



STAGWELL

TRANSFORMING MARKETING

First Quarter 2022

EARNINGS PRESENTATION

MAY 6 | 2022

FORWARD LOOKING INFORMATION & OTHER INFORMATION

This presentation contains forward-looking statements. Statements in this presentation that are not historical facts, including without limitation the information under the heading "Financial Outlook" and statements about the Company's beliefs and expectations, earnings (loss) guidance, recent business and economic trends, potential acquisitions, and estimates of amounts for redeemable noncontrolling interests and deferred acquisition consideration, constitute forward-looking statements. Words such as "estimates", "expects", "contemplates", "will", "anticipates", "projects", "plans", "intends", "believes", "forecasts", "may", "should", and variations of such words or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in this section. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update publicly any of them in light of new information or future events, if any. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statements. Such risk factors include, but are not limited to, the following:

- risks associated with international, national and regional unfavorable economic conditions that could affect the Company or its clients;
- the effects of the coronavirus pandemic ("COVID-19"), and the impact on the economy and demand for the Company's services, which may precipitate or exacerbate other risks and uncertainties;
- an inability to realize expected benefits of the combination of the Company's business with the business of MDC (the "Business Combination" and, together with the related transactions, the "Transactions");
- adverse tax consequences in connection with the Transactions for the Company, its operations and its shareholders, that may differ from the expectations of the Company, including that future changes in tax law, potential increases to corporate tax rates in the United States and disagreements with the tax authorities on the Company's determination of value and computations of its attributes may result in increased tax costs;
- the occurrence of material Canadian federal income tax (including material "emigration tax") as a result of the Transactions;
- the Company's ability to attract new clients and retain existing clients;
- the impact of a reduction in client spending and changes in client advertising, marketing and corporate communications requirements;
- financial failure of the Company's clients;
- the Company's ability to retain and attract key employees;
- the Company's ability to compete in the markets in which it operates;
- the Company's ability to achieve its cost saving initiatives;
- the Company's implementation of strategic initiatives;
- the Company's ability to remain in compliance with its debt agreements and the Company's ability to finance its contingent payment obligations when due and payable, including but not limited to those relating to redeemable noncontrolling interests and deferred acquisition consideration;
- the Company's ability to manage its growth effectively, including the successful completion and integration of acquisitions which complement and expand the Company's business capabilities;
- the Company's material weaknesses in internal control over financial reporting and its ability to establish and maintain an effective system of internal control over financial reporting;
- the Company's ability to protect client data from security incidents or cyberattacks;
- economic disruptions resulting from war and other geopolitical tensions (such as the ongoing military conflict between Russia and Ukraine), terrorist activities and natural disasters;
- stock price volatility; and
- foreign currency fluctuations.

Investors should carefully consider these risk factors and the additional risk factors outlined in more detail under the caption "Risk Factors" in Exhibit 99.2 to our Current Report on Form 8-K, filed with the Securities and Exchange Commission (the "SEC") on March 17, 2022, and accessible on the SEC's website at www.sec.gov, and in the Company's other SEC filings.

DEFINITIONS OF NON-GAAP FINANCIAL MEASURES

Non-GAAP Financial Measures: In addition to its reported results, Stagwell Inc has included in this presentation certain financial results that the Securities and Exchange Commission (SEC) defines as "non-GAAP Financial Measures." Management believes that such non-GAAP financial measures, when read in conjunction with the Company's reported results, can provide useful supplemental information for investors analyzing period to period comparisons of the Company's results. Such non-GAAP financial measures include the following:

Pro Forma Results: The Pro Forma amounts presented for each period were prepared by combining the historical standalone statements of operations for each of legacy MDC and SMG. The unaudited pro forma results are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or consolidated financial condition would have been had the combination actually occurred on the date indicated, nor do they purport to project the future consolidated results of operations or consolidated financial condition for any future period or as of any future date. The Company has excluded a quantitative reconciliation of adjusted Pro Forma EBITDA to net income under the "unreasonable efforts" exception in Item 10(e)(1)(i)(B) of Regulation S-K.

Net Revenue: GAAP Revenue adjusted to exclude certain third-party direct costs when the Company acts as principal for the services rendered in the client arrangement

Organic Revenue: "Organic revenue growth" and "organic revenue decline" refer to the positive or negative results, respectively, of subtracting both the foreign exchange and acquisition (disposition) components from total revenue growth. The acquisition (disposition) component is calculated by aggregating prior period revenue for any acquired businesses, less the prior period revenue of any businesses that were disposed of during the current period. The organic revenue growth (decline) component reflects the constant currency impact of (a) the change in revenue of the partner firms that the Company has held throughout each of the comparable periods presented, and (b) "non-GAAP acquisitions (dispositions), net". Non-GAAP acquisitions (dispositions), net consists of (i) for acquisitions during the current year, the revenue effect from such acquisition as if the acquisition had been owned during the equivalent period in the prior year and (ii) for acquisitions during the previous year, the revenue effect from such acquisitions as if they had been owned during that entire year (or same period as the current reportable period), taking into account their respective pre-acquisition revenues for the applicable periods, and (iii) for dispositions, the revenue effect from such disposition as if they had been disposed of during the equivalent period in the prior year.

Organic Net Revenue: organic revenue adjusted to exclude certain third-party direct costs when the Company acts as principal for the services rendered in the client arrangement.

Adjusted EBITDA: defined as Net income excluding non-operating income or expense to achieve operating income, plus depreciation and amortization, stock-based compensation, deferred acquisition consideration adjustments, and other items. Other items include restructuring costs, acquisition-related expenses, and non-recurring items.

Free Cash Flow: defined as Adjusted EBITDA less capital expenditures, change in net working capital, cash taxes, interest, and distributions to minority interests, but excludes contingent M&A payments.

Financial Guidance: The Company provides guidance on a non-GAAP basis as it cannot predict certain elements which are included in reported GAAP results.

Net New Business: Estimate of annualized revenue for new wins less annualized revenue for losses incurred in the period.

Net Debt: defined as bonds plus revolver balance less cash.

Net Leverage Ratio: defined as Net Debt divided by Last-Twelve-Months Adjusted EBITDA.

Included in this earnings presentation are tables reconciling reported Stagwell Inc. results to arrive at certain of these non-GAAP financial measures.

FINANCIAL OUTLOOK

Reiterating Full-Year 2022 Outlook

18% - 22%

Organic Net Revenue Growth

13% - 17%

Organic Net Revenue Growth Ex-Advocacy

\$450M - \$480M

Adjusted EBITDA

(excludes any contribution from acquisitions completed in 2022)

~30%

Free Cash Flow Growth

FIRST QUARTER HIGHLIGHTS

NET DEBT: \$1,105M | LTM ADJ. EBITDA: \$404M | NET DEBT RATIO: 2.7X

Accelerated GROWTH

24% Organic Net Revenue Growth

23% organic net revenue growth, ex-advocacy

34% adjusted EBITDA growth (19.3% margin on net revenue)

Winning BIGGER

\$54M of Net New Business

Tenth win expected to generate >\$10M of annual revenue

Top 25 clients averaged \$6M in 1Q net revenue, up 27% y/y

Increasing DIGITAL MIX

56% of Net Revenue from Digital Capabilities

39% digital organic net revenue growth year-over-year

64% of adjusted EBITDA from digital capabilities

Strategic M&A

Building an E-Commerce Platform

Connecting E-commerce, Digital Transformation & Media

Significantly increasing Stagwell's scale in Europe

SUMMARY PRO FORMA COMBINED FINANCIALS

Three Months Ended,

<i>\$ in Thousands</i>	March 31, 2022	March 31, 2021
Net Revenue	\$ 526,637	\$ 428,781
Billable Costs	116,266	60,046
Revenue	\$ 642,903	\$ 488,827
Billable Costs	116,266	60,046
Staff costs	340,638	281,166
Administrative costs	56,294	51,904
Unbillable and other costs, net	28,293	19,945
Adjusted EBITDA	\$ 101,412	\$ 75,766
Stock-based compensation	8,021	(1,963)
Depreciation and amortization	31,204	19,127
Deferred acquisition consideration	1,897	15,621
Impairment and other losses	557	875
Other items, net	5,073	8,452
Operating income (loss)	\$ 54,660	\$ 33,681
<i>Pro Forma adjusted EBITDA margin (on net revenue)</i>	19.3%	17.7%

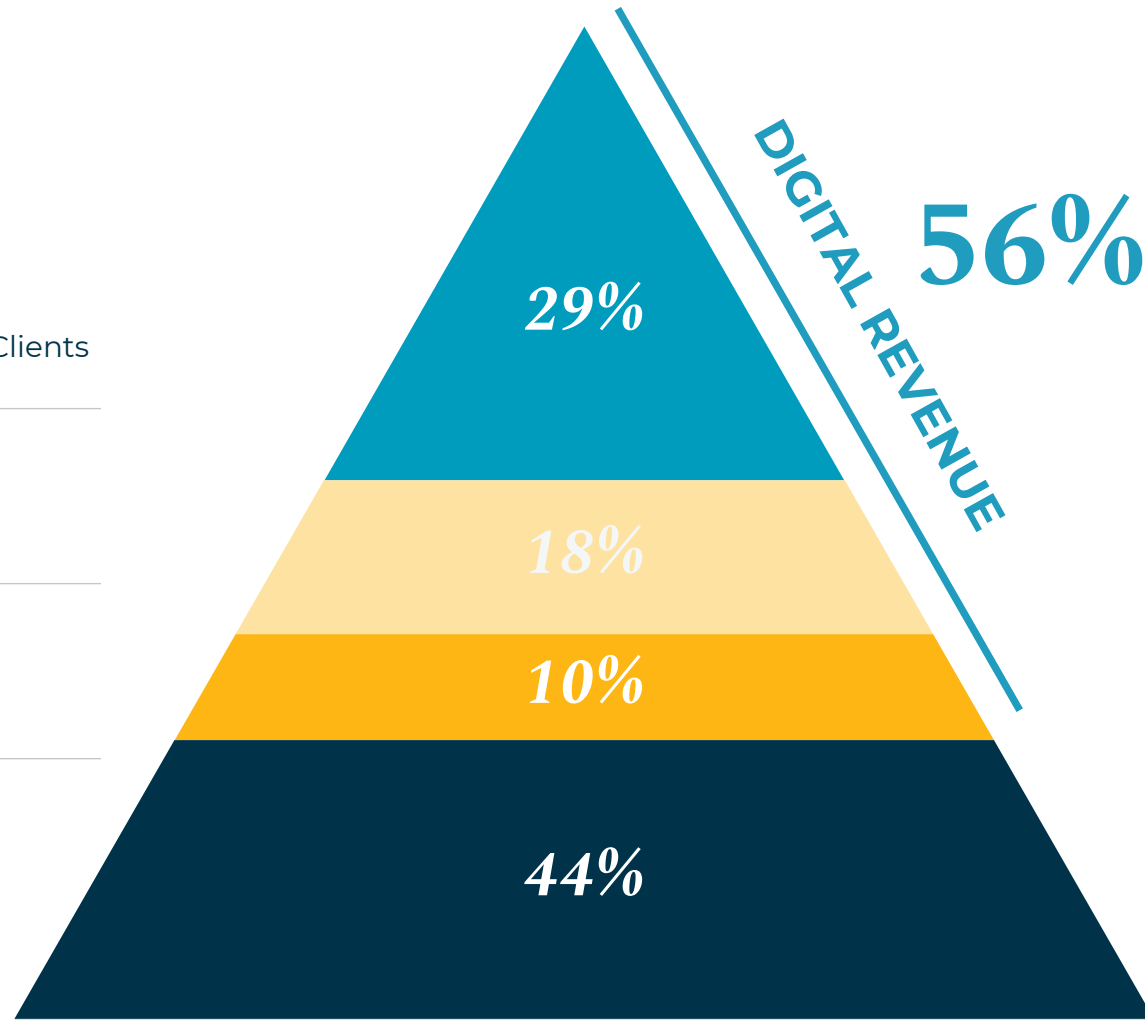
1Q PRO FORMA NET REVENUE

*Three Months Ended,
March 31, 2022*

<i>\$ in Thousands</i>	Net Revenue	Change
March 31, 2021	\$ 428,781	
Organic revenue	101,379	23.6%
Acquisitions (divestitures), net	(1,048)	-0.2%
Foreign currency	(2,475)	-0.6%
Total Change	\$ 97,856	22.8%
March 31, 2022	\$ 526,637	

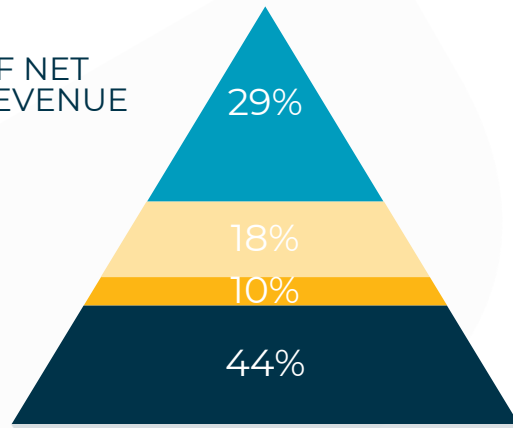
NET REVENUE MIX BY PRINCIPAL CAPABILITY

- 1 Digital Transformation**
Building & Designing Digital Experiences for Clients
- 2 Performance Media & Data**
Addressable on a Global Scale
- 3 Consumer Insights & Strategy**
Tracking Across Consumer Journey
- 4 Creativity & Communications**
Blue-Chip Customer Base

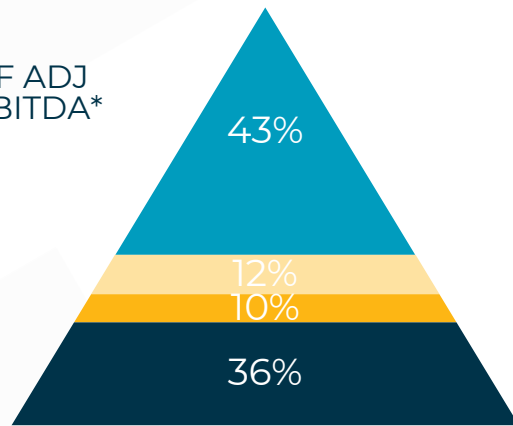


1Q YEAR-OVER-YEAR GROWTH BY CAPABILITY

% OF NET REVENUE



% OF ADJ EBITDA*



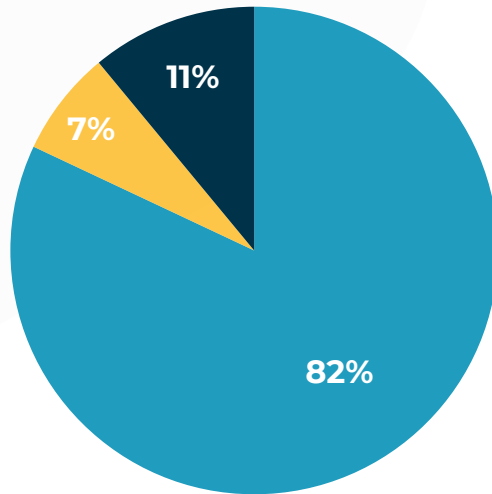
Principal Capability

Principal Capability	Organic Net Revenue Growth	Net Revenue Growth	Adjusted EBITDA* Growth
Digital Transformation	49%	48%	61%
Performance Media & Data	18%	23%	85%
Consumer Insights & Strategy	56%	55%	69%
Creativity & Communications	9%	6%	(1%)
TOTAL	24%	23%	34%
TOTAL EX-ADVOCACY	23%	22%	32%

Q1 NET REVENUE BY GEOGRAPHY

% OF NET REVENUE

1Q



Organic Growth Y/Y

<i>Geography</i>	<i>1Q22</i>
United States	24%
United Kingdom	51%
Other	12%
TOTAL	24%
TOTAL EX-ADVOCACY	23%

Q1 EX-ADVOCACY NET REVENUE & ADJUSTED EBITDA

\$ in Millions

NET REVENUE

	<i>Three Months Ended,</i>		% Change
	March 31, 2022	March 31, 2021	
Total Net Revenue	\$527	\$429	22.8%
Advocacy Net Revenue	37	29	29.8%
Ex Advocacy Net Revenue	\$489	\$400	22.3%

ADJ. EBITDA

	<i>Three Months Ended,</i>		% Change
	March 31, 2022	March 31, 2021	
Total Adj. EBITDA	\$101	\$76	33.8%
Advocacy Adj. EBITDA	12	8	46.1%
Ex Advocacy Adj. EBITDA	\$90	\$68	32.4%

Net New Business

Q1 2022 **\$54M**

Large Contract Wins¹

Q1 2022 **2**

Cumulative² **10**

Notable Business WINS

Lenovo



TikTok



THE RITZ-CARLTON®



hulu



EQUIFAX

BRAND NEW
GALAXY

Dyversity
communications

100% ACQUISITION

(closed in April)

100% ACQUISITION

(closed in March)

Business

A scaled provider of end-to-end e-commerce services such as DTC strategy, digital content production, automation, and complex technology implementations. BNG works with 150+ global brands and 500+ e-retailers worldwide. Founded in Poland and with offices in the US, Dubai, and the Netherlands, BNG employs over 600 people working with clients including 3M, Coty, P&G, and Bayer.

A leading multicultural full-service marketing agency in depth, breadth, and size based in Canada. Dyversity specializes in Chinese and South Asian communications, with additional expertise in over 20 other languages including Filipino, Korean, Portuguese, and Spanish.

Rationale

BNG establishes a chain in e-commerce that connects directly to our media and digital transformation offerings with a focus on converting sales and growing revenue. The acquisition bolsters Stagwell's broad e-commerce capabilities to service more complex global clients and provides significant scale in Europe.

The acquisition rapidly scales the Doner Partners Network's multicultural capabilities across its Canadian assets – namely DonerNorth, Veritas, and Meat & Produce (M&P) – by adding best practices for existing clients and doubling down on more progressive ways to centralize multicultural insights and expertise as part of the offering.

Appendix

TQ GAAP CONSOLIDATED OPERATING PERFORMANCE

Three Months Ended,
Mar 31,

<i>\$ in Thousands</i>	2022	2021
Revenue	\$ 642,903	\$ 181,242
Cost of services	411,970	111,999
Office & general expenses	144,512	52,278
Depreciation & amortization	31,204	10,950
Impairment & other losses	557	-
Total operating expenses	\$ 588,243	\$ 175,227
Operating income (Loss)	\$ 54,660	\$ 6,015
Interest expense, net	(18,729)	(1,351)
Foreign exchange, net	(306)	(677)
Other, net	156	1,285
Other income (expenses)	\$ (18,879)	\$ (743)
Income tax expense	3,189	673
Income before equity in earnings of non-consolidated affiliates	\$ 32,592	\$ 4,599
Equity in income of non-consolidated affiliates	1,030	4
Net income	\$ 33,622	\$ 4,603
Net (income) loss attributable to non-controlling and redeemable non-controlling interests	(20,947)	(238)
Net income attributable to Stagwell Inc. common shareholders	\$ 12,675	\$ 4,365
EARNINGS PER SHARE		
Basic	\$ 0.10	N/A
Diluted	\$ 0.10	N/A
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
Basic	122,284,880	
Diluted	295,484,726	

NET INCOME & DILUTED EARNINGS PER SHARE DETAIL

<i>\$ in Thousands</i>	<i>Three Months Ended, March 31, 2022</i>
Net income	\$ 33,622
Net income attributable to Class C shareholders	(17,721)
Net income attributable to other equity interest holders	(3,226)
Net income attributable to noncontrolling interests	\$ (20,947)
Net income attributable to Stagwell Inc. common shareholders	\$ 12,675
 <u>Earnings Per Share - Diluted</u>	
Net income attributable to Stagwell Inc. common shareholders	\$ 12,675
Net income attributable to Stagwell Media	17,721
Net income for diluted earnings per share calculation	\$ 30,396
 <u>Dilutive Shares</u>	
Basic – weighted average number of common shares outstanding	122,285
Class A shares	4,828
Class C shares	168,372
Diluted – weighted average number of common shares outstanding	295,485
 Earnings Per Share - Diluted	 <u><u>\$ 0.10</u></u>

LIQUIDITY

\$ in Millions

Available Liquidity (as of 3/31/22)

Commitment Under Credit Facility	\$500
Drawn	140
Undrawn Letters of Credit	25
Undrawn Commitments Under Facility	335
Total Cash & Cash Equivalents	135
Total Available Liquidity	\$470

YEAR-END PRO FORMA CAPITAL STRUCTURE

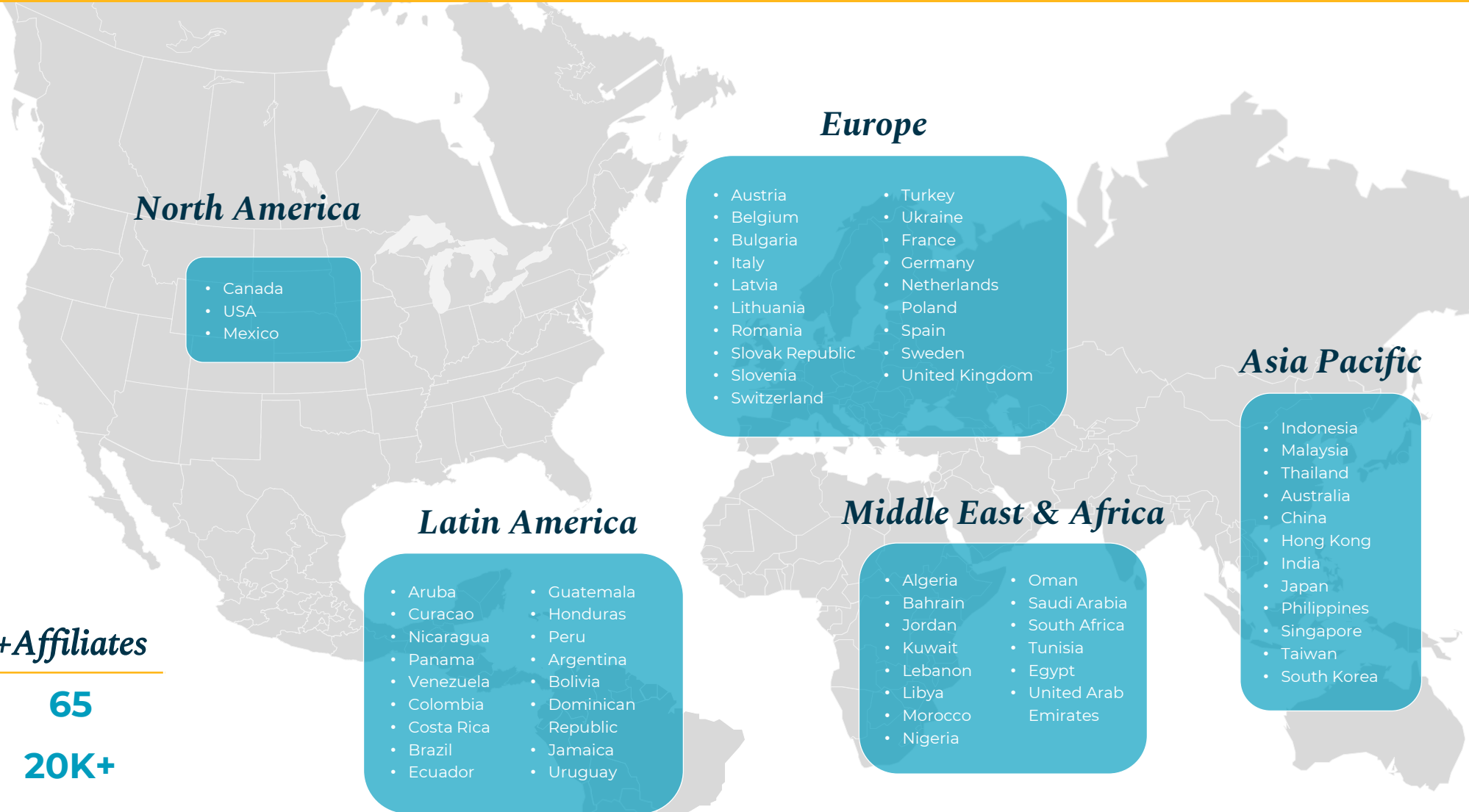
Net Debt & Debt-Like (\$M, as of 3/31/22)

Revolving Credit Facility	\$ 140
Bonds	1,100
NCI ¹	33
DAC	224
RNCI & Other ²	82
Less: Cash	135
TOTAL NET DEBT & DEBT-LIKE	\$ 1,444

Pro Forma Common Equity (Thousands, as of 5/6/22)

Class A & B	133,156
Class C	164,815
Awards Out.	4,739
FULLY DILUTED	302,710

Stagwell's Affiliate Network Significantly Expands Our Global Footprint



	Stagwell	+Affiliates
COUNTRIES	34	65
EMPLOYEES	~11K+	20K+

Note: As of March 31, 2022.

Thank You

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