SEC Newgate SpA

("SEC Newgate", "the Company" or "the Group")

Unaudited condensed consolidated Interim Results for the six months ended 30 June 2021

SEC Newgate S.p.A. (AIM: SECN), the insight-driven global strategic communications group that works at the nexus of business, politics, communities, markets and media, is pleased to announce its unaudited results for the six months ended 30 June 2021.

Financial Highlights

- Group revenues up 15% to €36.3m (H1 2020: €31.5m) *
- Gross profit up 9% to €30.6m (H1 2020: €28.0m) *
- Profit before tax up 53% to €2.3m ** (H1 2020: €1.5m) *
- Net cash flow from operating activities: inflows €0.4m *** (H1 2020: inflows €4.7m)
- Net debt as at 30 June 2021: €18.9m, including €7.8m lease liabilities (H1 2020: €13.1m, including €7.1m lease liabilities)

* The numbers reported on June 2021 include 3 months of activity of the new subsidiary Orca Affairs, based in Germany, which starting April generated Revenues of €2.6m, Gross profit of €1.1m and profit before tax of €0.4m. Like-for-like gross profit and profit before tax are €29.5m (2020: €28.0m) and €1.9m (2020: €1.5m)

** Profit before tax includes impairment of goodwill of €0.4m (2020: nil)

*** Operating cash flow was impacted by €3.7m increase in trade receivables, as business activity increased under normal trading terms.

Operational Highlights

- Appointment of Sergio Penna, Group CFO, to the SEC Newgate Board from 1 February 2021
- Lease signed on 28 June 2021 for new London offices for SEC Newgate UK and part of the Group's finance and corporate function, creating expected total cash and IFRS16 savings of more than €5m over the first five years of the lease
- Launch of a start-up in Poland - SEC Newgate CEE (Central Eastern Europe) – founded with local partners to accelerate the Group's development across the Eastern Europe region
- SEC Newgate ranked 29th in PRovoke Global Top 250 PR Agency Ranking 2020, and 7th in Europe

Post-period highlights

- On 1 July 2021, the Italian business (people, contracts, assets and liabilities) were transferred to a newco, SEC Newgate Italy srl, Benefit Company. SEC Newgate S.p.A, the listed company, now acts solely as the holding company. This will separate the operational activities of the trading business in Italy from those of the Italian holding company.
- On 1 July 2021, a Group Marketing Manager, Irene Ferrario, was appointed to increase the Group's visibility globally
- On 9 July 2021, an agreement was signed with an Italian bank, BPER, for a €2m loan, as part of the Italian Government's support to companies during the pandemic.
- On 28 July 2021, the Group acquired 70% of Twister Communications Middle East, the Dubai-based branch of Italian PR firm Twister Communications Group, and rebranded it SEC Newgate ME (Middle East); its managing partner, Elena Gramatica, retains 30% of the shares
- On 30 July 2021, the Group acquired an additional 40% interest in Kohl PR & Partners GmbH (now SEC Newgate Deutschland), increasing its interest in the German subsidiary to 100%

John Foley, Group Chairman, commented:

"These Interim Results demonstrate not only the Group's resilience during this ongoing period of significant challenge around the world but also that our vision and strategy in implementing it are working and delivering excellent returns for all our stakeholders. We have real momentum and look forward to the year end with confidence."

Commenting on performance in the first half, Group CEO, Fiorenzo Tagliabue, added:
"Our performance in the first half was solid and significantly ahead of pre-pandemic levels. All the major businesses are ahead of budget and our new start-ups are performing strongly. We are implementing our ambitious growth plan and our industry is quickly returning to where it was pre-pandemic. Our focus is now on building the visibility of the SEC Newgate brand globally and awareness of the fully integrated, insight-led, advocacy and communications services we offer."

For further information please contact:

SEC Newgate S.p.A.

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Notes to Editors

- SEC Newgate is an award-winning strategic communications firm. The Agency's team consists of c.600 staff, working in 38 offices, in 15 countries, across five continents.
- SEC Newgate's focus is on achieving positive outcomes through communications, advocacy and research, helping clients clearly demonstrate their purpose, value, and impact locally, nationally and internationally.
- Further information is available at the Group's website: www.secnewgate.com

Group CEO Review (Fiorenzo Tagliabue)

A quick look at the narrative from the 'Overview by Region' for these Interim Results 2021 is sufficient to understand how successful the Group's performance has been during this first half of the year.

All the major businesses are ahead of budget and, in several cases are growing significantly on a like-for-like basis compared with the H1 2020 results.

In December 2020, the Group acquired Orca in Germany and this has been consolidated into our numbers from 1 April 2021 – the full benefit will be seen from the second half.

SEC Newgate CEE, launched in March this year, is performing at break-even; SEC Newgate US is already profitable, just one year after the launch of the start-up in New York and Washington.

All of this is not unexpected for those who know the quality of our Senior Leadership Team and of all our teams, which consist of talented and innovative people focused on clients.

Moreover, our clear vision makes us more attractive for the market, boosts intercompany business, increases our visibility resulting in several new international mandates being secured. Meanwhile our central Marketing function, which was established on 1 July 2021, is working to on this November's launch of our first global thought leadership initiative, which will bring further visibility to our brand. This will be further enhanced by the completion of the rebranding of all Group agencies under the SEC Newgate brand. These initiatives will lay the first bricks of our global positioning.

This will help us not only to accelerate our growth strategy but, equally as important, it will also make the Group more attractive to young, talented people who represent the future of this ever-changing industry.

At a worldwide level, the industry is quickly returning to where it was pre-pandemic and is awarding contracts to those businesses, such as ours, that are specifically focused on corporate communications and with a proven expertise in insights, public affairs, crisis and reputation management, and financial communication. Now more than ever, companies are sensitive to the need to take care of their relationships, external and internal, more careful to protect their business reputations, and even more convinced of the importance of consultancy services provided by our industry.

We have learnt many things from the pandemic: a more efficient way of working without giving up the personal relationships that are an essential element of consultancy; how to encourage our creativity in terms of development and new business and last, but not least, how to manage our overheads more efficiently.

All these different factors allow us to look to the end of this year with confidence and, above all, push us to implement our ambitious growth plan which will be set out in our strategic plan when it is updated, as usual, in November.

Overview by Region

APAC (Deputy Group CEO, Brian Tyson)
The Asia Pacific region comprising Australia, Greater China and Singapore reported a very strong half year performance highlighted by significantly better than budget result on both revenue and profit forecasts. While the region is dealing with a renewed outbreak of the Delta strain of the Covid virus, our 10 offices in the region all reported high levels of business activity.

In Greater China, business sentiment is robust, fuelled in part by China's economy bouncing back quickly from the pandemic. The financial markets in Hong Kong made a good start with a record-breaking number of IPOs. Beyond transactions, the business has also continued to deepen its exposure to the financial services, professional services, technology, and property sectors, securing significant new mandates in Hong Kong and mainland China.

As a result of increased revenues and tight cost controls, the Greater China business has moved back into profitability which is testimony to a great team effort under the leadership of new CEO, James Hill.

The Singapore team worked on a number M&A, restructuring and fundraising mandates, including the acquisition of a listed REIT by a global private equity firm. On the corporate communications front, the Singapore team deepened its focus on professional services and financial services clients, handling a number of high-profile projects.

Australia, has continued on from its record 2020 performance to report an even stronger year on year performance for the first six months of 2021. The contribution to the strong results are shared across all practice areas and geographies with highlights including our role in advising on the world first agreements between media companies and global online firms to pay for news content, our in depth stakeholder reputational work in the energy sector with the market regulator, operator and commission, advising on the largest M&A transaction ever undertaken in Australia as well as ongoing public affairs and corporate work with our more than 150 clients.

EMEA (Deputy Group CEO, Tom Parker)
Overall H1 2021 witnessed a positive performance for SEC Newgate in the EMEA region (excluding Italy) against a highly complex trading backdrop. Gross profit and profit before tax were both ahead of budget. In practice performance was a mixed bag, with some offices trading strongly and others continuing to be impacted by the COVID situation.

After launching its operations in Q1 2021, SEC Newgate Central Eastern Europe (CEE) got off to a flying start with a team of 20 people already in place and break-even financials putting it well ahead of forecast. Martis in Warsaw was ahead of Gross Profit budget but slightly down on profit before tax. After a disappointing first quarter in France, very good new business performance in the second quarter resulted in our Paris office CLAI exceeding 2020 gross profit by the end of June, although still behind budget. In Brussels, Cambre enjoyed strong momentum in H1 2021 putting it ahead of budget, with significant big-name client wins in the sustainability area reflecting growing international corporate attention on the EU's ambitious climate initiative, the Green Deal. Trading in Germany was stable and strong and new and very interesting clients including BAFIN (Bundesanstalt für Finanzleistungsaufsicht), the Robert-Koch-Institute (responsible for all COVID 19 and public health related issues) were won. Meanwhile, the situations in Spain and Abu Dhabi were more challenging. In Madrid, the ongoing difficulties due to COVID resulted in a loss but strong new business performance has reduced this substantially compared to 2020 and the outlook is cautiously optimistic for H2 2021. In Abu Dhabi, ongoing business difficulties resulted in a decision to relocate the headquarters for our business in the Gulf region to Dubai with the acquisition of Twister Middle East, renamed SEC Newgate ME.

Italy (General Manager, Paola Ambrosino)
For the Italian companies in the SEC Newgate group, 2021 had a better start than the previous year, which was impacted by Covid pandemic. The first half-year achieved a significant increase in terms of revenues, +13%, and this growth is likely to continue until year end.

From July 2020, we experienced signs of economic recovery, which the following months confirmed, and the reforms and funds connected with the European Recovery Plan amplified this.

Our teams were successful in seizing business opportunities, with conditions favourable for investment in communications and advocacy. The ecological transformation together with the digital revolution, accelerated by Covid pandemic, and the related necessity to upgrade technologies, processes, products, or to intercept opportunities and prevent risks and threats, all need to the support of public relations plans, advocacy projects, or crisis management actions.

As a result, more and more organizations are seeking a reliable partner. Our reputation, further strengthened by our international dimension and growth, has brought in many new clients, such as Bayer, Total, Porsche, Nescafé, Angelini Holding, and PWC. Furthermore, significant retained clients such as Ikea, Coca-Cola Company, Deutsche Bank, and DHL have reconfirmed their confidence in SEC Newgate.

Moreover, SEC Newgate Italia won the G20 pitch for the institutional events relating to the G20 Italian Presidency, and many other authorities and corporations have also required professional support to organize live or "phygital" events after the long break forced by pandemic, and continue to do so during the second half of 2021.

UK & the Americas (Deputy Group CEO, Emma Kane)
SEC Newgate UK delivered strong financial results for the first half of 2021, despite spending much of the period in lockdown. Gross profits and margins continued to improve month on month and cash generation was excellent. The team focused on building its core areas of expertise with many new business wins in areas such as Green & Good, financial services, energy, tech, real estate, as well as a significant number of IPOs and M&A transactions.

At the start of the period, the Group's other UK communications and advocacy agency, Newington, was merged into SEC Newgate UK and its office lease successfully exited. A new London headquarters building in Farringdon was secured for occupation in autumn 2021 to provide a stimulating environment, able to adapt to dynamic working whilst also achieving further savings for shareholders.

SEC Newgate Colombia delivered strong results during the first semester of the year, following the successful contract renewal of more than 80% of its portfolio of clients, coupled with the entry of new ones such as Michelob, Nature´s Heart and Honor. In addition, gross profit double digit growth was achieved through additional services and revenues from two of our top clients: Diageo and Adidas. The agency also led important projects for USAID and Merz Central America, capitalizing on the efforts to generate pan-regional new business opportunities. Talent retention and attraction was also key in H1 2021, as the agency continued to operate almost entirely under a home-office model. SEC Newgate Colombia almost tripled its profit before tax result compared to last year and was above budget target.

SEC Newgate US traded profitably and performed ahead of its gross profit and profit before tax targets for the period. The agency, working out of its bases in New York and Washington DC, collaborated closely with many other group offices to deliver a fully integrated service in the US as well as securing several significant retainers and projects of its own.

Financial Overview

The following table summarises the Group's key financial results for the six months ended 30 June 2021.

Six months ended 30 June	2021 €' 000	2020 €' 000
Revenues[1]	36,295	31,494
Gross profit	30,609	28,014
Operating profit	2,802	2,366
Profit before tax	2,301	1,509
Net debt[2]	18,913	13,105
Net cash inflow from operating activities	433	4,663

[1] June 2021 column include 3 months of activity of the new subsidiary Orca Affairs, which generated Revenues €2,599,000, Gross profit €1,157,000 and profit before tax €440,000. Like-for-like numbers are Revenues €33,696,000 (2020: €31,494,000), Gross Profit €29,452,000 (2020: €28,014,000) and profit before tax €1,861,000 (2020: €1,509,000)
[2] At 30 June 2021 net debt included lease liabilities of €7,843,000 (2020: €7,124,000)

Profit for the half year is €1,570,000 (2020: €680,000); the tax charge is lower in June 2021 because of the improved profitability across the Group's operations and the consequent reduction in the Group's tax rate resulting from the elimination of non utilisable trading losses.

In terms of cash flow, the six months ended 30 June 2020 were strongly influenced by the handbrake strategy on the Group costs, to address the Covid-19 outbreak in February 2020, leading to rent reductions, spending cuts and deferred payments, as well as benefits from governmental assistance in many countries. At 30 June 2021 the operating cash flow is impacted by €3.7m increase in trade receivables, as the business increased under normal trading terms.

The Group continues to report a positive result in the six months ending 30 June 2021 as the world's markets start emerging from the worst of the pandemic, and due to efficient business management, the Group is able to increase spending to further expand trade.

SEC Newgate SpA

Unaudited condensed consolidated Interim Results
for the six months ended 30 June 2021

Condensed consolidated income statement

For the six months ended 30 June 2021

	Notes	2021 €' 000	2020 €' 000
		Six months ended 30 June	
Continuing operations			
Revenue	3	**36,295**	31,494
Cost of sales		**(5,686)**	(3,480)
Gross profit		**30,609**	28,014
Other income		**239**	403
Operating costs	4	**(27,604)**	(25,815)
Impairment losses[1]	5	**(442)**	(236)
Operating profit		**2,802**	2,366
Net finance cost	6	**(501)**	(857)
Profit before taxation		**2,301**	1,509
Taxation	7	**(731)**	(829)
Profit for the half year		**1,570**	680
Profit attributable to:			
Owners of the Company		**726**	377
Non-controlling interests		**844**	303
		1,570	680
Earnings per share attributable to the equity holders of the Company			
Basic, per share	14	**€0.030**	€0.016
Diluted, per share	14	**€0.025**	€0.015

1 To add further clarity and transparency impairment losses have been disclosed separately from operating costs. 2020 comparatives reported operating costs of €26,051,000 including impairment losses of €236,000.

There were no discontinued operations in the half year.

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income
For the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 €' 000	2020 €' 000
Continuing operations			
Profit for the half year		**1,570**	680
Items that may be subsequently reclassified to profit or loss:			
Exchange (loss)/gain arising on translation of foreign operations		**(284)**	345
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit pension plans		**63**	(5)
Total comprehensive income, net of tax		**1,349**	1,020

	2021 €' 000	2020 €' 000
Total comprehensive income attributable to:		
Owners of the Company	**557**	680
Non-controlling interests	**792**	340
	1,349	1,020

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Condensed consolidated statement of financial position

As at 30 June 2021

	Notes	30 June 2021 €' 000	31 December 2020 €' 000
Non-current assets			
Intangible assets	9	**33,484**	30,524
Tangible assets	10	**8,361**	6,000
Investments		**17**	16
Other assets		**3,011**	2,806
Total non-current assets		**44,873**	39,346
Current assets			
Trade and other receivables		**22,878**	17,425
Cash and cash equivalents		**8,488**	12,036
Total current assets		**31,366**	29,461
Total assets		**76,239**	68,807
Current liabilities			
Trade and other payables		**18,156**	14,857
Borrowings	11	**2,243**	2,449
Lease liabilities		**1,731**	2,217
Provisions[1]	13	**291**	78
Other liabilities[1]		**2,067**	1,903
Total current liabilities		**24,488**	21,504
Non-current liabilities			
Employee benefits		**2,034**	2,152
Borrowings	11	**17,315**	17,138
Lease liabilities		**6,112**	3,410
Provisions[1]	13	**-**	277
Other liabilities[1]		**6,642**	4,799
Total non-current liabilities		**32,103**	27,776
Total liabilities		**56,591**	49,280
Net assets		**19,648**	19,527

1 Previously provisions and other liabilities had been reported as a single classification.

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Condensed consolidated statement of financial position (continued)

As at 30 June 2021

	Notes	**30 June 2021** **€' 000**	31 December 2020 €' 000
Equity			
Share capital	14	**2,471**	2,452
Share premium		**12,578**	12,456
Legal reserve		**220**	187
Other reserves		**(2,905)**	(3,202)
Retained earnings		**5,868**	6,630
Total equity shareholders' funds		**18,232**	18,523
Non-controlling interests		**1,416**	1,004
Total equity		**19,648**	19,527

The financial statements were approved by the Board of Directors and authorised for issue on 31 August 2021.

Fiorenzo Tagliabue
Director
SEC Newgate S.p.A (09628510159)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity
For the six months ended 30 June 2021

	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	Total equity share-holders' funds	Non-controlling interests	Total equity
	€' 000	€' 000	€' 000	€' 000	€' 000	€' 000	€' 000	€' 000
At 1 January 2021	**2,452**	**12,456**	**187**	**(3,202)**	**6,630**	**18,523**	**1,004**	**19,527**
Total comprehensive income								
Profit for the half year	**-**	**-**	**-**	**-**	**726**	**726**	**844**	**1,570**
Other comprehensive income	**-**	**-**	**-**	**(169)**	**-**	**(169)**	**(52)**	**(221)**
Total comprehensive income	**-**	**-**	**-**	**(169)**	**726**	**557**	**792**	**1,349**
Transactions with owners								
Issue of Ordinary shares as consideration for business combination	**19**	**122**	**-**	**-**	**-**	**141**	**-**	**141**
Dividends paid	**-**	**-**	**-**	**-**	**(143)**	**(143)**	**(688)**	**(831)**
Dividends declared to non-controlling interests CLAI[1]	**-**	**-**	**-**	**-**	**(484)**	**(484)**	**-**	**(484)**
Share based payments	**-**	**-**	**-**	**115**	**-**	**115**	**-**	**115**
Transfer between reserves	**-**	**-**	**33**	**351**	**(384)**	**-**	**-**	**-**
Acquisition of non-controlling interest without a change in control	**-**	**-**	**-**	**-**	**(477)**	**(477)**	**53**	**(424)**
Acquisition of subsidiary with non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**255**	**255**
Total transactions with owners	**19**	**122**	**33**	**466**	**(1,488)**	**(848)**	**(380)**	**(1,228)**
At 30 June 2021	**2,471**	**12,578**	**220**	**(2,905)**	**5,868**	**18,232**	**1,416**	**19,648**

1 SEC Newgate S.p.A holds preferred shares in CLAI SAS which represent 10% of the ordinary share capital and 50% + 0.1 of the voting rights. SEC Newgate also holds options which would allow the company to acquire the remaining 90% of the share capital in CLAI SAS within the earn out period. The financial statements of the subsidiary have been consolidated at 100% on this basis. Given that there is no non-controlling equity interests attributable to CLAI, the dividend declared to the 90% minority has been allocated to retained earnings. See note 15 for more details.

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity (continued)
For the six months ended 30 June 2021

	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	Total equity share-holders' funds	Non-controlling interests	Total equity
	€' 000	€' 000	€' 000	€' 000	€' 000	€' 000	€' 000	€' 000
At 1 January 2020	2,425	12,456	148	(3,076)	6,222	18,175	1,676	19,851
Total comprehensive income								
Profit for the half year	-	-	-	-	377	377	303	680
Other comprehensive income	-	-	-	303	-	303	37	340
Total comprehensive income	-	-	-	303	377	680	340	1,020
Transactions with owners								
Dividends declared to non-controlling interests	-	-	-	-	-	-	(266)	(266)
Transfer between reserves	-	-	38	-	(38)	-	-	-
Movement in non-controlling interest without a change in control	-	-	-	-	311	311	(311)	-
Equity components of loans	-	-	-	34	-	34	-	34
Total transactions with owners	-	-	38	34	273	345	(577)	(232)
At 30 June 2020	2,425	12,456	186	(2,739)	6,872	19,200	1,439	20,639

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

For the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 €' 000	2020 €' 000
Cash flows from operating activities			
Profit before tax on continuing activities		**2,301**	1,509
Adjusted for:			
Net finance costs	6	**501**	857
Net exchange differences		**(254)**	(249)
Amortisation of intangible assets	4	**243**	200
Depreciation of tangible assets	4	**1,381**	1,615
Impairment of intangible assets	5	**395**	-
Impairment of trade receivables	5	**47**	-
Provisions		**(64)**	465
Other liabilities		**(429)**	-
Share based payment expense		**115**	
Gain on disposal of intangible assets		**-**	3
Loss on disposal of tangible assets		**11**	-
Disposal and revaluation of lease liabilities		**(7)**	-
Changes in working capital:			
(Increase)/Decrease in trade and other receivables		**(3,763)**	2,748
Increase/(Decrease) in trade and other payables		**596**	(1,850)
Cash generated from operating activities		**1,073**	5,298
Interest received		**36**	63
Income tax paid		**(676)**	(635)
Net cash generated from operating activities		**433**	4,726
Cash flows from investing activities			
Acquisition of intangible assets		**(89)**	(86)
Acquisition of tangible assets		**(192)**	(133)
Acquisition and earn-out payments	15	**(700)**	(62)
Cash from acquisitions	15	**205**	-
Acquisition of non-controlling interest	15	**(1)**	261
Net cash outflow from investing activities		**(777)**	(20)
Cash flows from financing activities			
Interest paid		**(164)**	(370)
Lease liabilities interest paid		**(115)**	-
Lease payments (principal)		**(1,237)**	(1,387)
Proceeds from loans and borrowings		**861**	5,386
Repayment of loans and borrowings		**(1,346)**	(1,219)
Dividends paid to non-controlling interests		**(1,315)**	(266)
Net cash (outflow)/inflow from financing activities		**(3,316)**	2,144
Net cash (outflow)/inflow		**(3,660)**	6,850
Cash and cash equivalents at 1 January		**12,036**	6,138
Effect of exchange rate changes		**112**	(175)
Cash and cash equivalents at 30 June	12	**8,488**	12,813

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements
For the six months ended 30 June 2021

1. Corporate Information

SEC Newgate S.p.A. (the "Company") was incorporated in March 1989 and is based in Milan. The registered office and principal executive office is located at Via Ferrante Aporti 8, Milano 20125.

The unaudited condensed consolidated interim financial statements (the "interim financial statements") for the six months ended 30 June 2021, represent the result of the Company and its subsidiaries (together referred to as the "Group").

The principal business of the Group is a comprehensive range of public relations, advocacy, communications and public affairs services provided to national and multinational clients.

The most relevant operating subsidiaries of the Company included in the consolidated financial information, are as follows:

Name	Location	Percentage held
21:12 Communications Ltd	London (UK)	67%
ACH SEC Global SL[1]	Madrid (Spain)	92.31%
Cambre Associates SA	Brussels (Belgium)	76%
CLAI SAS	Paris (France)	10%
EngageComm Pty Limited	Sydney (Australia)	51%
HIT S.r.l.	Milan (Italy)	57.71%
Kohl PR & Partners GMBH	Berlin (Germany)	75%
Martis Consulting Sp. z o. o.	Warsaw (Poland)	60%
Newgate Communications (HK) Limited	Hong Kong	100%
Newgate Communications (Singapore) Ltd	Singapore	51%
Newgate Communications Pty Limited	Sydney (Australia)	75.57%
Newgate Communications (Beijing) Limited	Beijing (China)	100%
Newgate Communications FZ-LLC	Abu Dhabi (UAE)	76%
Newington Communications Limited[2]	London (UK)	100%
Orca Affairs GmbH*	Berlin (Germany)	15%
SEC Newgate UK Limited	London (UK)	100%
SEC Newgate CEE*	Warsaw (Poland)	51%
Sec & Associati S.r.l.	Turin (Italy)	51%
Sec Mediterranea S.r.l.	Bari (Italy)	51%
Sec & Partners S.r.l.	Rome (Italy)	50.5%
SEC Latam Comunicaciones SAS	Bogotà (Colombia)	51%

During the half year, % held changes were as follows:

1. Increased holding by 26.61% from 65.7%
2. Increased holding by 40% from 60% prior to the trade being acquired by SEC Newgate UK Limited effective 1 January 2021

* New subsidiaries (see note 15 Business combinations for further details)

2. Accounting policies

a. Basis of preparation

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

These interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements, SEC Newgate S.p.A. annual report and accounts for the year ended 31 December 2021 (found www.secnewgate.com/investors), which have been prepared in accordance with the International Financial Standards and International Accounting Standards and Interpretations (collectively IFRSs) as adopted by the European Union. These interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the Group's last annual consolidated financial statements.

2. Accounting policies (continued)

a. Basis of preparation (continued)

The financial information has been prepared under the historical cost convention, except for financial instruments that have been measured at fair value.

The interim financial statements are presented in Euros (EUR), the Company's functional and presentation currency.

These interim financial statements have been prepared on a going concern basis in accordance with IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed under section d. Critical accounting estimates and judgements.

New and amended standards adopted by the Group

The amendments to accounting standards that are effective for annual periods beginning on 1 January 2021 have not had a significant impact on the Group's results.

Further details of new or revised accounting standards, interpretations or amendments which are effective for periods beginning on or after 1 January 2021 and their impact on the Group can be found in the SEC Newgate S.p.A. annual report and accounts for the year ended 31 December 2020.

The Group has initially adopted Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the Phase 2 amendments) from 1 January 2021.

The Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments have not impacted on the interim condensed consolidated financial statements of the Group. The Group anticipates its main exposure to the IBOR reform will be to financial liabilities, mainly borrowings which are currently linked to IBOR benchmarks. The Group plans to review and amend contractual terms or implement provisions (as appropriate) in response to the reform by the end of 2021. The Group intends to use the practical expedients as they become applicable.

b. Going concern

The Directors are required to consider whether it is appropriate to prepare the financial statements on the basis that the Group is a going concern. As part of its normal business practice, the Group prepares annual plans and Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. Notwithstanding the impact of Covid-19 the Group continues to adopt the going concern basis in preparing the interim financial statements.

Since the outbreak of the global pandemic, the Group's agencies have adapted to the changed working environment and have continued to provide a first class service to clients. Implemented business continuity plans and working remotely under varying levels remains in place in locations where lockdowns continue to persist around the world. Profitability continues to improve as the Group navigates its way through the global pandemic.

c. Basis of consolidation

The interim financial statements includes the financial statements of the Company and its subsidiaries for the six months ended 30 June 2021 and present financial performance comparative information for the six months ended 30 June 2020 and the financial position comparative information for the year ended 31 December 2020.

Subsidiaries are all entities over which the Group has control. A company is classified as a subsidiary when the Group has the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The financial information includes the results of the Company and its subsidiary undertakings made up to the same accounting date.

Profit or loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the parent of the Group and to non-controlling interests. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction.

d. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Areas subject to estimation uncertainty and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are combined and discussed below.

Impairment of goodwill

The carrying value of goodwill is subject to an impairment review both annually and when there are indications that the carrying value may not be recoverable, in accordance with the Group's accounting policies. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of estimates.

At 30 June 2021 management have reviewed trading performances against budget including any ongoing impact of the Covid-19 pandemic on the Group's cash flow forecasts. Management noted that at the consolidated Group level there had been no such event to indicate that a full impairment review was required. However, when reviewing the impact and recovery of the pandemic on the trade of ACH SEC Global SL, a business already impaired at 31 December 2020, management considered it prudent to impair its carrying value to nil. In the six months ending 30 June 2021 an impairment loss for goodwill of €397,000 has been reported in respect of ACH, see note 5 Impairment losses for further details.

Consolidation of Orca Global GmbH

In December 2020 the Company entered into an agreement committing to acquire a 60% interest in Orca Global GmbH (Orca) over a four-year period (with attached voting rights of 60% immediately effective) starting 1 January 2021. Initially acquiring a 15% legal interest on 1 April 2021, control was deemed to have been established and the company consolidated from that date following the Group enforcing its right to appoint a managing director to the company. In doing so, the Group implemented certain control rights that had been granted to it under the agreement but not previously enforced. The 15% legal interest entitled Group to a share of Orca's profits. The Group's entitlement to profits prior to acquiring control have been treated as investment income. See note 15 Business combinations for further details.

3. Segmental reporting and revenue

Business segments

The Board considers that the principal activity of the Group constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Group by reference to total actual result against the total budgeted result in order to make strategic decisions.

Geographical segments

Services provided by Group entities located in each of the following countries are as follows:

	Revenue - Six months ended 30 June			
	2021		2020	
	€' 000	**%**	€' 000	%
United Kingdom	**9,805**	**27%**	9,872	31%
Australia	**8,746**	**24%**	7,905	25%
Italy	**6,230**	**17%**	5,373	17%
Germany	**2,963**	**8%**	184	1%
Colombia	**2,157**	**6%**	1,348	4%
France	**1,995**	**5%**	2,060	7%
Belgium	**1,883**	**5%**	2,276	7%
Poland	**766**	**2%**	336	1%
Rest of the world	**1,750**	**6%**	2,140	7%
	36,295	**100%**	31,494	100%

No individual client sales were greater than 10% of Group revenue (2020: none).

Revenue

The nature of services provided can vary significantly depending on the requirements of the customer. The Group provides a range of communications, public affairs and integrated services specialising in corporate and financial communications, consumer PR, investor relations, financial communications, B2B PR, public affairs, digital services, research, analytics and media planning and buying.

Services provided by Group entities has been split into the following categories:

	Six months ended 30 June	
	2021	2020
	€' 000	€' 000
Communications and public relations	**19,299**	19,941
Advocacy and public affairs	**10,189**	8,143
Integrated services	**6,807**	3,410
	36,295	31,494

4. Operating costs

Operating costs comprise of:

		Six months ended 30 June	Restated[1]
		2021	2020
	Notes	**€' 000**	€' 000
Employee expenses		**20,194**	18,399
Amortisation of intangible assets	9	**243**	200
Depreciation of tangible assets	10	**1,381**	1,615
Professional and consulting fees		**2,107**	1,772
Marketing and advertising		**752**	163
Establishment costs		**864**	961
Other administrative and operating expenses		**2,063**	2,705
		27,604	25,815

1 The operating cost note is a new note in the consolidated financial statements introduced in the 2020 SEC Newgate SpA consolidated financial statements. 2020 comparatives previously reported other administrative and operating expenses of €5,601,000 which included Professional and consulting fees, Marketing and advertising and Establishment costs, now separately analysed above. In addition, impairment losses of €236,000 are separately disclosed within note 5 Impairment losses. The new operating cost disclosure is considered by the Board to be a more transparent and simplified reflection of the SEC Newgate Group's operating activities. The disclosure changes have no impact on the Group's Consolidated Income Statement.

5. Impairment losses

		2021	2020
	Notes	**€' 000**	€' 000
Impairment of goodwill	9	**397**	-
Impairment reversal – other intangible assets	9	**(2)**	-
Impairment of trade receivables		**47**	236
		442	236

Goodwill is required to be tested at least annually. Indicators of impairment may appear as a result of widespread adverse economic conditions such as the impact of the spread of COVID-19. As previously mentioned COVID-19 has not had a significant adverse impact on the Group's performance and as such management have judged that a full impairment review is not required before the annual assessment at the end of the year. Management have noted that one subsidiary had been severely impacted by the pandemic and had already been impaired in the 2020 SEC Newgate Consolidated Financial Statements. The Board have decided that the goodwill carrying value for ACH SEC Global SL should be fully impaired. Impairment losses on goodwill cannot be reversed.

6. Net finance costs

	Six months ended 30 June	
	2021	2020
	€' 000	€' 000
Interest income on bank deposits	**36**	63
Fair value gains on financial assets at fair value through profit or loss	**11**	22
Finance income	**47**	85
Interest expense	**(357)**	(352)
Interest on lease liabilities	**(117)**	(196)
Net foreign exchange loss	**(74)**	(394)
Finance expense	**(548)**	(942)
Net finance expense	**(501)**	(857)

7. Taxation

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 June 2021 is 28%.

8. Financial instruments and risk management

Financial instruments

Financial assets are classified on initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss depending on the purpose for which the asset was acquired.

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial instruments at fair value

IFRS 13 sets out the framework for determining the measurement of fair value of financial assets and liabilities, as categorised in a fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has classified its financial investments and earn out liabilities as fair value through profit or loss, its other investments as fair value through OCI and all other financial assets and liabilities are held at amortised cost or cost (undiscounted cash flows).

8. Financial instruments and risk management (continued)

Financial instruments at fair value (continued)

The Group's financial assets and liabilities are as follows:

	Notes	Fair value hierarchy	**2021** Carrying and fair value €' 000	2020 Carrying and fair value €' 000
Financial assets held at fair value through other comprehensive income				
Investments		Level 2	**17**	16
Financial assets held at amortised cost or cost				
Other assets (rent deposits)		Level 1	**765**	593
Trade and other receivables		Level 1	**17,987**	15,150
Cash and cash equivalents		Level 1	**8,488**	12,036
			27,257	27,795
Financial liabilities held at fair value through other comprehensive income				
Earn out liabilities		Level 3	**8,395**	6,337
Financial liabilities held at amortised cost or cost				
Trade payables[1]		Level 1	**6,279**	4,464
Deferred consideration (Newington)	15	Level 2	**348**	-
Lease liabilities		Level 2	**7,843**	5,627
Other liabilities		Level 2	**247**	365
Borrowings[2]	11	Level 2	**19,558**	19,587
			42,670	36,380

1 Other payables are generally not considered to be financial liabilities. Deferred consideration included in other payables has been reported separately above. 2020 comparatives have removed €2,168,000 of accrued expenses.
2 Borrowings include overdrafts of €31,000 (2020: €72,000).

Management have assessed that the fair value of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current assets and liabilities approximate to their carrying amounts as those items have short term maturities.

Earnout liabilities have been assessed to be fair value through OCI where the contingent consideration to acquire a further interest in a subsidiary without a change in control is deemed a transaction between shareholders.

8. Financial instruments and risk management (continued)

Financial instruments at fair value (continued)

During the period ended 30 June 2021 no financial assets or liabilities transferred between the fair value levels.

Maturity profile of financial liabilities	Due within 1 year €' 000	Due between 1 and 2 years €' 000	Due between 2 and 5 years €' 000	Due in 5 years or more €' 000	Total €' 000
Trade Payables	6,279	-	-	-	6,279
Deferred consideration	121	121	121	-	363
Borrowings	2,243	2,562	10,427	4,326	19,558
Lease liabilities	1,731	1,577	4,086	924	8,318
Earn out liabilities	2,067	-	6,328	-	8,395
Other liabilities	-	-	247	-	247
Undiscounted cash flows	**12,441**	**4,260**	**21,209**	**5,250**	**43,160**

Movement in level 3 financial instruments	2021 €' 000
At 1 January 2021	6,399
Additions	2,141
Released	(145)
At 30 June 2021	**8,395**

Capital management

The capital structure of the Group comprises the equity attributable to equity shareholders of the Company, which includes issued share capital, reserves and retained earnings. Quantitative data on these is set out in the condensed consolidated statement of changes in equity.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

9. Intangible assets

	Goodwill	Websites, software and licences	Total
	€' 000	€' 000	€' 000
Cost			
At 31 December 2020	29,354	2,392	31,746
Acquisitions through business combinations	**2,802**	**-**	**2,802**
Additions	**-**	**795**	**795**
Disposals and write-offs	**-**	**(111)**	**(111)**
Translation differences	**-**	**28**	**28**
At 30 June 2021	**32,156**	**3,104**	**35,260**
Amortisation and impairment			
At 31 December 2020	(95)	(1,127)	(1,222)
Charge for the period	**-**	**(243)**	**(243)**
Impairment	**(397)**	**2**	**(395)**
Disposal and write-offs	**-**	**111**	**111**
Translation differences	**-**	**(27)**	**(27)**
At 30 June 2021	**(492)**	**(1,284)**	**(1,776)**
Net book value			
At 31 December 2020	29,259	1,265	30,524
At 30 June 2021	**31,664**	**1,820**	**33,484**

10. Tangible assets

	Leasehold property €' 000	Leasehold improvements €' 000	Equipment €' 000	Furniture and fittings €' 000	Total €' 000
Cost					
At 31 December 2020	9,369	2,067	1,422	1,654	14,512
Additions	**3,073**	**7**	**303**	**29**	**3,412**
Acquisition through business combination	**128**	**-**	**14**	**103**	**245**
Disposals	**(1,296)**	**(12)**	**(141)**	**(27)**	**(1,476)**
Translation differences	**192**	**53**	**27**	**18**	**290**
At 30 June 2021	**11,466**	**2,115**	**1,625**	**1,777**	**16,983**
Depreciation					
At 31 December 2020	(4,773)	(1,541)	(925)	(1,273)	(8,512)
Charge for the period	**(1,058)**	**(124)**	**(128)**	**(71)**	**(1,381)**
Eliminated on disposal	**1,296**	**12**	**131**	**26**	**1,465**
Translation differences	**(112)**	**(45)**	**(19)**	**(18)**	**(194)**
At 30 June 2021	**(4,647)**	**(1,698)**	**(941)**	**(1,336)**	**(8,622)**
Net book value					
At 31 December 2020	4,596	526	497	381	6,000
At 30 June 2021	**6,819**	**417**	**684**	**441**	**8,361**

Included in the amounts above are the following in relation to right-of-use assets:

	Depreciation 30 June 2021 €' 000	Net Book Value 30 June 2021 €' 000
Leasehold property	**922**	**6,438**
Leasehold improvements	**-**	**(136)**
Equipment	**69**	**419**
Furniture and fittings	**5**	**4**
	996	**6,725**

Additions to the right-of-use assets during the half year were €3,305,000 (2020: €257,000), including the contract signed in June 2021 for the new UK office in London.

11. Borrowings

	30 June 2021			31 December 2020
	Current €' 000	**Non-current €' 000**	**Total €' 000**	Total €' 000
Hawk Investment Holdings	**-**	**5,088**	**5,088**	4,702
Unicredit[1]	**632**	**3,460**	**4,092**	4,057
Deutsche Bank	**742**	**1,683**	**2,425**	2,796
Inveready convertible bonds	**-**	**2,492**	**2.492**	2,457
UBS	**-**	**1,762**	**1,762**	1,762
Banca Carige	**230**	**1,204**	**1,434**	1,451
Banco Popolare di Milano	**327**	**506**	**833**	967
Retro Grand Limited	**-**	**446**	**446**	432
Commonwealth Bank of Australia		**316**	**316**	313
Banco de Bogota	**42**	**38**	**80**	102
Bankinter	**-**	**100**	**100**	100
Scotiabank Colpatria	**-**	**-**	**-**	2
KBC Bank	**67**	**-**	**67**	140
NatWest - Coronavirus Loan	**-**	**117**	**117**	110
Intesa Sanpaulo	**-**	**30**	**30**	52
Banco Agrario	**23**	**23**	**46**	47
Bancoomeva	**58**	**50**	**108**	11
Overdrafts	**31**	**-**	**31**	-
Total loans	**2,152**	**17,315**	**19,467**	19,501
Accrued interest and transaction costs[1]	**91**	**-**	**91**	86
Total borrowings[2]	**2,243**	**17,315**	**19,558**	19,587

1 Transaction costs relate to bank borrowings
2 Total borrowings includes overdrafts of €31,000 (2020: €72,000)

The UniCredit bank loans are subject to bank covenants, whereby the Group is required to meet certain key financial performance requirements in relation to debt/equity and debt/EBITDA ratios. In cases of a breach of these bank covenants the bank is entitled to demand immediate repayment of the outstanding loans. In December 2020 the Group reported a breach of the debt/EBITDA ratio. UniCredit did not request repayment of the outstanding loans, and has agreed to waive the breach. In 2021 the Group has renegotiated with UniCredit a revised covenant criteria more reflective of the Group's current situation. Based on these new criteria, no breach has been reported at 30 June 2021.

12. Analysis of net debt

2021	Notes	Net debt as at 1 January 2021 €'000	Cash flow movements €'000	Non-cash movements €'000	Net debt at 30 June 2021 €'000
Cash, cash equivalents		12,036	(3,660)	112	8,488
Overdraft	11	(72)	41	-	(31)
		11,964	(3,619)	112	8,457
Bank borrowing including transaction costs	11	(11,924)	444	(21)	(11,501)
Other borrowings	11	(7,591)	-	(435)	(8,026)
Lease liabilities		(5,627)	(1,352)	(864)	(7,843)
Cash and cash equivalents net of debt		**(13,178)**	**(4,527)**	**(1,208)**	**(18,913)**

2020	Notes	Net debt as at 1 January 2020 €'000	Cash flow movements €'000	Non-cash movements €'000	Net debt at 30 June 2020 €'000
Cash, cash equivalents		6,138	6,889	(175)	12,852
Overdraft		-	(39)	-	(39)
		6,138	6,850	(175)	12,813
Bank borrowing including transaction costs		(9,726)	(1,629)	(76)	(11,431)
Other borrowings		(5,152)	(2,500)	289	(7,363)
Lease liabilities		(8,468)	1,583	(239)	(7,124)
Cash and cash equivalents net of debt		(17,208)	4,304	(201)	(13,105)

13. Provisions

	30 June 2021 €' 000	31 December 2020 €' 000
Current provisions	291	78
Non-current provisions	-	277
Total provisions	**291**	355

Total provisions are analysed as follows:

	Dilapidations €' 000
At 1 January 2021	355
Utilisation	(81)
Exchange movements	17
At 30 June 2021	**291**

14. Share capital

Authorised, issued and fully paid capital

At 30 June 2021	Number	€
Ordinary shares of 0.10 EUR each	**24,710,922**	**2,471,092.20**

At 31 December 2020	Number	€
Ordinary shares of 0.10 EUR each	**24,516,707**	**2,451,670.70**

All shares are fully issued and paid up. The ordinary shareholders are then entitled to receive dividends in proportion to their percentage ownership in the Company.

The movement in Ordinary shares for the year reconciles as follows:

	Number	€
At 1 January 2020	**24,250,907**	**2,471,091.70**
Additions during the year	**265,800**	**26,580.00**
At 31 December 2020	**24,516,707**	**2,451,670.70**
Additions during the year	**194,215**	**19,241.50**
At 30 June 2021	**24,710,922**	**2,471,092.20**

Earnings per share

The basic and diluted earnings per share are determined by dividing the profit attributable to the equity holders of the parent by the number of shares outstanding during the period. Earnings per share, basic, is determined as follows:

	Six months ended 30 June	
	2021	2020
Profit for the half year attributable to owners of the Company	**€726,000**	€377,000
Weighted average number of shares	**24,378,901**	24,250,907
Earnings per share, basic	**€0.030**	€0.016

At the 30 June 2021 unsubscribed shares available under existing approved warrants and stock option plans for managers comprised of 1,023,200 (2020: 1,289,000 dilutive shares).

In March 2020 the Group issued 25 convertible bonds to Inveready Convertible Finance. The bonds are convertible into a maximum of 3,821,375 ordinary shares.

Further in March 2021, the Group established a new incentive scheme for key managers of subsidiary undertakings, gifting beneficiaries up to a maximum of 1,212,5000 ordinary shares in the Company (see Share based payments below).

	Six months ended 30 June	
	2021	2020
Profit for the half year attributable to owners of the Company	**€726,000**	€377,000
Weighted average number of shares	**28,877,924**	25,539,907
Earnings per share, diluted	**€0.025**	€0.015

14. Share capital (continued)

Share based payment scheme

On 1 March 2021, the Group established an equity settled incentive scheme for certain key managers of subsidiary undertakings, gifting beneficiaries ordinary shares in the Company after a period of 3 years' service and once certain performance conditions have been fulfilled. A share based payment reserve of €0.1 million has been included within other reserves based on a fair value at grant date was €0.85 per ordinary shares, an expectation that 90% of incentives will vest, and expected volatility (taking into account historic average share price volatility) is 57.01%.

15. Business combination

Summary of acquisitions and disposals

The effect of acquisitions and disposals on the in financial position of the Group:

	Notes	Acquisition 2021 Orca Global GmbH €' 000
Tangible assets	10	**245**
Trade and other receivables		**1,784**
Cash and cash equivalents		**205**
Other assets		**1**
Liabilities		**(1,799)**
Leases		**(142)**
Goodwill	9	**2,802**
Gross consideration		**3,096**
% controlled		**60%**
Deferred consideration payable (undiscounted)		**(2,141)**
Net assets attributable to non-controlling interests		**(255)**
Cash consideration at 30 June 2021		**700**

In December 2020 the Company entered into agreement committing to acquire a 60% interest in Orca Global GmbH (Orca). Acquired in stages, the Company agreed to purchase its 60% holding in four instalments of 15% at a preliminary acquisition price of €2.2 million increasing to a maximum of €3.2 million providing certain performance conditions have been met. Orca has been treated as a subsidiary and consolidated from 1 April 2021. In accordance with IFRS 10, the Board has determined that conditions for control had been met (see Significant judgements note in 1. Accounting policies for further details) on 1 April 2021. Prior to 1 April 2021 the Company recognised investment income of €11,000 in the income statement relating to its 15% interest in Orca's earnings (see note 6 Net finance income).

In March 2021, the Company established SEC Newgate CEE (SECN CEE) and holds 51% of the share capital. SECN CEE is a start-up communications company registered in Poland for a consideration of 2,550 PLN (€1,000), the nominal value of the shares acquired.

15. Business combination (continued)

Details surrounding further acquisitions and disposals of interests in existing subsidiaries without a change in control can be found below:

Company	Date of-acquisition	% acquired in year	% owned at year end	Consideration
ACH SEC Global SL (ACH)	19/04/2021	20.67%	86.37%	EUR 150,000[1]
ACH SEC Global SL (ACH)	07/05/2021	5.94%	92.31%	EUR 1
Newington Communications Limited (Newington)	01/01/2021	40%	100.00%	GBP 420,799

[1] As a result of the capitalization of an existing intercompany debt.

The Company agreed to acquire Newington's 40% non-controlling interest for £420,799 (€489,748). In accordance with the acquisition agreement, Newington's old shareholders agreed to accept SECN shares for the value of £126,240 as part consideration for their 40% non-controlling interest. On 13 May 2021 the Company issued 194,215 shares for a nominal value of €19,421.50 and share premium of €122,355.45 (see note 14 Share capital). The remaining cash consideration of £294,559 (€347,843) is payable in instalments between July 2021 and January 2024. The liability is reported as deferred consideration, see note 8.

Significant judgements and assumptions

SEC Newgate S.p.A. holds preferred shares in CLAI SAS which represent 10% of the ordinary share capital and 50% + 0.1 of the voting rights. SEC Newgate also holds options which would allow the company to acquire the remaining 90% of the share capital in CLAI SAS within the earn out period. The financial statements of the subsidiary have been consolidated at 100% on this basis.

16. Related parties

From time to time the Group enters into transactions with its associate undertakings. All related party transactions were on normal commercial terms.

17. Ultimate controlling party

There is no ultimate controlling party. At 30 June 2021, SEC Newgate S.p.A. is 36.0% controlled by Fiorenzo Tagliabue.

18. Subsequent events

On 1 July 2021, the Italian business (people, contracts, assets and liabilities) were transferred to a newco, SEC Newgate Italy srl, Benefit Company. SEC Newgate S.p.A, the listed company, now acts solely as the holding company

On 1 July 2021, appointment of the new Group Marketing Manager, Irene Ferrario, in order to consolidate the positioning of the Group at worldwide level and increase its visibility.

On 9 July 2021, an agreement was signed with an Italian bank, BPER, for a €2m loan with an interest rate of 1.66%, one year of pre-amortisation and maturing in 2025, as part of the Italian Government's support to companies during the pandemic.

On 16 July 2021, the Group acquired an additional 4.428% interest in Newgate Communications Pty Limited, increasing its interest in the Australian subsidiary to 80%

On 28 July 2021, the Group acquired a 70% shareholding in Twister Communications Middle East, the Dubai-based branch of Italian PR firm Twister Communications Group, rebranded SEC Newgate Middle East. The managing partner, Elena Gramatica, retains 30% of the shares.

On 30 July 2021, the Group acquired an additional 40% interest in Kohl PR & Partners GmbH (now SEC Newgate Deutschland) for a consideration of €42,000, increasing its interest in the German subsidiary to 100%