

4 January 2021

S4 Capital plc

("S⁴Capital" or "the Company")

Post-Brexit Combinations and Trading Statement

- **Immediate post-Brexit expansion**
- **S⁴Capital announces two combinations expanding its Content, Data & Digital Media practices**
- **Trading continues in line with market expectations**

S⁴Capital plc (SFOR.L), the new age/new era digital advertising and marketing services company, announces two combinations, which significantly expand the capabilities of both its Content practice, built around creative digital content production company MediaMonks, and its Data and Digital Media practice, built around data and digital media consultancy MightyHive.

Although unaffected by Brexit, given that much of the uncertainty has now, at last, been removed from the Brexit process, the Company will now implement even faster its strategy of creating a new age/new era advertising and marketing services model and deploy its digital capabilities even more effectively, not only in Europe, but in the Americas, Asia-Pacific, Africa and the Middle-East. Further moves will be announced shortly.

Integrated agency Decoded Advertising ("*Decoded*") will combine with MediaMonks, and Metric Theory will combine with MightyHive to continue building the unitary new age/new era advertising and marketing services model. Both Decoded and Metric Theory have been featured in the Adweek 100: Fastest Growing Agencies list, alongside MediaMonks, Firewood and Circus.

Founded in 2014 by Matt Rednor, Decoded Advertising is a truly integrated, creative, technology and media agency creating breakthrough campaigns that make brands perform. Challenging convention, it took some of the best talent from strategy, creative, media, design and the direct to consumer world and put together a new team and way of working to bridge the gap between meaningful storytelling, data-led optimizations and commerce. With almost 200 people in New York and Los Angeles, Decoded services global clients such as T-Mobile, Intuit, Visa, WW International and SC Johnson.

S⁴Capital Executive Chairman Sir Martin Sorrell said, "Both combinations continue our momentum, broadening our digital, strategic, creative, data & digital media capabilities in line with our objectives for 2021.

"Matt and his colleagues at Decoded share our vision of using data to develop and produce effective creative work and distribute campaigns through digital media. They have created an award-winning, highly successful agency, which will be a significant addition to the family.

"Our data and digital media practice is founded on providing clients with transparency and measurable results, two values at the heart of the business Ken and his colleagues have built at Metric Theory. We are glad to

welcome them to S⁴Capital and look forward to continuing to build the new age/new era model and disrupt the status quo.”

Matt Rednor, Decoded’s Founder and CEO, said, “Since day one it’s been our goal to explore every strategic, creative and media lever at our disposal to build better brands and deliver better performance results. In S⁴Capital, we’ve found a group of like-minded collaborators that immediately expand our ability to disrupt the industry with a more modern approach to creativity.”

Wesley ter Haar, Founder of MediaMonks and Executive Director at S⁴Capital, said, “The past two years have seen us increasingly working for clients across our data, creative and digital media practices and the expertise and experience Matt and his colleagues bring us will heighten our ability to deliver a truly unified offer.”

Metric Theory, founded in 2012 by four ex-colleagues Ken Baker, Jeff Buenrostro, Jeremy Brown and Adam Edwards, is an integrated performance marketing agency providing services across search, social media and commerce media. Using data-driven strategies to provide highly measurable and effective results for B2C and B2B clients such as Gofundme, Zenefits, Very Great, Maisonette and Hill House Home, Metric Theory has over 130 people across San Francisco, Denver, New York and Orange County.

Ken Baker, Metric Theory CEO and Co-Founder, said “We’re excited to bring our brand of numbers-obsessed, growth-obsessed, full-funnel performance marketing to MightyHive and S⁴Capital. It’s clear that their mission and values are the same as ours, and that we’ll be far better at delivering them together.”

Christopher S. Martin, MightyHive Co-Founder and S⁴Capital Executive Director, said “As we look to expand our data and digital media practice in line with client demand, welcoming Ken and his colleagues to the family allows us to combine our existing capabilities with their best-in-class performance media competencies to create a broad-based digital media offering.”

Beyond their clients and capabilities, Decoded and Metric Theory will add just under 350 professionals to S⁴Capital’s current talent base of 3,400 and a projected combined Gross Profit of approximately \$70 million in 2020, which represents 50% growth over 2019. The consideration for both Decoded and Metric Theory will be paid, as is usual, half in cash and half by the issue of S⁴Capital Ordinary Shares, with minimum customary lock-ups and no earn-outs, which create fragmentation and hinder a unitary structure.

Trading Statement:

S⁴Capital also confirms that trading for the first 11 months and expectations for December continue in line with market expectations, delivering strong like-for-like double digit revenue and gross profit growth and strong margins in 2020, with operational EBITDA margins improving significantly in the second half, as flagged in the half year report in September and third quarter statement in November. The nine investment analysts that follow S⁴Capital forecast Gross Profit of £279-300 million for 2020. Even after allowing for the cash consideration paid and due in respect of Decoded Advertising and Metric Theory, the Company will still maintain significant net cash balances. Full year results for 2020 will be announced on 18 March 2021.

Enquiries

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About Decoded Advertising

An independent full-funnel marketing, advertising and design company, Decoded creates breakthrough campaigns that make brands perform. Challenging convention, it took some of the best talent from strategy, creative, media, design and commerce and put together a team and new way of working to bridge the gap between meaningful storytelling, data-led optimizations and commerce. Decoded services global clients like T-Mobile, Intuit, Visa, WW International and SC Johnson from its offices in New York and Los Angeles.

About Metric Theory

Metric Theory is an award-winning digital advertising agency headquartered in San Francisco, CA. With more than 130 employees in five US offices including New York City, Denver, Orange County, and Salt Lake City, Metric Theory helps their clients acquire, retain, and grow customers through performance-driven paid media strategy in search, social, programmatic, mobile app, digital video, and emerging platforms.

About S⁴Capital

S⁴Capital plc (SFOR.L) is the tech-led, new age/new era digital advertising and marketing services company, established by Sir Martin Sorrell in May 2018.

Its strategy is to build a purely digital advertising and marketing services business for global, multinational, regional, local clients and millennial-driven influencer brands. This will be achieved initially by integrating leading businesses in two practice areas: Data & digital media and Content, along with an emphasis on "faster, better, cheaper" executions in an always-on consumer-led environment, with a unitary structure.

Digital is by far the fastest-growing segment of the advertising market. S⁴Capital estimates that in 2019 digital accounted for approximately 47.5% or \$275 billion of total global advertising spend of \$550-600 billion (excluding about \$400 billion of trade support, the primary target of the Amazon advertising platform), and projects that by 2022 this share will grow to approximately 55-60% and by 2024 to approximately 70%, accelerated by the impact of covid-19. It is anticipated that in 2020, total global advertising spend will shrink to approximately \$500-550 billion, driven by a fall in traditional media advertising expenditure. However digital advertising spend is expected to remain constant or increase slightly and therefore improve its market share of total advertising spend to over 50% for the first time.

S⁴Capital combined with MediaMonks, the leading AdAge A-listed creative digital content production company led by Victor Knaap and Wesley ter Haar, in July 2018 and with MightyHive, the market-leading digital media solutions provider for future thinking marketers and agencies, led by Peter Kim and Christopher S. Martin, in December 2018.

In April 2019, MightyHive combined with ProgMedia to expand operations into Latin America and MediaMonks acquired film studio Caramel Pictures to expand content studio capabilities. In June 2019, MediaMonks announced a planned combination with Australia-based BizTech, a leading marketing transformation and customer experience company. In August 2019, MediaMonks combined with Amsterdam-based digital influencer marketing agency IMA. In October 2019, MediaMonks combined with Firewood Marketing, the largest digital marketing agency based in Silicon Valley, that was recently ranked, along with MediaMonks and Circus (see below), as one of the fastest growing agencies by Adweek, and MightyHive combined with award-winning UK-based digital analytics, biddable media and data science company ConversionWorks and South Korea-based data and analytics consultancy MightyHive Korea. In November 2019, MediaMonks announced its combination with Delhi-based content creation and production company WhiteBalance (completed in August 2020 - the delay due to necessary merger clearance procedures) and then with fully integrated digital agency Circus Marketing in January 2020 (completed in March 2020).

In May 2020, MightyHive announced a combination with Digodat, one of the leading Latin American data and analytics consultancies, and in June 2020, MightyHive announced its combination with Lens10, a leading Australian digital strategy and analytics consultancy. In July 2020, MightyHive announced a combination with Orca Pacific, a market leading full-service Amazon agency and boutique consultancy firm based in Seattle. In August 2020, MightyHive announced a combination with London-based Brightblue, an econometric and media optimisation consultancy. In September 2020, MediaMonks announced its combination with Dare.Win, expanding its geographical presence to France.

On 16 July 2020 S⁴Capital announced the successful placing of 36,766,642 new ordinary shares at a price of 315p raising approximately £116m gross proceeds which will be used for further expansion and merger and combination purposes.

Victor Knaap, Wesley ter Haar, Pete Kim, Christopher Martin, Peter Rademaker and Scott Spirit all joined the S⁴Capital Board as Directors. The S⁴Capital Board also includes Rupert Faure Walker, Paul Roy, Daniel Pinto, Sue Prevezer, Elizabeth Buchanan, Naoko Okumoto, Margaret Ma Connolly and Miles Young.

The Company now has around 3,750 people in 31 countries across the Americas, Europe, the Middle East and Africa and Asia-Pacific and a current market capitalisation of approximately £2.6 billion (c.\$3.6 billion), and would rank in the FTSE 150. It achieved Unicorn status in a little over one year, unique in the advertising and marketing services industry.

Sir Martin was CEO of WPP for 33 years, building it from a £1 million "shell" company in 1985 into the world's largest advertising and marketing services company with a market capitalisation of over £16 billion on the day he left. Today its market capitalisation is £10 billion. Prior to that Sir Martin was Group Financial Director of Saatchi & Saatchi Company Plc for nine years.