings underpinning them. These groupings can best be thought of in terms of the skills employed and the outcomes delivered to our clients.

- **Creative advisors.** This captures our businesses that take our clients' brands on a journey. Our experts create, plan, structure and advise on this brand journey through whichever media is relevant. Our Advertising, Issues and Passions & PR specialisms would sit within this grouping. The distinctions between the three are more about specificity of the client community served (Issues) or the end media targeted (Passions & PR).
- **Media execution.** Our Media specialism makes real the tangible connection between our clients' brands and the end consumer. We create, measure, and enact the digital media strategies that deliver client messages to the right consumer.
- **Data consulting.** Our Consulting specialism represents our ability to help our clients understand the challenges or market opportunity they face. Centred around analytical insights into consumer and market data, our consultants declutter and make sense of how our client brands resonate and perform.

OUR BUSINESS MODEL

Regional first

As part of the work on our new operating model, we have evolved into a regional first model. This model allows us to be both closer, and more responsive to our clients. We will be better able to align our global specialist capabilities to these client needs more quickly than we have in the past. Our core regional markets are:

UK	EUROPE	MIDDLE EAST AND AFRICA	APAC	AMERICAS
• **HQ:** London • **Presence in:** – England	• **HQ:** Milan • **Presence in:** – France – Germany – Italy – Netherlands – Spain – Sweden – Switzerland	• **HQ:** Cape Town and Dubai • **Presence in:** – South Africa – United Arab Emirates – Lebanon – Pakistan	• **HQ:** Sydney • **Presence in:** – Australia – New Zealand – Singapore – Malaysia – China – India	• **HQ:** New York • **Presence in:** – Brazil – Mexico – the US
See page 28 for case study.	See page 30 for case study.		See page 34 for case study.	See page 36 for case study.

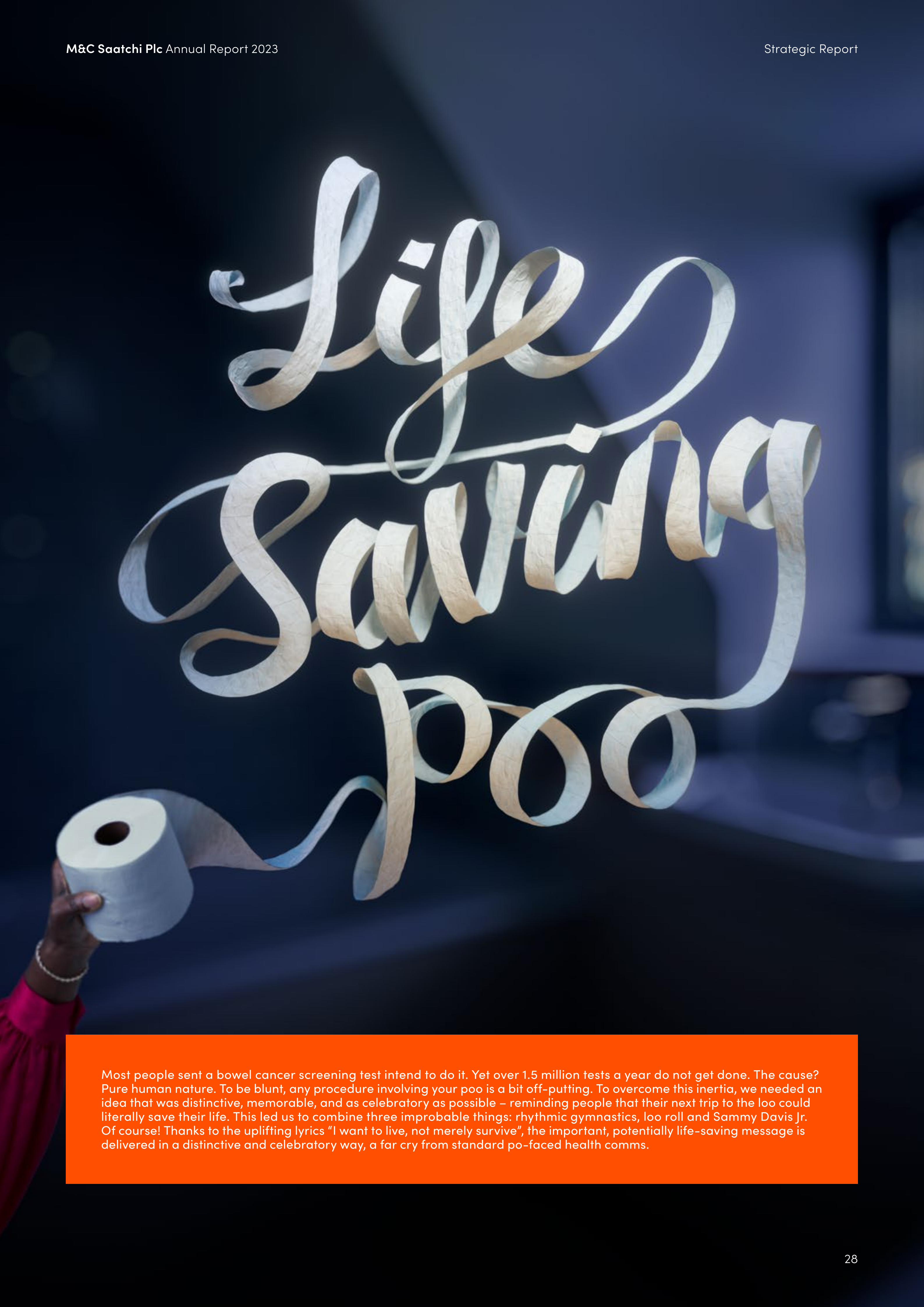
Our unique model means that not only are we able to operate at scale in the major regions, but we can also bring our global specialisms much closer to these regional clients. These core global specialisms are:

ADVERTISING	PASSIONS & PR[1]	CONSULTING	MEDIA	ISSUES
• **Operates in:** – UK – Europe – South Africa – UAE – APAC – Americas	• **Includes:** – Talent – Sport & Entertainment – Consumer PR	• **Includes:** – Clear – Fluency – MCD – Re – One-to-One – The Source	• **Includes:** – Performance – Bohemia – Connect	• **Includes:** – World Services
See page 38 for case study.	See page 42 for case study.	See page 44 for case study.	See page 46 for case study.	See page 40 for case study.

We provide a full range of services from our operations across the globe:

	ADVERTISING	PASSIONS & PR	ISSUES	CONSULTING	MEDIA
UK	✓	✓	✓	✓	✓
Europe	✓	✓	✓	✓	
Middle East and Africa	✓	✓	✓		✓
APAC	✓	✓	✓	✓	✓
Americas	✓	✓	✓	✓	✓

1 In 2023 and prior years, PR was included within the Advertising specialism. It was moved to Passions & PR in 2024. Therefore, the PR numbers are included within the Advertising specialism in this Annual Report and Accounts.



Most people sent a bowel cancer screening test intend to do it. Yet over 1.5 million tests a year do not get done. The cause? Pure human nature. To be blunt, any procedure involving your poo is a bit off-putting. To overcome this inertia, we needed an idea that was distinctive, memorable, and as celebratory as possible – reminding people that their next trip to the loo could literally save their life. This led us to combine three improbable things: rhythmic gymnastics, loo roll and Sammy Davis Jr. Of course! Thanks to the uplifting lyrics "I want to live, not merely survive", the important, potentially life-saving message is delivered in a distinctive and celebratory way, a far cry from standard po-faced health comms.

UK

2023 NET REVENUE: £102.3M

WHO WE ARE

In 2023, we restructured our UK business, to drive better integration amongst our industry leading specialisms. Embracing our founding principle of Brutal Simplicity of Thought, M&C Saatchi UK Group is now formed of:

- The new UK Agency, comprising of the London Advertising, Destination Marketing and Global & Social Issues businesses.
- Passions, PR and Talent businesses, Sport & Entertainment, consumer PR agency Talk and The Talent Group, including M&C Saatchi Merlin and M&C Saatchi Social.
- Our UK and global media agency, Performance.
- The recently launched M&C Saatchi Consulting, which brings the Clear, Re, MCD Partners, One-to-One, The Source and Fluency agencies under one umbrella offer, to deliver growth at the intersection of brand, experience and innovation for our clients.

WHAT WE DO

Our capabilities stretch across the entire breadth and depth of the digital landscape and customer journey. A multi-discipline, end-to-end marketing-communications offering, from demand creation using data analytics, brand strategy, experience and innovation, through to multi-channel creative communications – advertising, sponsorship, brand reputation, personalisation, brand experience, talent management and influencer, through to performance media.

OUR BRANDS

- UK Agency
  - London Advertising
  - Destination Marketing
  - Global & Social Issues
- Passions, PR and Talent
  - Sport & Entertainment
  - Talk
  - The Talent Group (M&C Saatchi Merlin and M&C Saatchi Social)
- M&C Saatchi Consulting
  - Clear
  - Re
  - MCD Partners
  - One-to-One
  - The Source
  - Fluency
- Performance

CLIENTS

Within the UK, we work with a range of clients, from government departments to leading tech businesses. Clients include Lego, Barclays, adidas, UEFA, Amazon, Department for Education, Costa Coffee, NHS, Absolut, Tesco, Bill & Melinda Gates Foundation and NATO.

PEOPLE

Central and Group	296
UK Agency	101
Passions & PR and Talent	182
Consulting	63
Performance	47
Central and Group	81
Total	**770**

WHAT MAKES US PROUD

Our Awards:

- Fluency, Campaign Agency of the Year Awards, Start-up of the Year.
- M&C Saatchi Talk, PR Week Global, Best Global Content.
- Re, D&AD Awards, Branding – Digital.
- M&C Saatchi Fabric, Muse Creative Awards, Best New Agency of the Year.
- M&C Saatchi London, Data & Marketing Association Awards, Customer Acquisition.
- Sport & Entertainment PR News, Agency Elite Top 100 list.
- Sport & Entertainment, Sport Industry Awards, Agency of the Year 2023.

Our partnership with De'Longhi is back on the global stage with a new campaign that sees brand ambassador Brad Pitt take to Europe in pursuit of coffee perfection from bean to cup. The 2023 global campaign aims to exceed these results and ultimately confirm De'Longhi's predominant role in the coffee world. The new story therefore transports the target audience to a European setting, bringing people closer to the brand's core identity and promise of authenticity. The pursuit of perfection in the creation of an excellent cup of coffee, the exploration of the many varieties of fresh beans, and the human connections that originate from this dedication: these are the elements of the new storytelling that leads our brand ambassador to enjoy a perfectly executed cup of coffee with De'Longhi machines, culminating in the now-iconic slogan – "Perfetto".

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EUROPE

2023 NET REVENUE: £14.4M

WHO WE ARE

In 2023, M&C Saatchi Europe established itself as a Creative Solutions Company and marked a triumphant year of transformation towards greater integration, amplifying our specialised services across the continent. Notable victories included securing partnerships with industry leaders like fin-tech giant Nexi, BMW for the launch of the cutting-edge BMW iX2, and spearheading brand repositioning efforts for construction firm Rockwool. In addition, our pan-regional endeavours for hearing healthcare brand Amplifon underscored our commitment to delivering impactful solutions across borders. As we continue to scale and refine our offerings, the year ahead promises further growth and innovation as M&C Saatchi Europe solidifies its position as a powerhouse in the realm of creative excellence and strategic prowess.

WHAT WE DO

Global & Social Issues: Driving critical global and social changes. Protecting the planet, transforming lives for the better.

Advertising and Content: The application of marketing science and creativity to solve complex problems.

Growth Marketing: Connecting brands with today's connected customers.

Passion Marketing: Connecting brands direct to customers through their passions.

Consulting: Transformative digital experience, design and innovation.

To answer the most diverse questions of any business.

Diversified expertise provided and certified by world-class specialties.

M&CSAATCHI.EU

CLIENTS

We have a diverse range of clients which include Carrera, Eni, De'Longhi, Ferrero, Geox, Heineken, Lidl, Nexi, Peloton, Polaroid, Porsche, Wasa.

WHERE WE WORK

WHAT MAKES US PROUD

We are very proud of our redesigned M&C Saatchi Labs products:

- Our infamous AB Test (solution to decision-making).
- Unusual Suspects (solution to personal innovation).
- Story-Label (key to interactive packaging).
- Pandora's Box (ESG and more).
- The Game of Archetypes (dynamic storytelling).

MIDDLE EAST AND AFRICA

SOUTH AFRICA **2023 NET REVENUE: £16.1M**

WHO WE ARE

Since its inception in 2010 with just 13 staff, M&C Saatchi South Africa has undergone a remarkable transformation. Today, the group encompasses a dynamic array of agencies including M&C Saatchi Abel, Connect & Africa, Razor, Levergy, Dalmatian and Black & White. What began as a small team has burgeoned into a formidable force, boasting nearly 370 talented professionals. M&C Saatchi South Africa takes pride in its partnerships with both local and international brands, serving as the creative engine behind some of the most beloved and recognised names in the industry. With a commitment to innovation, creativity and excellence, M&C Saatchi South Africa continues to elevate the standards of marketing and communications across the region.

WHAT WE DO

At M&C Saatchi South Africa, we specialise in a comprehensive range of advertising and marketing communications services. From crafting compelling brand narratives to executing strategic public relations campaigns, we ensure our clients' stories resonate. Our expertise extend to media planning and buying, maximising brand visibility across diverse platforms. Passion marketing and sponsorship initiatives drive brand affinity, while our advertising agency delivers multi-award-winning campaigns. In addition, we excel in B2B, loyalty, and one-to-one marketing, delivering personalised experiences that foster lasting connections between brands and their customers.

OUR BRANDS

Country	Specialism
M&C Saatchi Abel	Advertising and marketing communications
Razor	Public relations
Connect	Media planning and buying
Levergy	Passion marketing/ sponsorship
Dalmatian	Advertising agency
Black & White	B2B, loyalty, one-to one marketing

CLIENTS

Our clients in Africa include Standard Bank, Heineken Group, Nedbank, Astron Energy and Takealot Group.

PEOPLE

Advertising	303
Passions & PR	44
Media	21
Total	**368**

WHAT MAKES US PROUD

In 2023, we launched our Employee Value Proposition (EVP) #weboldlygo to all employees. The EVP contained 10 people commitments which the company made to ensure we attract and retain "an unfair share of the world's best talent".

We formalised a strategic partnership with Eighty20, South Africa's largest ingestor of third-party data and a leading analytics consultancy, and developed a new product, GrowthMaps, to help create more value and data-fluent decisions for clients as they pursue future business growth.

New business wins in 2023 included PepsiCo, Woolworths and SuperSport Bet.

Our Awards:

- Top seven finish for M&C Saatchi Abel at the industry ranked Creative Circle Awards.
- Levergy was awarded Specialist Agency of the Year at the prestigious Financial Mail AdFocus Awards.
- There were Agency of the Year wins for both Razor and Levergy at the Sabre and Sports Industry Awards respectively.

UAE

2023 NET REVENUE: £7.5M

WHO WE ARE

In 2012, M&C Saatchi UAE established its presence in the region with the opening of the Abu Dhabi office, later expanding to Dubai in 2016. These strategic moves empowered us to cater to a diverse clientele spanning Europe, the GCC, and the UAE. Achieving significant financial milestones in fiscal year 2023, our UAE operations reported a noteworthy profit before tax of £1.32m, doubling from the previous year's £660,000, with a profit margin hitting 18%. Notable client acquisitions such as Aldar's corporate advertising account alongside Atlantis, Puma, and Emirates Airlines bolstered our revenue streams. Despite regional challenges, our production department excelled, particularly in activation, events, and content. Looking ahead, we are committed to sustained growth, leveraging our diverse capabilities to deliver impactful solutions and drive business transformation.

WHAT WE DO

We provide a full-service agency in the UAE. Our core capabilities include: advertising, brand innovation, marketing consultancy, CRM, PR, research and insight, digital marketing and sponsorship and experiential.

CLIENTS

We have a diverse list of clients, including Aldar, DHRE, Modon, ADQ, Atlantis and Burger King.

PEOPLE

We have a team of around 100 in the region.

WHAT MAKES US PROUD

Our Awards:

- New York Festivals, Advertising awards, Burger King, "As Good as The Original".
- Cannes Lions, Burger King, "As Good as The Original", Shortlist.
- The Caples, Brand awareness, Flame-grilled challenge, Bronze.
- Dubai Lynx, Film Craft, Burger King, "As Good as The Original" Range, Grand Prix.
- Dubai Lynx, Film, Burger King, "As Good as The Original", Grand Prix.
- Dubai Lynx, Film Craft, Burger King, "As Good as The Original", Silver Script.
- Dubai Lynx, Film Craft, Burger King, "As Good as The Original", Silver Direction.
- Dubai Lynx, Online Film, Burger King, "Sorry You Couldn't Make It", Bronze.
- Dubai Lynx, Film Craft, Use of Original Music, Burger King, "If I Were You", Bronze.

In 2022, Australia's tourism industry faced huge challenges, with revenue dropping from A$121b to A$66b. After years of lockdowns, we needed to burst back onto the tourism scene, reinvigorate interest in Australia and remind global travellers of the great reasons to visit us down under. Our campaign aimed to give the weary world exactly what it needed – a big, warm Aussie welcome. Come and Say G'Day saw the introduction of a new ownable brand ambassador: Ruby the kangaroo, a loveable, cheeky spokesperson for Australia, who goes on an adventure across the country showcasing Australia's natural wonders and friendly people. Launched in 15 markets with over 900 assets, the campaign garnered exceptional ratings, reached 650 million views worldwide, increased consideration for Australia by 48%, and saw a 93% jump in intent to visit. Flight searches also increased by 19%, and the campaign received global accolades while contributing to rebuilding Australia's tourism brand.

APAC

2023 NET REVENUE: £65.6M

WHO WE ARE

In the Asia Pacific region, our operations span Australia, New Zealand, and Southeast Asia, housing leading agencies like M&C Saatchi, Re and the head office for our Performance division.

With colleagues across six countries, we have formed an APAC operating board, chaired by Justin Graham, Chief Executive Officer of M&C Saatchi Australia, to enhance cross-market collaboration. The creative landscape is evolving, fostering our ambition as the "most connected creative company". Client demand for CX activation, customer strategy, leveraging retail media and PR-led growth strategies is providing significant opportunities. With a focus on profitability, in 2023 we exited certain Asian markets while consolidating our leadership. Across the year, M&C Saatchi Performance gained 38 new clients, including Resorts World Sentosa. Strategic hires like Steve Coll and promotions like Kabeer Chaudhary as Global Chief Executive Officer, Performance, signify our commitment to growth and innovation in the region.

WHAT WE DO

We work with clients whose fearlessness aligns with our own. Whether the focus is growth, social impact or behavioural change, we put their big ambition at the centre and build the right team around it. We organise talent and capabilities in uncommon ways to get outstanding creative solutions with proven impact.

Start-up, scale-up, shake-up or grown-up, we work with brands of all sizes and at all stages of their business life cycles. Afterall, you do not have to be big to make waves.

WHERE WE WORK

OUR BRANDS

M&C Saatchi
Re Group (including YES Agency)
Sport & Entertainment
Resolution Design
Greenhouse
The Source Australia
M&C Saatchi Malaysia
Bohemia
Performance

CLIENTS

Across the region, we work with a range of household names and are proud to count Woolworths, Optus, Commonwealth Bank Australia, Grab, Soundcloud and Toyota amongst our clients.

PEOPLE

Advertising	531
Media	257
Consulting	108
Passions & PR	25
Head office	48
Total	**969**

WHAT MAKES US PROUD

Our Awards:

- LA International Film Festival, Tourism Australia, "G'Day", Animation – Short, Gold.
- Effies, Big W, "Long-term Effects", Gold.
- Effies, Big W, "Brand Value", Silver.
- Campaign Net Zero, Minderoo, "The Plastic Forecast", NGO/Charity, Gold.
- D&AD, CommBank – Kit, Digital Branding, Wood Pencil.
- Campaign Global, Best Performance Marketing Agency, Bronze.
- Campaign Asia, Best Performance Marketing Agency, Gold.
- Campaign Asia, Best Agency-Marketer Partnership, Gold.

JPMorgan Chase has a long commitment to the Detroit business landscape, most notably investing US$200 million in Detroit's economic recovery since the city declared bankruptcy in 2013. To celebrate the city's revitalisation at the 10-year milestone, we launched a campaign that took a fresh approach, showcasing the people, communities, and growth JPMorgan Chase helped foster, rather than a traditional business narrative. Collaborating with a local spoken word artist, we captured Detroit's authentic spirit, and showcased real beneficiaries effecting tangible change in Detroit, from housing development to job creation. This innovative approach not only honoured Detroit's resilience but also highlighted JPMorgan Chase's integral role in fostering community growth and embodying the spirit of progress.

AMERICAS

2023 NET REVENUE: £46.9M

WHO WE ARE

M&C Saatchi's footprint across the Americas embodies innovation and expertise across diverse sectors of the marketing landscape. The Group merges creativity and precision with the integration of SS+K, renowned for its impactful campaigns, including the successful and historical Obama youth campaigns in 2008 and 2012, and the award winning work for Iceland tourism in 2020-2023. Performance, our Media specialism, delivers targeted engagement across digital platforms, maximising client return on investment. Our Sport & Entertainment division leverages partnerships to create immersive brand experiences. Under the new Consulting division, agencies like Clear, MCD Partners, One-to-One, Fluency and The Source offer specialised expertise in brand consulting, strategic communications and experiential marketing including our creative agencies Santa Clara in Brazil and M&C Saatchi Chilanga in Mexico. Together, they empower clients to navigate the market effectively, driving transformative growth. M&C Saatchi's US presence epitomises innovation, creativity and strategic excellence, shaping the future of advertising.

WHAT WE DO

- Consumer/B2B brand marketing
- Corporate reputation/impact
- Issue advocacy
- Communications advisory
- Performance media buying
- Digital agency
- Sponsorship and experiential
- Digital experience
- CRM and loyalty

WHERE WE WORK

OUR BRANDS

Our brands in the Americas include SS+K, MCD Partners, Clear, Performance, Sport & Entertainment, Santa Clara, M&C Saatchi Chilanga and One-to-One.

CLIENTS

We work with a range of household names on work ranging from social impact to developing apps for customer account management. Our diverse client list includes The White House, Iceland, PepsiCo, JPMorgan Chase, Meta, Toyota, Samsung, Discover FS, Continental and Nestlé.

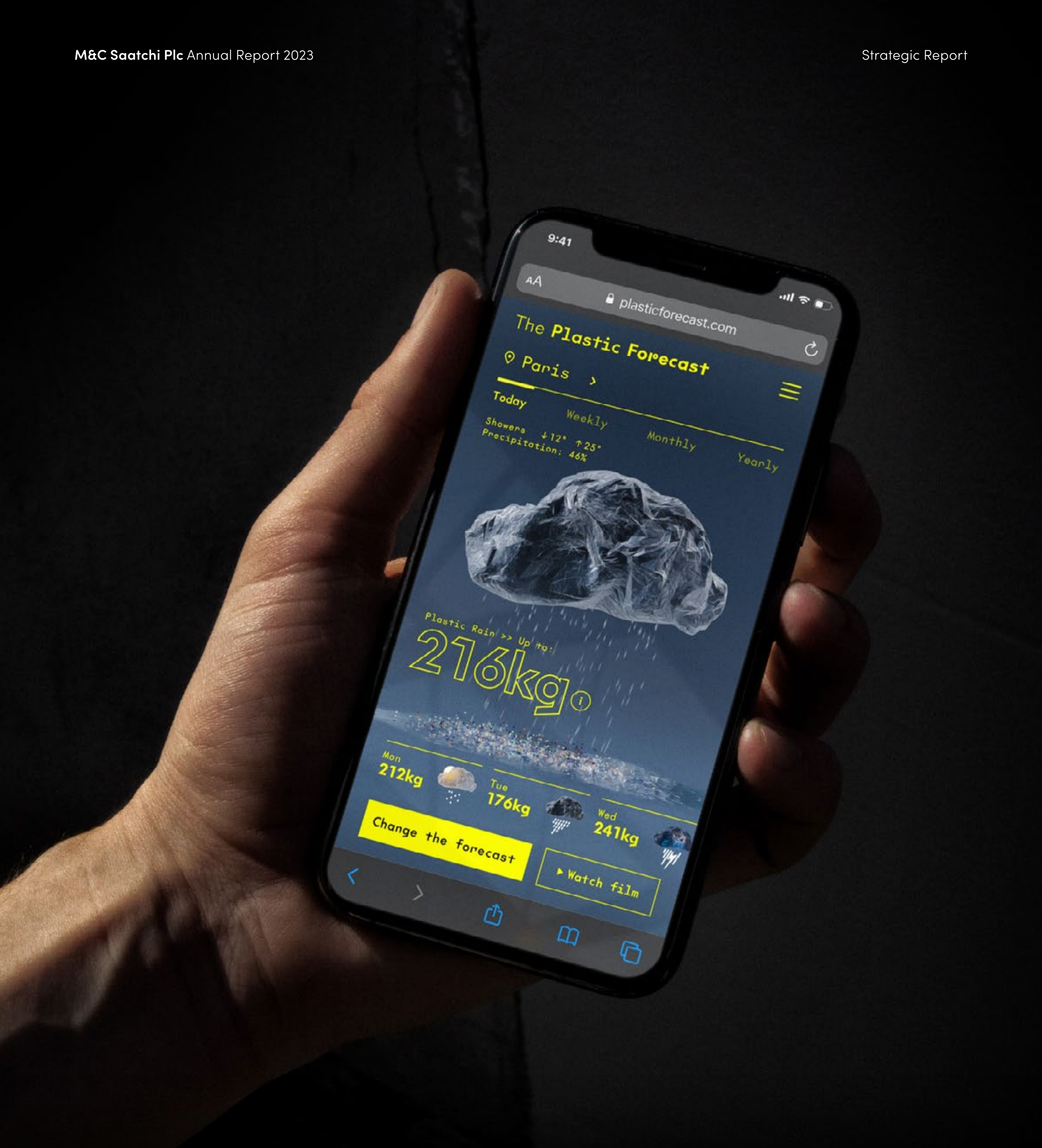
PEOPLE

Advertising	142
Consulting	112
Passions & PR	58
Media	27
Head office	3
Total	**342**

WHAT MAKES US PROUD

Our Awards:

- D&AD, Digital & Social, Visit Iceland, "OutHorse Your Email", Graphite Pencil.
- Effies, Travel & Tourism, Visit Iceland, "Welcome to the Icelandverse", Silver.
- Effies, Small Budget – Services, Visit Iceland, "Welcome to the Icelandverse", Bronze.
- Effies, Current Events, Visit Iceland, "Welcome to the Icelandverse", Silver.
- New York Festivals Advertising Awards, (PR/Travel and Leisure), Visit Iceland, "OutHorse Your Email", Gold.
- The One Show, Social Media/Stunts & Activations, Visit Iceland, "OutHorse Your Email", Gold Pencil.
- PR Week Global Awards, Visit Iceland, "OutHorse Your Email", Winner.
- Ragan PR Daily, Sport & Entertainment North America won two Golds: Mid-size Agency of the Year and Wellness Person of the Year for Steph Lund.



Plastic production is devastating our planet and is set to triple by 2060. So, Minderoo Foundation and our team in Australia have measured plastic in rain to create a new weather metric informing the public how much plastic will fall from the sky on any given day, launching it in Paris ahead of the second session of negotiations (INC-2) of the UN's Plastic Treaty at UNESCO headquarters. The site provides live updates on the weight of plastic falling that day, week, month and year. This tightly targeted activation, including guerrilla posters, news coverage and an extensive social media campaign on the eve of the UNESCO talks, created a global thunderclap, raising the issue of fossil-fuel plastic and the need to put in place stricter targets to limit its production. Coverage spanned many countries with a staggering reach of 1.3 billion.

ADVERTISING

2023 NET REVENUE: £105.5M

BLENDING MARKETING SCIENCE WITH CREATIVITY THROUGH EARNED, OWNED AND PAID FOR CONTENT.

WHO WE ARE

M&C Saatchi's legacy is rooted in creative excellence, with our advertising agencies serving as the cornerstone. Renowned for our bold, daring and effective work, we operate creative agencies in 13 countries, catering to ambitious clients like adidas, Tourism Iceland, Atlantis, Burger King and the NHS. Over the past year, we have undergone a strategic reassessment of our advertising agency proposition, focusing on markets where we can offer comprehensive services to our clients. This has led to the consolidation of several offerings, resulting in the establishment of a connected agency proposition in key markets like Australia and the UK. These initiatives streamline our service offerings, facilitating seamless collaboration and making us indispensable partners for our clients.

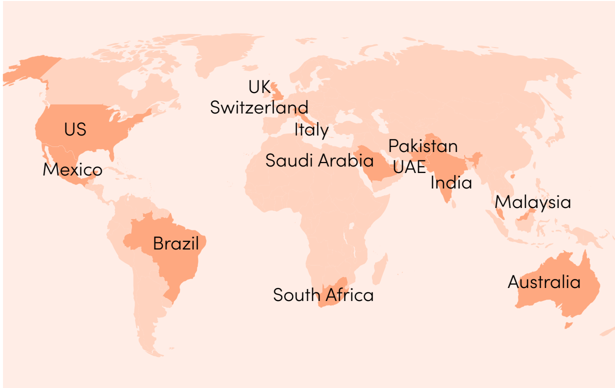
WHAT WE DO

We take a channel neutral approach at the outset and develop transformative creative ideas across the total customer journey.

We operate with a problem-led, outcomes-focused, bespoke approach using data and technology to fuel our work within three key areas; understanding, communications and activation.

WHERE WE WORK

Our creative agencies work across the globe with offices in most major markets. This means we understand deeply local needs while also being able to access the global reach for larger campaigns.



PEOPLE

Country	Brands[2]	Average 2023 Number of Employees
South Africa	– M&C Saatchi Abel – Razor – Dalmatian	303
Australia	– M&C Saatchi – Greenhouse – Resolution Design – The Source Insight	192
UK	– M&C Saatchi London – M&C Saatchi Talk – Export	152
Italy	– M&C Saatchi Milan	108
Malaysia	– M&C Saatchi Kuala Lumpur	100
Brazil	– Santa Clara	80
Dubai	– M&C Saatchi Dubai	63
India	– M&C Saatchi Scarecrow (Mumbai)	58
US	– SS+K	45
Pakistan	– M&C Saatchi Pakistan	36
Mexico	– M&C Saatchi Chilanga	15
Abu Dhabi	– M&C Saatchi Abu Dhabi	13
Switzerland	– M&C Saatchi Geneva	13
Total		**1178**

WHAT MAKES US PROUD

2023 was another bumper year for awards across the globe, including key campaigns such as "Running Billboards" for adidas in Europe, "As Good as The Original" for Burger King in the Middle East, "Ribbon Dancer" for NHS England, and "Come and Say G'Day" for Tourism Australia, while SS+K, our New York agency, has continued its ground-breaking campaigns for Tourism Iceland with "Icelandverse", "OutHorse Your Email" and "Better Than Space".

2 Does not include brands disposed of either during the year or post year-end.

Launching on Mother's Day in collaboration with anti-knife crime charity The Ben Kinsella Trust, the Siren Poster campaign raises awareness of the dangers of knife crime, showcasing the thoughts that go through a mother's head when she hears an ambulance siren. Using AI technology, M&C Saatchi worked with Clear Channel to develop a machine learning system which was trained to understand what an ambulance siren sounds like. The idea is simple but powerful. Every time an ambulance drives past the digital outdoor posters, the siren sound triggers the technology to show heartbreaking messages from mothers to their sons, making the connection between ambulances and the very real worry mothers experience when they hear one.

ISSUES

2023 NET REVENUE: £51.1M

DRIVING GLOBAL AND SOCIAL CHANGE, PROTECTING THE PLANET, AND TRANSFORMING LIVES FOR THE BETTER.

WHO WE ARE

Our Issues specialism continues to partner with governments, civil society, foundations, academia and the private sector to tackle the critical issues of our time. Areas of focus include the climate, health emergencies, human rights and freedoms, social justice, conflict prevention, security and sustainable development goals. Key campaigns include the award-winning family planning campaign for the FCDO (Foreign, Commonwealth and Development Office).

WHAT WE DO

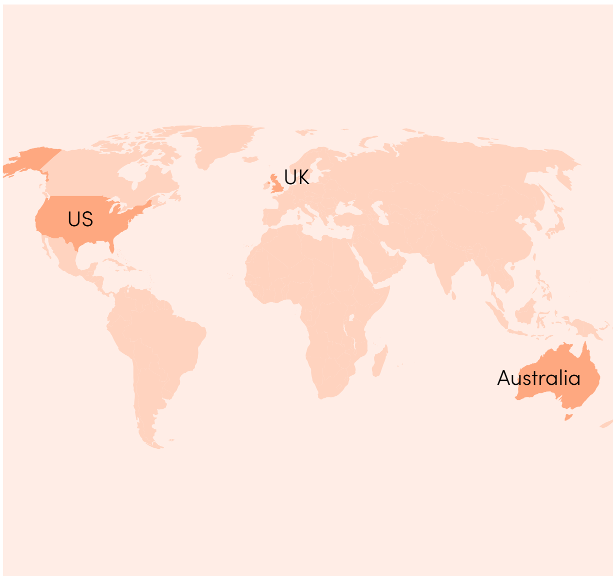
We provide a fully integrated, end-to-end marketing service, combining multi-discipline communications teams with subject matter experts across the world. Our work for clients includes everything from creating advertising campaigns to media buying services. Our work is domestic and global, often affecting the most vulnerable in society, with international activity orientated towards developing countries and fragile, conflict-affected states.

CLIENTS

Our top clients include the US Government, the UK Government, the Australian Government, Bill & Melinda Gates Foundation and GEAPP.

WHERE WE WORK

Operating globally with governments, foundations and institutions delivering communications campaigns.



PEOPLE

Our people work where our clients are, while at the same time our operating model requires that we have specialist subject matter expert teams in the UK. Overall, we have over 300 people working in the business in the UK, Australia and the US – our biggest offices.

Country	Brands	Number of Employees as at 31 December 2023
UK	– World Services – Human Digital	212
US	– World Services	22
Australia	– World Services	37
Total		**271**

WHAT MAKES US PROUD

Issues continues to grow market opportunities within its specific sector operating globally, delivering year-on-year growth in excess of 20%.

World Services won significant new business in 2023, including NATO, the Rockefeller Foundation, CGIAR, the Covid Enquiry (UKG), and the WHO Foundation.

As the new Official Bank Partner of Wimbledon, Barclays had to create an impact in year one. To do so, we needed a campaign to connect our audience and build excitement for fans, customers, clients, colleagues and community, in the UK and the US, through the lens of Wimbledon. Our full 360-campaign featured a global Frances Tiafoe TVC, on-site activations, special build OOH and media including London buses and taxis, customer communications, social, digital and retail bank advertising. Using our hero partnership asset – the iconic Wimbledon umpire chairs – our campaign demonstrated that Barclays and Wimbledon are game, set, and perfectly matched.

PASSIONS & PR

2023 NET REVENUE: £36.2M[3]

CONNECTING BRANDS DIRECT TO CONSUMERS THROUGH THEIR PASSIONS AND PERSONALITIES.

WHO WE ARE

In two decades, at the forefront of passion marketing across sport, entertainment and culture, we have earned a reputation as a market leader in the art of connecting brands to consumers through the things they love.

Our Passions & PR specialism is made up of:

- The global Sport & Entertainment network, which connects brands to consumer passions. In 2023, we developed cutting-edge digital and diversity-focused campaigns for Barclays, Heineken, adidas, and The Coca-Cola Company.
- The Talent Group (M&C Saatchi Merlin and M&C Saatchi Social), which manages influencers and celebrity broadcast talent.
- M&C Saatchi Talk, our PR business, with clients such as Coty, Revlon, Sephora and Sonos.

WHAT WE DO

Our industry-leading global team crafts compelling campaigns for renowned brands and personalities across sport, entertainment, music, film, fashion and culture. In response to increasing demand for integrated social elements, Sport & Entertainment US Group will introduce a dedicated social offering, supported by M&C Saatchi FABRIC within the M&C Saatchi Sport & Entertainment team. As our RFP volume grows, our Talent Group achieved record-breaking growth in 2023, fuelled by Broadcast income and new client signings.

Looking ahead, we plan to launch an AFP (advertiser-funded programming) business in 2024, capitalising on the rise of Gen Z talent and strengthening relationships with streaming platforms like Netflix and Amazon amidst budget shifts from traditional broadcasters. Alongside M&C Saatchi's Sport & Entertainment and Talent businesses, our PR capability, M&C Saatchi Talk, will now play a central role in our newly expanded Passions & PR offering, further solidifying the agency's position as leaders in the field of connected creative solutions.

WHERE WE WORK

CLIENTS

We work with a range of global clients including Barclays, Heineken, adidas, The Coca-Cola Company, Sephora and Benefit Cosmetics.

PEOPLE

Country	Brands	Average 2023 Number of Employees
UK	– Sport & Entertainment UK – Merlin – Social	131
US	– Sport & Entertainment NY	58
South Africa	– Levergy	44
Australia	– Sport & Entertainment Sydney	25
Germany	– Sport & Entertainment Berlin	26
Netherlands	– Sport & Entertainment NL	12
Total		**296**

WHAT MAKES US PROUD

Our Awards: Our Passions specialism continues to be award-winning, with just a few of the highlights from this year including:

- Muse Creative Awards, M&C Saatchi Fabric (part of S&E), Best New Agency of the Year.
- PRNews: Platinum PR Award for Best Cause-Related Marketing, Community Engagement and Event/PR Marketing: adidas "Choose to Give Back", S&E.
- Sport Industry Awards, Agency of the Year 2023 (UK), S&E.
- Sport Industry Awards, FA X UEFA Women's Euros, Event of the Year, S&E.
- Sport Industry Awards, Heineken International, Campaign of the Year, S&E.
- UK Sponsorship Awards, Agency of the Year and seven other awards, S&E.
- Drum Awards for Social Purpose, Best Celebrity Partnership and Best PR Campaign, S&E.
- PR Week Global, Best Global Content, M&C Saatchi Talk, Business Iceland.

Our People: It is our people that bring our business to life, and we were delighted to promote Laura Coller internally to Chief Executive Officer of Sport & Entertainment (UK) at the end of the year. It was with pride and pleasure that we saw Jane Boardman, founder of M&C Saatchi Talk, recognised with an OBE for her services to the beauty industry in December 2023.

3 In 2023 and prior years, PR was included within the Advertising specialism. It was moved to Passions & PR in 2024. Therefore, the PR numbers are included within the Advertising specialism in this Annual Report and Accounts.

Rugby in New Zealand is more than a game – it is a way of life. To engage and grow their already impressive global fanbase, New Zealand Rugby wanted to create a fan-focused content hub that gets fans closer to the teams via behind-the-scenes access to the All Blacks and Black Ferns, right through to the grassroots teams. We designed and delivered the brand identity and digital experience of the content platform we named NZR+. Following the successful launch in the lead-up to the 2023 Rugby World Cup, NZR+ has experienced a real trend in interest, resulting in continued investment in new content and functionality.

CONSULTING

2023 NET REVENUE: £33.7M

TRANSFORMING BRANDS AND EXPERIENCE FOR REAL GROWTH.

WHO WE ARE

We are a team of data, strategy, engineers and design specialists who deliver transformative growth for the world's most ambitious organisations. During the course of the year, we saw the opportunity to restructure our business to better deliver integrated capabilities to meet clients' more complex challenges. As a consequence, we have created an overarching trading brand, M&C Saatchi Consulting, sitting above our individual trading entities. In addition, during the year we opened up two new sales channels with key hires for senior leaders in Dallas and Dubai.

OUR BUSINESS IS SEGMENTED INTO SIX MAIN PROPOSITIONS

Clear: Based in the UK, the US, Singapore and the UAE, Clear is M&C Saatchi's leading strategic growth consultancy. **Key clients:** Visa, PepsiCo, Reckitt, Toyota and Haleon.

MCD Partners: Based in the US and the UAE, MCD Partners is the Group's US digital marketing and experience design agency. **Key clients:** Discover Financial, Continental Tire and Nestlé.

Fluency: Based in the UK and the US, Fluency is the Group's data and technology consultancy. **Key clients:** Amazon, Nike, Diageo, Ashley and WWE.

Re: Based in the UK, Europe, the UAE, and Australia, Re is the Group's global brand-led experience design business. **Key clients:** British Film Institute (BFI), Channel 4, D&AD, Hoover and Modon.

One-to-One: Based in the US, the UK, and the UAE, One-to-One is an expert in CRM and loyalty. **Key clients:** Moët Hennessy, Rolus Beverages Inc, Eventide, Harriet Harper Fitness and Google.

The Source: Based in the UK and the UAE, The Source is the Group's integrated qual/quant agency. **Key clients:** Tesco, B&Q, Butlin's and Greene King.

WHAT WE DO

We deliver growth at the intersection of brand, experience and innovation, creating new (and refreshed) brand ideas and identities that connect with people at the speed of culture. It means we imagine (and create) elevated customer journeys and better products and services. The work we do creates more utility for customers and incremental value for our clients.

In 2023 we won a number of new pieces of business including working with PepsiCo in a number of innovation engagements; Toyota on its CX work in the EV space; and brand work with numerous clients including New Zealand Rugby, British Army, Nolet Distillery and retailer Big W.

WHAT MAKES US PROUD

Our Clients: Our award-winning strategists, designers, consultants and innovators continue to create compelling brands, experiences and innovative services which inspire and excite consumers.

Our Awards: Our (Re AUS) brand and app design and development for CommBank's Kit was awarded Silver at the 2023 Brand Impact Awards.

Our People: After ten years as Chief Executive of Clear, Damian Symons was promoted to the role of Chief Executive Officer, M&C Saatchi Consulting, in the autumn of 2023. Rhonda Hiatt was promoted to Chief Executive Officer, Clear.

WHERE WE WORK

The Consulting group has a global headcount of 297, with the majority of our people operating out of the UK, the US and Australia:

Country	Brands	Average 2023 Number of Employees
US	MCD Partners, Clear NY, One-to-One	112
Australia	Re Design Sydney, Yes Agency	97
UK	Clear UK, Re Design UK, Fluency, Source UK, Thread	63
Asia	Clear Singapore	11
Germany	Clear Deutschland	1
Total		**284**

ASICS is a Japanese brand that specialises in designing and manufacturing sports equipment and footwear for a variety of athletic activities. In a market dominated by ecommerce platforms which have lower overhead costs, how could we lead users to purchase their favourite ASICS products directly through the ASICS website? In order to increase sales in Singapore via their website and drive website purchases, our approach centred around creating a more meaningful customer-centric strategy and a more seamless shopping experience. We reminded users about their favourite products and simplified their purchase process by tapping into Facebook Collection Ads, Google Performance Max and Google SEM. The campaign was testament to the impact that a customised strategy can have on a brand's sales. By adopting a very specific retargeting strategy, we were able to serve highly personalised ads to ASICS' audiences creating a more impactful customer experience and a more seamless and ultimately simple user journey.

MEDIA

2023 NET REVENUE: £26.3M

CONNECTING BRANDS WITH TODAY'S CONNECTED CUSTOMERS.

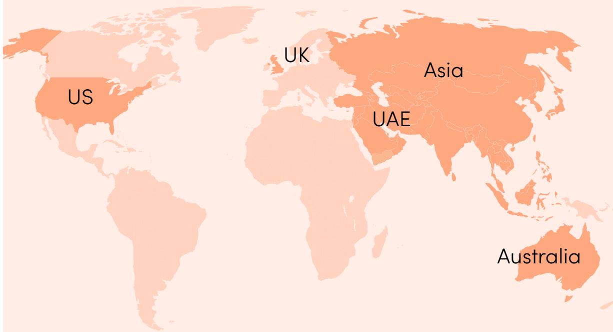
WHO WE ARE

Our multi-award-winning performance media agency continues to differentiate itself through its strong footprint across the US, EMEA and APAC and its focus on digital-first clients. During 2023, M&C Saatchi Performance demonstrated resilience amidst economic challenges. Our strategic focus remained on paid digital media, acquiring 38 new clients, including prestigious names like Resorts World Sentosa and Sega. Key team achievements included revolutionising client reporting with automated dashboards, fostering existing client relationships, and setting a foundation for further strategic growth.

WHAT WE DO

We offer a comprehensive suite of digital marketing services, including Paid Search, Paid Social, Programmatic Advertising, App Marketing, App Store Optimisation, Commerce Media, Affiliate Marketing, Data Analytics, Market Insights, Streaming TV, Influencer Marketing, and Media Buying. With expertise across various platforms and channels, we drive impactful campaigns tailored to our clients' goals and audience preferences.

WHERE WE WORK



CLIENTS

We work with digital leaders across the globe helping them to drive performance. Key clients include Grab, Soundcloud, Julo, Allen Media, Betfair and Fitness First. During the year we won new business with Sega, Progressive Leasing, Zenyum and Headspace.

PEOPLE

Country	Brands	Average 2023 Number of Employees
Singapore, Indonesia, India and Thailand	– Performance Asia	225
UK	– Performance UK	47
Australia	– Bohemia	32
US	– Performance Americas	27
South Africa	– Connect	21
Total		**352**

WHAT MAKES US PROUD

Our Awards:

- Campaign Global, Best Performance Marketing Agency, Bronze.
- Campaign Asia, Best Performance Marketing Agency, Gold.
- Campaign Asia, Best Agency-Marketer Partnership, Gold.

Our People:

During 2023, we promoted Kabeer Chaudhary to Global Chief Executive Officer, M&C Saatchi Performance.

FINANCIAL REVIEW

BRUCE MARSON
Chief Financial Officer

The Group recovered from a challenging first half, by taking action to reduce local costs to align with the new market conditions, by accelerating our structural transformation programme, and by closing or divesting loss-making businesses.

The Group generated £252.8m of net revenue in 2023, 7% lower than last year, but with strong growth in our Issues business (+21%) and in our Passions business (+8%). The downturn in the technology sector and client hesitancy to commit to new projects affected Media (-23%), Advertising (-15%) and Consulting (-9%).

Headline operating profit for the Group in 2023 was £32.4m, £3.0m lower than last year, with the full impact of our cost actions benefitting the second half of the year (H2 operating profit of £22.4m, £5.1m (30%) higher than last year). Headline operating profit margin for the full year was 12.8% (0.3 pts lower than last year), with H2 margin of 16.9% (4.7 pts higher than last year).

"While our end markets continue to be affected by macro-economic uncertainty, we expect Headline profit before tax for 2024 to be in line with expectations."

FINANCIAL PERFORMANCE

	Headline Results			Statutory Results		
£m	**2023**	**2022**	**Movement**	**2023**	**2022**	**Movement**
Revenue	453.9	462.5	(2)%	453.9	462.5	(2)%
Net revenue*	252.8	271.1	(7)%	–	–	–
EBITDA*	41.5	45.2	(8)%	–	–	–
Operating profit	32.4	35.4	(8)%	7.3	10.5	(31)%
Profit before taxation	28.7	31.8	(10)%	0.7	5.4	(87)%
Profit / (loss) for the year	21.3	24.0	(11)%	(2.8)	0.2	–
Earnings / (loss)**	18.5	18.1	2%	(3.5)	0.1	–
Earnings / (loss) per share	15.2p	14.8p	3%	(2.9)p	0.1p	–
Operating profit margin %	12.8%	13.1%	(0.3) pts	–	–	–
Dividend	1.6p	1.5p	0.1p	–	–	–

Refer to the Glossary for key definitions used in this section including Headline results, revenue, net revenue and EBITDA.

* Net revenue and EBITDA are excluded from Statutory results, as these are not IFRS terms. Although our peers may use these terms, they are not necessarily calculated on the same basis. However, as measures of Headline performance, they have been included to better assess the underlying performance of the business and to enable better comparability both across the industry and when comparing year-on-year results.

** Earnings are calculated after deducting share of profits attributable to non-controlling interests.

	H1 Headline Results			H2 Headline Results		
£m	**2023**	**2022**	**Movement**	**2023**	**2022**	**Movement**
Net revenue	120.4	129.4	(7)%	132.4	141.7	(7)%
Operating profit	10.0	18.1	(45)%	22.4	17.3	30%
Profit before taxation	8.8	16.0	(45)%	19.9	15.8	26%
Earnings**	5.5	7.8	(30)%	12.6	10.3	22%
Operating profit margin %	8.3%	14.0%	(5.7) pts	16.9%	12.2%	4.7 pts

** Earnings are calculated after deducting share of profits attributable to non-controlling interests.

Headline profit before tax in 2023 for the Group was £28.7m (2022: £31.8m). Excluding Advertising, the other specialisms contributed £29.8m of profit before tax (2022: £31.6m), driven by ongoing growth and margin improvement in Issues, offset by lower revenue and margin declines in Media and Consulting, with Passions delivering similar profit to last year. Advertising contributed £6.2m of profit before tax (2022: £9.9m), with profit growth in the UK, South Africa and the UAE offset by declines in Australia, Asia, Europe and the US. The Group's central costs, reduced by £2.3m to £7.4m, due to lower bonuses and audit fees.

Exceptional costs relating to our global efficiency programme amounted to £3.3m of which £1.1m was cash and £2.2m represented property impairment charges. For 2024, we expect a higher level of exceptional costs to be incurred but we still expect the total cost of this programme, both cash and accounting items, to remain in line with our previous guidance of 0.5x to 1.0x the level of annualised cost savings delivered.

On a Statutory basis, the Group delivered operating profit of £7.3m (2022: £10.5m) and a profit before tax of £0.7m (2022: £5.4m).

Due to the exercise of put options in the year, minority interests have diminished to 13% of Headline profits (2022: 25%), which resulted in Headline earnings of £18.5m, 2% higher than last year. Headline earnings per share has grown by 3% to 15.2p (2022: 14.8p). Statutory earnings per share were (2.9p) (2022: 0.1p).

The Group remains in a net cash position of £8.3m (2022: £30.0m), after £15.4m of put option payments and £14.5m of working capital absorption (driven by £8m reduction in bonus accruals, a £3m reduction in minority interest profit share liabilities and £3m relating to changing revenue mix).

SEGMENTAL REVIEW

Advertising remains the largest specialism, comprising 42% of total net revenue (2022: 46%). The other four specialisms have increased their share of total net revenue to 58% (2022: 54%). This shift away from Advertising continues to improve our overall operating margin mix, as these other specialisms have an average operating profit margin of 22%, compared to Advertising with an operating profit margin of 8%.

There has been a marked shift in revenue between the different specialisms over recent years as shown by the table below, with Issues, Passions and Consulting all increasing their contribution to the Group since 2020.

Net Revenue Share	Advertising	Issues	Passions	Consulting	Media	Total
2023	42%	20%	14%	14%	10%	**100%**
2022	46%	15%	12%	14%	13%	**100%**
2021	51%	14%	10%	12%	13%	**100%**
2020	61%	13%	8%	8%	10%	**100%**

The Group's net revenue decreased 7% in 2023. However, the reduction was 2% on a like-for-like ("LFL") basis if we exclude those entities the Group disposed of, closed, or wound down before the end of 2023, and the impact of foreign exchange movements. During the year, the Group disposed of Clear Deutschland, and more recently M&C Saatchi Spencer Hong Kong Limited, and reduced its interest in M&C Saatchi Sweden AB. The Group also announced in 2023 that it was in negotiations to divest of M&C Saatchi Holdings Asia Pte. Limited, which is now complete. During 2023 the decision was made to wind down a number of smaller, non-core businesses in Advertising and Consulting. No businesses were acquired in 2023.

The Advertising division saw a 15% fall (down 8% LFL) in net revenue in 2023, driven by the impact of weaker client spend and some client losses in Australia, the UK, Asia and Germany, although there was some strong revenue growth in Italy, the UAE, Brazil and Mexico.

The Issues specialism saw significant growth of 21% (up 22% LFL), as our governmental clients continued to invest in new projects to address heightened geopolitical tensions around the world.

Our Passions specialism also grew strongly by 8% (up 10% LFL), driven by new client wins and a buoyant events market in our Sport & Entertainment businesses, and by increased fees from our talent and influencer agencies.

Our Consulting specialism was impacted by a degree of client hesitancy around new projects, particularly in our strategic consultancy and brand design businesses, resulting in a net revenue fall of 9% (down 6% LFL), although our data consultancy (Fluency) continued its momentum and grew 14% in 2023.

The Media specialism saw a 23% fall (down 21% LFL) in net revenue, due to the significant cutbacks in spend from our technology clients, although client spend started to recover in the second half of 2023.

Net Revenue by Specialism	Reported 2023 £m	Reported Movement versus 2022	Like-for-Like (LFL)* 2023 £m	Like-for-Like (LFL)* Movement versus 2022
Advertising	105.5	(15)%	97.4	(8)%
Issues	51.1	21%	51.1	22%
Passions	36.2	8%	36.2	10%
Consulting	33.7	(9)%	33.1	(6)%
Media	26.3	(23)%	26.3	(21)%
Group	**252.8**	**(7)%**	**244.1**	**(2)%**

* A like-for-like basis applies constant foreign exchange rates and removes entities discontinued during 2023.

Due to the tougher trading conditions in Advertising, cost actions were taken which reduced operating costs by 13% in 2023. This helped maintain operating Advertising profit margins at 8% (2022: 9%).

Operating costs outside of our Advertising specialism grew 3% in 2023, driven by the growth of Issues and Passions, partially offset by cost reduction actions in Media and Consulting in reaction to their lower client spend. The net result was a slight reduction in our non-Advertising specialisms operating margin to 22% (2022: 24%).

The impact of our global efficiency programme and lower bonuses reduced our Group central operating costs by £3.7m (33%). This helped the Group maintain its overall operating margin of 13%.

Year Ended 31 December 2023	Advertising £m	Other Specialisms £m	Group Central Costs £m	Total £m
Net revenue	105.5	147.3	–	**252.8**
Operating costs	(97.5)	(115.2)	(7.7)	**(220.4)**
Operating profit / (loss)	8.0	32.1	(7.7)	**32.4**
Operating profit margin	8%	22%	–	**13%**
Profit / (loss) before tax	6.2	29.8	(7.3)	**28.7**

Year Ended 31 December 2022	Advertising £m	Other Specialisms £m	Group Central Costs £m	Total £m
Net revenue	124.3	146.8	–	**271.1**
Operating costs	(112.6)	(111.8)	(11.3)	**(235.7)**
Operating profit / (loss)	11.7	35.0	(11.3)	**35.4**
Operating profit margin	9%	24%	–	**13%**
Profit / (loss) before tax	9.9	31.6	(9.7)	**31.8**

REGIONAL REVIEW

On a geographic basis, the UK remains our biggest region, supported by the significant growth of Issues, which offsets the contraction of UK Advertising. Following the decision to discontinue many of the Asia businesses, we have merged Asia and Australia into a new APAC region, managed from Australia. Also, given the growth and prospects in the Middle East and our new executive leadership structure, we have split the Middle East and Africa. However, we retain a good geographic mix of businesses. The recent shifts in share of revenue by region can be seen in the table below:

Net Revenue Share	**UK**	**APAC**	**Americas**	**Africa**	**Europe**	**Middle East**	**Total**
2023	40%	26%	19%	6%	6%	3%	**100%**
2022	36%	29%	20%	6%	6%	2%	**100%**
2021	39%	30%	17%	6%	6%	2%	**100%**
2020	39%	26%	15%	5%	13%	2%	**100%**

	Reported		Like-for-Like (LFL)*	
Net Revenue by Region	**2023 £m**	**Movement versus 2022**	**2023 £m**	**Movement versus 2022**
UK	102.3	0%	101.2	1%
APAC	65.6	(17)%	60.7	(10)%
Americas	46.9	(10)%	46.9	(8)%
Africa	16.1	(6)%	16.1	8%
Europe	14.4	(5)%	11.7	18%
Middle East	7.5	18%	7.5	19%
Group	**252.8**	**(7)%**	**244.1**	**(2)%**

* A like-for-like basis applies constant foreign exchange rates and removes entities discontinued during 2023.

DISCONTINUED BUSINESSES

At the end of 2023, it was decided to dispose, wind-down or close a number of non-core businesses in Advertising (Hong Kong, Singapore, Indonesia, China, Sweden, Majority and Accelerator) and in Consulting (Thread Innovation and M&C Saatchi Life). In 2023, these businesses contributed £8.7m in net revenue and a loss before tax of £3.1m. The Group's 2023 net revenue excluding these discontinued operations would have been £244.1m (2% lower than last year), and the Group's 2023 profit before tax would have been £31.8m (1% lower than last year), with an operating profit margin of 14.2% (0.2 pts higher than last year).

	Headline Results			Like-for-Like Results (excluding discontinued operations)		
£m	**2023**	**2022**	**Movement**	**2023**	**2022**	**Movement**
Net revenue	252.8	271.1	(7)%	244.1	249.9	(2)%
Operating profit	32.4	35.4	(8)%	34.6	35.1	(1)%
Profit before taxation	28.7	31.8	(10)%	31.8	32.0	(1)%
Operating profit margin %	12.8%	13.1%	(0.3) pts	14.2%	14.0%	0.2 pts

THE KEY MOVEMENTS BETWEEN STATUTORY TO HEADLINE RESULTS

The Headline results are alternative performance measures that the Board considers the most appropriate basis to assess the underlying performance of the business, monitor its results on a month-to-month basis, enable comparison with industry peers and measure like-for-like, year-on-year performance.

£000	Year ended 31 December 2023	Year ended 31 December 2022
Statutory profit before taxation	**715**	**5,423**
Separately disclosed items	7,652	13,352
Put option accounting – IFRS 9 and IFRS 2	6,316	2,233
FVTPL investments under IFRS 9	5,067	1,587
Impairment of intangible assets	4,794	564
Dividends paid to IFRS 2 put option holders	2,499	7,811
Impairment of non-current assets	2,004	-
Amortisation of acquired intangibles	537	597
Revaluation of contingent consideration	–	266
Revaluation of associates on disposal	(133)	–
Gain on disposal of subsidiaries and associates	(782)	–
Headline profit before taxation	**28,669**	**31,833**

The items causing the movement between Statutory and Headline results for 2023 are explained below and further details are provided in Note 2 of the financial statements.

Separately Disclosed Items

During 2023, £7.7m of costs were incurred, relating to one-off restructuring costs of £5.5m, exceptional compensation for our Executive Chair and former Chief Executive Officer of £0.3m and £1.2m, respectively, and the project costs of our global efficiency programme of £0.7m. In 2022, £10.8m of costs were incurred, as the Company was subject to two competing bids to take control and full ownership of the business. Managing the Company's response to these two takeover bids resulted in a number of one-off external advisory and additional internal management costs. In addition, we commenced our global efficiency programme with one-off professional fees incurred in relation to this project of £1.0m, along with restructuring costs of £1.8m.

Put Option Accounting – IFRS 9 and IFRS 2

These charges relate to the revaluations of the put option liabilities (both IFRS 2 and IFRS 9) during the year. These increased in line with the improved profit estimates of the relevant subsidiaries and the Company's improved multiple.

Impairment of Intangible Assets

In 2023, the Group recorded an impairment charge of £4.8m which primarily relates to the write-off of goodwill and acquired intangible assets in M&C Saatchi (Hong Kong) Limited (£3.4m) and M&C Saatchi Advertising GmbH (£1.4m). The 2022 charge mainly consisted of a £0.6m goodwill write-off in M&C Saatchi (Hong Kong) Limited and Scarecrow Communications Limited.

Dividends Paid to IFRS 2 Put Option Holders

Local management in some of the Group's subsidiaries own minority shareholdings in those subsidiaries. As shareholders, they also have rights to receive dividends, and, as they are employees of those subsidiaries, these are recognised as staff costs. These are excluded from Headline results, as they relate to prior year performance.

Impairment of Non-current Assets

In 2023, the Group recorded the write off of right-of-use assets and related leasehold improvements in the UK and Australia (£2.0m in total), as we vacated property space in our main offices in London and Sydney.

FVTPL Investments Under IFRS 9 – Financial Assets at Fair Value Through Profit and Loss

The Group holds unlisted equity investments in early-stage companies (detailed in Note 20 of the financial statements). The revaluation of these companies is excluded from Headline results as they are driven by factors unrelated to the Company's performance. Market weakness in the technology sector made fundraising and trading more difficult for these companies in 2023, resulting in a downwards revaluation of £4.9m. In addition, our shareholding in Australie in France increased in value by £0.2m.

Amortisation of Acquired Intangibles

Acquired intangibles relate to brand names and customer relationships, and these costs are amortised over their estimated useful lives. Refer to Note 15 of the financial statements for details.

Gain on Disposal of Subsidiaries and Associates

During 2023, we disposed of a number of subsidiaries (Clear Deutschland, Sweden and Hong Kong), which resulted in the cancellation of the associated put options (£0.5m gain), and other gains of £0.3m, which have been excluded from our Headline results.

FINANCIAL INCOME AND EXPENSE

The Group's financial income and expense includes bank interest, lease interest and fair value adjustments to minority shareholder put option liabilities (IFRS 9). Further details can be found in Note 7 of the financial statements.

Bank interest payable for the year was £2.3m (2022: £1.2m) due to higher interest rates on the Company's revolving multicurrency credit facility agreement and increased drawdown on the facility during the year.

The interest on leases decreased to £2.9m (2022: £3.0m) due to leases ending in 2022.

The fair value adjustment of put option liabilities created a charge of £2.1m (2022: £1.1m). This increase is due to increased profitability in the agencies where there are outstanding IFRS 9 put option arrangements.

TAX

Headline Tax

Our Headline tax rate has increased from 24.5% to 25.6%. The increase is primarily due to the increase in the effective UK corporation tax rate from 19.0% to 23.5%.

Statutory Tax

The Statutory tax rate changed from 96% in 2022 to 492% in 2023. We expect large variations in Statutory tax rates because items such as share-based payments (option charges) and put options arising from investments in subsidiaries are non-deductible against corporation tax, due to their being capital in nature.

NON-CONTROLLING INTERESTS (MINORITY INTERESTS)

On a Headline basis, the non-controlling interest share of the Group's profit represents the minority shareholders' share of each of the Group's subsidiaries' profit or loss for the year. In 2023, the share of profits attributable to non-controlling interests reduced to £2.8m (2022: £5.9m), representing a reduction in minority interests to 13% of profit after tax (2022: 25%). This reflects a reduction during the year in the minority interest shareholdings in several Group entities, as a result of the settlement of put options, to the value of £15.4m.

On a Statutory basis, non-controlling interests exclude any minority interests which relate to IFRS 2 put option holders (holders of put options that are contingent on being employed by the relevant company). Their share of the entity's Statutory profit is paid as dividends each year, which are reported as staff costs in the Statutory results.

DIVIDENDS

The Company paid a 2022 dividend of £1.8m (1.5 pence per share) to its shareholders in 2023 (2022: £nil). We understand the importance of returning capital to shareholders, and given the earnings performance during the year, the Board is recommending the payment of an increased final dividend of 1.6 pence per share.

Subject to shareholder approval at the Annual General Meeting, to be held on 16 May 2024, the dividend will be paid on 24 June 2024 to shareholders on the register of members as at 10 May 2024. The shares will go ex-dividend on 9 May 2024.

CASH FLOW

Total gross cash (excluding bank overdrafts) at 31 December 2023 was £24.3m (2022: £41.5m). Cash net of bank borrowings (net cash) was £8.3m, compared to £30.0m in 2022.

In 2023, the Group generated operating cash from trading (before working capital) of £31.5m before dividends paid to IFRS 2 put option holders (£2.5m). The Company made £15.4m of payments to acquire non-controlling interests (2022: £12.1m). There was a £14.5m net outflow from working capital (2022: £4.8m inflow), driven by £8m reduction in bonus accruals, £3m reduction in minority interest profit share liabilities, and £3m relating to changing revenue mix. The Company made £9.1m of lease payments (2022: £10.3m). In addition, £1.8m of tangible and intangible fixed assets and investments were purchased in 2023 (compared to £5.6m in 2022, which was primarily due to the one-off investment in the new office in Sydney, Australia).

Net operating cash flow (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 on leases) for the year was £17.3m, which represents a cash conversion from Headline operating profit of 53% (2022: 106%).

The following table sets out the key movements in net cash during 2023:

Movement in Net Cash	2023 £m	2022 £m
Net cash at the beginning of the year	**30.0**	**34.4**
Increase in operating cash from trading	31.5	40.3
Cash consideration for non-controlling interest acquired	(15.4)	(12.1)
(Decrease) / Increase in cash from working capital movements	(14.5)	4.8
Payment of lease liabilities	(9.1)	(10.3)
Tax paid	(4.2)	(6.7)
Dividends paid to IFRS 2 put option holders	(2.5)	(7.8)
FX movement on cash held	(2.2)	2.7
Purchases of intangible / tangible fixed assets	(1.8)	(5.6)
Dividends paid to Company shareholders	(1.8)	-
Net interest paid	(1.5)	(0.8)
Costs associated with the takeover defence	-	(10.8)
Other movements	(0.2)	1.9
Net cash at the end of the year	**8.3**	**30.0**

BANKING ARRANGEMENTS

On 7 March 2024, the Company entered into a new revolving multicurrency facility agreement with National Westminster Bank Plc, HSBC UK Bank plc and Barclays Bank PLC for up to £50m (the "New Facility"), with a further £50m extension if required for strategic acquisitions. The New Facility is provided on a three-year term with two one-year extensions. This New Facility is to refinance the previous £47m facility with National Westminster Bank Plc and Barclays Bank PLC (the "Old Facility") which would have matured on 31 May 2024. At 31 December 2023, the Group had up to £47.0m (2022: £47.0m) of funds available under the Old Facility.

The primary purpose of the New Facility is to provide the Group with additional liquidity headroom to support any variations in working capital and provide funding for bolt-on acquisitions. At 31 December 2023, £16.0m was drawn on the Old Facility compared to £7.0m at 31 December 2022.

Both the Old and New Facility include two financial covenants, which if either were to be breached would result in a default of the agreement (see Note 24 of the financial statements). The Company has been compliant with the covenants of the Old Facility throughout the period.

CAPITAL EXPENDITURE

Total capital expenditure in 2023 (including software acquired) decreased to £1.8m (2022: £5.6m). This included £0.7m on furniture, fittings and other equipment (2022: £1.7m), £0.6m on computer equipment (2022: £1.6m), £0.5m on leasehold improvements (2022: £1.1m), and £0.0m on software and film rights (2022: £1.0m).

PUT OPTION ARRANGEMENTS

The Group has historically operated a business model through which certain members of senior management have minority ownership in the subsidiary companies they operate, through share-based incentive (put option) arrangements.

This put option liability has been reduced significantly over the last few years, such that, as at the Company's share price at 31 December 2023 (160p), the remaining amount potentially payable has reduced to £14.4m. Assuming these remaining options are exercised as soon as they can be, 68% (£9.9m) of this remaining liability is potentially payable in 2024, with the balance payable over the next few years to 2028. These amounts will vary in line with the financial performance of the local business unit, the Group's financial performance and the Company's share price.

SUMMARY

The Company's performance in 2023 was mixed in several ways. A challenging first half was followed by a more encouraging second half, and we saw strong revenue growth in Issues and Passions, while fighting difficult market conditions in Advertising, Media and Consulting.

As we look ahead, the Group has started 2024 with renewed energy and focus. While our end markets continue to be affected by macro-economic uncertainty, we expect Headline profit before tax for 2024 to be in line with expectations. We are confident that the structural changes we are making to our cost base alongside our new operating model are increasing our operational leverage potential which will help support future margin expansion.

BRUCE MARSON
Chief Financial Officer
11 April 2024

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for internal controls and for reviewing their effectiveness. The Group operates a policy of continuous identification and review of business risks. This includes the monitoring of key risks, identification of emerging risks and consideration of risk mitigations after taking into account risk appetite and the impact of how those risks may affect the achievement of business objectives and the future success of the Group.

The risks and uncertainties that the business faces evolve over time, and the Executive Directors and senior management are delegated the task of implementing and maintaining controls to ensure that risks are managed appropriately. The Group's risk management framework is designed to identify and manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

Future threats that cannot be accurately assessed at the current time but could have a material impact on the business in the future are considered alongside existing risks, with a view to improving our response plans and exploiting potential opportunities. Our view of emerging risk includes several trends which could form part of the legacy of the Covid-19 pandemic. In most cases, these trends could heighten our existing principal risks. For example, the macro-economic outlook is seeing disruption as a result of the Russian invasion of Ukraine, geopolitical tensions in the Middle East and high inflation. Emerging trends can also present opportunity. We take a proactive approach to the changing market conditions and trends in our sectors to ensure we continue to meet the expectations of our clients. Climate change and the transition to a low carbon economy could present some of our most significant challenges and opportunities in the future. Government commitments to reduce carbon emissions are expected to lead to further developments and changes in regulation across the supply chain and property management. There is significant opportunity in addressing climate-related matters to meet client expectations and secure the reputation of our brands in respect of their sustainability credentials.

During the year, the Board carried out a robust assessment of the Company's emerging and principal risks, together with the actions taken to mitigate these risks. Virtual risk workshops were carried out with agencies to ensure that all key risks and mitigations had been identified. The table below details our principal risks and uncertainties for the year ahead. These are considered to be the most significant but are not an exhaustive list of all risks identified and monitored through our risk management process. No additional risks have been added to the register as part of the 2023 process, because it already reflects the most significant risks and uncertainties. Risks are ranked in descending order of risk score. Their ranking is based on assessments from agencies weighted by their 2023 revenue. We have also provided an explanation of the movement in our risk assessment against the previous year's risk register to provide the reader with a better insight into the Board's risk assessments.

PRINCIPAL RISK	MITIGATING ACTIONS	RISK MOVEMENT SINCE 2022	EXPLANATION
Failure to evolve service offering to clients The market in which the Group operates is highly competitive and subject to rapid change as audiences move online and fragment. Agencies must reorient their models to target audiences and reflect client demands for more integrated solutions in the more complicated marketing environment and for more sustainable solutions to respond to the climate emergency.	• Integration of high-growth offerings (Fluency) across other Group companies. • Formation of strategic partnerships to broaden service offerings, e.g. Italy collaboration with EY, MCD Partners with Contentful and HubSpot to exploit their complementary service offerings. • Focus on investing in new skillsets (particularly creative, strategic and digital) to provide integrated offerings to clients. • Investment in technology to better serve the needs of existing clients, e.g. development of Brand Desire Engine by Clear and Fluency, development of Living Brand Intelligence, Proximity Mapping, Living Segmentation technologies (Fluency), AI and web3. • Investment in our own sustainability practice and introduction of ESG-related objectives both to keep pace with client demands for advice on their ESG requirements and to meet client expectations on our ESG performance, e.g. failure to meet emissions reductions required by the UK Government will prevent us participating in its tenders. • Targeted M&A will help add new capabilities to our service offering.	◀▶	Artificial Intelligence is seen as a potential game changer to the service we can offer clients, which is both a risk and an opportunity.
People and talent – retention and recruitment Employees remain our greatest asset, and high levels of employee turnover are a principal risk. Highly skilled employees are vital to building and maintaining client relationships and winning new work.	• Development of new Employee Value Propositions in some markets, i.e. defining and reinforcing the reasons why current employees chose to join and remain with the business. • Talent mapping for senior positions, i.e. ensuring that staff are in place to fill future talent needs and that this future career progression is visible to them. • Advertising all vacancies internally and launching a global mobility policy to support employee relocations. • Launch of a work from anywhere policy, enabling employees to work from a location of their choice for no less than two weeks per year. • Benchmarking salaries against industry standards. • Supporting flexible working for our employees including embedding ongoing hybrid working arrangements. • Using the quality of our clients to attract talent, linking their passions to the clients they will serve. • Creative use of employee benefits to offer a more attractive workplace than competitors, e.g. support for employee fertility treatment, extended leave provision for mental health support, mental health first aid training, extended parental leave, use of "stay interviews", offering money to employees to spend on a passion and inclusive Bank Holidays in recognition of different faiths. • Global mentoring programme to support employee development and increase loyalty. • Roll-out of new performance management toolkit "Conversations that Count". • Continued focus on diversity, equity and inclusion initiatives, which create a positive work environment and provide opportunities for all to reach their potential. • New incentivisation structures implemented where historic put option arrangements have ceased.	▼	Risk has reduced as technology firms have stopped offering high salaries and have released a lot of talent during 2023.

PRINCIPAL RISK	MITIGATING ACTIONS	RISK MOVEMENT SINCE 2022	EXPLANATION
Loss of key clients and reliance on key clients A significant reduction in spend by, or the loss of, one or more of the Group's largest clients. If these are not replaced by new client accounts or an increase in business from existing clients, it could have a significant impact on the business, revenues and results of the Group.	• New business activity driven both by dedicated new business specialists but also agency management. • Exploiting client leads from within the Group or from networks outside the Group (e.g. SERMO global network of PR companies to which Talk belongs). • Development and expansion of service offerings in high-growth areas. • Maintaining key client relationships by performing client satisfaction surveys or other tools to track client sentiment. • Maintaining close contact with the most important stakeholders at key clients so that we are seen as valuable partners. • Focusing on high quality and value-added deliverables for key clients. • Actively seeking cross-selling opportunities with clients.	◀▶	Risk and mitigation largely in line with prior year, with customer concentration in many businesses still quite high.
System access and security As our product range expands and becomes more data and technology dependent, so too does the risk of cyber-attacks which may cause the Group to suffer data corruption or lose operational capacity. Cyber incidents may cause significant disruption and may materially impact business operations.	• Continual monitoring, updating and globalisation of computer systems. • Use of training programmes covering data protection and awareness of cyber security risks for new joiners. • Employment of staff with relevant expertise, e.g. manager dedicated to cyber security, security for Cloud environments and IT governance; hired a new Group IT Director with a security background. • Use of external security consultants (Business Compliance and Risk Management (International) Limited) to advise on ISO accreditation and risk management. • ISO22301 certification attained for UK entities. • Striving to increase ISO27001 regime coverage for the critical areas of our technology infrastructure. • Implementation of IT security features such as Mobile Device Management, meaning that lost or stolen devices can be securely wiped of all data remotely; Okta, which is a "best in class" identity management system; Egnyte which provides secure file storage; eSentire which warns of unusual network activity; Mimecast, which prevents email-borne infections and reduces data loss by archiving emails; use of a third-party security operation centre to help identify network security breaches and annual penetration testing to check for firewall issues. • Insuring against cyber-risk for offices where minimum-security requirements are in place. • Distribution of cyber-questionnaires by Group IT to confirm security status, with follow-up to be arranged based on responses.	◀▶	Although the number of attempted cyber-attacks appears to be increasing and evolving, new protections have been put in place.

PRINCIPAL RISK	MITIGATING ACTIONS	RISK MOVEMENT SINCE 2022	EXPLANATION
Compliance with laws and regulation The Group is exposed to multiple regulators in various countries in which it operates. If the Group fails to comply with applicable laws and regulations, the Group may have to pay penalties or private damages awards.	• Strengthening of the Group's central team including the HR, Finance and Legal functions. • Use of external legal counsel to advise on local legal and regulatory requirements. • Standardising HR and Finance policies and procedures within the Group. • Where possible, active and positive engagement with regulators and trade bodies, e.g. discussions with the Institute of Practitioners in Advertising. • Client contracts updated in response to recent developments in EU privacy laws. • Keeping up to date with changes in the law and communicating these to the business. • Keeping up to date with requirements on sustainability reporting by attending webinars and subscribing to email updates.	▲	Risk has increased as clients are more concerned about compliance.
Physical security The risk from security challenges such as theft, bribery and corruption, terrorism and political activism due to our geographic spread. As a creative business, intellectual property theft is a particular concern.	• Risk assessments carried out as appropriate and dependent on location to understand business exposure and to mitigate accordingly, e.g. our Issues specialism works closely with international security advisors for regional input, such as on travel risk and/or civil unrest, and uses iSOS to inform associated risk and mitigations. • Making use of appropriate advisors to advise on higher risk areas of the Group, e.g. MSS Global advising on risk management. • Use of specialist security operations teams in high-risk locations. • Vetting employees, suppliers or partners (and obtaining security clearance where appropriate). • Mandatory security training implemented for all UK employees. • Business continuity plan developed and communicated to all UK employees. • Card security system now implemented in our London head office.	▼	Risk has reduced due to mitigation actions taken.

PRINCIPAL RISK	MITIGATING ACTIONS	RISK MOVEMENT SINCE 2022	EXPLANATION
Reputation The Group's brand and name have value and recognition and help win clients. The M&C Saatchi name is well known, and our actions may be subject to public scrutiny which is disproportionate to the size of the Group.	• Careful management of talent's activities within the Talent group to ensure that they do not damage their own or the Company's reputation. This is achieved by providing comprehensive upfront guidance, monitoring social media posts and as a last resort, if problems cannot be resolved, terminating relationships. • Protocol in place for responding to media enquiries, reflecting the need for client confidentiality. • Use of a whistleblowing tool (Vault) to allow employees to report any form of misconduct in the workplace. • Mandatory training for all UK employees on data protection, security and compliance, which will be rolled out to overseas offices. • Strengthening of corporate governance and the Group's legal function. • Standardising policies and procedures around the world. • Using a strategic financial and corporate communications advisory firm, Headland Consultancy.	◀▶	Risk similar to last year.
Global footprint Risks arising from operating in certain geographic regions which potentially endanger our employees or restrict our ability to trade. Security challenges such as bribery, corruption, terrorism and political activism are risks due to our size and our geographic spread.	• Investing in technology to allow us to work remotely from higher-risk regions. • Constant planning and review of project security, information and cyber-risk management protocols in higher-risk regions. • Continuing to review and update our business contingency plans. • Use of tax and legal advice in advance of entering new territories. • Using external security consultants to advise on higher-risk areas of the Group. • Avoiding certain pitches in higher-risk markets where an agency is not confident that bribery will not be involved.	▲	Risk has increased due to increased number of regions with geopolitical tensions.

ENGAGEMENT WITH STAKEHOLDERS

The Board's decisions are guided by what is most likely to promote the success of the Company in the long term through creating sustainable value for shareholders and contributing to wider society.

In order to run a successful business, it is essential that we speak to our investors, clients, suppliers and employees. We take time to engage with, and listen to, the views of our stakeholders to shape our decision-making and to continue to improve the operations of the Company.

EMPLOYEES

We acknowledge people are fundamental and core to our business and the delivery of our strategic ambitions. We refreshed our people strategy at the start of 2024, which now focuses on these three key areas:

- Democratising diversity, equity and inclusion – refocusing our diversity, equity and inclusion efforts to be more targeted and more scalable.
- Fuelling our global efficiency programme – supporting the transformation programme that is setting the Company up for its next chapter.
- Turbo-charging talent – evolving our talent attraction, movement, and growth interventions to support our business strategy.

How the Board Engaged in 2023

- Louise Jackson is the appointed Non-Executive Director responsible for workforce engagement.
- Relevant people data including the output of staff surveys are shared with the Board.
- Zillah Byng-Thorne, Executive Chair, travelled to the US, Australia, Singapore and Malaysia during the year as part of her engagement with the Group. In each of these markets, she participated in Q&A sessions with the local employees.
- In addition, the Executive Chair ran a programme of monthly and quarterly staff communications including an all-staff video, Snapshots, quarterly and, a monthly senior leadership briefing.

How the Group Engaged in 2023

- In 2023, we ran our second annual global employee engagement survey. The survey was completed by 76% of the Group's workforce (increased from 69% in 2022) and provides rich data on our strengths and opportunities, in relation to employee engagement. The survey results are accessible by both the Board and the leaders in each of our businesses and have led to appropriate action plans being created at both a global and individual company level.
- We launched a new Group-wide intranet platform, providing a single place for colleagues to access information and collaborate with one another.
- We launched new communications channels, including a monthly senior leadership update call, monthly all-employee blog and quarterly all-employee video update series.
- We continued our global mentoring programme, with a further 51 partnerships created. The scheme matches employees who are keen to progress with mentors in other parts of our global business who have relevant experience or skills to share.
- We created a community amongst our people managers by running our first ever global people manager development programme, bringing together 50 managers from across the global business.
- Our confidential whistleblowing tool is available to all employees globally, with the aim of embedding a culture where concerns can be raised freely. This led to three complaints being raised and thoroughly investigated. Two-way communication was enabled with the people raising the complaints, via the platform itself.

The global people strategy is complemented by local strategies that are specific to each region or company in the Group. These local strategies vary but typically have a focus on topics like talent attraction, employee wellbeing and training. It is also common for them to include important initiatives such as the creation and operation of employee-led networks, representing the views and needs of underrepresented groups. These networks are a critical part of shaping our culture, driving changes to policies and ways of working and curating learning events. The localised people strategies will also place an emphasis on employee communication – typically including email updates from leadership and town hall style briefings.

CLIENTS AND BUSINESS PARTNERSHIPS

We have a diverse client base across geography, sector and specialism. These include the world's leading commercial brands, new challenger brands, start-ups and departments across established democratic governments. Partnering with our clients to meet their needs is the core focus and is critical to the success of each of our businesses. Client teams also continue to engage with both their clients and the broader sector, in order to innovate and improve our products and services.

How the Board Engaged in 2023

- The Board is regularly briefed on key developments across the Group's specialisms, including the client pipeline as well as on new and existing client relationships.
- During the year, the Executive Chair met with intermediaries in both the UK and the US; while when in Malaysia, Singapore, Sydney and the US, the Executive Chair met with major clients and competitors to understand the wider market landscape and the key priorities for clients in the year ahead.

How the Group Engaged in 2023

- Implementing a customer relationship management tool globally to consolidate client engagement in one, integrated, real-time tool.
- Client satisfaction surveys to ensure we continue to meet client needs.
- Client networking events and outreach, led regionally to share thought leadership and best practice in each of our specialisms.
- Sharing new client wins and industry awards and events to drive engagement across the diverse range of our clients.

INVESTORS

The Board acknowledges the paramount significance of fostering open dialogue, transparency and equitable consideration for the Company's shareholders. The Executive Chair and Chief Financial Officer engage with shareholders regularly throughout the year.

How the Board Engaged in 2023

- The Executive Chair and Chief Financial Officer met with major shareholders in person or virtually following interim and full-year results announcements.
- As part of the Executive Chair's onboarding at the Company, she met with most of the top ten shareholders to gather their feedback around priorities. Key topics discussed in these meetings included business performance, the Company's capital allocation strategy, management capability and succession planning.
- The Company held a Capital Markets Day on 8 February 2023.
- The Directors attended the Annual General Meeting, which was an opportunity for all shareholders to meet the Board.
- Direct consultation with shareholders: The Chair of the Remuneration Committee engaged with the largest shareholders following the voting outcome at the Company's Annual General Meeting to gather views on key remuneration matters.
- The Board is available on an ad hoc basis if key shareholders want to discuss anything in relation to the Company.

How the Group Engaged in 2023

- Our Annual Report and Accounts are prepared each year to give shareholders details on the Company's strategy, the performance of the Group and the operation of the Board.
- We maintain an up-to-date website and use an investor relations advisory practice to facilitate clear and productive exchanges with shareholders.
- Key shareholders have access to ad hoc meetings with Executive Directors and other members of the senior leadership team.

SUPPLIERS

We have many suppliers throughout the Group and work with those that are relevant to enable us to provide services to our clients and to our Group, as necessary. Our expectation is that our suppliers match the Group's values and culture.

How the Board Engaged in 2023

- During 2023, we updated the Company's Schedule of Matters Reserved for the Board to ensure that any key high-value supplier contracts would be brought to the attention of and approved by the Board.

How the Group Engaged in 2023

- We are introducing a data management tool that will improve our ability to identify and address practices which are at odds with our values and culture, for example, corruption, bribery and modern slavery, and to help ensure our suppliers are committed to upholding ethical business approaches.
- We enter into contracts with suppliers to ensure their engagement on suitable terms.
- We appointed a professional procurement manager to assist with our management and relationship with suppliers going forward.

SECTION 172 STATEMENT

As a matter of good corporate governance and as Directors of the Company, we make this statement, as required by section 172 of the UK Companies Act 2006 and the Financial Reporting Council Corporate Governance Code 2018.

Each Director of the Company listed on pages 99 to 102 understands their duties and acts in a way that, in their judgement, promotes the success of the Company for the benefit of all stakeholders, with due regard for the varying interests of different stakeholder groups.

The duties of the Directors of the Company, separately and collectively, include a duty to identify and engage with identified stakeholder groups and ensure the interests of those groups are taken into account in decision-making. Decisions shall incorporate input from identified stakeholders and be taken with due regard and consideration for the likely impact on them.

The needs of our stakeholders and the consequences of any decision in the long term are taken into consideration by the Board when making decisions. The differing interests of stakeholders are considered in the business decisions we make across the Group and are reinforced by the Board.

Engagement with our stakeholders is detailed on pages 62 and 63 as well as in the corporate governance statement on page 97.

The principal long-term risks to the Group are set out on pages 57 to 61, together with the mitigating actions explained on those pages detailing how the Directors consider those risks and the resulting actions taken.

Set out below are examples of how the Board considered certain matters and reached decisions, demonstrating how they had regard for section 172 when discharging their decisions during the year.

In performing their duties during the year, the Directors have had regard for the matters set out in section 172(1) (a)–(f) of the Companies Act 2006 as set out below:

(a) the likely consequences of any decision in the long term;

(b) the interests of the Company's employees;

(c) the need to foster the Company's business relationships with suppliers, customers and others;

(d) the impact of the Company's operations on the community and the environment;

(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between shareholders of the Company.

DIVESTMENT OF ENTITIES THROUGH THE YEAR

Matters Discussed

The Board discussed proposed disposals of certain entities within the Group in line with its strategy to simplify its operating structure and improve efficiency across the Group. In 2023, the Group disposed of its shareholding in M&C Saatchi Spencer Hong Kong Limited, reduced its shareholding in M&C Saatchi AB and negotiated its disposal of M&C Saatchi Holdings Asia Pte. Limited, which completed in January 2024.

Section 172 Considerations

(a), (b), (c), (e) and (f).

How the Board Considered Section 172

For any disposals, the Board receives a paper assessing the impact of any disposal on the Group and is provided with the reasons for the disposal, for example, does it fit with the long-term strategy of the Company, whether it is loss-making and whether it is still financially justified. Any employee issues will be highlighted and considered.

Outcomes

Decisions were made not to pursue some divestments due in part to the impact on the employees and shareholders. However, the Group disposed of, and reduced its shareholding, in a number of entities across the group within Advertising and Consulting.

GLOBAL EFFICIENCY PROGRAMME

Matters Discussed

The Board discussed the global efficiency programme throughout the year to maintain oversight of the workstreams, ensure that the programme milestones were met and that the Group's operational performance was in line with the programme and cost savings were on target to be achieved.

Section 172 Considerations

(a), (b), (c), (d), (e) and (f).

How the Board Considered Section 172

The global efficiency programme is a recurring item on the Board agenda to ensure that the Board is regularly appraised on the progress of the programme. Consideration was given to the impact on employees, clients and suppliers of locating the relevant teams to different geographies. During these discussions, the consolidation and rationalisation of the Group's property portfolio was also discussed, the impact of these changes on the communities we operated in, our reputation in markets and the impact on clients and employees.

Outcomes

The decision was taken to create a new centre of excellence in South Africa and to further strengthen our presence in India. In addition to this, we moved our office in New York to a cheaper and more modern environment. It was also decided that, rather than look to move offices in Sydney and London, the Group would seek to sublet some of the excess space in these offices. See pages 18, 24 and 25 for further detail on the global efficiency programme.

REVIEW OF STRATEGY

Matters Discussed

The Board undertakes reviews of the Company's strategy and is actively involved in reviewing and approving changes which ultimately drive the future of the business.

Section 172 Considerations

(a), (b), (c), (e) and (f).

How the Board Considered Section 172

In discussing the strategy, the Board received a series of papers throughout the year. These included updates on external market changes and the wider environment. Consideration was given to the need to evolve the way that the business worked with its clients and suppliers in a changing marketplace. Discussion was also had on how best to retain employees as the business executed on its strategy.

Outcomes

As a result of the strategy conversations, a new communications strategy evolved with the aim of raising the awareness of the M&C Saatchi brand. The new operating model was also approved as part of the strategic conversations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

(Please see pages 134 and 135 for the SECR Report)

In 2022, we made 12 commitments: six related to planet and six related to people. They covered both the way we work operationally and the work we do for our clients. We have since realised that our planet and people commitments are inextricably interlinked. Although we have retained the content of our commitments, we have restructured them to better reflect our shared planet and people goals in a data-driven way, as well as adding one new commitment that we believe is essential to delivering on the spirit of our other commitments.

What has changed:

2022 commitment wording	New commitment wording
• Build climate-literate teams. • Grow the % of revenue from planet-positive campaigns year-on-year. • Review the environmental approach of potential new clients. • Train our teams to champion DE&I and embed "conscious creativity". • Offer people and funding to organisations that have a positive impact. • Collaborate with key partners to create campaigns that support our people and planet ambitions.	• Build climate and DE&I-literate teams. • Drive alignment with our planet and people goals across our supply chains. • Grow the % of overall revenue from planet and people-positive campaigns year-on-year. • Review potential new clients based on their impact on planet and people. • Offer time and funding to organisations that have a positive impact on planet and people.

We have also updated the wording of commitment 3 since last year to the following (see page 68 to learn why):

- Set an internal price on carbon and offset remaining emissions from our own operations by 2025 and across our value chain by 2030.

This year, we are reporting against the revised commitments. Recognising the power of our business to ignite change across a range of different areas, we have mapped our approach against the UN Sustainable Development Goals (SDGs) – the world's blueprint for sustainable development. We are moving towards more integrated reporting globally. We are aware that some parts of our business are further ahead in some commitments than others, and there will always be local legal and practical nuances that mean we will never have a fully standardised approach across the globe to all issues. However, we will continue to drive consistency and improve our approach over time, in particular, improving how we are able to measure and demonstrate progress.

Planet	People
The way we work 1. Set a net-zero target, in line with the SBTi Net-Zero Standard. 2. Reduce our Scope 1, 2 and 3 emissions by 50% by 2030. 3. Set an internal price on carbon and offset remaining emissions from our own operations by 2025 and across our value chain by 2030.	**The way we work** 4. Evolve how we recruit, develop and reward our people to address under-representation. 5. Create an inclusive experience where all can flourish, perform and belong. 6. Inspire and support people from under-represented groups to start careers in the industry.

Planet and people
The work we do 7. Build climate and DE&I-literate teams. 8. Drive alignment with our planet and people goals across our supply chains. 9. Grow the % of overall revenue from planet and people-positive campaigns year-on-year. 10. Review potential new clients based on their impact on planet and people. 11. Offer time and funding to organisations that have a positive impact on planet and people.

COMMITMENT 1: SETTING A NET-ZERO TARGET WITH THE SCIENCE BASED TARGETS INITIATIVE (SBTI)

In December 2022, our near-term science-based target was validated by the Science Based Targets initiative. The Science Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science. It is focused on accelerating companies across the world to halve emissions before 2030 and achieve net-zero emissions before 2050.

We have therefore committed to reducing both our absolute Scope 1 and 2 greenhouse gas (GHG) emissions 50% by 2030 from a 2019 base year, and absolute Scope 3 GHG emissions from purchased goods and services and business travel by 50% within the same time frame.

We are now working on developing a net-zero target that we aim to have validated by the SBTi within the next 12 months.

COMMITMENT 2: REDUCE OUR SCOPE 1, 2 AND 3 EMISSIONS BY 50% BY 2030 (COMPARED TO 2019 BASELINE)

A note on our emissions: Given that we undertook some disposals during 2023, we have calculated our emissions using the business footprint and headcount as of 30 September 2023, the date which we considered most representative of our business footprint during 2023. We have therefore used full-year data for all entities that were part of our business on that date.

Scope 1 and Scope 2 – Global Data Summary

Environmental KPIs	Units	2019	2020	2021	2022	2023
Energy consumption (MWh)	MWh	4,597	3,378	3,160	3,256	3,212
Natural gas	MWh	667	399	402	525	384
Other fuels	MWh	263	170	220	123	409
Purchased electricity	MWh	3,667	2,809	2,537	2,608	2,419
Of which renewables	%	34%	31%	38%	35%	40%
Greenhouse gas emissions (location-based)	tCO_2e	1,955	1,497	1,286	1,374	1,331
Scope 1	tCO_2e	184	116	125	131	164
Scope 2	tCO_2e	1,771	1,381	1,162	1,243	1,167
Greenhouse gas emissions (market-based)	tCO_2e	1,697	1,339	1,111	1,199	1,106
Scope 1	tCO_2e	184	116	125	131	164
Scope 2	tCO_2e	1,514	1,223	987	1,068	943
Scope 1 and 2 tracking against SBT (% reduction from base year)	%	0%	21%	35%	29%	35%
Total Scope 3 emissions	tCO_2e	33,463	–	–	–	37,356
Scope 3 tracking against SBT (% reduction from base year)	%	0%	–	–	–	12% increase

Scope 1 and 2 Emissions

In 2023 our Scope 1 emissions were 164 tCO_2e, and market-based Scope 2 emissions were 943 tCO_2e. This is in line with our science-based target.

Methodology: The GHG Protocol Corporate Accounting and Reporting Standard was used to calculate our emissions. Consumption data was converted to GHG emissions using 2023 BEIS emissions factors and 2023 IEA emissions factors for non-UK grid electricity. Where primary consumption data could not be retrieved from certain entities, we chose to either input last years' data where applicable or make estimates based on headcount and floorspace data. Emissions reported above are calculated using both the location-based and market-based methods, using an operational control boundary.

In our 2022 Annual Report and Accounts, we reported that our Australia offices would be purchasing renewable energy from 2023 onwards. We have since discovered that this was a misunderstanding based on a misreading of information from their energy supplier. Our Australia office has budgeted for renewable energy for 2024.

In 2024, we expect our emissions to further reduce as a result of consolidation of our offices globally. We are also exploring opportunities to purchase more renewable energy as electricity contracts come up for renewal.

Scope 3 Emissions

2023 is the first time we have measured all our material Scope 3 emissions, since undertaking our 2019 baseline analysis for our science-based target submission with the SBTi, and is a major focus for us going forward. The majority of our Scope 3 emissions are in purchased goods and services (see below), business travel (see below) and commuting and teleworking (1,245 tCO_2e).

The method for calculating our Scope 3 emissions aligned with the GHG Protocol Scope 3 Standard. For category 1: purchased goods and services, a spend-based approach was used. For air travel, Defra emissions factors were used against individual flight data.

Business Travel

Despite implementing a new Business Travel Policy with air travel as a last resort in September 2023, our air travel emissions have increased considerably and we have not met our target for our emissions reductions requirements for 2023. In 2023, our air travel emissions were 4,363.3 tCO_2e. This is partly due to growth in those parts of our business where we have to travel to deliver against client requirements (e.g. Sport & Entertainment and Global & Social Issues). We are undertaking further analysis of why this is, and how we can better address the issue. In the meantime, we will increase our purchase of SAF certificates (Sustainable Aviation Fuel certificates) as part of our offsetting programme under commitment 3 (see below), as well as create an internal price on carbon to help drive behaviour change.

Purchased Goods and Services

This year, we have commenced annual measurement of our purchased goods and services footprint. Our emissions from purchased goods and services (regular spend) are 6,207 tCO_2e and from purchased goods and services (media spend) are 24,295 tCO_2e. Since our baseline analysis for 2019, we have improved our data collection coverage and approach to estimating this category of emissions, so comparisons to previous estimates cannot be made. As you will read on pages 75 and 76, our sustainable supply chain management programme is now underway, and we look forward to publishing the first results of this work in our 2024 report. Accounting for activity-related (versus spend-related) emissions from media spend is an industry-wide issue. The GARM project (Global Alliance for Responsible Media) at the World Federation of Advertisers is due to release industry guidance to help address this issue in 2024, which we hope to adopt.

Associates (franchises and investments under the GHG Protocol)

To ensure that we are able to measure emissions and encourage sustainable behaviours from our associate businesses, we have developed an ESG Policy and Code of Conduct for Licensees and built it into our contracting process for our associate businesses.

COMMITMENT 3: SET AN INTERNAL PRICE ON CARBON AND OFFSET REMAINING EMISSIONS FROM OUR OWN OPERATIONS BY 2025 AND ACROSS OUR VALUE CHAIN BY 2030

Reflecting New Greenwashing Guidance

In light of updated greenwashing guidance from the Advertising Standards Authority related to terms such as "carbon neutral", we have reworded our planet commitment 3 to focus on the actions we are taking to reduce our emissions:

Old wording

- Be carbon neutral across our own operations by 2025 and across our value chain by 2030.

New wording

- Set an internal price on carbon and offset remaining emissions from our own operations by 2025 and across our value chain by 2030.

We are currently working on our strategy to introduce an internal price on carbon to deal with our most material emissions, which we aim to report on in 2024.

Our Approach to Offsetting in 2023

We promised to offset our 2022 Scope 1 and 2 footprint through purchasing Gold Standard verified removals offsets in 2023. Responding to news coverage over the efficacy of offsets, we switched to a portfolio approach for addressing our 2022 emissions. Our 2022 portfolio addresses emissions closer to their source (business travel and renewable energy) and enables greater scrutiny of their impacts. We have based our approach on the cost of purchasing Gold Standard removals offsets (US$52 per tCO_2e and exchange rates of 31 March 2023).

In 2023, our portfolio included:

- Purchasing accredited Scope 3 Sustainable Aviation Fuel (SAF) certificates (which reduce rather than offset the release of GHG emissions on a lifecycle basis).
- Becoming a member of a co-operative that part-owns a solar power project with additional biodiversity benefits for the lifetime of the solar farm.
- Purchasing forest protection offsets with additional biodiversity benefits to match our 2022 footprint.

We have also continued to offset dispatch and ground transport emissions booked through our central travel service through a World Land Trust verified carbon offsetting project that has additional biodiversity benefits. We have selected the World Land Trust based on their in-depth responses to the three key controversial issues raised in the press which appear transparent and outline the measures they have in place to minimise the risk of these issues occurring in their projects. We will continue to scrutinise this area and look forward to more objective global guidance being released in regard to this sector.

Why is SAF Important?

Our Scope 3 emissions associated with flying are a sustainability challenge. While we have commitments to reduce the amount we fly, some air travel associated with our work is unavoidable, and the only available solution for cutting emissions from long-haul travel is through the use of Sustainable Aviation Fuel (SAF) certificates. These are certificates for lower carbon fuels.

The SAF certificates relate to auditable Scope 3 emissions reductions claims. However, SAF currently cannot be used to account for reductions in corporate Scope 3 category 6 emissions, as no clear methodology exists under the Greenhouse Gas Protocol. While the SAF these reductions relate to will not be used in the exact aircraft we fly in, it has displaced the same volume of fossil fuel that an aircraft would normally run on. SAF reduces emissions on a lifecycle basis compared to fossil fuel, using waste or renewable feedstocks.

The SAF that is currently available on the market is a "transition fuel". We look forward to more scalable feedstocks becoming available in the coming years. Our suppliers guarantee that the feedstock does not include palm oil and PFAD, and they provide written evidence that the feedstock is certified against either ISCC or RSB Certification criteria and meets all specifications and requirements set in EU RED II Annex IX.

The SAF certificates we have purchased are equivalent to an estimated 25 metric tonnes CO_2e emissions reductions claims for the reporting year.

At the same time, we are playing a role in the decarbonisation of this hard to abate sector, by sharing our knowledge of the SAF sector with our peers through formal and informal events and conversations.

Solar Farms and Offsetting

We have become a member of a co-operative that part-owns a solar power project at Derril Water for the lifetime of the solar farm. In doing this, we have:

- Ensured any credits associated with the electricity produced by our share are retired separately and not available for purchase on the REGO market (to ensure that they provide a degree of additionality to the grid).
- Chosen a partner that creates additional biodiversity benefits on the solar farm site.

Instead of purchasing carbon removals forest offsets, we switched to forest protection offsets to match our 2022 footprint. Reflecting how we have offset dispatch and ground transport emissions we have selected the World Land Trust based on their in-depth responses to the key controversial issues raised in the press.

COMMITMENT 4: EVOLVE HOW WE RECRUIT, DEVELOP AND REWARD OUR PEOPLE TO ADDRESS UNDER-REPRESENTATION

Addressing under-representation within our overall workforce, and most acutely amongst our leadership positions, is a critical cornerstone of creating a diverse and inclusive culture. It also links to SASB advertising and marketing material issue "Employee engagement, diversity and inclusion". Moving forward we aim to share aggregated data (where measured) on:

- The increase in representation of under-represented groups across the Group.
- The increase in representation of under-represented groups across senior leadership.

Note that in this report (and in the 2022 report) we tend to refer to our locations where we employ most people, but we plan in future to share examples from a wider range of our businesses.

Recruitment

We continued advertising vacancies openly across our UK, Australian and South African businesses, providing colleagues with the opportunity to pursue varied career routes across our different companies.

In the UK, we also continued mandating diverse candidate shortlists for all senior vacancies to help achieve better diversity in our leadership positions in the longer term.

Development

In 2023, we launched our second global mentoring programme. Continuing the success from our pilot, the programme enabled 51 people from across our businesses to be paired with an experienced mentor, usually from another company and country within the Group. This year, we wanted to target female under-represented talent, and now 73% of mentees are female. The scheme does not specifically focus on discussing challenges associated with under-represented talent, however, we have found that many of the participants request support with issues particular to under-represented groups (e.g. female working parents).

In March 2023, we launched our first ever global manager development programme, aimed at equipping managers with the necessary skills to lead in today's context. Sixty-seven percent of the participants are female, supporting our desire to invest in the progression of women into leadership roles and create equal representation. The programme teaches all participants how to lead teams in an inclusive way, further benefitting the overall experience of our teams. We plan to develop the programme's content and make it accessible to all people managers globally.

As a response to our 2023 engagement survey, we delivered two training sessions for people managers globally, on subjects that surfaced as priority areas for improvement, such as giving feedback and empowerment. All people managers were invited to these sessions to develop confidence in empowering their teams and giving both positive and developmental feedback. We will plan to deliver similar sessions on the back of the results of the 2024 engagement survey.

In the UK, we launched the pilot of a revised performance management process, with toolkits and training to support both people managers and employees, to help them feel equipped to have meaningful performance conversations. The four-stage performance cycle, called "Conversations that Count", guides all employees through four important conversations that are essential to their performance, career development and wellbeing. The pilot saw four of our agencies launch the process, with over 40 hours of training delivered to employees. In 2024, we are rolling this out to all staff.

In the UK, we rolled out a series of behavioural and wellbeing focused training, available to all employees. Each month, all employees can access training on developing themselves and building confidence around subjects, including dealing with imposter syndrome, being more self-aware, and learning to communicate better. In 2024, we have 12 more sessions planned to cover more subjects, with the addition of more skills-based training, for example, influencing skills, negotiation, and presentation skills.

In Australia, we launched a manager training programme led by internal leaders. The first module is on recruitment and onboarding aimed at upskilling mid-level managers on removing bias from our hiring process and delivering a best-in-class onboarding experience. The eight-module programme aims to arm our managers with policies and processes that reinforce our expected behaviours and values.

Reward

To help us attract and retain working parents and foster a more inclusive culture, our UK businesses launched new family-friendly policies in July 2023. These policies include:

- Enhanced paid family leave, with reduced eligibility requirements.
- Enhanced shared parental leave package, to allow employees greater choice around how childcare in the first year is organised.
- Support for those embarking on fertility treatment, with an interest-free loan and up to five days' paid leave per fertility cycle each year.

In Australia, we:

- Continued to support both parents of newborns with a gender neutral policy of 12 weeks' paid leave for both primary and secondary carers.

- Launched, and are trialling, a new policy which entitles employees who fully utilise their annual accrued leave to unlock additional days.

In South Africa our businesses support parents with:

- Four months' fully paid parental leave for the primary care giver in the family (gender neutral).
- A new shortened workday during a parent's first month back at work.
- A new programme where returning parents are paired up with another working parent to access support and advice as they find their feet in the first month back at work.

Diversity Data

In mid-2023, we ran our second global employee engagement survey "The Loop", inviting all employees to share their experiences of working in the Group. The survey gives employees in four of our key regions the ability to disclose demographic data relating to their identity. Though it was voluntary, over 80% of those who completed the survey opted to share those details. This provides us with data with which to measure and monitor representation at different levels of seniority over time.

In The Loop survey of June 2023, the UK workforce included 59% under-represented gender identities (including women, non-binary and prefer to self-describe) and 20% of employees from under-represented ethnicities (compared to 23% in the 2023 IPA Agency Census). In January 2023, we also reviewed our UK leadership team data, which consisted of 40% female employees and 16% under-represented ethnicities.

UK Gender Pay Gap

Our UK gender pay gap for 2023 mean average shows a moderate improvement, and the median has worsened slightly. This year, we have made our reporting more inclusive by including under-represented gender identities alongside women, including non-binary and those identifying as women.

Our data snapshot on 5 April 2023 showed:

- A gender pay gap of 26.1% (2022: 26.4%) based on mean pay gap figures which indicate the difference between the average hourly rates of male and under-represented gender identities pay.
- A gender pay gap of 20.0% (2022: 19.5%) based on median pay gap figures which indicate the difference between the midpoints in the range of male and under-represented gender identities hourly pay.
- A 6% increase in the proportion of women and under-represented gender identities in the upper quartile.
- A 5% increase in the proportion of women in the lower-mid quartile.

Our gender pay gap reports are available on our website (www.mcsaatchi.london).

Leadership in Australia

In Australia, we have purposefully restructured the Exco throughout this year, to ensure it is now gender equitable with 50:50 gender representation.

Diversity in South Africa

In South Africa, our workforce profile is in line with government targets, focusing on under-represented groups.

Our performance against those gender and ethnicity targets is as follows:

- Target = 60% female; Actual = 62% female.
- Target = 60% Black; Actual = 70% Black.

Our South African businesses are also Level 1 B-BBEE (Broad-Based Black Economic Empowerment) certified across the group of companies. This is the highest level of attainment.

The success of our DE&I efforts has been evident in M&C Saatchi Abel keeping a B-BBEE Level 1 position for over nine years.

Our Board

There have been a number of changes to our Board since our last report. See pages 99 to 102 for Board details.

COMMITMENT 5: CREATE AN INCLUSIVE EXPERIENCE WHERE ALL CAN FLOURISH, PERFORM AND BELONG

Our employee-led networks (ELNs) have proven to be increasingly influential in the development of our policies and culture and have been set up in our major business locations. Each network runs regular, well-attended events and programmes:

UK

The Heritage Network (representing Black, Asian and minority ethnic communities) delivered:

- A Black History Month exhibition "Black & Bold", in partnership with Harrods Racial, Equality and Diversity network.
- An Eid exhibition at our London head office, exhibiting Muslim artists.

The Family Network (representing parents and carers) delivered:

- The annual family morning during October half-term with over 60 children attending.
- A returners' workshop for primary carers.
- Collaboration with HR on a new parental leave policy which launched in July 2023.

The Proud Network (representing the LGBTQ+ community) championed:

- LGBTQ+ History Month: online talk from Alexis Caught.
- Trans Awareness Week events/panels.
- Awareness and fundraising for World Aids Day.

The Together Network (representing those with mental health and accessibility issues) delivered:

- A partnership with Self-Space providing access to group therapy sessions for colleagues.
- Mental health first aiders, to support the employee group.
- Fitness classes via Third Space.

The Juniors Network (representing those starting out in their careers) ran:

- Multiple social events throughout the year to foster community and support for early-stage creatives.

The Enable Network

In 2023, the UK launched the Enable Network (a new ELN), which aims to increase inclusivity of those with neurodiversity or disability. This network ran its inaugural event – a well-received ADHD Awareness Workshop.

SOUTH AFRICA

We support the holistic health of our people at work through our Thrive mental and physical wellbeing programme. This includes:

- Automatic staff access to Discovery's Healthy Company programme, which helps drive mental, emotional, physical and financial wellness. This includes eight one-on-one sessions (per presenting issue) with psychologists and trained mental health professionals when needed.
- An array of initiatives to support our people's physical wellbeing, including yoga on the roof, run club, football squad and nutritional advice, as well as breathwork sessions to improve mental wellbeing.

AUSTRALIA

Our Australia/New Zealand businesses have an expanding range of ELNs to support and engage their people.

Femme&C was set up to champion women and to create a practical suite of tools to support thought and action in both their personal and professional lives. As well as running events, the ELN has also helped inform a number of leave-related initiatives, including: equal and gender-neutral paid parental leave, adoption and fostering leave, personal and carer's leave, special compassionate leave for miscarriage and stillbirth, and perimenopause/ menopause leave.

Queer&Proud (LGBTQIA+ ELN) were heavily involved in Sydney WorldPride. They are now working on activating other key moments in the queer calendar.

Parents @ M&C Saatchi have run a range of initiatives including:

- World Infant, Child and Adolescent Mental Health Chat with Dr Nicole Wheeler, exploring common signs that indicate if children need support and why they might be struggling.
- A Mothers' Day event.
- A parknic/cafenic for parents and their children.
- Sharing tips and information about issues that affect families and parents.

The Wellbeing ELN has been launched to explore a range of wellbeing issues. So far they have introduced:

- Sun-safe skin checks.
- Confidential managing of mental health support sessions for managers.
- Free flu vaccinations.
- Outdoor meetings, including the "Botanical Gardens Loop", which has been added to Google Calendar to book meetings or chats.
- LADS ON TOUR, to support Men's Health Week in a healthy environment.

- Men's mental health speaker sessions, with representatives from RUOK?, and an internal "recovering business email addict".

Australia has also launched a new BIPOC ELN (to represent Black, Indigenous and People of Colour communities) as well as a Climate Action ELN to help inspire better practices and drive meaningful change.

Training

In the UK we organised:

- A mandatory learning programme on inclusive leadership for all UK Chief Executive Officers and some other senior leaders. This included a core learning programme, one-to-one coaching, and most recently a 360-feedback report that focused entirely on inclusive leadership behaviours.
- A partnership with Fearless Futures to pilot conscious inclusion training for employees. As a result of our 2022 pilot, we rolled this out further in 2023, and new joiners and hiring managers across the business completed the training. In 2024, we will continue to train new joiners and open up training opportunities for employees and managers.

In Australia, we continue to ensure that unconscious bias training is mandatory as part of onboarding, as is the induction to our six ELNs.

In order to measure the overall effectiveness of our initiatives to help create an inclusive experience, in 2024 we will be measuring:

- The decrease in the gap between engagement and inclusion amongst under-represented groups and well-represented groups, using data from our employee engagement survey (The Loop).
- The increase in the percentage of SLT who meet or exceed The Loop benchmark for inclusive leadership.

COMMITMENT 6: INSPIRE AND SUPPORT PEOPLE FROM UNDER-REPRESENTED GROUPS TO START CAREERS IN THE INDUSTRY

M&C Saatchi Open House is a free eight-week online training programme open to anyone who wants to learn more about our industry. Its mission is to help remove barriers for anyone starting, shifting or returning to a career who does not have the support, connections or access to do so. Weekly seminars, where speakers from across the Group share their knowledge and experience, are open to all. Participants have the opportunity to apply what they have learnt on a live brief, receive a CPD accredited certificate and apply to be considered for a future role with the Group. Since its launch in 2020, Open House has reached 6,322 people, aged 16–60, in 101 countries, with M&C Saatchi employees from the UK, the US and Australia/New Zealand delivering sessions. Our 2023 Open House programme was the biggest to date. So far, we have made 20 permanent hires, plus four apprenticeships and nine internships.

In the UK, the diversity data for the programme has been outstanding, with 73% female, 40% from ethnic minority backgrounds, 23% from the LGBTQIA+ community, 17% identifying as a person with a disability, 1% identifying as transgender/gender diverse or as someone with a trans history, and 52% with parents who did not attend university.

Open House Australia

Our 2023 Australian Open House programme had around 500 participants registering for weekly sessions. Of the people who completed our voluntary DE&I survey as part of the sign-up, we saw a big increase in diversity in comparison to what we normally experience through our more regular day-to-day recruitment processes.

In summary:

- 27% of our applicants were older than the average industry age of 34 years.
- 2.6% were First Nations people.
- 77% identified as an ethnicity that did not include "Australian".
- 9% identified as having a visible or non-visible disability.
- 21% identified with an under-represented sexual orientation.

At the completion of the course in November, we selected eight interns for the two-month paid internship. They were placed across the different divisions within the Group. Seven of these interns have already been placed into permanent positions. These are people we do not believe we would have found otherwise.

Carbon Academy

In 2022, we ran a Carbon Academy in collaboration with the University of Greenwich, aiming to help address the gender imbalance in creative roles. In 2023, we created an Alumnae group on LinkedIn to collaborate as a creative community of mentors and mentees, sharing opportunities such as the "Art for Change" prize.

University of Greenwich Degree

As a natural evolution of the Carbon Academy collaboration, we co-designed a Creative Advertising and Art Direction BA (Hons) degree which launched in September 2022. The modules we helped develop were:

- Year 2 Ideas Lab 2023, where students come into the agency in three-hour four-weekly rotations to experience life in the industry and are mentored by creatives on a client and D&AD brief. One creative team will be offered a one-month paid summer placement in summer 2024.
- Year 3 Black Book 2024, taught in the studios at Greenwich, with guest appearances by an extended creative team of industry professional contacts.

Following the ongoing success of these initiatives, in 2024, we are introducing new metrics for measuring the related social impact. Going forward, our measures will be:

- Increase in number of Open House registrations from under-represented groups.
- Increase in the number of people from under-represented groups finding roles in the industry after the completion of Open House.

Commitments 7–11: Creating the future we want to see through advertising and communications

We want to be part of growing a future we all want to live in, not just for moral and ethical reasons, but also because history tells us that businesses that drop behind the curve will struggle the most to catch up. By far the biggest impact we have as an industry is in the work we do for our clients and the impact of our work in driving sales of the goods and services they produce. However, the industry has not yet developed a set of associated standards for our sector to apply to our work. We are using our voice at the Institute for Practitioners in Advertising and the Advertising Association to advocate for a consistent and meaningful approach to this issue.

In the meantime (see commitment 9 below), we have introduced a requirement for our businesses to measure the percentage of revenue they generate from planet-positive and people-positive campaigns, with associated growth targets. We are measuring this through our finance system. The commitments below are part of our contribution towards creating the future we all want to live in.

COMMITMENT 7: BUILDING CLIMATE AND DE&I-LITERATE TEAMS

Marketing and communications professionals can only step up to meet the demands of the transition to a planet and people-positive future if they have the relevant tools and knowledge. This also links to SASB advertising and marketing material issue "selling practices and product labelling". As a global business, with challenges that vary across countries and regions, we are seeking to do this in a way that is responsible and authentic.

In 2022, we purchased two leading on-demand self-directed learning packages for our teams across the globe: #changethebrief training from Purpose Disruptors and Ad Net Zero Essentials Certificate training. In 2023, we also undertook work with external partners to unearth what conscious creativity means to internal teams globally and help us understand the opportunities and challenges for producing people-positive work for clients, with the initial aim of undertaking standardised training across the business.

However, engagement in standardised training has been mixed across our business. We have started changing our approach to building climate and DE&I-literate teams, with teams encouraged and supported to up-skill in a variety of ways, including:

- Provision of formal training packages on request.
- Group-wide "growth sessions" on key issues such as greenwashing and DE&I.

- Specific "growth sessions" (e.g. greenwashing versus great work) for key teams and locations.
- Specific country-related initiatives (e.g. we have signed up to the Mayor of London's Design Lab programme, which involves designing solutions to help employers tackle under-representation in the city and build more inclusive communities).
- Encouraging our businesses and teams to set sustainability-related KPIs for their people.
- Inviting our people to join our planet-and-people employee-led networks (ELNs) in person and on our internal engagement platform (Huddle).
- Opening up our Global Sustainability Taskforce to a wider group of participants.
- Encouraging sharing of projects and ideas.
- Regular colleague communications related to key things our teams and their clients need to know about sustainability and DE&I.

In 2024, we will continue to adapt and refine our approach. We acknowledge it is harder to track engagement with these programmes but hope to improve our understanding of their effects over time. We will be measuring:

- Instances of training delivered (and to whom), on how to deliver our people and planet commitments with confidence.
- Maintain zero substantiated external accusations of greenwashing and diversity-washing.

We also hope to introduce:

- An NPS score for training events, based around confidence in delivering people and planet campaigns.
- A question on The Loop (our employee engagement survey) related to confidence in delivering people and planet work.

COMMITMENT 8: DRIVE ALIGNMENT WITH OUR PLANET AND PEOPLE GOALS ACROSS OUR SUPPLY CHAINS

We know that the majority of our impacts are in our value chain. While we already had good practice in a number of areas of purchasing (e.g. in direct food and service suppliers to our London office), in 2023 we undertook work to start getting our formal sustainable supply chain programme underway. In 2023, we:

- Procured an ESG data management system to help us contact suppliers and request, assess and measure their performance against a range of ESG metrics.
- Tested the data management system by sending out questionnaires to 250 suppliers of different types and sizes, to develop and resolve learnings ahead of rolling out the initiative.
- Finalised a new global Supplier Code of Conduct.
- Built ESG requirements into our RFPs with strategic suppliers.
- Began building ESG requirements as a key pillar of major organisational change programmes.

In 2024, we will:

- Implement new processes to ensure all new suppliers sign our Supplier Code of Conduct.
- Identify our highest-risk suppliers across key metrics (modern slavery risk, environmental impacts, DE&I risk) and develop an action plan to address those risks.
- Identify procurement areas where we can adopt a "sustainability first" approach to suppliers and develop and implement an approved suppliers policy to support this.
- Set targets for specific metrics on a supplier category basis, starting where we have most control and impact. Targets we are considering include: % of large suppliers with their own

science-based targets, % of suppliers that use renewable energy, % of suppliers that audit their own suppliers for modern slavery and health and safety issues, and number of suppliers that are led by under-represented groups.

We are also considering a measure of % of suppliers that have an approach to DE&I that we consider appropriate (exact measure to be defined in 2024).

Our Supplier Code of Conduct covers:

- Environmental impacts, including water, waste, chemicals, biodiversity and GHG emissions, with a clear roadmap for introduction of science-based targets and reporting across all material Scope 1, 2 and 3 emissions (sole traders and micro-businesses are excluded from the roadmap commitment).
- Human rights issues, including modern slavery, forced labour, human trafficking, retention of passports, debt bondage and child labour (this does not include child work) as per international labour standards.
- Supply of conflict minerals.
- A safe working environment for all workers and subcontractors that is free of harassment and includes the right to collective bargaining.
- Minimum wages and working conditions, including fair treatment and freedom from discrimination for all workers and subcontractors.
- Whistleblowing.
- Business ethics and sound governance, including corruption, conflicts of interest and privacy.
- Effective remediation for victims of violations of the code.
- Training of employees to understand and deliver against our code.
- A supplier commitment to use their best efforts to implement these standards within their own supply chains.
- A commitment from us to support suppliers in their efforts to comply with our code.

Some of our clients are beginning to ask us for activity-based data related to our work for them. Impacts in our supply chain are a key part of this. We anticipate this requirement growing over time.

In 2024, we will report against the following key metrics:

- % of supply chain signed up to our Code of Conduct.
- % of supply chain responding to our supplier questionnaire.

COMMITMENT 9: GROW THE % OF OVERALL REVENUE FROM PLANET AND PEOPLE-POSITIVE CAMPAIGNS YEAR-ON-YEAR

We are defining our planet and people-positive campaigns separately. Due to the nature of some of our businesses and the work we do, we have historically produced more people-positive than planet-positive campaigns. We are therefore introducing the following measurement metrics:

- % difference in overall revenue from planet-positive campaigns year-on-year,
- % difference in overall revenue from people-positive campaigns year-on-year.

While we are planning for both planet and people-positive campaigns to form a larger part of our work over time, we are also aiming to elevate the status and number of planet-positive campaigns across our business so they are at parity with our people-positive campaigns.

PLANET-POSITIVE CAMPAIGNS – OUR DEFINITION

A planet-positive campaign is one that furthers the wellbeing of the natural environment while promoting social, economic and environmental sustainability. It furthers at least one of the aims of the environmental Sustainable Development Goals (SDGs numbers 7, 12 and 13). It should avoid unintended consequences that materially affect any of the other SDGs and promote a positive impact on society.

For a campaign to be defined as planet-positive, it must be able to demonstrate a provable reduction of negative impacts versus the market or previous iterations of a product or service or way of usage, for example:

- **Product/service:** Less plastic in packaging, reduced water usage, shift to electric (versus petrol), circular production techniques, lower-impact ingredients (e.g. plant-based food). Note: the enhanced environmental credentials of the product or service do not need to be the focus of the communication.
- **Behaviour:** The campaign promotes behaviours which reduce the environmental impact of how we live (e.g. recycling, frequency of travel, mode of travel, water usage, plant-based eating, use of renewables, etc.).

PEOPLE-POSITIVE CAMPAIGNS – OUR DEFINITION

Does this campaign improve people's lives? A people-positive campaign is one that furthers the wellbeing of individuals and communities, while promoting social, economic, and/or environmental sustainability. These campaigns further at least one of the aims of the Sustainable Development Goals (SDGs) through diversity, equity, and inclusion. It should avoid unintended consequences that materially affect any of the other SDGs and promote a positive impact on society.

What is included:

- Campaigns, activities, and parts of campaign executions that are clearly designed to address a need aligned with at least one SDG, that achieve clear and measurable people-related outcomes. They should have a clear and positive impact on society, such as supporting organisations, non-profits or social impact organisations that align with our own values or promoting inclusive and/or sustainable behaviour amongst citizens and customers.

What is definitely not included:

- Rebrands that have no specific campaign activations (unless the client measures engagement uplift as a result).
- Campaigns that have a negative consequence (even if unintended) that affect the delivery of other SDGs (e.g. a campaign that aims to promote economic development and decent jobs (Goal 8) in the oil and gas sector would not be considered people-positive because development of coal plants is not consistent with Goal 7 and Goal 13).
- Campaigns that may be exclusionary or insensitive to the needs of under-represented groups or perpetuates harmful stereotypes.
- Campaigns which primarily have a planet-positive impact (these will be included under planet-positive campaigns).

We acknowledge that our definitions of planet and people-positive campaigns are not scientific and, so far, we only have six months' worth of data. We are therefore using this six-month review opportunity to help us to understand our baseline and also to confirm the accuracy and methodology used by teams when they include the planet or people-positive campaigns tag in their financial reporting. We look forward to reporting a full-year baseline in our 2024 report.

In 2022, we promised to deliver a carbon-neutral campaign in 2023. However, regulatory bodies are increasingly critical of undefined terms such as carbon neutral. While we aim for all our productions to be as low carbon as possible, we no longer feel the "carbon neutral" terminology is appropriate.

COMMITMENT 10: REVIEW POTENTIAL NEW CLIENTS BASED ON THEIR IMPACT ON PLANET AND PEOPLE

In 2022, we developed and launched our three-step check process plus a new client questionnaire for our businesses and teams to use. The aim was firstly to help teams make an informed decision when considering new work with businesses that have high negative environmental impacts, and secondly to help us better understand the role we can play with prospective clients in supporting their approach to reducing their impacts. Our three-step check process included human rights issues such as modern slavery, health and safety and impacts on local communities but did not include other people-related metrics. Some teams have used these tools to help them navigate difficult decisions. However, take-up of the tools has been uneven.

In 2024, we will create a new process that explicitly includes wider people-related metrics alongside an approach to better embed this into our new business processes. In the meantime, we are continuing to support our teams to use the three-step check and new client questionnaire.

In 2022, we also promised to implement a system to understand and measure the environmental impacts of the work we do for our clients. This work is underway but by no means complete. In the second half of 2023, we reviewed the following broad impacts related to our largest clients: their emissions reductions performance, their approach to climate-related target setting and reporting, and DE&I commitments, reporting and diversity statistics. The findings include:

Climate commitments:

- Clients working towards science-based targets: 29% had targets approved by SBTi; 9% had a commitment to set a target made with the SBTi and 18% had science-aligned targets but not verified by the SBTi.
- 47% of clients had no net-zero targets, Scope 1 and 2 targets only, or targets that are reliant on offsetting.

Climate risk exposure (this is our subjective view and is subject to caveats expressed in our TCFD report):

- 25% facing a high degree of physical risk.
- 31% facing elevated transition risk.

People DE&I commitments:

- 94% have public commitments to DE&I.
- 61% report DE&I progress in a public-facing report, based on a singular demographic, company-wide and leadership-level statistic.
- 42% report DE&I progress in a public-facing report, against multiple demographics.

We understand that some companies will also be undertaking additional DE&I activities and reporting internally.

As well as helping us understand how our planet and people values are demonstrated by our clients, we anticipate that developing our analysis in this area will help with future measurements of advertised emissions as and when an industry-wide approach is agreed.

COMMITMENT 11: OFFER TIME AND FUNDING TO ORGANISATIONS THAT HAVE A POSITIVE IMPACT ON PLANET AND PEOPLE

We offer people's time and funding to a wide range of initiatives globally that have a positive impact on planet and people. Although we have some excellent examples of projects, we do not yet have a streamlined approach to measuring either our inputs into those initiatives or the impacts of those initiatives.

During 2024, we will put in place a system to start to capture data on the following measures, with the intention of increasing our impacts over time:

- Pro bono campaigns, volunteering hours and donations.

- % of organisations and initiatives where we set metrics on impact.
- % of organisations and initiatives where the organisations have set metrics on impact.

In the meantime, here are some examples of initiatives that we have funded and/or offered time to across the globe in 2023.

UK

Mentor Black Business

We have supported Mentor Black Business (MBB) since 2020 and played a pivotal role in enabling its success. MBB exists to help Black-owned businesses in the UK to thrive, giving free access to the best industry know-how and experience and providing tailored advice on crucial business questions like how to develop a digital marketing strategy, optimise a website or get started with online selling. We believe it is the UK's third largest corporate sponsored mentoring programme for small businesses (behind Google and Digital Boost). In 2022, the number of businesses supported grew by 61% to over 1,900 and the team hosted 25 events and collaborated with 17 new partners. In 2023, we saw further developments with 50% of our financial support for MBB directed to support the Black Business Incubator (BBI) project, operated in partnership with Somerset House and sponsored by Morgan Stanley.

BBI aims to help early-stage Black entrepreneurs unlock their full potential and allow their creative enterprises to thrive. The hybrid (in-person and virtual) programme provides participants with monthly expert-led masterclasses, mentorship from industry specialists, free access to a co-working space and a variety of community events. This is based on the belief that entrepreneurial success relies on being part of a supportive and inclusive creative community.

Australia

The Forever Reef Project

In 2023, M&C Saatchi Australia partnered with Dr Dean Miller and the Great Barrier Reef Legacy on the ground-breaking Forever Reef Project at Cairns Aquarium & Reef Research Centre. The project is to build a living biobank to create a backup facility for coral species – a living coral ark. It is currently preserving coral biodiversity by housing living coral specimens, including fragments, tissue samples and genetic material. The project aims to collect all 400 species of coral in the Great Barrier Reef and ultimately all 800 species worldwide. M&C Saatchi Australia has so far donated A$200,000 worth of hours to set up the project's communications platforms and global outreach programme.

Reconciliation Australia

We have also partnered with Reconciliation Australia, to create a reconciliation plan for a more structured approach to building relationships and opportunities with First Nations people. As part of this plan, we are committed to increasing our contribution to First Nations suppliers to support better outcomes for Aboriginal and Torres Strait Islander peoples.

South Africa

The Street Store

In 2014, M&C Saatchi Abel launched the first Street Store in Cape Town – a first of its kind pop-up shop, entirely rent-free and premises-free, where homeless people could experience a dignified, free-of-charge shopping experience. Street Store has since opened in over 210 cities around the world. It is estimated that over a million people globally have benefitted from the not-for-profit initiative, which is entirely open-source and adaptable anywhere in the world. In 2023, we celebrated the 1,000th Street Store, with a store at the Haven Night Shelter in Cape Town and the Salvation Army in Johannesburg.

Our South African group of businesses have a strong focus on giving back to the community, and offering people and funding to organisations that have a positive impact and promote community empowerment. Other initiatives include:

- Giving R10,000 per month to ORT SA Cape Foundation.
- Helping Baphumelele and Bethany House (orphanages in need of great help in our communities).
- M&C Saatchi Razor undertakes regular pro bono work for SADAG (South African Depression & Anxiety Group).
- M&C Saatchi Levergy offers pro bono work for Phile Sonke and JAG foundation.
- M&C Saatchi Abel has created campaigns for NSPCA on the prevention of animal cruelty ("Animals Do What?").

Global

Art For Change Prize

As patrons of The Saatchi Gallery, we once again ran our not-for-profit initiative, the "Art For Change" prize. This year's prize was climate-focused and invited emerging artists from around the world to explore one of the most urgent issues of our time and creatively respond to the theme "Regeneration". The total number of entries increased by 20% from last year, totalling 3,000, from artists based in 130 countries within the Group's key global regions (Americas, Asia, Australia, Europe, Middle East and Africa and the UK), with over 56% of them developing nations from within Latin America, Africa, Asia and Oceania. To ensure sustainability ran through the prize, we purchased Sustainable Aviation Fuel certificates and associated emissions reductions that matched the air travel emissions from flying artwork and the "Art For Change" finalists to London for the exhibition, and worked with suppliers that met our ESG requirements.

Haining Wang from Beijing, China, was announced as the overall winner at a dedicated exhibition unveiling at The Saatchi Gallery, by Chair of Judges, Justine Simons, London's Deputy Mayor for Culture and the Creative Industries. The evening included a panel discussion with some of the leading voices in arts, culture, and sustainability, who discussed the power of global creativity to transform the conversation around the climate emergency. Haining will receive a £10,000 cash prize, as well as having her winning artwork displayed in The Saatchi Gallery alongside five shortlisted artists, who will each receive £2,000. The winning artworks open a conversation to examine this year's theme from different global perspectives, look to create new stories of a liveable future, and empower individuals and entities to act. It is a call to action for meaningful change, recognising that there is no art on a dead planet.

Food & Agricultural Organization of the United Nations (FAO)

A number of our senior people are active as trustees for non-profits and other organisations. For the last seven years, Robert Grace, Co-Founder and Chief Strategy Officer of M&C Saatchi Abel in South Africa, has been a voluntary member of a communicators network co-ordinated by the Rome-based Food & Agricultural Organization of the United Nations (FAO). The network seeks to advance the communication agenda for the adoption of sustainable wood as a scalable and meaningful solution in the fight against climate change, engaging with researchers, scientists and ecologists as well as architects, government stakeholders and other key decision-makers to help achieve more effective outcomes.

This year the network presented a global campaign concept, developed by M&C Saatchi Abel, to raise the awareness of sustainable wood, entitled "Grow the Solution", at the World Forestry Congress in Seoul. The campaign concept was officially noted in the outcomes report from the congress and highlighted as a part of the action points that should be adopted.

TASK FORCE ON CLIMATE-RELATED DISCLOSURES

This is our second report in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), identifying climate change risks to and opportunities for the business.

Reporting in Line with the Recommendations of the TCFD

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
Description of the Board's oversight of climate-related risks and opportunities.	During 2023, the Group Sustainability Committee met three times to discuss sustainability risks and opportunities and their solutions. Towards the end of 2023, we streamlined our approach to Board oversight of climate-related risks and opportunities, and in 2024, we will have a new structure. • The ESG Leadership Team has been formed by the Board to oversee the Group's ESG strategy and embed appropriate ESG policies. Alongside the Audit & Risk Committee, it also has responsibility for risk management of climate-related issues. • The ESG Leadership Team meets quarterly and reports directly to the Executive Chair. It consists of the Chief Financial Officer, Chief People and Operations Officer, Group Sustainability Director, Global Head of Engagement and DE&I, and a Regional Chief Executive Officer on quarterly rotation to ensure alignment with business practices and local strategies. • The ESG Leadership Team will report directly to the Board twice a year. • The Group Sustainability Director runs a Global Operations Sustainability Task Force with senior representatives from our major divisions and regions and co-runs the Task Force for Planet and People-Positive Campaigns, which is led and sponsored by a Regional Chief Executive Officer. Task force members work with their leadership teams and employee groups to develop and activate global strategies within their business areas. • The Board monitors and oversees progress against goals and targets for addressing climate issues through two mechanisms: through Chief Financial Officer membership of the ESG Leadership Team and through discussions at the Remuneration Committee on progress against the environmental goals that are included in the bonus metrics for executives. • See pages pages 57 and 58 for how climate-related issues are considered as part of risk management within the Audit & Risk Committee.
Description of management's role in assessing and managing climate-related risks and opportunities.	The Chief People and Operations Officer will have overall management responsibility for assessing and managing climate-related risks and opportunities, supported by the Group Sustainability Director. There are no specifically allocated responsibilities for climate-related risks and opportunities within the broader management of the business, however the Sustainability Leadership Team has been designed to influence decisions in the business. Delivery of sustainability targets is included in remuneration for the Executive Chair and the Chief People and Operations Officer and Chief Financial Officer.

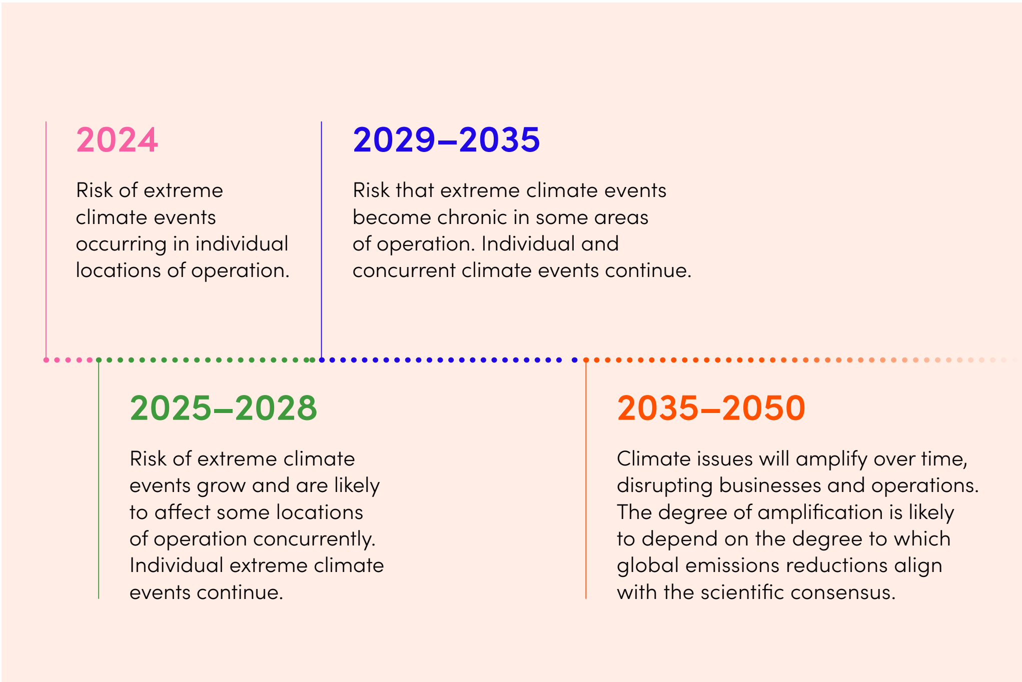
RECOMMENDED DISCLOSURES

Description of the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.

OUR DISCLOSURE

PHYSICAL RISKS

As an office-based group of companies, our physical risks are limited to where our people work and live. These general risks are already present in the short term (2024) and will increase in the medium term (2025–2028) and long term (2029–2050) and are likely to continue to amplify over time. At the moment, there are no chronic physical risks to our business locations. However, if global emissions continue to fail to align with a 1.5°C global temperature increase, and/or climate tipping points are passed, these risks will become more regular and acute, and in some areas, chronic risks will become evident (particularly related to sea level rise). The extent to which these risks will amplify through the 2030s and beyond will depend on the degree to which global GHG emissions decline in line with the scientific consensus.



Physical risks to our locations of operation from climate change can be summarised as follows:

- Risk of flooding, hurricanes and wildfires affecting our leased buildings, infrastructure and data storage.
- Increased costs of cooling buildings during heatwaves.
- Health impacts on our people from extreme weather including heat, rain and increased prevalence of disease.
- Loss of local transportation and other infrastructure due to extreme weather.
- General societal impacts from climate change.
- Stress and wellbeing issues for our people.

RECOMMENDED DISCLOSURES	OUR DISCLOSURE

In 2023, we discussed these risks as part of the financial planning process and the Group Financial Controller is now part of regular calls between the Finance Team and the Group Sustainability Director. We have assessed that they are likely to affect our business financially in the following ways:

- Costs of cooling during heatwaves.
- Service disruption (physical, digital).
- Interruptions to data storage.
- Building repairs.
- Increased cost of talent recruitment and retention (affected communities will have higher living costs).
- Health and wellbeing costs for our people.

The resulting potential impacts on human populations (including our people, local communities and consumers) include:

- Lower productivity.
- Poor mental health.
- Poor physical health.
- Water shortages.
- Reduced access to and increased cost of food.
- Inability of local power grid to cope with demand.
- Melting airport runways, roads and rail infrastructure.
- Wildfires.
- The inability to travel even locally.
- Political instability.
- Migration from affected areas to less affected areas and resulting civil unrest.

The UK's "Health Effects of Climate Change" Report 2023 has outlined a number of health impacts to people that businesses will need to prepare for, ranging from increases in infectious diseases, mental health impacts from climate events such as flooding, up to 10,000 excess deaths per year in the UK due to extreme heat, to food instability (particularly for fresh fruit and vegetables). These impacts will have an increasing knock-on effect both to workforce productivity (and may require businesses to offer more support to employees outside of the office environment) and to the customer base of our clients. Health impacts of climate change are likely to vary by jurisdiction.

Given that we do not have material investments in fixed assets such as properties and given that we are able to deliver most of our clients work remotely across our global footprint, we have not yet attempted to quantify the associated financial impact, because it is not sufficiently material. The mispricing of climate risk throughout the global economy, due to the use of financial scenarios that fail to account for tipping points and second order impacts, create a major transition risk to all economic actors. The WTW's Thinking Ahead Institute "Pay now or pay later?" report estimates that "if climate tipping points, that could magnify the costs of inaction, are considered, we could see a 50–60% downside to existing financial assets in a business-as-usual scenario, where climate risks are not addressed". This would be catastrophic to most businesses, including ours. It goes on to state that "in contrast, taking action to transition to a well-below 2°C world might lead to a loss of 15% of existing assets, which could be partly offset by the positive benefits from new primary investment". Given the nature of our work in global and social issues, we believe we have a reasonable likelihood of being positive beneficiaries of some new primary investment.

At a local level, our offices are leased, not owned, and due to the nature of our business, our biggest asset is our people. In 2022, we mapped climate risk against areas at particular risk from climate change, rather than pinpointing exact office locations.

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
	We worked on specific "at-risk" cities and identified: • London,* New York,* Sydney, Melbourne, Cape Town, Dubai,* Abu Dhabi,* Kuala Lumpur,* Shanghai,* Jakarta,* Hong Kong, and Singapore. We undertook specific analysis of climate risks by office location, time horizon and headcount as of September 2023 (chosen as most representative of our headcount throughout 2023). Due to business restructuring, we are expecting these percentages to change slightly in 2024. The percentages below relate to areas that have already experienced the climate impacts being described and for whom climate change increases the likelihood and severity of recurrence. In the short term: • 31% of our employees are in regions at extreme risk of wildfire. • 37% of our employees are in regions at increased risk of hurricanes, typhoons and cyclones. • 44% of our employees are in regions at extreme risk of prolonged extreme heat (including locations such as Dubai and Abu Dhabi which are forecast to become "unliveable" by the second half of this century). • 94% of our employees are in cities with significant areas that are predicted to be below the high-water tide level by 2030. Rising sea levels can result in permanent flooding of low-lying areas, increased frequency, extent and depth of tidal inundation and beaches moving further inland or eroding. Likely local policy responses include increased municipal taxes to improve flood defences and measures to improve the safety of people and property during extreme weather events. We are mitigating these risks in the following ways: • In line with the UK Government's commitment to a net-zero economy through the Climate Change Act 2008 (2050 Target Amendment) Order 2019, we are committed to be net zero by 2050 and furthermore have committed to reducing our own carbon footprint by 50% by 2030. As a UK Government supplier, we have developed our transition plan in line with the UK Government's commitment and have produced an annual carbon reduction plan outlining our actions, which, in line with government requirements, is published on our website. • We are also exploring the concept of advertised emissions and are seeking to increase our revenue from planet-positive campaigns to play our role both in accelerating the low carbon transition and reducing the global emissions that are causing climate change (see pages 76 and 77). • Improving energy efficiency and installing on-site renewables, where possible, to reduce the cost of energy and minimise the risk of supply disruption. • Leasing not buying office space, to minimise financial exposure to damage to buildings as a result of climate change. • Reviewing our data management and security solutions in the light of physical climate risk. • Continuing to use our digital capabilities to collaborate and offer our services remotely. • Increasing cross-business collaboration, which means we are better able to overcome location-specific disruption. • Continuing to understand the needs of our people and invest in employee wellbeing. • Continuing investment in business continuity planning and support for hybrid working to ensure that employees have an alternative working environment.

* Most at risk, even at the most optimistic temperature rise scenarios according to the "Climate Central Coastal Risk Screening Tool – 1.5°C warming scenario".

RECOMMENDED DISCLOSURES	OUR DISCLOSURE

PHYSICAL RISKS TO OUR CLIENT PORTFOLIO

Our business is dependent on the success of our clients' businesses. In 2023, we analysed the physical climate risk exposure of our major clients (over £1m in revenue to us) and their progress in mitigating those risks. Results were mixed, ranging from high exposure that is well-mitigated, through high exposure that could be better mitigated, to clients that have medium exposure to climate risk. Some of our clients (e.g. Telco clients) provide vital climate risk mitigation services to others (see page 78 for more information). The next step is to understand our role in helping our clients mitigate their risks.

Transition risks (short term):

We undertake work for UK Government departments. As part of the bidding process this year, some departments have mandated that suppliers set net-zero targets and report their progress against them annually. In order to be able to bid for this work, we will need to continue demonstrating good progress in this area.

The sustainability and climate-related questions we are being asked by the rest of our client portfolio are becoming increasingly sophisticated. In 2024, we will review client RFPs to ensure we are able to respond and fully demonstrate compliance with their requests.

Advertising agencies are coming under increased scrutiny for their work with fossil fuel clients, with some high-profile campaigns against some larger networks this year. In addition, membership of the "Clean Creatives Group" has nearly doubled to 860 agency members and 2,000 creatives, all of whom have agreed not to work for fossil fuel clients. They continue to roll out their pledge for companies to confirm that in their future requests for proposals and agency reviews, they will ask agencies to avoid work for fossil fuel clients.

Our exposure to fossil fuel clients without a viable transition plan to renewable energy has doubled since 2022 but remains low at ~3% of our client revenue (~£5.5m).

Transition risks (medium to long-term):

The mispricing of climate risk throughout the global economy (see explanation in physical risks section above), due to the use of financial scenarios that fail to account for tipping points and second order impacts, create a major transition risk to all economic actors. Artificially benign results can delay action, because policymakers and business leaders do not adequately capture the risks. We do not believe 50–60% global economic downside risk scenarios are unreasonable given the consistent pattern of corrections over time, such as the increasing downward revisions of "safe" temperature levels towards 1.5˚C.

We therefore support calls for net zero to become part of fiduciary duty, as if we do not mitigate climate change, it will be exceptionally challenging to provide financial returns.

Transition risks to our client portfolio:

Following the French Government's ruling in 2022, which ended the advertising of fossil fuels and banned domestic short-haul flights, we continue to review our exposure to businesses that are at higher risk of similar regulation. In 2023 our percentage of revenue from:

- Fossil fuel companies that do not have credible transition plans to shift to renewables was ~3%.
- Automotive companies that do not have a science-based target set with the SBTi was less than 1%.
- Travel and tourism sector companies that are reliant on flying was less than 1%.

RECOMMENDED DISCLOSURES	OUR DISCLOSURE

Other transition risks:

- Loss of talent due to employees' preference for working with companies with apparently greener credentials.
- There is an increased focus on greenwashing in advertising, particularly in the UK, and increasingly in Europe, with potential financial and reputational impacts. The rules can be complex. We must be particularly careful that the creative elements of our campaigns are not called out under greenwashing codes.
- Increased operating costs due to increasing utility prices.

We are mitigating these risks in the following ways:

- We have had our near-term science-based target verified by the SBTi, and are targeting a 50% reduction in Scope 1, 2 and 3 emissions by 2030 (refer to pages 67 and 68 for more details).
- We are increasing the percentage of revenue we generate from planet-positive campaigns (we now have data on revenue from planet-positive campaigns for July–December 2023 and will use this to calculate a baseline in 2024).
- Delivering our climate commitments and building sustainability into marketing, talent onboarding and also learning and development.
- Asking teams to run a three-step check process scrutinising all new business opportunities for climate risks, and to refer concerns to the central team.
- Ongoing training and engagement with our people on how to avoid greenwashing in creative work.
- Seeking new "low carbon" clients.
- Developing a more thorough understanding of the value of different sectors in our client portfolio (this will help us ensure that our portfolio is diversified against key physical and transition risks).
- Reducing operating costs by generating operational efficiencies.

OUR CLIMATE OPPORTUNITIES

The way we work – work spaces, people experience and purchasing:

- Energy efficiency initiatives in the buildings we occupy will help reduce our energy usage and cut energy bills, especially with increasing global energy costs. For example, our London head office continues to benefit from energy efficiency improvements made in the HVAC system in 2019, which has a payback period long before the end of the lease.
- We have undertaken efficiency measures and are hoping to install rooftop solar panels in one of our South African offices in 2024, which we expect to produce cost savings and increased energy security.
- The use of video conferencing has improved employee experience and reduced the amount of time teams spend travelling, e.g. in taxis, at airports, etc.
- In the future, we envisage the use of local production teams and studio VFX as an opportunity not only to reduce GHG emissions, but also to help save costs for our clients.
- Talent within our industry is increasingly keen to work for employers that take sustainability seriously. Demonstrating our commitment to sustainability means that we can continue to attract and retain the best talent, particularly if we can demonstrate tangible progress.
- We are exploring reducing the cost of debt, through the use of a sustainability-linked RCF.

The work we do – how we service our clients, develop campaigns and grow our business:

- Many of our clients are considering climate issues in their businesses and their communications. Embedding climate considerations in responses to briefs creates opportunities for us to expand our offering to existing clients.
- Growing our body of planet-positive work will help us win clients who are looking for agencies that can deliver on sustainability goals and campaigns.

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
Description of the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	In preparing the Annual Report and Accounts, the Directors have considered that the current impacts of climate change on the Group is manageable under the existing strategy. However, we are concerned with the current rate of progress globally in meeting climate goals. As the WTW's Thinking Ahead Institute "Pay now or pay later?" report states "if climate tipping points, that could magnify the costs of inaction, are considered, we could see a 50–60% downside to existing financial assets in a business-as-usual scenario where climate risks are not addressed". This would be catastrophic to most businesses, including ours. It goes on to state that "in contrast, taking action to transition to a well-below 2°C world might lead to a loss of 15% of existing assets which could be partly offset by the positive benefits from new primary investment". Given the nature of our work in global and social issues, we believe we have a reasonable likelihood of being positive beneficiaries of some new primary investment. Specific financial cost provisions have not yet been allocated to climate-related risks, although this will be considered from the mid-2020s as the climate crisis develops. However, we have made significant financial investment in energy-saving measures around the Group. This reflects our determination to achieve the target of halving Scope 1, 2 and 3 emissions by 2030. Please see pages page 67 and 92 for details of the schemes we are undertaking in our largest offices in the UK, Australia and South Africa. Increasing operating costs due to increasing utility prices are already being incorporated in the Group's financial planning, but we hope to partially offset these through operational efficiencies and energy-saving measures. We are investigating sustainability-linked loans which will reduce the costs of debt servicing, and we hope to be able to incorporate these savings in future financial planning. We consider the potential impact of climate-related risks as strategically significant and include ESG as a metric in bonus calculations. For example, please refer to page 127 for details of the ESG targets for Executive Directors. Under our existing strategy, we have built our team, competencies and technological capabilities. This has involved hiring specialist ESG expertise, and introducing a new Group-wide ESG data platform. Selling climate-related services to clients is an opportunity for us. Please also refer to page 86 for more details about opportunities.
Description of the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We are aware that physical and transition risks associated with climate change are constantly developing. Given the nature of our business, including our limited fixed asset exposure, and our ability to pivot the provision of our services remotely and across our global locations, we have not modelled specific scenarios at this stage. We believe that an orderly transition to a world where temperatures have increased by 1.5°C is unlikely. We therefore anticipate that our strategy will have to evolve accordingly. These strategy evolutions are not anticipated to have a significant impact on our P&L either, because a) the cost of undertaking them will be offset by the resulting ability to remain eligible for client work (e.g. energy efficiency and on-site renewables will help us meet client targets in this area) or b) because they are initiatives we would be undertaking anyway as a business (e.g. enhancing our digital capabilities to improve remote collaboration over time). Specific activities under our existing strategy and potential evolutions are outlined on the next page:

RECOMMENDED DISCLOSURES	OUR DISCLOSURE	
	Existing activity in physical climate risk strategy	**Possible future evolutions to remain resilient**
	Improving energy efficiency and installing on-site renewables where possible to reduce the cost of energy and minimise the risk of supply disruption.	We may need to expand this approach to other utilities, such as water in areas with high likelihood of water shortages (e.g. Cape Town).
	Reviewing our data management and security solutions in the light of physical climate risk.	We envisage stronger engagement on this issue with our suppliers over time where necessary.
	Continuing to use our digital capabilities to collaborate and offer our services remotely.	Over time we may need to enhance these digital capabilities due to changing products and services on the market and increased client and employee expectations.
	Increasing cross-business collaboration, which means we are better able to overcome location-specific disruptions.	We will continue to evolve our strategy to promote cross-business collaboration and identify those areas and businesses in most need.
	Continuing to understand the needs of our people and invest in employee wellbeing.	We will regularly review our approach to employee wellbeing to ensure that it remains fit for purpose.
	Existing activity in climate transition risk strategy	**Possible future evolutions to remain resilient**
	Closure of M&C Saatchi LIFE and realignment to provide more holistic client-facing sustainability support to Group companies.	We are continuing to review our approach to how we provide client-facing services in this area.
	Membership of Ad Net Zero, the primary industry body for addressing the climate impacts of advertising and communications.	Likelihood of more stringent eligibility requirements for membership of Ad Net Zero over time. For example, in 2024 a science-based target (which we already have in place) will be a mandatory requirement for members.
	Training our people on greenwashing issues.	Definitions and approaches to greenwashing are evolving. We will need to ensure that our training is not only up to date and global (to prevent spill-over across regions) but also robust enough to enable Group companies to screen all client work for greenwashing before it goes live. Some work where we are not in control of the outcome (e.g. the use of social media influencers) may require the development of different approaches.
	Delivering our near-term science-based target as validated by the SBTi (halving our Scope 1, 2 and 3 emissions between 2019 and 2030) and developing and validating a net-zero target with the SBTi.	We are preparing for the likelihood of the inclusion of "advertised/serviced emissions" within the scope of the SBTi methodology over time and may have to re-baseline our submissions as a result.

RECOMMENDED DISCLOSURES	OUR DISCLOSURE	
	Continuing to expand the proportion of our offices powered by renewable energy.	There is controversy over the efficacy of Renewable Energy Guarantees of Origin ("REGO") backed certificates in driving the growth of renewable energy. In the future, we may need to allow for increased costs or different approaches in this area.
	Including GRI and TCFD data in our Annual Report.	The ESG reporting landscape is constantly changing. In 2022 we undertook voluntary TCFD reporting. This is now mandatory. We are considering how to incorporate ISSB reporting in future years. We regularly review new requirements and voluntary reporting initiatives to ensure we are aligned to requirements and expectations.
	Reviewing new clients against our three-step checks.	We consider our three-step check process to be an entry-level tool. Over time we expect to develop a more robust methodology and a clearer cost-benefit analysis related to our approach to new clients.
	Using questionnaires with existing clients to spark sustainability conversations.	We anticipate that these questionnaires will evolve over time, particularly in the light of emerging climate risks and opportunities in key sectors/geographies, and also as our clients become better informed in this area.
	Training our people to be climate literate and to understand greenwashing issues.	Our training is not static but continues to evolve with the changing needs of our people and business.
	Seeking new climate-positive clients.	This is an emerging part of our strategy, which will evolve over time as climate solutions develop as well as methodologies for assessing their efficacy and transparency metrics.
	Continuing to explore sustainable aviation fuel as an opportunity for future mitigation of business travel emissions.	We expect the use of sustainable aviation fuel to become an increasingly mainstream approach to reducing GHG emissions from necessary long-haul flights. However, we are aware that supply is expensive and will remain constrained for some years. We hope that early entry into this space will secure some degree of resilience for us but anticipate that the market will move swiftly once it becomes mainstream. Our priority is, of course, to reduce the need to fly altogether.
	Loss of talent due to employee preferences to work with companies with apparently greener credentials.	We anticipate that employee preferences will evolve over time. We aim to monitor the changing landscape closely, to meet and exceed their needs where possible, and apply appropriate cost-benefit analysis to problems which arise.

Risk Management

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
Description of the organisation's processes for identifying and assessing climate-related risks.	At a Group level, risks and their relative status in the Group-wide risk register are discussed at Audit & Risk Committee meetings. They do not yet consider regulatory requirements such as limits on emissions, as historically our business has sat beneath emissions thresholds, but do consider other regulatory requirements such as those related to greenwashing. There is currently no specific climate change risk terminology used, and we do not reference existing risk classification frameworks. The Audit & Risk Committee assesses the completeness of the risk register (see page 108 for a description of our audit and risk management process). Individual agencies also maintain their own risk registers and can escalate specific climate-related risks for managing and for potential inclusion in the Group risk register. The Finance Team and Group Sustainability Director are responsible for reviewing and assessing the impact of emerging regulatory requirements in this area and any risks or risk mitigation which these might present.
Description of the organisation's processes for managing climate-related risks.	The Group Sustainability Director assesses and advises the Board and Audit & Risk Committee on the management of any climate-related risks escalated to Group level or at individual agency level through the annual risk review process. Please see page 108 for more details of our overall risk review process. In addition, the ESG Leadership Team forms part of the Group's governance structure and provides a forum to involve the most senior stakeholders in discussions around sustainability and risk. Its members include the Chief Financial Officer and Chief People and Operations Officer as well as the Group Sustainability Director, and papers are shared with the Executive Chair. The Audit & Risk Committee also assesses the adequacy of any climate risk mitigation shown in the current risk register and suggests additional mitigation where necessary to manage climate-related risks. The development and measurement of progress towards achieving organisation-wide targets, client response targets and local targets is a vital climate risk management tool. These processes are managed by the Group Sustainability Director with support from other departments.
Description of how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	We continue to include climate-related risks in the risk identification, assessment, escalation and management processes in the same way as other risks. Physical and transition climate risks are included in the scope of the Audit & Risk Committee. Because we are a people-based business and own no buildings, physical climate-related risks have been assessed as less material and lower priority. The Audit & Risk Committee reviews and monitors the Group's risk management processes and related compliance activities. This includes the management of climate-related risks.

Metrics and Targets

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	There is currently no sector-specific metrics guidance for advertising and marketing companies in the TCFD Annex or under the more recently published IFRS S2. Having reviewed the TCFD Annex metrics for non-financial groups and their applicability to an advertising and communications company that operates out of leasehold properties, we are using the following metrics which we feel are most appropriate to our current evaluation of our climate risks and opportunities: • Scope 1, 2 and 3 GHG emissions. • Business travel emissions per business. • Number of our businesses with high physical climate risks that have appropriate mitigation plans in place. • % of revenue at risk from climate transition. • % of overall revenue from planet-positive campaigns (see pages 76 and 77 for details). • Supply chain metrics (see pages 75 and 76 for details of how we are developing supply chain metrics in 2024). Please refer to page 127 for details of how these metrics are included in remuneration policies.
Disclose Scope 1, 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	Refer to page 67 for details of Scope 1, 2 and 3 emissions.
Description of the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	**Organisation-wide targets** As part of our net-zero target setting, we have had our 1.5°C near-term target validated by the SBTi. This includes a commitment to reducing our absolute Scope 1, 2 and 3 emissions by 50% in 2030 compared to our 2019 baseline. Our key internal KPIs to measure progress are as follows: • 7% year-on-year reduction in Scope 1 and 2 emissions between 2019–2030. • 7% year-on-year reduction in air travel emissions between 2019–2030. • 7% year-on-year reduction in purchased goods and services emissions between 2019–2030. • Installation/purchase of renewable energy according to our renewable energy pathway. Our near-term target is consistent with the statement we made in last year's Annual Report and Accounts. Given the need for global emissions to be cut quickly and deeply, to limit the global temperature rise to 1.5°C, we have prioritised activities contributing to delivery of our near-term target. There has been a slight delay in finalising our net-zero target for submission to the SBTi. We are aiming to submit to the SBTi in the first half of 2024. We also have targets to: • Grow the percentage of revenue from planet-positive campaigns. • Review the environmental approaches of new clients. Following our pilot, in July we included a marker in our finance system to begin collecting data on revenue from planet and people-positive campaigns, which gives us six months' worth of data. We have therefore not yet set targets for this climate opportunity.

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
	Client response targets Our clients are increasingly asking for information related to our climate performance. We have set a target of: • 100% of client requests for ESG information to be answered accurately and in a timely manner, which we have continued to meet annually. • Continuing to bid for client work as a result of meeting their sustainability performance requirements. This second measure is harder to assess, as clients do not tend to feed back to agencies if they fail to meet sustainability performance requirements across ESG. Instead, we will be undertaking a review of client requests and our ability to meet their expectations in the first quarter of 2024. However, given our science-based target and performance against it to date, we do not believe that our climate-related performance is a barrier to meeting sustainability performance requirements. **Local targets** We source renewable energy for our head office at 36 Golden Square, London. We also undertook a range of energy efficiency upgrades to our hardware between 2019–2021, and we continue to see the benefits of these measures. In last year's TCFD Report, we stated that in January 2023, our Australia business would be moving to a renewable energy tariff. We have since discovered that this was a misunderstanding based on a misreading of information from their energy supplier. Our Australia office has budgeted for renewable energy for 2024. In our South African business, we have now undertaken an energy efficiency project and are exploring installing solar panels on our first property in Johannesburg in 2024. As part of our energy transition plan, which includes KPIs for renewable energy purchasing in locations where this is possible, and renewable energy installation in relevant sites in South Africa, we anticipate further on-site solar in South Africa. Our overall KPI for renewable energy is a 50% reduction in market-based Scope 2 emissions in 2030 compared to 2019.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

This section of the Strategic Report constitutes the Company's Non-Financial and Sustainability Information Statement, produced in accordance with section 414CB of the Companies Act 2006. The information listed is incorporated by cross-reference and the table below, and the information it refers to, is intended to help our stakeholders understand the Company's position on key "non-financial matters".

NON-FINANCIAL MATTER	RELEVANT POLICIES/ DOCUMENTS THAT GOVERN OUR APPROACH*	RISK MANAGEMENT AND ADDITIONAL INFORMATION	ASSOCIATED KPIS AND OTHER PUBLISHED METRICS
Employees	Group DE&I Policy; Whistleblowing Policy; and our planet and people commitments	See: • ESG section (planet and people commitments) pages 69 to 77 • Engagement with stakeholders (employees) page 62 • Report of the Nomination Committee (culture and diversity, equity and inclusion) page 115	See: • ESG section (planet and people commitments) pages 69 to 77 • Report of the Nomination Committee (culture and diversity, equity and inclusion) page 115
Human rights	Supplier Code of Conduct, Child Labour Policy, Modern Slavery Statement and our planet and people commitments	See: • Planet and people commitment 8 page 75 • Engagement with stakeholders (suppliers) page 63 • Our Modern Slavery Statement on our website	See: • Planet and people commitment 8 page 75 • Our Modern Slavery Statement on our website
Social matters	Our planet and people commitments	• For anti-greenwashing training, see ESG section pages 74 and 75 • For artificial intelligence risks see principal risks and uncertainties page 58	• For anti-greenwashing, see ESG section (planet and people commitments) pages 74 and 75
Anti-corruption and bribery	Anti-Fraud Policy, Anti-Corruption and Bribery Policy and Whistleblowing Policy	• For anti-corruption and bribery, see principal risks and uncertainties page 60 • For whistleblowing, see people and planet commitments pages 69 to 77 and engagement with stakeholders (employees) page 62	• For whistleblowing, see ESG section (planet and people commitments) pages 69 to 77
Environmental matters	Environmental Policy, Waste Policy and our planet and people commitments	See: • ESG section (planet and people commitments) pages 69 to 77 • S172(1) statement (environmental impact) page 65 • TCFD Report pages 81 to 92 streamlined energy and carbon reporting page 67	See: • ESG section (planet and people commitments) pages 69 to 77

* All policies mentioned here are held on our global intranet.

STRATEGIC REPORT

The Executive Chair's Statement (pages 12 to 19), Our Business Model (pages 26 and 27), Financial Review (pages 48 to 56), Principal Risks and Uncertainties (pages 57 to 61), Engagement with Stakeholders (pages 62 and 63), Section 172 Statement (pages 64 and 65), Environmental, Social and Governance (pages 66 to 93) and Non-Financial and Sustainability Information Statement (page 93) together form the Strategic Report.

The Strategic Report is approved by order of the Board.

VICTORIA CLARKE
General Counsel & Company Secretary
11 April 2024

The Street Store, M&C Saatchi Abel

CORPORATE GOVERNANCE REPORT

EXECUTIVE CHAIR'S INTRODUCTION

ZILLAH BYNG-THORNE
Executive Chair

"The core objective of the Board is to create and deliver the long-term success of the Company and long-term returns for shareholders."

I am pleased to present the Corporate Governance Report for the year ended 31 December 2023.

BOARD CHANGES

I joined the Board in June as Non-Executive Chair alongside Chris Sweetland, a non-independent Non-Executive Director serving as a representative of Vinodka Murria and AdvancedAdvT Limited.

Following Moray MacLennan stepping down as a director in September 2023, I was appointed as Executive Chair of the Company on an interim basis until a Chief Executive Officer could be found. On 22 February 2024, the Company announced the proposed appointment of Zaid Al-Qassab as Chief Executive Officer, with such appointment to be effective on 13 May 2024 subject to the completion of normal regulatory due diligence by the Company's Nomad. Zaid's appointment concluded a comprehensive search process which commenced following the Company's announcement on 24 July 2023 that Moray MacLennan intended to retire from his role as Chief Executive Officer of the Company.

The regulatory due diligence process was not expected to be completed prior to the publication of the notice of the Company's Annual General Meeting to be held on 16 May 2024, and the Board confirms that it continues to expect that Zaid's appointment as Chief Executive Officer should take effect as planned on 13 May 2024 and that he will formally be appointed as a Director of the Company from the conclusion of the Annual General Meeting of the Company on 16 May 2024. At which point, I will return to my role as Non-Executive Chair of the Company.

I am delighted that the Company has attracted someone of Zaid's calibre to lead the Company into its next phase of growth.

At the beginning of 2024, Dame Heather Rabbatts joined the Board as Senior Independent Director. I would like to take this opportunity to welcome each of the new Board members. Refreshing and maintaining the Board with diverse expertise and backgrounds is an important part of ensuring ongoing good governance, and I know that Chris, Dame Heather and Zaid will play a key role in this looking ahead.

These appointments followed the departure of Moray MacLennan, Gareth Davis and Lisa Gordon. On behalf of the Board, I would like to thank Moray for his leadership over the last c30 years and both Lisa and Gareth for their dedication and contribution to the Company.

BOARD ROLE AND EFFECTIVENESS

The core objective of the Board is to create and deliver the long-term success of the Company and long-term returns for shareholders. This requires the Board to set the Company's strategic aims, ensure that the necessary financial and organisational structures are in place to achieve the Company's objectives, provide oversight of management's performance in delivering against strategy on a day-to-day basis and set the Company's risk appetite. My role as Chair is to lead the Board and to ensure that the Company has a Board which works effectively in all aspects of its role.

Before each Board meeting, we hold a Non-Executive Director only meeting. This provides the Non-Executive Directors with the opportunity to discuss key matters independently of the Executive Directors and to agree alignment on areas we may want to probe in the meeting. In addition, this also provides a forum to review the performance of the Executive Directors.

Central to setting the correct tone is the review of the Board's own performance. Our last external assessment was undertaken for 2021. The external assessment planned in 2022 was postponed due to the takeover activities. We carried out an external assessment of how the Board performed during 2023. You can read more about how it was carried out and the findings on page 103.

The responsibilities of the Board and its committees and the way in which they uphold high standards of corporate governance are set out on page 104.

SHAREHOLDER ENGAGEMENT

We took the opportunity to engage with our shareholders through the conduct of a consultation on the voting outcomes of the Company's 2023 Annual General Meeting, as four resolutions were passed with more than 20% votes against. We were very interested to hear the concerns of shareholders and to seek the reasons for any votes against or withheld. We believe that active dialogue with representatives of shareholders throughout the year has allowed us to address their concerns. In particular, we considered the views of shareholders when settling the remuneration package of the new Chief Executive Officer of the Company.

We have always recognised that it is vital to maintain good communication between our various stakeholder groups and executive leadership. We have achieved this in a variety of ways in 2023, including through holding a Capital Markets Day, the investor roadshows and regular meetings with key shareholders (as requested) aimed at keeping active dialogue with representatives of shareholders. You can read more about our shareholder engagement on pages 62 and 63.

STATEMENT OF COMPLIANCE

The Company complies with the UK Corporate Governance Code issued by the Financial Reporting Council (FRC) in April 2016 (the "Code"). Whilst as an AIM-listed entity the Company is not required to comply with the Code, the Board believes that it represents best practice.

The Board confirms that throughout the year ended 31 December 2023, the Company applied the main principles and complied with the relevant provisions set out in the Code, save for the absence of a Senior Independent Director on the Board during the period from 15 June 2023 to 20 January 2024 (which also meant that half of the Board was not independent for the same period), and the reporting of CEO pay ratios, employee engagement to explain executive remuneration and how the factors within Provision 40 of the Code have been addressed. Reasons for these exceptions can be found on page 106.

We are also looking ahead to the updated Code and will ensure we are in compliance, where we believe appropriate, with the updated provisions as they come into effect.

The Code can be found on the FRC website: www.frc.org.uk.

COMMITTEES OF THE BOARD

The Board is supported by the Audit & Risk Committee, Nomination Committee and Remuneration Committee. The Board appoints the committees' members. The Reports of the Audit & Risk Committee and the Remuneration Committee can be found on pages 107 to 112 and 116 to 131, respectively, whilst the Report of the Nomination Committee can be found on pages 113 to 115. Each committee has access to external advice, as it considers appropriate. The Company Secretary, or her nominee, acts as Secretary to the committees. The terms of reference of each committee are reviewed regularly, updated as necessary to ensure ongoing compliance with best practice guidelines and must be approved by the Board. Copies of the committees' terms of reference are available from the website at https://www.mcsaatchiplc.com/governance.

NOTICES AND DIRECTORS' CONFLICTS OF INTEREST

The notices of Board meetings, agendas and supporting documents are formally circulated to the Board in advance of Board meetings as part of the Board papers. Therefore, Directors have the opportunity to request that any agenda items be added that they consider appropriate for discussion.

Directors have a statutory duty to avoid conflicts of interest with the Company. The Company's articles of association allow the Directors to authorise conflicts of interest, and the Board has adopted a policy for reviewing and managing conflicts of interest as they arise. Each Director must disclose the nature and extent of any conflict of interest arising generally or in relation to any matter to be discussed as soon as the Director becomes aware of its existence. Directors must also disclose their shareholdings and any changes to those that have occurred. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported by the Directors. Whilst the Board recognises that Chris Sweetland could be regarded as being interested in any agreement or arrangement to be entered into in the future with Vinodka Murria, AdvancedAdvT Limited or their associates by virtue of being an appointee recommended by both Vinodka Murria and AdvancedAdvT Limited, the Board does not believe there to be conflicts of interest for Chris Sweetland as a result of being such an appointee in all circumstances. A review of Directors' conflicts of interest is conducted at least annually.

EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team (ELT) replaced the Executive Committee (Exco) in the second half of the year. It is led by the Executive Chair and currently consists of 12 individuals who lead the key business lines responsible for the Group's revenue or sit in the central team of the Group. Monthly business meetings between the ELT members (and before that, the Exco members) assisted with the effective operation of our business and the delivery of the results. The ELT meets monthly to consider the overall financial performance of the Group, the strategic priorities and also the people strategy. During the course of the year, considerable time was spent on the Group's marketing strategy and the global efficiency programme.

Over the last year, we have made considerable progress on further developing our governance systems to enable the business to deliver its strategy, generate shareholder value and safeguard the interests of all stakeholders.

ZILLAH BYNG-THORNE
Executive Chair
11 April 2024

BOARD OF DIRECTORS

The Code requires the Board and its committees to have an appropriate balance of skills, experience, independence and knowledge of the Company, to enable them to discharge their duties and responsibilities effectively and in line with the corporate strategy. Members of the Board bring a wealth of knowledge and experience to the discussions, maintain memberships of a number of professional bodies and ensure their skill sets are constantly developed.

The Directors of the Company who were in office during the year, and up to the date of signing the financial statements, are as set out below. Dame Heather Rabbatts was not in office during the year but was appointed to the Board on 22 January 2024.

Zillah Byng-Thorne, 49
EXECUTIVE DIRECTOR

Key strengths: Wealth of experience across media and technology businesses, spanning online gaming, digital media and ecommerce. Zillah is a chartered management accountant (CIMA) and qualified treasurer (ACT). She has an MA in Management from Glasgow University and an MSc in Behavioural Change from Henley Business School.

Role: Executive Chair. Responsible for the Group strategy, performance and governance and Chair of the Nomination Committee. Leads the Group and proposes the strategy to be approved by the Board, accountable for delivery of strategic and financial objectives.

Joined the Board: June 2023.

Other major commitments: Chair of Trustpilot Group plc. Non-Executive Director of Ballast Group Holdings Limited, Globalwebindex Holdings Limited, Norwegian Cruise Line Holdings Ltd and MiQ.

Previous experience: Chief Executive Officer of Future plc from 2014 to March 2023, having previously served as Chief Financial Officer, and the Chief Financial Officer of Trade Media Group (now Auto Trader Group plc) from 2009 to 2012, and Interim Chief Executive Officer from 2012 to 2013. Prior to this, Zillah was Commercial Director and Chief Financial Officer at Fitness First Limited, and Chief Financial Officer of Thresher Group.

Committees: Nomination Committee (Chair) and Remuneration Committee.

Independence: Zillah Byng-Thorne was considered to be independent on appointment and the Board is satisfied that Zillah remains independent in character and judgement and is free from any relationship or circumstance which is likely to affect or could appear to affect her judgement.

Bruce Marson, 54
EXECUTIVE DIRECTOR

Key strengths: Finance leadership and creating high-performing teams. Driving improved business performance and strengthening controls. Deep knowledge of the Company's finances. Bruce is a chartered management accountant (CIMA) and has a BA Hons degree in Geography from Durham University.

Role: Chief Financial Officer. Leads the Finance department and takes responsibility for a number of strategic and cross-functional initiatives.

Joined the Board: April 2023.

Other commitments: None.

Previous experience: Deputy and Interim Chief Financial Officer at the Company (2021–2023), Global Finance Director of Advertising at Technicolor (2019–2021) and Group Financial Controller at Dentsu Aegis Network (2016–2018).

Committees: None (attends committees by invitation).

Louise Jackson, 56
INDEPENDENT NON-EXECUTIVE DIRECTOR

Key strengths: Extensive remuneration experience through roles as Chief People Officer and as a Board advisor on people, organisation, change and transformation. Experience with organisation design, restructuring, cost reduction, talent and culture change work for a large number of household names including many in media.

Role: As a Non-Executive Director, provides strategic advice, monitors management performance and chairs the Remuneration Committee.

Joined the Board: March 2020.

Other commitments: Senior Vice President People and Talent at Tony Blair Institute for Global Change.

Previous experience: Group People Director of Selfridges Group Limited, Human Resource Director of Kyowa Hakko Kirin Co Limited, Senior Partner in Leadership and Talent Consulting of Korn Ferry International Limited, Group People Director of Mothercare plc and Chief Executive and co-founder of HR consultancy firm 7days Limited.

Committees: Audit & Risk Committee, Nomination Committee and Remuneration Committee (Chair).

Colin Jones, 63
INDEPENDENT NON-EXECUTIVE DIRECTOR

Key strengths: Experienced former FTSE 250 media sector Chief Financial Officer with particular expertise in business strategy, corporate finance, investor relations and audit/remuneration/risk committees.

Role: As a Non-Executive Director, provides strategic advice, monitors management performance and chairs the Audit & Risk Committee.

Joined the Board: February 2020.

Other commitments: Non-Executive Chair of Centaur Media Plc, Non-Executive Director and Remuneration Committee Chair of Gateley (Holdings) Plc and Governor of The City Literary Institute.

Previous experience: Chief Finance Officer of Euromoney Institutional Investor PLC (1996–2018).

Committees: Audit & Risk Committee (Chair), Nomination Committee and Remuneration Committee.

Dame Heather Rabbatts, 68
INDEPENDENT NON-EXECUTIVE DIRECTOR

Key strengths: Corporate transformation, strategy, business development, acquisitions and investor relationships.

Role: As the Senior Independent Director, supports the Chair in her role, and acts as an intermediary for other Non-Executive Directors. Also provides strategic advice and insight to the Board and monitors management performance.

Joined the Board: January 2024.

Other commitments: Senior Independent Director of Associated British Foods plc, Chair of 42 Management and Production and Chair of Soho Theatre.

Previous experience: Non-Executive Director and Chair of the Remuneration Committee of Kier Group plc, Non-Executive Director and Chair of the Audit & Risk Committee of Grosvenor Britain & Ireland, Non-Executive Director of the Football Association and Non-Executive Director and Chair of Enterprises of the Royal Opera House.

Committees: Audit & Risk Committee, Nomination Committee and Remuneration Committee.

Chris Sweetland, 68

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Key strengths: Former FTSE 100 Deputy Group Chief Financial Officer with experience in operations in the advertising and marketing agency space, acquisitions, disposal and mergers and the management of investor relations. Experience of Audit & Risk Committee work and remuneration strategy and policy.

Role: As a Non-Executive Director, provides strategic advice and monitors management performance. Acts as a representative of AdvancedAdvT Limited and Vinodka Murria who hold in aggregate 27,237,985 ordinary shares in the Company, representing 22.2% of the Company's issued share capital. Accordingly, Chris is not considered to be independent. Chris is entitled to remain on the Board provided AdvancedAdvT Limited and Vin Murria retain an aggregate interest of at least 11.5% of the Company's issued share capital.

Joined the Board: June 2023.

Other commitments: Non-Executive Director at TPXimpact Holdings plc and Unlimited Marketing Group.

Previous experience: Previously the Deputy Group Finance Director of WPP Group, which he joined after spending almost 10 years in financial management at PepsiCo Inc.

Committees: Remuneration Committee.

BOARD COMPOSITION

All Directors have the necessary time, skills and resources to discharge their Board responsibilities. They have access to the advice and services of the Company Secretary and are also able to gain access to external independent professional advice at the Company's expense should they wish to do so in the furtherance of their duties.

Gender*	Female	3
	Male	3
Ethnicity*	White	5
	Mixed / Multiple ethnic groups	1
Tenure*	Under 3 years	4

EXECUTIVE DIRECTORS AND SENIOR INDEPENDENT DIRECTORS

Gender*	Female	2
	Male	1
Ethnicity*	White	2
	Mixed / Multiple ethnic groups	1

* Current composition of Board at time of this report.

EVALUATION OF THE BOARD AND ITS COMMITTEES

In February 2021 and in line with recognised best practice, a three-year Board development programme was commissioned using external consultants, Lintstock Ltd. Lintstock is an advisory firm that specialises in board reviews and has no other connection with the Company or individual Directors. The development programme included undertaking Board reviews on an annual basis to increase Board effectiveness and to identify areas for improvement.

The Board undertook evaluation of its performance during 2023, following postponement of the evaluation of its performance during 2022 due to the Company's takeover activities. The Directors and the General Counsel & Company Secretary were invited to complete a survey followed by an interview. The Board was assessed on a wide variety of performance and oversight metrics. See the following table for a summary of the key findings:

METHODOLOGY

Scoping and Tailoring: January 2024

The objectives for the review were agreed following a briefing with key project sponsors.

Lintstock collaborated with the Company to design bespoke surveys tailored to the business needs of the company, and to follow up on themes identified in Lintstock's previous reviews.

As well as covering core aspects of governance such as information, composition and dynamics, the review considered people, strategy and risk topics relevant to the business.

The review had a particular focus on the following areas:

- The priorities for the incoming Chief Executive Officer.
- The role played by the Executive Chair through the transition.
- The bedding down of the new Board following recent appointments.
- The strategic direction of the business.
- The coverage of developments in the external environment.

Completion of Surveys: February 2024

Board members completed surveys assessing the performance of the Board and each of its committees.

Interviews: Early March 2024

In-depth interviews with Board members were conducted by two Lintstock Partners. The findings from the survey stage enabled Lintstock to focus discussions on the key priorities for each Director.

Analysis and Delivery of Reports: March 2024

Lintstock analysed the findings from the surveys and interviews and delivered focused reports documenting the findings, including a number of recommendations to increase effectiveness.

Board Discussion: End of March 2024

Lintstock's findings were presented to the Board at a meeting in March. Actions were agreed for implementation and monitoring.

Key Findings

To support the new Board coming together after recent appointments, the review identified a number of priorities including:

- Onboarding the new Chief Executive Officer and measures for supporting his success in the role.
- Reaffirming the Company's strategic direction, in partnership with the incoming Chief Executive Officer.
- Building core Board processes following a period of change.
- Continuing to ensure robust financial and risk management.

As part of the review, Lintstock delivered an analysis informed by the Lintstock Governance Index, which comprises around 60 core board performance metrics from over 200 board reviews that Lintstock has recently facilitated. This helped the Directors to understand how the Board compares with other similar organisations, putting the findings into context.

GOVERNANCE REVIEW

DIVISION OF RESPONSIBILITIES AND THE COMPANY'S PURPOSE

BOARD

Chaired by Zillah Byng-Thorne (appointed Non-Executive Chair on 15 June 2023 and subsequently appointed Executive Chair on 1 September 2023).

Responsible for:

- Promoting the Group's long-term success through effective governance and prioritising the interests of stakeholders.
- Overseeing the Group's governance and internal controls.

The Board currently consists of six members: the Chair, the Chief Financial Officer and four Non-Executive Directors (one of whom is not considered to be independent and is a shareholder representative). Details of the members of the Board's careers and strengths can be found on pages pages 99 to 102. The Directors' Report can be found on pages 132 to 138.

AUDIT & RISK COMMITTEE

Chaired by Colin Jones (appointed 3 February 2020).

Responsible for:

- Monitoring the integrity of the financial statements.
- Reviewing the Group's internal financial controls and risk management systems.
- The Group's relationship with the external auditors.

The Audit & Risk Committee consists of three independent Non-Executive Directors: Colin Jones, Louise Jackson and Dame Heather Rabbatts. The Executive Chair, the Chief Financial Officer, the General Counsel & Company Secretary and any other Directors or representatives and external advisers attend meetings by standing invitation to make proposals and provide such information as the Audit & Risk Committee requires. The Report of the Audit & Risk Committee can be found on pages 107 to 112.

REMUNERATION COMMITTEE

Chaired by Louise Jackson (appointed 6 May 2020).

Responsible for:

- Determining the policy for Executive Director remuneration.
- Reviewing current remuneration practices and ensuring that remuneration, strategy and culture are fully aligned.

The Remuneration Committee consists of three independent Non-Executive Directors: Louise Jackson, Colin Jones and Dame Heather Rabbatts, one non-independent Non-Executive Director, Chris Sweetland, and the Executive Chair, Zillah Byng-Thorne. The Chief Financial Officer, the Chief People Officer, the General Counsel & Company Secretary and any other Directors or representatives and external advisers attend meetings by standing invitation to make proposals and provide such information as the Remuneration Committee requires. The Directors' Remuneration Report can be found on pages 116 to 131.

NOMINATION COMMITTEE

Chaired by Zillah Byng-Thorne (appointed 15 June 2023).

Responsible for:

- All Executive and Non-Executive Director appointments.
- Overseeing the Executive Leadership Team that reports to the Executive Chair.
- Making use of independent search consultancies for all of its appointments.

The Nomination Committee consists of the Chair of the Board, Zillah Byng-Thorne, the Non-Executive Directors, Louise Jackson, Colin Jones and Dame Heather Rabbatts. The Chief Financial Officer, Chief People Officer, the General Counsel & Company Secretary and any other Directors or representatives and external advisers attend meetings by standing invitation to make proposals and provide such information as the Nomination Committee requires. The Report of the Nomination Committee can be found on pages 113 to 115.

COMPANY'S PURPOSE

The Company's purpose is to become the leading creative solutions partner to our global client base. We want to make it easier for our clients to grow by accessing the full breadth of our skills and capabilities to maximise the reach and potential of their brands. Our offer builds on our creative heritage but will be driven by our boldness and our willingness to think, and be, different.

This purpose will be driven by three key themes:

- **Transformation** – a simpler, leaner, more agile business.
- **Aligning with our clients** – simplifying how we face our clients and making it easier for our global specialisms, our key differentiator, to reach the market.
- **Capital allocation** – liberating our capital to re-invest in longer-term growth opportunities and support shareholder returns.

M&C Saatchi's heritage is founded on creativity and a willingness to challenge convention. Our roots lie in our advertising business, which still represents 42% of our net revenue. However, the Group has evolved to encompass a broader mix of skills and capabilities across a global footprint, with 58% of our net revenue and 80% of our pre-central cost profitability generated by other faster growth and higher-margin specialisms.

Transformation is a key part of our journey, and we have already made substantial progress towards our goal of a simpler, leaner, more client-aligned organisation that is a best fit for the rapidly evolving global marketplace we are active in.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS DURING THE YEAR

Seven scheduled meetings of the Board were held during the year ended 31 December 2023. The attendance record of the Directors at the meetings of the Board and of the Board's committees is shown in the table below.

	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Chairman				
Gareth Davis	3/3	3/3*	2/2*	2/2
Executive Directors				
Moray MacLennan**	6/6	6/6*	6/6*	n/a*
Zillah Byng-Thorne	4/4	3/3*	4/4	2/2
Bruce Marson	7/7	6/6*	6/6*	n/a*
Non-Executive Directors				
Lisa Gordon***	3/3	3/3	2/2	2/2
Louise Jackson	7/7	6/6	6/6	4/4
Colin Jones	7/7	6/6	6/6	4/4
Chris Sweetland	4/4	3/3*	4/4	2/2*

* Attends by invitation.
** Departed the Board on 30 September 2023.
*** Departed the Board on 14 June 2023.

COMPLIANCE WITH THE CODE

As an AIM-listed entity, the Company is not required to comply with the Code, but the Board believes that it represents best practice and has moved significantly towards full compliance with the Code. The Board continues to work to implement the provisions of the Code and supports the focus that it places on relationships with employees, shareholders and other stakeholders. Other than as detailed below, the Company complied with the provisions of the Code for the whole of 2023:

11) At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent.

Following the appointment of Zillah Byng-Thorne to Executive Chair in September 2023, half of the Board was not considered independent by the Board. The appointment of Dame Heather Rabbatts as Senior Independent Director in January 2024 has reconciled the position, and the Company now complies with this provision.

12) The board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors should meet without the chair present at least annually to appraise the chair's performance, and on other occasions as necessary.

Following Lisa Gordon's resignation on 14 June 2023, the Board did not have a Senior Independent Director until the appointment of Dame Heather Rabbatts on 22 January 2024.

26) The audit committee should provide an explanation of how it has assessed the effectiveness of internal audit and satisfied itself that the quality, experience and expertise of the function is appropriate for the business.

The Audit & Risk Committee believes strongly that an internal audit function should be a key element of the Group's internal control framework, particularly given the complex structure of the Group, the significant number of small, de-centralised operations and an incentive-based culture. Implementation of an internal audit function was deferred in 2022, due to the uncertainty of the Group's future, pending the outcome of the takeover bids. It has since been concluded that it would be appropriate to wait until the new shared finance service centre has been established and the revised internal control environment has been embedded in the Group's operations before an internal audit function is set up.

41) There should be a description of the work of the remuneration committee in the annual report, including: reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps; a description, with examples, of how the remuneration committee has addressed the factors in Provision 40; what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes.

Whilst the Company aims to comply with the Code, our evolving remuneration practices are still not as mature as many FTSE main market companies. As such, there are some elements with which we do not currently comply and have made less progress on than had been hoped. These are the reporting of CEO pay ratios, employee engagement to explain executive remuneration and how the factors within Provision 40 of the Code have been addressed. The Company has committed to implement a new global HR information system during 2024, which will enable pay ratio analysis in the future.

REPORT OF THE AUDIT & RISK COMMITTEE

COLIN JONES
Chair of the Audit & Risk Committee

"The committee's mandate is to provide effective governance over the appropriateness of the Group's financial reporting and the performance of both the internal and external audit functions."

I am pleased to present the Audit & Risk Committee's Report for the year ended 31 December 2023. The principal activities of the committee have continued to be the monitoring of progress in improving internal financial controls and reporting, and ensuring a more efficient year-end close and external audit.

The committee's mandate is to provide effective governance over the appropriateness of the Group's financial reporting and the performance of both the internal and external audit functions. The committee also reviews and monitors the Group's internal financial control and risk management processes and related compliance activities.

Throughout the period, the members of the committee were myself as Chair, and Louise Jackson, an independent Non-Executive Director. Lisa Gordon was a member of the committee until she stepped down from the Board in June 2023. Dame Heather Rabbatts, also an independent Non-Executive Director, joined the committee on her appointment to the Board in January 2024. Committee meetings are also attended by the Chair of the Board, Chief Financial Officer, other Directors, the General Counsel & Company Secretary, and by the external auditors, all as required. The committee meets at least annually with the external auditors without the Executive Directors present.

PRINCIPAL RESPONSIBILITIES

The principal responsibilities of the Audit & Risk Committee are:

- Financial reporting: a) monitor the integrity of the Company's and the Group's financial statements and any formal announcement relating to the Group's financial performance; b) review significant financial reporting judgements, issues and estimates; and c) confirm whether, taken as a whole, the Annual Report and Accounts are fair, balanced and understandable.
- Risk management and internal controls: On behalf of the Board, to review and monitor the effectiveness of the Group's internal financial controls and risk management systems and procedures.

- External audit: a) assess the effectiveness of the external audit process; b) review and monitor the external auditors' independence and objectivity; c) review and approve the provision of non-audit services by the external auditors; and d) make recommendations to the Board about the appointment, reappointment and removal of the external auditors and their remuneration and terms of engagement.
- Internal audit: Monitor and review the effectiveness of the internal audit function and the annual internal audit plan (where applicable).

The committee's full terms of reference, which are reviewed annually, are available at: www.mcsaatchiplc.com/governance and reflect the requirements of the UK Corporate Governance Code 2018 (the "Code").

The Audit & Risk Committee works to a programme aligned to key events in the financial reporting cycle. Meeting agendas include key audit, accounting and reporting issues as well as standing items required by the committee's terms of reference. In addition, one-off deep dives into specific risk areas may be requested by the committee at any time.

ACTIVITIES OF THE AUDIT & RISK COMMITTEE

Since reporting on the 2022 Annual Report and Accounts in April 2023, and up until the date of this report, the Audit & Risk Committee has undertaken the following activities:

AREA OF FOCUS	MATTERS CONSIDERED
Financial reporting	• Review of significant accounting judgements, estimates and assumptions including: going concern and viability, revenue recognition, share-based payments and put option accounting, the valuation and impairment of goodwill, the valuation of unlisted equity investments and the use of alternative performance measures. • Review of the Annual Report and Accounts and confirmation to the Board that they are fair, balanced and reasonable. • Review of other financial announcements made during the period. • Assisting with a Financial Reporting Council enquiry into the 2022 accounts, specifically the reporting of put option payments in the cash flow statement and the exclusion of dividends paid to put option holders from Headline results.
External audit	• Review and approval of the audit plan including key audit matters and approval of the audit fee. • Monitoring implementation of the external auditors' recommendations for improving the efficiency of the year-end closing and audit process. • Regular updates on audit progress. • Review of external auditors' reports to the committee.
Internal controls	• Considering the impact on internal controls of the plan to set up a shared service centre in South Africa in 2024 to support the Group's Finance function on a global basis. • Annual assessment of the effectiveness of the Group's internal financial controls. • Consideration of the need for an internal audit function.
Risk management	• Reviewing management's risk management processes and the Group's risk register. • Deep dives into specific risk areas. • Annual assessment of the Group's emerging and principal risks including disclosures in the Annual Report and Accounts.
Corporate governance	• Confirming compliance with the UK Corporate Governance Code. • Annual review of the effectiveness of the external audit. • Annual review of the committee's terms of reference.

The most significant accounting issues and judgements considered by the Audit & Risk Committee, and discussed with the external auditors, are set out below:

SIGNIFICANT ACCOUNTING ISSUES AND JUDGEMENTS

Going Concern and Viability

As explained on page 144, the financial statements have been prepared on the going concern basis. In this context, the Board and the Audit & Risk Committee considered the Group's ability to meet its obligations as they fall due for the foreseeable future, with particular reference to the economic impact of a global recession and rising inflation, the strategic initiatives to simplify the business and improve profitability, and the support of the Group's lenders. For the purposes of assessing going concern, management prepared a set of cash flow forecasts, evaluating four different severe but plausible downside scenarios, covering the period to the end of 2025. The Board and the Audit & Risk Committee reviewed these forecasts under each scenario, and the key assumptions on which they are based, and are satisfied that they are appropriate. Further details of these forecasts and assumptions are set out in the Directors' Report.

Based on these forecasts and assumptions, the Board and the Audit & Risk Committee believe that it remains appropriate to prepare the financial statements on a going concern basis.

The Board and the Audit & Risk Committee have also assessed the statement in the Directors' Report in relation to the longer-term viability of the Group, including reviewing the forecasts used in the going concern models (referred to above) extended to the end of 2026, considering the appropriateness of this viability period and challenging the factors, assumptions and risks which are critical to the Group's viability over this period. The Board and the Audit & Risk Committee have concluded that the statement made by the Directors on page 133 in relation to the longer-term viability of the Group is appropriate.

On 7 March 2024, the Company entered into a new revolving multicurrency facility agreement with National Westminster Bank Plc, HSBC UK Bank plc and Barclays Bank PLC for up to £50m (the "New Facility"), with a further £50m extension if required for strategic acquisitions. The New Facility is provided on a three-year term with two one-year extensions. This New Facility is to refinance the previous £47m facility with National Westminster Bank Plc and Barclays Bank PLC (the "Old Facility") which was due to mature on 31 May 2024. At 31 December 2023, the Group had up to £47.0m (2022: £47.0m) of funds available under the Old Facility.

The primary purpose of the New Facility (as it was for the Old Facility) is to provide the Group with additional liquidity headroom to support any variations in working capital and provide funding for bolt-on acquisitions. At 31 December 2023, £16.0m was drawn on the Old Facility compared to £7.0m at 31 December 2022.

The Board has concluded that, under all scenarios modelled by management, the Company will have sufficient liquidity to operate and will not breach its financial covenants under the New Facility.

Revenue Recognition

Revenue recognition is a critical accounting policy and key audit matter for the Group. The Audit & Risk Committee has devoted considerable time to reviewing the many different aspects of revenue accounting (see Note 4 of the financial statements) and has noted the significant amount of training, oversight and guidance that continues to be provided to local entities by the Group Finance Team, including detailed reviews of all contracts and projects that spanned the year-end date. It is satisfied that the Group's revenue accounting policy has been consistently applied and that revenue is not materially misstated.

Share-based Payments and Put Option Accounting

The Company's strategy has been to grow organically rather than by acquisition. This has traditionally been achieved by launching new businesses in partnership with a local management team. The local management team receives an equity interest in the start-up company at launch and has the option to sell such equity to the Company at a future date based on certain performance and valuation criteria of the start-up company as set out in its governing documents.

The accounting for these put option schemes is a critical accounting policy. It is a complex area requiring a number of judgements around the employment nature of the arrangement (IFRS 2 or IFRS 9), the future performance of each business and the expected date of exercise and depends on the substance and detailed terms of the underlying arrangement.

The Audit & Risk Committee has considered the key judgements and estimates made by management in respect of these put option schemes, the assessment of non-market performance conditions, and the appropriateness of the forecasts used for valuation purposes. The committee has concluded that the judgements and estimates applied by management to the accounting for these put option arrangements are reasonable, and that the related disclosures in the notes to the financial statements are appropriate.

Goodwill Carrying Value and Impairment

The carrying value of goodwill as at 31 December 2023 was £32.5m (2022: £37.2m), full details of which are set out in Note 15 of the financial statements. The recoverable amount of goodwill is determined by management by reference to a value-in-use calculation for each cash generating unit (CGU), based on the Board approved three-year plans to December 2026 and a residual growth rate of 1.5%. Management also prepared sensitivity analyses for each CGU, for which the key variables are the forecast profits and cash flows and the discount rate used to measure the present value of these cash flows.

The Audit & Risk Committee has reviewed management's assessment of the recoverability of this goodwill and the impairment recognised in 2023, taking into account the key judgements around cash flows and the discount rate and sensitivity analyses. The committee has also reviewed the disclosures relating to goodwill carrying values and impairment in Note 15 of the financial statements. The committee is satisfied with the conclusion that no further impairment is required and with the presentation of goodwill in the financial statements.

Unlisted Equity Investments (financial assets at fair value through profit and loss)

The Group has historically invested in early-stage, unlisted businesses for the purposes of gaining access to new technologies and digital media trends. The valuation of early-stage businesses is inherently challenging and subjective, especially where there has been no funding round in the period, and therefore requires a number of valuation judgements to be made. The valuations applied are based on several factors, including the share price from the latest funding round, recent financial performance (where available), discounting for liquidation preference shares and discounting for convertible loan notes. Many of the investments have received no new funding for a number of years and an additional discount has been applied this year to reflect management's experience of the reduction in valuation arising as the time elapsed since the previous valuation increases.

Management regularly reviews the valuation of each investment in the portfolio. The net revaluation adjustment in 2023 was a reduction of £4.9m and largely reflects the additional discount applied where there has been no new funding for some time. The portfolio has a carrying value at the balance sheet date of £6.4m (see Note 20 of the financial statements).

The Audit & Risk Committee has reviewed the year-end valuation of the investments and is satisfied that the judgements made in valuing the portfolio at 31 December 2023 are reasonable.

Alternative Performance Measures

The Group uses "Headline" numbers to report its underlying results, as well as for internal reporting purposes (see Note 1 of the financial statements). The Headline numbers strip out the impact of separately disclosed items, including one-off non-recurring revenues and expenses (see Note 2 of the financial statements), and the accounting impact of acquisitions, disposals, fair value adjustments and put options. The amount of separately disclosed items decreased in 2023 to a post-tax cost of £5.8m (2022: £11.4m), largely as a result of the absence of the significant one-off costs incurred in 2022 defending the Company against the takeover offers.

The committee has reviewed the Group's policy for the exclusion of certain items, when presenting Headline results, and confirmed the consistent application and appropriateness of this policy from year to year. It has also challenged management on the nature and amount of each separately disclosed item to ensure that it was appropriate and treated in accordance with the Group's accounting policy.

Internal Audit

The Audit & Risk Committee believes strongly that an internal audit function should be a key element of the Group's internal control framework, particularly given the complex structure of the Group, the significant number of small, de-centralised operations, and an incentive-based culture. Implementation of an internal audit function was deferred in 2022, due to the uncertainty of the Group's future, pending the outcome of the takeover bids. It has since been concluded that it would be appropriate to wait until the new shared finance service centre has been established and the revised internal control environment has been embedded in the Group's operations before an internal audit function is set up.

External Auditor and Audit Effectiveness

This is BDO's third year as auditors. The BDO partner responsible for the audit is Matthew Haverson (Senior Statutory Auditor), who replaced Kieran Storan upon his retirement in September 2023.

The Audit & Risk Committee is responsible for monitoring the external audit process to ensure high standards of quality and effectiveness. The committee has satisfied this objective through a number of measures including:

- Reviewing the audit plan, scope, materiality and resources.
- Challenging the auditors on the findings of the Financial Reporting Council's Audit Quality Review, and the steps taken by BDO to improve their audit quality.
- Monitoring the independence and transparency of the auditors (see below).
- Regular meetings between the Audit & Risk Committee Chair and the audit partner without management present.
- Obtaining feedback from the Chief Financial Officer and his team on the quality of the audit team, their understanding of the business and its risks, and the quality of their judgements and communications.

These steps have enabled the committee to be satisfied with the effectiveness of the external audit. As a result, the committee has recommended to the Board that a resolution for the reappointment of BDO will be proposed at the Company's Annual General Meeting to be held in 2024.

The external auditors' report to the Directors and to the Audit & Risk Committee has confirmed that BDO remained independent throughout the 2023 audit, and the committee concurs with this view.

To help safeguard the external auditors' objectivity and independence, BDO is excluded from providing any non-audit services that individually, or in aggregate, could impair its independence. Prior approval from the Audit & Risk Committee is required for any provision of non-audit or other services, taking into account the relevant professional and regulatory requirements. The fees paid to BDO in respect of non-audit services are shown in Note 6 of the financial statements. The Company expects to be an Other Entity of Public Interest ("OEPI") in 2024, which will further limit the external auditors' ability to provide any non-audit services.

Effectiveness of the Group's System of Internal Controls and Risk Management

The Audit & Risk Committee, on behalf of the Board, is responsible for reviewing the adequacy and effectiveness of the Group's internal financial controls and its internal control and risk management systems. These controls and systems are reviewed on a regular basis with a view to driving continuous improvement.

In recent years, significant steps have been taken to improve the Group's internal financial controls and processes including the roll-out of new, standardised finance systems across all Group entities, the push down of Group accounting policies to local entities, investment in resources and skills within the Group Finance function, and a shift from a de-centralised operating culture to one with more robust central control, oversight and accountability. These improvements have enabled the Group to explore further efficiencies from setting up a finance shared service centre in 2024 and this project will continue to be monitored by the Audit & Risk Committee.

The external audit remains substantive rather than controls-based. In 2024, the committee will continue to focus on improvements to financial controls and reporting as part of its longer-term goal of moving towards a more efficient controls-based audit. The creation of a finance shared service centre will accelerate this journey.

The Audit & Risk Committee also continues to review and update the Group's principal risks, these are shown on pages 57 to 61 and in 2024, the committee will undertake deep dives into a number of the principal risks.

Financial Reporting Council (FRC) Enquiry

In October 2023, the Company received a letter from the FRC, following a review it undertook of the Company's Annual Report and Accounts for the year ended 31 December 2022. The FRC requested further information to help understand:

- Why cash paid on the settlement of put options, included as a staff cost in the income statement, was classified as a financing activity in the cash flow statement.
- Why the Company's measure of Headline results excludes from staff costs the amounts relating to dividends paid to put option holders and put option accounting adjustments.

The Company has reclassified the cash paid to settle put options as an operating activity, rather than a financing activity, to align more closely with how the expense is reported in the income statement. The comparatives for the year ended 31 December 2022 have been restated to reflect this.

The FRC noted the Company's explanation of why Headline results exclude dividends paid to put option holders and put option accounting adjustments. No adjustment was deemed necessary, but additional explanations have been added to the financial statements.

The FRC also brought to our attention 10 further observations for consideration when preparing the Company's Annual Report and Accounts for the year ended 31 December 2023, which have been reflected in this report.

Annual Report and Accounts

At the request of the Board, the Audit & Risk Committee has considered whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the necessary information for shareholders to assess the Group's position, performance, business model and strategy, and confirms that this is the case.

COLIN JONES
Chair of the Audit & Risk Committee
11 April 2024

"In recent years, significant steps have been taken to improve the Group's internal financial controls and processes including the roll-out of new, standardised finance systems across all Group entities, the push down of Group accounting policies to local entities, investment in resources and skills within the Group Finance function, and a shift from a de-centralised operating culture to one with more robust central control, oversight and accountability."

REPORT OF THE NOMINATION COMMITTEE

ZILLAH BYNG-THORNE
Executive Chair

"The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference."

Dear Shareholders

I am pleased to present the Nomination Committee Report for the year ended 31 December 2023. This report provides a summary of the key activities and areas of focus of the committee during the year.

The committee met formally four times during 2023. Committee members' attendance at meetings are indicated on page 105. The Chief Financial Officer, the Chief People Officer, the General Counsel & Company Secretary and any other Directors or representatives and external advisers attend meetings by standing invitation to make proposals and provide such information as the committee requires.

During the year, our Board has seen the appointment of a new Chief Financial Officer and Non-Executive Chair (then subsequently on an interim basis, Executive Chair) as well as a search for a new Chief Executive Officer and a new Senior Independent Director; as a consequence the Nomination Committee has been busy.

The committee also reviewed the composition of the Board during the year and more recently, the recommendations of the Board evaluation. Further information can be found on page 103.

I hope that you find this report useful in understanding the work of the Nomination Committee, and I welcome any feedback from shareholders in relation to the committee and its activities.

RESPONSIBILITIES AND ACTIVITIES

The committee's role and responsibilities are governed by its terms of reference, which are reviewed and approved annually by the committee and, as required, by the Board.

In summary, the committee oversees:

- The composition of the Company's Board and its committees by setting criteria for Board positions, identifying candidates and making recommendations to the Board on appointments. In doing so, it takes into consideration the Board's structure, size, diversity, demographics and balance between Executive and Non-Executive Directors.
- Succession planning for the Chair and Board members, which includes the identification, mentorship and development of future candidates.
- Succession planning linked to all executive and senior management positions.
- The induction of new Directors and the ongoing training and professional development of Board members, as and when required.
- The effectiveness and ultimately the performance of the Board, its committees and individual members.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, a copy of which can be found on the Company's website at https://www.mcsaatchiplc.com/governance.

COMPOSITION AND ELECTION/RE-ELECTION OF DIRECTORS

Until 14 June 2023, the committee was composed of four Non-Executive Directors: Gareth Davis (Committee Chair), Lisa Gordon, Louise Jackson and Colin Jones. Following the departure of Gareth Davis and Lisa Gordon from the Board on 14 June 2023, the committee was reconstituted to two Non-Executive Directors and me, as Executive Chair. Since Dame Heather Rabbatt's appointment to the Board, the committee is now composed of three Non-Executive Directors and me, as Executive Chair. The committee members' qualifications and experience are available on pages 99 to 102.

The Company's articles of association require a director appointed by the Board to retire at the Company's next Annual General Meeting. In addition, the articles of association require directors to retire at each Annual General Meeting on the basis recommended by the corporate governance code adopted from time to time by the Company and, in any event, require that any director who was not appointed or re-appointed as a director at either of the last two Annual General Meetings must retire and (if relevant) stand for re-appointment. As the Company has adopted the UK Corporate Governance Code, all of the Directors currently must offer themselves for re-election at each Annual General Meeting.

COMMITTEE EVALUATION

The committee was evaluated as part of an external evaluation of the Board and its committees facilitated by Lintstock. Areas identified for additional focus in 2024 are set out on page 103.

The Committee's Key Activities for the Year Ended 31 December 2023 are Summarised Below:

Board and ELT succession planning

The committee keeps under regular review the structure, size and composition of the Board, and in its review considers the skills, knowledge, diversity and experience on the Board. The committee took these factors into consideration in its discussions on succession planning during 2023.

At its meeting on 22 November 2023, the committee discussed succession planning for the Executive Leadership Team, including the diversity of the talent pipeline and the current and future skills and attributes required by the Company.

Chief Financial Officer succession

Bruce Marson had been acting as Interim Chief Financial Officer since May 2022 since the departure of the then Chief Financial Officer. The committee instructed independent specialists, Independent Search Partnership LLP, to assist with the search for a permanent Chief Financial Officer. Independent Search Partnership LLP had no links to the Company nor to any of the Directors on appointment.

Following the completion of the search process for a permanent Chief Financial Officer led by Moray MacLennan, the Chief Executive Officer, the committee was delighted to appoint Bruce Marson as the permanent Chief Financial Officer on 30 March 2023 and to the Board on 12 April 2023.

Non-Executive Chair succession

Following Gareth Davis' announcement to step down from the Board, the committee instructed The Inzito Partnership Limited on the search for a new independent Non-Executive Chair of the Company. The search process was managed by Lisa Gordon, the Senior Independent Director. The Inzito Partnership

Limited had no links to the Company nor to any of the Directors on appointment. Following a thorough search process, I joined the Company as the new independent Non-Executive Chair on 15 June 2023.

Executive Chair and Chief Executive Officer appointments

During the year, Moray MacLennan indicated to the Chair that he was considering retiring after nearly 30 years with the Company. In July 2023, he formally announced his decision to retire from his role as Chief Executive of the Company; as a consequence one of the key activities of the committee during 2023 was the search for a new Chief Executive Officer. It was evident that following Moray's departure there was no clear candidate who could step up on an interim basis, and so, after discussions with the Board, I agreed to take on the position as Executive Chair for up to 12 months until a new Chief Executive Officer could be found.

The search for the new Chief Executive Officer was led by me, as Executive Chair of the Board. Following a review of executive search firms by the Chief People Officer, Odgers Berndtson was approved by the committee as the preferred search firm, it was best placed to identify the key skills and attributes required in a Chief Executive Officer. Odgers Berndtson had no links to the Company nor to any of the Directors on appointment. Odgers Berndtson was appointed on 17 November 2023 and a detailed search process was undertaken.

As announced by the Company on 22 February 2024, following a comprehensive search process, Zaid Al-Qassab will join the Company as Chief Executive Officer on 13 May 2024. I will return to my role as Non-Executive Chair of the Company following the conclusion of the Annual General Meeting of the Company on 16 May 2024.

Non-Executive Director changes

Neither Gareth Davis nor Lisa Gordon sought re-election to the Board at the Company's 2023 Annual General Meeting, and both stepped down from the Board following the close of the Annual General Meeting held on 14 June 2023.

Chris Sweetland became a Non-Executive Director on 15 June 2023. He serves as a representative of AdvancedAdvT Limited and Vinodka Murria who, at the date of this report, hold in aggregate 27,237,985 ordinary shares in the Company, representing 22.2% of the Company's issued share capital. Accordingly, Chris is not considered to be independent. Chris is entitled to remain on the Board (subject to normal performance conditions) provided AdvancedAdvT Limited and Vinodka Murria retain an aggregate interest of at least 11.5% of the Company's issued share capital.

Following the conclusion of a thorough search process, the Company appointed Dame Heather Rabbatts as Senior Independent Director on 22 January 2024.

CULTURE AND DIVERSITY, EQUITY AND INCLUSION

The UK Corporate Governance Code and our shareholders place great importance on the role of the Nomination Committee with regard to diversity, equity and inclusion, and gender balance.

The Company's dedication to diversity and inclusion is detailed within our planet and people commitments, specifically outlined in commitments 4, 5, and 6 on pages 69 to 74. We have initiated the roll-out of a global diversity, equity and inclusion policy, marking the initial steps to driving consistency in diversity, equity and inclusion practices worldwide.

Currently, our Executive Leadership Team (including the General Counsel & Company Secretary) has a gender distribution of 14% female and 86% male. Similarly, amongst the business leaders reporting to that team, there exists a split of 44% female and 54% male.[4]

We have a very balanced Board from a gender diversity perspective, and also have colleagues with ages spanning 49–68. During the year, we had no ethnic diversity on the Board. This was something I felt very strongly about, and it needed to change; we set the tone for diversity and inclusion from the top.

Following the successful conclusion of the search for our new Chief Executive Officer and Senior Independent Director, our ethnic diversity ratio will improve, with 33% being from mixed/multiple ethnic groups.

Please see pages 69 to 75 for details of the Company's diversity initiatives.

I should like to thank the other committee members for their dedication during the year.

ZILLAH BYNG-THORNE
Executive Chair
11 April 2024

4 The gender distribution data for business leaders is based on a survey conducted across our four main regions. Amongst the 85% of respondents, 98% provided a response to the question regarding their gender, with 2% opting not to disclose.

DIRECTORS' REMUNERATION REPORT

LOUISE JACKSON
Chair of the Remuneration Committee

"The work of the Remuneration Committee over the past year has focused predominantly on refocusing our attention to a return to business-as-usual activities."

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2023.

Over the past 12 months, as well as supporting the Executive Chair with the search for a new Chief Executive Officer and meeting with shareholders to understand their views, the Remuneration Committee has been heavily involved in remuneration discussions which extend our newly embedded remuneration framework further into the organisation to our global senior leadership teams. This activity builds on the firm foundations that we have set over the past two years and provides a globally consistent framework for our senior leaders for the first time.

As a result of c.38.7% of shareholders failing to support the Directors' Remuneration Report last year, I spent time during the year engaging with our largest shareholders to understand any concerns they may have. Concerns raised as a result of this process have been taken on board and the committee remains committed to engaging with our largest shareholders going forward.

As I have mentioned in previous years, although, as an AIM-listed business we are not obliged to, we seek to implement the provisions of the UK Corporate Governance Code and ensure our remuneration arrangements are aligned with best practice. We will be seeking approval from shareholders once again this year for the Directors' Remuneration Report.

This report sets out the implementation of the Company's Directors' Remuneration Policy (the Remuneration Policy) and the remuneration paid to the Directors for the year in the context of the Remuneration Policy which can be found on pages 116 to 131 of this report.

COMMITTEE COMPOSITION

The Remuneration Committee consists of my fellow independent Non-Executive Directors, Colin Jones and Chris Sweetland, and Zillah Byng-Thorne, the Board Chair (currently Executive Chair). Although not on the Board during the reporting period, Dame Heather Rabbatts joined the Board and the committee on 22 January 2024. We are independently advised by Korn Ferry, who are members of the Remuneration Consultants Group and advise in accordance with their code of conduct.

The work of the Remuneration Committee over the past year has focused predominantly on refocusing our attention to a return to business-as-usual activities as well as the review of incentivisation for our senior leadership teams below the Executive Leadership Team. With the support of our Chief People Officer and General Counsel & Company Secretary, we have continued with our extensive review of all equity-based incentive arrangements within the Group's subsidiaries. As these mature, we continue to replace them with cash-based plans that do not have the potentially high dilutive impact on our shareholders.

ALIGNMENT WITH VISION AND STRATEGY

Our ambition is to accelerate our client business growth through the creation of beautifully simple solutions in an increasingly complex world. Following a detailed review, our strategy is centred around accelerating our growth, strengthening our margins and improving and simplifying our corporate and balance sheet structure. Our strategy is centred around the following core pillars:

- **Transformation** – a simpler, leaner, more agile business.
- **Indispensable** – indispensable work for our clients, easy to work with, broad in capability, with deep local knowledge.
- **Capital allocation** – liberating our capital to re-invest in longer-term growth opportunities and support.

The Remuneration Policy and framework support this vision and strategy directly.

CHIEF EXECUTIVE OFFICER RECRUITMENT

Following the announcement on 24 July 2023 that Moray MacLennan intended to retire from his role as Chief Executive Officer of the Company, the committee has worked closely with the Executive Chair and the Company in the search for a new Chief Executive Officer. The committee met with a number of excellent candidates, and I am delighted that, as a result of the search process, Zaid Al-Qassab will be appointed in the role of Chief Executive Officer, effective 13 May 2024. The terms of his remuneration arrangements are set out on page 118 of this report.

EXECUTIVE DIRECTORS

On 24 July 2023, Moray MacLennan announced his intention to retire from the Company. Given the transformational agenda of the Company, it was agreed that he would go on garden leave from 30 September 2023. In line with the Remuneration Policy, Moray will receive contractual payments under the terms of his service agreement until the end of his garden leave on 30 June 2024. As a result of his retirement from the Company, in line with the Company's Long Term Incentive Plan (LTIP) Scheme Rules (the Rules), the committee determined that Moray would be treated as a "good leaver" in relation to the awards made to him in 2021 and 2022 under the LTIP. As such, awards will vest subject to performance, in line with other participants of the scheme and in line with the Rules.

From 1 September 2024, Zillah Byng-Thorne assumed the role of Executive Chair on an interim basis, during the search process for a new Chief Executive Officer, and her fee was increased accordingly to £670,000, which was in line with Moray's base salary. As Executive Chair, Zillah is not entitled to participate in any of the variable pay arrangements associated with the role of Chief Executive Officer, in order to maintain her impartiality on her return to a Non-Executive role. Upon Zillah's return to the role of Non-Executive Chair in May 2024, her fee will reduce accordingly.

The Remuneration Committee has responsibility for Executive Directors' remuneration as well as the remuneration of Executives who form the Executive Leadership Team. Over the past 12 months we have continued to simplify and align our approach to reward for our senior leadership teams across the Group.

Although the Group recovered well from a challenging first half, with Headline profit before tax of £28.7m, the minimum profit before tax threshold to trigger payments under the annual bonus scheme for Executive Directors was not met.

After careful consideration, the committee reviewed the formulaic outcome of the bonus calculations and felt that the outcome was reflective of overall performance, and as such, no annual bonus payments were due to Executive Directors for the year ended 31 December 2023.

SHAREHOLDER ENGAGEMENT

We are very conscious of the benefits from and need to fully engage with our shareholders on all key matters moving forward and are committed to doing so. The results of the voting on the 2022 Remuneration Report, which included the Remuneration Policy, are set out on page 120 of the report. In addition, on 14 December 2023, the Company provided an update to shareholders following the views received from shareholders, and the actions taken following the voting outcomes at its 2023 Annual General Meeting held on 14 June 2023, in accordance with Provision 4 of the UK Corporate Governance Code.

IMPLEMENTING THE REMUNERATION POLICY IN 2024

This is summarised in the report below and contains the normal elements of fixed and variable pay. The bonus and long-term incentives are capped by reference to base salary, and Executive Directors have shareholding guidelines.

Base salary is reviewed annually, but there are automatic increases in line with the wider workforce applied for Executive Directors. There is no base pay award proposed for Bruce Marson for the year ending 31 December 2024.

Zaid Al-Qassab will assume the role of Chief Executive Officer on 13 May 2024 and his package will be set in line with the Remuneration Policy.

Zaid's base salary will be £600,000. His bonus will be up to 100% of base salary and in addition, he will normally receive an annual LTIP award of up to 150% of base salary, with an award in the first year of up to 200% of base salary in order to align Zaid to shareholders' interests.

The annual bonus will continue to be a key driver in incentivising in-year performance in line with financial goals shared externally, with targets being set for Headline profit before tax (60%), revenue (30%) and ESG (10%).

The LTIP will focus on driving longer-term performance aligned to the financial goals shared externally, with targets being set for total shareholder return (50%) and Headline adjusted earnings per share (50%).

I trust that you will find this report helpful and informative and agree that the determinations made by the committee are appropriate and in the long-term interests of both the Company and our shareholders.

I would also like to take this opportunity to thank our shareholders for your ongoing support and hope that you support the Directors' Remuneration Report for the year at the Company's Annual General Meeting to be held in 2024. I will be available at that meeting to answer any questions that you may have regarding the work of the committee.

LOUISE JACKSON
Chair of the Remuneration Committee
11 April 2024

> "We are very conscious of the benefits from and need to fully engage with our shareholders on all key matters moving forward and are committed to doing so."

COMMITTEE COMPOSITION

This section details the Remuneration Committee's composition and activities undertaken over the past year.

COMMITTEE MEMBERS

The current committee members and the dates they joined the committee are:

- Louise Jackson (Chair), 17 March 2020.
- Colin Jones, 17 March 2020.
- Chris Sweetland, 15 June 2023.
- Zillah Byng-Thorne, 15 June 2023.
- Dame Heather Rabbatts, 22 January 2024.

Lisa Gordon was a member of the committee from 17 March 2020 until 14 June 2023 when she stepped down from the Board.

Whilst not a member of the committee during the reporting year, Dame Heather Rabbatts joined the committee on her appointment to the Board on 22 January 2024.

No Directors are involved in determining their own remuneration. The committee may invite other individuals to attend all or part of any committee meeting, as and when appropriate and necessary, including members of management and external advisers.

ROLE

The Remuneration Committee is a committee of the Board. The committee has responsibility for determining the remuneration of the Company's Executive Directors, the Chair and selected Senior Executives, taking into account the need to ensure Executives are properly incentivised to perform in the interests of the Company, its people and its shareholders.

The Remuneration Committee's key responsibilities are:

- Shaping and agreeing with the Board the policy framework for the remuneration of Executive Directors and certain aspects of the remuneration of senior management.
- Determining the total individual remuneration package of each Executive Director with due regard to the performance of the individual, in line with the agreed Remuneration Policy.
- Agreeing Executive Directors' contractual terms.
- Acting on behalf of the Board in connection with the establishment and administration of the Company's current and/or future share plans, including the selection of participants, determining the structure of awards and the setting of performance targets.
- Drafting and approving any remuneration-related resolutions to be put to the shareholders at the Company's Annual General Meeting.

The committee formally met six times during 2023. Over the course of the year, the main activities were to discuss and agree the treatment of remuneration for Executive Directors in terms of business-as-usual activities, as well as overseeing and agreeing details relating to the departure of Moray MacLennan and the appointment of Zillah Byng-Thorne to the role of Executive Chair.

ADVISORS

The committee retains Korn Ferry to provide independent remuneration consultancy services to the Group. Korn Ferry is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The code of conduct can be found at www.remunerationconsultantsgroup.com.

The total fee for advice provided to the committee during the year was £21,515 (2022: £43,375). The committee is satisfied that the advice it received has been objective and independent.

SHAREHOLDER CONSIDERATIONS

The Company is committed to ongoing shareholder dialogue and takes an active interest in feedback we receive from our shareholders and voting outcomes. The voting result from the Annual General Meeting held in June 2023 on the resolution to approve the Remuneration Report, including the Remuneration Policy, is set out on the following page.

We engaged with our shareholders through the conduct of a consultation on the voting outcomes of the Company's 2023 Annual General Meeting, as four resolutions were passed with more than 20% votes against including the resolution to approve the Remuneration Report, see pages 63, 97 and 118 for further information on this process.

Approval of the 2022 Directors' Remuneration Report (including the Remuneration Policy)

For	61.30% (58,089,029)
Against	38.70% (36,672,809)
Withheld	(66,466)*
Total votes as % of issued share capital (excluding treasury shares)	77.5%

* A vote withheld is not a vote in law and is not counted in the calculation of the votes for or against a resolution.

DIRECTORS' REMUNERATION POLICY

This section sets out the Company's Directors' Remuneration Policy (the "Remuneration Policy"), which has been applicable since 1 January 2021. The Remuneration Policy was developed taking into account the regulations applicable to main market listed companies[5], the principles of the 2018 UK Corporate Governance Code (the "Code") and relevant UK institutional investor guidance.

Whilst the Company is listed on AIM and is therefore not required to comply with the requirements for Main Market listed companies, the Board and committee have chosen to follow these requirements insofar as is possible and practicable for the Company.

Key Principles of the Remuneration Policy

The Company is committed to ensuring that its remuneration practices enable it to appropriately compensate employees for the services they provide to the Company, attract and retain employees with skills required to effectively manage the operations and growth of the business and motivate employees to perform in the best interests of the Company.

The Company's remuneration principles ensure that:

- It offers a suitable package to attract, retain and motivate people with the skills and attributes needed to deliver the Company's business goals.
- Its policy and practices aim to drive behaviours that support the Company strategy and business objectives.
- Incentive plans are linked to company and individual performance to encourage high performance from employees, both at an individual and collective level.

These policy objectives will be achieved by ensuring remuneration is reflective of applicable market conditions, statutory obligations and who should be incentivised by variable remuneration. Our aim is to deliver outstanding performance, whilst providing organisational flexibility and operational efficiency.

In addition, the Remuneration Policy is designed taking into account the following principles of the Code:

- **Clarity** – the Remuneration Policy is well understood by the management team and is clearly articulated to shareholders.
- **Simplicity** – the committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, one of the committee's objectives is to ensure that the executive remuneration policies and practices are as simple to communicate and operate as possible, while also supporting strategy.
- **Risk** – the Remuneration Policy is designed to ensure that inappropriate risk-taking is not encouraged and will not be rewarded. This is done via (i) the balanced use of both short and long-term incentive plans which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in the incentive plans (together with shareholding guidelines); and (iii) recovery provisions.
- **Predictability** – the incentive plans have clearly defined performance conditions setting out the metrics and targets required to be met to achieve defined levels of pay.
- **Proportionality** – there is a clear link between individual awards, delivery of strategy and long-term performance. In addition, the significant role played by incentive/"at-risk" pay, together with the structure of the Executive Directors' service contracts, ensure that poor performance is not rewarded.
- **Alignment to culture** – the executive pay policies are fully aligned to the Company's culture.

5 Large and Medium-size Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, as amended.

SUMMARY OF OUR REMUNERATION POLICY

PURPOSE	OPERATION	OPPORTUNITY	PERFORMANCE MEASURES
Base salary			
Provide a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	Salaries are normally reviewed annually with any changes typically effective from the beginning of the financial year. When determining an appropriate level of base salary, the committee considers: • Remuneration practices within the Company. • The performance of the individual Executive Director. • The experience and responsibilities of the Executive Director. • The general performance of the Company. • Base salary level prior to appointment. • Salaries paid by comparable companies. • The economic environment.	Increases will normally be in line with average increases made to the wider employee workforce, although in exceptional circumstances larger increases may be provided, for example, to reflect a change in role/ responsibilities. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set at a lower level with larger increases provided as they gain experience.	None, although individual and corporate performance is considered during any annual base salary review.
Benefits			
Provide a market-competitive level of benefits to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	The Executive Directors may receive benefits which include, but are not limited to, car allowance and related benefits, family private health cover, critical illness cover, life assurance cover, income protection and accident/ sickness/business travel insurance (including tax payable if any). Other benefits such as relocation allowances may be offered if considered appropriate and reasonable by the committee. Any reasonable business-related expenses can be reimbursed in accordance with the Company's expenses policy, including the tax thereon if determined to be a taxable benefit. The Executive Directors may participate in any all-employee share plans operated by the Company, on the same terms as other employees.	The maximum will be set at the cost of providing the benefits described.	None.

PURPOSE	OPERATION	OPPORTUNITY	PERFORMANCE MEASURES
Pensions			
Provide appropriate levels of pension benefits to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	The Company may provide pension contributions in the form of a base salary supplement and/or as an employer contribution to a defined contribution pension plan.	The maximum pension contribution as a percentage of base salary will be in line with the contribution level provided to most of the workforce (currently 6% of base salary in the UK).	None.
Group Annual Bonus			
The Group Annual Bonus Plan provides an incentive to the Executive Directors linked to achievement in delivering goals in a sustainable manner that are closely aligned with the Company's strategy and the creation of value for shareholders.	Performance measures, weightings and targets are reviewed and set annually by the committee, in line with the Company's strategic objectives at that time. Levels of award determined by the committee after the year-end will be based on performance against the targets set, based on audited results, unless otherwise noted. The committee retains overriding discretion to adjust the outcome upwards or downwards, where the formulaic outcome is, in the view of the committee, not a fair and accurate reflection of business performance. The bonus may be paid wholly in cash, or the committee may determine that a portion of the bonus should be delivered in deferred shares. Malus and clawback provisions apply such that in certain circumstances the committee may withhold or recover bonus payments.	The maximum bonus opportunity is 100% of base salary. For 2023, the Chief Executive Officer's annual bonus opportunity was 100% of base salary. The Chief Financial Officer's bonus opportunity was set at 100% of base salary on appointment. No more than 25% of the relevant portion of the bonus is payable for delivering a threshold level of performance rising to full pay-out of the relevant portion for delivering in line with the maximum target. No more than 50% of the relevant portion is payable for delivering a target level of performance.	Performance measures will be set to support the strategy based on a range of key financial and personal/strategic objectives. At least 50% of the bonus is based on Group financial metrics and no more than 25% of bonuses will be based on personal objectives. For 2023, the bonus was based on Group Headline profit before tax targets (50% weighting), Group revenue targets (25% weighting), ESG targets (10% weighting) and personal objectives (15% weighting). The targets and performance against them will be disclosed in the relevant Annual Report and Accounts following the end of the performance period.

PURPOSE	OPERATION	OPPORTUNITY	PERFORMANCE MEASURES
Long-Term Incentive Plan (LTIP)			
Awards are designed to incentivise the Executive Directors to maximise returns to shareholders by successfully delivering the Company's objectives over the long term in a sustainable manner.	Awards may be granted annually to Executive Directors under the LTIP. The awards normally vest no earlier than the third anniversary of grant and only to the extent the performance conditions have been satisfied. The committee retains overriding discretion to adjust the outcome upwards or downwards, where the formulaic outcome is, in the view of the committee, not a fair and accurate reflection of business performance. A two-year holding period will normally apply to the vested shares such that the shares may not be sold by the Director during this period other than to settle tax liabilities in relation to those shares. Malus and clawback provisions apply such that in certain circumstances the committee may withhold or recover LTIP payments.	The maximum annual grant level is 200% of salary. The Chief Financial Officer was granted an award over shares to the value of 100% of salary in 2023. No awards were granted to the former Chief Executive Officer in 2023. No more than 25% of the relevant portion of an award will vest for delivering a threshold level of performance rising to full pay-out of the relevant portion for delivering in line with the maximum target.	Performance measures are set by the committee over a three-year period prior to the grant being made. At least 50% of the LTIP will be based on Group financial and/or total shareholder return ("TSR") metrics. 2023 awards will be assessed against TSR performance versus the FTSE SmallCap Index (50% weighting) and adjusted earnings per share (50% weighting).
Shareholding Requirement			
To support long-term commitment to the Company and the alignment of Executive Director interests with those of shareholders.	The committee has adopted shareholding guidelines that encourage the Executive Directors to build up and then subsequently hold a shareholding equivalent to a multiple of their base salary. The requirement for an Executive Director to maintain a holding of 100% of base salary for a year after leaving excludes any shares purchased by the Director. The committee retains discretion with respect to the operation of the shareholding requirement.	Executive Directors are required to build up and hold a shareholding equivalent to 200% of salary and then retain a holding of 100% of salary for the year after leaving.	None.

PURPOSE	OPERATION	OPPORTUNITY	PERFORMANCE MEASURES
Chairman and Non-Executive Directors			
To provide a competitive fee for undertaking the role which is sufficient to attract high calibre individuals to the role.	Fees are structured as follows: The Chairman is paid an all-inclusive fee for all Board responsibilities. Non-Executive Directors are paid a basic fee, plus additional fees for additional responsibilities such as chairing Board committees. The Chairman's fee is determined by the committee, with the Non-Executive Directors' fees being determined by the Board. Additional fees may also be paid to the Chairman and/or Non-Executive Directors on a per diem (or other) basis to reflect increased time commitment in certain limited circumstances. Fees are normally paid in cash. Any reasonable business-related expenses can be reimbursed, including the tax thereon if deemed to be a taxable benefit. Non-Executive Directors are encouraged to build a shareholding equal to at least 1x their annual fees. Whilst there is no time limit for this, it is hoped that this will occur by the end of their second three-year term.	Overall fees will not exceed the maximum in the Company's articles of association.	None. The Non-Executive Directors are not entitled to receive any remuneration which is performance related.

REMUNERATION COMMITTEE DISCRETION

The committee retains discretion to make any payments, notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed (i) before the policy came into effect, or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the committee, the payment was not in consideration of the individual becoming a Director of the Company.

The committee will operate the variable pay plans (i.e. Group Annual Bonus Plan, Long-Term Incentive Plan (LTIP) and other incentive plans) according to their respective rules. The committee retains certain discretion in respect of the operation and administration of these arrangements.

In addition, the committee retains the ability to adjust the targets and/or set different measures if events occur (e.g. a material acquisition and/or divestment of a Group business) which cause it to determine that the conditions are no longer appropriate, and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy.

MALUS AND CLAWBACK PROVISIONS

Annual bonus and LTIP payments remain subject to malus and clawback until two years after they have vested/been paid. Circumstances that may result in a clawback or malus for an individual include financial misstatement, erroneous calculations determining payments, corporate failure, serious misconduct or if material reputational damage is caused by the individual to the Group.

RECRUITMENT POLICY

The remuneration arrangements for a new Executive Director would normally be in line with the terms of the Remuneration Policy and would be set considering the specific circumstances of the individual. In addition, the committee may offer additional remuneration to replace remuneration forfeited on leaving a previous employer.

Where a position is filled internally, the committee may honour any pre-existing remuneration obligations or outstanding variable pay arrangements in relation to the individual's previous role, such that these shall be allowed to continue according to the original terms (adjusted as relevant to take account of the Board appointment).

For internal and external appointments, the committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

SERVICE CONTRACTS AND CESSATION OF EMPLOYMENT

Service contracts may be terminated by either the Company or an Executive Director with no more than 12 months' notice. The Company may determine to make a payment in lieu of notice in respect of base salary and contractual benefits only.

The treatment of outstanding variable pay schemes shall be determined by the committee considering the time employed during the respective performance periods and the circumstances of departure. The committee will fulfil its duty to seek to ensure that there is no reward for failure and, in doing so, not paying more than is necessary whilst acting fairly and reasonably to all parties.

ANNUAL REMUNERATION REPORT

This section summarises remuneration paid out to the Directors for the 2023 financial year and details of how the Remuneration Policy will be implemented in the 2024 financial year.

DIRECTORS' REMUNERATION FOR THE 2023 FINANCIAL YEAR (AUDITED)

	Base Salary/Fees £000		Benefits £000		Pension £000		Annual Bonus £000		Long-term Incentives £000		Total £000		Total Fixed Remuneration £000		Total Variable Remuneration £000	
Director	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Moray MacLennan[1]	670	650	32	41	40	39	–	650	–	–	742	1,380	742	730	–	650
Bruce Marson[2]	206	–	2	–	12	–	–	–	–	–	220	–	20	–	–	–
Gareth Davis[3]	114	250	–	–	–	–	–	–	–	–	114	250	114	250	–	–
Chris Sweetland[4]	27	–	–	–	–	–	–	–	–	–	27	–	27	–	–	–
Colin Jones[5]	75	95		–		–	–	–	–	–	75	95	75	95	–	–
Lisa Gordon[5, 6]	34	115		–		–	–	–	–	–	34	115	34	115	–	–
Louise Jackson[6]	75	95	–	–	–	–	–	–	–	–	75	95	75	95	–	–
Zillah Byng-Thorne[7, 8]	509	–	5	–	–	–	–	–	–	–	514	–	514	–	–	–
Total	**1,710**	**1,441**	**39**	**67**	**52**	**47**	**-**	**650**	**-**	**500**	**1,801**	**2,705**	**1,801**	**1,555**	**-**	**1,150**

1. Moray MacLennan stepped down from the Board on 30 September 2023. Moray is on garden leave and will continue to be paid in line with his contractual entitlements until his termination date of 30 June 2024.
2. Bruce Marson was appointed to the Board on 12 April 2023. The figures in the table above represent his remuneration since appointment to the Board.
3. Gareth Davis stepped down from the Board on 14 June 2023.
4. Chris Sweetland was appointed to the Board on 15 June 2023.
5. During 2022, Colin Jones, Lisa Gordon and Louise Jackson received additional payments relating to time spent on takeover related matters.
6. Lisa Gordon stepped down from the Board on 14 June 2023.
7. Zillah Byng-Thorne was appointed to the Board on 15 June 2023.
8. On 1 September 2023, Zillah Byng-Thorne assumed the role of Executive Chair for a period of up to 12 months. Her fee was increased for the duration of the appointment to £670,000. The fees figure includes a £232,585 buy-out payment relating to garden leave payments from Future plc which were agreed on appointment.

DIRECTORS' REMUNERATION FOR THE 2023 AND 2024 FINANCIAL YEARS

Base Salary

As disclosed in last year's Remuneration Report, Moray MacLennan's base salary was increased to £670,000 from 1 January 2023. This was an increase of 3%, which was in line with external benchmarking and below that of the average increase for the wider workforce across the Group.

Prior to his appointment to the Board, Bruce Marson held the role of Interim Chief Financial Officer, on a base salary of £275,000. On appointment to the Board on 12 April 2023, Bruce Marson's base salary was held at £275,000.

There has been no increase to Bruce Marson's base salary for the year ending 2024.

The base salary of Zaid Al-Qassab, who will assume the role of Chief Executive Officer on 13 May 2024, will be set at £600,000.

Pension and Benefits

Moray MacLennan's pension allowance was set at 6% of base salary, which is in line with the rate of the wider workforce. Bruce Marson's pension contribution was also set at 6% of base salary.

Benefits consisted principally of private healthcare, life assurance, income protection and permanent health insurance. Moray MacLennan also received a car allowance of £20,000 per annum.

Zaid Al-Qassab's pension contribution and benefits will be set in line with the Remuneration Policy.

Group Annual Bonus Plan

The Executive Directors are eligible for a performance-related bonus that is paid in cash following the year-end.

2023 Group Annual Bonus

For 2023, the Group Annual Bonus was structured in line with the Remuneration Policy. The maximum opportunity for the Chief Executive Officer and the Chief Financial Officer was 100% of base salary.

The performance measures, weightings, targets and achievements are set out in the table below. Bonus for the financial elements is earned on a straight-line basis from 0% for meeting the "threshold", to 50% for meeting the "mid", to 100% for meeting the "stretch" targets.

The threshold Group Headline profit before tax target of £37m was not achieved and, as such, no bonus payments were due for the year ended 31 December 2023. As a result of the minimum performance hurdle not being met, the committee determined that performance against personal objectives would not be assessed.

Measure	Weighting (% of bonus)	Targets £m (threshold–mid–stretch)	Performance Achieved £m	% of Bonus Earned
Group Headline profit before tax	50%	37.0–39.0–41.0	28.7	–
Group net revenue	25%	276.4–290.9–305.4	252.7	–
ESG	10%	Refer to the table below	Refer to the table below	–
Personal objectives	15%		Not assessed as threshold for payment not met	–

ESG MEASURES

Measure	Weighting (% of bonus)	Targets £m (threshold–mid–stretch)	Performance Achieved £m	% of Bonus Earned
Planet	5%	• Meeting SBTi carbon reduction targets: year-on-year reductions in carbon across Scope 1 and Scope 2. • Reduction in business travel emissions. • Reduction in purchased goods and services emissions. • Year-on-year increase in percentage revenue coming from planet-positive work. • A year-on-year increase in engagement score "Through our work, our business contributes to positive environmental and social change".	• Carbon reduction target met (see page 67 for further information). • Measurement mechanisms in place. • Improvement by one point.	1.7% 0% 0%
People	5%	• Improved gender and ethnic diversity at leadership levels. Measured by data of Executive Committee and UK top two levels. • Year-on-year increase in inclusion scores on the annual employee survey.	• Improvement targets not met. • Score remained constant year-on-year.	0% 1.25%

2024 GROUP ANNUAL BONUS

For 2024, the Group annual bonus is structured in line with the Remuneration Policy. The maximum opportunity for the Chief Financial Officer is 100% of base salary. The annual bonus for the new Chief Executive Officer will be set in line with the Remuneration Policy at 100% base salary. The performance measures and weightings are set out in the table below. As the targets are forward-looking, these are considered commercially sensitive by the Board and will be disclosed next year. For 2024, no personal objectives are included in the plan, with the 15% weighting applied in 2023 being reallocated across the profit and revenue measures.

Measure	Weighting (% of bonus)
Headline profit before tax	60%
Net revenue	30%
ESG	10%

For 2024, examples of measures falling under the planet and people metrics of our ESG measure are SBTi carbon reduction targets and improvements in the Group's engagement survey scores relating to inclusion. Further information on each of these will be disclosed in next year's Annual Report.

LONG-TERM INCENTIVE PLAN (LTIP)

2023 LTIP Awards

The Chief Financial Officer received an award under the LTIP in 2023 of 100% of base salary. The award, which was made on 2 August 2023, will deliver shares, following the end of the three-year performance period only to the extent that the performance targets are met and normally that he remains employed at the time. Executive Directors are required to hold any shares that vest for an additional two-year period following the end of the performance period.

The performance metrics and weightings, which are measured over the period to 31 December 2025, are as summarised in the table below.

Performance Measure	Weighting
Relative TSR vs. FTSE SmallCap Index	50%
Earnings per share	50%

The targets attached to the TSR element require performance to match the index TSR for vesting to start to occur rising from 0% on a straight-line basis to full vesting for 10% per annum outperformance of the index. TSR is the share price movement over the period of three years and the value of dividends for the Company's shareholders. The FTSE SmallCap Index TSR will be calculated by a financial information provider. The same vesting scale applies to the earnings per share targets. However, as the earnings per share targets are felt to be commercially sensitive at the current time these will be disclosed in a future Remuneration Report.

Ordinarily, LTIP awards for the year ended 31 December 2023 would have been made following the announcement of the Company's financial results in April 2023, but these awards were delayed until 2 August 2023. Awards will vest, subject to performance on 2 August 2026.

Malus and clawback provisions apply in line with the Remuneration Policy.

PAYMENTS TO PAST DIRECTORS

On 24 July 2023, Moray MacLennan notified the Company of his intention to retire from his role as Chief Executive Officer of the Company. On 30 September 2023, he stepped down as a director of the Company and commenced a period of garden leave which will end on 30 June 2024. All contractual payments made in the year ended 31 December 2024 will be paid in line with the Remuneration Policy. No payments have been made to past Directors in the year.

In line with the retirement provision set out in the LTIP Scheme Rules, the Committee determined that Moray MacLennan should be treated as a "good leaver" in respect of his 2021 and 2022 LTIP awards and, as such, these awards will vest subject to performance, in line with other participants of the scheme. No award under the LTIP was made to Moray MacLennan in 2023.

2024 LTIP AWARDS

LTIP awards granted in 2024 will vest to the extent performance targets are met over the period to 31 December 2026 against equally weighted TSR and EPS measures.

Awards made to Executive Directors will be in line with the Remuneration Policy.

The table below details all awards held by Executive Directors under the LTIP at 31 December 2023:

Executive Director	Grant Date	Number of Shares	Percentage Vesting at Threshold Performance	Performance Period	Vesting Date	Holding Period
Moray MacLennan[1]	28 September 2021	600,000	0%	FY21 to FY23	28 September 2024	100% of any vested shares will be released on the second anniversary of the vesting date.
	12 December 2022	878,022	0%	FY22 to FY24	31 May 2025	100% of any vested shares will be released on the second anniversary of the vesting date.
Bruce Marson[2]	12 December 2022	92,867	0%	FY22 to FY24	31 May 2025	
	2 August 2023	202,802	0%	FY23 to FY25	2 August 2026	100% of any vested shares will be released on the second anniversary of the vesting date.

1. As part of his exit arrangements, Moray MacLennan was deemed to be a "good leaver" in respect of his 2021 and 2022 LTIP awards. As such, awards will vest subject to performance in line with other participants of the Group.
2. The award made to Bruce Marson in December 2022 was made prior to his appointment to the Board.

CHAIR AND NON-EXECUTIVE DIRECTORS' REMUNERATION (UNAUDITED)

The fee structure for the Non-Executive Directors in respect of 2023 is set out in the table below.

	Fee as at 31 December 2023	% Increase
Base fee		
Chair	£250,000	0%
Non-Executive Directors	£50,000	0%
Additional fees		
Senior Independent Director	£25,000	0%
Audit & Risk Committee Chair	£25,000	0%
Remuneration Committee Chair	£25,000	0%

Zillah Byng-Thorne was appointed as independent Non-Executive Board Chair from 15 June 2023 and her fee was set at £250,000. This fee increased to £670,000 for a period of up to 12 months, on appointment to the role of Executive Chair on 1 September 2023.

Fees for Non-Executive Directors increased on 1 March 2024 by 3% in line with average UK base salary increases for colleagues across the Group. During her appointment to the role of Executive Chair, Zillah Byng-Thorne will receive no additional fee increase.

Fees for 2024 are set out below:

	2024 Fees	% Increase
Base fee		
Chair	£257,500	3%
Non-Executive Directors	£51,500	3%
Additional fees		
Senior Independent Director	£25,750	3%
Audit & Risk Committee Chair	£25,750	3%
Remuneration Committee Chair	£25,750	3%

Dame Heather Rabbatts joined the Board as Senior Independent Director on 22 January 2024 and her fee was set at £75,000 (with £25,000 of this relating to her appointment as Senior Independent Director).

SHAREHOLDINGS AND SHARE INTERESTS (AUDITED)

Under the Remuneration Policy, Executive Directors are required to build and maintain a shareholding equivalent to 200% of their base salary.

The table below summarises the Executive Directors' and Non-Executive Directors' shareholdings at 31 December 2022 and 31 December 2023 (or the date they ceased to be a Director, including shares subject to deferral or a holding period and performance conditions).

Director	Beneficially owned shares on 31 December 2022	Beneficially owned shares on 31 December 2023	Shares subject to deferral/holding period (but not performance)	Unvested shares subject to performance conditions	% of base salary held counting towards shareholding requirement[1]
Moray MacLennan[2]	562,149			1,478,022	n/a
Bruce Marson	–	33,741	–	295,669	19%
Zillah Byng-Thorne	–	243,536	–	–	n/a
Colin Jones	37,758	37,758	–	–	n/a
Louise Jackson	–	–	–	–	n/a
Chris Sweetland	–	25,000	–	–	n/a
Gareth Davis[3]	178,590	178,590	–	–	
Lisa Gordon[3]	100,000	100,000	–	–	n/a

1. 31 December 2023 share price of £1.575 used for calculation.
2. Moray MacLennan stepped down from the Board on 30 September 2023.
3. Gareth Davis and Lisa Gordon stepped down from the Board on 14 June 2023.

POLICY ON EXTERNAL APPOINTMENTS (UNAUDITED)

The committee believes that the Group can benefit from Executive Directors holding approved Non-Executive Directorships in other companies, offering Executive Directors the opportunity to broaden their experience and knowledge. Our policy is to allow Executive Directors to retain fees paid from one external appointment. Bruce Marson does not hold any external appointments. Zillah Byng-Thorne holds more than one external appointment, given her original appointment as Non-Executive Chair. See page 99 for details of these.

ENGAGEMENT WITH THE WORKFORCE (UNAUDITED)

The Company is committed to regularly engaging with its workforce and realises the value in listening to and acting on employee views across the organisation.

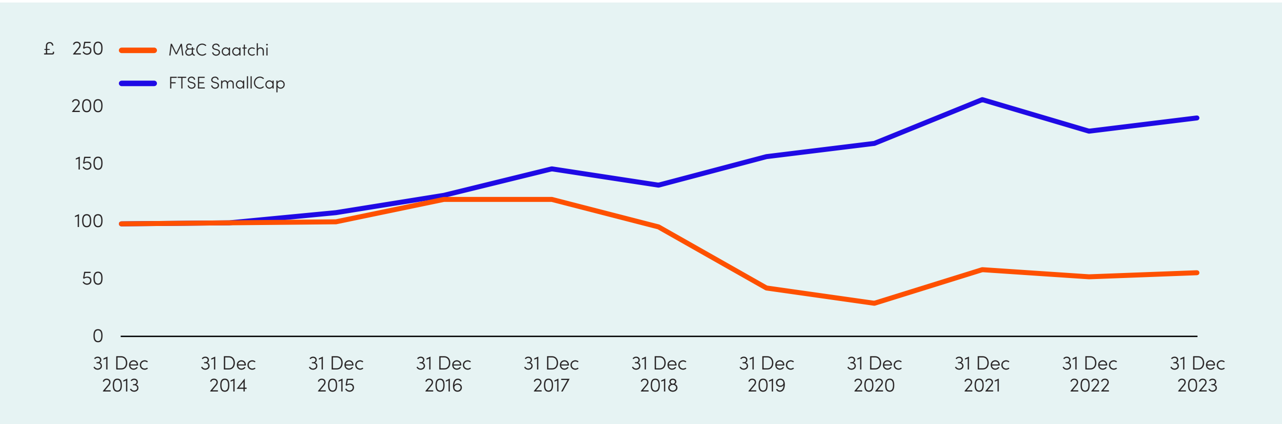
Multiple mechanisms exist across both the Group and its individual companies in order to facilitate this, including participative "all hands" style meetings and various newsletters.

Louise Jackson has been appointed as the Board member responsible for engagement with the workforce and work with the Chief People Officer to ensure the Board is furnished with qualitative and quantitative data.

The Company's global employee engagement survey, which was launched in 2022, plays a key part in informing the Board's understanding of employee sentiment.

PERFORMANCE GRAPH (UNAUDITED)

The chart below illustrates the Company's total shareholder return performance compared with the performance of the FTSE SmallCap Index, over the last ten years. The FTSE SmallCap Index has been selected as an appropriate benchmark, as this index is being used in the targets for long-term incentives.



LOUISE JACKSON
Chair of the Remuneration Committee
11 April 2024

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group and Company for the year ended 31 December 2023.

STRATEGIC REPORT

The Company's Strategic Report is set out on pages 4 to 93 and includes the section 172 statement on pages 64 and 65. The Strategic Report contains an indication of likely future developments in the business of the Company and the Group.

DIVIDENDS

The Company paid a final dividend of 1.5 pence per share to its shareholders in 2023 (2022: £nil).

The Company understands the importance of returning capital to shareholders. Given the earnings performance during the year, the Board is recommending the payment of a final dividend of 1.6 pence per share.

Subject to shareholder approval at the Annual General Meeting, to be held on 16 May 2024, the dividend will be paid on 24 June 2024 to shareholders on the register of members as at 10 May 2024. The shares will go ex-dividend on 9 May 2024.

PRINCIPAL ACTIVITY, TRADING REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the Group during the year was the provision of marketing services. The review of trading, future developments and key performance indicators can be found in the Strategic Report.

GOING CONCERN

These financial statements have been prepared on the going concern basis, as discussed in the Directors' Report and the Report of the Audit & Risk Committee.

The Board has concluded that under the most likely going concern scenarios, the Group will have sufficient liquidity and headroom on bank covenants to continue to operate for a period of not less than a year from approving the financial statements.

The Board has formed its opinion after evaluating four different severe but plausible forecast scenarios and a reverse stress test, extending to 31 December 2025. The four scenarios comprise:

1. A significant reduction in new business wins.
2. A significant increase in wage inflation.
3. A significant number of top clients are lost.
4. A significant economic downturn.

These severe but plausible scenarios are assumed to materialise from the first quarter of 2024 onwards. The estimated decline in EBITDA ranges from £11m to £24m compared to the base case plan for the cumulative period ending 31 December 2025, including a £5m to £14m decline in EBITDA in 2024.

The reverse stress test case evaluates how extreme conditions would need to be for the Group to break its covenants within the going concern review period. The conditions go significantly further than the severe but plausible scenarios and reflect a scenario that the Directors consider to be highly unlikely.

The Directors have also considered the impact of climate change on going concern, taking into account the Company's support for Ad Net Zero (the industry initiative to tackle climate change led by the Advertising Association and its members), and do not believe that there is a significant financial impact.

The Board is satisfied that the Group's forecasts, which take into account reasonably possible changes in trading performance, show that there are no material uncertainties over going concern, and that, even under the severe but plausible scenarios, the Company will continue to have sufficient liquidity and headroom to operate within the terms of its banking covenants. The Board, therefore, have concluded the going concern basis of preparation continues to be appropriate.

On 7 March 2024, the Company entered into a new revolving multicurrency facility agreement with National Westminster Bank Plc, HSBC UK Bank plc and Barclays Bank PLC for up to £50m (the "New Facility"), with a further £50m extension if required for strategic acquisitions. The New Facility is provided on a three-year term with two one-year extensions. This New Facility is to refinance the previous £47m facility with National Westminster Bank Plc and Barclays Bank PLC (the "Old Facility"), which was due to mature on 31 May 2024. At 31 December 2023, the Group had up to £47.0m (2022: £47.0m) of funds available under the Old Facility.

At 31 December 2023, the Group held total gross cash of £24m, with bank borrowings of £16m (drawn down on the Old Facility). With the borrowing headroom within the Old Facility of £31m, the Group therefore had liquidity headroom of £55m.

In all models and scenarios considered by management, the New Facility is not expected to be fully drawn. The New Facility is expected to continue to reduce to zero over the term, before any M&A activity.

In the event that a downside scenario materialises, management would swiftly undertake the following mitigating actions:

- Reducing staff and other operating expenses to levels that are in line with revenue reduction.
- Obtaining further concessions and covenant relaxation under the New Facility from the lenders.
- Closing loss-making entities.
- Selling unlisted investments, either as a portfolio or individually (at 31 December 2023, these are valued at £10.4m).

The Board is satisfied that the Group's forecasts, which take into account reasonably possible changes in trading performance, show that there are no material uncertainties over going concern, and that, even under the severe but plausible scenarios, the Group will continue to have sufficient liquidity and headroom to operate within the terms of its banking covenants under the New Facility. The Board, therefore, have concluded the going concern basis of preparation continues to be appropriate.

VIABILITY

The Directors assess the prospects of the Group and appropriateness of the period used for the viability assessment by taking into account various factors, including the Group's current position, the nature of its business, risks to the future success of the Group's business model and strategy, its principal risks, its liquidity and its expected performance, all of which have also been considered in the going concern review.

The Directors have determined that a three-year time horizon (from 31 December 2023) is the maximum length of time the Directors can reasonably be expected to assess the Group's viability at the present time. This period has been chosen as it reflects the Directors' best estimate of the future viability of the Company and encompasses three years of detailed forecasts.

In testing the viability of the Group, we have undertaken a robust scenario assessment of the principal risks which could threaten the viability or existence of the Group. As per the going concern statement set out above, we evaluated four different severe but plausible forecast scenarios. We also built a reverse stress test model which involves building further downside on top of the downsides built into the severe but plausible model.

Based on the assessment explained above, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, until at least 31 December 2026.

However, the impacts of a series of additional unforeseen risks, such as policies on data handling or employee welfare not being followed or a banking crisis, could result in additional financial burdens on the Group and may change the Board's expectation of the Group's viability.

PRINCIPAL RISKS AND UNCERTAINTIES

On pages 57 to 61 we describe the Group's principal risks and uncertainties. We provide information on the nature of the risk, actions to mitigate risk exposure, the change in exposure compared to last year and an indication of the significance of the risk by reference to its potential impact on the Group's business and financial condition. Not all potential risks are listed, and some risks are excluded because the Board considers them not to be material to the Group as a whole. In addition, there may be risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial that may also have an adverse effect on the Group.

FINANCIAL INSTRUMENTS

Details of the use of financial instruments by the Group and their risks are contained in Note 31 of the financial statements (financial risk management).

POLITICAL CONTRIBUTIONS

During the year, the Group made no political donations (2022: £nil).

DIRECTORS

The names of the Directors and details of their careers and skills are set out on pages 99 to 102. Details relating to Board meeting attendance and the composition of the committees of the Board are shown in the Governance review on pages 105 and 104 respectively.

The Directors of the Company who were in office during 2023 and up to the date of signing the financial statements are detailed in the table below:

	Joined Board	Departed Board
Executive Directors		
Moray MacLennan	1 January 2021	30 September 2023
Zillah Byng-Thorne	15 June 2023*	–
Bruce Marson	14 April 2023	–
Non-Executive Directors		
Gareth Davis	3 February 2020	14 June 2023
Colin Jones	3 February 2020	–
Lisa Gordon	17 March 2020	14 June 2023
Louise Jackson	17 March 2020	–
Chris Sweetland	15 June 2023	–
Dame Heather Rabbatts	22 January 2024	–

* Joined the Board on 15 June 2023 as Non-Executive Chair and on 1 September 2023 was appointed to Executive Chair.

The Company's articles of association require a director appointed by the Board to retire at the Company's next Annual General Meeting. In addition, the articles of association require directors to retire at each Annual General Meeting on the basis recommended by the corporate governance code adopted from time to time by the Company and, in any event require that any director who was not appointed or re-appointed as a director at either of the last two Annual General Meetings must retire and (if relevant) stand for re-appointment. As the Company has adopted the UK Corporate Governance Code, all of the Directors currently must offer themselves for re-election at each Annual General Meeting.

STREAMLINED ENERGY AND CARBON REPORTING ("SECR")

The UK Government's SECR Policy was implemented on 1 April 2019. This is the fourth year that the Group has adopted disclosures on energy and carbon, so comparative figures for 2019 onwards are also included. The tables below represent the Group's energy use and associated GHG emissions from electricity and fuel for its UK-based companies for the year ended 31 December 2023.

In the tables that follow:

- Scope 1 emissions cover direct GHG emissions from fuel combustion.
- Scope 2 emissions cover emissions from purchased electricity.
- Scope 3 emissions cover all other indirect emissions that occur in a company's value chain. They are not included in the reporting shown on the following page, but are covered in the ESG section on page 66.

	2023	2022	2021	2020	2019	
Scope 1						
Natural gas utilised	369,636	424,097	402,037	398,862	653,930	kWh
Vehicle operations (below materiality threshold)	–	–	–	– –		km
Fugitive emissions (HVAC refrigeration gas top up) (none declared for 2020)	–	–	–	– –		kg
Scope 2						
Electricity (supplied from National Grid with REGO certs)	892,109	1,006,537	819,498	793,057	1,204,341	kWh
Electricity (supplied from National Grid without REGO certs)	42,165	89,404	119,179	126,562	186,317	kWh
Total electricity (supplied from National Grid)	**934,274**	**1,095,941**	**938,677**	**919,619**	**1,390,658**	**kWh**

Corresponding emissions from activities for which the Company is responsible:

	2023	2022	2021	2020	2019	
Scope 1						
Natural gas utilised	67.62	78.02	73.74	73.43	120.27	tCO_2e
Vehicle operations	–	–	–	–		tCO_2e
Fugitive emissions (HVAC refrigeration gas top up)	–	0.59	–	–	–	tCO_2e
Total Scope 1 emissions	**67.62**	**78.61**	**73.74**	**73.43**	**120.27**	**tCO_2e**
Scope 2 (dual reporting)						
Market-based emissions						
Electricity (supplied from National Grid with REGO certs)	–	–	–	–	–	tCO_2e
Electricity (supplied from National Grid without REGO certs)	8.73	17.28	25.84	31.41	48.92	tCO_2e
Total electricity (market-based emissions determination)	**8.73**	**17.28**	**25.84**	**31.41**	**48.92**	**tCO_2e**
Total gross Scope 1 and Scope 2 emissions (market-based included)	**76.35**	**95.89**	**99.58**	**104.84**	**169.19**	**tCO_2e**

	2023	2022	2021	2020	2019	
Total Scope 2 location-based emissions						
Total electricity (supplied from National Grid, UK Grid mix factors)	193.46	211.93	203.73	226.35	365.92	tCO_2e
Total Scope 1 emissions (as above)	67.62	78.61	73.74	73.43	120.27	tCO_2e
Total gross Scope 1 and Scope 2 emissions (all locational-based included)	**261.08**	**290.54**	**277.47**	**299.78**	**486.19**	**tCO_2e**

ENERGY INTENSITY RATIO

The energy intensity ratio used has been based upon the standard measure of tCO_2e (gross Scope 1 + 2) per £100,000 revenue. The intensity ratios from 2019–2023 are as follows:

	2023	2022	2021	2020	2019	
Turnover of UK Group companies	£153,538,000	£157,928,000	£145,803,000	£134,357,000	£163,297,000	
Market-based intensity ratio: tCO_2e (gross Scope 1 + 2) / £100,000 revenue	0.050	0.061	0.068	0.078	0.104	tCO_2e / £100,000
Location-based intensity ratio: tCO_2e (gross Scope 1 + 2) / £100,000 revenue	0.170	0.184	0.190	0.223	0.298	tCO_2e / £100,000

The UK Group's Scope 1 and Scope 2 location-based emissions decreased by 9.4% vs. 2022 and market-based emissions reduced by 10.2%, continuing the downward trend from all four reported years. There was a 2.8% decrease in UK Group turnover compared to 2022. Both the location-based intensity ratio (6.8% reduction) and the market-based intensity ratio (7.6% reduction) have improved. These intensity based ratios have also reduced consistently in all reported years.

ENERGY EFFICIENCY ACTION TAKEN IN FINANCIAL YEAR

The energy efficiency measures that were undertaken during the year were:

- Comprehensive energy survey undertaken to ESOS (Energy Savings Opportunity Scheme) compliance protocol. An action plan is being developed for the implementation of the recommended ESOS measures.
- Fluorescent lighting in basement service areas of the London head office changed to LED.
- Hybrid working has enabled a rationalisation of office buildings, with a resultant reduction of energy consumption and carbon emissions.

SOCIAL RESPONSIBILITY

We have a strong social and environmental responsibility strategy that cuts across our operations, the work we do for our clients and our paid, low bono and pro bono work for non-profit organisations. For more information on our broader social responsibility strategy, please see the section "Environmental, Social and Governance (ESG)" on page 66.

BUSINESS RELATIONSHIPS

The Group recognises the need to foster business relationships with suppliers, customers and others. Details on the actions taken to strengthen these relationships and how the Board considered these relationships when making decisions can be found in our section 172 statement on pages 64 and 65.

ANTI-BRIBERY AND CORRUPTION

A zero-tolerance policy applies to practices at odds with our values and culture, such as bribery, corruption, and modern slavery. We are committed to acting ethically and with integrity in all business dealings and relationships and to implementing and enforcing effective systems and controls to ensure such practices are not taking place anywhere in our businesses or supply chain. The Group has well-established anti-bribery and anti-corruption policies aimed at ensuring adherence to associated legal and regulatory requirements.

WHISTLEBLOWING

Employees are encouraged to report any potential, or apparent, malpractice or misconduct in confidence, in accordance with the Group's internal whistleblowing policy. We continue to look at innovative ways to allow our employees to report any potential, or apparent, malpractice or misconduct in confidence. The Company uses a third-party mobile app, Vault, which gives employees a safe space to report any form of misconduct in the workplace, including but not limited to harassment, bullying, discrimination, and racism, through to fraud and corruption. The Board approved a Group-wide whistleblowing policy in 2021, which is routinely reviewed for efficacy.

FRAUD

The Board approved a Group-wide anti-fraud policy in 2021. In 2023, the Group suffered a payment fraud incident in Australia. The fraud identified a control weakness which has since been rectified. Training and coaching were provided to all Financial Controllers within the Group around this type of fraud to ensure that the Group does not suffer such an incident again. A loss of A$684k was incurred. The Group has experienced an increase in cyber-attacks which our cyber security systems have intercepted. However, one phishing attack in Germany led to the hacking of an email account but this did not lead to any financial loss.

ENGAGEMENT WITH EMPLOYEES AND OTHER STAKEHOLDER ENGAGEMENT

Ensuring that we create close collaborative and mutually beneficial relationships with suppliers who adopt standards consistent with our own helps us to streamline processes, increase savings and protect our reputation. Information about the Company's engagement with employees and other stakeholders can be found on pages 62 and 63.

GOVERNANCE

AIM-listed companies are required to adopt a recognised corporate governance code. The Board has selected the UK Corporate Governance Code 2018, which can be found at https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code. We believe that it demonstrates our commitment to enhancing the Group's governance arrangements as it contains principles that are appropriate for our needs and circumstances, and it aligns with our values as a company. Exceptions to compliance with the provisions of the Code can be found on page 106. The Company's Corporate Governance Report is provided on page 94 of this report.

SLAVERY AND HUMAN TRAFFICKING STATEMENT

The Group has a zero-tolerance policy to slavery and human trafficking both within its businesses and in its supply chains, as reflected in its Modern Slavery Statement (www.mcsaatchiplc.com/governance). Please also see pages 75 and 76 of our ESG section for information on how we are strengthening our approach to addressing modern slavery in supply chains.

DIRECTORS' CONFLICT OF INTEREST

Under the UK Companies Act 2006, Directors are subject to a statutory duty to avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or may conflict, with the interests of the Company. The Directors are required to notify the Company of any conflict or potential conflict of interest under an established procedure and any conflicts or potential conflicts are noted and managed accordingly at each Board meeting.

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY

The Company purchases insurance to cover its Directors and officers against costs they may incur in defending themselves in legal proceedings instigated against them as a direct result of duties carried out on behalf of the Company. The third-party indemnity was in force during the financial year and also at the date of approval of the financial statements.

SIGNIFICANT SHAREHOLDINGS*

Shareholders holding 3% or more of the Company's issued share capital (excluding treasury shares) at 26 March 2024:

Shareholders	Number of ordinary share	Percentage of the Company's issued share capital
Vinodka Murria	15,237,985	12.46
Octopus Investments Limited	13,758,799	11.25
Artisan Partners	12,907,451	10.56
AdvancedAdvT Limited	12,000,000	9.82
Paradice Investment Management	9,139,110	7.48
Fidelity International	6,617,947	5.41
M&G Investments	4,129,625	3.38
Lord Maurice Saatchi	4,124,882	3.37

Regularly updated details of the Directors' shareholdings and substantial shareholdings can be found on the Company's corporate website, www.mcsaatchiplc.com.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

As part of our simplification strategy, the Group continued to close down small entities including each of Influence Communications Limited, M&C Saatchi PR International Limited, M&C Saatchi WMH Limited and M&C Saatchi Shop Limited.

The Group sold its shares in PT MCS Saatchi Indonesia to the founder for a consideration of £500k on 16 January 2024.

On 7 March 2024, the Company entered into a new revolving multicurrency facility agreement with National Westminster Bank Plc, HSBC UK Bank plc and Barclays Bank PLC for up to £50m, with a further £50m extension if required for strategic acquisitions.

On 28 March 2024, the Group disposed of its 10% shareholding in Australie SAS (France) which it acquired in March 2021, its 49% shareholding in Cometis SARL and its 25% shareholding in M&C Saatchi Little Stories SAS for consideration of €1m.

On 9 April 2024, the Group entered into an agreement to divest of its shareholdings in the Group's subsidiaries forming the South Africa Group, being each of M&C Saatchi Abel (Pty) Limited, M&C Saatchi Connect (Pty) Limited, Dalmatian Communications (Pty) Limited, Levergy Marketing Agency (Pty) Limited, Razor Media (Pty) Limited and Black & White Customer Strategy (Pty) Limited for consideration of £5.6m.

The Company announced the appointment of Zaid Al-Qassab as the Company's new Chief Executive Officer. Zaid will be taking up his role in May 2024.

The Board is recommending the payment of a final dividend of 1.6 pence per share.

The Directors are not aware of any other events since the end of the financial year 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.

TREASURY SHARES

At the Company's Annual General Meeting held in 2023, the Directors were given the authority to purchase up to 12,225,746 of the Company's ordinary shares. At the year-end, the Company held 485,970 of its ordinary shares as treasury shares.

DIRECTORS' POWER TO ISSUE SHARES

At the Company's Annual General Meeting held in 2023, the Directors were given the authority to issue shares in the capital of the Company up to a maximum nominal amount of £407,524, which was equivalent to approximately one third of the total issued ordinary share capital of the Company, of which up to a maximum nominal amount of £122,256 (which is equivalent to 10% of the total issued ordinary share capital of the Company) was approved to be issued for cash on a non-pre-emptive basis. During the year, the Company did not issue any shares for cash.

SHARE CAPITAL

At the date of the Annual Report and Accounts, the Company had 122,743,435 (£0.01) ordinary shares in issue. Of this total, 485,970 ordinary shares are held in treasury. Therefore, the total number of ordinary shares in issue with voting rights is 122,257,465.

The Company did not purchase any of its own shares during the year.

AUDITORS

The Company appointed BDO LLP as its external auditors for the financial year ending 31 December 2023. BDO LLP will be seeking reappointment at the Company's Annual General Meeting to be held in 2024.

DISCLAIMER

The purpose of the Annual Report and Accounts is to provide information to shareholders of the Company, and it has been prepared for, and only for, the shareholders of the Company as a body, and no other persons. The Company, its Directors and employees, agents and advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

The Directors' Report has been signed by order of the Board by:

VICTORIA CLARKE
General Counsel & Company Secretary
M&C Saatchi plc
Company Number 05114893
11 April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK adopted international accounting standards, in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

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

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

The Directors consider the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

WEBSITE PUBLICATION

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

DIRECTORS' CONFIRMATIONS

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

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and the Company's auditors are aware of that information.

The Statement of Directors' responsibilities in respect of the financial statements has been signed by order of the Board by:

ZILLAH BYNG-THORNE
Executive Chair
11 April 2024

De’Longhi “Perfetto”, M&C Saatchi Milano

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

PREPARATION

BASIS OF PREPARATION

The financial statements have been prepared in accordance with UK adopted international accounting standards, in conformity with the requirements of the Companies Act 2006.

The financial statements are presented in pounds sterling and, unless stated otherwise, rounded to the nearest thousand. They have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

GOING CONCERN

These financial statements have been prepared on the going concern basis, as discussed in the Directors' Report and the Report of the Audit and Risk Committee.

The Board has concluded that under the most likely going concern scenarios, the Group will have sufficient liquidity and headroom on bank covenants to continue to operate for a period of not less than a year from approving the financial statements.

The Board has formed its opinion after evaluating four different severe but plausible forecast scenarios and a reverse stress test, extending to 31 December 2025. The four scenarios comprise:

1. A significant reduction in new business wins.
2. A significant increase in wage inflation.
3. A significant number of top clients are lost.
4. A significant economic downturn.

These severe but plausible scenarios are assumed to materialise from Q1 2024 onwards. The estimated decline in EBITDA ranges from £11m to £24m compared to the base case plan for the cumulative period ending 31 December 2025, including a £5m to £14m decline in EBITDA in 2024.

The reverse stress test case evaluates how extreme conditions would need to be for the Group to break its covenants within the going concern review period. The conditions go significantly further than the severe but plausible scenarios and reflect a scenario that the Directors consider to be highly unlikely.

The Directors have also considered the impact of climate change on going concern, taking into account the Company's support for Ad Net Zero (the industry initiative to tackle climate change led by the Advertising Association and its members), and do not believe that there is a significant financial impact.

The Board is satisfied that the Group's forecasts, which take into account reasonably possible changes in trading performance, show that there are no material uncertainties over going concern, and that, even under the severe but plausible scenarios, the Group will continue to have sufficient liquidity and headroom to operate within the terms of its banking covenants. The Board, therefore, has concluded that the going concern basis of preparation continues to be appropriate.

CONSOLIDATION

Where a consolidated company is less than 100% owned by the Group, the treatment of the non-controlling interest share of the results and net assets is dependent on how the non-controlling interests' equity award is accounted for. Where the equity is accounted for as a share-based payment award under IFRS 2, all dividend outflow is taken to staff costs, and there is no non-controlling interest. In all other cases, the non-controlling interest share of the results and net assets is recognised at each reporting date in equity, separately from the equity attributable to the shareholders of the Company.

MATERIAL ACCOUNTING POLICIES

Certain of the Group's accounting policies are considered by the Directors to be material due to the level of complexity, judgement, or estimation involved in their application and their potential impact on the financial statements. The critical accounting policies are listed below and explained in more detail in the relevant notes to the financial statements.

Revenue recognition

The Group's revenue is earned from the provision of advertising and marketing services, together with commission-based income in relation to media spend and commission-based income in relation to talent performance. Revenue from contracts with customers is recognised as, or when, the performance obligations present within the contractual agreements are satisfied. Depending on the arrangement with the client, the Group may act as principal or as agent in the provision of these services.

See Note 4 of the financial statements for a full listing of the Group's revenue accounting policies.

Put option accounting (IFRS 2 and IFRS 9)

It is common for equity partners in the Group's subsidiaries to hold put options over their equity, such that they can require the Group to purchase their non-controlling interest for either a variable number of the Company shares or cash. Dependent on the terms and substance of the underlying agreement, these options are either recognised as a put option liability under IFRS 9 (Note 27 of the financial statements) or as a put option under IFRS 2 (Note 28 of the financial statements) – see significant judgements below.

An IFRS 9 scheme should be considered as reward for future business performance and is not conditional on the holder being an employee of the business. These instruments are recognised in full at the amortised cost of the underlying award on the date of inception, with both a liability on the balance sheet and a corresponding amount within the minority interest put option reserve being recognised. At each period end, the amortised cost of the put option liability is calculated in accordance with the put option agreement, to determine a best estimate of the future value of the expected award. Resultant movements in the amortised cost of these instruments are charged to the income statement within finance income/expense. The put option liability will vary with both the Group's share price and the subsidiary's financial performance. Upon exercise of an award by a holder, the liability is extinguished and the associated minority interest put option reserve is transferred to the non-controlling interest acquired reserve.

An IFRS 2 scheme should be considered as reward for future business performance and is conditional on the holder being an employee of the business. These schemes are recognised as staff costs over the vesting period (if equity settled) or until the option is exercised (if cash settled). In September 2021, the Board made the decision to move to cash settlement of these put options going forward. This required a fair value assessment on the day of the modification and a movement between reserves and liabilities.

See Note 28 of the financial statements for a full description of the Group's accounting policy for IFRS 2 put options.

Headline results

As stated in the Financial Review, the Directors believe that the Headline results and Headline earnings per share (see Note 1 of the financial statements) provide additional useful information on the underlying performance of the business. The Headline results reflect the underlying profitability of the business units, by excluding a number of items that are not part of routine business income and expenses.

In addition, the Headline results are used for internal performance management and reward, and they are also used to calculate minority shareholder put option liabilities. The term "Headline" is not a defined term in IFRS. Note 1 reconciles Statutory results to Headline results and the segmental reporting (Note 3 of the financial statements) reflects Headline results, in accordance with IFRS 8.

The items that are excluded from Headline results are:

- Exceptional separately disclosed items that are one-off in nature and are not part of running the business.
- Acquisition-related costs.
- Revaluation of associates on transition to assets held for sale.
- Impairment of right-of-use assets, leasehold improvements, acquired intangibles and goodwill.
- Gains or losses generated by disposals of subsidiaries.
- Fair value adjustments to unlisted equity investments, acquisition-related contingent consideration and put options.
- Dividends paid to IFRS 2 put option holders. However, in non-controlling interest, we deduct profit share attributable to IFRS 2 put option holders.

Unlisted investments

The Group holds certain unlisted equity investments which are classified as financial assets at FVTPL (see Note 20 of the financial statements). These investments are initially recognised at their fair value. At the end of each reporting period, the fair value is reassessed, with gains or losses being recognised in the income statement.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the course of preparing financial statements, management necessarily makes judgements and estimates that can have a significant impact on the financial statements. The estimates and judgements that are made are continually evaluated, based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the financial statements within the next financial year are outlined below:

SIGNIFICANT ACCOUNTING JUDGEMENTS

Management has made the following judgements, which have the most significant effect in terms of the amounts recognised, and their presentation in the financial statements.

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 has concluded that such an indication of impairment exists, then the recoverable amount of the asset is assessed.

The Group assesses whether an impairment is required by comparing the carrying value of the CGU assets (including the right-of-use assets under IFRS 16) to their value in use. Discounted cash flow models, based on the Group's latest budget and three-year financial plan, and a long-term growth rate, are used to determine the recoverable amount for the CGUs. The appropriate estimates and assumptions used require judgement and there is significant estimation uncertainty. The results of impairment reviews conducted at the end of the year are reported in Note 15 (Intangible Assets), Note 16 (Investments in associates and joint ventures), and Note 18 (Leases) of the financial statements.

The Group has recognised a total impairment charge of £6,798k in the year (2022: £564k), of which £4,794k relates to Intangibles (2022: £728k) and £1,884k relates to the impairment of right-of-use assets (2022: reversal of £164k). There was a £132k impairment in the year of plant and equipment (2022: £nil). There was no impairment in the year of associate investments (2022: £nil).

Non-controlling interest 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.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

Some areas of the Group's financial statements are 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 within the next financial year. The Group has based its assumptions and estimates on parameters available when the 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. Changes in such estimates would allow unrecognised deferred tax to be recognised and vice versa. Analysis of deferred tax can be seen in Note 9 of the financial statements.

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 year-end these relate to:

i. Equity investments at FVTPL in non-listed limited companies (Note 20 of the financial statements).

ii. Certain contingent consideration (Note 14 of the financial statements).

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.

The basis of calculation of the estimated fair value of these financial instruments (in addition to sensitivity analyses on the estimates' salient inputs) is detailed in Note 30 of the financial statements.

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 applies judgement to these inputs, using various sources of information, including the Group's share price, experience of past performance and published data on risk-free interest rates (government gilts).

Details of awards made in the year are shown in Note 28 of the financial statements.

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.

CONSOLIDATED INCOME STATEMENT

Year Ended 31 December	Note	2023 £000	2022 £000
Billings (unaudited)	4	526,013	597,520
Revenue	4	**453,913**	**462,533**
Project cost / direct cost		(201,148)	(191,393)
Net revenue	4	**252,765**	**271,140**
Staff costs	5	(187,621)	(198,765)
Depreciation	17, 18	(8,816)	(9,326)
Amortisation	15	(841)	(1,060)
Impairment charges	15, 18	(6,798)	(564)
Other operating charges		(36,876)	(48,522)
Other (losses) / gains	20	(4,898)	(1,403)
Loss allowance	21	(422)	(952)
Gain on disposal of subsidiaries	11	782	–
Operating profit		**7,275**	**10,548**
Share of results of associates and joint ventures	16	121	(10)
Finance income	7	831	391
Finance expense	7	(7,512)	(5,506)
Profit before taxation		**715**	**5,423**
Taxation	8	(3,517)	(5,178)
(Loss) / Profit for the year		**(2,802)**	**245**
Attributable to:			
Equity shareholders of the Group		(3,529)	90
Non-controlling interests		727	155
(Loss) / Profit for the year		**(2,802)**	**245**
Profit per share			
Basic (pence)	1	(2.89)p	0.07p
Diluted (pence)	1	(2.89)p	0.07p
Headline results			
Operating profit	1	32,436	35,388
Profit before taxation	1	28,669	31,833
Profit after tax attributable to equity shareholders of the Group	1	18,545	18,105
Basic earnings per share (pence)	1	15.17p	14.81p
Diluted earnings per share (pence)	1	14.38p	13.47p
EBITDA	1	41,544	45,167

The notes on pages 144 to 147 and 156 to 223 form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year Ended 31 December	2023 £000	2022 £000
(Loss) / Profit for the year	**(2,802)**	**245**
Other comprehensive (loss) / profit*		
Exchange differences on translating foreign operations	(4,287)	4,785
Other comprehensive (loss) / profit for the year net of tax	**(4,287)**	**4,875**
Total comprehensive (loss) / profit for the year	**(7,089)**	**5,030**
Total comprehensive profit attributable to:		
Equity shareholders of the Group	(7,816)	4,875
Non-controlling interests	727	155
Total comprehensive (loss) / profit for the year	**(7,089)**	**5,030**

* All items in the consolidated statement of comprehensive income may be reclassified to the income statement.

The notes on pages 144 to 147 and 156 to 223 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

Year Ended 31 December	Note	2023 £000	2022 £000
Non-current assets			
Intangible assets	15	34,593	41,968
Investments in associates and JV	16	138	191
Plant and equipment	17	7,007	8,310
Right-of-use assets	18	33,772	43,992
Investment properties	13	2,369	–
Other non-current assets	19	2,302	1,107
Deferred tax assets	9	6,036	5,131
Financial assets at fair value through profit or loss	20	7,227	11,986
Deferred and contingent consideration	14	738	914
		94,182	**113,599**
Current assets			
Trade and other receivables	21	123,686	132,067
Current tax assets		4,321	3,909
Cash and cash equivalents		24,326	41,492
		152,333	**177,468**
Assets held for sale	12	**780**	**–**
		153,113	**177,468**
Current liabilities			
Trade and other payables	22	(133,850)	(155,547)
Provisions	23	(1,050)	(1,056)
Current tax liabilities		(743)	(481)
Borrowings	24	(15,943)	(4,430)
Lease liabilities	18	(5,751)	(6,448)
Minority shareholder put option liabilities	27/28	(9,891)	(18,419)
		(167,228)	**(186,381)**
Net current liabilities		**(14,115)**	**(8,913)**
Total assets less current liabilities		**80,067**	**104,686**

At 31 December	Note	2023 £000	2022 £000
Non-current liabilities			
Deferred tax liabilities	9	(1,235)	(1,245)
Corporation tax liabilities	9	–	(856)
Borrowings	24	–	(6,802)
Lease liabilities	18	(43,692)	(49,122)
Minority shareholder put option liabilities	27/28	(3,525)	(4,429)
Other non-current liabilities	25	(2,079)	(4,046)
		(50,531)	**(66,500)**
Total net assets		**29,536**	**38,186**
Equity			
Share capital	29	1,227	1,227
Share premium		50,327	50,327
Merger reserve		37,554	37,554
Treasury reserve		(550)	(550)
Minority interest put option reserve		(2,506)	(2,896)
Non-controlling interest acquired		(33,168)	(32,984)
Foreign exchange reserve		2,351	6,638
Accumulated losses		(26,232)	(21,303)
Equity attributable to shareholders of the Group		29,003	38,013
Non-controlling interest		533	173
Total equity		**29,536**	**38,186**

Reserves are defined in Note 36 of the financial statements.

These financial statements pages 144 to 223 were approved and authorised for issue by the Board of Directors on 11 April 2024 and signed on its behalf by:

BRUCE MARSON
Chief Financial Officer
M&C Saatchi plc
Company Number 05114893

The notes on pages 144 to 147 and 156 to 223 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000
At 31 December 2021		**1,227**	**50,327**	**37,554**	**(550)**
Share option charge	28	–	–	–	–
Amounts paid on settlement of LTIP	28	–	–	–	–
Exercise of put options	27	–	–	–	–
Dividends	10	–	–	–	–
Total transactions with owners		–	–	–	–
Total profit for the year		–	–	–	–
Total other comprehensive income for the year		–	–	–	–
At 31 December 2022		**1,227**	**50,327**	**37,554**	**(550)**
Share option charge	28	–	–	–	–
Exercise of put options	27	–	–	–	–
Dividends	10	–	–	–	–
Total transactions with owners		–	–	–	–
Total profit for the year		–	–	–	–
Total other comprehensive income for the year		–	–	–	–
At 31 December 2023		**1,227**	**50,327**	**37,554**	**(550)**

The notes on pages 144 to 147 and 156 to 223 form part of these financial statements.

MI put option reserve £000	Non-controlling interest acquired £000	Foreign exchange reserves £000	Retained earnings/ (accumulated losses) £000	Sub total £000	Non-controlling interest in equity £000	Total £000
(6,615)	**(29,190)**	**1,853**	**(22,122)**	**32,484**	**373**	**32,857**
–	–	–	1,229	1,229	–	1,229
–	–	–	(500)	(500)	–	(500)
3,719	(3,794)	–	–	(75)	75	–
–	–	–	–	–	(430)	(430)
3,719	(3,794)	–	729	654	(355)	299
–	–	–	90	90	155	245
–	–	4,785	–	4,785	–	4,785
(2,896)	**(32,984)**	**6,638**	**(21,303)**	**38,013**	**173**	**38,186**
–	–	–	434	434	–	434
390	(184)	–	–	206	(206)	–
–	–	–	(1,834)	(1,834)	(161)	(1,995)
390	(184)	–	(1,400)	(1,194)	(367)	(1,561)
–	–	–	(3,529)	(3,529)	727	(2,802)
–	–	(4,287)	–	(4,287)	–	(4,287)
(2,506)	**(33,168)**	**2,351**	**(26,232)**	**29,003**	**533**	**29,536**

CONSOLIDATED CASH FLOW STATEMENT

Year Ended 31 December	Note	2023 £000	2022 Restated* £000
Operating profit		**7,275**	**10,548**
Adjustments for:			
Depreciation of plant and equipment	17	2,573	2,480
Depreciation of right-of-use assets	18	6,243	6,846
Impairment of right-of-use assets	18	1,884	–
Loss on sale of plant and equipment		271	165
Impairment of plant and equipment	17	132	–
Loss on sale of software intangibles		–	175
Revaluation of financial assets at FVTPL	20	4,722	1,403
Revaluation of contingent consideration	14	176	266
Amortisation and impairment of acquired intangible assets	15	1,764	597
Impairment of goodwill and other intangibles	15	3,733	556
Impairment and amortisation of capitalised software intangible assets	15	138	635
Exercise of share-based payment schemes with cash	27	–	(500)
Exercise of put options*	28	(14,637)	(9,607)
Equity settled share-based payment expenses	28	841	1,229
Operating cash before movements in working capital		**15,115**	**14,793**
Decrease / (Increase) in trade and other receivables		9,924	(4,187)
(Decrease) / Increase in trade and other payables		(24,437)	9,104
(Decrease) / Increase in provisions		(6)	(137)
Cash (consumed by) / generated from operations		**596**	**19,573**
Tax paid		(4,156)	(6,712)
Net cash from operating activities		**(3,560)**	**12,861**
Investing activities			
Disposal of associate or subsidiary (net of cash disposed of)	11	(209)	–
Investment loans	20	(608)	–
Proceeds from sale of unlisted investments	20	49	918
Purchase of plant and equipment	17	(1,827)	(4,383)
Purchase of capitalised software	15	(19)	(1,192)
Interest received	7	831	391
Net cash consumed by investing activities		**(1,783)**	**(4,266)**
Net cash from operating and investing activities		**(5,343)**	**8,595**

Year Ended 31 December	Note	2023 £000	2022 Restated* £000
Financing activities			
Dividends paid to equity holders of the Company		(1,834)	–
Dividends paid to non-controlling interest		(161)	(430)
Cash consideration for non-controlling interest acquired and other options*	27	(785)	(2,497)
Payment of deferred consideration		–	(1,250)
Payment of lease liabilities	18	(6,228)	(7,307)
Proceeds from bank loans	24	9,000	–
Repayment of bank loans	24	(164)	(13,410)
Interest paid	7	(2,318)	(1,200)
Interest paid on leases	18	(2,876)	(2,970)
Net cash consumed by financing activities		**(5,366)**	**(29,064)**
Net decrease in cash and cash equivalents		**(10,709)**	**(20,469)**
Effect of exchange rate fluctuations on cash held		(2,186)	2,711
Cash and cash equivalents at the beginning of the year		37,221	54,979
Total cash and cash equivalents at the end of the year		**24,326**	**37,221**
Net debt reconciliation			
Cash and cash equivalents		24,326	41,492
Bank overdrafts***	24	–	(4,271)
Total cash and cash equivalents at the end of the year		**24,326**	**37,221**
Bank loans and borrowings**	24	(16,043)	(7,212)
Net cash		**8,283**	**30,009**

* The cash flow statement for 2022 has been restated (Note 28 of the financial statements).

** Bank loans and borrowings are defined in Note 24 of the financial statements; they exclude the lease liability of £53,735k (2022: £55,570k) (Note 18 of the financial statements).

*** These overdrafts can be legally offset with other cash balances. They have not been netted off in accordance with IAS32.42 in 2022 as there was no intention to settle on a net basis. However, they have been netted off in 2023 as the cash balance and the overdraft balance is with the same bank and there is intention to settle this on a net basis.

The notes on pages 144 to 147 and 156 to 223 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. HEADLINE RESULTS, EARNINGS PER SHARE AND EBITDA

The analysis below provides a reconciliation between the Group's Statutory results and the Headline results for the current year.

Year Ended 31 December 2023	Note	Statutory 2023 £000	Separately disclosed items (Note 2) £000	Gain/loss on disposal of subsidiaries £000	Revaluation of associates on transition to assets held for sale £000
Billings (unaudited)		**526,013**	**–**	**–**	**–**
Revenue		**453,913**	**–**	**–**	**–**
Net revenue		**252,765**	**–**	**–**	**–**
Staff costs	5	(187,621)	6,908	–	–
Depreciation	17, 18	(8,816)	–	–	–
Amortisation	15	(841)	–	–	–
Impairments	15, 18	(6,798)	–	–	–
Other operating charges		(37,298)	744	–	–
Other losses	20	(4,898)	–	–	–
Gain on disposal of subsidiaries		782	–	(782)	–
Operating profit		**7,275**	**7,652**	**(782)**	**–**
Share of results of associates and JV	16	121	–	–	(133)
Finance income	7	831	–	–	–
Finance expense	7	(7,512)	–	–	–
Profit before taxation	**8**	**715**	**7,652**	**(782)**	**(133)**
Taxation	8	(3,517)	(1,821)	–	–
Profit for the year		**(2,802)**	**5,831**	**(782)**	**(133)**
Non-controlling interests		727	–	–	–
Profit attributable to equity holders of the Group**		**(3,529)**	**5,831**	**(782)**	**(133)**

* The non-controlling interest charge is moved to operating profit due to underlying equity being defined as an IFRS 2 put option.
** Headline earnings are profit attributable to equity holders of the Group after adding back the adjustments noted above.

Amortisation of acquired intangibles (Note 15) £000	Impairment of intangible assets (Note 15) £000	Impairment of non-current assets (Note 17 & 18) £000	FVTPL investments under IFRS 9 (Note 20) £000	Dividends paid to IFRS 2 put holders (Note 5)* £000	Put option accounting (Note 27 & 28) £000	Headline results £000
–	**–**	**–**	**–**	**–**	**–**	**526,013**
–	**–**	**–**	**–**	**–**	**–**	**453,913**
–	**–**	**–**	**–**	**–**	**–**	**252,765**
–	–	–	–	2,499	4,203	(174,011)
–	–	–	–	–	–	(8,816)
537	–	–	–	–	–	(304)
–	4,794	2,004	–	–	–	–
–	–	–	(644)	–	–	(37,198)
–	–	–	4,898	–	–	–
–	–	–	–	–	–	–
537	**4,794**	**2,004**	**4,254**	**2,499**	**4,203**	**32,436**
–	–	–	–	–	–	(12)
–	–	–	–	–	–	831
–	–	–	813	–	2,113	(4,586)
537	**4,794**	**2,004**	**5,067**	**2,499**	**6,316**	**28,669**
(198)	(28)	(536)	(1,178)	–	(65)	(7,343)
339	**4,766**	**1,468**	**3,889**	**2,499**	**6,251**	**21,326**
–	–	–	–	2,054	–	2,781
339	**4,766**	**1,468**	**3,889**	**4,553**	**6,251**	**18,545**

1. HEADLINE RESULTS, EARNINGS PER SHARE AND EBITDA CONTINUED

The analysis below provides a reconciliation between the Group's Statutory results and the Headline results for the current year.

Year Ended 31 December 2022	Note	Statutory 2022 £000	Separately disclosed items (Note 2) £000	Amortisation of acquired intangibles (Note 15) £000
Billings (unaudited)		**597,520**	**–**	**–**
Revenue		**462,533**	**–**	**–**
Net revenue		**271,140**	**–**	**–**
Staff costs	5	(198,765)	3,412	–
Depreciation	17, 18	(9,326)	–	–
Amortisation	15	(1,060)	–	597
Impairments	15, 18	(564)	–	–
Other operating charges		(49,474)	9,940	–
Other losses	20	(1,403)	–	–
Operating profit		**10,548**	**13,352**	**597**
Share of results of associates and JV	16	(10)	–	–
Finance income	7	391	–	–
Finance expense	7	(5,506)	–	–
Profit before taxation	**8**	**5,423**	**13,352**	**597**
Taxation	8	(5,178)	(1,982)	(174)
Profit for the year		**245**	**11,370**	**423**
Non-controlling interests		(155)	–	–
Profit attributable to equity holders of the Group**		**90**	**11,370**	**423**

* The non-controlling interest charge is moved to operating profit due to underlying equity being defined as an IFRS 2 put option.
** Headline earnings are profit attributable to equity holders of the Group after adding back the adjustments noted above.

Impairment of non-current assets (Note 15 & 18) £000	FVTPL investments under IFRS 9 (Note 20) £000	Revaluation of contingent consideration (Note 14) £000	Dividends paid to IFRS 2 put holders (Note 5)* £000	Put option accounting (Note 27 & 28) £000	Headline results £000
–	**–**	**–**	**–**	**–**	**597,520**
–	**–**	**–**	**–**	**–**	**462,533**
–	**–**	**–**	**–**	**–**	**271,140**
–	–	–	7,811	1,119	(186,423)
–	–	–	–	–	(9,326)
–	–	–	–	–	(463)
564	–	–	–	–	–
–	(272)	266	–	–	(39,540)
–	1,403	–	–	–	–
564	**1,131**	**266**	**7,811**	**1,119**	**35,388**
–	–	–	–	–	(10)
–	–	–	–	–	391
–	456	–	–	1,114	(3,936)
564	**1,587**	**266**	**7,811**	**2,233**	**31,833**
–	(409)	–	–	(47)	(7,790)
564	**1,178**	**266**	**7,811**	**2,186**	**24,043**
–	–	–	(5,783)	–	(5,938)
564	**1,178**	**266**	**2,028**	**2,186**	**18,105**

1. HEADLINE RESULTS, EARNINGS PER SHARE AND EBITDA CONTINUED

Earnings per share

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

Diluted earnings per share is calculated by adjusting the weighted average number of the Company's ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. Anti-dilutive potential ordinary shares are excluded. The dilutive effect of unvested outstanding options is calculated based on the number that would vest had the balance sheet date been the vesting date. Where schemes have moved from equity to cash payment and vice versa, the potential dilution is calculated as though they had been in their year-end position for the whole year.

Year Ended 31 December 2023	2023	Headline 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		
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 number of shares (thousands) including dilutive shares	122,257	123,757
Diluted EPS – excluding items the Group intends and is able to pay in cash	**(2.89)p**	**14.99p**

As 2023 Basic EPS is negative, no adjustment has been made for LTIP and put options in the Dilutive EPS calculation, as these would be anti-dilutive, i.e. would increase EPS had they been included.

Year Ended 31 December 2022	2023	Headline 2023
Profit attributable to equity shareholders of the Group (£000)	**90**	**18,105**
Basic earnings per share		
Weighted average number of shares (thousands)	122,257	122,257
Basic EPS	**0.07p**	**14.81p**
Diluted earnings per share		
Weighted average number of shares (thousands) as above	122,257	122,257
Add		
– LTIP	905	905
– Put options (payable in cash)	11,302	11,302
Total	**134,464**	**134,464**
Diluted EPS	**0.07p**	**13.47p**
Excluding the put options (payable in cash)	(11,302)	(11,302)
Weighted average number of shares (thousands) including dilutive shares	123,162	123,162
Diluted EPS – excluding items the Group intends and is able to pay in cash	**0.07p**	**14.70p**

HEADLINE EBITDA

	2023 £000	2022 £000
Profit Before Tax (Headline)	**28,669**	**31,833**
Add back:		
Headline depreciation and amortisation (incl. IFRS 16)	9,120	9,789
Headline finance expense (incl. IFRS 16)	4,586	3,936
Headline finance income	(831)	(391)
EBITDA	**41,554**	**45,167**

2. SEPARATELY DISCLOSED ITEMS

Policy

Separately disclosed items include 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.

Analysis

Separately disclosed items for the year ended 31 December 2023 comprise of the following:

2023	Staff costs £000	Operating costs £000	Taxation £000	After tax total £000
Restructuring – discontinued businesses	1,481	18	(340)	1,159
Restructuring – ongoing businesses	3,200	85	(810)	2,475
Restructuring – global efficiency programme	438	251	(160)	529
CEO/Executive Chair compensation	1,514	–	(355)	1,159
Transformation project costs	275	390	(156)	509
Total separately disclosed items	**6,908**	**744**	**(1,821)**	**5,831**

The Group has been pursuing a strategy to simplify its operating structure and improve efficiency across the Group. In 2023, three programmes of restructuring have been undertaken:

- The Group has shut down certain loss-making overseas and UK subsidiaries and incurred redundancy costs as part of the agreement with the disposed or closed businesses. This programme will continue into 2024.
- The Group's global efficiency programme has also started to identify and reduce specific central HQ roles, which will no longer be required in the Group. This programme will continue into 2024.
- Local businesses within the Group have reviewed their own future, permanent operational structures, following market changes, which has resulted in staff redundancy costs in the period across 28 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). These local programmes have been completed, but new programmes may be undertaken in future, depending on local market conditions.

The staff costs associated with these restructuring programmes have been treated as an exceptional non-Headline cost, as they are one-off exit costs relating to compensation to employees for periods not worked. The operating costs mainly relate to the future rates and service charges for the 30 Great Pulteney Street office in London, which has now been vacated (£233k).

CEO compensation relates to the 12 months of staff costs relating to the gardening leave of the former CEO, which has not been worked. These have been treated as an exceptional non-Headline cost, as these costs are legally committed by the business, but with no benefit to the business.

The Executive Chair has fulfilled the CEO role, which triggered the loss of future compensation from her previous employment, which the Company has agreed to bear. These have been treated as an exceptional non-Headline cost, as these costs relate to the Executive Chair's performance in another business.

In the second half of 2022, the Group commenced a global efficiency programme, with the assistance of PricewaterhouseCoopers LLP (PwC). PwC's professional fees (£390k) and the staff costs of the project team dedicated to this transformation project (£275k) have been classified as separately disclosed items in line with the treatment in 2022, as this is a strategic, one-off project with a finite end that is not part of the underlying operations of the business. PwC has completed its work, but the project team will continue to manage the project through to conclusion in 2025.

Separately disclosed items for the year ended 31 December 2022 comprise of the following:

2022	Staff costs £000	Operating costs £000	Taxation £000	After tax total £000
Takeover transaction costs	9,210	1,623	(1,294)	9,539
Strategic review and restructuring	992	1,789	(688)	2,093
Other	(262)	–	–	(262)
Total separately disclosed items	**9,940**	**3,412**	**(1,982)**	**11,370**

During 2022, the Company was subject to two competing bids to take control and full ownership of the business. Managing the Company's response to these two bids resulted in a number of external advisory costs and a refocusing of several key internal personnel away from the day-to-day running of the business. Included in the above is £811k related to senior management costs (including £360k representing CEO time), as an estimate of time spent on the transaction where they have been unable to undertake other planned strategic activities and day-to-day management of the business. In addition, incremental bonus costs were paid to several key individuals of £594k to reflect the significant additional workload they had to undertake.

In 2022, PwC's professional fees in relation to the global cost efficiency programme were classified as non-Headline (£992k). In addition, within three of the agencies in the Group, a strategic review resulted in staff redundancy costs in the year (£1,789k).

Other separately disclosed items relate to the release of the provision associated with the Financial Conduct Authority investigation, which is now closed with no enforcement action being taken, the cost of which was previously treated as non-Headline. In addition, legal fees were incurred in relation to a dispute in relation to a put option arrangement.

3. SEGMENTAL INFORMATION

Headline segmental income statement

Segmental results are reconciled to the income statement in Note 1 of the financial statements. The Board reviews Headline results.

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

The operating segments have historically comprised of individual country entities, the financial information of which is provided to the CODM and is aggregated into specific geographic regions on a Headline basis, with each geographic region considered a reportable segment. Each country included in that region has similar economic and operating characteristics. The products and services provided by entities in a geographic region are all related to marketing communications services and generally offer complementary products and services to their customers.

The Group's performance is also assessed under a structure of specialisms, and this is reported under two segments: Advertising and High Growth Specialisms, excluding Group Central Costs.

Segmental Information by Geography

	UK £000	Americas £000	Asia Pacific (APAC) £000	Africa £000	Europe £000	Middle East £000	Group Central Costs £000	Total £000
Year Ended 31 December 2023								
Net revenue	102,709	46,933	64,959	16,080	14,575	7,509	–	**252,765**
Operating profit / (loss)	20,867	6,608	7,816	1,869	1,570	1,343	(7,637)	**32,436**
Operating profit margin	20%	14%	12%	12%	11%	18%	–	**13%**
Profit / (loss) before tax	19,235	5,542	6,776	1,753	1,459	1,294	(7,390)	**28,669**
Year Ended 31 December 2022								
Net revenue	98,241	55,205	79,010	17,012	15,316	6,356	–	**271,140**
Operating profit / (loss)	19,528	9,970	12,768	2,000	1,852	625	(11,355)	**35,388**
Operating profit margin	19%	18%	16%	14%	12%	10%	–	**13%**
Profit / (loss) before tax	17,416	8,278	11,726	1,655	1,832	625	(9,699)	**31,833**

Included within the Group's revenues is a customer that makes up more than 10% of total net revenue, contributing £28.6m (2022: £32.8m). This is included within the UK and within the High Growth Specialisms.

Segmental Information by Division

	Advertising £000	Specialisms £000	Group Central Costs £000	Total £000
Year Ended 31 December 2023				
Net revenue	105,456	147,309	–	**252,765**
Operating profit / (loss)	8,011	32,062	(7,637)	**32,436**
Operating profit margin	8%	22%	–	**13%**
Profit / (loss) before tax	6,238	29,821	(7,390)	**28,669**
Year Ended 31 December 2022				
Net revenue	124,300	146,840	–	**271,140**
Operating profit / (loss)	11,728	35,015	(11,355)	**25,388**
Operating profit margin	9%	24%	–	**13%**
Profit / (loss) before tax	9,928	31,604	(9,699)	**31,833**

Non-current Assets Other Than Excluded Items

As at 31 December	2023 £000	2022 £000
UK	40,386	41,293
Asia Pacific (APAC)	16,127	26,342
Americas	15,315	17,131
Europe	4,735	6,136
Africa	2,696	3,782
Middle East	1,660	884
Total non-current assets other than excluded items	**80,919**	**95,568**
Non-current assets excluded from analysis above:		
Deferred tax assets	6,036	5,131
Other financial assets	7,227	11,986
Total non-current assets per balance sheet	**94,182**	**112,685**

Allocation of non-current assets by country is based on the location of the business units. Items included comprise fixed assets, intangible assets, IFRS 16 assets and equity accounted investments.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Billings comprise all gross amounts billed, or billable, to clients and is stated exclusive of VAT and sales taxes. Billings is a non-GAAP measure and is included as it influences the quantum of trade and other receivables recognised at a given date. The difference between Billings and Revenue is represented by costs incurred on behalf of clients with whom entities within the Group operate as an agent, and timing differences, where invoicing occurs in advance or in arrears of the related revenue being recognised.

Net revenue is a non-GAAP measure and is reviewed by the CODM and other stakeholders as a key metric of business performance (Note 3 of the financial statements).

Revenue recognition policies

Revenue is stated exclusive of VAT and sales taxes. Net revenue is exclusive of third-party costs recharged to clients, where entities within the Group are acting as principal.

Performance obligations

At the inception of a new contractual arrangement with a customer, the Group identifies the performance obligations inherent in the agreement. Typically, the terms of the contracts are such that the services to be rendered are considered to be either integrated or to represent a series of services that are substantially the same, with the same pattern of transfer to the customer. Accordingly, this amalgam of services is accounted for as a single performance obligation.

Where there are contracts with services which are distinct within the contract, then they are accounted for as separate obligations. In these instances, the consideration due to be earned from the contract is allocated to each of the performance obligations, in proportion to their stand-alone selling price.

Further discussion of performance obligations arising in terms of the main types of services provided by the Group, in addition to their typical pattern of satisfaction, is provided below.

Measurement of revenue

Based on the terms of the contractual arrangements entered into with customers, revenue is typically recognised over time. This is based on either the fact that (i) the assets generated under the terms of the contracts have no alternative use to the Group and there is an enforceable right to payment, or (ii) the client exerts editorial oversight during the course of the assignment such that they control the service as it is provided.

Principal vs agent

When a third-party supplier is involved in fulfilling the terms of a contract, then, for each performance obligation identified, the Group assesses whether the Group is acting as principal or agent. The primary indicator used in this assessment is whether the Group is judged to control the specified services prior to the transfer of those services to the customer. In this instance, it is typically concluded that the Group is acting as principal.

When entities within the Group act as an agent, the revenue recorded is the net amount retained. Costs incurred with external suppliers are excluded from revenue. When the Group acts as principal the revenue recorded is the gross amount billed, and when allowable by the terms of the contract, out-of-pocket costs, such as travel, are also recognised as the gross amount billed with a corresponding amount recorded as an expense.

Treatment of costs

Costs incurred in relation to the fulfilment of a contract are generally expensed as incurred if revenue is recognised over time.

Disaggregation of revenue

The Group monitors the composition of revenue earned by the Group on a geographic basis and by specialism.

Revenue	Reported 2023 £m	2022 £m	2023 vs 2022 Movement
Specialism			
Advertising	205.0	221.8	(8)%
Issues	111.4	92.7	20%
Passions	69.5	65.5	6%
Consulting	38.7	45.9	(16)%
Media	29.3	36.6	(20)%
Group	**453.9**	**462.5**	**(2)%**
Region			
UK	199.0	139.3	43%
Asia Pacific (APAC)	101.7	128.5	(21)%
Americas	72.7	116.8	(38)%
Africa	33.8	32.8	(3)%
Europe	29.4	24.9	18%
Middle East	17.3	20.2	(15)%
Group	**453.9**	**462.5**	**(2)%**

Assets and liabilities related to contracts with customers

Contract assets and liabilities arise when there is a difference (generally due to timing) in the amount of revenue which can be recognised and the amount which can be invoiced under the terms of the contractual arrangement.

Where revenue earned from customers is recognised over time, many of the Group's contractual arrangements have terms which permit the Group to remit invoices for the amount of work performed to date on a specific contract (described in the accounting policies as "right-to-invoice"). Where the terms of a contractual arrangement do not carry such right to invoice, then a contract asset is recognised over time, as work is performed until such point that an invoice can be remitted.

Where revenue earned from customers is recognised at a point in time, then this will be dependent on satisfaction of a specific performance obligation. At such point, it is usual that there are no other conditions required to be met for receipt of consideration and, as such, a trade receivable should be recognised at the point the entity's right to consideration is unconditional, which normally will be at the time the purchase order is satisfied (which may not be the same as when an invoice is raised).

Contract liabilities comprise instances where a customer has made payments relating to services prior to their provision. Where payments are received in advance, IFRS 15 requires assessment of whether these cash transfers contain any financing component. Under the terms of the contractual arrangements entered into by entities within the Group, there are no instances where such financing elements arise. This is the case even for those arrangements where the Group receives monies more than a year in advance by virtue of the terms of the contractual agreement so entered into.

The Group operates a standard 30-day credit terms policy. All contract liabilities and contract assets (other receivables per Note 21 of the financial statements) brought forward have been realised in the current period.

Revenue recognition policies and performance obligation satisfaction by category of services performed

Further details regarding revenue recognition and performance obligations of the Group's main service offerings are summarised below.

Provision of advertising and marketing services

The provision of advertising and marketing services to clients typically meets the criteria identified above for revenue to be recognised over time. The quantum of revenue to be recognised over the period of the assignments is either based on the "right-to-invoice" expedient or as the services are provided, depending on the contractual terms. In measuring the progress of services provided in an assignment, the Group uses an appropriate measure depending on the circumstances, which may include inputs (such as internal labour costs incurred) or outputs (such as media posts). Where projects are carried out under contracts, the terms of which entitle an entity within the Group to payment for its performance only when a discrete point is reached (such as an event has occurred or a milestone has been reached), then revenue is recognised at the time that payment entitlement occurs, i.e. at a point in time.

The provision of advertising and marketing services can encompass provision of a range of media deliverables in addition to development and deployment of a media strategy. Regular assessment of the effectiveness of the project with regard to the objective of the contractual arrangement may also be included. Often the range of services provided within these arrangements is considered to be integrated to an extent that no separable performance obligations can be identified other than a single over-arching combined performance obligation relating to the delivery of the project. In these instances, revenue is recognised over time as the performance obligation is being satisfied depending on the circumstances, which may include inputs (such as internal labour costs incurred) or outputs (such as media posts).

When services provided are considered separable, and not integrated, then multiple performance obligations are recognised. Multiple performance obligations are most common in projects where there are clearly separable conceptual preparatory obligations culminating in a customer deliverable, such as an event. In these scenarios the conceptual preparation element and the deliverable are concluded as forming separate performance obligations with the revenue and corresponding cost of sales (typically third-party pass-through costs) assigned to the obligation to which they relate.

Whilst it is uncommon for projects to be such that revenue is not able to be recognised over time, examples can occur. In these instances, the element of the transaction price assigned to each performance obligation (in proportion to stand-alone selling prices) is recognised as revenue once an obligation has been fully satisfied, for example, an event has occurred or a milestone has been reached.

Some entities within the Group enter into retainer fees that relate to arrangements whereby the nature of the entity's contractual promise is to agree to "stand-ready" to deliver services to the customer for a period of time rather than to deliver the goods or services underlying that promise. Revenue relating to retainer fees is recognised over the period of the relevant assignments or arrangements, typically in line with the "stand-ready" incurred costs.

Where fees are remunerated to the agency in excess of the services rendered, then a contract liability is recognised. Conversely where the services rendered are in excess of the actual fees paid, then a contract asset is recognised when there is a right to consideration.

Certain of these arrangements have contractual terms relating to the agency meeting specific customer identified KPIs. As a result, the overall level of consideration can vary by increasing or decreasing as a result of performance against these KPI metrics. To reflect this variability in the overall level of consideration, the most likely outcome is estimated by management and then that outcome is reflected in the revenue recognised as the performance obligation(s) of the contract are satisfied. When determining the likely outturn position, the estimated consideration is such that it is highly probable there will not be significant reversal of the revenue in the future. The estimated portion of the variable element is recalculated at the earlier of the completion of the contract or the next reporting period and revenue is adjusted accordingly. These estimates are based on historical award experience, anticipated performance and best judgement at the time.

Commission-based income in relation to media spend

The Group arranges for third parties to provide the related goods and services to its customers in the capacity of an agent. Revenue is recognised in relation to the amount of commission the Group is entitled to. Often additional integrated services are provided at the same time with regard to the development and deployment of an overarching media strategy. Due to the integration of the services provided under the terms of the contract, management judgement is applied to assess whether there is a single combined performance obligation.

The performance obligation for media purchases is considered to have been satisfied when the associated advertisement has been purchased. In the majority of instances where the Group purchases media for clients, the Group is acting as agent.

Commission-based income in relation to talent performance

Revenue in relation to talent performance involves the Group acting as agent. Typically, such arrangements have a single, or a sequence, of specific performance obligations relating to the talent (or other third party) providing services. The performance obligations are generally satisfied at a point in time once the service has been provided, at which point, revenue is recognised. The consideration for the services is normally for a fixed amount (as a percentage of the talent's fee) with no degree of variability.

Recognition of supplier discounts and rebates as revenue from contracts with customers

The Group receives discounts and rebates from certain suppliers for transactions entered into on behalf of clients, which the clients have agreed the Group can retain. When the contractual terms of the agreements entered into are such that the Group acts as agent in these instances, then such rebates are recognised as revenue from contracts with customers. By contrast, when the contractual terms of the agreements are such that the Group is acting as principal, then such rebates are recognised as a reduction in direct costs. Certain of the Group's clients, however, have contractual terms such that the pricing of their contracts is structured with the rebate being passed through to them.

5. STAFF COSTS

Policy

Contributions to personal pension plans are charged to the income statement in the period in which they are due. Bonuses are given on an ad hoc basis, or as otherwise agreed, and are accrued in the year to which the services performed relate (when there is an expectation these will be awarded).

Staff Costs (including Directors)

Year Ended 31 December	Note	2023 £000	2022 £000
Wages and salaries**		152,647	156,476
Social security costs		14,600	16,152
Pension costs		8,393	8,833
Other staff costs*		4,205	5,832
Total		**179,845**	**187,293**
Allocations and dividends paid to holders of IFRS 2 put options	**1**	**2,499**	**7,811**
Share-based incentive plans:			
Cash settled	28	4,843	2,432
Equity settled	28	434	1,229
Total share-based incentive plans		**5,277**	**3,661**
Total staff costs		**187,621**	**198,765**

* Other staff costs include profit share, LTIP charges and other staff benefits.
** Includes bonuses.

Staff numbers	2023	2022
UK	769	772
Europe	182	166
Middle East	76	73
Africa	368	348
Asia Pacific (APAC)	969	1,035
Americas	342	340
Total	**2,706**	**2,734**

These staff numbers are based on the average number of staff throughout the year in 2023.

Pensions

The Group does not operate any defined benefit pension schemes. The Group makes payments, on behalf of certain individuals, to personal pension schemes.

Compensation for key management personnel and Directors	2023 £000	2022 £000
Wages and salaries	1,750	2,214
Pension costs	53	53
Share-based payments*	–	381
Total	1,803	2,648

* Included within share-based payments is £nil (2022: £174k) relating to Mickey Kalifa who left the Company in May 2022.

Key management personnel include the Directors and employees responsible for planning, directing and controlling the activities of the Group. Refer to page 126 of the Directors' Remuneration Report for details of the Directors' remuneration, including the highest paid Director.

6. AUDITORS' REMUNERATION

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Group:

Year Ended 31 December	2023 £000	2022 £000
Audit services		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	1,450	1,506
Fees payable to associates of the Company's auditor for the audit of the accounts of subsidiaries	205	174
Audit fees relating to the prior period	154	300
	1,809	**1,980**
Other services provided by the auditors:		
Other assurance services – interim agreed upon procedures	8	25
Corporate finance services	3	499
Taxation compliance services	149	168
Taxation advisory services	73	176
	233	**868**
Total	**2,042**	**2,848**

7. NET FINANCE EXPENSE

Policy

Interest income and expense, including fair value adjustments to IFRS 9 put options, are recognised in the income statement in the period in which they are incurred, except for the amortisation of loan costs which are recognised over the life of the loan.

Year Ended 31 December	2023 £000	2022 £000
Bank interest receivable	412	331
Other interest receivable	414	55
Sublease finance income	5	5
Financial income	**831**	**391**
Bank interest payable	(2,318)	(1,200)
Amortisation of loan costs	(190)	(222)
Other interest payable	(14)	–
Interest on lease liabilities	(2,876)	(2,970)
Valuation adjustment to IFRS 9 put option liabilities (Note 27)	(2,114)	(1,114)
Financial expense	**(7,512)**	**(5,506)**
Net finance expense	**(6,681)**	**(5,115)**

8. CURRENT TAXATION

Policy

Current tax, including UK and foreign tax, is provided for using the tax rates and laws that have been substantively enacted at the balance sheet date.

Analysis

Income Statement Charge for Year Ended 31 December	2023 £000	2022 £000
Taxation in the year		
UK	1,955	730
Overseas	3,832	3,020
Withholding taxes payable	54	14
Adjustment for (over) / under provision in prior periods	(606)	(986)
Total	**5,235**	**2,778**
Deferred taxation		
Recognition of temporary differences	(1,320)	1,719
Adjustment for under / (over) provision in prior periods	253	709
Recognition of previously unrecognised deferred tax	(548)	–
Effect of changes in tax rates	(103)	(28)
Total	**(1,718)**	**2,400**
Total taxation	**3,517**	**5,178**

The differences between the actual tax and the standard rate of corporation tax in the UK applied to the Group's Statutory profit for the year are as follows:

Year Ended 31 December	2023 £000	*2023 %*	2022 £000	*2022 %*
Profit before taxation	715		5,423	
Taxation at UK corporation tax rate of 23.50% (2022: 19.00%)	**168**	***23.5%***	**1,030**	***19.0%***
Option charges not deductible for tax	1,724	*241.8%*	1,070	*19.7%*
Impairment with no tax credit	1,099	*154.2%*	138	*2.5%*
Tax losses for which no deferred tax asset was recognised	962	*134.9%*	834	*15.4%*
Expenses not deductible for tax	627	*88.0%*	1,314	*24.2%*
Different tax rates applicable in overseas jurisdictions	140	*19.6%*	1,081	*20.0%*
Withholding taxes payable	54	*7.6%*	14	*0.3%*
Tax effect of associates	3	*0.4%*	2	*0.0%*
Disposal of associate on which no tax is charged	(72)	*-10.1%*	–	–
Effect of changes in tax rates	(103)	*-14.4%*	–	–
Disposal of subsidiaries on which no tax is charged	(184)	*-25.8%*	–	–
Adjustment for tax (over) / under provision in prior periods	(353)	*-49.5%*	(277)	*-5.1%*
Recognition of previously unrecognised deferred tax	(548)	*-76.9%*	–	–
Effect of changes in tax rates on deferred tax	–	–	(28)	*-0.5%*
Total taxation	**3,517**	***493.3%***	**5,178**	***95.5%***
Effective tax rate	**493.3%**		**95.5%**	

Large variations in future tax rates of the statutory accounts are expected due to significant items such as share-based payments (option charges) and put options being non-deductible against corporation tax as a result of these items being capital in nature.

The key differences between actual and standard tax rates are as follows:

- Option charges include dividends paid to those shareholders in the subsidiary companies that also have a put option arrangement in place within that entity, which are not deductible for tax: The Group's share-based payment schemes mostly relate to equity held in subsidiary companies. The Group generally receives no tax benefit on the exercise of these put options nor on the payment of the dividends.
- Impairment with no tax credit: On most of the acquisitions no tax benefit was received from the acquisition of goodwill. During the period some of the goodwill was impaired with no future tax benefit of such impairments. Expenses not deductible for tax: In 2022 two parties tried to acquire the Company and a proportion of the defence costs was disallowable due to them being capital in nature. This increased the non-deductible expenses in 2022 that has not been repeated in 2023.
- The net effect of the adjustment for current and deferred tax in prior periods is a release of an over provision of £353k (2022: £277k over provision) of total tax charge.
- Due to restructuring, we were able to recognise £548k (2022: £nil) of unrecognised deferred tax.
- Different tax rates applicable in overseas jurisdictions. The Group operates in multiple locations round the world where tax rates are higher than the UK, e.g. Australia (30%) and the US (between 21% to 28%), the difference reduced in the year as the UK tax rate increased from 19% to 25% in April 2023.

Tax on headline profits

As can be seen in the Headline tax reconciliation, the largest drivers of Headline tax charge are the local entities' profitability with central costs being incurred in the UK, a lower tax market, and profits being made in higher tax countries such as Australia and the US.

Our Headline tax rate has increased from 24.5% to 25.6%. The key movements in the Headline tax rates are as follows:

- Tax losses for which no deferred tax asset is recognised and recognition of historic unprovided deferred tax caused a net (1.6)% reduction in taxation. We continue to explore ways to recognise our historic unrecognised tax. Our disposals will reduce the number potential entities with tax losses that we have no certainty on future profits.
- Our acquisition of partnership interest has boosted tax by 1.6% although this is offset by reduced minority share (this is because partnership share of profits are received by minorities without tax deduction).
- There was an increase in our historical overprovision of tax causing a net (0.4)% reduction in tax rates.
- The increase in the UK tax rates offset by a reduced difference to overseas tax rates increased our tax charge by 1.8%.
- Other movements (0.3)%.

Year Ended 31 December	2023 £000	*2023 %*	2022 £000	*2022 %*
Headline profit before taxation (Note 1)	28,669		31,833	
Taxation at UK corporation tax rate of 23.50% (2022: 19.00%)	**6,737**	***23.5%***	**6,048**	***19.0%***
Tax losses for which no deferred tax asset was recognised	693	*2.4%*	683	*2.1%*
Expenses not deductible for tax	627	*2.2%*	781	*2.5%*
Different tax rates applicable in overseas jurisdictions	439	*1.5%*	1,297	*4.1%*
Withholding taxes payable	54	*0.2%*	14	*0.0%*
Tax effect of associates	3	*0.0%*	2	*0.0%*
Effect of changes in tax rates	(24)	*-0.1%*	–	–
Non-controlling interest share of partnership income	(285)	*-1.0%*	(818)	*-2.6%*
Adjustment for tax (over) / under provision in prior periods	(353)	*-1.2%*	(246)	*-0.8%*
Recognition of unprovided for deferred tax	(548)	*-1.9%*	–	–
Effect of changes in tax rates on deferred tax	–	–	29	*0.1%*
Headline taxation (Note 1)	**7,343**	***25.6%***	**7,790**	***24.5%***
Headline effective tax rate	**25.6%**		**24.5%**	

9. DEFERRED TAXATION

Policy

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not, however, provided for temporary differences that arise from (i) initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or (ii) the initial recognition of goodwill.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the Group intends to settle its current tax assets and current tax liabilities on a net basis. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Analysis

At 31 December	2023 £000	2022 £000
Deferred tax assets	6,036	5,131
Deferred tax liabilities	(1,235)	(1,245)
Net deferred tax	**4,801**	**3,886**

The deferred tax asset is recoverable against future profits, and future corporation tax liabilities. The following table shows the deferred tax asset/(liability) recognised by the Group and movements in 2023 and 2022.

	Intangibles £000	Capital allowances £000	Tax losses £000	Purchased investments £000	Working capital differences £000	Total £000
At 31 December 2021	**(977)**	**1,377**	**3,777**	**(1,232)**	**3,055**	**6,000**
Exchange differences	124	(15)	(198)	–	375	286
Income statement (charge) / credit	484	581	(1,561)	238	(2,142)	(2,400)
At 31 December 2022	**(369)**	**1,943**	**2,018**	**(994)**	**1,288**	**3,886**
Exchange differences	154	207	(322)	–	(820)	(781)
Income statement (charge) / credit	(1,040)	243	51	994	1,470	1,718
Disposals	–	–	(23)	–	1	(22)
At 31 December 2023	**(1,255)**	**2,393**	**1,724**	**–**	**1,939**	**4,801**

Based on the 2024 budget and three-year plans, approved by the Board, the Group has reviewed the deferred tax asset created by tax losses for their recoverability. Where the Group believes such losses may not be recoverable, they have not been recognised on the balance sheet and have been included in unrecognised deferred tax assets.

Within the local entities £711k (2022: £1,556k) of deferred tax has been naturally offset. Disregarding this offset, the split of deferred tax is as follows:

	Intangibles £000	Capital allowances £000	Tax losses £000	Purchased investments £000	Working capital differences £000	Total £000
At 31 December 2022						
Deferred tax assets	706	1,943	2,304	–	1,734	6,687
Deferred tax liabilities	(1,075)	–	(286)	(994)	(446)	(2,801)
Net deferred tax	**(369)**	**1,943**	**2,018**	**(994)**	**1,288**	**3,886**
At 31 December 2023						
Deferred tax assets	197	2,441	1,724	–	2,385	6,747
Deferred tax liabilities	(1,452)	(48)	–	–	(446)	(1,946)
Net deferred tax	**(1,255)**	**2,393**	**1,724**	**–**	**1,939**	**4,801**

The working capital differences mostly relate to the tax effects of working capital in Australia, which calculates tax on a cash basis rather than the accruals basis used in other countries, along with the continuing tax effects of the adoption of IFRS 16 (Leases); and tax provision on any long-term deferred bonuses.

The unrecognised deferred tax assets in respect of certain losses in overseas territories, referred to in the tables above, have not been recognised as there is insufficient certainty of future taxable profits against which these would reverse. An unrecognised deferred tax asset in respect of carried forward tax losses is shown below:

	Interest £000	Capital revaluation £000	Losses £000	Total £000	Deferred tax impact* £000
At 1 January 2023	**–**	**–**	**10,633**	**10,633**	**2,145**
Exchange differences	–	–	(356)	(356)	(60)
Written off in year	–	–	(3,499)	(3,499)	(863)
Previously unrecognised	5,589	–	–	5,589	1,174
Losses utilised in year	(732)	–	(1,878)	(2,610)	(548)
Losses in year	–	228	3,464	3,692	962
At 31 December 2023	**4,857**	**228**	**8,364**	**13,449**	**2,810**

* At local tax rates.

Expiry date of unrecognised deferred tax:

	2023 £000	2022 £000
One to five years	89	24
Five to ten years	3	565
Ten years or more	2,718	1,556
Total	**2,810**	**2,145**

10. DIVIDENDS

Policy

Interim dividends are recognised when they have been approved by the Board and are legally payable. Final dividends are recognised when they have been approved by the shareholders at the Company's Annual General Meeting.

No interim dividends were declared in 2022 or 2023.

A final dividend for 2022 of 1.5 pence per share was approved at the Company's Annual General Meeting on 14 June 2023, which was a total amount of £1,834k. This was paid on 12 July 2023 to all shareholders on the Company's register of members as at 9 June 2023. The ex-dividend date for the shares was 8 June 2023.

The payment of this dividend did not have any tax consequences for the Group.

A final dividend for 2023 of 1.6 pence per share has been recommended by the Board, which is a total amount of £1,956k. The final dividend, if approved at the Company's Annual General Meeting on 16 May 2024, will be paid on 24 June 2024 to all shareholders on the Company's register of members as at 10 May 2024. The ex-dividend date for the shares is 9 May 2024.

	2023 £000	2022 £000
2022 final dividend paid 1.5p on 12 July 2023	1,834	–
Total	**1,834**	**–**

11. DISPOSALS

Policy

Disposals of entities in the Group are accounted for in accordance with IFRS 10:25. When the parent's ownership of a subsidiary company changes and results in the parent's loss of control of a subsidiary within the Group, the parent:

- Derecognises the assets and liabilities attributable to the former subsidiary from the consolidated balance sheet.
- Recognises any investment retained in the former subsidiary when control is lost, and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRS standards.
- Recognises the gain or loss associated with the loss of control attributable to the former controlling interest.

Analysis

The Group divested of certain overseas subsidiaries in line with its strategy to simplify its operating structure and improve efficiency across the Group. M&C Saatchi AB and M&C Saatchi Spencer Hong Kong Limited predominately formed part of the Group's Advertising division and were acquired by the existing local leadership teams. Clear Deutschland GmbH formed part of the Group's Consulting division and was acquired by the existing local leadership teams.

The Group disposed its entire shareholding in M&C Saatchi Spencer Hong Kong Limited for £nil consideration and in Clear Deutschland GmbH for a consideration of €102k.

The Group reduced its interest in M&C Saatchi AB from 70% to 30% with the management team and directors of M&C Saatchi AB, acquiring the Company's interest for nominal consideration. M&C Saatchi AB became an equity accounted investment.

The total cash outflow relating to the disposal of these subsidiaries was £209k.

The Headline results of the entities disposed in 2023, which have been included in the results for the year, were as follows:

Year Ended 31 December 2023	Europe £000	APAC £000	Total £000
Revenue	**3,502**	**2,059**	**5,561**
Project cost / direct cost	(834)	(1,346)	(2,180)
Net revenue	**2,668**	**713**	**3,381**
Staff costs	(2,358)	(862)	(3,220)
Depreciation	(137)	(94)	(231)
Other operating charges	(442)	(230)	(672)
Operating (loss) / gain	**(269)**	**(473)**	**(742)**
Finance expense	(67)	(43)	(110)
(Loss) / profit before taxation	**(336)**	**(516)**	**(852)**

There were no disposals in 2022.

The gain on disposal of the subsidiaries is calculated as follows:

	2023 £000	2022 £000
Consideration received in cash and cash equivalents	88	–
Total consideration	**88**	**–**
Plant and equipment	6	–
Right-of-use assets	321	–
Other non-current assets	22	–
Deferred tax assets	23	–
Trade and other receivables	2,370	–
Current tax assets	52	–
Cash and cash equivalents	297	–
Trade and other payables	(2,934)	–
Current tax liabilities	(52)	–
Lease liabilities	(327)	–
Less net liabilities	**310**	**–**
Reversal of put option liability*	472	
Gain on disposal of subsidiaries	**782**	**–**

* As part of the disposals, all put option obligations have been rescinded.

12. ASSETS HELD FOR SALE

Policy

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

The following conditions must be met for an asset to be classified as held for sale (IFRS 5.6-8):

- Management is committed to a plan to sell.
- The asset is available for immediate sale.
- An active programme to locate the buyer is initiated.
- The sale is highly probable, within 12 months of classification as held for sale.
- The asset is being actively marketed for sale at a sales price reasonable in relation to its fair value.
- Actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.
- The assets need to be disposed of through sale.

Measurement

- At the time of classification as held for sale: immediately before the initial classification of the asset as held for sale, the carrying amount of the asset will be measured in accordance with applicable IFRSs. Resulting adjustments are also recognised in accordance with applicable IFRSs (IFRS 5.18).
- After classification as held for sale: non-current assets that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell (IFRS 5.15-15A).

Analysis

Investments in subsidiaries

The Group sold its shares in PT MCS Saatchi Indonesia to the company's founder for a consideration of £500k on 16 January 2024. The investment was held at nil value in December 2023.

Investments in associates and financial assets at fair value through profit or loss

The Group owns a 10% shareholding in Australie SAS (France) that was acquired in March 2021. This investment is held as financial assets at fair value through profit or loss in the consolidated balance sheet. The Group owns 49% in Cometis SARL and 25% in M&C Saatchi Little Stories. These investments are held as Investment in associates in the consolidated balance sheet. The sale process of these investments commenced in the last quarter of 2023 and completed on 28 March 2024 for a consideration of €1m.

The investment in Australie, the investment in our associates in France and the investment in PT MCS Saatchi Indonesia, were reclassified to Assets held for sale as of December 2023 according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

	2023 £000	2022 £000
At 1 January	**–**	**–**
Reclassification from investment in associates (Note 16)	172	–
Reclassification from FVTPL (Note 20)	608	–
At 31 December	**780**	**–**

13. INVESTMENT PROPERTY

Policy

IAS 40 Investment property applies to the accounting for property (land and/or buildings, or part of a building, or both) held (by the owner, or by the lessee, under a finance lease) to earn rentals or for capital appreciation (or both).

Investment property is initially measured at cost and subsequently at fair value with any change recognised in profit or loss.

Up to the date when an owner-occupied property becomes an investment property carried at fair value, an entity depreciates the property (or the right-of-use asset) and recognises any impairment losses that have occurred. The entity treats any difference at that date between the carrying amount of the property in accordance with IAS 16 or IFRS 16 and its fair value in the same way as a revaluation in accordance with IAS 16.

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Analysis

At times, entities of the Group will sublet certain of their properties when their underlying business requirements change.

Investment property compromises one floor in our London (UK) office valued at £802k and one floor in our Sydney (Australia) office valued at £1,568k. We moved out from these floors in November and in December 2023 respectively.

These properties are currently on the market with the aim to sublet them.

The investment property value represents the estimated rental income that the Group could get in the current market by renting out these spaces.

	2023 £000	2022 £000
At 1 January	**–**	**–**
Reclassification from Right-of-use assets (Note 18)	2,369	–
Foreign exchange	–	–
At 31 December	**2,369**	**–**

14. DEFERRED AND CONTINGENT CONSIDERATION

Policy

Certain acquisitions made by the Group include contingent or deferred consideration, the quantum of which is dependent on the future performance of the acquired entity. Such consideration is recorded at fair value in line with IFRS 13 (Note 30 of the financial statements).

The balances are remeasured at the earlier of either the end of each reporting period or crystallisation of the consideration payment. The movements in the fair value are recognised in profit or loss.

Analysis

Assets	2023 £000	2022 £000
Non-current		
Contingent consideration		
Saatchinvest Ltd	738	914
Total non-current	**738**	**914**

Liabilities	2023 £000	2022 £000
Current		
Contingent consideration		
Scarecrow M&C Saatchi Ltd*	–	–
Total current	**–**	**–**

* There is contingent consideration owed to shareholders of Scarecrow M&C Saatchi Limited, however, due to its present level of profitability it is currently valued at £nil (2022: £nil).

Movements in Liabilities in the Year

	2023 £000	2022 £000
At 1 January	**–**	**(984)**
Exchange differences	–	–
Charged to the income statement*	–	(266)
Conditional consideration paid in cash**	–	1,250
Conditional consideration paid in equity	–	–
At 31 December	**–**	**–**

* £266k revaluation of deferred consideration due to Levergy Marketing Agency (Pty) Limited on payment.
** £1,250k paid to Levergy Marketing Agency (Pty) Limited.

Movements in Assets in the Year

	2023 £000	2022 £000
At 1 January	**914**	**–**
Reclassification from financial assets at fair value through profit or loss (Note 20)***	–	914
Revaluation	(176)	–
At 31 December	**738**	**914**

*** The £914k of contingent consideration relates to the sale of Dataseat Ltd ("Dataseat"), one of the entities in the Group's portfolio of unlisted companies, in which it held a 5.18% shareholding. The sale to Verve Group took place in July 2022, and £779k of cash was received as initial consideration. Verve Group is part of Media and Games Invest Se ("MGI"), a Swedish company which is listed on the Nasdaq Market in Stockholm and in the Scale segment of the Frankfurt Stock Exchange. Two further tranches of consideration may be received, on which the Group has undertaken a probability assessment in determining the value recognised:

Tranche 2:

Up to £534k to be received as cash or MGI shares. The exact amount to be received will be reduced proportionately based on:

1) one or both of the two Dataseat founders leaving the employment of Dataseat before July 2025;
2) if they leave, the terms and timing of their departures; and
3) whether the consideration is paid in cash or shares. Receiving shares results in a maximum consideration of £534k rather than £485k, and the minimum is 0.

We received the £485k cash on 27 February 2024.

Tranche 3:

Up to £924k to be received as cash or MGI shares as part of an earn-out calculation. The earn-out consideration is dependent on Dataseat's 2024 net revenue and must be paid by August 2025. The contingent consideration was calculated following a review of Dataseat's future prospects and potential net revenues and involved sensitivity analysis of different revenue scenarios. Receiving any earn-out consideration is also dependent on the two founders remaining employed by Dataseat until July 2025. The maximum consideration which could be received for tranche 3 is £1,458k and the minimum is 0. This has been valued at £253k after discounting the remaining receivable amount.

15. INTANGIBLE ASSETS

Policy

Intangible assets are carried at cost less accumulated amortisation and impairment losses.

Goodwill

Under the acquisition method of accounting for business combinations, goodwill is the fair value of consideration transferred, less the net of the fair values of the identifiable assets acquired and the liabilities subsumed.

Other intangibles acquired as part of a business combination

Intangible assets acquired as part of a business combination (which includes brand names and customer relationships) are capitalised at fair value, if they are either separable or arise from contractual or other legal rights and their fair value can be reliably measured.

Software and film

Purchased software, and internally created software and film rights are recorded at cost. Internally created software and film rights are created so that they can be directly used to generate future client income.

Amortisation

Goodwill is not amortised. Amortisation of other classes of intangible assets is charged to the income statement on a straight-line basis over their estimated useful lives as follows:

Software and film rights:	3 years
Customer relationships:	1 to 8 years
Brand name:	1 to 10 years

The Group has no indefinite life intangibles other than goodwill.

Impairment

Goodwill and other intangibles are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the assets may be impaired.

Impairment losses arise when the carrying amount of an asset or CGU is in excess of the recoverable amount, and these losses are recognised in the income statement. All recoverable amounts are from future trading (i.e. their value in use) and not from the sale of unrecognised assets or other intangibles.

The value in use calculations have been based on the forecast profitability of each CGU, using the 2024 budget and three-year plans approved by the Board, with a residual growth rate of 1.5% p.a. applied thereafter. This forecast data is based on past performance and current business and economic prospects. Revenue growth rates by year and geography were determined using PwC's 2023 Global Entertainment and Media Outlook report, and operating cost growth was limited to a % of revenue growth aligned with current margins and improvements driven by Project Forward.

A discount rate is then applied to create a discounted future cash flow forecast (DCF) for each CGU, which forms the basis for determining the recoverable amount of each CGU. If the DCF of a CGU is not in excess of its carrying amount (that includes the value of its fixed assets and right-of-use assets), then an impairment loss would be recognised.

In conducting the review, a residual growth rate of 1.5% has been used for all countries. Market betas of 1.0 have been used for the UK, the US, Europe, Australia, Malaysia, the UAE, Brazil and South Africa, while 1.4 has been used for India and 1.2 has been used for rest of the world.

Pre-tax discount rates are based on the Group's nominal weighted average cost of capital adjusted for the specific risks relating to the country and market in which the CGU operates.

Key Assumptions Used for Impairment Review

Market	Residual growth rates 2023 %	Residual growth rates 2022 %	Pre-tax discount rates 2023 %	Pre-tax discount rates 2022 %
UK	1.5	1.5	17	16–18
Asia and Australia	1.5	1.5	15–18	15–18
Middle East	1.5	1.5	15	15
South Africa	1.5	1.5	27	27
Americas	1.5	1.5	14–16	14–26

Analysis

Cost	Goodwill £000	Brand name £000	Customer relationships £000	Software and film rights £000	Total £000
At 31 December 2021	**58,436**	**8,194**	**14,051**	**3,232**	**83,913**
Exchange differences	2,258	169	355	145	2,927
Acquired	–	–	200	992	1,192
Disposal	–	–	–	(678)	(678)
At 31 December 2022	**60,694**	**8,363**	**14,606**	**3,691**	**87,354**
Exchange differences	(1,836)	(10)	25	(411)	(2,232)
Acquired	–	–	–	19	19
Reclassified*	–	–	–	(636)	(636)
Disposal	–	–	–	(120)	(120)
Disposal of subsidiaries (including no longer in use)	–	–	–	–	–
At 31 December 2023	**58,858**	**8,353**	**14,631**	**2,543**	**84,385**
Accumulated amortisation and impairment					
At 31 December 2021	**22,460**	**7,129**	**11,495**	**2,330**	**43,414**
Exchange differences	489	28	57	113	687
Amortisation charge	–	104	493	463	1,060
Impairment	556	–	–	172	728
Disposal	–	–	–	(503)	(503)
At 31 December 2022	**23,505**	**7,261**	**12,045**	**2,575**	**45,386**
Exchange differences	(855)	(33)	(28)	(193)	(1,109)
Amortisation charge	–	136	567	138	841
Impairment	3,733	295	766	–	4,794
Disposal	–	–	–	(120)	(120)
At 31 December 2023	**26,383**	**7,659**	**13,350**	**2,400**	**49,792**
Net book value					
At 31 December 2021	35,976	1,065	2,556	902	40,499
At 31 December 2022	37,189	1,102	2,561	1,116	41,968
At 31 December 2023	**32,475**	**694**	**1,281**	**143**	**34,593**

* Relates to assets reclassified from intangible assets to assets held at fair value through profit and loss (Note 20 of the financial statements), following the spinoff of our investment to DragNDrop Limited.

Goodwill Cash-generating Units (CGUs)	Balance held 31 December 2023 £000	Headroom 31 December 2023 %	Balance held 31 December 2022 £000	Headroom 31 December 2022 %	Region	Specialism
Shepardson Stern + Kaminsky LLP	5,649	36%	5,899	120%	Americas	Advertising
LIDA NY LLP (MCD)	5,573	24%	5,821	49%	Americas	Consulting
Clear Ideas Ltd	5,031	266%	5,031	282%	Europe	Consulting
M&C Saatchi Mobile Ltd	4,283	618%	4,283	1,248%	UK	Media
M&C Saatchi Agency Pty Ltd (Australia)	2,790	249%	2,863	237%	Asia Pacific (APAC)	Various
M&C Saatchi Social Ltd	2,612	41%	2,612	87%	UK	Passions
Bohemia Group Pty Ltd (Australia)	1,768	76%	1,904	36%	Asia Pacific (APAC)	Media
M&C Saatchi Sport & Entertainment Ltd	1,184	1,351%	1,184	839%	UK	Passions
M&C Saatchi Merlin Ltd	765	701%	765	867%	UK	Passions
Levergy Marketing Agency (PTY) Limited (South Africa)	743	65%	860	30%	Africa	Passions
M&C Saatchi Middle East FZ LLC (Dubai)	734	332%	765	515%	Middle East	Advertising
Santa Clara Participações Ltda	649	45%	624	4%	Americas	Advertising
M&C Saatchi Talk Ltd	625	615%	625	630%	UK	Advertising
M&C Saatchi (M) SDN BHD	69	1,987%	71	2,748%	Asia Pacific (APAC)	Advertising
M&C Saatchi (Hong Kong) Limited*	–	0%	2,506	0%	Asia Pacific (APAC)	Advertising
M&C Saatchi Advertising GmbH*	–	0%	1,376	94%	Europe	Advertising
Total	**32,475**	**253%**	**37,189**	**276%**		

* With exception of CGUs marked, all other movements in the table above are due to foreign exchange differences.

During the year goodwill balances were fully impaired in relation to M&C Saatchi (Hong Kong) Limited £2,357k (2022: £396k) when a decision was made to exit this market; and M&C Saatchi Advertising GmbH £1,376k (2022: £nil) after the agency lost its main client during the year.

Based on the considerations above, impairments were also made in relation to brand name £295k (2022: £nil) and customer relationships £766k (2022: £nil) held by M&C Saatchi (Hong Kong) Limited.

The 2023 review of goodwill was undertaken as at 31 December, and resulted in no further impairments of goodwill.

A sensitivity analysis has been performed, showing the impact required if the profit forecasts reduced by 20% and the discount rates increase by 10% across the Group. This would give rise to an impairment in six CGUs (2022: eight) and a total impairment of £16,993k (2022: £21,603k).

16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Policy

The Group invests in associates and joint ventures, either to deliver its services to a strategic marketplace, or to gain strategic mass by being part of a larger local or functional entity.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is neither control nor joint control over those policies.

The carrying value of these investments comprise the Group's share of their net assets and any purchased goodwill. These carrying amounts are reviewed at each balance sheet date, to determine whether there is any indication of impairment.

Analysis

Region and Name	Nature of business	Country of incorporation or registration	Investment in associates 2023 £000	Investment in associates 2022 £000	Proportion of ownership interest held at 31 December 2023	Proportion of ownership interest held at 31 December 2022
Europe						
Cometis SARL	Advertising	France	–	56	49%	49%
M&C Saatchi Little Stories SAS	PR	France	–	–	25%	25%
M&C Saatchi SAL	Advertising	Lebanon	–	–	10%	10%
M&C Saatchi AB*	Advertising	Sweden	–	–	30%	70%
APAC						
Love Frankie Ltd	Advertising	Thailand	138	135	25%	25%
February Communications Private Limited	Advertising	India	–	–	20%	20%
M&C Saatchi Limited	Advertising	Japan	–	–	10%	10%
Total			**138**	**191**		

* In December 2023, the Group sold majority of its shares in M&C Saatchi AB and only retained 30%.

M&C Saatchi SAL has the following subsidiaries: M&C Mena Ltd and Al Dallah For Creativity & Design LLC.

All shares in associates are held by subsidiary companies in the Group. Where an associate has the right to use the brand name, the Group holds the right to withdraw such use, to protect it from damage.

The Group holds neither associates nor joint ventures in Australia, Africa, or the UK.

The sale process of these investments commenced in the last quarter of 2023 and is expected to be completed in the first quarter of 2024 for a consideration of €1 million.

The sale process of the French associates, 49% in Cometis SARL and 25% in M&C Saatchi Little Stories SAS, commenced in the last quarter of 2023 and completed on 28 March 2024. Therefore these investments were reclassified to Assets held for sale as of December 2023 according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Balance Sheet Value as at 31 December	2023 £000	2022 £000
Investments intended to be held in the long term	138	191
Investments categorised as held for sale	133	–
Total associate investments	**271**	**191**

Balance Sheet Movements	2023 £000	2022 £000
At 1 January	191	202
Exchange movements	(1)	(1)
Revaluation of associates on transition to assets held for sale	133	–
Transferred to assets held for sale (Note 12)	(172)	–
Acquisition of associates	–	–
Impairment of associate	–	–
Share of (loss) / profit after taxation	(13)	(10)
At 31 December	**138**	**191**

Income Statement	2023 £000	2022 £000
Share of (loss) / profit after taxation	(13)	(10)
Revaluation of associates on transition to assets held for sale	133	–
Other movements	1	–
Share of result of associates and joint ventures	**121**	**(10)**
Impairment of associate investment	–	–
At 31 December	**121**	**(10)**

The results and net assets of the associate entities are set out below, along with the Group's share of these results and net assets:

	2023			2022		
Income Statement	**APAC £000**	**Europe* £000**	**Total £000**	**APAC £000**	**Europe £000**	**Total £000**
Revenue	3,181	1,201	**4,382**	4,006	712	**4,718**
Operating profit / (loss)	874	23	**897**	765	165	**930**
Profit / (loss) before taxation	(565)	29	**(536)**	(201)	143	**(58)**
Profit / (loss) after taxation	(547)	23	**(524)**	(208)	113	**(95)**
Group's share	**5**	**(18)**	**(13)**	**(65)**	**55**	**(10)**
Dividends received	–	–	**–**	–	–	**–**

	2023			2022		
Balance Sheet	**APAC £000**	**Europe* £000**	**Total £000**	**APAC £000**	**Europe £000**	**Total £000**
Total assets	932	2,762	**3,694**	1,557	151	**1,708**
Total liabilities	(987)	(2,683)	**(3,670)**	(1,088)	(38)	**(1,126)**
Net assets / (liabilities)	(55)	79	**24**	469	113	**583**
Our share	(14)	24	**10**	117	56	**173**
Losses not recognised	(142)	–	**(142)**	13	–	**13**
Goodwill	294	(24)	**270**	5	–	**5**
Total	**138**	**–**	**138**	**135**	**56**	**191**

* Income statement includes the YTD results for France. The investment in France has been reclassified to Assets held for sale as of 31 December 2023, therefore no balance sheet included for France. The Balance Sheet includes M&C Saatchi AB net assets. The company became an associate on 21 December 2023, therefore no YTD results included in the income statement disclosure.

17. PLANT AND EQUIPMENT

Policy

Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided to write off the cost of all fixed assets, less estimated residual values, evenly over their expected useful lives.

Depreciation is calculated at the following annual rates:

Leasehold improvements	– Lower of useful life and over the period of the lease
Furniture and fittings	– 10% straight-line basis
Computer equipment	– 33% straight-line basis
Other equipment	– 25% straight-line basis
Motor vehicles	– 25% straight-line basis

The need for any fixed asset impairment write-down is assessed by a comparison of the carrying value of the asset against the higher of a) the fair value less costs to sell, or b) the value in use.

Analysis

Cost	Leasehold improvements £000	Furniture, fittings and other equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
At 31 December 2021	**7,296**	**3,918**	**5,832**	**78**	**17,124**
Exchange differences	324	121	259	4	708
Additions	1,145	1,674	1,551	13	4,383
Disposals	(1,596)	(1,066)	(404)	–	(3,066)
At 31 December 2022	**7,169**	**4,647**	**7,238**	**95**	**19,149**
Exchange differences	(207)	126	(733)	5	(809)
Additions	515	666	637	9	1,827
Disposals	(429)	(155)	(501)	(28)	(1,113)
At 31 December 2023	**7,048**	**5,284**	**6,641**	**81**	**19,054**
Accumulated depreciation and impairment					
At 31 December 2021	**4,030**	**2,655**	**4,090**	**16**	**10,791**
Exchange differences	230	53	183	3	469
Depreciation charge	990	381	1,087	22	2,480
Disposals	(1,579)	(926)	(396)	–	(2,901)
At 31 December 2022	**3,671**	**2,163**	**4,964**	**41**	**10,839**
Exchange differences	(492)	643	(857)	51	(655)
Depreciation charge	1,143	225	1,203	2	2,573
Impairment (Note 1)	101	31	–	–	132
Disposals	(358)	(127)	(334)	(23)	(842)
At 31 December 2023	**4,065**	**2,935**	**4,976**	**71**	**12,047**
Net book value					
At 31 December 2021	3,266	1,263	1,742	62	6,333
At 31 December 2022	3,498	2,484	2,274	54	8,310
At 31 December 2023	**2,983**	**2,349**	**1,665**	**10**	**7,007**

Total depreciation in the income statement is broken down as follows:

	Note	2023 £000	2022 £000
From plant and equipment	17	2,573	2,480
From right-of-use assets	18	6,243	6,846
		8,816	**9,326**

18. LEASES

The Group leases various assets, comprising properties, equipment, and motor vehicles. The determination whether an arrangement is, or contains, a lease is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

Policy

The following sets out the Group's lease accounting policy for all leases, with the exception of leases with a term of 12 months or less and those of low-value assets. In both these instances the Group applies the exemptions permissible by IFRS 16 Leases. These are typically expensed to the income statement as incurred.

Right-of-use assets and lease liabilities

At the inception of a lease, the Group recognises a right-of-use asset and a lease liability.

The value of the lease liability is determined by reference to the present value of the future lease payments, as determined at the inception of the lease. Lease liabilities are disclosed separately on the balance sheet. These are measured at amortised cost, using the effective interest rate method. Lease payments are apportioned between a finance charge and a reduction of the lease liability, based on a constant interest rate applied to the remaining balance of the liability. Interest expense is included within net finance costs in the consolidated income statement. The interest rate applied to a lease is typically the incremental borrowing rate of the entity entering into the lease. This is as a result of the interest rates implicit in the leases not being readily determined. The incremental borrowing rate applied by each relevant entity is determined based on the interest rate adjudged to be required to be paid by that entity to borrow a similar amount over a similar term for a similar asset in a similar economic environment.

A corresponding right-of-use fixed asset is also recognised at an equivalent amount adjusted for a) any initial direct costs, b) payments made before the commencement date (net of lease incentives), and c) the estimated cost for any restoration costs the Group is obligated to at lease inception. Right-of-use assets are subsequently depreciated on a straight-line basis over the shorter of the lease term or the asset's estimated life. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 "Impairment of Assets", when there is an indication of impairment.

Lease term

The lease term comprises the non-cancellable period of the lease contract. Periods covered by an option to extend the lease are included, if the Group has reasonable certainty that the option will be exercised. Periods covered by an option to terminate are included, if it is reasonably certain that this option will not be exercised.

Lease payments

Lease payments comprise fixed payments and variable lease payments (that depend on an index or a rate, initially measured using the minimum index or rate at inception date). Payments include any lease incentives and any penalty payments for terminating the lease, if the lease term reflects the lessee exercising that option. The lease liability is subsequently remeasured (with a corresponding adjustment to the related right-of-use asset) when there is a change in future lease payments due to a) a renegotiation or market rent review, b) a change of an index or rate, or c) a reassessment of the lease term.

Lease modifications

Where there are significant changes in the scope of the lease, then the arrangement is reassessed to determine whether a lease modification has occurred and, if there is such a modification, what form it takes. This may result in a modification of the original lease or, alternatively, recognition of a separate new lease.

Subleases

At times, entities of the Group will sublet certain of their properties when their underlying business requirements change. Under IFRS 16, the Group assesses the classification of these subleases with reference to the right-of-use asset, not the underlying asset.

Up to the date when an owner-occupied property becomes an investment property carried at fair value, an entity depreciates the property (or the right-of-use asset) and recognises any impairment losses that have occurred. The entity treats any difference at that date between the carrying amount of the property in accordance with IAS 16 or IFRS 16 and its fair value in the same way as a revaluation in accordance with IAS 16.

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

When the Group acts as an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. At lease commencement, a determination is made whether the lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership in relation to the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. The Group recognises lessor payments under operating leases as sublease income on a straight-line basis over the lease term. The Group accounts for finance leases as finance lease receivables, using the effective interest rate method.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (defined by the Group as being below £3,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Estimates relating to leases

The Group has made estimates in determining the interest rate used for discounting of future cash flows, and the lease term. Details relating to these estimates can be found on page 146.

Analysis

Set out below are the carrying amounts of right-of-use assets and lease liabilities recognised, and the movements during the year:

Right-of-use Assets	Land & Buildings £000	Computer equipment £000	Motor vehicles £000	Total £000
At 1 January 2022	**43,892**	**422**	**83**	**44,397**
Additions	3,966	395	134	4,495
Modifications	950	–	24	974
Disposals	(96)	(116)	(49)	(261)
Depreciation	(6,495)	(267)	(84)	(6,846)
Reversal of impairment	164	–	–	164
Sublease	(164)	–	–	(164)
Foreign exchange	1,203	29	1	1,233
At 1 January 2023	**43,420**	**463**	**109**	**43,992**
Additions	1,761	12	–	1,773
Modifications	592	6	5	603
Disposals	(243)	(2)	(11)	(256)
Depreciation	(5,991)	(189)	(63)	(6,243)
Impairment (Note 1)**	(1,872)	–	–	(1,872)
Reclassification to investment property (Note 13)*	(2,369)	–	–	(2,369)
Foreign exchange	(1,835)	(19)	(2)	(1,835)
At 31 December 2023	**33,463**	**271**	**38**	**33,772**

* Investment property compromises one floor in our London (UK) office valued at £802k and one floor in our Sydney (Australia) office valued at £1,568k. We moved out from these floors in November and in December 2023 respectively. These properties are currently on the market with the aim to sublet them. The investment property value represents the estimated rental income that the Group could get in the current market by renting out these spaces.

** The impairment amount of £1,872k consists of:

- £992k - M&C Saatchi Agency Pty Ltd: 99 Macquarie Street, Sydney, Australia (we moved out from this floor in December 2023).
- £364k - M&C Saatchi Worldwide Ltd: 36 Golden Square, London, UK (we moved out from this floor in November 2023).
- £463k - M&C Saatchi Worldwide Ltd: 30GPS 1st floor, London, UK (fully impaired in H1 2023).
- £26k - M&C Saatchi Asia Hong Kong Ltd (due to the closure of the Asia HQ).
- £27k - M&C Saatchi World Services (Singapore) PTE LTD (due to move to a new, bigger office in the year).

Lease Liabilities	Land & Buildings £000	Computer equipment £000	Motor vehicles £000	Total £000
At 1 January 2022	**56,332**	**445**	**68**	**56,845**
Additions	3,966	395	134	4,495
Modifications	260	–	24	284
Disposals	(132)	(94)	(50)	(276)
Accretion of interest	2,945	21	4	2,970
Payments	(9,889)	(308)	(80)	(10,277)
Foreign exchange	1,508	20	1	1,529
At 1 January 2023	**54,990**	**479**	**101**	**55,570**
Additions	1,761	12	–	1,773
Modifications	–	6	5	11
Disposals	(254)	(2)	(9)	(265)
Accretion of interest	2,852	21	3	2,876
Payments	(8,831)	(213)	(60)	(9,104)
Foreign exchange	(1,396)	(19)	(3)	(1,418)
At 31 December 2023	**49,122**	**284**	**37**	**49,443**

The additions in 2023 predominately relate to the new offices in Dubai (the UAE) and Singapore.

The Group signed a lease agreement for a new office space in New York in August 2023. Due to extensive renovation work we did not move into that office until January 2024. We recognised the right-of-use asset and the lease liability of £3.8m in the consolidated balance sheet in January 2024.

Of lease payments made in the year of £9,105k (2022: £10,277k), £6,208k (2022: £7,307k) related to payment of principal on the corresponding lease liabilities and the balance to payment of interest £2,897k (2022: £2,970k) due on the lease liabilities.

Lease Liabilities	Land & Buildings £000	Computer equipment £000	Motor vehicles £000	Total £000
Amounts due within one year	5,620	108	23	5,751
Amounts due after one year	44,156	176	13	44,345
At 31 December 2023	**49,776**	**284**	**36**	**50,096**
Amounts due within one year	6,196	196	56	6,448
Amounts due after one year	48,794	283	45	49,122
At 31 December 2022	**54,990**	**479**	**101**	**55,570**

Income Statement Charge	2023 £000	2022 £000
Depreciation of right-of-use assets	(6,243)	(6,846)
Short-term lease expense	31	(505)
Low-value lease expense	240	(68)
Short-term sublease income	–	–
Right-of-use asset impairment*	(1,872)	164
Charge to operating profit	**(7,844)**	**(7,255)**
Sublease finance income	5	5
Lease liability interest expense	(2,897)	(2,970)
Lease charge to profit before tax	**(10,736)**	**(10,220)**

* In 2022 there was a reversal of an impairment from 2020, as the impaired asset was sublet during the year.

The Group does not face a significant liquidity risk with regard to its lease liabilities and manages them in line with its approach to other month-to-month liquidity matters, as described in Note 31 of the financial statements.

The cash payment maturity of the lease liabilities held as at 31 December 2023, net of sublease receipts, is as follows:

Future Cash Payments	2023 £000	2022 £000
Period ending 31 December:		
2024	8,748	8,149
2025	8,742	7,870
2026	7,745	6,935
2027	7,271	6,415
2028	6,761	6,019
Later years	28,448	25,344
Gross future liability before discounting	**67,715**	**60,732**

Of the future lease payments post-2028, £21.8m relates to a single office lease which expires in 2034. This lease agreement was entered into in December 2019.

The Group signed a lease agreement for a new office space in New York in August 2023. Due to extensive renovation work we did not move into that office until January 2024. We recognised the right-of-use asset and the lease liability of £3.8m in the consolidated balance sheet in January 2024. The future cash payments include the payments of this lease.

19. OTHER NON-CURRENT ASSETS

At 31 December	2023 £000	2022 £000
Other debtors including rent deposits	1,262	1,107
Long-term loans receivable*	1,040	–
Total other non-current assets	**2,302**	**1,107**

* This balance relates to £607k convertible loan to DragNDrop Limited, and €500k M&C Saatchi Madrid loan provision reversal.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

Policy

The Group holds certain unlisted equity investments, which are classified as financial assets at FVTPL. These investments are initially recognised at their fair value. At the end of each reporting period the fair value is reassessed, with gains or losses being recognised in the income statement.

The valuations are based on several factors, including the share price from the latest funding round, recent financial performance (where available), discounting for liquidation preference shares held by other shareholders, discount based on time elapsed since last price-point and discounting for convertible loan notes.

Analysis

The Group's unlisted equity investments consist of:

- Investments held by Saatchinvest Ltd, mainly relating to 18 (2022: 18) early-stage companies.
- A £636k convertible investment in DragNDrop Limited (which has built an end-to-end advertising design tool to help small businesses with their marketing), following its spinoff from the Group in 2023.
- A 2.86% shareholding in Sesión Tequila Holdings Pty Ltd (Australia).
- A 10% shareholding in M&C Saatchi Madrid SL (Spain).
- A 10% shareholding of 59A Limited.
- A 10% shareholding in Australie SAS (which has been reclassified as an asset held for sale).

The closing balance of the equity investments held at FVTPL consists of: Saatchinvest (£6,441), DragNDrop Limited (£636k) and Sesión Tequila Holdings Pty Ltd (£151k). The Group's 10% shareholdings in M&C Saatchi Madrid SL and 59A Limited are all valued at nil.

With regard to DragNDrop, the Group paid £636k in respect of the development of the DragNDrop IP. The Group invested a further £607k in DragNDrop Limited in a form of a convertible loan, which is included in other non-current assets in the balance sheet.

With regard to the early-stage non-client investments, the most the Group has invested in any one company over time is £0.7m and the least is £0.1m. The Group invests in these companies for long-term return.

The activity in the year relating to the equity investments held at FVTPL is presented below:

	2023 £000	2022 £000
At 1 January	**11,986**	**15,183**
Disposals	(49)	(918)
Gain / (loss) on disposal	–	1,168
Impairment	–	(2,863)
Revaluation upwards	176	3,016
Revaluation downwards	(4,898)	(2,724)
Reclassification from intangible assets (Note 15)	636	–
Reclassification to assets held for sale (Note 12)	(608)	–
Reclassification to contingent consideration (Note 14)	–	(914)
Foreign exchange	(16)	38
At 31 December	**7,227**	**11,986**

Other Gains/(losses) in Income Statement	2023 £000	2022 £000
Revaluations	(4,722)	292
Gain / loss on disposal	–	1,168
Impairment	–	(2,863)
Total	**(4,722)**	**(1,403)**

Saatchinvest

As well as the potential for making gains when selling these assets in the future, the strategy for making these investments originally envisaged synergies from exposure to, and contact with, such high potential companies. This portfolio is not strategically important and we will not be adding to it in the future.

In 2023, there were no additions, but the investment in Citymapper was disposed of in the year.

The £4,898k revaluation downwards included £1,909k relating to Ometria, £1,114k relating to Picasso Labs, £765k relating to Kyra and £546k relating to Touchcast.

The following summary shows the material investments held by Saatchinvest and quantitative information about the significant unobservable inputs used for fair value measurements:

Company	Closing Fair Value 31 December 2023 £000	Quantitative information for fair value measurements
Ometria	1,500	10% performance discount, 66% discount based on time elapsed since last price-point, 10% discounting for liquidation preference shares held by other shareholders
Picasso Labs/Creative X	875	10% performance discount, 10% discounting for liquidation preference shares held by other shareholders, 56% discount based on time elapsed since last price-point
Kindred	732	10% discounting for liquidation preference shares held by other shareholders
Metomic	560	10% discounting for liquidation preference shares held by other shareholders
Farewill	531	10% discounting for liquidation preference shares held by other shareholders
Touchcast	528	50% performance discount
ThingThing	513	10% discounting for liquidation preference shares held by other shareholders
Other 10 investments (each below £500k)	1,202	
Total	**6,441**	

Australie

The £176k revaluation upwards relates to the unlisted investments held by M&C Saatchi International Holdings B.V. in Australie SAS.

A sale process of this investment commenced in the last quarter of 2023 and completed on 28 March 2024. Consequently, the 10% investment in Australie was reclassified to assets held for sale as of December 2023, according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

21. TRADE AND OTHER RECEIVABLES

Policy

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. These financial assets give rise to cash flows that are "solely payments of principal and interest" on the principal amount outstanding. They are generally due for settlement within 30–90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Impairment – expected credit losses

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance ("ECL") for all trade receivables and contract assets. To calculate the lifetime ECL the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environments in which the Group operates.

	2023 £000	2022 £000
Trade receivables	87,853	97,431
Loss allowance	(2,251)	(1,829)
Net trade receivables	85,602	95,602
Prepayments	6,226	4,890
Amounts due from associates	271	38
VAT and sales tax recoverable	160	167
Accrued income	12,238	12,716
Contract assets	2,845	2,180
Other receivables*	16,344	16,474
Total trade and other receivables	**123,686**	**132,067**

* Other receivables comprises unbilled media receivables balances of £14.2m (31 December 2022: £12.3m) and other amounts receivable of £2.1m (31 December 2022: £4.3m). There is no additional ECL recorded in relation to these amounts.

Set out below is the movement in the loss allowance (which includes provision for expected credit losses) of trade receivables and contract assets.

	2023 £000	2022 £000
As at 1 January	(1,829)	(877)
Release / (increase) for expected losses during the year	115	96
Movement in forward-looking provision for specific bad debts:		
– Charge during the year	(574)	(1,469)
– Released during the year	24	421
– Utilisation of provision	–	–
Foreign exchange movement	13	–
Year-end provision	**(2,251)**	**(1,829)**

The information about credit exposures is disclosed in Note 31 of the financial statements.

22. TRADE AND OTHER PAYABLES

Policy

Trade and other liabilities are non-interest bearing and are stated at their amortised cost subsequent to initial recognition at their fair value, which is considered to be equivalent to their carrying amount due to their short-term nature.

	2023 £000	2022 £000
Trade creditors	35,176	50,437
Contract liabilities*	17,683	20,502
Sales taxation and social security payables	4,855	3,495
Accruals	63,336	67,601
Other payables	12,800	13,512
Total trade and other payables	**133,850**	**155,547**

* Contract liabilities relates to deferred income of £17.6m (2022: £20.5m). This has decreased in line with the decrease in revenue, as customers reduced budgets and cut spending throughout the year. The amount of the 2022 balance was recognised within revenue in the current year.

Settlement of trade and other payables is in accordance with the terms of trade established with the Group's local suppliers.

23. PROVISIONS

Policy

Provisions are recognised when the Group has a present legal or constructive obligation arising as a result of past events and where it is more likely than not an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date.

The year-end provision of £1.1m (2022: £1.1m) comprises of costs relating to income protection schemes of £0.1m (2022: £0.5m); £0.2m (2022: £0.3m) in relation to property dilapidations; and £0.8m (2022: £nil) in relation to retrospective rent reviews.

	2023 £000	2022 £000
At 1 January	(1,056)	(1,193)
Charged to the income statement:		
- Overseas sales taxation and social security liabilities	–	(92)
- Income protection provision	–	(92)
- Provision for retrospective rent reviews	(800)	–
Utilised or released in the year		
- Lease dilapidations	10	21
- Release income protection provision	402	–
- Release of overseas tax provision	327	–
- Release of other provisions	67	–
- Release associated with the FCA investigation	–	300
At 31 December	**(1,050)**	**(1,056)**

As at the end of 2022, all amounts recognised as provisions were expected to be utilised within 12 months and are held as current liabilities. The Directors do not anticipate that any of the above will have a material adverse effect on the Group's financial position or on the results of its operations.

24. BORROWINGS

Policy

Loans and overdrafts are recognised initially at fair value, less attributable transaction costs. Subsequently, loans and overdrafts are recorded at amortised cost with interest charged to the income statement under the Effective Interest Rate (EIR) method. Where there is a significant change to the future cash flows, the EIR is reassessed with a corresponding change in the carrying amount of the amortised cost. The change in the carrying amount is recognised in profit or loss as income or expense.

Interest payable is included within accruals as a current liability.

Analysis

Amounts due within one year

At 31 December	2023 £000	2022 £000
Overdrafts*	–	(4,271)
Secured** bank loans	(15,900)	–
Local bank loans	(43)	(159)
	(15,943)	**(4,430)**

* These overdrafts can be legally offset with other cash balances. They have not been netted off in accordance with IAS32.42 in 2022 as there was no intention to settle on a net basis. However, they have been netted off in 2023 as the cash balance and the overdraft balance is with the same bank and there is intention to settle this on a net basis.
** Bank loans are secured on share charges and debentures for England & Wales Incorporated Guarantors and share charges only for non-England & Wales Incorporated Guarantors.

Amounts due after one year

At 31 December	2023 £000	2022 £000
Local bank loans	–	(52)
Secured bank loans	–	(6,750)
	–	**(6,802)**

Secured bank loans

On 7 March 2024, the Company entered into a new revolving multicurrency facility agreement with National Westminster Bank Plc, HSBC UK Bank plc and Barclays Bank PLC for up to £50m (the "New Facility"), with a further £50m extension if required for strategic acquisitions. The New Facility is provided on a three-year term with two one-year extensions. Interest is charged based on a reference rate plus a margin, which is based on the current leverage of the Group (margin ranges from 2.25% to 3.25%, as at Q1 2024). This New Facility is to refinance the existing £47m facility with National Westminster Bank Plc and Barclays Bank PLC (the "Old Facility") which would have matured on 31 May 2024. At 31 December 2023, the Group had up to £47.0m (2022: £47.0m) of funds available under the Old Facility with £16.0m drawn (2022: £7.0m).

Each facility includes two financial covenants, which if either were to be breached would result in a default of the relevant facility agreement:

Old Facility

1. Interest cover – EBIT for the previous 12 months must exceed 5 times the net finance charge (external debt interest, excluding IFRS 16 finance lease interest payments) for the previous 12 months.
2. Leverage – total indebtedness at the period end must not exceed 3.5 times EBITDA for the previous 12 months (adjusted for acquisitions and disposals). This reduced to 3.0 times from 31 March 2022, 2.5 times from 30 June 2022, and reduces to 2.0 times from 31 March 2023.

New Facility

1. Interest cover – EBIT for the previous 12 months must exceed 5 times the net finance charge (external debt interest, excluding IFRS 16 finance lease interest payments) for the previous 12 months.
2. Leverage – total indebtedness at the period end must not exceed 2.75 times EBITDA for the previous 12 months (adjusted for acquisitions and disposals). This increases to 3.25 times for a six-month period after an acquisition.

The Company has been compliant with the covenants in the Old Facility throughout the period. The actual calculation is based on Headline results, though with specific additional addbacks defined by the bank.

At 31 December	2023 £000	2022 £000
Gross secured bank loans	(16,000)	(7,000)
Capitalised finance costs	100	250
Total secured bank loans	**(15,900)**	**(6,750)**

Total secured bank loans are due as follows:

At 31 December	2023 £000	2022 £000
In one year or less, or on demand	(15,900)	–
In more than one year, but not more than five years	–	(6,750)
	(15,900)	**(6,750)**

Total bank loans and borrowings used to calculate net cash are as follows, IFRS 16 Leases is excluded from the calculation of net cash in accordance with the Group's bank covenants:

At 31 December	Gross secured bank loans £000	Local bank loans £000	Total bank loans* £000
At 31 December 2021	**(20,000)**	**(590)**	**(20,590)**
Cash movements	13,000	410	13,410
Non-cash movements			
– Foreign exchange	–	(32)	(32)
At 31 December 2022	**(7,000)**	**(212)**	**(7,212)**
Cash movements	(9,000)	164	(8,836)
Non-cash movements			
– Foreign exchange	–	5	5
At 31 December 2023	**(16,000)**	**(43)**	**(16,043)**

* The borrowing used to calculate net cash.

25. OTHER NON-CURRENT LIABILITIES

31 December	2023 £000	2022 £000
Employment benefits*	875	1,846
Long-term bonuses	414	1,362
Other**	790	838
	2,079	**4,046**

* This relates to long-term service leave in some locations, deferred contributions to pension schemes and long-term bonus plans. In addition, a termination indemnity plan in Italy of £524k (2022: £535k); this liability is for the 13th month salary accrual for all Italian employees to be paid to them when they leave the Company.

** The main items include a contractual make good liability in relation to the Australia office lease of £653k (2022: £690k).

26. EQUITY-RELATED LIABILITIES

This disclosure note summarises information relating to all share schemes disclosed in Notes 14, 27 and 28 of the financial statements.

In the case of contingent consideration (Note 14 of the financial statements), IFRS 9 minority shareholder put option liabilities (Note 27 of the financial statements), and IFRS 2 put option schemes (Note 28 of the financial statements), the Group has a choice to pay in cash or equity. The Board made the decision during 2021 that put options would, from then on, be settled in cash, where the Group has cash resources to do so. In the case of the LTIP schemes, it is the Board's intention that an ESOP trust is set up to acquire the shares and fulfil these schemes using the acquired equity.

In the table below, potential cash payments are presented, based on the 2023 year-end share price of the Company of 160.0 pence and the estimated future business performance for each business unit. The payments are stated in the year at which the put option schemes first become exercisable. The forecasts are based on the Group's three-year plans, developed as part of the budget cycle, and assume all TSR targets are fulfilled, and that equity is bought by the ESOP Trust in the year of vesting at a Company share price of 160.0 pence. The table also shows the amount of these potential cash payments that has been recognised as a liability as at 31 December 2023, with the % of the related employment services not yet delivered to the Group at that date.

Total future expected liabilities as at 31 December 2023

	Potentially payable								
At Company Share Price of 160.0p	2024 £000	2025 £000	2026 £000	2027 £000	2028 £000	2029 £000	Total £000	Services not yet delivered as at 31 Dec 2023 %*	Balance sheet liability as at 31 Dec 2023 £000
IFRS 9 put option schemes	3,050	–	2,675	–	–	–	**5,725**	9%	5,184
IFRS 2 put option schemes	6,833	1,283	216	301	83	–	**8,716**	5%	8,232
LTIPs	1,948	2,574	2,546	–	–	–	**7,068**	79%	–**
	11,831	**3,857**	**5,437**	**301**	**83**	**–**	**21,509**		

* Share-based payments (Note 28) charge liability to income statement over period of vesting, i.e. as the employee fulfils their time obligation to earn the put option.

** LTIPs are accounted for as equity-settled, and thus do not create a balance sheet liability. The total value of £7,068k relates to the LTIPs issued and outstanding at 31 December 2023.

Put option holders are not required to exercise their 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 options on the dates estimated in the table above.

If the Group in the future decides to settle in equity, then the amount of equity that will be provided is equal to the liability divided by the share price.

Effect of a change in share price

The same data from the table above is presented in the table below, but in this analysis the potential payments are based on a range of different potential future share prices.

	Potentially payable						
	2024 £000	2025 £000	2026 £000	2027 £000	2028 £000	2029 £000	Total £000
At 140p	10,939	3,363	5,091	263	73	–	**19,729**
At 160p	11,831	3,857	5,437	301	83	–	**21,509**
At 175p	12,503	4,228	5,695	329	91	–	**22,846**
At 200p	13,547	4,770	6,234	376	104	–	**25,031**
At 225p	14,536	5,258	7,013	423	117	–	**27,347**
At 250p	15,524	5,745	7,792	470	130	–	**29,661**
At 300p	17,262	6,720	9,351	564	156	–	**34,053**

Total Put Option Liability

	2022 Company Total £000	2023 Group Total £000	2022 Company Total £000	2022 Group Total £000
Put options liability (IFRS 2)	(17)	(8,232)	(7,002)	(18,992)
Put options liability (IFRS 9)	–	(5,184)	–	(3,856)
Total	**(17)**	**(13,416)**	**(7,002)**	**(22,848)**
Current – Minority shareholder put option liabilities	(17)	(9,891)	(7,002)	(18,419)
Non-current – Minority shareholder put option liabilities	–	(3,525)	–	(4,429)
Total	**(17)**	**(13,416)**	**(7,002)**	**(22,848)**

27. MINORITY SHAREHOLDER PUT OPTION LIABILITIES (IFRS 9)

Policy

See below but also the basis of preparation note on page 144.

Some of the subsidiaries' local management have a put option arrangement in place. The put option arrangements give these employees a right to exchange their minority holdings in the subsidiary into shares in the Company or cash (at the Group's choice).

These schemes are considered as rewarding future business performance and, as they are not conditional on the holder being an employee of the business, they are accounted for in accordance with IFRS 9.

These instruments are recognised in full at the amortised cost of the underlying award on the date of inception, with both a liability on the balance sheet and a corresponding amount within the minority interest put option reserve being recognised. At each period end, the amortised cost of the put option liability is calculated in accordance with the put option agreement, to determine a best estimate of the future value of the expected award. Resultant movements in the fair value of these instruments are charged to the income statement within finance income/expense.

The put option liability will vary with both the Company's share price and the subsidiary's financial performance. Current liabilities are determined by the Company's year-end share price and the historical results of the companies where the option holders can exercise within the next twelve months. Non-current liabilities are determined by the Company's year-end share price and the projected results of the companies where the option holders cannot exercise their options within the next twelve months.

Upon exercise of an award by a holder, the liability is extinguished and the associated minority interest put option reserve is transferred to the non-controlling interest acquired reserve.

Analysis

IFRS 9 put options exercisable from year ended 31 December 2023:

Subsidiary	Year	% of subsidiaries' shares exercisable
M&C Saatchi (Switzerland) SA	2023	21.0
Santa Clara Participações Ltda	2023	25.0
Santa Clara Participações Ltda	2026	24.9
This Film Studio Pty Ltd	2023	30.0

It is the Group's option to fulfil these options in equity or cash and it is the Group's present intention to fulfil the options in cash (if available). However, if they are fulfilled in equity, the estimated number of the Company shares that will be issued to fulfil these options at 160.0 pence is 3,239,556 shares (2022: at 151.0 pence, 2,553,018 shares).

Liability as at 31 December	2023 £000	2022 £000
Amounts falling due within one year	(3,050)	(2,584)
Amounts falling due after one year, but less than three years	(2,134)	(1,272)
	(5,184)	**(3,856)**

Movement in Liability During the Year	2023 £000	2022 £000
At 1 January	**(3,855)**	**(5,238)**
Exchange difference	–	(1)
Exercises	785	2,497
Income statement charge due to:		
– Change in profit estimates	(2,142)	(970)
– Change in Company share price	198	406
– Amortisation of discount	(170)	(550)
Total income statement charge (Note 7)	**(2,114)**	**(1,114)**
At 31 December	**(5,184)**	**(3,856)**

Put Options Exercised in Year	2023 £000	2022 £000
Paid in equity	–	–
Paid in cash	785	2,497
Total	**785**	**2,497**

During the year a put option arrangement for a 10% shareholding of M&C Saatchi Merlin Limited was exercised by the put option holder, and the equity was acquired by the Group.

28. SHARE-BASED PAYMENTS (IFRS 2)

Policy

See below but also the basis of preparation note on page 144.

Local management in some of the Group's subsidiaries (who are minority interests of the Group) have the right to a put option over the equity they hold in the relevant subsidiary. Where this put option is dependent upon the holders' continued employment by the relevant subsidiary, or where the holder received the option as a result of employment with the relevant subsidiary, these options are accounted for under IFRS 2 as equity-settled share-based payments to employees or as cash-settled share-based payment schemes. These are redeemable, at the choice of the Group, either in shares of the Company or by means of a cash payment to the holder. Such schemes should be considered as rewards for future business performance, which are conditional on the holder being an employee of the business.

Equity-settled share-based payment schemes

Where an award is intended to be settled in equity, then the fair value of the award is calculated at the grant date of each scheme based on the present Company's share price and its relevant multiple. The fair value of the awards is calculated by means of a Monte Carlo model with inputs made in terms of the Company's share price at the date of grant, risk free rate, the historic volatility of the share price, the dividend yield and the time to vest. The Group estimates the shares that will ultimately vest, using assumptions over conditions, such as profitability of the subsidiary to which the awards relate. This value is recognised as an expense in the income statement over the shorter of the vesting period or the period of required employment on a straight-line basis, with a corresponding increase in reserves.

Upon exercise of the awards, the nominal value of the shares issued is credited to share capital with the balance to share premium.

Cash-settled share-based payment schemes

When an award is intended to be settled in cash, then a liability is recognised at inception of the award, based on the present Company's share price and its relevant multiple. This value is recognised as an expense in the income statement from the date of award to the date it is exercised, on a straight-line basis, with a corresponding increase in liabilities.

Conversion from equity-settled to cash-settled

Up to 21 September 2021, the Group accounted for these put options as equity-settled. From 21 September 2021, the Group accounted for these put options as cash-settled.

If a put option existed at 21 September 2021 and is still unvested and the Company's share price multiple (the market condition) at the inception of the option is higher than the current Company's share price multiple, then the difference is charged to the income statement.

The following table sets out a comparison between equity settlement and cash settlement of IFRS 2 put options:

	Equity-settled IFRS 2 Scheme	Cash-settled IFRS 2 Scheme
Cost of the put option	*Booked to staff costs.*	*Booked to staff costs.*
Liability of the put option	*Booked to equity (no impact on net assets).*	*Booked to liabilities (reduces net assets).*
Recognition of the cost	*Spread evenly between the date the put option is issued and the date the put option vests. No further costs after vesting date.*	*Spread evenly between the date the put option is issued and the date the put option vests. Further valuation adjustments are made to the income statement until the option is exercised.*
Revaluation adjustments	*Adjusted by changes in the profit of the subsidiary only.*	*Adjusted by changes in the profit of the subsidiary and the relevant share price multiple.*
Exercise of put option	*New Company shares issued to put option holders.*	*Cash issued to put option holders.*

Summary of schemes

The Group has the following share-based payment schemes:

- Put options – from 21 September 2021 these put options have been accounted for as cash settled.
- South African equity purchased with non-recourse loans – some of the South African subsidiaries have sold equity to staff with non-recourse loans that are repaid out of dividends and from the proceeds of selling the equity to other employees, with the entity that has issued the equity acting as an intermediary. The equity does not have any put rights, so there is no obligation to acquire the equity, however the South African entities lent R16,082k (2022: R14,009k) to acquire the liability (netted against the fair value of the award) is at risk.
- Cash awards – these are long-term cash schemes that were historically treated as a share-based scheme. These awards were fulfilled in the year.
- 2021 LTIP awards – on 28 September 2021 and 21 December 2021, the Company awarded equity-settled LTIPs to senior executive managers. This scheme grants a future award of the Company's shares, dependent on the achievement of certain future performance conditions:
  - Company's total shareholder return (TSR) versus the total shareholder return (TSR) of the FTSE SmallCap Index over the three years from December 2020 to December 2023 (70% of the award).
  - Company's full-year Headline PBT performance in 2023 versus target (30% of the award).
- 2022 LTIP awards – on 12 December 2022, the Company awarded equity-settled LTIPs to senior executive managers. This scheme grants a future award of the Company's shares, dependent on the achievement of certain future performance conditions:
  - Company's total shareholder return (TSR) versus the total shareholder return (TSR) of the FTSE SmallCap Index over the three years from December 2021 to December 2024 (50% of the award).
  - Company's full-year Headline PAT performance per share in 2024 versus target (50% of the award).
- 2023 LTIP awards – on 2 August 2022, the Company awarded equity-settled LTIPs to senior executive managers. This scheme grants a future award of the Company's shares, dependent on the achievement of certain future performance conditions:
  - Company's total shareholder return (TSR) versus the total shareholder return (TSR) of the FTSE SmallCap Index over the three years from December 2022 to December 2025 (50% of the award).
  - Company's full-year Headline PAT performance per share in 2025 versus target (50% of the award).

For the LTIPs, an Employee Benefit Trust (EBT) has been set up to acquire the shares to fulfil these schemes in equity; thus the schemes are accounted for as equity settled. The inputs to Monte Carlo models used to calculate the fair value of these share awards granted during the year are as follows:

	2023 LTIP	2022 LTIP	2021* LTIP	2021 LTIP
Issue date	02/08/2023	12/12/2022	21/12/2021	28/09/2021
Vesting date	02/08/2026	31/05/2025	21/12/2024	28/09/2024
Share price at grant	£1.34	£1.48	£1.63	£1.56
Expected volatility	55%	76%	80%	81%
Risk free rate	5.15%	3.32%	0.67%	0.51%
Dividend yield	0%	0%	0%	0%
Fair value of award per share	£1.34	£1.47	£1.62	£1.55
TSR element against FTSE SmallCap index:				
Expected volatility	268%	291%	147%	158%
Fair value of award per share	£0.21	£0.63	£0.72	£0.67

* During 2023, the last remaining recipient of this reward left the Group's employment, and nothing will now vest under this scheme.

Income Statement Charge

Group	2023 Equity £000	2023 Cash £000	2023 Total £000	2022 Equity £000	2022 Cash £000	2022 Total £000
Put options	(407)	4,349	**3,942**	580	432	**1,012**
South Africa non-recourse loan scheme	–	261	**261**	–	107	**107**
Total not affecting Headline results (Note 1)	(407)	4,610	**4,203**	580	539	**1,119**
LTIPs	841	–	**841**	438	–	**438**
Restrictive share awards	–	–	**–**	211	–	**211**
Cash awards	–	233	**233**	–	1,893	**1,893**
Total	**434**	**4,843**	**5,277**	**1,229**	**2,432**	**3,661**

Cash-settled liability

Group

The movement in the liability by scheme is detailed below:

	Put options £000	South Africa non-recourse loan scheme £000	Cash awards £000	Total £000
At 1 January 2022	**(27,122)**	**(468)**	**(326)**	**(27,916)**
(Charge) / credit to income statement				
– Straight-line recognition	(963)	–	(1,893)	**(2,856)**
– Change in subsidiary profit estimates	(1,858)	(231)	–	**(2,089)**
– Change in Company multiple	2,389	124	–	**2,513**
Total income state (charge) / credit	(432)	(107)	(1,893)	**(2,432)**
Settled*	8,553	–	1,054	**9,607**
Foreign exchange	9	(23)	–	**(14)**
At 31 December 2022	**(18,992)**	**(598)**	**(1,165)**	**(20,755)**
(Charge) / credit to income statement				
– Straight-line recognition	(366)	(261)	(233)	**(860)**
– Change in subsidiary profit estimates	(203)	–	–	**(203)**
– Change in Company multiple	(3,780)	–	–	**(3,780)**
Total income statement charge	(4,349)	(261)	(233)	**(4,843)**
Disposed	472	–	–	**472**
Settled	14,637	–	1,398	**16,035**
Foreign exchange	–	65	–	**65**
At 31 December 2023	**(8,232)**	**(794)**	**–**	**(9,026)**

* Following a review of the Group's 2022 financial statements by the Financial Reporting Council's Corporate Reporting Review Team (CRRT), the Group agreed to reclassify these settlements of cash liabilities in the cash flow statement as operating activities, instead of financing activities. This resulted in the net cash from operating activities for 2022 reducing by £9,607k from £22,468 to £12,861k, with cash from financing activities increasing by the same amount. The FRC has confirmed that the matter is now closed. The Group recognises that the FRC's review was based on the Company's Annual Report and Accounts for the year ended 31 December 2022 and did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. The FRC's role is not to verify the information provided but to consider compliance with reporting requirements. Therefore, given the scope and inherent limitations of their review, it would not be appropriate for the Company or any third party, including but not limited to investors and shareholders, to infer any assurance from the FRC's review that the Company's 2022 Annual Report and Accounts were correct in all material respects.

Company

The movement in the liability by scheme is detailed below:

	Total £000
At 1 January 2022	**(11,850)**
Settled	871
Revaluation of investment	3,977
At 31 December 2022	**(7,002)**
Settled	469
Revaluation of investment	6,516
At 31 December 2023	**(17)**

Put Options

	Vesting	% Entity subject to the put option
Clear Ideas (Singapore) Ltd	Vested	10.00%
Clear LA LLC	Vested	12.00%
LIDA NY LLP (MCD)	Vested	24.50%
M&C Saatchi (Hong Kong) Limited	Vested	20.00%
M&C Saatchi Agency Pty Ltd	Vested	10.00%
M&C Saatchi Fluency Limited	2026	7.50%
M&C Saatchi Fluency Limited	2027	10.00%
M&C Saatchi Fluency Limited	2028	2.50%
M&C Saatchi Holdings Asia Pte Ltd (Indonesia)*	2024	27.40%
M&C Saatchi Holdings Asia Pte Ltd (Indonesia)*	2026	22.50%
M&C Saatchi Merlin Ltd	Vested	14.20%
M&C Saatchi Middle East Holdings Ltd	Vested	20.00%
M&C Saatchi Social Ltd	Vested	5.00%
M&C Saatchi Sport & Entertainment NY LLP	2024	12.50%
M&C Saatchi Sport & Entertainment NY LLP	2025	5.00%
M&C Saatchi Talk Ltd	Vested	39.00%
M&C Saatchi Talk Ltd	Vested	10.00%
M&C Saatchi, S.A. DE C.V.	Vested	40.00%
RE Worldwide UK Ltd	Vested	15.0%
Scarecrow M&C Saatchi Ltd	Vested	49.00%
The Source (W1) LLP	Vested	10.00%
The Source Insight Australia Pty Ltd	2025	35.00%

* In the case of M&C Saatchi Holdings Asia Pte Ltd (Indonesia) this entity was disposed during January 2024 and the £0.5m put option liability was extinguished.

At any point in time, the valuation of certain put option schemes may be in dispute with the put option holders who have challenged the valuation of the schemes. We believe we have taken a prudent position in assessing the liabilities, and therefore consider any adverse outturn to be unlikely. As at 31 December 2023, the maximum aggregate liability that is not accrued amounts to £1.2m (2022: £2.4m), which is approximately 10% of the put option liability.

LTIP

Shares issuable

During the year the Company also awarded LTIPs.

The table below shows the number of shares that the Company will issue at the Company's share price at 31 December 2023 of 160.0 pence (2022: 151.0 pence) assuming all awards under the LTIPs are held to their vesting date and fully vest.

Number of Shares	LTIP '000
At 1 January 2023	**3,275**
Forfeited on departure	(629)
Granted	1,771
At 31 December 2023	**4,417**

Shares issuable used in these accounts

	Note	2023 Number of shares '000	2023 Share price used	2022 Number of shares '000	2022 Share price used
Per EPS calculation	1	1,500	155	905	163p
Share-based payments	28	4,417	134p–162p	3,275	147p–162p

The share-based payments calculation (Note 28 of the financial statements) uses the number of shares that could be issued at the first possible vesting date after the year-end. The EPS calculation (Note 1 of the financial statements) uses the average share price for the year, calculating the number of shares to be issued using its formula value had it been possible to exercise on the year-end date, and takes a deduction for any remaining uncharged share option charge at start of year and the share of profits that is allocatable to the equity during the year. Where the scheme has been issued for part of the year (and is not converted from an existing cash-based scheme) the shares are reduced by the proportion of the year that they are in issue. The EPS calculation is thus attempting to show the dilutive effect rather than the likely shares that will be issued and is income statement focused rather than the true future position.

29. ISSUED SHARE CAPITAL (ALLOTTED, CALLED UP AND FULLY PAID)

Policy

Ordinary shares are classified as equity. Incremental costs attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Where the Company reacquires its own equity instruments (treasury shares), the consideration paid is deducted from equity attributable to the Company's shareholders and recognised within the treasury reserve.

Analysis

	Number of shares	1p ordinary shares £000
At 31 December 2021	**122,743,435**	**1,227**
No issue of shares	–	–
At 31 December 2022	**122,743,435**	**1,227**
No issue of shares	–	–
At 31 December 2023	**122,743,435**	**1,227**

The Company holds 485,970 (2022: 485,970) of its own shares in treasury.

30. FAIR VALUE MEASUREMENT

Policy

See also basis of preparation on page 144.

Some of the Group's financial assets and liabilities, in addition to certain non-financial assets and liabilities, are held at fair value.

The fair value of an asset or liability is the price that would be received from selling the asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date.

Both financial and non-financial assets and liabilities measured at fair value in the balance sheet are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

– Level 3: unobservable inputs for the asset or liability.

The Group holds both assets and liabilities which are measured at fair value on a recurring basis and those which are measured at fair value on a non-recurring basis. Items measured at fair value on a non-recurring basis typically relate to non-financial assets arising as a result of business combinations as accounted for under the acquisition method. In this regard, during the year, the Group did not recognise additions to intangible assets (brand names and customer lists) (2022: £200k).

In addition, the Group also calculates the fair value of certain non-financial assets when there is the need to conduct an impairment review. These calculations also fall within Level 3 of the IFRS 13 hierarchy and, where applicable, are described in Note 15 of the financial statements.

Assets and liabilities measured at fair value on a recurring basis

The following table shows the levels within the hierarchy of assets and liabilities measured at fair value on a recurring basis at 31 December 2023 and 31 December 2022:

At 31 December 2023	Level 1 £000	Level 2 £000	Level 3 £000
Assets			
Equity investments at FVTPL	–	–	7,227
Investment property	–	–	2,369
Contingent consideration	–	–	738
Total	**–**	**–**	**10,334**

At 31 December 2022	Level 1 £000	Level 2 £000	Level 3 £000
Assets			
Equity investments at FVTPL	–	–	11,986
Contingent consideration	–	–	914
Total	**–**	**–**	**12,900**

The level at which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The movements in the fair value of the Level 3 recurring financial assets and liabilities are shown as follows:

	Equity instruments at FVTPL £000	Investment property £000	Total £000
At 1 January 2023	**12,900**	**–**	**12,900**
Disposals	(49)	–	(49)
Revaluations	(4,898)	–	(4,898)
Reclassification from intangible assets	636	–	636
Reclassification to assets held for sale	(608)	–	(608)
Reclassification from right-of-use assets (Note 18)	–	2,369	2,369
Foreign exchange	(16)	–	(16)
At 31 December 2023	**7,965**	**2,369**	**10,334**

Valuation and sensitivity to valuation

The Group's Finance Team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Where appropriate such valuations are performed in consultation with third-party valuation specialists for complex calculations.

The equity instruments at FVTPL relate to unlisted equity investments as detailed in Note 20 of the financial statements. Management bases its primary assessment of their fair values on the share price from the last funding round but also incorporates discounts depending on performance, long-term inactivity, more senior shareholdings held by other investors and the possibility of future dilution due to the presence of convertible loan notes. Fluctuations in the share price would change the fair value of the investments recognised at year-end as follows, assuming a 10% uplift or downwards movement in the price:

Adjusted Share Price	Increase/ (decrease) in fair value of asset 2023 £000	Increase/ (decrease) in fair value of asset 2022 £000
+10%	797	1,290
-10%	(797)	(1,290)

In addition, management considers there to be a risk that the most recent purchase prices are sensitive to a decision to sell the investments to an unwilling market. If such a market existed, then discounting the investments to reflect such risk could impact the value as shown below:

Risk-adjusted Sales Price	Decrease in fair value of asset 2023 £000	Decrease in fair value of asset 2022 £000
-30% sales discount due to illiquid nature*	(2,390)	(3,870)
-12% risk discount for unwilling market place**	(956)	(1,084)
Value after discounts	**6,988**	**7,946**

* If these illiquid securities were to be sold, then such a sale is expected to yield between a 10% and 50% discount, so sensitivity is based on 30%.

** Risk that if the cash supply dries up, some of the investments with future growth prospects will run out of cash requiring a fire sale, reflected by additional risk discount of 12%.

31. FINANCIAL RISK MANAGEMENT

Principal Financial Instruments

The principal financial instruments held by the Group, from which financial instrument risk arises, include contract assets, trade and other receivables, cash and cash equivalents, contract liabilities, trade and other payables, loans and borrowings, minority interest put options accounted under IFRS 9 as liabilities and equity instruments representing long-term investments in non-listed entities.

	Fair value through profit or loss		Amortised cost	
At 31 December	2023 £000	2022 £000	2023 £000	2022 £000
Trade and other receivables	–	–	120,841	129,887
Contract assets	–	–	2,845	2,180
Cash and cash equivalents	–	–	24,326	41,492
Equity instruments	7,227	11,986	–	–
Total financial assets	**7,227**	**11,986**	**148,012**	**173,559**

The Group does not typically use derivative financial instruments to hedge its exposure to foreign exchange or interest rate risks arising from operational, financing and investment activities.

31.1 – General objective, policies and processes

The Board has overall responsibility for the determination of the Group's and Company's risk management objectives and policies. Whilst retaining ultimate responsibility for them, the Board has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's senior management of each core business unit.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility of the global businesses of which it is comprised. Further details regarding these policies are set out below.

31.2 – Market risk

Market risk arises from the Group's use of interest-bearing financial instruments and foreign currency cash holdings. It is the risk that the fair value of future cash flows on its debt finance and cash investments will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) and other price risk such as equity price risk and share price risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt, equity investments and minority interest (MI) put options.

Exposure to market risk arises in the normal course of the Group's business.

31.3 – Foreign exchange risk

Foreign exchange risk arises from transactions and recognised assets and liabilities and net investments in foreign operations. The Group's general operating policy historically has been to conduct business in the currency of the local area in which businesses of the Group are geographically located, thereby naturally hedging the consideration resulting from client work. Businesses of the Group maintain bank accounts in the currency of these transactions solely for working capital purposes. As the Group has grown, there has been an increase in services rendered being exported from the UK businesses to clients who transact in non-GBP currencies. The transactional risk arising from such exports is mitigated in terms of the structuring of the billing arrangements and agreement to regular invoices being remitted and promptly paid (<30 days).

The Group is exposed to movements in foreign currency exchange rates in respect of the translation of net assets and income statements of foreign subsidiaries and equity accounted investments.
The Group does not hedge the translation effect of exchange rate movements on the income statements or balance sheets of foreign subsidiaries and equity accounted investments, as it regards these as long-term investments.

The estimated impact on foreign exchange gains and losses of a +/-10% movement in the exchange rate of the Group's significant currencies is as follows:

	Increase/(decrease) in profit before tax 2023	Increase/(decrease) in profit after tax 2023	Increase/(decrease) in profit before tax 2022	Increase/(decrease) in profit after tax 2022
Exchange Rate	**£000**	**£000**	**£000**	**£000**
USD +10%	697	591	848	727
USD -10%	(634)	(537)	(771)	(661)
AUD +10%	378	212	490	321
AUD -10%	(344)	(193)	(446)	(292)

The year-end and average exchange rates to GBP for the significant currencies are as follows:

	Year-End Rate		Average Rate	
Currency	**2023**	**2022**	**2023**	**2022**
USD	1.27	1.21	1.26	1.20
AUD	1.87	1.77	1.90	1.77

The Group assumes that currencies will either be freely convertible, or the currency can be used in the local market to pay for goods and services, which the Group can sell to clients in a freely convertible currency. Within the 2023 year-end cash balances the Group holds £323k in Indian rupees; £605k in Libyan dinars; and £3,401k in South African rand.

31.4 – Interest rate risk

The Group is exposed to interest rate risk because it holds a banking facility of up to £47m and a net overdraft facility of up to £2.5m, both based on floating interest risks. The Group does not consider this risk to be significant.

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments held at the balance sheet date. The analysis is prepared assuming the amount of borrowings outstanding at the balance sheet date was outstanding for the whole year. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before tax for the year ended 31 December 2023 would (decrease)/increase by £(113)k/£113k (2022: £(35)k/£35k). This is principally attributable to the Group's exposure to interest rates on its floating rate loan.

31.5 – Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and, when appropriate, principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as and when they fall due. The Group's debt instruments carry interest at SONIA +3.0%. This will change in 2024 under the new revolving facility to a margin grid based on the Company's leverage.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they come due. To achieve this aim, the Group has a planning and budgeting process in place to determine the funds required to meet its normal operating requirements on an ongoing basis. The Group and Company ensures that there are sufficient funds to meet their short-term business requirements, taking into account their anticipated cash flows from operations, its holdings of cash and cash equivalent and proposed strategic investments.

The Board receives current year cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group had sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The Group breached no banking covenants during the year.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities, all of which are held at amortised cost:

Group

At 31 December 2023	Up to 3 months £000	3 to 12 months £000	1 to 2 years £000	2 to 5 years £000	over 5 years £000
Trade and other payables*	(82,375)	(14,146)	(2,940)	961	(12)
Lease liabilities	(2,187)	(6,561)	(8,742)	(21,777)	(29,101)
Loans and borrowings	(15,943)	–	–	–	–
Overdrafts	–	–	–	–	–
IFRS 9 put options	–	(3,050)	–	(2,134)	–
Total	**(100,505)**	**(23,757)**	**(11,682)**	**(22,950)**	**(29,113)**

* Excludes taxes as these are not considered financial instruments, and contract liabilities as these are not financial liabilities.

At 31 December 2022	Up to 3 months £000	3 to 12 months £000	1 to 2 years £000	2 to 5 years £000	over 5 years £000
Trade and other payables*	(93,060)	(34,996)	(2,508)	(976)	(10)
Lease liabilities	(2,256)	(6,770)	(8,149)	(21,220)	(31,363)
Loans and borrowings	(59)	(100)	(6,802)	–	–
Overdrafts	(4,271)	–	–	–	–
IFRS 9 put options	–	(2,584)	–	(1,272)	–
Total	**(99,646)**	**(44,450)**	**(17,459)**	**(23,468)**	**(31,373)**

* Excludes taxes as these are not considered financial instruments, and contract liabilities as these are not financial liabilities.

Company

At 31 December 2023	Up to 3 months £000	3 to 12 months £000	1 to 2 years £000	2 to 5 years £000	over 5 years £000
Trade and other payables	(2,577)	(79)	(68)	–	–
Overdrafts	–	–	–	–	–
Loans and borrowings	(15,900)	–	–	–	–
Total	**(18,477)**	**(79)**	**(68)**	**–**	**–**

At 31 December 2022	Up to 3 months £000	3 to 12 months £000	1 to 2 years £000	2 to 5 years £000	over 5 years £000
Trade and other payables	(5,190)	–	–	–	–
Overdrafts	(4,271)	–	–	–	–
Loans and borrowings	–	–	(6,750)	–	–
Total	**(9,461)**	**–**	**(6,750)**	**–**	**–**

31.6 – Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group monitors credit risk at both a local and Group level. Credit terms are set and monitored at a local level according to local business practices and commercial trading conditions. The age of debt and the levels of accrued and deferred income are reported regularly. Age profiling is monitored, both at local customer level and at consolidated entity level. There is only local exposure to debt from significant global clients. The Group continues to review its debt exposure to foreign currency movements and will review efficient strategies to mitigate risk as the Group's overseas debt increases.

Management determines concentrations of credit risk by reviewing amounts due from customers monthly. The only significant concentrations of credit risk which are accepted are with multinational blue chip (or their equivalent) organisations, where credit risk is not considered an issue and the risk of default is considered low.

Impairment

The Group has one principal class of assets in scope for expected credit loss test, trade receivables. Contract assets are also included in the review, but the impairment in relation to these assets is not material.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates for each business are based on the payment profiles of sales at least over a period of 24 months before 31 December 2023 or 31 December 2022 respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables.

The expected credit loss allowance as at 31 December 2023 and 31 December 2022 was determined as follows for trade receivables under IFRS 15.

	Trade receivables					
31 December 2023	**Not past due**	**0–30 days past due**	**31–90 days past due**	**91–120 days past due**	**>120 days past due**	**Total**
Expected loss rate (%)	0.0%	0.0%	0.0%	0.2%	0.8%	
Trade receivables (£000s)	59,744	17,373	4,906	2,541	3,289	**87,853**
Calculated expected credit loss provision (£000s)	3	1	1	4	40	**49**
Specific further loss allowances (£000s)					2,202	**2,202**
Total loss allowance (£000s)	**3**	**1**	**1**	**4**	**2,242**	**2,251**

	Trade receivables					
31 December 2022	**Not past due**	**0–30 days past due**	**31–90 days past due**	**91–120 days past due**	**>120 days past due**	**Total**
Expected loss rate (%)	0.02%	0.01%	0.02%	0.51%	3.55%	
Trade receivables (£000s)	70,673	25,496	9,333	2,701	4,124	**112,327**
Calculated expected credit loss provision (£000s)	11	3	2	14	146	**176**
Specific further loss allowances (£000s)	–	–	–	–	1,653	**1,653**
Total loss allowance (£000s)	**11**	**3**	**2**	**14**	**1,799**	**1,829**

Under IFRS 9 Financial Instruments, the expected credit loss is the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Contract assets relate to work-in-progress, and as the Group has no experience of material write-offs in relation to these financial assets, no expected credit loss allowance is recognised.

31.7 – Share price risk

As detailed on page 202 the Group has used put option awards to incentivise certain local key management. The value of these awards is in part dependent upon the Company's share price.

31.8 – Equity price risk

The Group's non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages equity price risk through diversification and by placing limits on individual and total equity investment securities. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

The Board reviews and approves all equity investment decisions. The basis of the fair value calculations and the sensitivity of these calculations to the key inputs are detailed in Note 30 of the financial statements.

31.9 – Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Strong financial capital management is an integral element of the Directors' strategy to achieve the Group's stated objectives. The Directors review financial capital reports on a regular basis and the Group finance function does so on a daily basis ensuring that the Group has adequate liquidity. The Directors' consideration of going concern is detailed in the Directors' Report.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 24 of the financial statements, cash and cash equivalents as disclosed in the cash flow statement and equity attributable to equity holders of the parent as disclosed in the statement of changes in equity.

32. GROUP COMPANIES

Key

* This subsidiary company is exempt from the requirements relating to the audit of individual accounts for the year ended 31 December 2023 by virtue of Section 479A of the Companies Act 2006. M&C Saatchi plc (the Company) will guarantee the debts and liabilities of the subsidiary company in accordance with Section 479C of the Companies Act 2006.

** Entities where all equity is directly held by the Company, all other subsidiary companies' equity is either in part or wholly held via subsidiaries of the Company.

*** Subsidiaries of subsidiaries with minorities at multiple levels in which we have control.

As at 31 December 2023	Country	Company Number	Registered Office Address	Specialism	Effective % Ownership 2023
United Kingdom					
LIDA (UK) LLP*	United Kingdom	OC395890	36 Golden Square, London, W1F 9EE	Advertising	100
LIDA Limited*	United Kingdom	03860916	36 Golden Square, London, W1F 9EE	Advertising	100
M&C Saatchi (UK) Limited*	United Kingdom	03003693	36 Golden Square, London, W1F 9EE	Advertising	100
M&C Saatchi Accelerator Limited*	United Kingdom	09660056	36 Golden Square, London, W1F 9EE	Advertising	100
M&C Saatchi Export Limited*	United Kingdom	03920028	36 Golden Square, London, W1F 9EE	Advertising	100
M&C Saatchi PR Limited*	United Kingdom	07280464	36 Golden Square, London, W1F 9EE	Advertising	100
M&C Saatchi PR UK LLP*	United Kingdom	OC362334	36 Golden Square, London, W1F 9EE	Advertising	100
M&C Saatchi Talk Limited*	United Kingdom	04239240	36 Golden Square, London, W1F 9EE	Advertising	51
The Source (London) Limited*	United Kingdom	07140265	36 Golden Square, London, W1F 9EE	Advertising	100
The Source (W1) LLP*	United Kingdom	OC384624	36 Golden Square, London, W1F 9EE	Advertising	90
This Is Noticed Limited*	United Kingdom	11843904	36 Golden Square, London, W1F 9EE	Advertising	68.5
Clear Ideas Consultancy LLP*	United Kingdom	OC362532	36 Golden Square, London, W1F 9EE	Consulting	100
Clear Ideas Limited*	United Kingdom	04529082	36 Golden Square, London, W1F 9EE	Consulting	100
M&C Saatchi Fluency Limited*	United Kingdom	12853921	36 Golden Square, London, W1F 9EE	Consulting	80
M&C Saatchi Life Limited*	United Kingdom	14338008	36 Golden Square, London, W1F 9EE	Consulting	100
Re Worldwide Ltd*	United Kingdom	10503044	36 Golden Square, London, W1F 9EE	Consulting	77.5
Thread Innovation Limited*	United Kingdom	13510974	36 Golden Square, London, W1F 9EE	Consulting	100
Alive & Kicking Global Limited*	United Kingdom	11250736	36 Golden Square, London, W1F 9EE	Dormant	100
Human Digital Limited*	United Kingdom	07510403	36 Golden Square, London, W1F 9EE	Issues	100

As at 31 December 2023	Country	Company Number	Registered Office Address	Specialism	Effective % Ownership 2023
M&C Saatchi World Services LLP*	United Kingdom	OC364842	36 Golden Square, London, W1F 9EE	Issues	100
M&C Saatchi WS .ORG Limited*	United Kingdom	10898282	36 Golden Square, London, W1F 9EE	Issues	100
Tricycle Communications Limited*	United Kingdom	07643884	36 Golden Square, London, W1F 9EE	Issues	100
M&C Saatchi Network Limited* &**	United Kingdom	07844657	36 Golden Square, London, W1F 9EE	Group Central Costs	100
Saatchinvest Ltd*	United Kingdom	07498729	36 Golden Square, London, W1F 9EE	Group Central Costs	100
M&C Saatchi International Holdings B.V.	United Kingdom	24295679 (FC024340)	36 Golden Square, London, W1F 9EE	Group Central Costs	100
M&C Saatchi European Holdings Limited*	United Kingdom	05982868	36 Golden Square, London, W1F 9EE	Group Central Costs	100
M&C Saatchi German Holdings Limited*	United Kingdom	06227163	36 Golden Square, London, W1F 9EE	Group Central Costs	100
M&C Saatchi International Limited*	United Kingdom	03375635	36 Golden Square, London, W1F 9EE	Local Central Costs	100
M&C Saatchi Middle East Holdco Limited*	United Kingdom	09374189	36 Golden Square, London, W1F 9EE	Local Central Costs	80
M&C Saatchi Worldwide Limited*	United Kingdom	02999983	36 Golden Square, London, W1F 9EE	Local Central Costs	100
FYND Media Limited*	United Kingdom	10104986	36 Golden Square, London, W1F 9EE	Media	100
M&C Saatchi Mobile Limited*	United Kingdom	05437661	36 Golden Square, London, W1F 9EE	Media	100
M&C Saatchi Merlin Limited*	United Kingdom	03422630	36 Golden Square, London, W1F 9EE	Passions	85.8
M&C Saatchi Social Limited* & **	United Kingdom	09110893	36 Golden Square, London, W1F 9EE	Passions	95
M&C Saatchi Sport & Entertainment Limited*	United Kingdom	03306364	36 Golden Square, London, W1F 9EE	Passions	100
M&C Saatchi Football Limited*	United Kingdom	14970667	36 Golden Square, London, W1F 9EE	Dormant	51
Europe					
M&C Saatchi (Switzerland) SA	Switzerland	660-0442009-4	Boulevard Des Promenades 8, 1227, Carouge, Geneva, Switzerland	Advertising	76
M&C Saatchi Advertising GmbH	Germany	95484	Munzstrasse 21-23, 10178, Berlin, Germany	Advertising	100
M&C Saatchi Digital GmbH	Germany	137809	Munzstrasse 21-23, 10178, Berlin, Germany	Advertising	100
M&C Saatchi PR S.r.L	Italy	IT08977250961	V.Le Monte Nero 76, Milano, 20135, Italy	Advertising	100
M&C Saatchi SpA	Italy	IT07039280966	V.Le Monte Nero 76, Milano, 20135, Italy	Advertising	100
M&C Saatchi Sport & Entertainment Benelux B.V.	Netherlands	860734560	Keizersgracht, 81015CN, Amsterdam	Passions	100
M&C Saatchi Sport & Entertainment GmbH	Germany	142905	Munzstrasse 21-23, 10178, Berlin, Germany	Passions	100

As at 31 December 2023	Country	Company Number	Registered Office Address	Specialism	Effective % Ownership 2023
Middle East and Africa					
Black & White Customer Strategy (Pty) Limited	South Africa	211/005859/07	Media Quarter, 5th Floor, Corner, Somerset and De Smit Street, De Waterkant, Cape Town, South Africa	Advertising	50.6
Creative Spark Interactive (Pty) Limited**	South Africa	2010/016508/07	Media Quarter, 5th Floor, Corner, Somerset and De Smit Street, De Waterkant, Cape Town, South Africa	Advertising	50.1
Dalmatian Communications (Pty) Limited**	South Africa	2015/396439/07	Media Quarter, 5th Floor, Corner, Somerset and De Smit Street, De Waterkant, Cape Town, South Africa	Advertising	50.1
M&C Saatchi Abel (Pty) Limited	South Africa	2009/022172/07	Media Quarter, 5th Floor, Corner, Somerset and De Smit Street, De Waterkant, Cape Town, South Africa	Advertising	50.5
M&C Saatchi FZ LLC	United Arab Emirates	177	PO Box: 77932, Abu Dhabi, United Arab Emirates	Advertising	80
M&C Saatchi Middle East FZ LLC	United Arab Emirates	30670	M&C Saatchi, Penthouse, Building 1, Twofour54, PO Box 77932, Abu Dhabi, United Arab Emirates	Advertising	80
Razor Media (Pty) Limited	South Africa	2017/177757/07	9 8th Street, Houghton, Johannesburg, Gauteng, 2198, South Africa	Advertising	49
M&C Saatchi Bahrain W.L.L	Bahrain	74157	51,122,1605,316, Manama Centre	Dormant	100
M&C Saatchi Connect (Pty) Limited**	South Africa	2013/037737/07	Media Quarter, 5th Floor, Corner, Somerset and De Smit Street, De Waterkant, Cape Town, South Africa	Media	53.8
Levergy Marketing Agency (Pty) Limited**	South Africa	2005/021589/07	9 8th Street, Houghton, Johannesburg, Gauteng, 2198, South Africa	Passions	70
World Services Middle East FZ–LLC	United Arab Emirates	102798	309, Third Floor, Thuraya 1, Dubai, UAE	Issues	100
Asia					
Design Factory Sdn Bhd	Malaysia	201001034805	No. 15B, 2nd Floor, Jalan Tengku Ampuan, Zabedah F9/F, Section 9, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia	Advertising	100
M&C Saatchi Advertising (Shanghai) Limited	China	91310000740556813A	Room 248, Floor 2, Unit 5, No.11, Wanghang Road, New Lingang Area, China (Shanghai) Pilot Free Trade Zone, China	Advertising	80
M&C Saatchi (Hong Kong) Limited	Hong Kong	509500	Rm 2610, 26/F Prosperity, Millennia Plaza, 663 King's Rd, North Point, Hong Kong	Advertising	80

As at 31 December 2023	Country	Company Number	Registered Office Address	Specialism	Effective % Ownership 2023
M&C Saatchi Communications Pvt Limited	India	U74300DL2005PTC141682	Flat No.270-D, Pocket C Mayur Vihar Phase II, New Delhi, 110091, India	Advertising	94.8
Scarecrow M&C Saatchi Limited**	India	U22190MH-2008PLC188548	2nd Floor, Kamani Chambers 32 Ramjibhai Kamani Marg, Ballard Estate Mumbai, Mumbai City, MH 400038 IN, India	Advertising	51
PT. MCS Saatchi Indonesia	Indonesia	576/1/IU/PMA/2018	Dea Tower 1 Mezanine Floor, Jl. Mega Kuningan Kav.e4.3 No.1-2, Kuningan Timur, Setiabudi, Jakarta Selatan, 12920, Indonesia	Advertising	50.1
M&C Saatchi (M) Sdn Bhd	Malaysia	606116-D	No.15b, 2nd Floor, Jalan Tengku Ampuan, Zabedah F9/F, Section 9, 40100 Shah Alam, Selangor, Malaysia	Advertising	100
M&C Saatchi Source (M) SDN BHD	Malaysia	1313653-D	No.15b, 2nd Floor, Jalan Tengku Ampuan, Zabedah F9/F, Section 9, 40100 Shah Alam, Selangor, Malaysia	Advertising	100
Watermelon Production Sdn Bhd	Malaysia	1083441-M	No.15b, 2nd Floor, Jalan Tengku Ampuan, Zabedah F9/F, Section 9, 40100 Shah Alam, Selangor, Malaysia	Advertising	100
M&C Saatchi World Services Pakistan (Pvt) Ltd	Pakistan	0081911	48m, Block 6, P.Ec.H.S, Karachi, Pakistan	Issues	51
M&C Saatchi (S) Pte Limited	Singapore	199504816C	59 Mohamed Sultan Road, #02-08, Sultan-Link, Singapore	Advertising	100
Clear Ideas (Singapore) Pte Limited	Singapore	201020335R	59 Mohamed Sultan Road, #02-08, Sultan-Link, Singapore	Consulting	90
Clear Asia Limited	Hong Kong	1289028	6th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong	Dormant	100
M&C Saatchi World Services (Singapore) Pte Limited	Singapore	202104508W	59 Mohamed Sultan Road, #02-08, Sultan-Link, Singapore	Issues	100
M&C Saatchi Asia Limited	Hong Kong	1959819	Rm 2610, 26/F Prosperity, Millennia Plaza, 663 King's Rd, North Point, Hong Kong	Local Central Costs	100
M&C Saatchi Holdings Asia Pte Limited	Singapore	20172 5519K	1 Coleman Street, #05-06a, The Adelphi, 179803 Singapore	Local Central Costs	50.1
M&C Saatchi Mobile India LLP	India	AAK-8869	141b First Floor, Cl House Shahpur Jat, New Delhi, 110049, India	Media	100
M&C Saatchi Mobile Asia Pacific Pte Limited	Singapore	201410399M	59 Mohamed Sultan Road, #02-08, Sultan-Link, Singapore	Media	100

As at 31 December 2023	Country	Company Number	Registered Office Address	Specialism	Effective % Ownership 2023
PT MCSaatchi Mobile Indonesia	Indonesia	2212230035592	Epicentrum walk 3rd Floor A 306 - A 307, Kawasan Rasuna Epicentrum Jl. HR. Rasuna Said, Desa/ Kelurahan Karet Kuningan, Kec. Setiabudi, Kota Adm. Jakarta Selatan, Provinsi DKI Jakarta, Kode Pos: 12940.	Media	100
Australia					
1440 Agency Pty Limited	Australia	100 473 363	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	90
Bellwether Global Pty Limited	Australia	114 615 226	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	90
Brands In Space Pty Limited	Australia	129 800 639	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	90
Elastic Productions Pty Limited	Australia	635 737 861	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	90
Go Studios Pty Limited	Australia	092 941 878	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	90
Greenhouse Australia Pty Limited	Australia	629 584 121	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	90
Hidden Characters Pty Limited	Australia	108 886 291	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	85.5
LIDA Australia Pty Limited	Australia	125 908 009	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	90
M&C Saatchi Direct Pty Limited	Australia	072 221 811	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	90
M&C Saatchi Melbourne Pty Limited	Australia	004 777 379	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	89.9
M&C Saatchi Sydney Pty Limited	Australia	637 963 323	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	90
Park Avenue PR Pty Limited	Australia	604 298 071	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	90
Resolution Design Pty Limited	Australia	621 985 288	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	90
Saatchi Ventures Pty Limited	Australia	614 007 957	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	54

As at 31 December 2023	Country	Company Number	Registered Office Address	Specialism	Effective % Ownership 2023
The Source Insight Australia Pty Limited	Australia	618 841 928	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	58.5
This Film Studio Pty Limited	Australia	624 003 541	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	63
Tricky Jigsaw Pty Limited	Australia	069 431 054	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	88
Ugly Sydney Pty Limited	Australia	618 242 710	99 Macquarie Street, Sydney, NSW 2000, Australia	Advertising	67.5
Re Team Pty Limited	Australia	105 887 321	99 Macquarie Street, Sydney, NSW 2000, Australia	Consulting	90
Yes Agency Pty Limited	Australia	621 425 143	99 Macquarie Street, Sydney, NSW 2000, Australia	Consulting	90
eMCSaatchi Pty Limited	Australia	089 856 093	99 Macquarie Street, Sydney, NSW 2000, Australia	Dormant	90
World Services (Australia) Pty Limited	Australia	629 191 420	C/O Walker Wayland Services Pty Ltd, Suite 11.01, Leve 11, 60 Castlereagh Street, Sydney NSW, Australia	Issues	90
M&C Saatchi Agency Pty Limited	Australia	069 431 054	99 Macquarie Street, Sydney, NSW 2000, Australia	Local Central Costs	90
M&C Saatchi Asia Pac Holdings Pty Limited	Australia	097 299 020	99 Macquarie Street, Sydney, NSW 2000, Australia	Local Central Costs	100
Bohemia Group Pty Limited	Australia	154 100 562	99 Macquarie Street, Sydney, NSW 2000, Australia	Media	90
M&C Saatchi Sport & Entertainment Pty Limited	Australia	139 568 102	99 Macquarie Street, Sydney, NSW 2000, Australia	Passions	90
Americas					
Agência Digital Zeroacem Ltda***	Brazil	NIRE-3522979148	Rua Wisard, 305, Vila Madalena, 3 Andar-Con, Sao Paolo, 05434-080, Brazil	Advertising	46
CSZ Comunicação Ltda	Brazil	03.910.644/0001-05	Rua Wisard, 305, Vila Madalena, 3 Andar-Con, Sao Paolo, 05434-080, Brazil	Advertising	50.1
Lily Participações Ltda	Brazil	21.188.539/0001-96	Avenida Brigadeiro Faria Lima, 1355, Jardim Paulistano 16 Andar, Sal, Sao Paulo, 01452-919, Brazil	Advertising	100

As at 31 December 2023	Country	Company Number	Registered Office Address	Specialism	Effective % Ownership 2023
M&C Saatchi S.A. DE. C.V	Mexico	N-2017052183	Darwin 74, Piso 1, Miguel Hidalgo, 11590 Ciudad de México, CDMX, Mexico	Advertising	60
USMAJ LLC	USA	5445173	874 Walker Road, Suite C, Dover, Kent, Delaware 19904 USA	Advertising	100
Santa Clara Participações Ltda	Brazil	09.349.720/0001-31	Rua Wisard, 305, Vila Madalena, 3 Andar-Con, Sao Paolo, 05434-080, Brazil	Advertising	50.1
Shepardson Stern + Kaminsky LLP	USA	4656653	80 State Street, Albany, 12207-2543, New York, USA	Advertising	100
Clear USA LLC	USA	20-8599548	138 West 25th Street, Floor 5, New York, 10001, USA	Consulting	100
LIDA NY LLP (MCD PARTNERS)	USA	4902983	138 West 25th Street, Floor 5, New York, NY 10001, USA	Consulting	75.5
Clear LA LLC	USA	6241713	2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, USA	Dormant	95
Clear NY LLP	USA	30-0891764	1209 Orange Street Wilmington, Delaware 19801, USA	Dormant	100
LIDA USA LLP	USA	6333479	251 Little Falls Drive, Wilmington, Delaware, 19808 USA	Dormant	100
World Services US Inc.	USA	C2543767	88 Pine Street, 30th Floor, New York 10005, United States	Issues	100
M&C Saatchi Agency Inc.	USA	13-3839670	304 East 45th Street, New York, 10017, USA	Local Central Costs	100
M&C Saatchi Mobile LLC	USA	45-3638296	2032 Broadway, Santa Monica California, 90404 USA	Media	100
M&C Saatchi Sport & Entertainment LA LLC	USA	6369786	874 Walker Road Suite C, Dover, Kent, Delaware 19904, USA	Passions	100
M&C Saatchi Sport & Entertainment NY LLP	USA	46-5182795	160 Greentree Drive, Suite 101, Dover, Kent, Delaware, 19904, USA	Passions	82.5

Associate Entities

Entities in which the Group holds less than 50% of the share capital and which are accounted for as Associates (Note 16). All subsidiary companies which the Group controls in line with the requirements of IFRS 10 have been included in the consolidated financial statements.

As at 31 December 2023	Country	Company Number	Registered Office Address	Specialism	Effective % Ownership 2023
Love Frankie Limited	Thailand	105557000000	571 Rsu Tower, 10th Floor, Soi Sukhumvit 31, Sukhumvit Road, Wattana District, Bangkok, Thailand	Advertising	21
M&C Saatchi SAL	Lebanon	1010949	Quantum Tower, Charles Malek Avenue, St Nicolas, Beirut, Lebanon	Advertising	10
M&C Saatchi Little Stories SAS	France	449386944	32 Rue Notre Dame Des Victoires, 75002 Paris, France	Advertising	25.77
Cometis SARL	France	384769592	14 Rue Meslay, 75003 Paris, France	Advertising	49
M&C Saatchi Limited	Japan	0110-01-060760	1-26-1 Ebisu-Nishi, Shibuya-Ku, Tokyo 150-0021, Japan	Advertising	10
February Communications Pvt Limited	India	U74999DL2012PTC233245	141b First Floor, Cl House Shahpur Jat, New Delhi, 110049, India	Advertising	20
M&C Saatchi AB	Sweden	556902-1792	Skeppsbron 16, 11130, Stockholm, Sweden	Advertising	30
M&C Saatchi Go! AB	Sweden	559076-6076	Skeppsbron 16, 11130, Stockholm, Sweden	Advertising	30
M&C Saatchi PR AB	Sweden	559103-4201	Skeppsbron 16, 11130, Stockholm, Sweden	Advertising	30

UK companies dissolved in January 2024

As at 31 December 2023	Country	Company Number	Registered Office Address	Specialism	Effective % Ownership 2023
Influence Communications Limited	United Kingdom	04917646	36 Golden Square, London, W1F 9EE	Consulting	95
M&C Saatchi PR International Limited	United Kingdom	08838406	36 Golden Square, London, W1F 9EE	Advertising	100
M&C Saatchi WMH Limited	United Kingdom	03457658	36 Golden Square, London, W1F 9EE	Local Central Costs	100
M&C Saatchi Shop Limited	United Kingdom	09660100	36 Golden Square, London, W1F 9EE	Advertising	100

33. RELATED-PARTY TRANSACTIONS

Key management remuneration

Key management remuneration is disclosed in Note 5 of the financial statements.

Audited details on Directors' remuneration is disclosed in the Directors' Remuneration Report on page 126.

Other related parties

During the year, the Group made purchases of £312k (2022: £84k) from its associates. At 31 December 2023, £45k was due to associates in respect of these transactions (2022: £31k).

During the year, £496k (2022: £127k) of fees were charged by Group companies to associates. At 31 December 2023, associates owed Group companies £271k (2021: £38k).

34. COMMITMENTS

Capital commitments

At the year-end, the Group did not have committed costs (2022: £56k) to acquire property plant and equipment.

Other commitments

The Group signed a lease agreement for a new office space in New York in August 2023. Due to extensive renovation work, we did not move into that office until January 2024. We recognised the right-of-use asset and the lease liability of £3.8m in the consolidated balance sheet in January 2024.

Other than the normal contractual commitments to staff and the commitment to complete profitable projects for clients, the Group does not have any other material commitments which are not reflected on the balance sheet.

35. POST-BALANCE SHEET EVENTS

As part of our simplification strategy, the Group continued to close down small entities including each of Influence Communications Limited, M&C Saatchi PR International Limited, M&C Saatchi WMH Limited and M&C Saatchi Shop Limited.

The Group sold its shares in PT MCS Saatchi Indonesia to the founder for a consideration of £500k on 16 January 2024.

On 28 March 2024, the Group disposed of its 10% shareholding in Australie SAS (France) which it acquired in March 2021, its 49% shareholding in Cometis SARL and its 25% shareholding in M&C Saatchi Little Stories SAS for a consideration of €1m.

On 9 April 2024, the Group entered into an agreement to divest of its shareholdings in the Group's subsidiaries forming the South Africa Group, being each of M&C Saatchi Abel (Pty) Limited, M&C Saatchi Connect (Pty) Limited, Dalmatian Communications (Pty) Limited, Levergy Marketing Agency (Pty) Limited, Razor Media (Pty) Limited and Black & White Customer Strategy (Pty) Limited for consideration of £5.6m.

On 7 March 2024, the Company entered into a new revolving multicurrency facility agreement with National Westminster Bank Plc, HSBC UK Bank plc and Barclays Bank PLC for up to £50m, with a further £50m extension if required for strategic acquisitions.

The Board is recommending the payment of a final dividend of 1.6 pence per share.

The Company announced the appointment of Zaid Al-Qassab as the Company's new Chief Executive Officer. Zaid will be taking up his role in May 2024.

The Directors are not aware of any other events since the end of the financial year 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.

36. OTHER ACCOUNTING POLICIES

Reserves

Equity comprises the following:

Share capital

Represents the nominal value of equity shares in issue.

Share premium

Represents the excess over nominal value of the fair value of consideration received for equity shares, net of issuance costs.

Other reserves

Merger reserve

Represents the premium paid for shares above the nominal value of share capital, caused by the acquisition of more than 90% of a subsidiaries' shares. The merger reserve is released to retained earnings when there is a disposal, impairment charge or amortisation charge posted in respect of the investment that created it.

Treasury reserve

Represents the amount paid to acquire the Company's own shares for future use.

Minority interest put option reserve

Represents the initial fair value of the IFRS 9 put option liabilities at creation. When the put option is exercised, the related amount in this reserve is taken to the non-controlling interest acquired reserve.

Non-controlling interest acquired reserve

From 1 January 2010, a non-controlling interest acquired reserve has been used when the Group acquires an increased stake in a subsidiary. It represents either a) the minority interest put option reserve transferred less the book value of the minority interest acquired (where the acquisition is due to an IFRS 9 put option), or b) the consideration paid less the book value of the minority interest acquired. If the equity stake in the subsidiary is subsequently sold, impaired or disposed of, then the related balance from this reserve will be transferred to retained earnings.

Foreign exchange reserve

For overseas operations, income statement results are translated at the annual average rate of exchange and balance sheets are translated at the closing rate of exchange. The annual average rate of exchange approximates to the rate on the date that the transactions occurred. Exchange differences arising from the translation of foreign subsidiaries are taken to this reserve. Such translation differences will be recognised as income or expense in the period in which the operation is disposed of.

Retained earnings

Represents the cumulative gains and losses recognised in the income statement.

37. NEW AND REVISED STANDARDS ISSUED BUT NOT YET EFFECTIVE

In the current year, the following Standards and Interpretations became effective:

- IFRS 17 and Amendments to IFRS 17 – Insurance Contracts: Changes to international insurance accounting.
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies: Application of Materiality.
- Amendments to IAS 8 – Definition of Accounting Estimates: Distinguish between accounting policies and estimates.
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction: Recognising deferred tax on leases.

The above amendments do not have a material difference on the Group's accounts.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IFRS 16: Leases on sale and leaseback.
- Amendment to IAS 1: Non-current liabilities with covenants.
- Amendments to IAS 7 and IFRS 7: Supplier finance.
- Amendments to IAS 21: Lack of exchangeability.

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

COMPANY BALANCE SHEET

At 31 December	Note	2023 £000	2022 £000
Non-current assets			
Investments	39	127,459	133,742
Deferred tax		204	153
Amounts due from subsidiary undertakings	43	110,828	94,887
Other non-current assets	40	948	951
		239,439	**229,733**
Current assets			
Trade and other receivables	41	1,464	5,762
Cash and cash equivalents		1,371	157
		2,835	**5,919**
Current liabilities			
Trade and other payables	42	(58,525)	(54,202)
Put option liability	28	(17)	(7,002)
Bank loans	24	(15,900)	(4,271)
		(74,442)	**(65,475)**
Net current liabilities		**(71,607)**	**(59,556)**
Total assets less current liabilities		**167,832**	**170,177**
Non-current liabilities			
Amounts due to subsidiary undertakings		(4)	–
Employment benefit provision		(310)	(110)
Bank loans	24	–	(6,750)
		(314)	**(6,860)**
Total net assets		**167,518**	**163,317**
Capital and reserves			
Share capital	47	1,227	1,227
Share premium		50,327	50,327
Merger reserve		71,116	71,116
Treasury reserve		(550)	(550)
Share option reserve		2,157	1,316
Share-based payment reserve		31,114	31,114
Profit and loss account		12,127	8,767
Shareholders' funds		**167,518**	**163,317**

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. Included within the consolidated income statement for the year ended 31 December 2022 is a profit after tax of £5,194k (2022: profit of £10,983k).

The notes on pages 226 to 229 form part of these financial statements.

These Company financial statements on pages 224 to 229 were approved and authorised for issue by the Board on 11 April 2024 and signed on its behalf by:

BRUCE MARSON
Chief Financial Officer
M&C Saatchi plc

Company Number 05114893

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	Share option reserve £000	Share-based payment reserve £000	Profit and loss account £000	Total £000
At 31 December 2021	**1,227**	**50,327**	**71,116**	**(550)**	**1,167**	**31,114**	**(2,216)**	**152,185**
Exercise of share options	–	–	–	–	(500)	–	–	**(500)**
Share option charge	–	–	–	–	649	–	–	**649**
Total transactions with owners	–	–	–	–	149	–	–	**149**
Total comprehensive profit for the year	–	–	–	–	–	–	10,983	**10,983**
At 31 December 2022	**1,227**	**50,327**	**71,116**	**(550)**	**1,316**	**31,114**	**8,767**	**163,317**
Exercise of share options	–	–	–	–	–	–	–	**–**
Share option charge	–	–	–	–	841	–	–	**841**
Dividends paid	–	–	–	–	–	–	(1,834)	**(1,834)**
Total transactions with owners	–	–	–	–	841	–	(1,834)	**(993)**
Total comprehensive profit for the year	–	–	–	–	–	–	5,194	**5,194**
At 31 December 2023	**1,227**	**50,327**	**71,116**	**(550)**	**2,157**	**31,114**	**12,127**	**167,518**

The notes on pages 226 to 229 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

38. GENERAL INFORMATION AND ACCOUNTING POLICIES

The Company acts as the holding company for of the Group. The Company is quoted on London's AIM stock exchange and is domiciled and incorporated in England and Wales (registered number 05114893). The address of its registered office is 36 Golden Square, London, W1F 9EE.

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006, under the historical cost convention, in accordance with the reduced disclosure framework of FRS 101. They have been prepared on a going concern basis, further details of which are in the Directors' Report on page 132.

In adopting the reduced disclosure framework of FRS 101, the Company has taken advantage of the following exemptions from disclosure:

- The cash flow statement and related notes.
- Disclosures in respect of transactions with wholly owned subsidiaries.
- Disclosures in respect of capital management.
- The effects of new but not yet effective IFRSs.

Accounting policies applied

The Company applies the Group accounting policies as well as the following principal accounting policies. These have been applied consistently and there were no new policies adopted within the year:

a) Valuation of investments

Investments are stated at cost, less any provision for impairment.

b) Pensions

Contributions to personal pension plans are charged to the profit and loss account in the period in which they are due.

c) Share-based payments in Company

The cost of awards to employees of subsidiary entities, classified as conditional share awards, is accounted for as an additional investment in the employing subsidiary. When such awards are recharged to employing or acquiring entities, the investment in the Company's books is reduced by the value of equity awarded. In the event that this additional investment in the subsidiary is impaired, then there is an equal and opposite release from share-based payment reserve.

d) Dividends

Both interim dividends and final dividends are recorded in the period in which they are declared, become due and are payable. Disclosure of dividend activity can be found in Note 10 of the financial statements.

e) Treasury shares

When the Company reacquires its own equity instruments, those instruments (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's treasury shares. Such treasury shares may be acquired and held by the Company or by other members of the Group. Consideration paid or received is recognised directly in equity.

f) Expected credit losses

Amounts owed by subsidiaries are recorded at amortised cost and are reduced by expected credit losses. Under IFRS 9 Financial Instruments, the expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Key judgements

Management has made the following judgements, which have the most significant effect in terms of the amounts recognised, and their presentation, in the Company's financial statements.

Debt due from other Group companies

Debt due from other Group companies can be deemed to be either a quasi-investment under IAS 27 or an intercompany receivable under IFRS 9. Most of this debt balance has been assessed as an intercompany receivable under IFRS 9.

Where such debt is accounted for under IFRS 9, judgement is applied to assess whether the company expects repayment of amounts which are technically due on demand within the next year, in which case the receivable is classified as current or whether it is not, in which case the receivable will be classified as non-current.

Key estimates

Some areas of the Company's financial statements are 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 within the next financial year. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared.

Recoverability of intercompany receivables

Estimates on the future recoverability of intercompany receivables are based on underlying profitability and cash generation, in addition to the substance of the agreements, this can include subsequent asset sales by the debtor being used to clear the amounts due to the parent.

Valuation of investments

Estimates are made on the future value of investments, based on the lower of value in use and net realisable value. This assessment is performed after any debt from entities has been recovered. Impairments are made where necessary.

Reserves

Share-based payment reserve

Represents the reserve created when conditional share assets are created. In the event that this additional investment in the subsidiary is impaired, then there is an equal and opposite release from share-based payment reserve.

Share-option reserve

Represents equity-settled share-based employee remuneration (including amounts recharged to subsidiaries) until such share options are exercised.

39. INVESTMENTS

	2023 £000	2022 £000
At 1 January	**133,742**	**138,954**
Disposal of shares in subsidiary	–	(3)
Put option revaluation	(6,516)	(3,977)
Additions	562	
Conditional share awards*	–	–
Impairment charge**	(329)	(1,232)
At 31 December	**127,459**	**133,742**

* Conditional share awards (Note 28 of the financial statements).

** Impairment charge of £329k relates to M&C Saatchi Asia Limited (£988k), M&C Saatchi Indonesia (£151k) and impairment reversal of Scarecrow Communications Ltd (809k).

The value-in-use calculations have been based on the forecast profitability based on the 2024 Board approved budget and three-year plans, with a residual growth rate of 1.5% per annum applied thereafter. This forecast data is based on past performance and current business and economic prospects. This data is then applied within a discounted future cash flow forecast (DCF), which forms the basis for determining the recoverable amount of each investment and has led to the recognition of the impairment charge shown in the table above.

The direct and indirect subsidiary undertakings are listed in Note 32 of the financial statements.

40. OTHER NON-CURRENT ASSETS

	2023 £000	2022 £000
Loans to support subsidiary acquisition*	921	921
Loans to assist equity purchase**	14	19
Other	13	11
Total	**948**	**951**

* This relates to the A$1.6m (2021: A$1.6m) loans that the Group lent local management of M&C Saatchi Agency Pty Ltd, in 2015, to enable them to acquire 20% of that business. The full recourse loan is repayable in full if the purchasers no longer have a beneficial interest in the shares of the Australian Group or are no longer employed. The loan is unsecured and charged interest at 0.1% above the five-year Australian interbank rate at the date the loan was advanced. The carrying value of the loan approximated to fair value.

** Loan to South African indigenous equity holders to enable them to acquire equity in South African subsidiaries in accordance with local laws.

41. TRADE AND OTHER RECEIVABLES

Amounts Due Less Than One Year	2023 £000	2022 £000
Prepayments	380	269
Corporation tax group relief	1,070	5,412
Other receivables	14	81
Total	**1,464**	**5,762**

42. TRADE AND OTHER PAYABLES

	2023 £000	2022 £000
Trade creditors	(301)	(434)
Amounts due to subsidiaries*	(55,801)	(49,012)
Accruals	(2,195)	(4,756)
Sales taxation and social security payables	(228)	–
Total	**(58,525)**	**(54,202)**

* Repayable on demand.

43. AMOUNTS DUE FROM SUBSIDIARY UNDERTAKINGS

Amounts due from subsidiary undertakings are repayable on demand. However, agreements are in place between subsidiary companies that state that such repayments will not be due until the underlying investments of the subsidiary company are sold or realised. Due to these agreements the amounts due from subsidiary undertakings have been defined as long term.

Amounts receivable from subsidiary undertakings include receivables relating to exercised put options. As detailed in Note 1 and Note 27 to the consolidated financial statements, the Group has a number of put option arrangements in place. The put options give these employees a right to exchange their minority holdings in the subsidiary into shares in the Company or cash (at the Group's choice).

	2023 £000	2022 £000
Amounts due from subsidiary undertakings	110,828	94,887

The amounts due from subsidiary undertakings are net of the expected credit losses of £11,651k (2022: £10,351k) that have been provided against these balances. The annual review of the expected credit loss provision took into account trading performance, the reorganisations taking place and likely future performance.

44. STAFF COST

Staff Costs (including Directors) Comprise:

Year ended 31 December	2023 £000	2022 £000
Wages and salaries	3,491	5,351
Social security costs	212	695
Other pension costs	41	97
Other staff benefits	(11)	49
	3,733	**6,192**
Staff numbers	10	20

Staff numbers are based on monthly average staff.

Directors' Remuneration

	2023 £000	2022 £000
Directors' salaries and benefits	1,802	2,200
Pension costs	–	67
Total remuneration before accounting charges	1,802	2,267
Long-term incentives	–	381
Total	**1,802**	**2,648**

The Highest Paid Director Earned:	2023 £000	2022 £000
Director's salary and benefits	742	1,380
Long-term incentives	–	207
Total	**742**	**1,587**

The number of Directors with a money purchase pension scheme during the year was 1 (2022: 2).

The Directors are the key management personnel of the Company.

Additional details with regard to Directors' remuneration, as required by Rule 19 of the AIM rules, can be found in the Directors' Remuneration Report on page 116.

45. RELATED PARTIES

During the year, the Company charged a management recharge to subsidiaries of £nil (2022: £733k).

Further details of related parties of the Company are provided in Note 33 of the financial statements.

46. POST-BALANCE SHEET EVENTS

A final dividend of 1.6 pence per share has been recommended, which is a total amount of £1,956k. The final dividend, if approved at the Company's Annual General Meeting on 16 May 2024, will be paid on 24 June 2024 to all shareholders on the register of members on 10 May 2024.

On 9 April 2024, the Group (including the Company) entered into an agreement to divest of its shareholdings in the Group's subsidiaries forming the South Africa Group, being each of M&C Saatchi Abel (Pty) Limited, M&C Saatchi Connect Proprietary (Pty) Limited, Dalmatian Communications (Pty) Limited, Levergy Marketing Agency (Pty) Limited, Razor Media (Pty) Limited and Black & White Customer Strategy (Pty) Limited for consideration of £5.6m.

On 7 March 2024, the Company entered into a new revolving multicurrency facility agreement with National Westminster Bank Plc, HSBC UK Bank plc and Barclays Bank PLC for up to £50m (the "New Facility"), with a further £50m extension if required for strategic acquisitions. The New Facility is provided on a three-year term with two one-year extensions. This New Facility is to refinance the existing £47m facility with National Westminster Bank Plc and Barclays Bank PLC (the "Old Facility") which would have matured on 31 May 2024. At 31 December 2023, the Group had up to £47.0m (2022: £47.0m) of funds available under the Old Facility with £16.0m drawn (2022: £7.0m).

Subsequent to the year-end there have been no other material events specific to the Company requiring disclosure. Those items relevant to the Group are disclosed in Note 34 of the financial statements.

47. SHARE CAPITAL

Movements in the Company's share capital can be found at Note 29 of the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M&C SAATCHI PLC

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of M&C Saatchi plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of material accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

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

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the going concern assessment performed by the Directors with regard to the requirements of the applicable financial reporting framework, including the period covered;
- Testing the mathematical accuracy of the going concern model prepared by the Directors and the underlying calculations used within it;
- Verifying the level of cash and debt held by the Group as at 31 December 2023 and movements post year-end, including reviewing and confirming the terms and covenants of the new banking arrangements entered into subsequent to the year-end;
- Discussing and challenging the Directors' financial forecasts and the underlying key assumptions at a group-wide level and specifically in certain underlying subsidiaries for which visibility and therefore certainty over future financial performance was more limited. In the course of this work, we evaluated whether expectations for growth in revenue, costs and profits based on key customer revenue assumptions, margins and cost trends were reasonable. We have obtained evidence supporting the reasonableness of key assumptions including internal documentation and third-party evidence;
- Evaluating the suitability of the sensitivities applied, in the severe but plausible scenarios and reverse stress test that were performed by the Directors;

- Determining whether under the severe but plausible scenarios the Group and Parent Company can comply with its covenants and remain within the available facility headroom under the new banking arrangements, and whether the reverse stress test scenario is highly unlikely as the Directors consider it to be; and
- Checking the adequacy of disclosures made in the annual report in respect of going concern, by comparing the actual process followed by the Directors to the information disclosed on pages 132 and 133.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

Coverage[6]	87% (2022: 86%) of Group profit before tax
	We changed our scoping of Group revenue in the current year to focus on the risk over open project revenue recognition, which is part of the revenue recognition key audit matter. Overall, our audit has covered 75% of total Group revenue and this includes sample testing performed across 100% of open project revenue. (2022: our approach covered 88% coverage of total Group revenue).
	79% (2022: 81%) of Group total assets

		2023	2022
Key audit matters	Revenue Recognition	X	X
	Valuation of Financial Assets at fair value through profit and loss	X	X
Materiality	Group financial statements as a whole		
	£1.43m (2022: £1.59m) based on 5% (2022: 5%) of Headline profit before taxation		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group has 124 reporting components which represent sub-groups, individual legal entities, and branches. We assessed three of these to be significant components. We then assessed a further eight components on the basis of size based on their contribution to total Group revenue and total Group profit before tax to be subject to full scope audits in order to obtain sufficient coverage across the Group. The components subject to full scope audits are based in the UK, USA, Australia, South Africa, and Italy. The Group audit team completed a full scope audit on the Parent Company. The audits performed on the three significant components and eight other components subject to full scope audits were performed by either BDO LLP component teams (for components in the UK and USA) or other BDO International member firm component teams overseas (for components based in other countries).

6 These are areas which have been subject to a full scope audit by the group engagement team and specified audit procedures performed by the group engagement team and the component auditor teams.

Non-significant components were subject to either specified audit procedures over large or higher-risk balances and a group level analytical procedure, or group level analytical procedures without additional substantive audit procedures.
As set out in the coverage summary specified audit procedures were performed by the Group audit team over all of the open project revenue within non-significant components.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Issuance of detailed Group reporting instructions, which included the significant areas to be covered by their audit (including applicable key audit matters as detailed below) and set out the information required to be reported to the Group audit team. We directed the efforts of component auditors towards the group-wide areas of risk, such as revenue recognition, and directed the work performed to ensure the testing plan that was agreed would address the risks of material misstatement;
- Regular communication with the component auditors throughout the planning, execution and completion phases of the audit to assess the planned testing, emerging findings and conclusions drawn;
- Attendance at key meetings at component level, and detailed discussions with the component auditors and component management throughout the audit process in respect of significant risks and selected other areas; and
- In-person review of all three significant component auditor working papers and remote review of other components and specific work requests to ensure appropriateness of conclusions drawn.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management and any other relevant party to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meetings and any other relevant party and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in page 66 may affect the financial statements and our audit.

We also assessed the consistency of Management's disclosures included as Other Information on pages 132 to 134 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		*How the scope of our audit addressed the key audit matter*
Revenue recognition Existence, and application of IFRS 15 – Revenue from Contracts with Customers The Group's accounting policies are described on page 166 and its disclosures of revenue recognised are provided in Note 4.	The Group contracts with its clients and customers in a range of different ways according to the type of advertising and marketing services provided. Across all significant components we identified two ways in which we considered the financial statements may be misstated in the area of revenue recognition: 1. We identified a risk that revenue may be misstated in open projects at the year-end. Where projects are open across a period end, there is an estimate regarding the percentage of completion which could give rise to the ability to manipulate the results for a specific period. 2. We identified a risk that revenue may be misstated due to fraudulent accounting entries being processed to revenue to increase revenue in the current year. Given the primary focus on revenue as a key metric and the specific matters noted above, we have considered this to be a Key Audit Matter.	Our testing of revenue recognition included the following: • As revenue recognition on open projects was an area we identified as a significant risk of misstatement on a group-wide basis, we performed testing, on a sample basis, across all open project revenue in the group including non-significant components, as explained above. • We initially tested the classification of customer contracts to ensure appropriate projects were identified as open. For a sample of open project revenue, we: – Gained an understanding of the contracts, including deliverables and the basis on which the revenue arises, such as milestones, time and materials; – Held discussions with project managers to understand the progress of the work; – Considered evidence from various sources, including communication with customers, publicly available evidence of events occurring, confirmations from clients of delivery of work and other evidence that an appropriate amount of revenue had been recognised; and – Performed recalculations of accrued and deferred revenue to ensure this was appropriately accounted for. To address the risk of fraudulent journals to revenue: • Assessing whether journal entries posted to revenue with unusual account combinations were valid, and supported by appropriate evidence of the Group having performed the services. This included revenue journals posted in local general ledgers for in scope components and revenue journals posted through the consolidation.
		Key observations: We had no material findings in respect of the treatment of open projects or fraudulent postings to revenue.

Key audit matter		*How the scope of our audit addressed the key audit matter*
Valuation of financial assets at fair value through profit or loss Refer to the accounting policies and Note 20 of the financial statements.	The Group holds shares in unlisted investments, which are held at fair value, with fair value gains and losses recognised in the income statement. The investments are generally for a small minority, equity stake in unlisted early-stage businesses. There is judgement applied in the valuation of the equity investment, with most being based on a recent funding round or sale of shares. However, some valuations or adjustments to valuations are made based on the length of time the funds have been held without updated information which increases the uncertainty attaching to the measurement of the fair values recorded, and, accordingly, the risk that disclosures provided may not fully explain the sensitivity to further fair value gains and losses. As such, we considered this to be a Key Audit Matter due to the high level of judgement applied, the resulting potential for significant gains and losses in any given period and the value of the overall investments.	Our testing of the valuation of financial assets at fair value through profit or loss included the following: • Agreeing the initial cost and opening balances of investments to the previous year's audited balances. • Obtaining Management's valuations for these investments, except for those that were immaterial, both individually and in aggregate, and holding discussions with Group's management to assess the suitability and reliability of the valuation (e.g. proximity to latest funding round, class of share issued and whether the issue included third parties) for inclusion in the valuation model; • Verifying the inputs into these valuations to external sources where available, e.g. information on funding rounds, and other available information (from the Group or other publicly available information), and considering whether there were circumstances or events that had arisen since the dates of these inputs that would impact the valuations; • Searching for ancillary evidence at Companies House, on the internet and from other sources to corroborate or contradict management's estimates; • Considering the impact on valuations of different share classes of the investment held compared to any funding round, and considering whether there were any circumstances or events that had arisen since the dates of the valuation inputs that would impact on the valuations; • Evaluating the sufficiency of the disclosures by reference to the circumstances of the portfolio at the reporting date and the degree of exposure to further gains and losses; and • Challenging management as to whether historic experience of realised gains and losses was appropriate to impact the approach used to value the investments as at the reporting date.
		Key observations: We consider the judgements made in the valuation of financial assets to be reasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		*Parent Company financial statements*	
	2023 £m	*2022 £m*	*2023 £m*	*2022 £m*
Materiality	1.43	1.59	0.74	0.80
Basis for determining materiality	5% (2022: 5%) of Headline profit before taxation.		5% (2022: 5%) of Headline profit before taxation Materiality was capped to ensure this did not exceed Group performance materiality.	
Rationale for the benchmark applied	We consider this to be the most appropriate benchmark since this removes the impact of certain items from underlying profit that are not part of routine business income and expenses, as explained in Note 1 to the financial statements. Headline profit before taxation is also a key measure of the Group's performance.		The Parent Company does not trade, and materiality was capped at a percentage of Group materiality to respond to aggregation risk.	
Performance materiality	1.00	1.11	0.52	0.56
Basis for determining performance materiality	We set performance materiality at 70% (2022: 70%) of overall materiality.			
Rationale for the percentage applied for performance materiality	In reaching our conclusion on the level of performance materiality to be applied for 2023 we considered a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the Group's internal controls and management's attitude towards proposed adjustments.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for each component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 10% and 70% (2022: 2% and 63%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £0.14m to £1.0m (2022: £0.03m to £1.0m). In the audit of each component, we further applied performance materiality levels of 70% (2022: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £50,000 (2022: £38,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CORPORATE GOVERNANCE STATEMENT

As the Group has voluntarily adopted the UK Corporate Governance Code 2018, we are required to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regard to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 132 and 133; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 132 and 133.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 139; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 57 to 61; • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 111; and • The section describing the work of the Audit Committee set out on pages 107 to 108.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic Report and Directors' Report	**In our opinion, based on the work undertaken in the course of the audit:** • the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
Matters on which we are required to report by exception	**We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:** • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; • the Parent Company financial statements are not in agreement with the accounting records and returns; • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- discussion with management and those charged with governance and the Audit and Risk Committee, and inspection of written information from external legal counsel; and
- obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be UK-adopted international accounting standards, UK and international direct, indirect and employment tax legislation, AIM Listing Rules, the Companies Act 2006, and the Corporate Governance Code 2018.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example, through the imposition of fines or litigations. We identified such laws and regulations to be the Health and Safety and the Bribery Act 2010 and equivalent legislation and regulation where the Group has overseas operations. In addition, changes to legislation affecting all UK companies such as tax legislation and developments can give rise to contingent or actual liabilities in the event of non-compliance.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Evaluating recent developments in regulation for applicability to the Group's operations and determining whether any impact on the financial statements has been properly addressed by the Directors.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be inappropriate journal entries relating to revenue recognition and the exertion of bias in accounting estimates.

Our procedures in respect of the above included:

- challenging the assumptions and judgements made by management in their significant accounting estimates which are disclosed on pages 146 and 147, through examination and assessment of contradictory as well as corroborative evidence that we researched independently as well as received from the Group; recalculation of certain financial metrics for example, in relation to our testing of discount rates and through sensitivity analysis where applicable;

- identifying and testing a sample of journal entries, in particular journal entries posted with unusual account combinations, to supporting documentation;
- reviewing minutes of Board and Board Committee meetings from throughout the year including, where relevant, any whistleblowing reports received;
- testing of the consolidation including a sample of manual adjustments at the consolidation level to supporting documentation; and
- performing the procedures as set out in the Key Audit Matters section of our report.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

MATTHEW HAVERSON
Senior Statutory Auditor

For and on behalf of BDO LLP, Statutory Auditor
London, UK.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ADDITIONAL INFORMATION

GLOSSARY

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. This is a non-Statutory number and is unaudited.
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: • Exceptional separately disclosed items that are one-off in nature and are not part of running the business. • Acquisition-related costs. • Revaluation of associates on transition to assets held for sale. • Impairment of right-of-use assets, leasehold improvements, acquired intangibles and goodwill. • Gains or losses generated by disposals of subsidiaries. • Fair value adjustments to unlisted equity investments, acquisition related contingent consideration and put options. • Dividends paid to IFRS 2 put option holders. A reconciliation of Statutory to Headline results is presented in Note 1 of the financial statements.
Company	M&C Saatchi plc, a Company incorporated and domiciled in England and Wales, listed on the AIM Market of the London Stock Exchange plc.
Group	The Company and its subsidiaries.
Net cash	Net cash at a period end is calculated as the sum of the net cash of the Group, derived from the cash ledgers and accounts in the balance sheet. Net cash excludes 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.

GLOSSARY

Minority interests and non-controlling interest	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, the majority account for the shareholding of their minority shareholders as a management incentive (through the award of dividends) and are 100% consolidated in the Group's financial statements, showing all cost related to the scheme as staff cost (in Headline results only we treat all flows as if they were minorities, with the minorities share of profit reducing profit after tax and reducing Headline profit attributable to equity holders of the Group, so it is consistent with non-controlling interest accounting). 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.
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 the entity within the Group acts as principal and the share of income where the entity within the Group acts as an agent. The difference between Billings and revenue is represented by costs incurred on behalf of clients with whom the entity within the Group operates as an agent, and timing differences where invoicing occurs in advance or in arrears of the related revenue being recognised.
Headline EBITDA	Headline EBITDA is equal to the operating profit or loss before depreciation, amortisation, finance expense and taxation. It is not an IFRS defined term. It is, however, used as a key performance indicator by the Group.
Like-for-like	The like-for-like basis applies constant foreign exchange rates and removes those entities the Group acquired, disposed of, or closed, or wound down during the reported period.
CAGR	Compound Annual Growth Rate – the mean annual growth rate over a specified period of time longer than one year.
Scope 1 emissions	Greenhouse gas emissions from sources that the Group owns or controls directly.
Scope 2 emissions	Greenhouse gas emissions that the Group causes indirectly when the energy it purchases and uses is produced.
Scope 3 emissions	Greenhouse gas emissions that are not produced by the Group and are not the result of activities from assets owned or controlled by us. Instead, they are produced by companies for which the Group is indirectly responsible, up and down its value chain. An example of this is when an entity within the Group buys, uses and disposes of products from suppliers. Scope 3 emissions include all sources not within the Scope 1 and Scope 2 boundaries.

ADVISORS

NOMINATED ADVISOR AND BROKER

Liberum Capital Limited
25 Ropemaker Street
London EC2Y 9LY
www.liberum.com

BROKER

Numis Securities Ltd
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT
www.numiscorp.com

SOLICITORS

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London EC4N 6AF
www.cms.law

INDEPENDENT AUDITORS

BDO LLP
55 Baker Street,
London, W1U 7EU
www.bdo.co.uk

BANKERS

National Westminster Bank Plc
1 Princes Street
London EC2R 8BP
www.natwest.com

Barclays Bank PLC
1 Churchill Place
London E14 5HP
www.barclays.com

HSBC Bank plc
Level 6
71 Queen Victoria Street
London EC4V 4AY
www.hsbc.com

SECRETARY AND REGISTERED OFFICE

Victoria Clarke
M&C Saatchi plc
36 Golden Square
London W1F 9EE
www.mcsaatchiplc.com

COUNTRY OF REGISTRATION AND INCORPORATION

England and Wales
Company number 05114893
Public limited company limited by shares

INVESTOR RELATIONS WEBSITE

www.mcsaatchiplc.com

REGISTRARS

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
www.computershare.com

WORLD
LAND
TRUST™

www.carbonbalancedpaper.com
CBP024226

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