

Q3 2024 Trading Update

7 November 2024

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1 Trading Update

Q3 financial headlines

Revenue

Q3: £198.4m

-19.3% reported
-17.0% like-for-like¹

YTD: £620.9m

-18.6% reported
-16.4% like-for-like

Net revenue²

Q3: £179.3m

-15.2% reported
-12.6% like-for-like

YTD: £555.4m

-15.5% reported
-13.2% like-for-like

Profitability

Continued focus on managing the cost base and driving efficiency across the Company

2024 Net revenue

Full year like-for-like net revenue expected to be down low double digits

Operational EBITDA³

Like-for-like Operational EBITDA expected slightly below the prior year, with significant Q4 weighting

Net debt⁴

£179.6m

2.2x leverage⁴
vs. £185.3m prior year

FY 2024 net debt expectation remains £150m-£190m

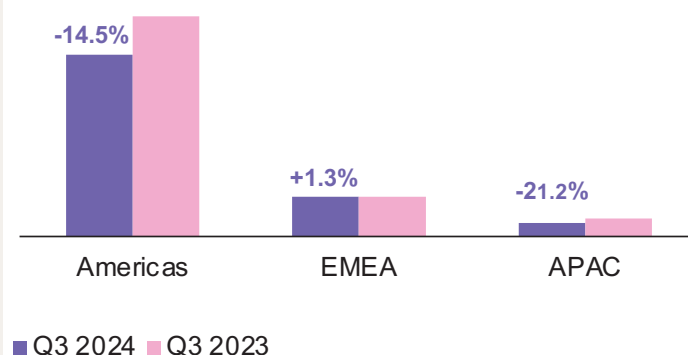
1. Like-for-like is a non-GAAP measure related to 2023 being restated to show the unaudited numbers for the previous period of the existing and acquired businesses consolidated for the same months as in 2024 applying currency rates as used in 2024
2. Net revenue is revenue less direct costs
3. Operational EBITDA is operating profit or loss adjusted for acquisition related expenses, non-recurring items (primarily amortisation of business combination intangible assets, restructuring and other one-off expenses and acquisition payments tied to continued employment) and recurring items (share-based payments) and includes right-of-use assets depreciation. It is a non-GAAP measure management uses to assess the underlying business performance. Operational EBITDA margin is operational EBITDA as a percentage of net revenue. Operational EBITDA for the year ended 31 December 2023 on a like-for-like basis at current exchange rates is £87m.
4. Net debt excludes lease liabilities. Net debt leverage is calculated as net debt / pro forma 12 month Operational EBITDA

Net revenue by practice and geography

- Content's net revenue in Q3 reflected ongoing client caution and lower activity with some of our larger technology clients. Performance was below our expectations
- Data&Digital Media was flat in the quarter and continued to perform as expected, with growth in the performance business lines offset by lower revenue from data consulting and activation
- Technology Services' net revenue decreased with anticipated lower activity from one key client, as well as longer sales cycles for new business
- FX impacted reported growth, particularly USD to GBP

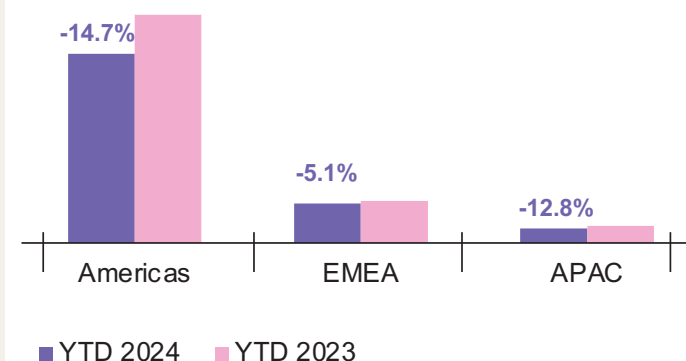
£millions	Q3 2024	Q3 2023	Change Reported	Change Like-for-like
Content	112.4	127.2	-11.6%	-9.1%
Data&Digital Media	46.8	48.9	-4.3%	+0.0%
Technology Services	20.1	35.4	-43.2%	-42.1%
Net revenue	179.3	211.5	-15.2%	-12.6%

Net revenue by region, like-for-like



£millions	YTD 2024	YTD 2023	Change Reported	Change Like-for-like
Content	346.7	392.0	-11.6%	-9.2%
Data&Digital Media	142.5	155.5	-8.4%	-5.3%
Technology Services	66.2	109.5	-39.5%	-38.4%
Net revenue	555.4	657.0	-15.5%	-13.2%

Net revenue by region, like-for-like



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Market Momentum

2024 Addressable Markets

2024 strong growth in digital media, Tech Services flat

Digital media spend

projected growth in 2024¹

+8.7% to \$564bn

growth in 2023¹

+7.8%

Ad revenue growth at 5 main platforms

Projected growth in 2024²

+15% to \$497bn

2023 growth²

+10% to \$433bn

Digital Transformation Service revenues at peers

projected growth in 2024³

-0.25%

2023 growth³

+5.2%

1. Groupm, Dentsu, 2024

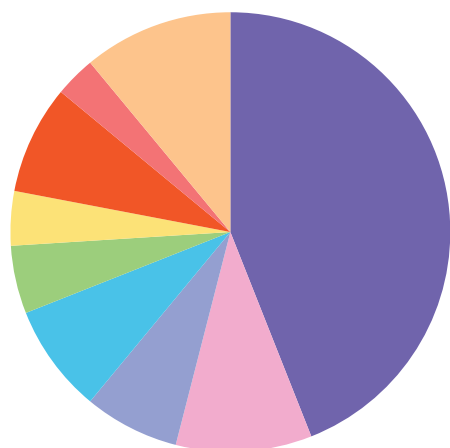
2. Morgan Stanley, Oct 2024/3 (Alphabet, Meta, Amazon, Microsoft, Snap Ad Revenues)

3. Company Reports (Globant, EPAM, Endava, Thoughtworks, CI&T, Accenture) Oct24

3 Client Analysis

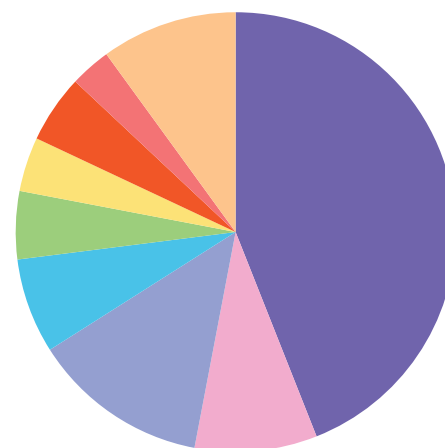
Our Client Portfolio

YTD 2024 Client Categories



Technology	44%
FMCG	9%
Financial	7%
Auto	8%
Retail	5%
Media & Ent	3%
Fashion & Lux	8%
Agency	2%
Other	14%

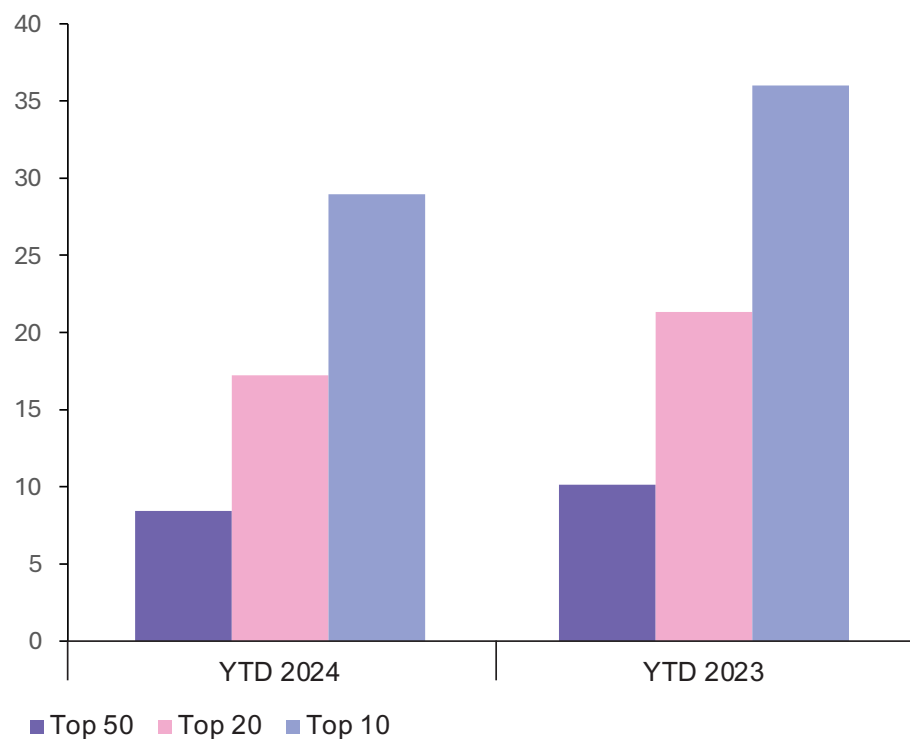
YTD 2023 Client Categories



Technology	43%
FMCG	9%
Financial	13%
Auto	8%
Retail	5%
Media & Ent	4%
Fashion & Lux	5%
Agency	3%
Other	10%

An attractive & prominent client base

Average revenue by client £m



£millions	YTD 2024			YTD 2023		
	No of clients	% of revenue	Cumulative %	No of clients	% of revenue	Cumulative %
>£10m	9	45%	45%	12	55%	55%
£5–10m	7	7%	52%	12	12%	67%
£1–5m	66	22%	74%	57	15%	82%
£0.1–1m	390	19%	93%	349	15%	97%

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Summary and Outlook

Summary and Outlook

- Q3 net revenue decrease of -12.6% like-for-like, reflecting lower activity in Content and an expected reduction with one of our larger Technology Services clients
- Year to date net revenue down -13.2% like-for-like
- We maintain a disciplined and active approach to managing our cost base, with a focus on driving efficiency across the Company as well as utilisation and pricing
- Net debt at the end of September was £180m. We have now completed all material M&A payments for prior combinations
- Given slower than expected trading in Q3 and current client activity levels, we now expect that like-for-like net revenue for 2024 will be down low double digits, with like-for-like Operational EBITDA slightly below the prior year
- Our targeted range for net debt at year end remains £150m - £190m
- Our three new Go-To-Market propositions - Orchestration Partner, Real Time Brands and Glass Box Media – are all starting to resonate strongly with clients. These are built around hyper-personalisation at scale, social media and brand strategy and transparent media planning and buying
- We remain confident our strategy, business model and talent, together with scaled client relationships position us well for growth in the longer term

5 Q&A

6 Appendix

Appendix

Guidance on adjusting items for 2024

Amortisation

c.£50m-£55m

Share based payment

c.£8m

Acquisition, restructuring and other expenses

c.£25m-£30m

Total adjusting items expected

c.£83m-£93m

Weighted average share count

Expected weighted average share count for 2024 of

c.675m¹

Expected weighted average share count for 2025 of

c.685m¹

Share consideration committed

Issuance of deferred shares of c.35m shares in 2024 and c.57m in 2025, totalling

c.92m

2024 expected contingent consideration shares of

c.1m

Cash contingent consideration

Cash contingent consideration payments of

c.£10m settled in Q1 2024 and

c.£1m in 2025, totalling c.£11m

Invested Capital

Invested capital to date

c.£1.1bn²

Invested capital plus 6% CAGR to date

c.£1.4bn³

1. Estimated weighted average share count excluding any impact due to the incentive shares
2. Invested capital is the sterling value of capital injected into S4 Capital 2 Ltd which effectively mirrors the net proceeds of equity issuance by S4 Capital plc-plus the sterling value of all ordinary shares issued by S4 Capital plc as consideration for mergers and acquisitions
3. Invested capital plus 6% CAGR is the sterling value of invested capital as increased at a compound annual growth rate of 6% from the date of the injection into S4 Capital 2 Ltd which is effectively the date of any equity issuance by S4 Capital plc for cash and the date any consideration for mergers and acquisition became due up to 31 October 2024

Thank you

