H1 2023 Results

18 September 2023

Contents

Chapter 1

Results

Financial Headlines

Net revenue

£445.5m

+18.7% reported
+5.1% like-for-like[1]

Operational EBITDA

£36.5m

+21.3% reported
-30.2% like-for-like

EBITDA margin

8.2%

vs. 8.0% prior year reported
vs. 12.3% prior year like-for-like

Adjusted operating profit[2]

£30.6m

vs. £25.4m prior year reported

Adjusted EPS

1.7p adjusted EPS

vs. 2.1p prior year reported

Net Debt[3]

£109.4m
0.9x leverage[4]

vs. £135.5m prior year reported

Navigating through a challenging market environment

1. Like-for-like is a non-GAAP measure related to 2022 being restated to show the unaudited numbers for the previous year of the existing and acquired businesses consolidated for the same months as in 2023 applying currency rates as used in 2023
2. Adjusted operating profit is operating profit adjusted for acquisition, restructuring and other expenses, amortisation and share based payments
3. Net debt excludes lease liabilities
4. Net debt leverage is calculated as net debt / pro forma 12 month Operational EBITDA

Income statement

- Net revenue growth of 18.7%, 5.1% like-for-like, reflecting the challenging macroeconomic conditions and clients' caution
- Operational EBITDA of £36.5 million, 8.2% margin, below our initial budget reflecting slower top line growth and moderate cost growth
- Adjusting items primarily combination related with acquisition, restructuring and other expenses lower due to reduction in merger activity and reduced contingent considerations

Adjusting items £ millions	Six months ended 30 Jun 2023	Six months ended 30 Jun 2022
Amortisation of acquired intangibles	24.2	24.2
Share based payments	7.1	6.9
Acquisition, restructuring & other expenses	5.7	69.7
Total of Adjusting items	**37.0**	**100.8**

£ millions	Six months ended 30 Jun 2023	Six months ended 30 Jun 2022[2]	Change Reported	Change Like-for-like
Revenue	517.1	446.4	15.8%	2.5%
Net revenue	**445.5**	**375.3**	**18.7%**	**5.1%**
Operating expenses	(407.4)	(345.0)	-18.1%	-9.8%
Acquisition, restructuring & other expenses	(5.7)	(69.7)	91.8%	92.3%
Depreciation & amortisation	(38.8)	(36.0)	-7.8%	-5.4%
Total operating expenses	(451.9)	(450.7)	-0.3%	-6.3%
Operational EBITDA	**36.5**	**30.1**	**21.3%**	**-30.2%**
Operating loss	**(6.4)**	**(75.4)**	**91.5%**	
Adjusting items	(37.0)	(100.8)	63.3%	
Adjusted operating profit[1]	30.6	25.4	20.5%	
Finance expense & other	(16.8)	(10.2)	-64.7%	
Profit / (loss) before income tax	**(23.2)**	**(85.6)**	**72.9%**	
Income tax credit / (expense)	3.5	3.3	6.1%	
Profit / (loss) for the period	**(19.7)**	**(82.3)**	**76.1%**	
Operational EBITDA Margin	8.2%	8.0%	20bps	-410bps
Adjusted basic earnings per share	1.7	2.1	(0.4)	

1. Adjusted operating profit is operating profit adjusted for acquisition, restructuring and other expenses, amortisation and share based payments
2. The prior period figures have been restated for the adoption of the amendment to IAS 12

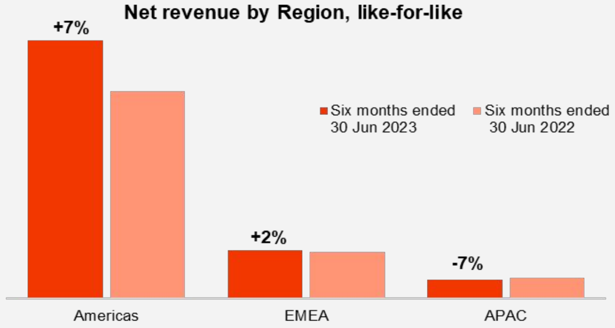
Net revenue by practice and region

- **Content's** trading overall was tough. There was solid growth across its scaled client base, although some larger Tech clients showed hesitancy and budget constraints. Some mid tier clients were affected by market softness and internal restructurings. New business, local and regional clients underperformed

- **Data&Digital Media** had modest growth in the first half, again highlighting tougher market conditions particularly in the activation and performance business lines

- **Technology Services** remained strong, benefiting from spend by key clients being weighted to the first half

£ millions	Six Months ended 30 Jun 2023	Six Months ended 30 Jun 2022	Change Reported	Change Like-for-like
Content	264.7	250.2	5.8%	-2.5%
Data&Digital Media	106.6	100.7	5.9%	2.4%
Technology Services	74.2	24.4	204.1%	54.3%
Net revenue	**445.5**	**375.3**	**18.7%**	**5.1%**



CAPITAL

Operational EBITDA by practice

- **Content** saw people cost inflation and higher IT costs against lower than budgeted revenues which impacted profitability. Control on hiring has reduced headcount at the period end and will benefit the second half

- **Data&Digital Media** also had some people cost inflation and higher travel and selling costs (vs a prior period impacted by Covid) which reduced operational EBITDA

- **Technology Services'** margin remained strong, reflecting excellent growth and delivery

£ millions	Six Months ended 30 Jun 2023	Six Months ended 30 Jun 2022	Change Reported	Change Like-for-like
Content	6.8	14.0	-51.4%	-73.3%
Data&Digital Media	16.3	17.4	-6.3%	-15.5%
Technology Services	26.5	8.8	201.1%	49.7%
S^4 central costs	(13.1)	(10.1)	-29.7%	-28.4%
Operational EBITDA	**36.5**	**30.1**	**21.3%**	**-30.2%**
Content	2.6%	5.6%	-300bps	-680bps
Data&Digital Media	15.3%	17.3%	-200bps	-320bps
Technology Services	35.7%	36.1%	-40bps	-110bps
Operational EBITDA Margin	**8.2%**	**8.0%**	**20bps**	**-410bps**

S4 CAPITAL

Debt & balance sheet

- Liquid balance sheet with long dated maturities
- £100m RCF remains undrawn
- 2023 H1 net debt £109 million (versus £135 million at June 2022), leverage at 0.9x

Availability and usage of net debt facilities

	Net Debt £ millions	Facility millions	Undrawn £ millions	Maturity Due date
Term Loan	322.7	€375.0	-	August 2028
RCF	-	£100.0	100.0	August 2026
Other Loans	-			
Cash	(213.3)			
Net debt	**109.4**		**100.0**	
Net debt to pro-forma operational EBITDA	0.9x			

£ millions	As at 30 Jun 2023	As at 31 Dec 2022[1]
Non-current assets		
Intangible assets	1,094.5	1,164.0
Right-of-use assets	51.5	55.7
Property, plant and equipment	27.0	29.7
Others	25.2	27.3
Current assets		
Trade and other receivables	365.2	442.4
Tax assets	3.6	-
Cash and cash equivalents	213.3	223.6
Total assets	**1,780.3**	**1,942.7**
Non-current liabilities		
Deferred tax liabilities	(57.2)	(63.8)
Loans and borrowings	(316.3)	(326.2)
Others	(49.9)	(60.1)
Current liabilities		
Trade and other payables	(401.4)	(443.2)
Contingent consideration and holdback	(111.3)	(177.3)
Others	(16.4)	(22.0)
Total liabilities	**(952.5)**	**(1,092.6)**
Net assets	**827.8**	**850.1**
Attributable to owners of the company	827.7	850.0
Non-controlling interests	0.1	0.1
Total equity	**827.8**	**850.1**

1. The comparatives as at 31 December 2022 have been restated for the adoption of the amendment to IAS 12, measurement period adjustments in respect of business combinations and re-presented to split out certain balance sheet items and provide more clarity for the year ended 31 December 2022

Cashflow highlights

- Capital expenditure primarily IT infrastructure, and lower than prior period which included key office fit outs
- Increase in interest paid reflects higher Euribor rates on the term loan
- Continued focus on working capital and cash management
- Higher tax costs reflect increased scale and higher tax rates
- M&A costs below prior period, largely reflecting phasing of payments to H2 2023 and lower merger activity

£ millions	Six months ended 30 Jun 2023	Six months ended 30 Jun 2022
Operational EBITDA	36.5	30.1
Capital expenditure	(5.1)	(10.2)
Interest paid	(11.6)	(6.6)
Income tax paid	(10.7)	(7.4)
Free cashflow before change in working capital	**9.1**	**5.9**
Change in working capital[1]	(10.8)	(7.7)
Free cashflow	**(1.7)**	**(1.8)**
Mergers & Acquisitions	(0.3)	(125.6)
Other	2.8	9.9
Movement in net debt	**0.8**	**(117.5)**
Opening net debt	(110.2)	(18.0)
Net debt	**(109.4)**	**(135.5)**
Net debt to pro-forma operational EBITDA	*0.9x*	*1.2x*

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

2023 Guidance

2022 Proforma net revenue[1]

c.£908m

2023 Net revenue

Expected to be down like-for-like on prior year

Trading has been slow over the summer months

EBITDA margin

12-13.5% targeted[2]

Heavily H2 and particularly Q4 weighted

Net finance expense

c.£37m (cash c.£28m)

Increased due to various FX movements

Effective tax rate 24-26% expected

DPS

The Board will consider a dividend of 1p when the final results for 2023 have been determined

Cash contingent consideration

c.£95m in H2

No further material payments due after 2023

2023 will be heavily Q4 weighted. Medium term prospects remain good

1. Pro-forma net revenue relates to unaudited full year non-statutory and non-GAAP consolidated net revenue in constant currency as if the Group had existed in full for the year and have been prepared under comparable GAAP with no consolidation eliminations in the pre-acquisition period and has been adjusted for recent FX rates (e.g. August YTD $1.245/£, September to December $1.27/£)
2. This is a target, not a profit forecast

Chapter 2

Market Momentum

2023 More challenging growth in our addressable markets

Digital Media Spend is projected to grow at 8.9% to $600m in 2023[1]

The 5 main platforms are forecast to grow ad revenue 10.6% to $420m in 2023 and 14% to $480m in 2024[2]

Digital Transformation Service revenues at peers projected to grow 2% in 2023 and 14% in 2024[3]

AI is already a $197bn market growing at 44%[4]

Influencer spend will be $34bn in 2023, up 17%[5]

Top 25 Agency Groups had 2022 revenues of $130bn, S^4 Capital has 1% market share, up 37%[6]

"Ultimately, we think Digital Transformation is still in its early stages, with long-term secular growth tailwinds, which we believe extend well beyond the current economic cycle."[7]

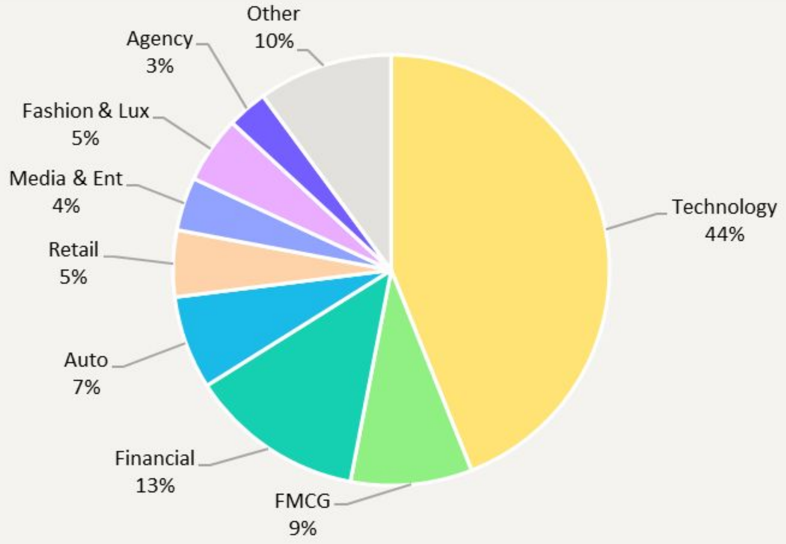
1. Groupm, Dentsu, eMarketer 2023
2. Morgan Stanley, Aug 2023
3. TD Cowan (Globant, EPAM, Endave, Thoughtworks) Aug 23
4. GrandView Research, Artificial Intelligence Market Report
5. PQ Media Sept 2023
6. AdAge, April 2023
7. Franklin Templeton, Tech Sector 2023 Outlook

Chapter 3

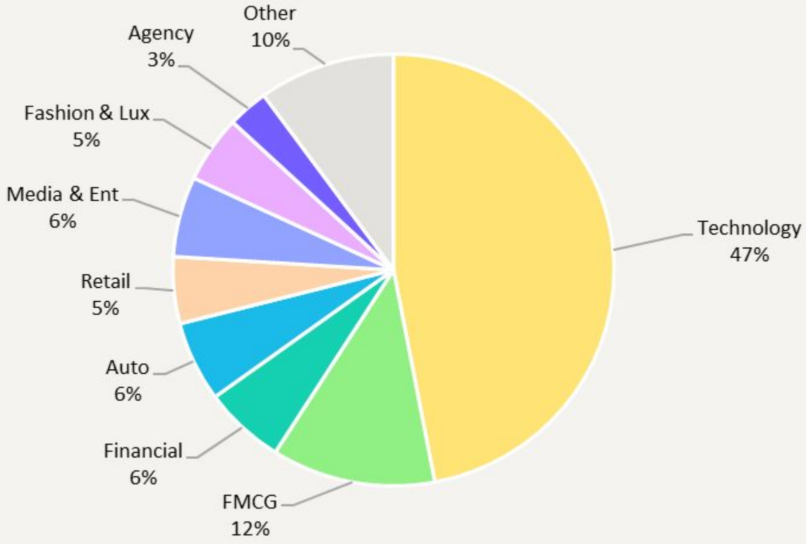
Client Analysis

Our client portfolio

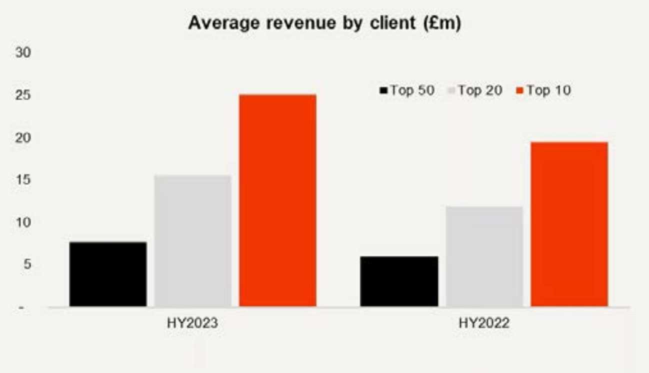
HY2023 Client Categories



HY2022 Client Categories



An attractive & growing client base



	HY2023			HY2022		
	No of Clients	% of Revenue	Cumulative %	No of Clients	% of Revenue	Cumulative %
> £10m	8	45%	45%	5	34%	34%
£5-10m	9	12%	57%	6	11%	45%
£1-5m	37	17%	74%	51	23%	68%
£0.1-1m	357	20%	94%	394	24%	92%

Chapter 4

Content


TechCrunch+ Market Analysis

Yeah, tech growth is slowing down

Alex Wilhelm

@alex / 12:30 PM EDT • May 10, 2023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The Atlantic

Progress

WORK IN PROGRESS

What the Tech and Media Layoffs Are Really Telling Us About the Economy


THE WALL STREET JOURNAL.

Business U.S. Politics Economy Tech Finance Opinion Arts & Culture Lifestyle Real Estate Personal Finance

CMO TODAY

Ad Firms Predict Slower Advertising Growth for 2023

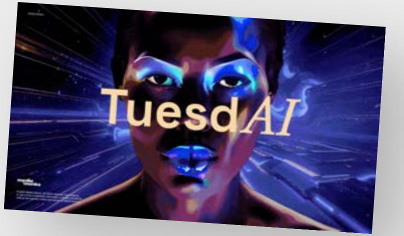
Consumer-packaged goods and finance marketers could see flat ad spending in 2023, while entertainment, travel and betting will enjoy tailwinds, according to a Magna forecast

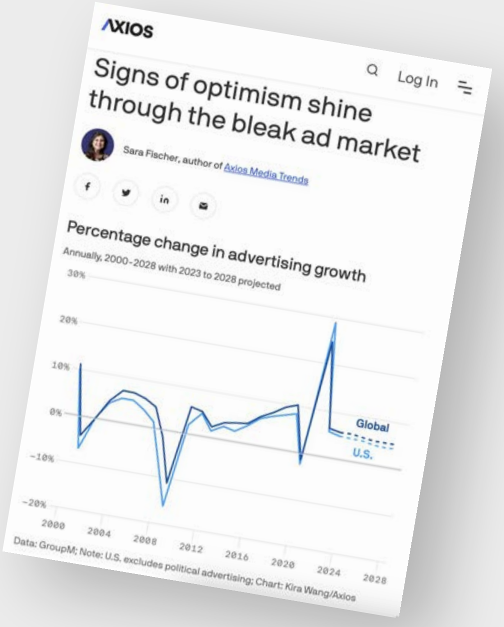
a year of ***economic slowdown*** in tech & beyond

➔ Growth has slowed across tech and within local markets, while macro pressures (budget conservatism, delayed H2 planning among some brands, client concern about potential recession) have brought longer sales cycles. Still, we continue to see growth and progress with scaled and selected portfolio clients. **While these trends seem to be impacting our industry broadly, our focus is on matching costs to revenues with more to do.**


INSIDER INTELLIGENCE | eMarketer

30% of advertisers are cutting their 2023 budgets




AXIOS

Signs of optimism shine through the bleak ad market

Sara Fischer, author of Axios Media Trends

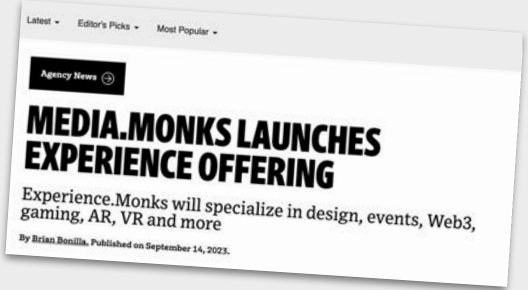
Data: GroupM; Note: U.S. excludes political advertising; Chart: Kira Wang/Axios

revving up our ***revenue gains*** strategically

➔ We've evolved our growth model and are doubling down on developing select regions like Latam, Middle East and APAC. We are seeing continued growth in scaled clients, heavily weighted to tech, and eyeing significant strategic opportunities resulting from the launch of PlusOne. Our leading positioning in AI has opened up the first wave of net new logos and revenue. We are focussed on building the new business pipeline and more strategic up & cross selling.

plusone

eventex

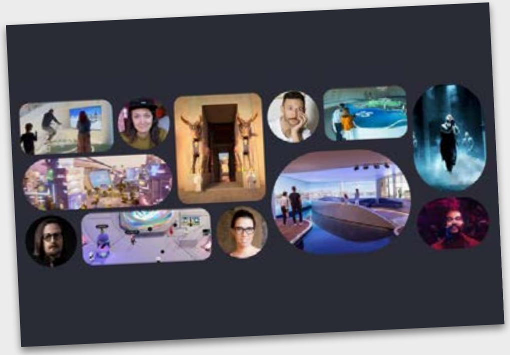

Latest Editor's Picks Most Popular

Agency News

MEDIA.MONKS LAUNCHES EXPERIENCE OFFERING

Experience.Monks will specialize in design, events, Web3, gaming, AR, VR and more

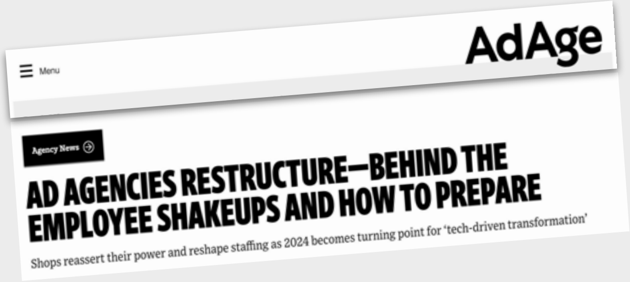
By Brian Bonilla, Published on September 14, 2023.



our latest *plus one offering*

experiences

➔ We've further integrated our teams, expanding our single P&L offering to clients with best in class subject matter expertise. The latest example is Experience.Monks (built around Jam3), which has already resulted in sizable new projects for existing clients at CES, the Super Bowl and Complexcon, and net new AI revenue helping brands redefine their customer experience.



Menu

AdAge

Agency News

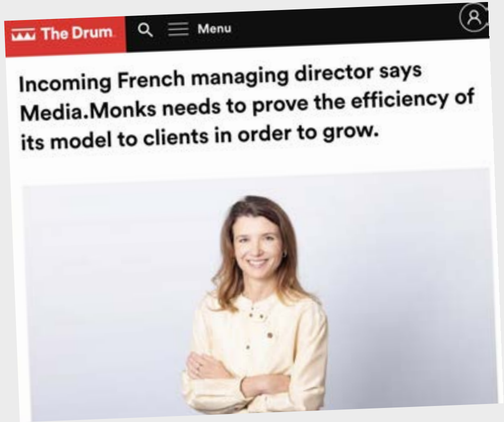
AD AGENCIES RESTRUCTURE—BEHIND THE EMPLOYEE SHAKEUPS AND HOW TO PREPARE

Shops reassert their power and reshape staffing as 2024 becomes turning point for 'tech-driven transformation'

Shauna Lewis | September 06, 2023 | The Information

How long? | 1 minute

Movers and Shakers: PHD, Accenture Song, MediaMonks, Asda, Total Media, Gucci and more



The Drum

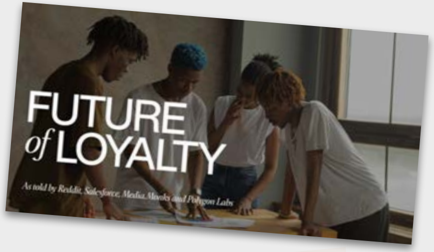
Menu

Incoming French managing director says Media.Monks needs to prove the efficiency of its model to clients in order to grow.

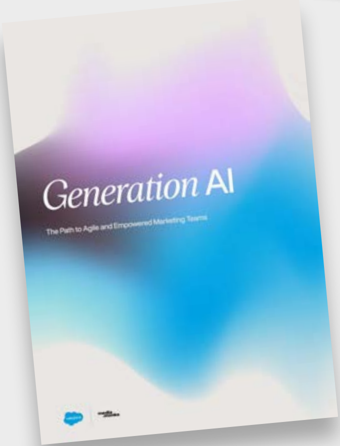
curbing costs,
building efficiencies,
true integration

→ We're a significant way through our merger model, which should drive cost efficiencies in H2, we've brought costs and hiring under control by integrating our operational teams and have refined our structure to better reflect client need. We have reduced headcount and will continue to focus on aligning cost with revenue and eliminating duplication, we've added new senior talent in key markets, with a few more to come.

attracting
people, partners
& success



➔ We’re not just attracting best in class talent, we are also launching exciting new partnerships. We were first to the Sphere with YouTube and brought Scholastic to Roblox. We've also introduced new collaborative efforts with our partners, including the launch of Fan-Focused AI Highlights with NVIDIA, AWS and Adobe and tentpole content, including our *Generation AI* report co-authored with Salesforce and *Future of Loyalty* report with Reddit, Polygon and Salesforce.



emerging stronger *& moving forward* to further our growth

➔ It hasn't been an easy year to manage—but we will continue to use a tough year to implement changes that make us leaner, lighter with more levers to grow. We've spent this year optimizing internal teams and structure without negatively impacting levels of quality and service. And have put ourselves in a industry leading role by building out our AI vision, and turning that into a reality across our practices —efforts that will pay off in future growth as we enter the next wave of "software eating the world".

Chapter 5

Data&Digital Media

S4 CAPITAL

Data&Digital Media | 2023 2H Outlook

CLIENT TRADING

Client Spend Softness

Clients are cautious with media investments in 2H and seasonal Q4 spend. Lower commitment rate. Our percent of Media volume and Media Technology resale based business is likely to see more softness this season.

Leaner Client Teams

This trends is offset by clients controlling staffing investments and relying on seasonal support. Staff augmentation is helping our Transformations and Managed Services business.

Agency Consolidation

Agency consolidation trends continue. Simplification, reduction of partners can work in our favor with established large clients. Or, work the other way where non-differentiated work can be moved back to scaled agency partners.

Decision Timelines

Slower decision making has materially elongated our sales cycle shifting new business to end of year or 2024.

ACTIONS

Media OS and Org Design

Media OS & Audience platform updates to fuel automation and incorporate gen AI to inform media strategy, decisioning and optimization for clients.

Deeper data, tech, planning investment, and measurement cohesion within media teams, continue to desilo these functions.

Client Cross-Sell

Reinvigorated Client teams and account management layers that fulfill on the +1 strategy. Actively penetrating existing portfolio with new services (15 productized offers that are tailored to CMO challenges)

Staff Efficiencies

Hiring & staffing plans adjusted to balance weaker media spend.

Leaner and more efficient AI-enabled teams focused centrally coupled with scalable process.

Hub Strategy

Bolster up our hub strategy for just-in-time resourcing without sacrificing quality performance.

Leveraging talent hubs in each region to ensure consistent coverage while insulating margin and rate cards. Deepening scale of hubs across all service capabilities to achieve economies of scale

Data&Digital Media | H1 2023

H1 - CLIENT MOMENTUM

New Clients

kraken

Trustpilot

Kimberly-Clark

THE ABNORMAL BEAUTY COMPANY. DECIEM

MITSUBISHI

NETFLIX

FAR EAST HOSPITALITY

Land + Expand

amazon

Nationwide

St. Jude Children's Research Hospital
Finding cures. Saving children.

DIAGEO

AARP

Helen of Troy
OXO, Hydro Flask, Osprey, Honeywell, PUR, Braun, Vicks, Hot Tools, drybar

THOUGHT LEADERSHIP

Main Beats| Importance of Data, AI, Customer Relationship Innovation

- Activating First-Party Data
- Revolutionizing Customer Relationships Through AI
- Unlock deep customer insights with a Data Cloud

SPOTLIGHT

salesforce | media.monks

Salesforce + MM| Media.Monks named launch partner for both Salesforce's Web3 and AI announcements (article)

Nina Haller Managing Director, DDM DACH on:
"What does modern marketing have to do with technology and how many people are still needed?" (Marken Award 2023)

SPOTLIGHT

Absatzwirtschaft | Brand Award 2023: Top speakers on AI

Data&Digital Media | H1 2023

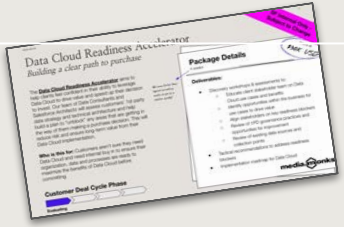
OUR WORK

- Global Expansion Measure.Monks offering
- Ramping up our development of modularized enterprise-grade, cloud-based data and analytics products
- Media OS updates to inform media strategy for clients
- Investment in data & tech products to fuel our media practice
- Increase stickiness among resale clients through cross-selling

SPOTLIGHT

Data Foundations Launch

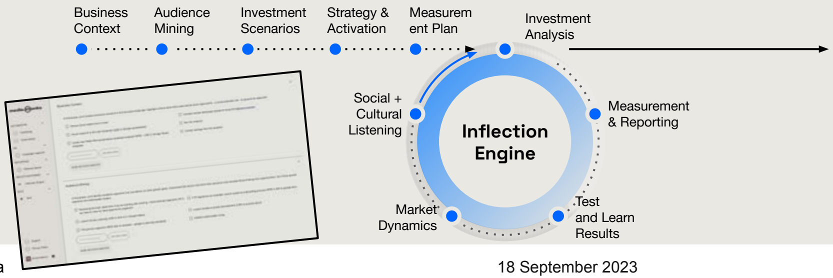
Data Cloud Offering:
Accelerators for every deal stage



SPOTLIGHT

A **"media product"** that creates a solid and sustainable foundation, but tracks and monitors **key inflection points** when the market shifts and informs our teams when plans need to change.

This process informs every aspect of our team - from strategy, to messaging, to audience, to measurement. We call this: **Inflection Planning**



S4 CAPITAL

Data&Digital Media | Foundations 2024

PARTNERSHIPS

salesforce SUMMIT PARTNER

- #5 on Global Agency Rankings
- Announced as Strategic Launch Partner for Salesforce Web3
- Announced as Influential Partner in building GenAI
- Achieved Ridge Status for new Managed Partner Program

Walmart Connect — Formalized Walmart Connect & Full-Service Provider Partnership

amazonadvertising — Expanded partnership with new "Buy with Prime" offering

Selected as Partner for GCAS x AI Program

Hosting series of Hackathons with Google around emerging technologies

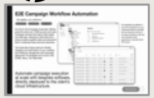
Established partnership to test GenAi on GCP

Data/Automation Partnership Development

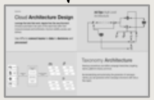
workato — **"Groundbreaker" Award** won at Automate '23

AUTOMATION

Launching Automation Consulting & Services in Market



- Media OS
- Taxonomy Engine
- Cross Platform Trafficking



Client Ex: E2E Campaign Automation

60% ↓ process inefficiencies
50% ↓ admin needs
29% ↓ platform overheads

17K+ hours & $1MM+ **saved annually***

Internal Automation Initiatives

71+ — Automation services deployed

↑ — Launched **Automation Enablement team** to modernize work process within BOH infrastructure across pillars

ARTIFICIAL INTELLIGENCE

Launching AI Products and Services In Market

LLM powered products to "talk to your data" for media insights gathering and planning

Creative fatigue optimization leveraging Generative AI, Data Science and ML to predict ad success on historical data

Internal AI Initiatives

Established AI Enablement leadership to expand ambassador program and introduce AI into Capabilities

Increased focus on developing software solutions for e-commerce, CRM, and creative

Chapter 6

Technology Services

More **new clients**

PHILIPS

rise8

Southwest

ezERC

Apex

JB Emerging Tech

BMW

We’re Winning Together

Prospecting

→ 18 months of chasing

Connecting

→ Partnership with Experience.Monks

Landing

→ 60 days
Large scale SOW
+ AI opportunities

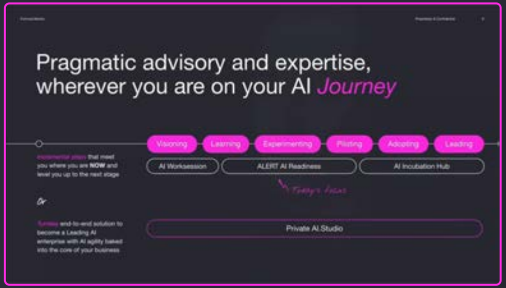
Expanding

→ 90 days
Significant $
expansion

More expertise in AI & Cloud and new ways to start.

New AI Engagements in H1 with:

SC Johnson	T Mobile	Marriott
hp	prime video	AARP
KraftHeinz	BRAUN	Wunderkind



Alert – Effectively measure and improve AI readiness at the enterprise.

Kwasi Ankomah – Head of AI

Aniruth Sarathy – Head of Cloud

Spark! – Quickly align vision, opportunity, and outcomes to a blueprint for action.

our
capability expansion

Consulting

Consulting acts as a unifying strategy layer on our API model.

Expanded teams of management/business consultants are being deployed as billable resources to deliver immediate value to our clients while generating revenue and unlocking new opportunities – from day one.

Accessibility

Solutions to build intuitive and accessible digital products for all.

1. Accessibility Audits
2. AI-powered Accessibility
3. Training & Education

AI & ML

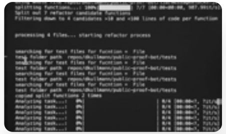
Becoming an AI-powered organization means rapid deployment of creative solutions for our clients and ourselves.

New AI Service Offerings

1. **AI Readiness Assessments:** Identify risks and opportunities for adopting AI at the enterprise.
2. **AI Innovation Studios:** Dedicated innovation teams for big bets.
3. **Rapid Discovery for AI:** Define requirements and solutions fast.
4. **AI Workshops:** Facilitated activities to help define your AI strategy now.
5. **Bot-camps & Demos:** Crash courses in AI with a perfectly tailored syllabus.

GPTGladiator
Score the best response to your prompt.

Refactor Bot
for better code, automated



DocRobot.ai
A new way to interact with PDFs.

Persona Generator
Create personas in one click.

our
first in-market AI product

DocRobot.ai

Effortlessly locate, condense, or interpret information while concealing any sensitive or confidential data.

growing **demand gen**

Ben Lee
Chief Marketing Officer
@Formula.Monks

Patrick Ward
VP of Marketing
@Formula.Monks

6 new managing partners

our **new partners**

ORACLE

NVIDIA

Oracle CloudWorld
— Private AI Roundtable Participant
— Partnership Accelerator
— Technical Certifications

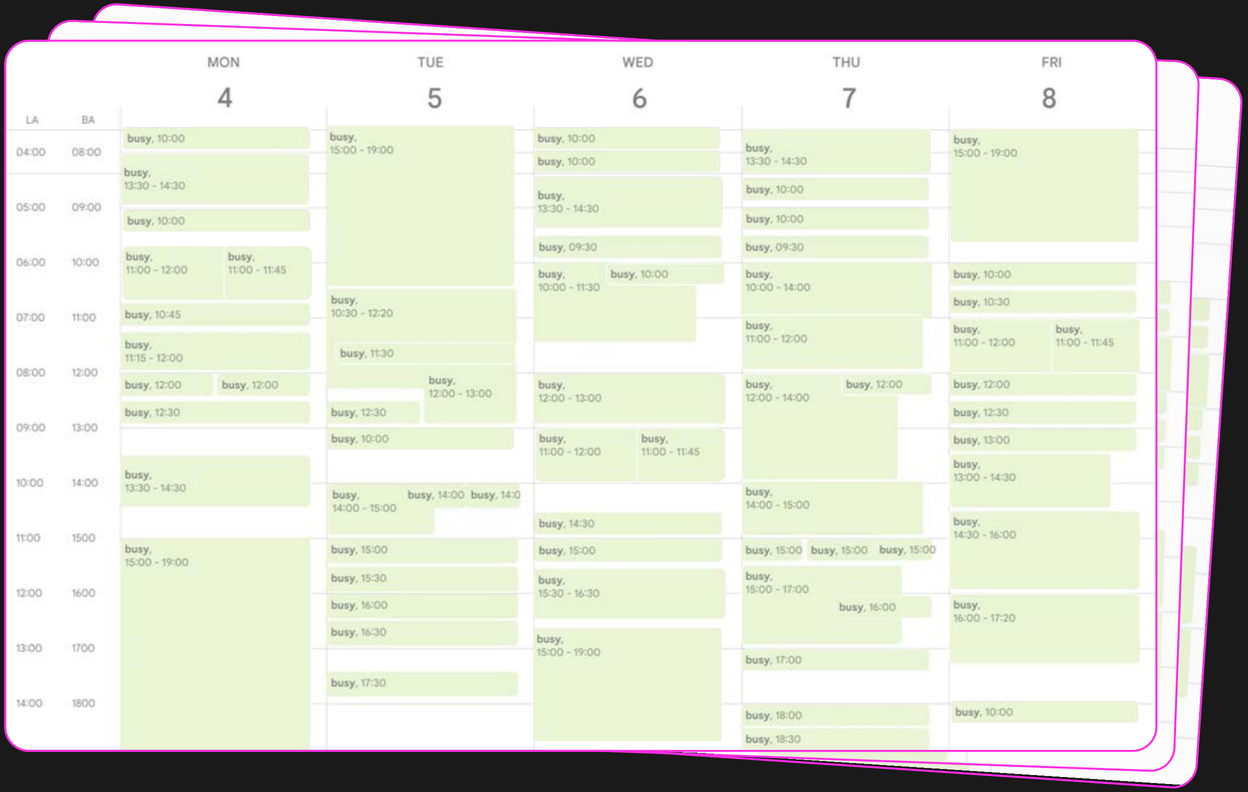
Chapter 7

Artificial Intelligence

WHAT'S HAPPENING *now*

Culture • Commerce • Technology

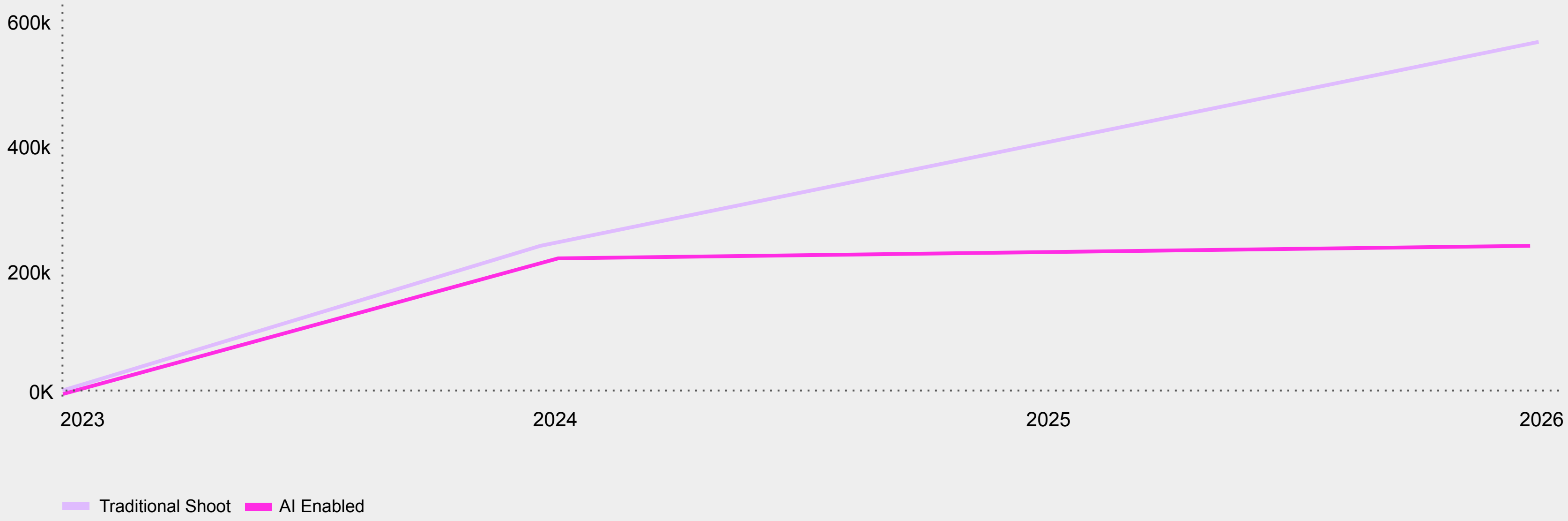
My calendar for the last **3 months**



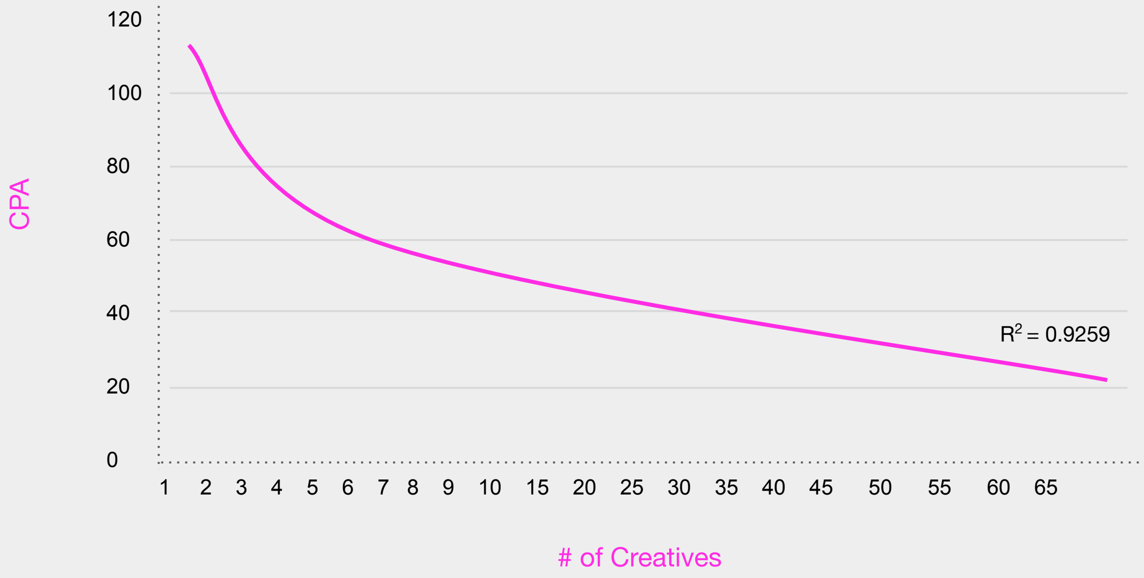
“Based on what they already have, yes, many jobs and agencies can be replaced”

CMO at a global CPG firm

Efficiency

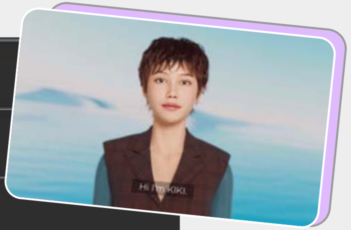

600k
400k
200k
0K
2023
2024
2025
2026
Traditional Shoot
AI Enabled

Effectiveness



Experience

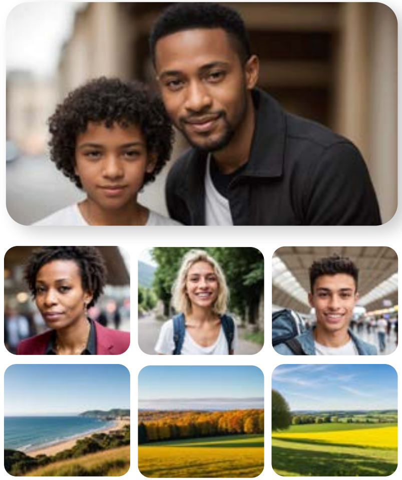
- [ ] Personalized
- [ ] Accessible
- [ ] Progressive
- [ ] Native
- [ ] Good value
- [ ] Sustainable
- [ ] Immediate
- [ ] Omnichannel
- [ ] Useful
- [ ] Entertaining



We're building pipelines

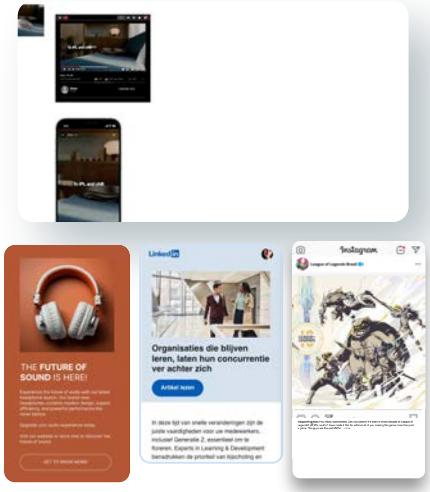
Photography

Relevant | Customized | Faster | Cost efficient



Scaled Copy

Scaled | Natural | Personalized | SEO



Data Science

Analytics | Predictive | Faster | Accurate

And partnerships

"Our collaboration with the Monks will help deliver a more engaging and personalized experience for brands and consumers"

NVIDIA

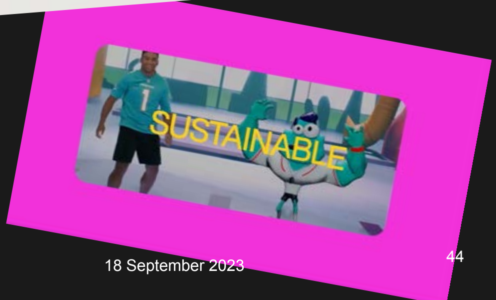
aws NVIDIA Adobe ORACLE Meta salesforce

yahoo!finance

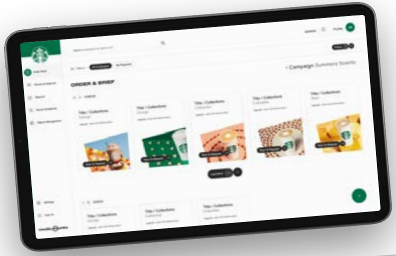
Media.Monks Revolutionizes the Fan Experience With Software-Defined Production and AI

Driven by advances in technology from Adobe, Amazon Web Services and NVIDIA, this disruptive innovation moves Media.Monks' broadcast systems into a new arena

LOS ANGELES, Sept. 14, 2023 /PRNewswire/ -- Media.Monks, the purely digital operating brand of S4Capital plc, is announcing an AI offering that will infuse machine learning into its software-defined production solution to deliver fans hyper-personalized content across new media formats. Media.Monks will share more details alongside NVIDIA and Amazon Web Services on stage at the 2023 International Broadcasting Convention (IBC) from 15 – 18 September in Amsterdam, NL.



Across the value stack



Generative AI Value Stack

Services

- Automation
- Augmentation
- Transformation

Software & Applications

- Vertical Apps
- Horizontal Apps
- Vertically integrated Apps & Models

Models & ML Ops

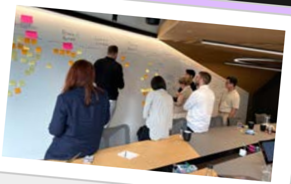
- Foundation
- Verticalized
- On-Device
- Vertical DB

Infrastructure & Platforms

- Hyperscalers
- Digital Infra
- Telcos

Silicon

- Consumables
- Capital Equipment
- Semiconductors



We have the receipts

“A fifth of rich world firms do not even have a website”

The Economist

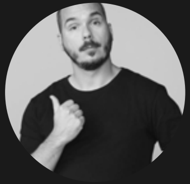
A copywriter used to do 4 pages a day, now we’re aiming for 40

Louise
Media.Monks

“We don’t have to pull reports because now I can just talk to our data”

Michael
Data.Monks

We finally get to create the experiences we’ve Always Imagined



Vincent
Experience.Monks

CHECK OUT OUR LATEST REPORT

Chapter 8

Summary and Outlook

Summary and Outlook

- Very mixed first half of 2023
- Net revenue growth of 5% like-for-like, behind our expectation, reflecting challenging macro-economic conditions and client fear of recession
- Solid growth across scaled client base with top 20 clients' like-for-like revenue up 9% and top 50 up 11%
- Longer sales cycles particularly evident in Content, and especially with tech, local and regional clients
- Profitability reflects slower topline growth and some people and indirect cost inflation and was below budget at £37 million
- Disciplined approach to cost management, and focus on efficiency and integration will affect H2 and Q4 in particular, with more to do. Number of Monks already now c.8550, down 5% on this time last year
- Net debt of £109 million (versus £135 million at this time last year), better than expected due to timing of combination payments. Year end guidance remains £180 to 220 million
- Inaugural dividend of at least 1 pence per share, depending on 2023 outturn, reflecting Board's confidence in our strategy
- Continued ESG focus on three areas: zero impact workspaces; sustainable work and diversity; equity and inclusion
- Initial traction from AI conversations and initiatives is encouraging and we remain at the forefront leading this change
- Revised full year net revenue target expected down like-for-like on prior year with operational EBITDA margins targeted at 12 to 13.5%[1]
- We remain confident our talent, business model, strategy and focus on scaled and portfolio client relationships position us well for above industry average growth in the longer term with an emphasis on improving efficiency and margins, along with a focus on dividends and share buy backs

1. This is a target not a profit forecast

Chapter 9

Q&A

Chapter 10

Appendix

S4 CAPITAL

Appendix | Additional information

Guidance on adjusting items for 2023

- Amortisation c.£50-55m
- Share based payments c.£15-20m
- Acquisition, restructuring and other expenses c.£25-£30m (was £55-£65m, reduction due to lower contingent payments and revaluation of contingent consideration)
- Total adjusting items expected c.£90-£105m

Weighted average share count

- Expected weighted average share count for 2023 of c.650m[2]
- Expected weighted average share count for 2024 of c.695m[2]

Shares Consideration Committed

- Deferred share issuance of c.14m shares in 2023 and c.36m in 2024, totalling c.50m
- Expected contingent consideration shares of c.65m in 2023 (assuming current share price for contingent issues in H2[1])

Cash Contingent Consideration

- Expected cash contingent commitments of c.£95m in H2 2023

Invested Capital

- Invested capital to date c.£1.1bn[3]
- Invested capital plus 6% CAGR to date c.£1.3bn[4]

1. Calculated using the closing share price on 15th September 2023 of 95.5p
2. Estimated weighted average share count excluding any impact due to the incentive shares. Note this number will fluctuate depending on the share price applied to, and timing of contingent consideration shares
3. Invested capital is the sterling value of capital injected into S[4] Capital 2 Ltd which effectively mirrors the net proceeds of equity issuance by S[4] Capital plc-plus the sterling value of all ordinary shares issued by S[4] Capital plc as consideration for mergers and acquisitions
4. 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 S[4] Capital 2 Ltd which is effectively the date of any equity issuance by S[4] Capital plc for cash and the date any consideration for mergers and acquisition became due up to 6 September 2023

Thank you