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S4 Capital PLC
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4 May 2021

S4 Capital plc ('S^{4}Capital' or 'the Company')
First Quarter Trading Update

S^{4}Capital grows one-third like-for-like

- Most importantly and thankfully, there continue to be very few reported cases of infection and subsequent illness among our now almost 5,000 people and their families in 31 countries, although cases in Brazil, the Netherlands and India have risen recently and we are trying to help our colleagues and families in India in particular
- Reported revenue up 71% to £122 million, up 35% like-for-like and 35% pro-forma
- Reported gross profit up 71% to £104 million, up 33% like-for-like and 33% pro-forma
- Cash flow and balance sheet remain strong with average net cash of around £50 million for the first quarter, after significant merger payments since the equity fundraising in July 2020
- Strong rebound in global GDP growth in 2021 and 2022 will drive 20% per annum growth in digital advertising, as the pandemic accelerates digital transformation
- The Company will now target even stronger sector leading 30% like-for-like revenue and gross profit growth (up from 25% previously) and strong operating EBITDA margin in 2021
- Strong chance of achieving the Group's three-year plan of doubling organically
- Near term bond issue to further enhance merger transaction firepower
- Good progress against our ESG commitments with industry leading net zero by 2024

S^{4}Capital plc (SFOR.L), the new age/new era digital advertising and marketing services company, provides the following trading update for the three-month period ending 31 March 2021.

Financial performance and outlook

The Company grew strongly in the first quarter, showing an acceleration in the like-for-like gross profit (net revenue) growth rate from 27% in the fourth quarter of 2020 to 33% and compared to 19% in the pandemic-affected first quarter last year. The two recent "whopper" wins started to have a significant positive impact in March. This represents an excellent start to achieving the Group's 2021-23 three-year plan of doubling its size on a like-for-like basis and of also achieving the previous 2019-21 and 2020-22 three-year plans, which both also called for a doubling.

As is our normal practice, we are in the process of revising our annual forecast at the end of the first quarter and we will raise our like-for-like gross profit (net revenue) target from 25% to 30%. The earnings before interest, taxes, depreciation and amortisation (EBITDA) margin was also strong in the first quarter, although we still expect to follow the pattern we have seen in 2019 and 2020, where the second half shows a stronger margin as hiring is made in the first half to accommodate the planned growth rate for the year.

Reported revenue was up 71% to £121.6 million and gross profit (net revenue) up over 71% to £104.0 million. Like-for-like revenues and gross profit (net revenue) were up 35% and 33% respectively. Pro-forma revenues and gross profit (net revenue) were up the same.

The Group's Content practice, representing 72% of total gross profit (net revenue), was up 64% in reported revenues and 62% in gross profit (net revenue), up 35% and 31% like-for-like and the same pro-forma.

The Group's Data & digital media practice, representing 28% of total gross profit (net revenue), was up 100% in reported revenues and 101% in reported gross profit, up 35% and 36% like-for-like and the same pro-forma.

Geographically, all regions showed strong growth. The Americas, representing 70% of reported gross profit (net revenue), reported gross profit (net revenue) up 63%, EMEA, representing 21%, up 97%, and Asia Pacific, representing the remaining 9% up 95%. On a like-for-like basis, the Americas were up 30%, EMEA up 44% and Asia Pacific up 34%. On a pro-forma basis, all the regions grew at the same levels as like-for-like.

Cash flow remains strong, above the most optimistic scenarios mapped out in April of last year following the initial impact of the pandemic, with average net cash balances of approximately £50 million for the first quarter, after merger cash payments of around £95 million, following the equity issue of £113 million net in July, 2020.

Corporate activity

In the first quarter, the Content practice announced mergers with Decoded Advertising in the United States, Tomorrow China in China, Staud Studios in Germany and Jam3 in Canada. The Data & digital media practice merged with Metric Theory and acquired the assets of Datalicious Australia. These mergers and the ones before have turbocharged the firm's organic growth rate as significant revenue synergies have been identified and generated.

We continue to examine merger opportunities, especially in high growth functional areas of the Content and Data & digital marketing practices. We are prepared to leverage the Company to around two times EBITDA and are preparing a bond issue to lock in our long-term debt capacity at attractive rates. This, together with cash in hand and the 50:50 cash:equity merger structure we commonly use, will give us

£500 million of merger transaction firepower.

In response to the murder of George Floyd, we have prioritised our diversity initiatives. In Q1 we have hired our first fellows on the S4 Fellowship programme, who are starting the four-year internship currently. We are recruiting from the historically black universities and high schools in the United States. In addition to the matching-funding programme last year and changes to our recruitment and training techniques, the Fellowship will grow our people of colour population to where it should be, reflecting the communities in which we work. It is currently at around 40%, with the black population around 5%.

While our gender balance is even across the firm as a whole, the proportion of women leaders drops at senior levels. In order to address this issue, we have initiated the S4 Women Leadership Programme at UC Berkeley. The first flight of approximately 50 women have already started their six-month virtual course. There will be more flights in future from across the firm.

On our broader ESG goals we have also made what we believe to be "industry-leading" sustainability commitments (others seem to have a different view): we commit to being fully carbon neutral by 2024 and have already started planting our S4 Forest; and we have made significant progress in our ambition to become a certified B corporation.

S^4Capital's third annual report will be published on 10 May. Both digital and pdf versions will be accessible on the company's website at www.s4capital.com.

Statement from the Executive Chairman

Managing the impact of covid-19

Thankfully, we seem to be putting the pandemic behind us as vaccination programmes start to take hold, ultimately creating herd immunity. However, there are still waves of covid-19 or its variants that flare up and Brazil, the Netherlands and India remain significantly affected in our geographical footprint.

First and most importantly, almost all of our 5,000 people in 31 countries and their families generally continue to be well and safe, although we are very concerned for our colleagues and their families in India, following the recent surge in cases of covid-19. As stated in previous reports, we have had very few reported cases of infection, subsequent illness and long covid. Most, if not all, of our people continue to work effectively from home, with varying geographic patterns. Asia-Pacific is coming back to the office fastest, with EMEA generally more cautious, North America returning and South America still hesitant. As digital natives, home working or a 24/7 approach was nothing new, almost business as usual and productivity has been maintained almost at previous levels.

We think the future attitude to working from home and attendance at the office will change. Although patterns may differ geographically, we believe that it is most likely that offices will be occupied on average for three days a week, for there to be more distance living and working and more flexible working hours and commuting times.

While there may be a need to develop and reinforce the culture of the company, particularly for new recruits (and we have had some 2,500 of them since this time last year), the pandemic has demonstrated that a more flexible, "hybrid" approach may be more effective. This is particularly the case as we are probably at the beginning of further significant technological change, which will make distance working and living more effective. Office spaces will also be different. We will continue to consolidate our two practices in each city into one location, but the pattern of office layout may vary between spaces for clients, spaces for our people to work together and for our people to have privacy.

Secondly, as we effectively represent a royalty on the growth of digital marketing transformation, we have benefited from our clients continuing to increase their investment in digital content and Data & digital media.

This has been accelerated, firstly, by the impact of the pandemic, which has accelerated the shift to online marketing amongst three communities - consumers, the media and enterprises. In addition, it has been accelerated by the snapback in global GDP growth after last year's decline, which is currently estimated to be 5-6% this year and 4-5% next. When was the last time we saw two sequential years when GDP growth was at those levels and with low levels of inflation, at least for now?

This all augurs well for digital marketing spend, as there is a clear correlation between GDP growth and digital marketing expenditure. Hence, the experts' forecasts of a 20% increase in digital spend this year, with digital's share rising to 70% of total ad spend by 2026, compared to 50% last year.

We are extremely optimistic about our prospects for this year and next, given the huge global fiscal and monetary stimulus introduced to counter the impact of the pandemic and the subsequent increase in consumer savings ratios and stagnation of corporate capital investment. The chickens may well come home to roost in 2023, given the debt burden that most countries will have and the tax increases that will have to be implemented. But, digital marketing expenditure remains robust, even in a recession, as our results last year demonstrate, given its secular growth trend.

Finally, our financial position and liquidity remain robust. We maintained net cash balances of approximately £50 million in the first quarter and outperformed even the most optimistic liquidity scenarios that we programmed for 2020 and beyond.

Conversion at scale accelerates

We achieved brand awareness following the formation of the company in the last half of 2018. We also achieved brand trial during 2019 and 2020, culminating in the significant content wins at BMW/MINI and Mondēlez in November last year.

Our first objective for 2021 is to focus on our 20 squared objective, which is to develop 20 clients with over $20 million of gross revenues, what we call "whoppers". We are projecting five for 2021, Google, another FAANG (NDA), BMW/MINI, Mondēlez and Facebook. We believe we will be able to target a further three tech clients this year, which would total eight, of which six would be in tech and telecommunications. In addition, we have identified another two potential "whoppers", currently with revenue of $5-15 million per annum and another five, currently with revenue of $2-10 million per annum, all of which have the potential to be "whoppers" in time. That leaves five more clients to be identified. We are somewhat reticent to report progress on our 20 squared objective as analysts tend to add each "whopper" to our targets. Essentially, this objective will be achieved by a land & expand strategy, along with promising pitches and are part of achieving the overall targets in our three-year plans.

Our second objective is to roll out our unified brand. We are in the process of a soft launch to socialise the new identity with our people and our clients, in order to avoid the elephant traps some others have fallen into recently.

Finally, our third objective is to broaden and deepen our Content and Data & digital services through mergers or combinations.

In the first quarter, the Group's 'land and expand' and judicious pitch strategy resulted in significant new work with many of our larger clients such as Google, Facebook, Amazon, P&G, Mondelēz, AB Inbev and Netflix. Notable new business wins in the quarter include assignments from Diesel, N26, McLaren, Allianz, Crocs, Instacart, Shopify and Xero.

In addition, in the first quarter, we have been invited to present for significant briefs from two major global FMCG or CPG clients.

New business activity is frenetic and the pipeline is significantly above the level at this time last year, with considerable current pitch and land and expand opportunities across the board.

We were disappointed to have to postpone our Capital Markets Day in Amsterdam last year, although we held it virtually later on in the year in September. As soon as travel restrictions are lifted, we will be organising a second Capital Markets Day in Amsterdam at our new consolidated offices. Full details will be sent to analysts and investors as soon as travel restrictions are lifted.

Digital transformation will accelerate rapidly over the next two years and beyond

We feel very optimistic about our Company and its prospects. Clients are focused on taking back control of their marketing functions, which favours our in-house, embedded or even outsourced capabilities. In addition, the privacy decisions by both Google and Apple and the resultant crumbling of third party cookies have all played to the strengths of our global data and analytics network and stressed the fundamental importance of first party data and the walled gardens. As a result, the marketing VIX index (if there was one) has spiked, creating significant additional demand for our data & analytics and digital content and media expertise. Agility continues to be the key corporate attribute and our go-to-market mantra faster, better, cheaper or speed, quality, value is resonating increasingly with our current clients and potential ones. The pandemic has accelerated digital transformation. The recovery in global GDP and the secular trend to digital marketing provide strong tailwinds.

Sir Martin Sorrell, Executive Chairman

£ million	**Reported**		**+/-%**	**Like-for-Like**		**+/-%**
	Q1 2021	Q1 2020		Q1 2021	Q1 2020	
Revenue						
Content	92,198	56,267	*64%*	92,198	68,214	*35%*
Data & Digital Media	29,391	14,698	*10%*	29,391	21,720	*35%*
Total	**121,589**	**70,965**	***71%***	**121,589**	**89,934**	***35%***

Gross Profit						
Content	74,579	46,128	*62%*	74,579	56,824	*31%*
Data & Digital Media	29,391	14,596	*101%*	29,391	21,543	*36%*
Total	**103,970**	**60,724**	***71%***	**103,970**	**78,367**	***33%***

£ million	**Reported**		**+/-%**	**Like-for-Like**		**+/-%**
	Q1 2021	Q1 2020		Q1 2021	Q1 2020	
Gross Profit by Geography						
Americas	73,419	45,154	*63%*	73,419	56,648	*30%*
EMEA	21,631	11,004	*97%*	21,631	15,046	*44%*
Asia-Pacific	8,920	4,566	*95%*	8,920	6,673	*34%*
Total	**103,970**	**60,724**	***71%***	**103,970**	**78,367**	***33%***

Notice of AGM

S[4]Capital will post and publish its Notice of Annual General Meeting 2021 on Monday, 10 May from which point it will be available on the Company's website: www.s4capital.com. The Annual General Meeting will take place on Monday, 7 June. As last year, it has been decided to hold a hybrid meeting whereby the Chairman will host and chair the Annual General Meeting at 12 St James's Place, London, SW1A 1NX and all other attendees will participate electronically.

Webcast and conference call

A presentation will be held at 9.00am BST. A live webcast of the presentation will be available during the event at:
https://brrmedia.news/SFORQ121
For Q&A:
UK: +44 (0)330 336 9127
US: +1 323-794-2093
Confirmation code: 1022761
A further live webcast to cover the results will be held today at 8.00am EDT / 13.00pm BST and will be available at:
https://brrmedia.news/SFORQ121US
For Q&A
US: +1 323-794-2588
UK: +44 (0)330 336 9424
Confirmation code: 1887738
Enquiries to:

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Elly Williamson/Jack Shelley

About S^{4}Capital

S^{4}Capital 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. S^{4}Capital estimates that in 2020 digital accounted for over 50% (for the first time) or $290 billion of total global advertising spend of $525 billion (excluding over $500 billion of trade promotion marketing, the primary target of the Amazon advertising platform), and projects that by 2022 this share will grow to approximately 60% and by 2024 to approximately 66%, accelerated by the impact of covid-19.

S^{4}Capital 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. In January 2021, MediaMonks announced its combination with integrated creative, technology and media agency Decoded Advertising, Shanghai based creative agency TOMORROW and Stuttgart based automotive specialist STAUD STUDIOS. MightyHive also announced its combination with integrated digital performance marketing agency Metric Theory. In February 2021, MightyHive acquired the assets of Datalicious Australia, a leading Google Marketing Platform, Google Cloud and Google Analytics partner in Asia Pacific. In March 2021, MediaMonks announced it had entered into a conditional agreement in relation to a combination of MediaMonks with Toronto-based design and experience agency, Jam3.

On 16 July 2020, S^4Capital announced the successful placing of 36,766,642 new ordinary shares at a price of 315p raising approximately £116 million gross proceeds which will be used for further expansion and combination purposes.

Victor Knaap, Wesley ter Haar, Pete Kim, Christopher Martin, Peter Rademaker and Scott Spirit all joined the S^4Capital Board as Directors. The S^4Capital 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 5,000 people in 31 countries across the Americas, Europe, the Middle East and Africa and Asia-Pacific and a current market capitalisation of approximately £3.0 billion (c.$4.2 billion), and would rank around 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 £12 billion. Prior to that Sir Martin was Group Financial Director of Saatchi & Saatchi Company Plc for nine years.

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, securities in the Company.

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^4Capital 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.

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