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S4 Capital PLC
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S⁴Capital plc

("S⁴Capital" or "the Company" or "the Group")

Third Quarter Trading Update

Third quarter billings¹ up 1.9% reported and up 5.1% like-for-like³

Third quarter revenue down 3.4% reported and down 1.0% like-for-like³

Third quarter reported net revenue² down 6.9% and down 4.4% like-for-like³, representing a sequential improvement over the second quarter, with Marketing Services⁹ down 2.8% like-for-like³ and Technology Services down 16.5% like-for-like³

Nine months billings¹ up 1.9% reported and up 5.1% like-for-like³

Nine months revenue down 11.1% reported and 8.4% like-for-like³

Nine months net revenue² down 10.8% reported and like-for-like³ 8.2%, with Marketing Services⁹ down 5.2% like-for-like³ and Technology Services down 29.6% like-for-like³

2025 like-for-like³ net revenue² growth rate expected to be down by upper single digits

Marketing Services⁹ like-for-like³ net revenue² expected to be down mid-single digits reflecting the timing of significant new business wins, particularly General Motors, Amazon, T-Mobile, PIF and now two unannounced leading US-based Global FMCG companies

Technology Services like-for-like³ net revenue² expected to be down more due to longer sales cycles and the previously disclosed revenue reduction by a major client, which will cycle out in the second half of the year

Americas which represent over 80% of reported net revenue², like-for-like³ net revenue² growth 1.6% in the third quarter, with EMEA down 26.2% and Asia-

Pacific 16.2%. For nine months, on a like-for-like³ basis, Americas down 5.6%, EMEA 17.3% and Asia Pacific 15.3%

2025 like-for-like³ operational EBITDA⁵ target remains unchanged⁸, broadly similar to 2024, with a stronger performance expected in the second half reflecting new business wins and implemented cost reductions

New business activity continues at significant levels, with a particular focus on AI-driven visualisation and copywriting and hyper-personalisation at scale

Nine month period end net debt⁷ at £151 million versus £180 million last year (£194 million on a like-for-like³ basis), but slightly higher than at half year end of £146 million driven by inaugural dividend payment, restructuring costs and continuing FX headwinds. Month end average net debt⁷ for the third quarter £154 million versus £184 million last year (£197 million on a like-for-like³ basis). Month end average net debt⁷ of £147 million for first nine months of the year versus £192 million last year (£196 million on a like-for-like³ basis) and leverage at 1.8x EBITDA with covenant at 4.5x EBITDA. Year end net debt⁷ target remains unchanged in the range of £100 to £140 million⁷

The Board will consider approving an enhanced final dividend for 2025, if the improved second half performance and liquidity targets are delivered

<i>£ millions</i>	Three months ended 30 Sep 2025	Restated ⁹ Three months ended 30 Sep 2024	change Reported	change Like-for-like ³	change Pro-forma ⁴
Billings¹	490.9	481.6	1.9%	5.1%	5.1%
Marketing Services	175.5	178.3	(1.6%)	0.7%	0.7%
Technology Services	16.2	20.1	(19.4%)	(16.5%)	(16.5%)
Revenue	191.7	198.4	(3.4%)	(1.0%)	(1.0%)
Marketing Services	150.8	159.2	(5.3%)	(2.8%)	(2.8%)
Technology Services	16.2	20.1	(19.4%)	(16.5%)	(16.5%)
Net revenue²	167.0	179.3	(6.9%)	(4.4%)	(4.4%)
Americas	136.1	138.5	(1.7%)	1.6%	1.6%
EMEA	22.6	30.4	(25.7%)	(26.6%)	(26.6%)
Asia-Pacific	8.3	10.4	(20.2%)	(16.2%)	(16.2%)
Net revenue² by Geography	167.0	179.3	(6.9%)	(4.4%)	(4.4%)

£ millions	Nine months ended 30 Sep 2025	Restated ⁹ Nine months ended 30 Sep 2024	change Reported	change Like-for-like ³	change Pro-forma ⁴
Billings¹	1,416.8	1,390.5	1.9%	5.1%	5.1%
Marketing Services	506.6	554.7	(8.7%)	(5.9%)	(5.9%)
Technology Services	45.5	66.2	(31.3%)	(29.3%)	(29.3%)
Revenue	552.1	620.9	(11.1%)	(8.4%)	(8.4%)
Marketing Services	449.8	489.2	(8.1%)	(5.2%)	(5.2%)
Technology Services	45.4	66.2	(31.4%)	(29.6%)	(29.6%)
Net revenue²	495.2	555.4	(10.8%)	(8.2%)	(8.2%)
Americas	394.3	432.5	(8.8%)	(5.6%)	(5.6%)
EMEA	74.4	90.1	(17.4%)	(17.3%)	(17.3%)
Asia-Pacific	26.5	32.8	(19.2%)	(15.3%)	(15.3%)
Net revenue² by Geography	495.2	555.4	(10.8%)	(8.2%)	(8.2%)

Sir Martin Sorrell, Executive Chairman of S⁴Capital plc said:

"Market conditions in the third quarter reflect the continuing impact of 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. The hyperscalers are forecast to spend over half \$1 trillion on expanding AI capacity. Our liquidity and cashflow continued to improve compared with the third quarter of 2024 and month-end average net debt was down almost 16% by £29 million, from £180 million to £151 million, reflecting our focus on working capital and cost control. Third quarter month end average like-for-like net debt fell by £43 million, from £197 million to £154 million, despite payment of the inaugural dividend.

The global macroeconomic environment has been challenging in 2025. Assessing the impact of US imposed tariffs was added to the three key risks around US/China relations, Russia/Ukraine and Iran/Middle-East. Clients, therefore, are likely to continue 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 AI, Quantum computing and Blockchain, 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.

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, Opella, Visa, Cinemark and HelloFresh. We also continue to expand many of our existing relationships, in particular General Motors, Amazon, T-Mobile, PIF, and now two unannounced leading US-based Global FMCG Companies, which are ramping up significantly in the second half of the year.

We maintain our operational EBITDA and net debt guidance reflecting continued cost control and cash management. As in previous years, financial performance will be weighted to the fourth quarter. Liquidity is also forecast to improve, which will give us the ability to consider proposing an enhanced final dividend once the results for 2025 are announced, if targets are met."

Notes:

1. Billings is gross billings to clients including pass through costs.
2. Net revenue is revenue less direct costs.
3. 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.
4. Pro-forma numbers relate to audited non-statutory and non-GAAP consolidated results in constant currency as if the Group had existed in full for the period and have been prepared under comparable GAAP with no consolidation eliminations in the pre-acquisition period.
5. Operational EBITDA is operating profit or loss adjusted for acquisition related expenses, non-recurring items (primarily acquisition payments tied to continued employment, amortisation and impairment 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.
6. Adjusted figures are adjusted for non-recurring and recurring items as defined above.
7. Net debt excludes lease liabilities.
8. This is a target and not a profit forecast.
9. Comparative information for the prior period has been represented to reflect the Group's revised segment structure.

Third Quarter Trading Update

The challenging conditions witnessed in the first half have continued in the third quarter. Third quarter reported billings were up 1.9%, up 5.1% like-for-like. Revenue was down 3.4% to £191.7 million, down 1.0% like-for-like. Net revenue was down 6.9% on a reported basis to £167.0 million, down 4.4% on a like-for-like basis. Year-to-date revenue was down 11.1% reported to £552.1 million, down 8.4% like-for-like. Year to date net revenue declined 10.8% on a reported basis, 8.2% like-for-like. Reported revenue and net revenue were both significantly impacted by FX, in particular the USD to GBP.

Third quarter revenue and net revenue reflect ongoing client caution and timing of significant new business wins, however third quarter earnings before interest, tax, depreciation and amortisation (EBITDA), both on a reported basis and like-for-like reflect significant improvement primarily due to the cost restructuring programme implemented to mitigate revenue challenges and right-size the cost base to bring staff cost to net revenue ratios to the industry average of 65%. These actions have reduced

the number of Monks to around 6,500, down 5% from circa 6,900 at June 2025 and down 13% from circa 7,500 at this time last year. This programme has been primarily focused on a range of non-billable roles across the business and further back-office efficiencies.

Performance by Practice

Marketing Services practice revenue was down 1.6% in the third quarter to £175.5 million, with like-for-like up 0.7%. The quarter's performance was below expectations. This reflected ongoing client caution and lower activity, particularly with some of our larger technology clients. Reported third quarter net revenue was down 5.3% to £150.8 million and 2.8% like-for-like. Year-to-date the Marketing Services practice reported revenue was down 8.7% to £506.6 million and 5.9% like-for-like. Marketing Services reported net revenue was down 8.1% to £449.8 million and 5.2% like-for-like.

Technology Services practice third quarter reported revenue was down 19.4%, or 16.5% like-for-like, to £16.2 million. Third quarter reported net revenue was down 19.4% to £16.2 million, down 16.5% like-for-like, impacted by client negotiation delays as well as longer sales cycles for new business reflecting the challenging ongoing macroeconomic conditions. Year-to-date Technology Services reported revenue was down 31.3% to £45.5 million, like-for-like down 29.3%. Reported net revenue was down 31.4% to £45.4 million, with like-for-like down 29.6%, impacted by client negotiation delays and the anticipated lower business from one key client.

Performance by geography

The Americas, our largest region accounting for over 80% of net revenue was slightly up, like-for-like, in the third quarter with reported net revenue down 1.7% to £136.1 million and up 1.6% like-for-like, and with stronger growth in Latin America. Year-to-date, the Americas reported net revenue was down 8.8% to £394.3 million and 5.6% like-for-like. Europe, the Middle East and Africa was down 25.7% in the third quarter to £22.6 million and 26.6% like-for-like. Year-to-date reported net revenue was down 17.4% to £74.4 million and like-for-like down 17.3%. Asia-Pacific, our smallest region also saw lower activity, with reported net revenue down 20.2% to £8.3 million in the third quarter and 16.2% like-for-like. Year-to-date reported net revenue declined 19.2% to £26.5 million and like-for-like was down 15.3%.

Balance Sheet

Net debt ended the third quarter at £151.1 million, or 1.8x net debt/12 month proforma operational EBITDA. Compared to half year end net debt of £145.9 million, net debt increased £5.2 million, reflecting additional cash outflows from the Group's inaugural dividend, restructuring costs and continuing FX headwinds. The trailing 12 months proforma operational EBITDA was £83.4 million. The balance sheet has sufficient liquidity and long-dated debt maturities to facilitate growth with our key covenant being net debt not to exceed 4.5x the 12 month proforma operational EBITDA. Our Term Loan B matures in August 2028 and our undrawn revolving credit facility ("RCF") in August 2026, with the £80 million RCF facility having been extended to February 2028.

New business and AI

Continuing the trends seen during the first half of the year, we are seeing our AI initiatives improve visualisation and copywriting productivity, deliver considerably more effective and economic hyper-personalisation, delivering more automated and integrated media planning and buying, improving general client and agency efficiency

and democratise knowledge. We are now producing high quality commercials using AI technologies such as Runway, Luma, Flux, Omniverse (Nvidia), Substance (Adobe) and Unreal that 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, Opella, Visa, Cinemark and HelloFresh. We also continue to expand many of our existing relationships, in particular General Motors and Amazon, which is ramping 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. In July we were engaged by a leading US-based Global FMCG, as their Content Studio Agency Partner, which draws on both our "Real Time Brands" and "Orchestration Partner" propositions with a focus on quality creative combined with dimension and cultural relevancy, beyond simply making assets at scale. These new wins are contributing to our second-half performance and over time are expected to be significant relationships for us. In October, another existing US-based Global FMCG client appointed us to help implement AI throughout its marketing supply chain, a partnership based on a new subscription-based model focussing on outputs and outcomes. We continue to win multiple exploratory assignments and AI film projects, 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. We have won four major AI industry awards in the last two years.

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.

ESG

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. We continue to enjoy and maintain our B Corp status and we have significantly improved our Ecovadis score. The B Corp status recognises our achievements in governance and accountability, environmental performance, social impact and DE&I, that we are accountable to all stakeholders, not just shareowners and that we are transparent in our reporting.

Summary and outlook

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, we

expect that full year like-for-like net revenue will be down by upper single digits. Despite this, we continue to target le-for-like operational EBITDA⁸ to be broadly similar to 2024. We will continue to focus on our cost base and have taken further action to support profitability. Our targeted range for the year end net debt remains £100 million to £140 million, despite restructuring cost payments and the continuing FX headwinds witnessed so far this year. 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 target growth to outperform our markets and operational EBITDA margins to return to historic levels of around 20%⁸, with a staff cost to net revenue ratio of 65%.

The strategy of S⁴Capital 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.

Results webcast and conference call

A webcast and conference call covering the results will be held today at 09:00 GMT. The webcast of the presentation will be available at www.s4capital.com during the event.

09:00 GMT webcast (watch only) and conference call (for Q&A):

Webcast: https://brrmedia.news/SFOR_Q3_25

Conference call:

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About S⁴Capital

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 6,500 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.

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