

M&C SAATCHI PLC
(the "Company", "M+C Saatchi" or the "Group")
Unaudited preliminary results for the year ended 31 December 2024

Strong performance in line with expectations
Strengthened foundations and improved resilience in a year of transformation
Further organic investment made in the second half to drive future growth

Full year financial performance highlights

	Like-for-like (LFL) ¹ results			Statutory results		
	2024 £m	2023 £m	% change	2024 £m	2023 £m	% change
Revenue	392.5	391.1	0.4%	395.4	420.0	(5.8)%
Net revenue ²	231.0	222.8	3.7%	231.4	236.7	(2.2)%
Operating profit	35.2	33.4	5.2%	22.5	5.7	294.7%
Operating profit margin	15.2%	15.0%	0.2pps	9.7%	2.4%	7.3pps
PBT	30.5	29.3	4.2%	18.1	(0.8)	n.m.
Net cash ³	15.3	8.3	84.3%	11.8	8.3	42.2%
EPS (basic) pence ⁴	17.6p	16.6p	6.1%	9.6p	(3.7)p	n.m.
Dividends (pence per share)	-	-	-	1.95p	1.6p	21.9%

^[1] Like-for-Like (LFL) results adjust statutory results to reflect the underlying profitability of the business units, by excluding a number of items that are not part of routine expenses including one-off and exceptional items (defined as Headline Results), also excluding subsidiaries discontinued in 2023 and in 2024, and retranslating 2023 figures to 2024 FX rates. These adjustments are set out below. We provide commentary on LFL figures, where applicable, to provide a more comparable and better basis for understanding our current and future performance. LFL adjustments are summarised below in this section, in the Financial Review and at Note 1 of the financial statements. All figures are subject to rounding.

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

³ LFL net cash is adjusted to add back £3.5 million of restricted cash. Net cash is £11.8 million.

⁴ 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. Statutory basic EPS excludes the discontinued South Africa businesses; including them statutory EPS would have been 12.1p (2023: (2.9)p.)

- **3.7% LFL net revenue growth** driven by strong 6.7% growth in Non-Advertising Specialisms, offsetting a modest Advertising decline of -1.9%
- **Improvement in LFL profitability** driven by the global cost efficiency programme, local cost actions, and improved mix:
 - **5.2% LFL operating profit growth**
 - **LFL operating margins of 15.2% (+0.2pps)**, driven by higher margin Non-Advertising at 25.2% (2023: 23.3%) and improved Advertising at 11.2% (2023: 9.5%) with cost savings enabling continued organic investment. **Group central costs increased**, reflecting investment into centralised services for the Group
 - **4.2% increase in LFL profit before tax**
- **LFL earnings per share (basic) of 17.6p** (2023: 16.6p) also reflects further reduction in put option liabilities, with minority interests now at 3.2% of earnings (2023: 9.1%), in addition to profitability improvement
- **Adjusted net cash up 84% at £15.3 million** (2023: £8.3 million), after put option settlements of £8.6 million, and operating cash conversion of 85%^[1]
- **Proposed increase in dividend of 21.9% to 1.95p (2023: 1.6p)** reflecting our improved earnings performance and maintaining cover
- **Statutory results:** £231.4 million net revenue (-2.2%), largely due to the discontinued South Africa businesses. Operating profit £22.5 million (2023: £5.7 million) due to significantly lower staff costs and the portfolio shift to higher-margin Non-Advertising Specialisms. Operating margin of 9.7% (2023: 2.4%). PBT £18.1 million (2023: £(0.8) million), due to lower staff costs, the reversal of an impairment and a decrease in finance expense (given reduced average borrowings)

Our ongoing operating model transformation

- **The far reaching transformation** of our operating model from federated to integrated is achieving substantial cost savings and reinforcing our Group-wide culture, delivering £10m of annualised savings
- **Transformation investment**, weighted to H2 2024, included key senior hires to reinforce creativity, our regional-first strategy, digital and data capability, and business development; our investment in Sports & Entertainment in the UAE, a key market in a fast-growing region; and in our Issues Specialism
- **The new operating model including the restructuring of the back-office** is facilitating:
 - **Selling In, Up and Across** through the agility of our newly integrated approach; early success in multi-specialism and cross-regional client wins, e.g. Allwyn Group
 - **Shared Service Centre (SSC)** now servicing 85% of in-scope revenue, liberating agencies from processes such as financial, IT, HR to focus on what they do best - creativity and client service. Remaining in-scope agencies to migrate in early 2025
 - **System harmonisation**, such as enterprise resource planning (ERP), people systems, and a client CRM system (HubSpot), enable the business to have full visibility on opportunities, as well as enhance our ability to clearly measure and steer the business for growth
 - **New Intelligence Insight centre of excellence** is in place and democratising our data capabilities, providing over 400 insight briefs to our global teams in 2024
- **Phase Two of the operating model transformation planned for 2025** includes the restructuring of the middle office to deliver synergies across production, data and products. This is targeting a further annualised saving of £3 million by the end of 2025

Our new M+C Saatchi Cultural Power proposition

- **The Cultural Power proposition**, launched this March, is how we help clients harness cultural forces to fuel consumer desire, drive demand and deliver brand growth
- **The Cultural Power Index (CPI)** is a proprietary AI-powered diagnostic tool that helps brands drive growth by identifying opportunities to build Cultural Power through improved marketing which drives sales growth

LFL operating performance highlights

- **Significant shift of portfolio to higher-margin Non-Advertising Specialisms** which now represent 67% of Group net revenue (2023: 60%), alongside Advertising which remains core to our offering
- **Non-Advertising Specialisms**^[2]: the strong topline performance (+6.7%) was driven primarily by Issues, reflecting continued demand from securitised Government segments (+28%), and sustained growth in Media (+8%), offsetting macro challenges felt within the other Specialisms:
 - Net revenue of £153.7 million (+6.7%);
 - Operating profit of £38.8 million (+15.4%) and operating margin of 25.2%
- **Advertising**: operating profit grew +15.4% and margins improved considerably due to strong growth in Europe and UAE, combined with improved cost management globally, but the challenging economic environments in Australia and UK resulted in a small overall revenue drop (-1.9%):
 - Net revenue of £77.4 million (-1.9%)
 - Operating profit of £8.7 million (+15.4%) and operating margin of 11.2%
- **Client retention remains strong**: this year we retained clients who accounted for 92% of 2023 revenue
- **Business wins**, totalling over 140 in 2024, including Ferrari, Carlsberg, L'Oreal, Allwyn in H2 following the H1 wins of McDonalds, Ford, Danone, MTN, IKEA and Sony Pictures
- **Organic investment into key geographies and specialisms** to expand the portfolio coverage and increase resilience

Outlook in line with market expectations

We are reaping the benefits of our ongoing transformation to an integrated global group. With the strong creative leadership we have appointed, the encouraging early success of our new operating model, and the strength and diversity of our portfolio in the face of continuing macro volatility, we are building a strong platform for future organic growth. This, combined with the next phase of our operating model transformation, gives the Board confidence that we can achieve results in line with the market's expectations for 2025^[3]. We are also confident that, over the medium term, the platform we are building will underpin our growth ambitions.

Zaid Al-Qassab, Chief Executive Officer, said:

"2024 was an important and successful year for M+C Saatchi. Our strong results, with growing LFL net revenue, profitability and cash generation, were broad-based and reflect the health of the business. Since Simon Fuller and I joined as CFO and CEO, our focus has been laying the foundations for long-term profitable growth. We are confident that our world-leading creativity, global reach, and specialist capabilities, is the combination desired by clients. Higher margin specialist services now account for two-thirds of our business and Advertising one third, reflecting the direction of our growth strategy, which is reinforced by our continued transformation programme.

"We have increased our resilience through further diversification of our portfolio, without over-exposure to any particular segment, and we are encouraged that we have the right model for future top-line growth and strong sustainable returns for shareholders. In the near-term, while remaining mindful of ongoing macro volatility, the Board is confident that we are on track to meet market expectations for 2025.

"I'd like to thank all our colleagues at M+C Saatchi for their commitment during this transformative year, which included welcoming new creative, regional and specialist leadership."

M+C Saatchi 2024 results presentation

Zaid Al-Qassab, Chief Executive Officer, and Simon Fuller, Chief Financial Officer, will host an in-person presentation, which can also be joined online, for analysts and investors at 9.00am BST on 27 March 2024 at 36 Golden Square, London [W1F 9EE](#). To register your interest, please contact Headland Consultancy at MCSaatchi@headlandconsultancy.com.

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

Further information

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Preliminary announcement

This preliminary announcement was approved by the board of directors on 26 March 2025. It is not the Group's statutory accounts. Copies of the Group's audited statutory accounts for the year ended 31 December 2024 are expected to be available at the company's website in the coming days, and a printed version will be dispatched to shareholders thereafter.

Group performance

Financial performance highlights

	Like-for-like (LFL) ¹ results			Statutory results		
	2024 £m	2023 £m	% change	2024 £m	2023 £m	% change
Net revenue ²	231.0	222.8	3.7%	231.4	236.7	(2.2)%
Operating profit	35.2	33.4	5.2%	22.5	5.7	n.m
Operating profit margin	15.2%	15.0%	0.2pp	9.7%	2.4%	7.3pp

Operating profit margin	15.2%	15.0%	0.2ppts	2.1%	2.4%	1.3ppts
PBT	30.5	29.3	4.2%	18.1	(0.8)	n.m
EBITDA ³	42.0	41.0	2.3%	29.7	14.6	n.m
Net cash ⁴	15.3	8.3	84.3%	11.8	8.3	42.2%
EPS (basic) pence	17.6p	16.6p	6.1%	9.6p	(3.7)p	n.m
Dividends (pence per share)	-	-	-	1.95p	1.6p	21.9%

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² Refer to Notes for the definition of net revenue, and net cash. Net cash includes £3.5 million of restricted cash.

³ EBITDA is calculated excluding the income statement charges relating to IFRS 16.

⁴ LFL net cash is adjusted to add back £3.5 million of restricted cash. Net cash is £11.8 million.

Our results are testament to the core strengths of our business and the success of our ongoing transformation, reflecting the positive impact of our global cost efficiency programme, with the like-for-like (LFL) results demonstrating a solid foundation for future growth. The additional benefits of the exit from loss-making operations are, by definition, excluded from the LFL measurement, but also their removal has resulted in a higher quality, higher margin business.

Our LFL net revenue growth of 3.7% demonstrates the strength of M+C Saatchi's global brand, creative capabilities, and loyal, iconic client base.

The improvement in profitability and mix is largely driven by our operating model transformation initiatives. Cost savings achieved in 2024 totalled £6.1 million on an annualised basis, adding to the £3.9 million from 2023 and therefore achieving the annualised savings of £10 million we targeted by the end of 2024. These initiatives allowed reinvestment into the business and contributed to a 5.2% rise in LFL operating profit and a 0.2 percentage point improvement in operating margin to 15.2%, while also enabling us to invest for future growth in the second half. LFL EBITDA grew by 2.3%, while LFL PBT rose by 4.2%.

Basic LFL EPS of 17.6p (2023: 16.3p) was driven by enhanced profitability, and a substantial reduction in minorities. The remaining put option liabilities are expected to reduce further over the short term, with a current residual liability of £3.7 million at a 170p share price (as at 31 December 2024).

The settlement of put options absorbed £8.6 million of cash in 2024, leaving adjusted net cash up 84% to £15.3 million, including restricted cash of £3.5 million, thanks to our continued focus on cash management and improved working capital. Operating cash conversion was strong at 85%, in-line with our long-term target of 80%, which allows for some variability over the cycle.

Reconciliation of LFL to statutory results

The Group remains exposed to foreign currency exchange rate (FX) movements impacting the translation of its overseas operations. LFL results are presented using constant FX from the current period to ensure comparability with the prior period. Key Group currency movements reflected weakness in most Group international currencies, particularly the Australian Dollar and Euro versus Sterling.

The table below sets out the reconciliation of LFL results to statutory results, showing the forex and discontinued business effect.

£m	Net revenue			Operating profit		
	2024	2023	Change	2024	2023	Change
Total LFL	231.0	222.8	3.7%	35.2	33.4	5.2%
Current currency adjustment		4.7			0.3	
Exiting agencies	0.4	9.1		0.0	-2.9	
Company adjustments				-12.7	-25.1	
Total Statutory	231.4	236.7	-2.2%	22.5	5.7	294.7%

Operating review

£m	Net revenue			Operating profit		
	2024	2023	Change	2024	2023	Change
Non-Advertising Specialisms	153.6	143.9	6.7%	38.8	33.6	15.4%
Advertising	77.4	78.9	-1.9%	8.7	7.5	15.4%
Group central costs	0.0	0.0	-	-12.3	-7.7	-
Total LFL	231.0	222.8	3.7%	35.2	33.4	5.2%

Non-Advertising Specialisms delivered a 6.7% increase in LFL net revenue to £153.6 million and contributed 67% of Group net revenue, while Advertising delivered £77.4 million (-1.9%).

The overall performance of our Non-Advertising Specialisms was fuelled by continued strong growth of 27.6% in Issues, underlining our leading market position working with the governments of Western democracies alongside charity foundations and NGOs, and highlighting the specific expertise that we have developed in this highly specialised field, mainly public sector. Media built on its first half recovery, following a more difficult 2023, ending the year +8.2%. Advertising declined -1.9% largely due to a tougher second half environment, particularly Australia and the UK.

Our higher-margin Non-Advertising Specialisms delivered a 15.2% increase in operating profit, with an operating margin of 25.2% (+1.9ppts) reflecting strong revenue growth, continued mix improvements and proactive management of the cost base. Advertising's 15.2% growth in operating profit, with operating margin at 11.2% (+1.7ppts), was largely driven by management of the cost base as well as the exit from loss-making businesses.

Group central costs increased overall in 2024, largely due to the creation of the SSC with back-office costs now centrally held and managed to drive Group-wide effectiveness, versus locally by each agency (with a net reduction for the Group). In addition, senior leadership appointments and management incentives contributed to increased central costs. As a result, Group central costs increased to £12.3 million, from £7.7 million in 2023.

Specialisms LFL performance

Advertising

- 33% of LFL Group net revenue (2023: 40%)
- LFL net revenue of £77.4 million -1.9% (2023: £78.9 million)

The more muted 2024 performance reflected improved momentum in the first half across multiple markets and continued efforts to improve profit through margin and cost discipline. A weaker second half was largely driven by the UK and Australian markets where macro conditions remain challenging but was significantly offset by continued growth in the UAE, Europe and the US (through a combination of new client wins and repeat business). The reduction in Advertising Group net revenue share versus 2023 was largely driven by the disposal of the South African businesses, which were largely Advertising. The outlook for 2025 reflects a consistent pattern, with subdued market conditions in Australia, stabilization in the UK, and stronger demand in Europe, the US and the UAE.

Issues

- 25% of LFL Group net revenue (2023: 20%)
- LFL net revenue of £57.9 million +27.6% (2023: £45.4 million)

Continued strong performance was driven by a combination of existing client work and new wins with multi-year framework agreements. The Group has made significant investment into this Specialism, enhancing our non-UK footprint, our data security capabilities and talent. We continue to develop our expertise in this unique and highly specialised field, with strong barriers to entry, a broadened client list and good momentum continuing into 2025.

Passions & PR^[4]

- 16% of LFL Group net revenue (2023: 16%)
- LFL net revenue of £36.4 -6.5% (2023: £38.9 million)

This was a year of change with the inclusion of our PR business into this Specialism and the full reshaping of its client base for improved profitability. The award-winning Sport & Entertainment businesses, under the new leadership of CEO Robin Clarke, continued to reshape their client roster for improved profitability, focusing on higher-quality mandates across multi-year engagements and to improve service output. The outlook for 2025 is more encouraging, although PR continues to be affected by our exposure to the relatively weaker UK market.

Consulting

- 14% of LFL Group net revenue (2023: 14%)
- LFL net revenue of £32.5 million -6.7% (2023: £34.9 million)

Our M+C Saatchi Consulting branded proposition launched in 2024 as our complete end-to-end offering. Our digital and data solutions expertise in Fluency will maximise opportunities and play a crucial role in the Group's Cultural Power proposition, alongside our new Intelligence Insight centre of excellence. We remain somewhat cautious on the market backdrop for 2025, as sector challenges continue, largely due to wider economic pressures resulting in delays to project start dates and deferral of client spend; however, we are seeing an improving pipeline.

Media

- 12% of LFL Group net revenue (2023: 10%)
- LFL net revenue of £26.8 million +8.2% (2023: £24.8 million)

Media grew revenue through client wins and retained work in APAC, a core region for the specialism, and the US. Following the impact of the macro-economic slowdown in 2023, affecting technology spend in particular, we are encouraged by recent momentum and continued development of our digital expertise, including e-retail. Whilst we remain cautious on the market backdrop for 2025, we are encouraged by recent wins, our healthy pipeline and improving momentum on the back of our strong client offer.

Regional performance

The breadth of our geographic mix is a strength, and under our new Regional-First approach will, in the future, more simply reflect the way we manage the Group. The UK remains our biggest region, driven by the growth of Issues. APAC is predominantly Australia, while Americas is dominated by the US market. In Europe, the two largest markets are Italy and Germany. Since the sale of the South Africa businesses, we no longer have an owned business in Africa. LFL regional performance was as follows:

- UK: +9% with positive momentum in our specialist Issues business and Media, while Advertising was down reflecting market dynamics

- APAC: -9% in a weak Australian environment, notably in Advertising, as the cost of living and high interest rates discouraged spending and dampened consumer confidence
- Americas: -3% decline largely due to client delays in Consulting, offsetting growth in US Advertising
- Europe: +14% good growth across the board, particularly Advertising and Passions & PR through a combination of retained work and new business wins
- Middle East: +59% thanks to strong Advertising growth in the UAE and significant strength in construction and real estate as well as the launch of our S&E offering

Review of strategy

Review of our transformed operating model

The strength of these results derives directly from the early success of the transformation. This comprises the global efficiency programme, the introduction of the new integrated group operating model, including the creation of the SSC, and the shift in culture from a federated approach to a Group-wide one. Phase One of this change began in the second half of 2023 and we continued it throughout 2024 with only a small amount of the back-office left to complete. It has been transformative on every level of our operations, with Phase Two, which includes our middle office operations, now well underway.

The following table sets out our transformation goals and our recent successes:

Strategic goal	Transformation objectives and achievements
Retain clients, generate leads and cross-sell (Selling In, Up, and Across) by creating an integrated, agile, regional-first go-to-market approach	<ul style="list-style-type: none"> • Putting in place the new operating model and Cultural Power proposition • Recognising the value of our Advertising brand as an entry-point for clients • Enabling global elevation for regional clients • Easing access to our full range of Specialisms in each region
Grow revenue and profitability through new Group-focused incentives and culture	<ul style="list-style-type: none"> • Replacing the federated approach to growth with the Group-wide integrated model • Removing the structural and cultural restrictions on cross-sell • LTIP programme with Group-focused targets for both long and short-term incentives
Free up creativity and focus on client service through providing shared admin services	<ul style="list-style-type: none"> • Unleashing creativity, the core to our success, by reducing the administrative burden on creative leaders through the new SSC in Cape Town for support in finance, HR, property, IT, and procurement • Moving to a single system for people management (Workday) and communications (MS 365) to facilitate creative operations and increased use of AI tools
Ensure greater understanding and controls through better operational information systems	<ul style="list-style-type: none"> • Installing NetSuite, a finance information system to enable unified reporting protocols • Initiating our CRM tool, HubSpot, to facilitate cross-Specialism and cross-regional work
Leverage our internal capabilities, such as data	<ul style="list-style-type: none"> • Created an Intelligence Insight central centre of excellence to democratise our data capabilities • Cross-regional use of creative resources
Improve governance efficiency by simplifying and rationalising the Group structure	<ul style="list-style-type: none"> • Exited marginal and loss-making businesses in 2023 and 2024 • Our simplified our structure has 22 in-market operations including licensees • Executive Leadership Team is built around five regions and five Specialisms
Improve margins through cost efficiency	<ul style="list-style-type: none"> • Executed our global back-office efficiency programme focusing on finance, HR, property, IT, and procurement and people during 2023 and 2024 and delivered annualised cost savings of £10 million from the end of 2024 • Phase Two is expected to deliver an additional £3m annualised savings and shifts focus to the middle office
Achieve an overall high-margin, relatively lower cyclical profile by continued diversification of the portfolio	<ul style="list-style-type: none"> • Non-Advertising Specialisms are now 67% (2023: 58%) of LFL net revenue with Advertising now accounting for 33% (2023: 42%) • Advertising, with its greater cyclicity and structurally lower margins, retains its marketing power for our world-famous brand • Maintaining strong growth in low and anti-cyclical Issues Specialism by investing in data secure solutions
Strengthen cash delivery with target of at least 80% operating cash conversion	<ul style="list-style-type: none"> • Refocusing the Group on cash through working capital optimisation and improved global cost management • £8.6 million of put options cash settled during 2024, with only £3.7 million remaining • Operating cash conversion of 85% due in part to a capital-light model
Provide returns for shareholders	<ul style="list-style-type: none"> • Achieved strong relative share price performance in view of the challenging equity market conditions • Continue to focus on returning cash income to shareholders with a growing dividend policy

Our new client-centric operating model, achieved through the transformation, has provided a platform for:

An agile, integrated go-to-market approach in the "Goldilocks Zone"

In choosing a partner, our clients are faced with a spectrum of options, spanning from giant HoldCos, whose creativity is often outweighed by their bureaucracy, to niche players whose exciting offering lacks reach and breadth of capability. And then there is M+C Saatchi. We are "just-right", in 'The Goldilocks Zone' with the creative flair and agility clients desire, a trusted brand, the insight of our regional perspective, combined with our integrated global capabilities and reach. We are the creatively exciting and reliable partner to deliver breakthrough work.

A focus of future revenue growth - selling in, up and across

With our revised, integrated operating model in place, we are now in a position to promote cross-sell and joint pitches. This is a significant shift from the old fragmented and federated model where the client engaged separately with a specific agency within M+C Saatchi. All client service, creative solutions and production and billing was then managed by that agency.

The new integrated model allows a client to engage with M+C Saatchi as a whole, accessing us from whichever agency they know, or through our Advertising "front door" with its world-famous brand. We can then offer a more holistic solution, bringing in the benefits of all our Specialisms supported by other capabilities, such as data and intelligence, and across all regions.

Our integrated model allows us to take a more client-centric approach, responding to briefs with a flexible solution and an agile team of experts needed to deliver on our clients' specific needs:

- Selling In: New business wins through extraordinary creative thinking and solutions, supported by AI-powered customer platform, HubSpot
- Selling Up: Serving clients brilliantly, enabling longstanding and expanded relationships with support from new product development and innovation.
- Selling Across: Full integration across one team to offer a wider range of services across Specialisms and regions

Our new operating model enables our clients to access all our Specialisms and capabilities throughout all our regions, meeting client needs and giving us the potential to pitch more effectively and cross-sell with holistic solutions. Internally, we no longer bear the complexities and cost of separate administrative processes as it can now be consolidated by the SSC, which is better for our clients, and lowers the burden and overhead for us. In addition, our leadership incentivisation is now focused on Group-wide as well as local/regional performance.

A complete offering: the breadth and depth of our Specialisms

We offer high-quality creative output across a breadth of marketing services. Our work with clients spans the strategic planning stage, through the creation and execution of their marketing plans, to measurement and evaluation. Consultancy, Advertising, Passions & PR, and Media reflect this breadth of requirements, and broadly fit these different stages of the client's journey. Issues offers this full span of services but focuses on the specific demands of its largely public sector clients. Our newly integrated operating model will allow the Group to engage more than ever before with clients across a range of Specialisms in the marketing chain, enabling cross-sell opportunities.

All of this is underpinned by our new operating model

Our new operating model reduces the complexity for clients and, internally, for us, thereby ensuring that our teams can focus on client solutions and delivery. Creativity and innovation is the spearhead of everything we do, focusing on where we have the right to win. Our agile, regional-first go-to-market approach, powered by specialist expertise and global networks, opens cross-sell opportunities, and enables us to partner local and regional-heroes and challenger brands as they need wider capabilities and broader reach. The planned transformation of the middle office of shared capabilities is designed to facilitate cost-effective, high-quality solutions based on Group-wide expertise.

Supporting all of this is our back-office of Group-wide services provided efficiently and systemically by the SSC in South Africa. These services include finance, HR, property, IT, and procurement alongside some smaller specialist functions such as Treasury and ESG.

Transformation Phase Two

Our transformation during 2023 and 2024 has been significant, but there is, as we have previously said, more to do. Our 2025 transformation goals aim to set us up for future growth, alongside ensuring efficiency and effectiveness. Our 2025 objectives are to:

1. Unite behind Cultural Power, our proposition to capitalise on our unique understanding of the forces which drives purchase behaviour and brand growth, delivered through Cultural Power and helping our clients to navigate a fragmented consumer landscape
2. Bring the integrated, regional-first model to life, completing the transition to the integrated suite of systems and digital tools in early 2025, and evolving the organisational design and incentives for greater simplicity and accountability
3. Restructure the Middle Office capabilities with systems and services for shared production, data and products, unlocking further efficiencies and contributing to annualised cost savings of c.£3million in 2025
4. Complete and improve our shared services in finance, HR, property, IT, and procurement to simplify and improve revenue and profitability allowing our people to do what they do best - creativity for clients

Cultural Power proposition - thriving in the complex and fragmented media landscape

The Cultural Power proposition, launched this March 2025, is the advantage we offer clients to help them harness cultural forces to fuel desire, drive demand and deliver brand growth.

It is supported by the Cultural Power Index (CPI), a product which is a proprietary AI-powered diagnostic tool that helps brands drive growth by harnessing the power of culture. Its unique and proprietary methodology enables us to identify where there are opportunities to build Cultural Power for clients, allowing them to:

- Understand brands' cultural relevance compared to competitors.
- Pinpoint specific levers they should pull to enhance their Cultural Power and drive business growth
- Track shifts in cultural perception to stay ahead of trends

Intelligence Insight - a new centre for our data excellence

The newly created Intelligence Insight team gives the Group a further centre of excellence to raise the quality, visibility and application of data and insight throughout the work we do. We are now doing for ourselves what we always did brilliantly for clients. This helps ensure that the best insight is open to everyone internally, and we believe this capability will bolster and differentiate the Group's pitches. The Intelligence Insight team delivered over 400 briefs to support our global teams in 2024. The Intelligence Insight team's objectives are to:

- Democratise highest-quality data by sourcing and providing data and insights throughout the Group
- Upskill our internal teams on data, taking advantage of our Intelligence team's expertise in diverse data sources
- Provide relevant, tailored and timely insights to our agencies in a client-friendly format to enable award-winning creativity and seize revenue-generating opportunities

We see AI as a tool to enhance our core offering of creative solutions, through better, faster intelligence and through more

We see this as a tool to enhance our core offering of creative solutions, through better, faster intelligence and through more efficient and effective execution. In 2024, we ran more than 20 AI pilots across the Group to assess and develop the best AI tools in order to expand them more widely in a rapid but appropriately-controlled way.

The Intelligence Insight team aligns with Fluency, our data consultancy agency within the Consultancy Specialism. Fluency leverages M+C Saatchi's central intelligence data stack and cutting-edge analytics capabilities to generate opportunities for clients directly, as well as for the benefit of the Group. We are realising its potential to be a market-leading data and tech consultancy. Its client-facing services are consumer profiling; trends by category, generation or country; market and segment information; social listening and influencer understanding; website analytics; media data and marketing best practice.

Shared Service Centre (SSC)

The SSC in Cape Town, South Africa, was established in May 2024. The hub reports functionally to the CFO and Chief People and Operating Officer. Its staff of circa 60 employees across three departments are already delivering high-quality support for the Group, providing transactional processing and specialist support to the global Finance, HR and IT functions alongside new areas such as Treasury and ESG.

The benefits are evident in the balanced and consistent approach to end-to-end service delivery, the achieved cost savings, the improved management information that is increasingly available on a centralised and comparable basis, and the freeing up of the creative agencies from those processes now undertaken by the centre.

The focus for 2025 is to continue to standardise global business processes, improve both efficiency and the underlying control environment, and extend service provision to those not currently onboard.

Our people and culture

As a people business, our culture and ability to attract and retain high-quality people are critical. Our culture has creativity, innovation and entrepreneurship at its heart. We apply this to our entire business right across all our functions, Specialisms and geographies.

The commitment of our people is as high as ever, despite market volatility and organisational change. They have reacted positively to the challenges that have arisen through the transformation. Employee engagement has remained broadly level at 71 (2023: 72), and the response rate in our employee survey was very high at 80% (2023: 76%). We are comfortable with our voluntary UK churn rate of 19% (2023: 18%) which is in-line with industry averages and is a proxy for the rest of the Group. This also ensures the right level of new talent and expertise coming in.

The Board

We would like to acknowledge Zillah Byng-Thorne, Executive Chair from September 2023 to June 2024, for her vision for M+C Saatchi and for initiating the transformation programme during her successful leadership. This has been reinforced and expanded since Zaid Al-Qassab joined as CEO in May 2024. We also welcomed Simon Fuller, who joined as CFO in July 2024, taking over from Bruce Marson. The Group has improved financial processes, systems and discipline with a focus on optimisation and investment to support growth, increase margin and generate cash. The success of the SSC's finance function is a tribute to the quality of planning and execution.

We welcomed Non-Executive Directors, Dame Heather Rabbatts on 22 January 2024 and Georgina Harvey on 1 October 2024. Dame Heather is Senior Independent Director (SID) and Georgina became Chair of the Remuneration Committee from 1 January 2025. We are benefitting from both their highly relevant experience and expertise across their portfolio of companies. Louise Jackson will step down from the Board at the 2025 Annual General Meeting (AGM), having joined in March 2020. We thank her for her valuable contribution to the Company.

Capital allocation focused on organic growth

M+C Saatchi is a capital light business which, over the medium term, is capable of converting at least 80% of its operating profits into cash, subject to some degree of variability of the cycle. Our streamlined portfolio of businesses, our new operating model, and our go-to-market strategy give us a high degree of confidence in the potential for sustainable and growing free cash generation.

- The organic growth and evolution of the Company will require investment. Our policy is to re-invest to drive long-term growth and to add capability, capacity and scale where we can generate the greatest return. This lower-risk strategy ensures that we invest to drive revenue growth in priority geographies and in capabilities where we have the right to win.
- We are open to accelerate this progress through selective M&A, to address gaps in our capabilities or regional coverage. Whilst our near-term focus is likely to be more bolt-on type opportunities, we are comfortable operating with a net debt to EBITDA ratio of up to 1.5 times in the event of M&A, which is well within our financial covenants within the Facility.
- Our overall goal is to deliver a compelling combination of a robust, optimal balance sheet and returns to shareholders including a growing dividend.
- Alongside dividends, the Board will also consider share buyback relative to other uses of cash as a means of creating shareholder value.

Outlook in line with market expectations

We are reaping the benefits of our ongoing transformation to an integrated global group. With the strong creative leadership we have appointed, the encouraging early success of our new operating model, and the strength and diversity of our portfolio in the face of continuing macro volatility, we are building a strong platform for future organic growth. This, combined with the next phase of our operating model transformation, gives the Board confidence that we can achieve results in line with the market's expectations for 2025. In addition, we are also confident that, over the medium term, the platform we are building will underpin our growth ambitions.

Financial review

Group results

£m	LFL results			Statutory results		
	2024	2023	Change	2024	2023	Change
Revenue	392.5	391.1	0.4%	395.4	420.0	(5.8)%
Net revenue	231.0	222.8	3.7%	231.4	236.7	(2.2)%
EBITDA	42.0	41.0	2.3%	29.7	14.6	102.9%
Operating profit	35.2	33.4	5.2%	22.5	5.7	294.7%

Profit before taxation	30.5	29.3	4.2%	18.1	(0.8)	n.m.
Profit/(loss) for the year	22.1	22.3	(0.9)%	11.7	(3.9)	n.m.
Non-controlling interests	0.7	2.0	(65.0)%	0.0	0.6	n.m.
Profit attributable to equity shareholders of the Group	21.4	20.3	5.4%	11.7	(4.5)	n.m.
Basic earnings/(loss) per share	17.6p	16.6p	6.1%	9.6p	(3.7)p	n.m.
Operating profit margin %	15.2%	15.0%	0.2 pps	9.7%	2.4%	7.3pps
Dividends per share				1.95p	1.6p	21.9%

Note: Like-for-Like (LFL) results adjust statutory results to reflect the underlying profitability of the business units, by excluding a number of items that are not part of routine expenses including one-off and exceptional items (defined as Headline Results), excluding subsidiaries discontinued in 2023 and in 2024, and retranslating 2023 figures to 2024 FX rates. These adjustments are set out below. We provide commentary on LFL figures, where applicable, to provide a more comparable and better basis for understanding our current and future performance. LFL adjustments are summarised below in this section, in the Financial Review and at Note 1 of the financial statements. Statutory profit for the year excludes results from discontinued South Africa business.

The Group generated £231.0 million of LFL net revenue in 2023, up 3.7% on last year, driven by 6.7% growth in Non-Advertising Specialisms, offsetting Advertising decline of 1.9%.

Like-for-like EBITDA grew by 2.3% to £42.0 million (2023: £41.0 million) and LFL operating profit was £35.2 million, up 5.2%. Our profitability benefited from the new operating model which allowed the partial reinvestment of the £10 million annualised savings generated by our global efficiency programme. LFL operating profit margin was 15.2% (2023: 15.0%), driven by the strong performance of the higher-margin Non-Advertising Specialisms and their increasing weight in the portfolio. LFL profit before tax was £30.5 million, up 4.2%.

Separately disclosed one-off items, mainly relating to our global efficiency programme, were £7.2 million (mainly people restructuring) as we continue to implement the SSC transformation plan and rationalise our footprint to maximise efficiency.

LFL profit after tax attributable to shareholders was £21.4 million (2023: £20.3 million), reflecting the cash settlement of put options. LFL basic earnings per share were up 6.1 % to 17.6p (2023: 16.6p).

The Group delivered adjusted net cash of £15.3 million (2023: £8.3 million) after £8.6 million of put option payments (2023: £15.4 million). Working capital absorbed £6.4 million (2023: £14.5 million absorption), an improvement over last year driven by better payment terms and improved cash management.

Statutory results

The Group generated £231.4 million of net revenue, a decline of 2.2%, largely due to discontinued businesses, particularly the South Africa businesses. Statutory operating profit grew 294.7% to £22.5 million, due to significantly lower staff costs and the portfolio shift to higher-margin Non-Advertising Specialisms. This led to an increased statutory operating margin of 9.7% (2023: 2.4%). PBT grew to £18.1 million (2023: £(0.8) million), due to lower staff costs, the reversal of an impairment and a decrease in finance expense (given reduced average borrowings).

LFL Specialisms and regional review

The strength derived from the Group's diverse portfolio of Specialisms and regions is key to our stability and resilience as well as our future growth. We believe that our new regional-first approach will be better able to realise the value of the breadth and quality of our capabilities within our regions and globally. We are therefore now managing our business by regions, but continue to report across these by Specialism. In future, we will increasingly focus reporting on a regional basis.

LFL Results			
Net revenue by Specialism £m	2024	2023	% change
Advertising	77.4	78.9	(1.9)%
Issues	57.9	45.4	27.6%
Passions & PR	36.4	38.9	(6.5)%
Consulting	32.5	34.9	(6.7)%
Media	26.8	24.8	8.2%
Group	231.0	222.8	3.7%

LFL Results			
Net revenue by region £m	2024	2023	% change
UK	109.1	100.3	8.7%
APAC	53.9	59.0	(8.7)%
Americas	44.2	45.5	(2.9)%
Europe	12.2	10.7	14.0%
Middle East	11.6	7.3	58.8%
Group	231.0	222.8	3.7%

We reported strong regional performances in the Middle East (+58.9%), Europe (+14.0%) and the UK (+8.7%); and by Specialism for Issues (+27.6%) and Media (+8.2%). Elsewhere the performance was impacted by continuing macro-economic volatility. More detail of operational performance is provided in the operating review.

Revenue share shifts in Specialism and region over time

LFL net revenue

share by Specialism	Advertising	Issues	Passions	Consulting	Media	Total
2024	33%	25%	16%	14%	12%	100%
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%

LFL net revenue

share by region	UK	APAC	Americas	Africa ¹	Europe	Middle East	Total
2024	47%	23%	19%	1%	5%	5%	100%
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%

¹ The Group disposed of the South Africa businesses on 30 September 2024, going forward there will be no segmental reporting for this region

Central costs

The Group LFL operating margin of 15.2% (2023: 15.0%) reflects a continued shift towards the higher-margin, Non-Advertising Specialisms and the success of the global efficiency programme which has enabled further investment in creativity and future growth.

Group central operating costs increased from £7.7 million in 2023 to £12.3 million in 2024, reflecting investment into centralised services for the Group, including the SSC which has reallocated costs from the individual agencies to the centre (saving on a combined basis).

Our global efficiency programme achieved annualised savings of a total of £10 million at the end of 2024, including annualised savings of £6.1 million in 2024 and £3.9 million in 2023.

LFL 2024	Advertising	Non-advertising	Group central costs	Total
£m				
Net revenue	77.4	153.6	-	231.0
Operating profit / (loss)	8.7	38.8	(12.3)	35.2
Operating profit margin	11.2%	25.2%	-	15.2%
Profit / (loss) before tax	8.2	36.8	(14.4)	30.5

LFL 2023	Advertising	Non-advertising	Group central costs	Total
£m				
Net revenue	78.9	143.9	-	222.8
Operating profit / (loss)	7.5	33.6	(7.7)	33.4
Operating profit margin	9.5%	23.3%	-	15.0%
Profit / (loss) before tax	7.6	29.9	(8.2)	29.3

Like-for-like reporting

Like-for-Like (LFL) results adjust statutory results to reflect the underlying profitability of the business units, by excluding a number of items that are not part of routine expenses including one-off and exceptional items (defined as Headline adjustments), excluding subsidiaries discontinued in 2023 and in 2024, and retranslating 2023 figures to 2024 FX rates. These adjustments are set out below. We provide commentary on LFL figures, where applicable, to provide a more comparable and better basis for understanding our current and future performance. LFL adjustments are summarised below and at Note 1 of the financial statements.

Management considers LFL figures are a better way to measure and manage the business and they are used for internal performance management and reward. LFL results is not a defined IFRS term and is not intended to be a substitute for, or be superior to, any IFRS measures of performance.

The table below summarises the reconciliation from LFL to statutory results for 2024 and 2023, excluding Company-specific adjustments which are set out below.

2024	LFL	Exiting agencies	Company adjustments	Statutory
£m				
Revenue	392.5	2.9	-	395.4
Net revenue	231.0	0.4	-	231.4
Operating profit	35.2	-	(12.7)	22.5
Operating profit margin	15%	(1)%	-	10%
PBT	30.5	-	(12.4)	18.1

2023	LFL	Exiting agencies	Company adjustments	Constant currency adjustment	Statutory
£m					
Revenue	391.1	20.2	-	8.8	420.0
Net revenue	222.8	9.1	-	4.7	236.7
Operating profit	33.4	(2.9)	(25.1)	0.3	5.7
Operating profit margin	15%	-	-	-	2%
PBT	29.3	(3.1)	(27.2)	0.2	(0.8)

1. Company adjustments (Headline adjustments)

These comprise:

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

	2024	2023
£000		
Statutory profit before taxation	18,131	(777)
Separately disclosed items	7,248	7,652
Put option accounting - IFRS 9 and IFRS 2	(1,006)	6,316
Dividends paid to IFRS 2 put option holders	866	2,499
FVTPL investments under IFRS 9	3,813	4,254
Impairment of intangible assets	1,634	4,794
Impairment of non-current assets	(658)	2,004
Amortisation of acquired intangibles	335	537
Revaluation of associates on disposal	-	(133)
Gain on disposal of subsidiaries and associates	230	(782)
Exiting agencies	(11)	3,116
Foreign exchange difference	-	(207)
Headline profit before taxation	30,496	29,273

2. Foreign exchange adjustments ("FX")

The Group is exposed to movements in foreign currency exchange rates on the translation of the results of its overseas businesses. The LFL basis applies the constant foreign exchange applicable for the current period to the comparative period in order to present the results on a comparable basis. Key Group currency movements reflected weakness in all key Group international currencies, particularly the Australian Dollar and Euro versus Sterling.

Key 2024 currencies and average FX rates used to retranslate 2023

Currency		Dec-24	Dec-23	Vs. Sterling stronger / weaker
United Arab Emirates Dirham	AED	4.5984	4.5685	Weaker
Australian	AUD	2.0228	1.8736	Weaker
Euro €	EUR	1.2087	1.1501	Weaker
US	USD	1.2516	1.2438	Weaker
South African R	ZAR	23.5705	22.9623	Weaker

3. Discontinued businesses

During 2024 we disposed of the agencies comprising the South Africa businesses, which was treated as a discontinued operation and excluded from the statutory results of the Group. Up to the date of the disposal these businesses contributed net revenue of £11.9 million (2023: £16.1 million), operating profit of £3.5 million (2023: £1.6 million) and profit before tax of £3.5 million (2023: £1.5 million). These 2024 results include the relevant gain on disposal of £2.1 million within operating profit.

During 2023 and 2024 we also exited from a number of other marginal or loss-making businesses. In 2024, these businesses contributed net revenue of £0.4 million (2023: £9.1 million), negligible operating profit (2023: loss of £2.9 million), negligible PBT (2023: loss of £3.1 million).

In 2024, disposals comprised shares in the agencies comprising the South African businesses, the Company's creative agencies in Indonesia and Switzerland, and certain French associate investments.

In some cases, these businesses continue to operate under licence, providing a fee for the use of our brand. Licensees as at the end of 2024 comprise: Japan, Lebanon, Spain, South Africa, Sweden and Thailand (also an Associate).

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). Bank interest payable for the year was £2.2 million (2023: £2.3 million). The interest on leases increased to £3.4 million (2023: £2.9 million). The fair value adjustment of put option liabilities created a debit of £0.2 million (2023: £2.1million).

Tax

LFL tax: Our LFL tax rate was 27.4% (2023: 23.7%). The increase in the LFL tax rate is due to less current year benefit from our historic tax provisioning, reduction in partnership minorities and an increase in UK tax rates. The variation to Statutory tax is due to significant items that LFL excludes such as share-based payments, disposals and put options being non-deductible against corporation tax.

Statutory tax: The Statutory tax rate was 21.5% (2023: 493.3%). We have experienced large variations in Statutory tax rates, because items such as goodwill impairments 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)

LFL 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. The share of profits attributable to non-controlling interests reduced to £0.7 million (2023: £2.0 million) reflecting a reduction in minority interests to 3.2% (2023: 9.1%) of profit after tax. 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.

Statutory non-controlling interests excludes 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 dividends in 2024 of £1.9 million (1.6p per share). We are committed to returning capital to shareholders, and, given the growing earnings performance during the year, the Board is recommending the payment of an increased final dividend of 1.95p pence per share.

Subject to shareholder approval at the Annual General Meeting, to be held on 15 May 2025, the dividend will be paid on 11 June 2025 to shareholders on the register at 9 May 2025. The shares will go ex-dividend on 8 May 2025. For the purpose of the dividend the Company's TIDM is SAA and ISIN is GB00B01F7T14.

Cash flow

Total gross cash (excluding bank overdrafts) at 31 December 2024 was £25.9 million (2023: £24.3 million), excluding restricted cash of £3.5 million. Cash net of bank borrowings (net cash excluding restricted cash) was £11.8 million (2023: £8.3 million).

The Group generated operating cash from trading (before working capital) of £29.3 million (2023: £15.1 million) before dividends to IFRS 2 put option holders of £5.8 million (2023: £14.6 million) and £2.8 million of payments to acquire non-controlling interests (2023: £0.8 million). There was a £3.6 million net outflow from working capital excluding transfers to restricted cash (2023: outflow of £14.5 million). Lease payments were £8.5 million (2023: £9.1 million).

Net operating cash flow (operating cash generated from operations (excluding put option payments and non-adjusted cash costs) net of purchases of intangible / tangible fixed assets and the principal payment on leases) for the year was £25.6 million (2023: £15.6 million) which represents a cash conversion from LFL operating profit of 85%. This is in-line with our target of 80%.

Movement in net cash

The following table sets out the key movements in net cash during 2024:

	2024 £m	2023 £m
Net cash at the beginning of the year	8.3	30.0
Increase in cash from trading	35.1	29.8
Dividends paid to IFRS 2 put option holders	(5.8)	(14.6)
Operating cash from trading	29.3	15.1
Decrease in cash from working capital movements	(3.6)	(14.5)
Movement to restricted cash	(3.5)	-
Tax paid	(3.0)	(4.2)
Net cash inflow from disposal of subsidiaries and associates	2.7	(0.2)
Purchases of intangible/tangible fixed assets	(2.9)	(1.8)
Payment of lease liabilities and interest	(8.5)	(9.1)
Dividends paid to Company shareholders	(1.9)	(1.8)
Cash consideration for non-controlling interest acquired	(2.8)	(0.8)
Net interest paid	(2.0)	(1.5)
(Repayment of) / proceeds from bank loans	(2.0)	9.0
FX movement on cash held	(0.3)	(2.2)
Other movements	2.0	18.7
Net cash at the end of the year	11.8	8.3
Restricted cash	3.5	-
Adjusted net cash held in bank	15.3	8.3

Banking arrangements

On 7 March 2024, the Company refinanced its previous facility by entering 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 "Facility"), with a further £50m extension if required for strategic acquisitions. The Facility is provided on a three-year term with two one-year extensions, the first of which was Board granted on 20th March 2025, extending the Facility until 7 March 2028. The primary purpose of the Facility is to provide the Group with additional liquidity headroom to support any variations in working capital and provide funding for selective bolt-on acquisitions. At 31 December 2024, £14.0 million was drawn on

the Facility compared to £16.0m drawn on the previous facility at 31 December 2023.

Capital expenditure

Total capital expenditure including software acquired increased to £2.9 million (£1.8 million). This included £0.3 million on furniture, fittings and other equipment, £1.0 million on computer equipment, £0.4 million on leasehold improvements, and £1.2 million on software and film rights (2023: £0.7 million, £0.6 million, £0.5 million, and £0.0 million respectively).

Financial Statements

Unaudited Consolidated Income Statement

Year ended 31 December	Note	2024 Total £000	2023 Total £000
Billings (unaudited)		610,084	526,013
Revenue	4	395,418	420,046
Project cost / direct cost		(164,008)	(183,361)
Net revenue	3	231,410	236,685
Staff costs		(163,791)	(176,402)
Depreciation		(6,535)	(8,018)
Amortisation		(600)	(830)
Impairment charges		(890)	(6,798)
Other operating charges		(32,864)	(34,506)
Other gains /(losses)		(3,813)	(4,898)
Loss allowance		(192)	(348)
Gain / (loss) on disposal of subsidiaries		(230)	782
Operating profit		22,495	5,667
Share of results of associates		-	121
Other non-operating income		60	-
Finance income		878	648
Finance expense		(5,302)	(7,213)
Profit before taxation		18,131	(777)
Taxation		(6,394)	(3,100)
Profit/(loss) for the year from continuing operations		11,737	(3,877)
Profit for the year from discontinued operations, net of tax		3,068	1,075
Total profit for the year		14,805	(2,802)
Total profit from continuing operations		11,737	(3,877)
Attributable to:			
Equity shareholders of the Group		11,717	(4,497)
Non-controlling interests		20	620
Profit/(loss) for the year		11,737	(3,877)
Earnings per share			
Basic (pence)	1	9.63	(3.68)
Diluted (pence)	1	9.42	(3.68)
Total profit from discontinued operations		3,068	1,075
Attributable to:			
Equity shareholders of the Group		3,011	968
Non-controlling interests		57	107
Profit/(loss) for the year		3,068	1,075
Earnings per share			
Basic (pence)	1	2.48	0.79
Diluted (pence)	1	2.42	0.79
Total profit for the year		14,805	(2,802)
Attributable to:			
Equity shareholders of the Group		14,728	(3,529)
Non-controlling interests		77	727
Profit/(loss) for the year		14,805	(2,802)
Earnings per share			
Basic (pence)	1	12.11	(2.89)
Diluted (pence)	1	11.84	(2.89)
Like-for-like results	1		
Operating profit	1	35,170	33,434
Profit before taxation	1	30,496	29,273
Profit after tax attributable to equity shareholders of the Group	1	21,443	20,312
Basic earnings per share (pence)	1	17.63p	16.61p
Diluted earnings per share (pence)	1	17.24p	15.75p
EBITDA	1	42,013	41,026

Consolidated Income Statement of other comprehensive income

Year ended 31 December	2024 £000	2023 £000
Profit/(loss) for the year	14,805	(2,802)

Profit/(loss) for the year	17,883	(2,882)
Other comprehensive profit/(loss)*		
Exchange differences on translating foreign operations	527	(4,287)
Historic translation reserve on disposal of subsidiaries	(1,464)	-
Other comprehensive profit/(loss) for the year net of tax	(937)	(4,287)
Total comprehensive profit/(loss) for the year	13,868	(7,089)
Total comprehensive profit/(loss) attributable to:		
Equity shareholders of the Group	13,790	(7,816)
Non-controlling interests	77	727
Total comprehensive profit/(loss) for the year	13,867	(7,089)

* All items in the consolidated statement of comprehensive income may be reclassified to the income statement.

Unaudited Consolidated Balance Sheet

	2024	2023
	£000	£000
At 31 December		
Non-current assets		
Intangible assets	32,318	34,593
Investments in associates	138	138
Plant and equipment	6,002	7,007
Right-of-use assets	25,544	33,772
Investment properties	1,244	2,369
Other non-current assets	5,282	2,302
Deferred tax assets	4,840	6,036
Financial assets at fair value through profit or loss	668	7,227
Deferred consideration	-	738
	76,036	94,182
Current assets		
Trade and other receivables	126,298	123,686
Current tax assets	1,390	4,321
Restricted cash	3,462	-
Cash and cash equivalents	25,855	24,326
	157,005	152,333
Assets held for sale	2,717	780
	159,722	153,113
Current liabilities		
Trade and other payables	(131,536)	(133,850)
Provisions	(90)	(1,050)
Current tax liabilities	(1,626)	(743)
Borrowings	(43)	(15,943)
Lease liabilities	(5,014)	(5,751)
Minority shareholder put option liabilities	(525)	(9,891)
	(138,834)	(167,228)
Net current liabilities	20,888	(14,115)
Total assets less current liabilities	96,924	80,067
Non-current liabilities		
Deferred tax liabilities	(1,032)	(1,235)
Corporation tax liabilities	-	-
Borrowings	(13,399)	-
Lease liabilities	(37,230)	(43,692)
Minority shareholder put option liabilities	(3,132)	(3,525)
Other non-current liabilities	(2,020)	(2,079)
	(56,813)	(50,531)
Total net assets	40,111	29,536
Equity		
Share capital	1,227	1,227
Share premium	50,327	50,327
Merger reserve	37,554	37,554
Treasury reserve	(2,698)	(550)
Minority interest put option reserve	(1,175)	(2,506)
Non-controlling interest acquired	(34,428)	(33,168)
Foreign exchange reserve	1,414	2,351
Accumulated losses	(12,198)	(26,232)
Equity attributable to shareholders of the Group	40,023	29,003
Non-controlling interest	88	533
Total equity	40,111	29,536

These financial statements were approved and authorised for issue by the Board of Directors on 26 March 2025 and signed on its behalf by:

Simon Fuller
Chief Financial Officer

M&C Saatchi plc
Company number 05114893

Unaudited Consolidated statement of changes in equity

	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	MI put option reserve £000	Non-controlling interest acquired £000	Foreign exchange reserves £000	Retained earnings / (accumulated losses) £000	Sub total £000	Non-controlling interest in equity £000	Total £000
At 31 December 2022	1,227	50,327	37,554	(550)	(2,896)	(32,984)	6,638	(21,303)	38,013	173	38,186
Share option charge	-	-	-	-	-	-	-	434	434	-	434
Exercise of put options	-	-	-	-	390	(184)	-	-	206	(206)	-
Dividends	-	-	-	-	-	-	-	(1,834)	(1,834)	(161)	(1,995)
Total transactions with owners	-	-	-	-	390	(184)	-	(1,400)	(1,194)	(367)	(1,561)
Total profit for the year	-	-	-	-	-	-	-	(3,529)	(3,529)	727	(2,802)
Total other comprehensive income for the year	-	-	-	-	-	-	(4,287)	-	(4,287)	-	(4,287)
At 31 December 2023	1,227	50,327	37,554	(550)	(2,506)	(33,168)	2,351	(26,232)	29,003	533	29,536
Share option charge	-	-	-	-	-	-	-	1,030	1,030	-	1,030
Share option exercise	-	-	-	342	-	-	-	(342)	-	-	-
Tax on share options	-	-	-	-	-	-	-	35	35	-	35
Exercise of put options	-	-	-	-	1,000	(1,000)	-	-	-	-	-
Purchase of own shares	-	-	-	(2,490)	-	-	-	-	(2,490)	-	(2,490)
Disposal of subsidiaries	-	-	-	-	331	(260)	-	209	280	(522)	(242)
Revaluations	-	-	-	-	-	-	-	415	415	-	415
Tax on revaluations	-	-	-	-	-	-	-	(93)	(93)	-	(93)
Dividends	-	-	-	-	-	-	-	(1,948)	(1,948)	-	(1,948)
Total transactions with owners	-	-	-	(2,148)	1,331	(1,260)	-	(694)	(2,771)	(522)	(3,293)
Total profit for the year	-	-	-	-	-	-	-	14,728	14,728	77	14,805
Historic translation reserve on disposal of subsidiaries	-	-	-	-	-	-	(1,464)	-	(1,464)	-	(1,464)
Total other comprehensive income for the year	-	-	-	-	-	-	527	-	527	-	527
At 31 December 2024	1,227	50,327	37,554	(2,698)	(1,175)	(34,428)	1,414	(12,198)	40,023	88	40,111

Unaudited Consolidated cash flow statement

Year ended 31 December	2024 £000	2023 £000
Operating profit from continuing operations	22,495	5,667
Operating profit from discontinued operations	3,526	1,608
Total operating profit	26,021	7,275
Adjustments for:		
Depreciation of plant and equipment	2,107	2,573
Depreciation of right-of-use assets	4,995	6,243
Impairment (reversal) of right-of-use assets	(297)	1,884
Loss on sale of plant and equipment	-	271
Impairment of plant and equipment	-	132
Impairment reversal of assets held for sale	(86)	-
Impairment reversal of investment properties	(361)	-
Revaluation of financial assets at FVTPL	4,277	4,722
Revaluation of deferred consideration	(464)	176
Amortisation of acquired intangible assets	336	1,764
Impairment of goodwill and other intangibles	1,634	3,733
Impairment and amortisation of capitalised software intangible assets	278	138
Exercise of put options	(5,780)	(14,637)
Purchase of own shares	(2,490)	-
Gain on disposal of discontinued operation	(2,084)	-
Equity settled share-based payment expenses	1,195	841
Operating cash before movements in working capital	29,281	15,115
Decrease/(increase) in trade and other receivables	(5,589)	9,924
Increase/(decrease) in trade and other payables	2,961	(24,437)
Transfer to restricted cash**	(3,462)	-
(Decrease) / increase in provisions	(960)	(6)

Cash (consumed by)/generated from operations	22,034	2098
Year ended 31 December	(£,000)	(£,000)
Tax paid	(3,019)	(4,156)
Net cash from operating activities	19,212	(3,560)
Investing activities		
Disposal of subsidiary (net of cash disposed of)	1,926	(209)
Disposal of associate (net of cash disposed of)	856	
Investment loans	148	(608)
Proceeds from sale of unlisted investments	642	49
Proceeds from sale of plant and equipment	31	-
Proceeds from sale of software intangibles	52	-
Purchase of plant and equipment	(1,718)	(1,827)
Purchase of capitalised software	(1,214)	(19)
Interest received	106	831
Net cash consumed by investing activities	829	(1,783)
Net cash from operating and investing activities	20,041	(5,343)
Financing activities		
Dividends paid to equity holders of the Company	(1,948)	(1,834)
Dividends paid to non-controlling interest	-	(161)
Cash consideration for non-controlling interest acquired and other options	(2,811)	(785)
Payment of lease liabilities	(5,167)	(6,228)
Proceeds from bank loans	-	9,000
Repayment of bank loans	(2,000)	(164)
Borrowing costs	(795)	-
Interest paid	(2,140)	(2,318)
Interest paid on leases	(3,351)	(2,876)
Net cash consumed by financing activities	(18,212)	(5,366)
Net decrease in cash and cash equivalents	1,829	(10,709)
Effect of exchange rate fluctuations on cash held	(300)	(2,186)
Cash and cash equivalents at the beginning of the year	24,326	37,221
Total cash and cash equivalents at the end of the year	25,855	24,326
Net debt reconciliation		
Cash and cash equivalents	25,855	24,326
Bank overdrafts	-	-
Total cash and cash equivalents at the end of the year	25,855	24,326
Bank loans and borrowings*	(14,043)	(16,043)
Net cash	11,812	8,283

* Bank loans and borrowings exclude the lease liability of £42,244k (2023: £49,443k) .

** Cash and cash equivalents at the balance sheet date excludes £3,462k held in Chinese Yuan, which has been classified as restricted cash after the funds were frozen by the Chinese Government due to ongoing litigations. The balance has been classified as a current asset on the face of the balance sheet.

Preliminary announcement

This preliminary announcement was approved by the board of directors on 26 March 2025. It is not the Group's statutory accounts. Copies of the Group's audited statutory accounts for the year ended 31 December 2024 are expected to be available at the company's website in the coming days, and a printed version will be dispatched to shareholders thereafter.

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 set out 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 under the financial covenants in the Facility (the "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 2027. 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 2025 onwards. The estimated decline in EBITDA ranges from £10 million to £26 million compared to the base case plan for the cumulative period ending 31 December 2026, including a £5 million to £13 million decline in EBITDA in 2025.

The reverse stress test case evaluates how extreme conditions would need to be for the Group to break the 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 has concluded that, under all scenarios modelled by management, the Company will have sufficient liquidity to operate and will not breach the Covenants.

In their review of the severe but plausible scenario, the Directors have also considered several mitigations that would help maintain headroom on the Covenants under the Facility, and are at their discretion, including but not limited to:

- Reduction or postponement of dividend payments
- Reduction of bonus payments
- Reduction of overheads and operating expenses
- Renegotiate terms of the Facility including Covenant relaxation.
- Closure of now loss-making entities
- Reduction of staff levels in line with revenue reduction.

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 Covenants. The Board, therefore, have concluded the going concern basis of preparation continues to be appropriate.

Like-for-like results

As stated in the Financial Review, the Directors believe that the Like-for-like results and Like-for-like earnings per share (see Note 1 of the financial statements) provide additional useful information on the underlying performance of the business. The Like-for-like (LFL) 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 LFL results may be used for internal performance management and reward. The term 'Like-for-like' is not a defined term in IFRS. Note 1 reconciles Statutory results to LFL results and the segmental reporting (Note 3 of the financial statements) reflects LFL results, in accordance with IFRS 8.

The items that are excluded from LFL results are:

- Separately disclosed items that are one-off in nature and are not part of running the business.
- Revaluation of associates on transition to assets held for sale.
- Impairment of assets held for sale, 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 deferred 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.
- Results of subsidiaries which management has or intends to exit in the current and prior year.
- Effects of foreign exchange movements on the underlying results, by retranslating prior year figures using current year foreign exchange rates.

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 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 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)

Some of our equity partners in the Group's subsidiaries 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 or as a put option under IFRS 2 - 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.

Unlisted investments

The Group holds certain unlisted equity investments which are classified as financial assets at fair value through profit and loss (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.

Assets held for sale

The Group classifies assets as held for sale where it is highly probable that they will be recovered primarily through sale rather than through continuing use.

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 Group has recognised a total impairment charge of £890k in the year (2023: £6,798k), of which £361k relates to impairment reversal of investment property (2023: nil) and £297k relates to the impairment reversal of right-of-use assets (2023: impairment of £1,872k). There was an impairment of £1,634k in the year of intangibles (2023: £4,794k) and nil in plant and equipment (2023: £132k). There was an impairment reversal of £86k in the year of associate investments held in assets held for sale (2023: 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 whether it is probable that future taxable profits will be available against which the attribute can be utilised. Changes in such assessments would allow unrecognised deferred tax to be recognised and vice versa.

Leasing estimates

IFRS 16 defines the lease term as the non-cancellable period of a lease, together with the option 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.

Notes to the financial statements

1. Like-for-like results, earnings per share and EBITDA

The analysis below provides a reconciliation between the Group's Statutory results and the LFL results for the current year.

	Impairment	Impairment	Dividends
	of goodwill	Impairment	paid to

The analysis below provides a reconciliation between the Group's Statutory results and the LFL results for the prior year.

[illegible]

of the Group**	(4,497)	5,831	(782)	(133)	339	4,766	1,468	3,267	445	6,251	3,1
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* The non-controlling interest charge is moved to operating profit due to underlying equity being defined as an IFRS 2 put option.

** Like-for-like earnings are profit attributable to equity holders of the Group after adding back the adjustments noted above.

Earnings per share

Basic and diluted earnings per share are calculated by dividing the appropriate earnings metrics by the weighted average number of ordinary 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.

	Continuing operations 2024	Discontinued operations 2024	Total 2024	Like-for-like 2024
Year ended 31 December 2024				
Profit attributable to equity shareholders of the Group (£000)	11,717	3,011	14,728	21,443
Basic earnings per share				
Weighted average number of shares (thousands)	121,616	121,616	121,616	121,616
Basic EPS	9.63p	2.48p	12.11p	17.63p
Diluted earnings per share				
Weighted average number of shares (thousands) as above	121,616	121,616	121,616	121,616
Add				
- LTIP	2,042	2,042	2,042	2,042
- Put options	751	751	751	751
Total	124,409	124,409	124,409	124,409
Diluted EPS	9.42p	2.42p	11.84p	17.24p
Excluding the put options (payable in cash)	(751)	(751)	(751)	(751)
Weighted average number of shares (thousands) including dilutive shares	123,658	123,658	123,658	123,658
Diluted EPS - excluding items the Group intends and is able to pay in cash	9.48p	2.43p	11.91p	17.34p

	Continuing operations 2023	Discontinued operations 2023	Total 2023	Like-for-like* 2023
Year ended 31 December 2023				
Profit attributable to equity shareholders of the Group (£000)	(4,497)	968	(3,529)	20,312
Basic earnings per share				
Weighted average number of shares (thousands)	122,257	122,257	122,257	122,257
Basic EPS	(3.68)p	0.79p	(2.89)p	16.61p
Diluted earnings per share				
Weighted average number of shares (thousands) as above				
Add				
- LTIP	-	-	-	1,500
- Put options	-	-	-	5,247
Total	122,257	122,257	122,257	129,004
Diluted EPS	(3.68)p	0.79p	(2.89)p	15.75p
Excluding the put options (payable in cash)	-	-	-	(5,247)
Weighted average number of shares (thousands) including dilutive shares	122,257	122,257	122,257	123,757
Diluted EPS - excluding items the Group intends and is able to pay in cash	(3.68)p	0.79p	(2.89)p	16.41p

* Restated to be Like-for-like

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.

Like-for-like earnings before interest, tax, depreciation and amortisation (EBITDA)

	2024 £000	2023 £000
Profit before tax (LFL)	30,496	29,273
Add Back:		
LFL Depreciation & amortisation (incl. IFRS 16)	6,798	7,604
LFL Finance expense (incl. IFRS 16)	4,719	4,149
LFL Finance income	-	-
EBITDA	42,013	41,026

2. Separately disclosed items

Policy

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

Analysis

Separately disclosed items for the year ended 31 December 2024 comprise of the following:

	Staff costs £000	Operating costs £000	Taxation £000	After tax total £000
2024				
Restructuring - discontinued businesses	58	-	(17)	41
Restructuring - ongoing businesses	3,403	62	(841)	2,624
Restructuring - global efficiency programme	983	571	(295)	1,259

CEO/Executive Chair compensation	(158)	-	40	(118)
People costs - additional headcount	767	-	(192)	575
Transformation project costs	723	839	(519)	1,043
Total separately disclosed items	5,776	1,472	(1,824)	5,424

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

Staff costs

- Local businesses within the Group have continued to review their own future, permanent operational structures, following market changes, which has resulted in staff redundancy costs in the period across nine ongoing businesses across the Group. The restructuring costs are treated as separately disclosed items only when a role has been permanently eliminated from the business (there should be no intention for the role to be replaced in the next 12 months). There are £3,403k of redundancy costs included within non-LFL restructuring for ongoing businesses, and £430k of redundancy costs are included within the LFL staff costs.
- The Group's global efficiency programme has continued to identify and reduce specific central HQ roles, which will be replaced overseas to save cost. The redundancy costs associated with this restructuring programme (£983k) have been treated as an exceptional non-LFL cost, as they are one-off exit costs relating to compensation to employees for periods not worked.
- Additional headcount costs (£767k) relate to Shared Service Centre salaries where there was non-productive duplication of roles during the transition. These costs are treated as separately disclosed items as they are one-off costs relating to the period of overlap of local with newly created central roles, in relation to those functions being moved to the Shared Service Centre.
- CEO compensation (credit of £158k) relates to the over accrual of three months of costs in 2023 relating to the gardening leave of the former CEO, which was not worked.
- In 2022, the Group commenced a global efficiency programme. The staff costs of the project team dedicated to this transformation project (£723k) have been classified as separately disclosed items in line with the treatment in 2022 and in 2023. The project team will continue to manage the project through to conclusion in 2025.

Operating costs

The operating cost mainly relate to recruitment costs for roles that are being moved to the Shared Service Centre and service charges and rates for the vacant 30 Great Pulteney Street office in London.

Separately disclosed items for the year ended 31 December 2023 comprise of the following:

	Staff costs £000	Operating costs £000	Taxation £000	After tax total £000
2023				
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 were undertaken:

- The Group 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 continued throughout 2024.
- The Group's global efficiency programme identified and reduce specific central HQ roles, which will no longer be required in the Group. This programme continued throughout 2024.
- Local businesses within the Group reviewed their own future, permanent operational structures, following market changes, which resulted in staff redundancy costs in the period across 28 ongoing businesses across the Group. The restructuring costs were 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 were treated as an exceptional non-Like-for-like cost, as they were one-off exit costs relating to compensation to employees for periods not worked.

CEO compensation related to the 12 months of staff costs relating to the gardening leave of the former CEO, which was not worked. These were been treated as an exceptional non-like-for-like cost, as these costs were legally committed by the business, but with no benefit to the business.

The Executive Chair fulfilled the CEO role, which triggered the repayment of compensation from their previous employment, which the Company agreed to bear. These were treated as an exceptional non-like-for-like cost, as these costs related the Executive Chair's performance in another business.

In H2 2022, the Group commenced a global efficiency programme, with the assistance of PricewaterhouseCoopers LLP. PWC's professional fees (£390k) and the staff costs of the project team dedicated to this transformation project (£275k) were 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 have completed their work, but the project team will continue to manage the project through to conclusion in 2025.

Other separately disclosed items included the future rates and service charges for the 30 Great Pulteney Street office in London, which was vacant at the balance sheet date (£233k) and legal fees (£18k) incurred in relation to a put option dispute.

3. Segmental information

Like-for-like segmental income statement

Segmental results are reconciled to the income statement in Note 1 of the financial statements. The Board reviews LFL

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.

Liabilities are not regularly reported to the Board and so are not presented here by operating segment.

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 LFL 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 Non-Advertising Specialisms, excluding Group central costs.

Segmental information by geography

Year ended 31 December 2024	UK £000	Americas £000	APAC £000	Middle East £000	Europe £000	Group Central Costs £000	LFL Total £000
Net revenue	109,113	44,177	53,912	11,606	12,197	-	231,005
Operating profit / (loss)	27,243	6,228	9,529	2,255	2,180	(12,265)	35,170
Operating profit margin	25%	14%	18%	19%	18%	-	15%
Profit / (loss) before tax	26,072	5,877	8,616	2,198	2,174	(14,441)	30,496

Year ended 31 December 2023	UK £000	Americas £000	APAC £000	Middle East £000	Europe £000	Group Central Costs £000	LFL total £000
Net revenue	100,275	45,518	59,046	7,309	10,702	-	222,850
Operating profit / (loss)	22,098	6,690	9,317	1,318	1,670	(7,659)	33,434
Operating profit margin	22%	15%	16%	18%	16%	-	15%
Profit / (loss) before tax	20,517	5,642	8,450	1,270	1,631	(8,237)	29,273

Included within the Group's revenues is a customer that makes up more than 10% of total net revenue, contributing £36.8m (2023: £28.5m). This is included within the UK and within the Non-Advertising Specialisms.

Segmental information by specialism

Year Ended 31 December 2024	Advertising £000	Non- Advertising Specialisms £000	Group Central Costs £000	LFL Total £000
Net revenue	77,342	153,663	-	231,005
Operating profit / (loss)	8,678	38,757	(12,265)	35,170
Operating profit margin	11%	25%	-	15%
Profit / (loss) before tax	8,164	36,773	(14,441)	30,496

Year Ended 31 December 2023	Advertising £000	Non- Advertising Specialisms £000	Group Central Costs £000	LFL Total £000
Net revenue	78,848	144,002	-	222,850
Operating profit / (loss)	7,519	33,574	(7,659)	33,434
Operating profit margin	10%	23%	-	15%
Profit / (loss) before tax	7,595	29,915	(8,237)	29,273

Non-current assets other than excluded items:

As at 31 December	2024 £000	2023 £000
UK	35,195	40,386
APAC	11,891	16,127
Americas	17,680	15,315
Europe	4,239	4,735
Africa	-	2,696
Middle East	1,523	1,660
Total non-current assets other than excluded items	70,528	80,919

Non-current assets excluded from analysis above:

Deferred tax assets	4,840	6,036
Other financial assets	668	7,227
Total non-current assets per balance sheet	76,036	94,182

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 that 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 standalone 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 on a geographic basis and by specialism.

Revenue	LFL		
	2024 £m	2023 £m	2024 vs 2023 Movement
Specialism			
Advertising	154.5	146.9	5%
Issues	109.5	98.3	11%
Passions & PR	62.5	78.9	-21%
Consulting	40.3	41.1	-2%
Media	25.7	25.9	1%
Group	392.5	391.1	1%

Revenue	LFL		
	2024 £m	2023 £m	2024 vs 2023 Movement
Region			
UK	191.4	199.2	-4%
APAC	77.7	83.4	-7%
Americas	73.3	68.6	7%
Middle East	25.9	16.3	59%
Europe	24.2	23.6	3%
Group	392.5	391.1	1%

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 that can be recognised and the amount that 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 that 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 arise 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 than receivables per Note 21 of the financial statements) brought forward from the previous year 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. 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. 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.

In instances where revenue cannot be recognised over time, 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 outcome 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.

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

[2] Non-Advertising Specialisms comprise Issues, Passions & PR, Consulting and Media.

[3] Market consensus: <https://www.mcsaatchiplc.com/analysts/consensus>

[4] Passions includes the PR business (moved from Advertising) as of 2024, with the prior year restated.



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