

H1 2022 Results

September 2022

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Results

01

Financial Highlights

Gross Profit/ Net Revenue

£375.3m

+27.8% like-for-like¹

Q1 35%, Q2 23%

Two year stacks Q1 67% Q2 88%

Three year stacks Q1 86% Q2 95%

Operational EBITDA²

£30.1m

- 41.2% like-for-like

EBITDA Margin²

8.0%

vs 17.4% prior year like-for-like

Adjusted PBT³

£15.2m

vs £28.1m prior year reported

Adjusted EPS

2.1p

vs 3.4p prior year reported

Net Debt

£135.5m

1.2 x leverage⁴

Strong like-for-like 28% Gross Profit/net revenue growth
Revised targets unchanged. Significant cost management actions in hand

1. Like-for-like is a non-GAAP measure related to 2021 being restated to show the unaudited numbers for the previous year of the existing and acquired businesses consolidated for the same months as in 2022 applying currency rates as used in 2021

2. Operational EBITDA is EBITDA adjusted for acquisitions and set up related expenses, amortisation and share-based payments and is a non-GAAP measure management uses to assess the underlying business performance. Operational EBITDA margin is operational EBITDA divided by gross profit

3. Adjusted profit before income tax is the pre-tax profit adjusted for acquisitions and set up related expenses, amortisation and share-based payments

4. Net Debt leverage is calculated as net debt / Pro-forma Operational EBITDA for the latest twelve months

Update on Finance team and process improvements

- / Full debrief with PwC completed in May, actions underway to address areas for improvement
- / Half year process smoother
- / Strengthened team working well
- / Significant work undertaken on IFRS 15, revenue and cost of sales recognition processes
- / Ongoing work on financial control, compliance and governance, with majority of workstreams expected to be complete by FY2022 results

Income Statement

- Strong gross profit/net revenue growth continues
- Like-for-like growth well ahead of underlying market
- Operational EBITDA of £30.1 million with margin of 8%, lower than expected due to costs running ahead of gross profit/net revenue growth
- Adjusting items primarily combinations related

Adjusting Items	2022	2021
For the period ended 30 June		
<i>£ millions</i>		
Amortisation of acquired intangibles	24.2	18.0
Share based payments	6.9	6.3
Acquisition and set up related expenses	69.7	23.6
- Contingent consideration remuneration	67.8	16.1
- Transaction related advisory fees	3.6	3.5
- Contingent consideration revaluation	(1.7)	3.7
- Acquisition related bonus	-	0.3
	100.8	47.9

<i>£ millions</i>	Six months ended 30 Jun 2022	Six months ended 30 Jun 2021 ¹	change Reported	change Like-for-like
Revenue	446.4	279.3	59.8%	30.7%
Gross profit (net revenue)	375.3	236.7	58.6%	27.8%
Operating expenses	(344.9)	(203.7)	-69.3%	-41.9%
Acquisiton & set up related expenses	(69.7)	(23.6)	-195.1%	17.2%
Depreciation & amortisation	(36.0)	(26.0)	-38.7%	-17.5%
Total operating expenses	(450.6)	(253.3)	-77.9%	-25.9%
Operating loss	(75.4)	(16.6)	nm	-17.1%
Adjusting items	(100.8)	(47.9)	-110.4%	10.3%
Adjusted operating profit ²	25.4	31.3	-18.7%	-47.0%
Finance expense and other	(10.2)	(3.3)	-214.6%	-119.4%
Loss before income tax	(85.6)	(19.9)	nm	-24.0%
Income tax credit/(expense)	3.2	(3.1)	201.1%	153.1%
Loss for period	(82.4)	(23.0)	nm	-9.9%
Adjusted earnings per share	2.1	3.4	-1.3p	-3.5p

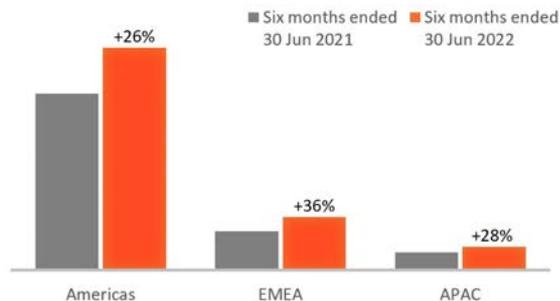
1. Restated for the initial accounting for the business combination of Staud Studios and Raccoon as required by IFRS 3.

2. Adjusted operating profit is operating profit adjusted for acquisitions and set up related expenses, amortisation and share-based payments

Growth by Practice

- / Strong topline growth continued across all practices and regions, led by Technology Services
- / Content and DDM Operational EBITDA lower than expected. DDM margins exceptionally high in 2021. Actions in hand to address costs
- / Technology Services includes TheoremOne from the combination in mid May
- / Higher Central costs due to guided investment in financial controls, risk and governance

Gross profit/ net revenue growth by Region, like-for-like



<i>£ millions</i>	Six months ended 30 Jun 2022	Six months ended 30 Jun 2021	change Reported	change Like-for-like
Content	250.2	157.1	59.3%	25.7%
Data&Digital media	100.7	79.6	26.4%	23.1%
Technology Services	24.4	-	100.0%	89.2%
Gross profit/ net revenue	375.3	236.7	58.6%	27.8%
Content	14.0	16.7	-16.7%	-49.9%
Data&Digital media	17.4	22.4	-22.6%	-29.3%
Technology Services	8.8	-	100.0%	147.1%
S4 Central	(10.1)	(4.8)	-107.6%	-107.9%
Operational EBITDA	30.1	34.3	-12.4%	-41.2%
Content	5.6%	10.7%	-510 bps	-840 bps
Data&Digital media	17.2%	28.2%	-1090 bps	-1280 bps
Technology Services	36.1%	-	-	850 bps
Operational EBITDA Margin	8.0%	14.5%	-650 bps	-940 bps

Cashflow Highlights

- / Capital expenditure includes fit out of new unitary offices in Buenos Aires, New Delhi, and London and investment in IT infrastructure
- / Cash interest paid relates to the July 2021 term loan
- / Improving working capital management (H1 2022 change in working capital at 1% of billings versus 1.9% in H2 2021 and 3.5% H1 2021). Ongoing focus on receivables
- / Acquisition costs reflect 2022 combinations TheoremOne and 4Mile and £36.1 million payments relating to prior years' combinations

<i>£ millions</i>	Six months ended 30 Jun 2022	Six months ended 30 Jun 2021
Operational EBITDA	30.1	34.3
Capital expenditure	(10.2)	(4.4)
Interest paid	(6.6)	(1.8)
Income tax paid	(7.4)	(7.9)
Free cashflow before change in working capital	5.9	20.2
Change in working capital ¹	(7.7)	(19.2)
Free cashflow	(1.8)	1.0
Mergers & Acquisitions	(125.6)	(50.3)
Exchange gain on net debt	10.2	5.3
Other	(0.3)	(1.2)
Movement in net debt	(117.5)	(45.2)
Opening net debt	(18.0)	51.6
Movements in (net debt) / net cash	(135.5)	6.4

1. Working Capital includes movement on receivables, payables, principal elements of lease payments and depreciation of ROU assets

2022 Guidance

<p>Continued strong topline momentum</p> <p>Expecting gross profit/net revenue growth of 25% like-for-like</p>	<p>Cost management</p> <p>Brake on hiring and controls on discretionary costs</p>	<p>H2</p> <p>Expecting a significantly stronger second half performance with a weighting to the fourth quarter reinforced by a strong pipeline</p>
<p>Net finance expense</p> <p>c.£16m cash (unchanged)</p>	<p>Year end net debt</p> <p>Expected range £130 - 170 million</p>	<p>Cash contingent consideration</p> <p>c.£57m due in 2022 c.£21m¹ in H2</p>

Revised targets unchanged
Expected Operational EBITDA remains approximately £120m²

1. Does not include initial consideration for XX Artists

2. Note this is a target and not a profit forecast

Client & Market Momentum

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20² Client Strategy (Whoppers)

2020

Google



2021

Google



Mondelēz International

Meta



2022

Google



Mondelēz International

Meta



(Confirmed)



(Run Rate)



(Potential)

Potential Next 14*



6



1



1



2



1



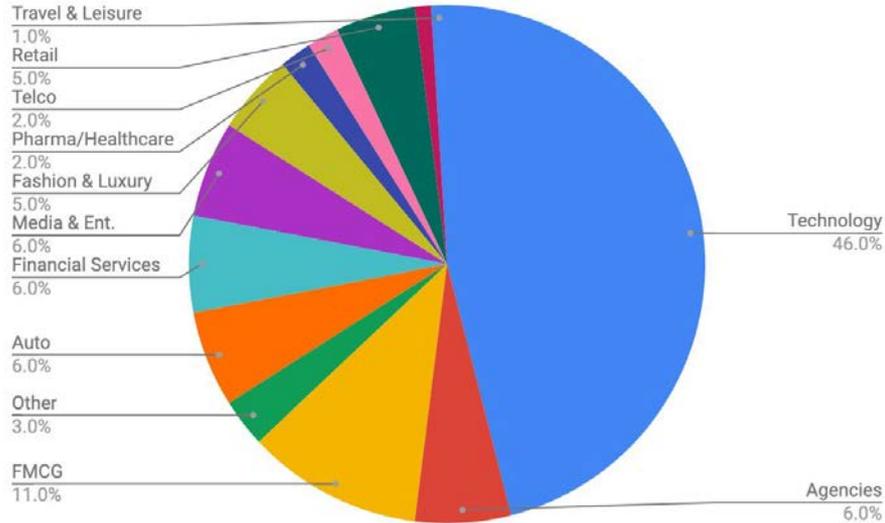
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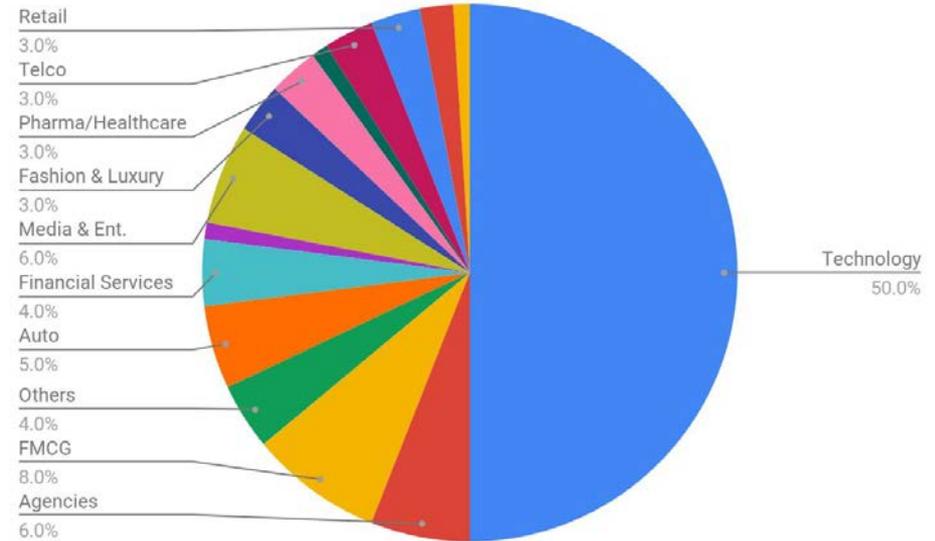
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Our client portfolio

H1 2022 Revenue

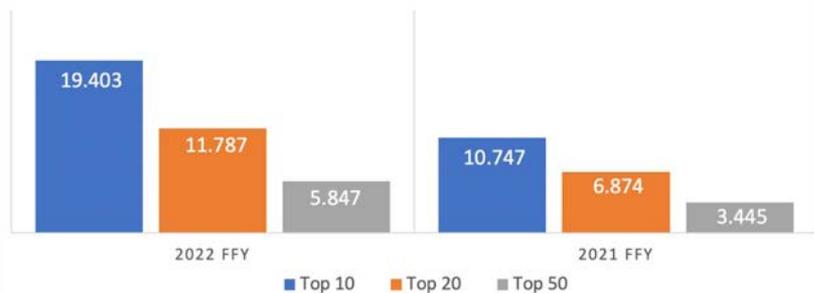


H1 2021 Revenue



An attractive and expanding client base

AVERAGE REVENUE BY CLIENT (£M)



	2022 HY			2021 HY		
	No of Clients	% of Revenue	Cumulative % Revenue	No of Clients	% of Revenue	Cumulative % Revenue
Above £10m	5	34%	34%	2	18%	18%
£5-£10m	6	11%	45%	5	20%	38%
£1-£5m	51	23%	67%	30	20%	59%
£0.1-£1m	394	24%	91%	288	29%	88%

2023 Continued Strong Addressable Market Growth

Strong Digital Media Spend Continues

Analogue spend projected to be flat in 2023 but Digital spend will grow almost 10% year-on-year. ¹

Top 8 Platforms Growth Accelerates

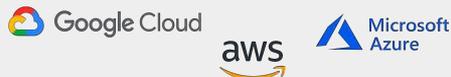


Spend at the top 8 platforms will accelerate from 10% to 13% in 2023. ²

US Digital Spend Will Grow Quicker

Digital spend in the US will grow almost 250 basis points quicker than the global rate in 2023. ³

Cloud Platform Growth Remains Strong



The 3 main platforms will grow 31% in 2023. ⁴

MarTech Software Growth Persists



MarTech software spend will grow 19.1% in 2023 to almost \$80bn. ⁵

Digital Transformation: A Constant Priority

Corporates continue to invest in and prioritise Digital Transformation as spend on services will grow 17% in 2023. ⁶

2021 Top 10 Agency Groups Revenue: \$110bn, 2021 Top 25 Networks Revenue: \$72bn⁷
2022 Global Management Consulting Market Size: \$974bn⁸
2022 Global IT Services Market Size: \$1.3tn⁹

¹Groupm, Dentsu, MoffatNathanson 2022

⁴Morgan Stanley 2022

⁷AdAge, 2022

²Morgan Stanley, Evercore ISI, eMarketer 2022

⁵IGrandView Research 2022

⁸Business Research Company 2022

³IMoffatNathanson 2022

⁶Statista 2022

⁹eGartner 2022

Our Clients Continue to be the Foundation of Growth



PayPal Google Microsoft hp NETFLIX Meta intuit. TikTok



T Mobile AT&T verizon vodafone 3 M



Mondelēz International BREWDOG P&G ABInBev Starbucks Nestlé DIAGEO



BMW MINI BRIDGESTONE TOYOTA McLaren



VISA MORNINGSTAR Allianz J.P.Morgan The First American Corporation



Walt Disney SONY PICTURES Roku WARNER BROS. DISCOVERY NBA OBS



LVMH NIKE BURBERRY L'ORÉAL H&M



ACE Hardware PETSMART BED BATH & BEYOND TACO BELL

Mergers

03

Mergers in H1 2022

DDM



4MILE

Tech Services

TheoremOne □

Content

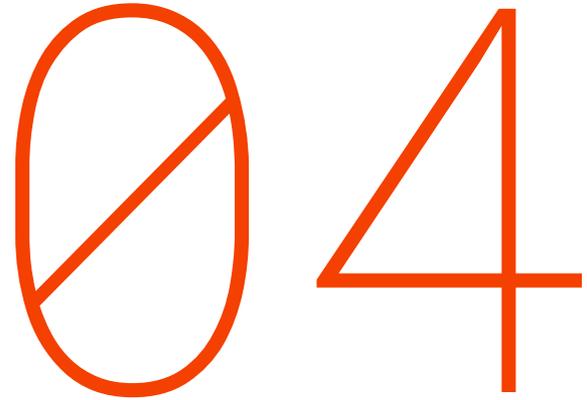


4 Mile Analytics is a leader in data analytics, data engineering, data governance, software engineering, UX design and project & product management. With Platform expertise across Looker, Snowflake, Fivetran and Google Cloud 4 Mile Analytics has 50+ data engineers.

TheoremOne is a leader in agile, full-stack, innovation, engineering and design and helps major enterprises achieve strategic digital transformation. TheoremOne has over 370 specialists globally and works on clients such as First American, AT&T, Intel, Starbucks, Caterpillar, and several of the world's leading technology companies

XX Artists is an award-winning Social Media Marketing agency headquartered in Los Angeles with a team of 125 globally, XX Artists helps clients such as Google, YouTube, Logitech, and Ancestry.com formulate and execute their social and influencer content strategies.

Content Practice



CONTENT | H1 Highlights

Forrester confirms our *strong offering, strong performance, strong strategy*

THE FORRESTER WAVE™
Marketing Creative And Content Services
Q3 2022



THE FORRESTER WAVE™
Global Marketing Services
Q3 2022



We're *expanding* our existing *Whoppers* and *minting* new ones, while *landing* new bluechip logos across the globe for future growth to deliver on our 20x20 goals.



2022 Creative Company of the Year		
1st	WPP	+0
2nd	OMNICOM	+0
3rd	INTERPUBLIC GROUP	+0
4th	PUBLICIS GROUPE	+0
5th	HAVAS GROUP	+0
6th	DENTSU GROUP	+0
7th	MDC PARTNERS	+0
8th	DELOITTE	+2
9th	HAKUHODO DY HOLDINGS	+0
10th	S4 CAPITAL	New (Top 10)

With best in class work

A new entry into Cannes top 10 list, as the smallest player



CONTENT | H1 Highlights

And we're not just helping clients deliver the now *but also be leaders in what's next*

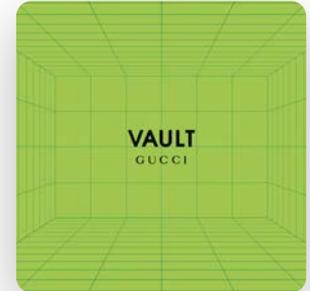


The biggest *Roblox* experience to date for Logitech

Total Visitors
6.5 Million



Launching the Vault, a full-blown NFT primary marketplace, for Gucci



Post Malone's Twelve Carat Toothache, an exclusive VR album experience for Horizon Worlds

Data & Digital Media Practice

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MEDIA | H1 Highlights



Expanded Capabilities applying our digital-first, disruptive approach to all media formats with *full-service media capabilities*

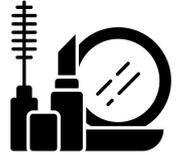


- **120% increase** in view-to-completion
- **220% increase** in click-through rate
- **44% incremental sales growth** (vs control group)

Road to *Whopper Status* with New AORs



AdWeek, 2022



Enterprise Beauty Brand



Proving out our mission!



partnering with LATAM's 1st Unicorn

DATA & CONSULTING | H1 Highlights

Land & Expand



New Logos



Pitching



Data Foundations pitch w. partner

Media & Data cross-sells

Strategic Partnerships



- Co-build partner for **AWS + Ads use cases (CPG client targets)**
- Selected as **GTM Partner for Amazon Marketing Cloud**

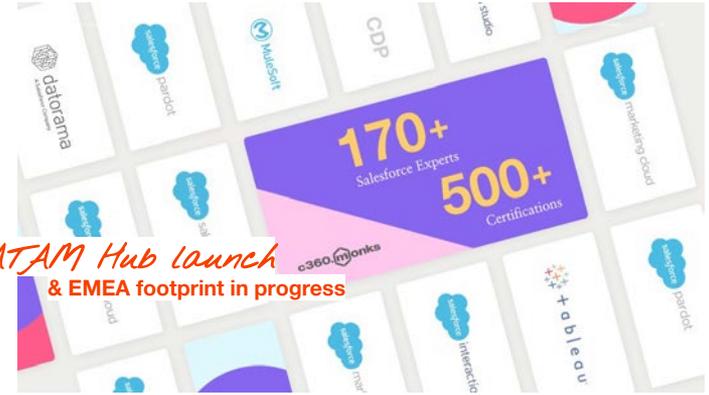


- Building our **Strategic Cloud + Marketing Partnership** across **GCP & Ads/GMP**

CRM | H1 Highlights



LATAM Hub launch & EMEA footprint in progress



Pilot Cross-Capability Selling & Delivery

New Logo!



embedded team + content + Data & Consulting cross-sell

embedded team



advisory consulting w/ Platforms + MAVERICK DIGITAL cross-sell

Increase in Marketing Cloud Footprint & New Capabilities - *Commerce / Web3 Footprint*

- Scaled Marketing Cloud business to **50%+ of global practice**
- MC, CDP, Interaction Studio, and Datorama capabilities
- **NFT Cloud** pilot launch partner
- Global GTM lead position for Commerce/Web3
- **B2C Commerce** Cloud certifications



Technology Services

06

Zemoga.monks | H1 Highlights



Land & Expand

Expanded Services into new business units...

*Doubling engagement revenue over 2021
WHOPPER STATUS PENDING! (inches away)*

Still Top Place for Top Performers to work and grow in LatAm!

Deep into integration and collaboration!

- Resource sharing
- Management sync
- Co-Pitching new suite of combined services



Major Brick & Mortar Brand engages us to build large dedicated ecommerce

digital Transformation team in Colombia



27001 Certification

144 New Monks join in H1



1st Colombian FED Center of Excellence opens for business driving

Digital Transformation with value and quality

Tech Services

TheoremOne.monks | H1 Highlights



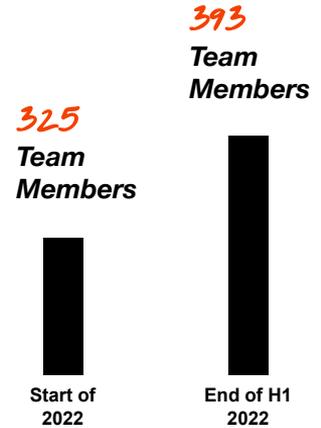
TheoremOne was named one of the *fastest growing companies*

And adding *new clients*



With a new *Chief Growth Officer* recruited from Cognizant

Well Regarded



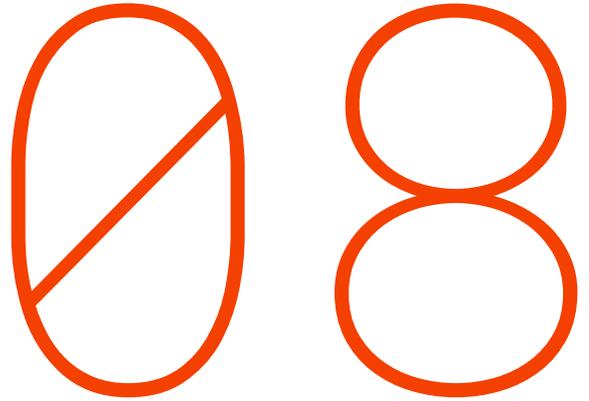
Summary & Outlook

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Summary & Outlook

- / Strong topline growth in H12022, ahead of full year target
- / Further client conversion at scale and progress towards our 20² goal
- / Good progress in post-audit finance and process upgrades, work continues
- / Actions taken to balance and control cost base in 2022 and beyond
- / Improving working capital management. Sufficient liquidity with long dated debt maturities
- / Continued momentum in all our addressable markets - optimism for growth in 2023 and beyond despite macro situation
- / Strong growth in existing clients and new business with a healthy pipeline
- / Achieved carbon neutral status ahead of schedule and headway across all our ESG goals
- / Revised targets unchanged

Q&A



Appendix – Additional Information

Share Consideration Committed

- Deferred share issuance of c.7 million shares on considerations in 2022, c.8 million in 2023 and c.36 million in 2024, totalling c.51 million shares
- Expected contingent consideration shares of c.5 million remaining in 2022 and c.63 million in 2023, totalling 68 million (assuming current share price¹)

Cash Contingent Consideration

- Expected contingent cash consideration commitments totaling c. £128 million, c.£21 million in 2022 and c.£107 million in 2023

Invested Capital

- Invested capital² to date c. £1.0 billion

Guidance on Adjusting items

- Amortisation c.£55 million
- Share based payments c.£15-20 million
- Acquisition and set up related expenses c.£165-185 million

1. Number of shares calculated using the opening share price as at Friday 12th September 2022 of 151p.

2. Invested capital is the sterling value of capital injected into S4 Capital Limited 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.

Appendix - Balance Sheet

- / Improving balance sheet showing better working capital
- / RCF remains undrawn
- / H1 net debt £135.5 million, with leverage at 1.2x

Availability and usage of net debt facilities

	Net Debt	Facility	Undrawn	Maturity
	£'m	m	£'m	Due date
Term Loan	321.8	€ 375.0	-	Aug-28
RCF	-	£100.0	100.0	Aug-26
Other loans	6.8	-	-	
Cash	(193.1)	-	-	
Net Debt	135.5		100.0	

<i>£ millions</i>	As at 30 Jun 2022	As at 31 Dec 2021
Assets		
Non-current assets		
Intangible assets	1,189.5	981.3
Right-of-use assets	49.2	36.6
Property, plant and equipment	29.8	21.5
Others	21.7	9.7
Current assets		
Trade and other receivables	349.7	335.5
Cash and cash equivalents	193.1	301.0
Total assets	1,833.0	1,685.6
Liabilities		
Non-current liabilities		
Deferred tax liabilities	67.2	68.6
Loans and borrowings	315.3	308.6
Others	58.0	66.0
Current liabilities		
Trade and other payables	318.3	324.1
Contingent consideration and holdback	142.0	86.6
Others	40.3	30.5
Total liabilities	941.1	884.4
Net assets	891.9	801.2
Attributable to owners of the company	891.8	801.1
Non-controlling interests	0.1	0.1
Total equity	891.9	801.2

Appendix – Reconciliation to EBITDA

<i>£ millions</i>	Six months ended 30 Jun 2022	Six months ended 30 Jun 2021	change Reported
Reconciliation to Operational EBITDA			
Operating profit/ (loss)	(75.4)	(16.6)	-354.2%
Adjusting Items	100.8	47.9	110.4%
Depreciation (excluding right-of-use-asset depreciation)	4.7	3.0	-53.5%
Operational EBITDA	30.1	34.3	-12.4%
Central Costs	(10.1)	(4.8)	-107.6%
Operational EBITDA before central costs	40.2	39.1	2.4%