



STAGWELL

TRANSFORMING MARKETING

Third Quarter 2022

EARNINGS PRESENTATION

NOVEMBER 3 | 2022

FORWARD LOOKING STATEMENTS & OTHER INFORMATION

This press release contains forward-looking statements. Statements in this press release 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.

Some of the factors that could materially and adversely affect our business, financial condition, results of operations and cash flows 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 continued impact of the coronavirus pandemic ("COVID-19"), and evolving strains of COVID-19 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, other risk factors described herein, and the additional risk factors outlined in more detail in our 2021 Form 10-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, under the caption "Risk Factors," and in the Company's other SEC filings.

DEFINITIONS OF 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.

(1) **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.

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

(3) **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.

(4) **Adjusted EPS** is defined as Net income (loss) attributable to Stagwell Inc. common shareholders, plus net income attributable to Class C shareholders, excluding amortization expense, impairment and other losses, stock-based compensation, deferred acquisition consideration adjustments, discrete tax items, and other items, per weighted average shares outstanding. Other items includes restructuring costs, acquisition-related expenses, and non-recurring items, and subject to the anti-dilution rules.

(5) **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.

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

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

FINANCIAL OUTLOOK

Full-Year 2022

16% - 20%

Organic Net Revenue Growth

13% - 17%

Organic Net Revenue Growth, Ex-Advocacy

\$450M - \$480M

In Adjusted EBITDA

\$0.86 - \$0.94

In Adjusted Earnings Per Share

~30%

Free Cash Flow Growth

Note: Guidance as of 11/03/2022. All figures presented on a Pro Forma basis giving effect to the combination as if it was completed on January 1, 2020. The Company has excluded a quantitative reconciliation with respect to the Company's 2022 guidance under the "unreasonable efforts" exception in Item 10(e)(1)(i)(B) of Regulation S-K. See "Non-GAAP Financial Measures" below for additional information on definitions for Organic Net Revenue, Organic Net Revenue Ex-Advocacy, Adjusted EBITDA, Adjusted Earnings Per Share, and Free Cash Flow. Please refer to our investor website at stagwellglobal.com/investors for information on Forward Looking Statements and risk factors outlined in our 2021 Form 10-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, under the caption "Risk Factors," and in the Company's other SEC filings.

THIRD QUARTER HIGHLIGHTS

NET DEBT: \$1,180M | NET LEVERAGE RATIO: 2.7x | STOCK BUY BACKS: \$14M

Leading GROWTH

11.6% Net Revenue Growth, 11.3% Organic

On top of 30% organic growth in 3Q21; 34% two-year stack
+21% y/y digital net revenue growth; 17% organic growth
57% of 3Q net revenue from digital capabilities

Strong FINANCIAL DISCIPLINE

20.7% adj. EBITDA margin on net revenue

Reduced net debt by \$125M bringing net leverage to 2.7x
Returned \$14M in capital through buybacks and \$29M YTD
\$0.21 of adjusted earnings per share; \$0.68 year-to-date

Record NEW BUSINESS

\$86M In Net New Business

Driven by larger wins and client diversification into new services
Top 25 clients averaged \$6M in 3Q net revenue, up 20% y/y
Awarded Bud Light's North American Creative account

Strategic INVESTMENT

In The Stagwell Marketing Cloud

~\$5M in organic investments year-to-date
Expanded sr. leadership team with CTO Mansoor Basha
4 Divisions: Data, CommsTech, Media Studio, Specialty Media

SUMMARY PRO FORMA COMBINED FINANCIALS

| | <i>Three Months Ended September 30,</i> | | <i>Nine Months Ended September 30,</i> | |
|---------------------------------------------------------------------|---------------------------------------------|--------------------|--------------------------------------------|---------------------|
| <i>\$ in Thousands</i> | 2022 | 2021 | 2022 | 2021 |
| Net Revenue | \$ 555,754 | \$ 498,130 | \$ 1,638,707 | \$ 1,407,122 |
| Billable Costs | 108,037 | 70,294 | 340,900 | 205,294 |
| Revenue | \$ 663,791 | \$ 568,424 | \$ 1,979,607 | \$ 1,612,416 |
| Billable Costs | 108,037 | 70,294 | 340,900 | 205,294 |
| Staff costs | 351,764 | 313,350 | 1,041,870 | 907,084 |
| Administrative costs | 58,963 | 55,912 | 181,606 | 161,533 |
| Unbillable and other costs, net | 29,935 | 28,712 | 87,408 | 64,047 |
| Adjusted EBITDA | \$ 115,092 | \$ 100,156 | \$ 327,823 | \$ 274,458 |
| Stock-based compensation | 12,258 | 53,982 | 33,410 | 58,957 |
| Depreciation and amortization | 32,207 | 27,242 | 95,642 | 64,754 |
| Deferred acquisition consideration | (29,789) | 3,558 | (14,420) | 26,889 |
| Impairment and other losses | 25,211 | 14,926 | 28,034 | 15,801 |
| Other items, net | 5,152 | 22,887 | 12,112 | 39,740 |
| Operating income (loss) | \$ 70,053 | \$ (22,439) | \$ 173,045 | \$ 68,317 |
| <i>Pro Forma adjusted EBITDA margin (on net revenue)</i> | 20.7% | 20.1% | 20.0% | 19.5% |

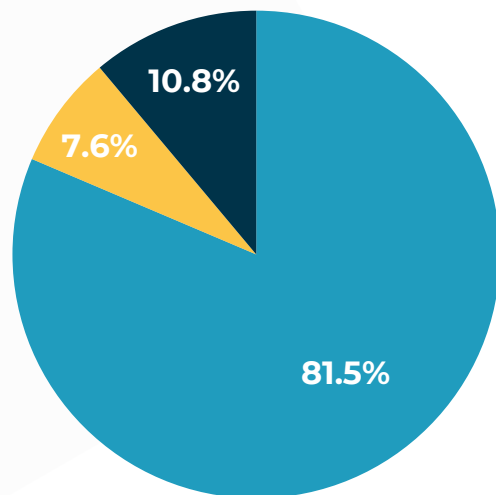
PRO FORMA NET REVENUE

| | <i>Three Months Ended, September 30, 2022</i> | | <i>Nine Months Ended, September 30, 2022</i> | |
|----------------------------------|-----------------------------------------------|---------------|----------------------------------------------|---------------|
| <i>\$ in Thousands</i> | Net Revenue | Change | Net Revenue | Change |
| 2021 Net Revenue | \$ 498,130 | | \$ 1,407,122 | |
| Organic revenue | 56,177 | 11.3% | 234,495 | 16.7% |
| Acquisitions (divestitures), net | 7,641 | 1.5% | 12,370 | 0.9% |
| Foreign currency | (6,194) | (1.2%) | (15,280) | (1.1%) |
| Total Change | \$ 57,624 | 11.6% | \$ 231,585 | 16.5% |
| 2022 Net Revenue | \$ 555,754 | | \$ 1,638,707 | |

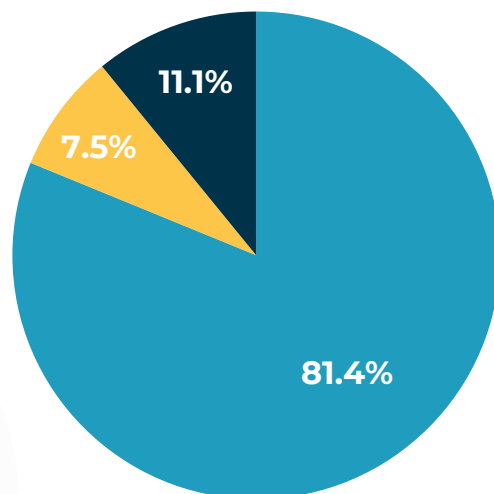
3Q NET REVENUE BY GEOGRAPHY

% OF NET
REVENUE

3Q



YTD

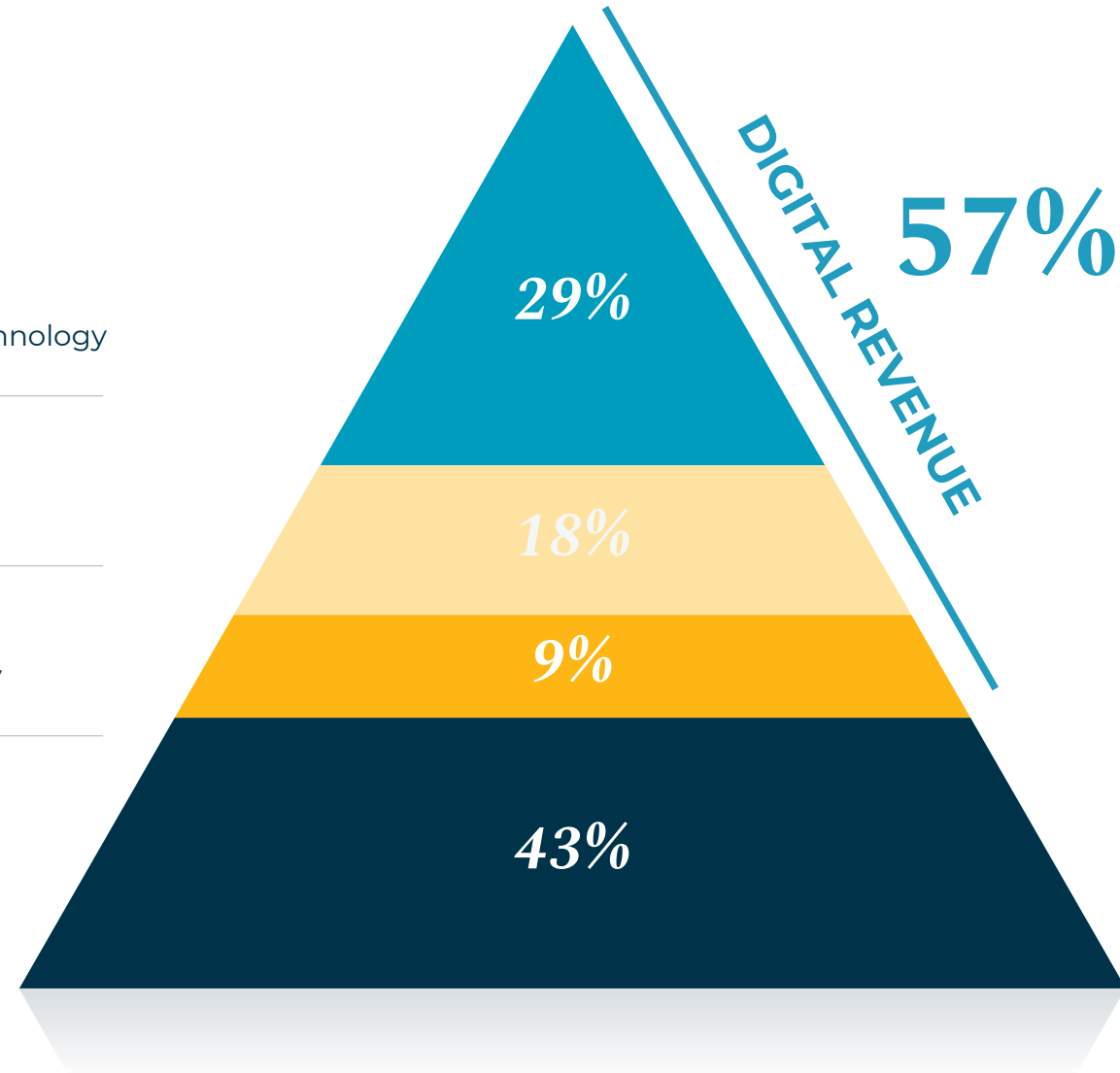


Organic Growth Y/Y

| Geography | 3Q22 | YTD |
|----------------|-------|-------|
| United States | 9.7% | 15.4% |
| United Kingdom | 25.5% | 33.9% |
| Other | 14.1% | 16.5% |
| TOTAL | 11.3% | 16.7% |

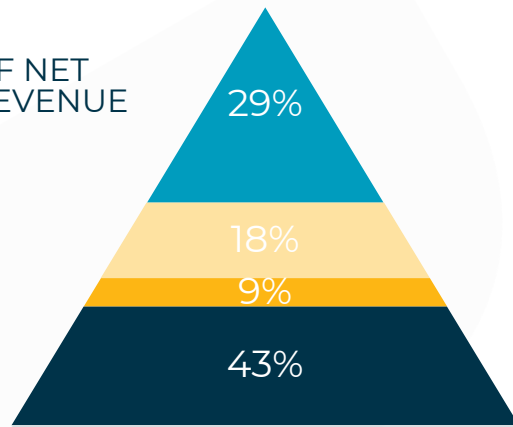
3Q NET REVENUE MIX BY PRINCIPAL CAPABILITY

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

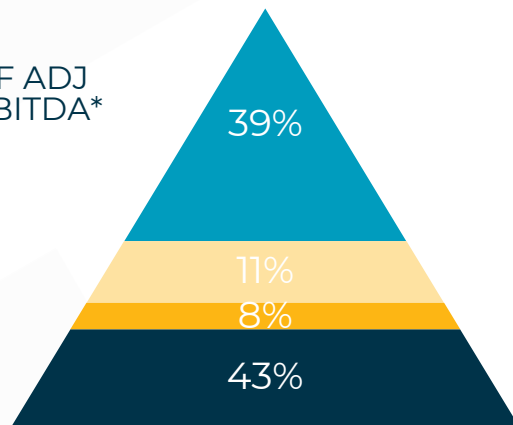


3Q YEAR-OVER-YEAR GROWTH BY CAPABILITY

% OF NET
REVENUE



% OF ADJ
EBITDA*



Principal Capability

| | Organic Net Revenue Growth | Net Revenue Growth | Adjusted EBITDA* Growth |
|------------------------------|-------------------------------|-----------------------|----------------------------|
| Digital Transformation | 28.4% | 30.5% | 48.7% |
| Performance Media & Data | 4.8% | 13.1% | 4.1% |
| Consumer Insights & Strategy | 11.3% | 12.7% | (0.8%) |
| Creativity & Communications | 4.8% | 0.9% | (0.2%) |
| TOTAL | 11.3% | 11.6% | 14.9% |
| TOTAL EX-ADVOCACY | 7.3% | 7.3% | 0.2% |

3Q EX-ADVOCACY NET REVENUE & ADJUSTED EBITDA

\$ in Millions

NET REVENUE

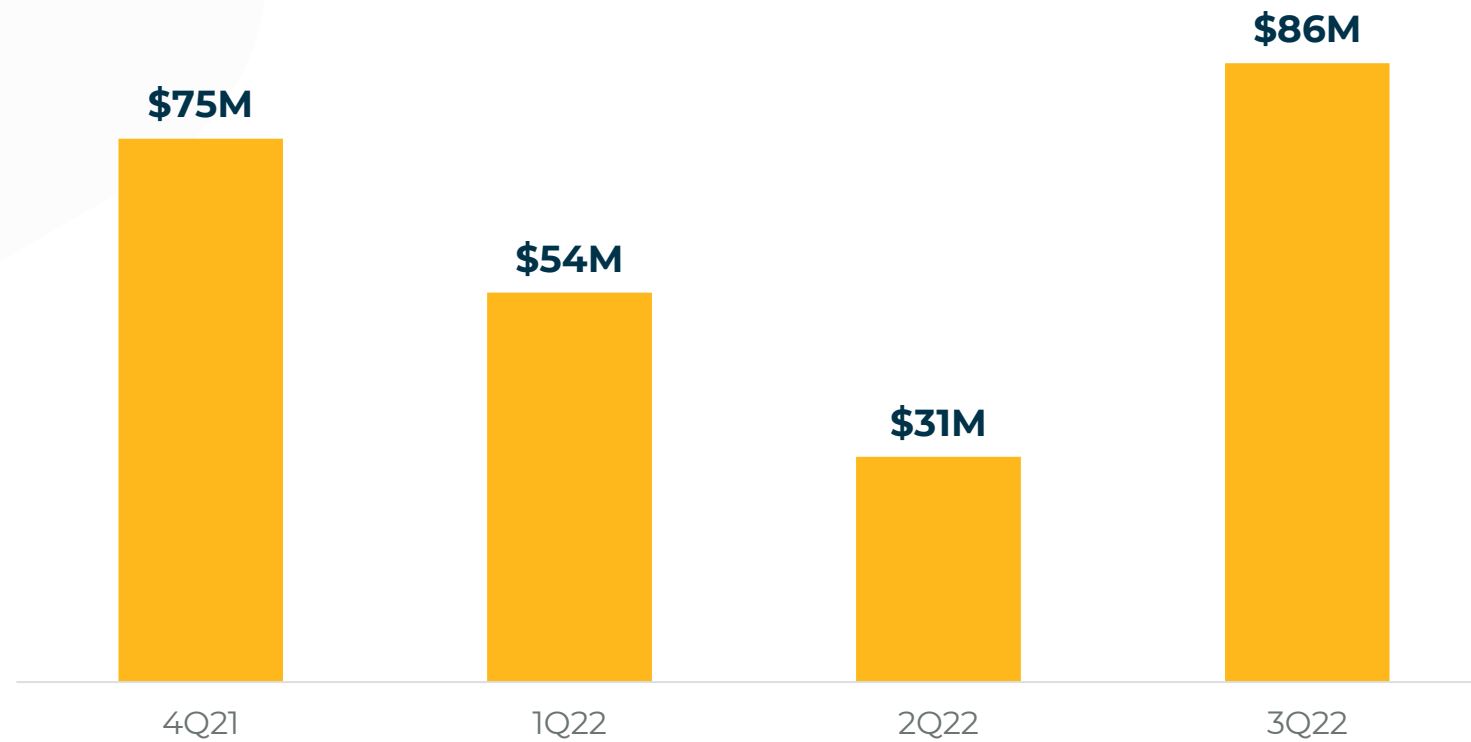
| | <i>Three Months Ended,</i> | | <i>% Change</i> |
|--------------------------------|----------------------------|--------------------------|-----------------|
| | SEPT 30, 2022 | SEPT 30, 2021 | |
| Total Net Revenue | \$556 | \$498 | 11.6% |
| Advocacy Net Revenue | 52 | 29 | 79.9% |
| Ex Advocacy Net Revenue | \$504 | \$469 | 7.3% |

ADJ. EBITDA

| | <i>Three Months Ended,</i> | | <i>% Change</i> |
|--------------------------------|----------------------------|--------------------------|-----------------|
| | SEPT 30, 2022 | SEPT 30, 2021 | |
| Total Adj. EBITDA | \$115 | \$100 | 14.9% |
| Advocacy Adj. EBITDA | 21 | 6 | 251.4% |
| Ex Advocacy Adj. EBITDA | \$95 | \$94 | 0.2% |

STRONG NEW BUSINESS *in Q3 2022*

LTM NET NEW BUSINESS OF \$247M



Net New Business

3Q **\$86M**

LTM **\$247M**

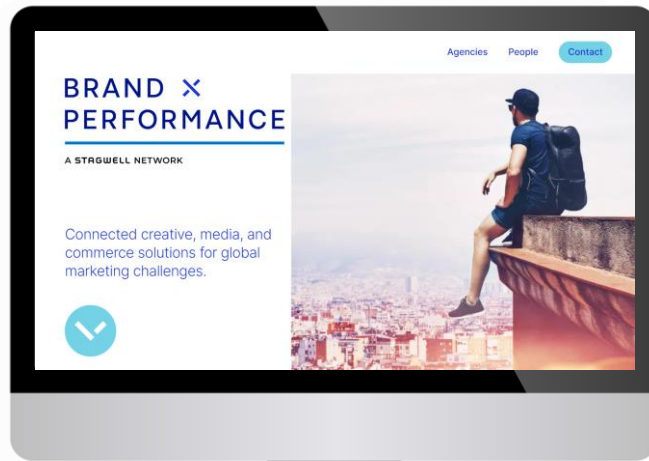
Avg. Net Revenue

3Q **\$6.1M**
PER CLIENT AT TOP 25

Notable Business **WINS & EXPANSIONS**



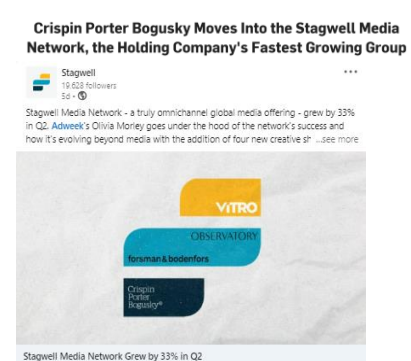
BRAND PERFORMANCE NETWORK *is working*



"Creative + Media + Commerce"—the new equation for modern marketing—is simple, but executing against it is complex,"

MARK PENN, CHAIRMAN AND CEO OF STAGWELL, SAID IN A STATEMENT ABOUT THE REBRANDING.

"Brands need truly integrated partners to navigate this convergence."



YEAR
FOUNDED

2021

LOCATIONS /
COUNTRIES

60/20

GLOBAL HQ

NYC

PEOPLE

6K+

MEDIA MANAGED

\$5B+

YOY NET REVENUE

+26%

YTD NET REVENUE

~\$500M

PARTNERSHIPS

150

Wolfgang L.A.

Transaction

80% ACQUISITION (remaining stake)

Headquartered in Los Angeles, Wolfgang is a consultancy and creative agency, purposely built for the modern age.

Business

Wolfgang's mission is to bridge the gap between management consulting and advertising by focusing on solving client problems with analytics and creativity, from the ground up. Wolfgang's offerings include Consulting & Strategy, Creative and Production.

Rationale

Wolfgang will become part of the Doner Partner Network ("DPN"), with the three founders each taking up additional roles within the wider DPN. Colin Jeffery will take on the role of Chief Creative Officer of the combined operation, Mike Geiger will remain CEO of Wolfgang and will also lead production at Cahoots Studio, and Seema Miller will lead strategic and new business initiatives across Stagwell in addition to her Chief Strategy role at Wolfgang. The acquisition of Wolfgang further improves Stagwell's foothold in California, while bringing it an enviable client roster including Gillette, Adidas, Uniqlo, Panda Express, UNICEF and Georgia Pacific.





DEVELOPMENT OF THE STAGWELL MARKETING CLOUD *is a critical way to enhance the value of our company.*

Technology is not something that others do
- it's something we all need to participate in &
get across the finish line.

WE ARE MAKING INVESTMENTS

& getting ready to market products that we believe can
reach a \$500 million revenue run-rate by 2027 and add
billions to the value of the company.

SMC IS A PROPRIETARY SUITE

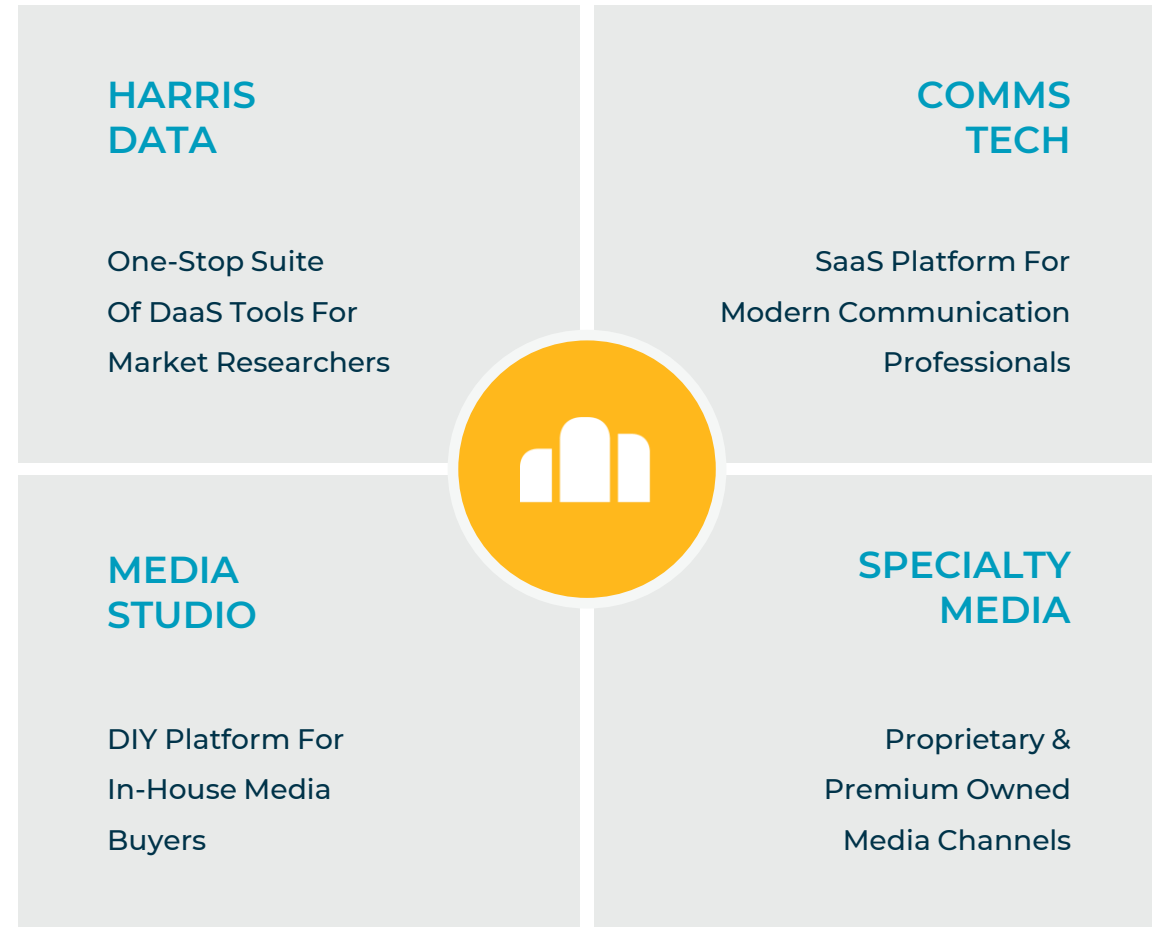
*of SaaS & DaaS
tools built for the
in-house marketer*

TARGETING

~\$140M OF REVENUE
IN 2023 & A

\$500M RUN-RATE
BY 2027

Our Four Divisions



SMC *Key Updates*

ADDED SMC CHIEF TECHNOLOGY OFFICER

MediaPost News Events Awards Members More Q



COMMENTARY

Stagwell Taps Basha For CTO Role At Its Marketing Cloud Unit

by Richard Whitman, Columnist, September 29, 2022



Previously with Accenture's Applied Intelligence Practice, working on strategy & consulting, data led transformation, cloud analytics, AI & machine learning.

ADDED & INTEGRATED NEW PRODUCTS INTO SUITE

maru

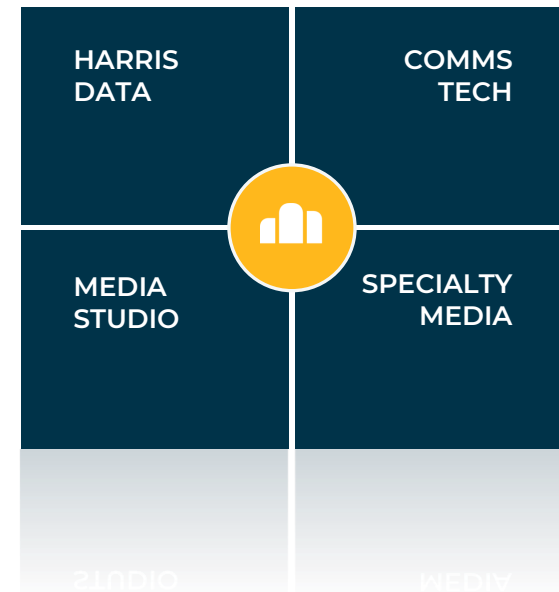


EPICENTER EXPERIENCE
WHERE PEOPLE ARE THE PLATFORM



APOLLO

ORGANIZING SMC AROUND FOUR BUSINESS UNITS



LEADERSHIP team



Mark J. Penn
CHAIRMAN & CEO,
STAGWELL GLOBAL

- Founded, grew and sold Penn Schoen Berland to WPP
- In WPP, served as CEO of Burson Marsteller and PSB
- Executive Vice President and Chief Strategy Officer at Microsoft, running a \$2 billion advertising budget
- Author of *Microtrends*, a New York Times and Wall Street Journal best seller.

SMC CORPORATE LEADERSHIP TEAM



Mansoor Basha
CTO

Previously with **Accenture's Applied Intelligence Practice**, working on strategy & consulting, data led transformation, cloud analytics, AI, & machine learning



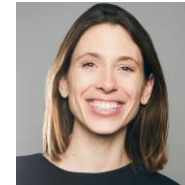
Abe Geiger
CPO

Former **CPO of Hudson MX**, media buying & accounting systems provider, with clients including Dentsu, IPG, WPP, & Publicis media agencies



Matthew Lochner
MD

Stagwell Group deal team member, working on over 20 private equity transactions



Elsbeth Rollert
CMO

Served in brand, performance & partnership marketing US & Global leadership roles at **Uber & Microsoft**

SMC BOARD



Dan Gardner
BOARD
MEMBER

Co-Founder of **Code and Theory** and business leader of **Stagwell's Code and Theory network**



John Kahan
BOARD
MEMBER

Former **Chief Data & Analytics Officer, Microsoft**

EXPERIENCED SMC PRODUCT LEADERSHIP TEAM COMPRISED OF SUCCESSFUL SERIAL ENTREPRENEURS



Aaron Kwittken
Business Unit CEO,
CommsTech



Ged Parton
Business Unit CEO,
Harris Data



Josh Beatty
Founder,
ARound



Will Johnson
CEO,
Harris Brand Platform



Paul Krasinski
CEO,
Epicenter



Jim Caruso
CEO,
CUE



campaign^{US}

Stagwell Marketing Cloud acquired **Epicenter Experience**, a mobile and location-based consumer behavior platform, for its third acquisition of the year and in the second half of 2022.

DIGIDAY

Stagwell further expands its marketing cloud offerings with 'research as a service' purchase

October 12, 2022 | By Michael Burgi



AdAge

CPB REVAMPS LEADERSHIP TEAM AND NAMES BRAD SIMMS GLOBAL CEO

Gale CEO takes dual role as Stagwell sibling's global CEO

By Brian Bonilla, Published on October 11, 2022.



AgencySpy

REVOLVING DOOR

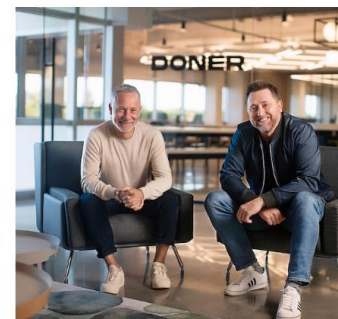
Stagwell Acquires Creative Agency Wolfgang to Expand the Doner Partners Network

Share Tweet More

By Kyle O'Brien on Oct. 5, 2022 - 9:00 AM

Stagwell is giving Doner an 85th anniversary present by acquiring creative agency Wolfgang and adding it to the Doner Partners Network (DPN). As part of the acquisition by Stagwell, the founding partners of Wolfgang will take on leadership roles within the DPN and expand the network's West Coast presence.

Colin Jeffery, currently chief creative officer of Wolfgang, will become the CCO of Doner. Jeffery was previously CCO of David&Goliath. He is credited with helping Kia Motors become the fastest growing car brand in the U.S.—and brings global expertise across CPG, QSR, sports, travel, gaming, alcoholic beverage, entertainment and lifestyle categories.



PRWeek

News In-depth People in PR Resources Events Jobs Directory

TRENDING: PRDecoded > Hall of Fame > Bellwether Survey 2022 > Changemakers > Agency Busin

Stagwell acquires insights platform Maru

The holding company also recently bought Apollo Program.

by Natasha Bach | 26 October 2022



ADWEEK

MEDIA AGENCIES

Why Stagwell Is Rebranding Its Media Network as a Brand Performance Network

The new name reflects client desires to combine both types of marketing

BRAND × PERFORMANCE

A STAGWELL NETWORK

MediaPost News Events Awards Members More



COMMENTARY

Stagwell Taps Basha For CTO Role At Its Marketing Cloud Unit

by Richard Whitman, Columnist, September 29, 2022





Forbes

SPORTSMONEY

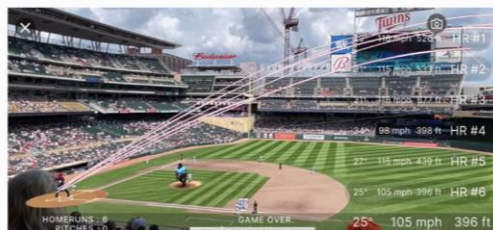
Minnesota Twins Launch First Shared AR For Live Sports App That Opens Door To Sponsorship Land Grab

Maury Brown Senior Contributor @
2020 Natl SportsWriter Of The Year Nominee, BBWAA, MLB, Motorsports

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Aug 23, 2022, 11:36am EDT

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Aug 24, 2022 - Sports

Minnesota Twins launch augmented reality app for fans

Torrey Van Otter

f t in



AdAge

Opinion

MARKETING IN THE METAVERSE—WHAT SCIENCE FICTION CAN TEACH BRANDS ABOUT WEB3

With marketing ploys that are just transaction schemes extended into a digital space, marketers are falling behind the innovation pack

By Dan Gardner and Brandon Dixon, Published on September 22, 2022.

KARE 11

Twins introduce interactive app to play a 'game within a game,' hailed as the first of its kind

The Twins believe they are the first professional sports team to use "augmented reality" as a part of the in-game fan experience.

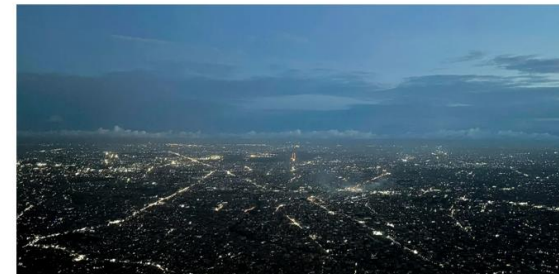


FAST COMPANY

10-19-22

In Nigeria, Big Tech, crypto, and hustle culture come calling

A sprawling new report from the National Research Group offers the most comprehensive view yet of a growing population of digital natives.



WSJ | OPINION

OPINION | COMMENTARY

The Midterms Are Far From Over

The key voters are the 18% who disapprove of Biden but still plan to vote for congressional Democrats.

By Mark Penn

Aug. 11, 2022 6:40 pm ET

WE HAVE OUR FINANCIAL HOUSE *in order*



Refinanced Bonds, Securing \$1.1BN in financing

- › Fixed interest rate of 5.625%
in rising interest rate environment
- › 8 years to maturity in 2029,
providing financial flexibility



Secured \$500M Revolving Credit Facility with flexible terms, 5-year maturity



Moody's upgraded Stagwell's corporate family rating (CFR) to B1 from B2 in July 2022

MAINTAINING DISCIPLINE AROUND *Deferred Acquisition Costs*

REDUCED DAC BY \$63M
FROM 2021 YEAR-END BALANCE



Note: Numbers may not foot due to rounding.

GAAP CONSOLIDATED OPERATING PERFORMANCE

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|------------------------------------------------------------------------------------------|----------------------------------|--------------------|---------------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| <i>\$ and Shares in Thousands</i> | | | | |
| Revenue | \$ 663,791 | \$ 466,634 | \$ 1,979,607 | \$ 857,436 |
| Cost of services | 417,134 | 324,782 | 1,253,765 | 558,856 |
| Office & general expenses | 119,186 | 121,770 | 429,121 | 226,720 |
| Depreciation & amortization | 32,207 | 24,790 | 95,642 | 46,122 |
| Impairment & other losses | 25,211 | 14,926 | 28,034 | 14,926 |
| Total operating expenses | \$ 593,738 | \$ 486,268 | \$ 1,806,562 | \$ 846,624 |
| Operating income (Loss) | \$ 70,053 | \$ (19,634) | \$ 173,045 | \$ 10,812 |
| Interest expense, net | (19,672) | (11,912) | (56,552) | (15,197) |
| Foreign exchange, net | (3,927) | (893) | (4,163) | (1,955) |
| Other, net | 147 | 45,621 | 182 | 46,806 |
| Other income (expenses) | \$ (23,452) | \$ 32,816 | \$ (60,533) | \$ 29,654 |
| Income tax expense | 11,540 | 5,183 | 20,150 | 9,205 |
| Income before equity in earnings of non-consolidated affiliates | \$ 35,061 | \$ 7,999 | \$ 92,362 | \$ 31,261 |
| Equity in income (loss) of non-consolidated affiliates | 213 | (76) | 1,053 | (75) |
| Net income | \$ 35,274 | \$ 7,923 | \$ 93,415 | \$ 31,186 |
| Net (income) loss attributable to non-controlling & redeemable non-controlling interests | (24,665) | (9,994) | (59,668) | (10,987) |
| Net income attributable to Stagwell Inc. common shareholders | \$ 10,609 | \$ (2,071) | \$ 33,747 | \$ 20,199 |
| Earnings Per Share | | | | |
| Basic | \$ 0.08 | \$ (0.06) | \$ 0.27 | \$ (0.06) |
| Diluted | \$ 0.08 | \$ (0.06) | \$ 0.27 | \$ (0.06) |
| Weighted Average Number of Shares Outstanding | | | | |
| Basic | 125,384 | 76,106 | 124,710 | 76,106 |
| Diluted | 125,384 | 76,106 | 124,710 | 76,106 |

ADJUSTED EARNINGS PER SHARE

Three Months Ended September 30, 2022

Nine Months Ended September 30, 2022

\$ and Shares in Thousands

| | Reported (GAAP) | Adjustments | Non-GAAP | Reported (GAAP) | Adjustments | Non-GAAP |
|-----------------------------------------------------------------------------|--------------------|----------------|------------------|--------------------|--------------------|-------------------|
| Net income attributable to Stagwell Inc. common shareholders | \$ 10,609 | \$ 16,159 | \$ 26,768 | \$ 33,747 | \$ 50,815 | \$ 84,562 |
| Weighted average number of common shares outstanding (basic and diluted) | 125,384 | 125,384 | 125,384 | 124,710 | 124,710 | 124,710 |
| Adjusted earnings per share (basic and diluted) | \$ 0.08 | \$ 0.13 | \$ 0.21 | \$ 0.27 | \$ 0.41 | \$ 0.68 |
| <u>Adjustments to net income (loss)</u> | | | | | | |
| | Pre-Tax | Tax | Net | Pre-Tax | Tax | Net |
| Amortization | \$ 23,814 | \$ (4,763) | \$ 19,051 | \$ 70,541 | \$ (14,108) | \$ 56,433 |
| Impairment and other losses | 25,211 | (414) | 24,797 | 28,034 | (979) | 27,055 |
| Stock-based compensation | 12,258 | (2,452) | 9,806 | 33,410 | (6,682) | 26,728 |
| Deferred acquisition consideration | (29,789) | 5,958 | (23,831) | (14,420) | 2,884 | (11,536) |
| Other items, net | 5,152 | (1,030) | 4,122 | 12,112 | (2,422) | 9,690 |
| Discrete tax items | — | 2,680 | 2,680 | — | 6,805 | 6,805 |
| Total Adjustments | \$ 36,646 | \$ (21) | \$ 36,625 | \$ 129,677 | \$ (14,502) | \$ 115,175 |
| Less: Net income attributable to Class C shareholders | | | (20,466) | | | (64,360) |
| Net income attributable to Stagwell Inc. Common shareholders | | | \$ 16,159 | | | \$ 50,815 |

PRO FORMA CAPITAL STRUCTURE

Net Debt & Debt-Like (\$M, as of 9/30/22)

| | |
|---------------------------------------|-----------------|
| Revolving Credit Facility | \$ 245 |
| Bonds | 1,100 |
| NCI ¹ | 32 |
| DAC | 160 |
| RNCI ² | 98 |
| Less: Cash | 165 |
| TOTAL NET DEBT & DEBT-LIKE | \$ 1,469 |

Pro Forma Share Count

(Thousands, as of 10/28/22)

| | |
|---------------------------------------------------------------------|----------------|
| Class A ³ | 130,790 |
| Class C ⁴ (equal voting & economic rights to Class A) | 164,376 |
| Share-based awards ⁵ | 3,712 |
| PRO FORMA DILUTED | 298,877 |

Note: Pro Forma share count assumes full conversion of Class C shares to Class A on a one-to-one basis. Numbers may not foot due to rounding

1. Excludes \$503M in non-controlling interest of Stagwell Class C shareholders to reflect NCI balance pro forma for full conversion of Class C shares to Class A.

2. Includes redeemable non-controlling interest and obligations in connection with profit interests held by employees.

3. Includes issued and outstanding Class A shares (including unvested restricted stock) and 3,946 Class B shares which have equal economic rights and 10x voting rights to Class A shares. Note: Stagwell Agency Holdings, which is a fully owned subsidiary of Stagwell Media, owns 26.5M of the Class A shares related to its investment in legacy MDC Partners in 2019, of which the common portion was converted to Stagwell Inc. Class A shares upon the closing of the Business Combination in August 2021 and preferred portion converted to Stagwell Inc. Class A shares in September 2021.

4. Class C shares are held by Stagwell Media, the parent company of Stagwell Agency Holdings, issued in August 2021 as consideration for the contribution of its assets to the Business Combination.

5. Dilution calculated using treasury stock method applied to 6,009,246 total share-based awards outstanding (includes unvested RSUs and unexercised SARs).

Appendix

LIQUIDITY

\$ in Millions

Available Liquidity *(as of 9/30/22)*

| | |
|------------------------------------|---------------|
| Commitment Under Credit Facility | \$ 500 |
| Drawn | 245 |
| Undrawn Letters of Credit | 25 |
| Undrawn Commitments Under Facility | \$ 230 |
| Total Cash & Cash Equivalents | 165 |
| Total Available Liquidity | \$ 395 |

GLOBAL NETWORK

Stagwell's Affiliate Network Significantly Expands Our Global Footprint



North America

- Canada
- USA
- Mexico

Europe

- Austria
- Belgium
- Bulgaria
- Italy
- Latvia
- Romania
- Slovak Republic
- Slovenia
- Switzerland
- Turkey
- Ukraine
- France
- Germany
- Netherlands
- Poland
- Spain
- Sweden
- United Kingdom

Latin America

- Argentina
- Aruba
- Bolivia
- Brazil
- Curacao
- Colombia
- Costa Rica
- Dominican
- Ecuador
- El Salvador
- Guatemala
- Honduras
- Jamaica
- Nicaragua
- Panama
- Peru
- Republic
- Uruguay
- Venezuela

Middle East & Africa

- Algeria
- Bahrain
- Egypt
- Jordan
- Kuwait
- Lebanon
- Libya
- Morocco
- Nigeria
- Oman
- Saudi Arabia
- South Africa
- Tunisia
- United Arab Emirates

Asia Pacific

- Australia
- China
- Hong Kong
- India
- Indonesia
- Japan
- Malaysia
- Philippines
- Taiwan
- Thailand
- Singapore
- South Korea

| | <i>Stagwell</i> | <i>+Affiliates</i> |
|-----------|-----------------|--------------------|
| COUNTRIES | 34 | 69 |
| EMPLOYEES | 13K+ | 24K+ |

Note: As of September 30, 2022.

Thank You

Contact Us:

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