



**C A P I T A L**

4 June 2025

**S<sup>4</sup>Capital plc**

**AGM Statement**

**("S<sup>4</sup>Capital", "the Company" or "the Group")**

**Full year like-for-like<sup>1</sup> net revenue<sup>2</sup> now expected to be down by low single digits overall, with Marketing Services (formerly Content and Data&Digital Media) only slightly down and Technology Services net revenue still reflecting the revenue reduction by a major client, although this effect will cycle out in the second half of the year**

**However, like-for-like operational EBITDA<sup>3,4</sup> full year target remains unchanged and is expected to be broadly similar to 2024, with a higher second half weighting than last year, also reflecting timing of revenue from significant new business wins, particularly with General Motors, Amazon and T-Mobile**

**Liquidity continues to improve with month-end average net debt in the first five months of the year down almost 30% from £199 million to £144 million underpinning the Board's confidence to recommend a first time final dividend of 1p per share**

S<sup>4</sup>Capital plc (SFOR.L), the tech-led, new age, new era digital advertising, marketing and technology services company, announces that at the Annual General Meeting of the Company to be held at 12:00 pm today, Sir Martin Sorrell, Executive Chairman of the Company, will make the following statement:

"Our performance in 2024 reflected the impact of challenging global macroeconomic conditions, continued high interest rates and some underperformance, when compared to our addressable markets. Technology clients continued to prioritise capital expenditure over operating expenditure, such as marketing and our Technology Services Practice was affected by a reduction in one of our larger relationships. Despite this, the Company managed its cost base effectively, increased its operating margins and reduced its net debt markedly. Our liquidity and cash flow was much improved and net debt<sup>5</sup> was below the lower end of our target range due to our focus on working capital and cost control.

Market conditions in the first five months of 2025 reflect the continuing impact of, to say the least, volatile global macroeconomic conditions. As a result, clients remain generally cautious given the uncertainty, with technology clients, which account for almost half our revenue, in particular, continuing to prioritise capital expenditure on expanding AI capacity. As anticipated, our Technology Services Practice continued to be affected by a reduction in one of our larger relationships, although this will cycle out shortly. Our liquidity and cashflow continued to be much improved compared with the first five months of 2024 and month-end average net debt was down almost 30% by £55 million, from £199 million to £144 million, despite the first five months, as usual, seeing lower seasonal levels of activity and reflecting our focus on working capital and cost control.

The global macroeconomic environment has become even more challenging in 2025. Assessing the impact of US imposed tariffs has been added to the three key risks around US/China relations, Russia/Ukraine and Iran/Middle-East. Clients, therefore, are likely to remain cautious. However, once the levels of tariffs are negotiated and the impacts assessed, we believe clients will become much more selective about the geographies in which they operate in order to find growth and focus on implementing technologies, such as, but not only AI, to drive efficiency in a slower growth, higher inflation and higher interest rate environment. This may be the time when AI-adoption accelerates at scale. With that said, we expect an improved performance in the second half of the year, aided by the phasing of revenue from new business, particularly from General Motors, Amazon and T-Mobile.

We want to take this opportunity to remind everyone of our Company's definitive and differentiated strategy, which continues to be based on four core principles - digital only; data driven; faster, better, cheaper and more; and unitary. We say "our Company", as it is both your Company as our shareowners and our Company, as your management team. We are still tightly aligned with you - with around 20% of our share capital connected to our Monks and/or Directors. The strategy of S<sup>4</sup>Capital remains the same. The Company's unitary, purely digital transformation model, based on first-party data fuelling the creation, production and distribution of digital advertising content, distributed by digital media and built on technology platforms to ensure success and efficiency, resonates with clients.

We continue to streamline and integrate our businesses, we have rebranded to Monks and are focusing all our current capabilities into two Practices: Marketing Services and Technology Services. Our tagline 'faster, better, cheaper and more' or 'speed, quality, value and more' and a unitary structure both appeal strongly, even more so in challenging economic times.

We remain confident in our strategy, business model and talent. These together with scaled client relationships position us well for growth in the longer term, with an emphasis on deploying free cash flow, as and when appropriate, to improve shareowner returns, particularly now that all significant merger payments have been made. Subject to shareowner approval today, the Board proposes to pay a first time final dividend of 1 pence per share, amounting to £6.1 million, on 10 July 2025 to all shareowners on the register as at 6 June 2025.

We are seeing our AI initiatives improve visualisation and copywriting productivity, deliver considerably more effective and economic hyper-personalisation (better targeted content at greater scale), delivering more automated and integrated media planning and buying, improving general client and agency efficiency and democratise knowledge. Monks.Flow is our AI product solution that automates marketing workflows and we are continuing to add applications and expand its capabilities. Our end-to-end suite of Monks.Flow products orchestrates and helps enable our clients to more easily implement AI solutions, particularly in visualisation and copywriting, in hyper-personalisation at scale, in real time focus groups and linking media planning and buying. We are now producing high quality commercials using AI technologies such as Runway, Flux, Omniverse (Nvidia), Substance (Adobe) and Unreal that literally take hours and days to produce at significantly lower cost rather than traditional production techniques, which take weeks and months at significantly greater cost. The quality continues to improve in real time and clients that are exposed to the results of these AI technologies are very excited about their implementation and the commercial impact on their marketing budgets and return on investment. As a result, we are changing our revenue model from a purely, time-based approach to one more based on outputs - i.e. use of assets.

We are seeing significant opportunities for new business, particularly driven by our AI tools and capability. New business wins so far this year include new or broadened relationships with Asana, Amplifon, Samsung, Square, NCS and Opella. We also continue to expand many of our existing relationships, in particular General Motors and Amazon, which will ramp up significantly in the second half of the year. In April, we won a large "Real Time Brands" assignment with our existing client T-Mobile, which will also contribute to our second-half performance and over time expected to double the size of the relationship. We continue to win multiple exploratory assignments, as clients experiment and explore AI applications and develop AI use cases. AI capability is becoming more central to the agency's way of working and new business efforts. In this regard the Company's early adoption of AI and proactive approach to staff training on AI is beginning to pay off.

Our new Go-To-Market propositions, Orchestration Partner, Real Time Brands, Glass Box Media and Digital Transformation are all starting to resonate strongly with clients. These are built around hyper-personalisation at scale, social media, brand strategy, transparent media buying and planning and the leveraging of technology.

Since our last AGM in June of 2024, our Company has lowered the number of Monks in the Company to around 7,000, down 8% compared to circa 7,600 at this time last year and 2% lower than our year end figure of about 7,150, reflecting the continued focus on utilisation and billability. We maintain a disciplined approach to managing our cost base and continue our drive for margin improvement through greater efficiency, utilisation, billability and pricing.

For the Company as a whole, despite the wider market uncertainty and significant volatility in global economic policy, particularly as a result of the US-imposed tariffs, full year like-for-like net revenue is now expected to be

down by low single digits. Marketing Services, however, are forecast to be down only slightly, and although Technology Services are forecast to be down more significantly, the impact of the reduction in spending by one major client will cycle out. Despite this, we continue to target like-for-like operational EBITDA<sup>4</sup> to be broadly similar to 2024. We will continue to focus on our cost base and will take further action to support profitability, if necessary. We expect an improved performance in the second half of the year and a greater second half weighting than in the prior year, enhanced by the phasing of new business revenue, including wins already secured.

Our targeted range for the year end net debt remains £100 million to £140 million. We target medium term financial leverage at the lower end of our previous range of around 1.5 times operational EBITDA. Over the longer term we continue to expect our growth to outperform our markets and operational EBITDA margins to return to historic levels of around 20%<sup>4</sup>.

We remain committed to the pillars of our ESG strategy: people fulfilment, our responsibility to the world and one brand. We continue to focus on improving our external reporting, our reporting tools and governance to help us move towards increased transparency and effective reporting and to comply with future global regulatory requirements.

The Company was pleased to announce the appointment of Radhika Radhakrishnan as Chief Financial Officer on 1 May 2025, succeeding Mary Basterfield. Radhika was Global Chief Finance Officer of Wavemaker, one of WPPs media brands at Group M, and at Bartle Bogle Hegarty (BBH), one of Publicis' creative agencies. Prior to her time at BBH, she was Chief Finance Officer at 20th Century Fox UK and Chief Financial Officer of Hachette Filipacchi UK, now Hearst Magazines. Radhika qualified as a Chartered Accountant with Ernst & Young London and is a Non-Executive Director of the University of Cambridge Press and Assessment Board.

The Board unanimously thanks Mary for her hard work and commitment over the last three years and for helping improve cost management, liquidity and the financial processes of the company and wishes her every success in her future career.

The Company was also pleased to announce the appointment of Nirvik Singh as an independent Non-Executive Director of S<sup>4</sup> Capital plc on 1 May 2025. Nirvik previously served as Global Chief Operating Officer and President International of Grey Group, a WPP subsidiary, overseeing operations across Europe, Latin America, the Middle East, Africa and Asia-Pacific. He has also led multiple acquisitions in China, India, South Korea, the UAE, the UK and South Africa, covering sectors such as e-commerce, data analytics and marketing technology. He is currently Chairman of Hype Luxury, a luxury mobility aggregator, Non-executive Director of Shoppers Stop, a \$800m market capitalisation retail company, Non-Executive Director and member of the Nomination and Remuneration, and Risk Committees of Gulf Oil India and an Advisor to Charge Europa, a Polish EV charging company."

As the AGM is a hybrid, shareowners will have received instructions for electronic access via the Lumi AGM app, including details of voting and Q&A functions. Details are set out in the Notice of Annual General Meeting. Guest access to the AGM without voting or a Q&A facility will be available as a webcast at [https://brrmedia.news/SFOR\\_AGM25](https://brrmedia.news/SFOR_AGM25).

Enquiries to:

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Elly Williamson/ Pete Lambie

## Notes (in this document):

1. Like-for-like is a non-GAAP measure and relates to 2024 being restated to show the audited numbers for the previous year of the existing and acquired businesses consolidated for the same months as in 2025 applying currency rates as used in 2025.
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 acquisition payments tied to continued employment, amortisation of business combination intangible assets and restructuring and other one-off expenses) 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.
4. This is a target and not a profit forecast.
5. Net debt excludes lease liabilities.

## About S<sup>4</sup>Capital

Our strategy is to build a purely digital advertising and marketing services business for global, multinational, regional, and local clients, and millennial-driven influencer brands. This will be achieved by integrating leading businesses in two synchronised Practices: Marketing Services and Technology Services, along with an emphasis on 'faster, better, cheaper, more' execution in an always-on consumer-led environment, with a unitary structure.

The Company now has approximately 7,000 people in 33 countries with approximately 80% of net revenue across the Americas, 15% across Europe, the Middle East and Africa and 5% across Asia-Pacific. The longer-term objective is a geographic split of 60%:20%:20%. Marketing Services accounted for approximately 90% of net revenue, and Technology Services 10%. The longer term objective is a practice split of 75%:25%.

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. Prior to that Sir Martin was Group Financial Director of Saatchi & Saatchi Company Plc for nine years.

### Disclaimer

This announcement includes 'forward-looking statements'. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's services) are forward-looking statements.

Forward-looking statements are subject to risks and uncertainties and accordingly the Company's actual future financial results and operational performance may differ materially from the results and performance expressed in, or implied by, the statements. These factors include but are not limited to those described in the Company's prospectus dated 8 October 2019 which is available on the news section of the Company's website. These forward-looking statements speak only as at the date of this announcement. S<sup>4</sup>Capital expressly disclaims any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based unless required to do so.

No statement in this announcement is intended to be a profit forecast and no statement in this announcement should be interpreted to mean that earnings per share of the Company for the current or future years would necessarily match or exceed the historical published earnings per share of the Company.

Neither the content of the Company's website, nor the content on any website accessible from hyperlinks on its website for any other website, is incorporated into, or forms part of, this announcement nor, unless previously published by means of a recognised information service, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of, shares in the Company.