PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

STAGWELL INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(amounts in thousands, except per share amounts)

	Three Months Ended March 31,	
	2025	**2024**
Revenue	$ 651,740	$ 670,059
Operating Expenses		
Cost of services	412,087	444,526
Office and general expenses	179,362	163,343
Depreciation and amortization	42,006	34,836
Impairment and other losses	—	1,500
	633,455	644,205
Operating Income	18,285	25,854
Other income (expenses):		
Interest expense, net	(23,356)	(20,965)
Foreign exchange, net	1,220	(2,258)
Other, net	249	(1,267)
	(21,887)	(24,490)
Income (loss) before income taxes and equity in earnings of non-consolidated affiliates	(3,602)	1,364
Income tax expense	1,722	2,585
Loss before equity in earnings of non-consolidated affiliates	(5,324)	(1,221)
Equity in income (loss) of non-consolidated affiliates	(1)	508
Net loss	(5,325)	(713)
Net (income) loss attributable to noncontrolling and redeemable noncontrolling interests	2,408	(569)
Net loss attributable to Stagwell Inc. common shareholders	$ (2,917)	$ (1,282)
Loss Per Common Share:		
Basic	$ (0.03)	$ (0.01)
Diluted	$ (0.04)	$ (0.01)
Weighted Average Number of Common Shares Outstanding:		
Basic	112,088	112,633
Diluted	263,737	116,405

See Notes to the Unaudited Consolidated Financial Statements.

STAGWELL INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(amounts in thousands)

	Three Months Ended March 31,	
	2025	**2024**
COMPREHENSIVE INCOME (LOSS)		
Net loss	$ (5,325)	$ (713)
Other comprehensive income (loss) - Foreign currency translation adjustment	10,498	(7,146)
Comprehensive income (loss) for the period	5,173	(7,859)
Comprehensive (income) loss attributable to the noncontrolling and redeemable noncontrolling interests	(3,619)	3,713
Comprehensive income (loss) attributable to Stagwell Inc. common shareholders	$ 1,554	$ (4,146)

See Notes to the Unaudited Consolidated Financial Statements.

STAGWELL INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
(amounts in thousands)

	March 31, 2025	December 31, 2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 137,653	$ 131,339
Accounts receivable, net	772,974	716,415
Expenditures billable to clients	163,702	173,194
Other current assets	147,163	114,200
Total Current Assets	1,221,492	1,135,148
Fixed assets, net	69,017	72,706
Right-of-use lease assets - operating leases	209,720	219,400
Goodwill	1,562,490	1,554,146
Other intangible assets, net	822,964	836,783
Other assets	96,671	90,038
Total Assets	$ 3,982,354	$ 3,908,221
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS (“RNCI”), AND SHAREHOLDERS’ EQUITY		
Current Liabilities		
Accounts payable	$ 420,779	$ 449,347
Accrued media	295,964	245,883
Accruals and other liabilities	219,047	265,356
Advance billings	311,329	294,609
Current portion of lease liabilities - operating leases	56,390	60,195
Current portion of deferred acquisition consideration	37,336	51,906
Total Current Liabilities	1,340,845	1,367,296
Long-term debt	1,465,323	1,353,624
Long-term portion of deferred acquisition consideration	55,941	50,209
Long-term lease liabilities - operating leases	224,323	245,397
Deferred tax liabilities, net	47,323	47,239
Other liabilities	57,850	59,139
Total Liabilities	3,191,605	3,122,904
Redeemable Noncontrolling Interests	10,856	8,412
Commitments, Contingencies and Guarantees (Note 10)		
Shareholders’ Equity		
Common shares - Class A	114	115
Common shares - Class C	2	2
Paid-in capital	343,082	343,647
Retained earnings	10,504	11,740
Accumulated other comprehensive loss	(19,302)	(23,773)
Stagwell Inc. Shareholders’ Equity	334,400	331,731
Noncontrolling interests	445,493	445,174
Total Shareholders’ Equity	779,893	776,905
Total Liabilities, Redeemable Noncontrolling Interests and Shareholders’ Equity	$ 3,982,354	$ 3,908,221

See Notes to the Unaudited Consolidated Financial Statements.

STAGWELL INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Cash flows from operating activities:		
Net loss	$ (5,325)	$ (713)
Adjustments to reconcile net income to cash used in operating activities:		
Stock-based compensation	11,543	16,116
Depreciation and amortization	42,006	34,836
Amortization of right-of-use lease assets and lease liability interest	17,118	20,912
Impairment and other (gains) losses	(3,529)	1,500
Deferred income taxes	(747)	(655)
Adjustment to deferred acquisition consideration	6,657	154
Other, net	(2,060)	292
Changes in working capital:		
Accounts receivable	(44,701)	(42,976)
Expenditures billable to clients	11,095	6,681
Other assets	(32,778)	(19,584)
Accounts payable	(35,287)	22,206
Accrued expenses and other liabilities	(19,075)	(63,856)
Advance billings	15,628	(6,124)
Current portion of lease liabilities - operating leases	(20,558)	(21,660)
Deferred acquisition related payments	—	(250)
Net cash used in operating activities	(60,013)	(53,121)
Cash flows from investing activities:		
Capitalized software	(11,966)	(8,794)
Capital expenditures	(3,912)	(5,439)
Acquisitions, net of cash acquired	(1,090)	(11,673)
Other	(3,391)	(218)
Net cash used in investing activities	(20,359)	(26,124)
Cash flows from financing activities:		
Repayment of borrowings under revolving credit facility	(432,000)	(417,000)
Proceeds from borrowings under revolving credit facility	543,000	540,000
Shares repurchased and cancelled	(11,068)	(29,698)
Distributions to noncontrolling interests	(581)	(559)
Payment of deferred consideration	(16,103)	(1,657)
Net cash provided by financing activities	83,248	91,086
Effect of exchange rate changes on cash and cash equivalents	3,438	(1,754)
Net increase in cash and cash equivalents	6,314	10,087
Cash and cash equivalents at beginning of period	131,339	119,737
Cash and cash equivalents at end of period	$ 137,653	$ 129,824
Supplemental Cash Flow Information:		
Cash income taxes paid	$ 7,908	$ 8,535
Cash interest paid	37,738	35,253

STAGWELL INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS - (continued)
(amounts in thousands)

	Three Months Ended March 31,	
	2025	2024
Non-cash investing and financing activities:		
Acquisitions of business	—	6,139
Acquisitions of noncontrolling interest	—	10,167
Share issuances	—	341

See Notes to the Unaudited Consolidated Financial Statements.

STAGWELL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(amounts in thousands)

	Three Months Ended March 31, 2025									
	Common Shares - Class A		Common Shares - Class C		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Stagwell Inc. Shareholders' Equity	Noncontrolling Interests	Shareholders' Equity
	Shares	Amount	Shares	Amount						
Balance at December 31, 2024	**114,847**	**$ 115**	**151,649**	**$ 2**	**$ 343,647**	**$ 11,740**	**$ (23,773)**	**$ 331,731**	**$ 445,174**	**$ 776,905**
Net loss	—	—	—	—	—	(2,917)	—	(2,917)	(2,408)	(5,325)
Other comprehensive income	—	—	—	—	—	—	4,471	4,471	6,027	10,498
Total other comprehensive income (loss)	—	—	—	—	—	(2,917)	4,471	1,554	3,619	5,173
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(581)	(581)
Changes in redemption value of RNCI, net of tax	—	—	—	—	—	1,681	—	1,681	—	1,681
Restricted awards granted or vested	1,159	1	—	—	267	—	—	268	—	268
Shares repurchased and cancelled	(1,870)	(2)	—	—	(11,384)	—	—	(11,386)	—	(11,386)
Restricted shares forfeited	(242)	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	12,059	—	—	12,059	—	12,059
Change in ownership held by Class C shareholders	—	—	—	—	(1,509)	—	—	(1,509)	1,509	—
Other	—	—	—	—	2	—	—	2	(4,228)	(4,226)
Balance at March 31, 2025	**113,894**	**$ 114**	**151,649**	**$ 2**	**$ 343,082**	**$ 10,504**	**$ (19,302)**	**$ 334,400**	**$ 445,493**	**$ 779,893**

See Notes to the Unaudited Consolidated Financial Statements.

STAGWELL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY - (continued)
(amounts in thousands)

	Three Months Ended March 31, 2024									
	Common Shares - Class A & B		Common Shares - Class C		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Stagwell Inc. Shareholders' Equity	Noncontrolling Interests	Shareholders' Equity
	Shares	Amount	Shares	Amount						
Balance at December 31, 2023	**118,469**	**$ 118**	**151,649**	**$ 2**	**$ 348,494**	**$ 21,148**	**$ (13,067)**	**$ 356,695**	**$ 468,577**	**$ 825,272**
Net income (loss)	—	—	—	—	—	(1,282)	—	(1,282)	569	(713)
Other comprehensive loss	—	—	—	—	—	—	(2,864)	(2,864)	(4,282)	(7,146)
Total other comprehensive loss	—	—	—	—	—	(1,282)	(2,864)	(4,146)	(3,713)	(7,859)
Purchases of noncontrolling interest	—	—	—	—	1,744	—	—	1,744	(10,226)	(8,482)
Changes in redemption value of RNCI	—	—	—	—	—	(250)	—	(250)	—	(250)
Restricted awards granted or vested	151	—	—	—	254	—	—	254	—	254
Shares repurchased and cancelled	(4,828)	(5)	—	—	(30,581)	—	—	(30,586)	—	(30,586)
Restricted shares forfeited	(18)	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	13,550	—	—	13,550	—	13,550
Shares issued, acquisitions	993	1	—	—	6,138	—	—	6,139	—	6,139
Change in ownership held by Class C shareholders	—	—	—	—	(6,047)	—	—	(6,047)	6,047	—
Other	52	1	—	—	344	2	—	347	(795)	(448)
Balance at March 31, 2024	**114,819**	**$ 115**	**151,649**	**$ 2**	**$ 333,896**	**$ 19,618**	**$ (15,931)**	**$ 337,700**	**$ 459,890**	**$ 797,590**

See Notes to the Unaudited Consolidated Financial Statements.

STAGWELL INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Business and Basis of Presentation

Stagwell Inc. (the "Company," "we," or "Stagwell"), incorporated under the laws of Delaware, conducts its business through its networks and its portfolio of marketing services firms ("Brands"), which provide marketing and business solutions that realize the potential of combining data and creativity. Stagwell's strategy is to build, grow and acquire market-leading businesses that deliver the modern suite of services that marketers need to thrive in a rapidly evolving business environment.

The accompanying Unaudited Consolidated Financial Statements include the accounts of Stagwell and its subsidiaries. Stagwell has prepared the unaudited consolidated interim financial statements included herein in accordance with accounting principles generally accepted in the United States ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for reporting interim financial information on Form 10-Q. Accordingly, pursuant to these rules, the footnotes do not include certain information and disclosures. The preparation of financial statements in conformity with GAAP requires us to make judgments, assumptions and estimates about current and future results of operations and cash flows that affect the amounts reported and disclosed. Actual results could differ from these estimates and assumptions. The consolidated reports for interim periods are not necessarily indicative of results for the full year and should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Form 10-K").

The accompanying financial statements reflect all adjustments, consisting of normal recurring accruals, which in the opinion of management are necessary for a fair statement, in all material respects, of the information contained therein. Intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to the prior year financial information to conform to the current year's presentation.

For acquisitions closing after the current quarter reporting period but before the filing of this Form 10-Q, if any, disclosures related to the preliminary purchase price allocation and fair value of the net assets acquired are not disclosed given insufficient time.

Recent Developments

On May 1, 2025, the Company acquired JetFuel Studio LLC and Powered by JetFuel LLC, an experiential marketing company, for $21.6 million, of which $10.3 million was paid in cash and $11.3 million was paid in 2,017,857 shares of the Company's Class A Common Stock, par value $0.001 per share ("Class A Common Stock") subject to post-closing adjustments. In connection with the acquisition, the sellers are entitled to contingent consideration up to a maximum value of $59.5 million, subject to continued employment and meeting certain future earnings targets, of which a portion may be settled in shares of Class A Common Stock, at the Company's discretion.

On April 23, 2025, the Company entered into the Second Amended and Restated Credit Agreement (as defined in Note 8 of the Notes included herein). Among other things, the Second Amended and Restated Credit Agreement (i) provides additional revolving commitments in an aggregate principal amount of $110 million for a total of $750 million; (ii) extends the maturity date to April 23, 2030; and (iii) amends the applicable margin used to calculate the interest rate or borrowings thereunder.

On April 2, 2025, the Company acquired Create Group Holding Limited, a strategic digital communications group in the Middle East, for $15.5 million, of which $11.5 million was paid in cash and $4.0 million was paid in 653,663 shares of the Company's Class A Common Stock, subject to post-closing adjustments. In connection with the acquisition, the sellers are entitled to contingent consideration up to a maximum value of approximately $24.0 million, subject to continued employment and meeting certain future earnings targets, of which a portion may be settled in shares of Class A Common Stock, at the Company's discretion.

On April 2, 2025, the Company announced that it had received a Notice of Exercise of Exchange Right from Stagwell Media LP ("Stagwell Media") pursuant to which Stagwell Media exercised in full its right to exchange all of its 151,648,741 Class C common stock, par value $0.00001 per share ("Class C Common Stock") for an equal number of newly issued shares of Class A Common Stock. The Company completed such exchange (the "Class C Exchange") on April 2, 2025.

Following the Class C Exchange, the Company no longer has any shares of Class C Common Stock outstanding and Stagwell Media's noncontrolling interest balance (approximately $424 million as of March 31, 2025) has been reclassified to the respective Stagwell Inc. Shareholders' Equity accounts. In addition, in connection with the Class C Exchange, the Company will recognize an increase in the tax basis of Stagwell Global LLC ("OpCo")'s assets through a deferred tax asset and, under its Tax Receivables Agreement ("TRA"), an increase to the amounts due Stagwell Media equal to 85% of certain tax savings. The Company is evaluating the likelihood that it will realize the benefit represented by the deferred tax asset and, to the extent that the Company estimates that it is more likely than not that it will not realize the benefit, it will reduce the carrying amount of the deferred tax asset with a valuation allowance and a corresponding reduction to the TRA liability. The Company is currently evaluating the value of the deferred tax asset and TRA liability and will reflect such amounts in its financial statements within its Quarterly Report on Form 10-Q for the period ended June 30, 2025.

On January 1, 2025, the Company entered into a stock purchase agreement to acquire ADK Group, an integrated marketing solutions company. The purchase price is dependent on the closing balance sheet but is estimated to be approximately $24 million. The acquisition is expected to close in the second quarter of 2025.

2. New Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, Income Statement—Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40) Disaggregation of Income Statement Expenses ("ASU 2024-03"), to enhance the transparency and decision usefulness of financial information presented in the income statement by requiring disaggregated information about certain income statement expense line items. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The Company is evaluating the impact of these new requirements on its income statement presentation and disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) Improvements to Income Tax Disclosures ("ASU 2023-09"), to enhance the transparency and decision usefulness of income tax disclosures by requiring disaggregated information about an entity's effective tax rate reconciliation, as well as information on taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Interim disclosures are not impacted by this update. The Company is evaluating the impact of these amendments on its annual disclosures.

3. Acquisitions

2024 Acquisitions

Acquisition of Unicepta

On December 19, 2024, the Company acquired UNICEPTA Holding GmbH ("Unicepta"), a global media monitoring and analytics platform, for 60.1 million Euros ("€") (approximately $62 million), of which €23.8 million (approximately $24 million) was paid in cash, €25.0 million (approximately $26 million) in 3,390,788 shares of the Company's Class A Common Stock , €0.7 million in a deferred cash payment (approximately $1 million), which was paid in January 2025, and €10.6 million (approximately $11 million) attributable to contingent consideration which is considered part of the purchase price, subject to post-closing adjustments. In connection with the acquisition, the sellers are entitled to contingent consideration up to a maximum value of €40.0 million (approximately $42 million) subject to meeting certain future earnings targets, of which a portion may be settled in shares of Class A Common Stock at the Company's discretion.

The consideration has been allocated to the assets acquired and assumed liabilities of Unicepta based upon fair values. The preliminary purchase price allocation is as follows:

	Amount
	(dollars in thousands)
Cash and cash equivalents	$ 2,723
Accounts receivable, net	9,354
Other current assets	575
Right-of-use lease assets	5,911
Fixed assets	429
Identifiable intangible assets	36,833
Other assets	140
Accounts payable	(2,808)
Accruals and other liabilities	(6,998)
Advance billings	(951)
Current portion of lease liabilities - operating leases	(1,071)
Long-term lease liabilities - operating leases	(5,400)
Deferred tax liabilities, net	(10,500)
Other liabilities	(406)
Net assets assumed	27,831
Goodwill	34,583
Purchase price consideration	$ 62,414

The excess of purchase consideration over the fair value of the net assets acquired was recorded as goodwill, which is primarily attributable to the assembled workforce of Unicepta. Goodwill of $34.6 million was assigned to the Stagwell Marketing Cloud Group reported within All Other. The goodwill is not deductible for income tax purposes.

Intangible assets consist of trade names, customer relationships, and developed technology. We amortize purchased intangible assets on a straight-line basis over their respective useful lives. The weighted average life of the total acquired identifiable intangible assets is 10 years. The following table presents the details of identifiable intangible assets acquired:

	Estimated Fair Value	Estimated Useful Life in Years
	(dollars in thousands)	
Customer relationships	$ 22,083	12
Trade names	5,417	10
Developed Technology	9,333	5
Total acquired intangible assets	$ 36,833	

The pro forma revenue and net loss of the Company for the three months ended March 31, 2024, was $683.2 million and $3.6 million, respectively. The unaudited pro forma financial information is for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the acquisition been consummated as of that time.

Revenue attributable to Unicepta, included within the Unaudited Consolidated Statements of Operations for the three months ended March 31, 2025, was $12.4 million. Net loss attributable to Unicepta, included within the Unaudited Consolidated Statements of Operations for the three months ended March 31, 2025, was less than $0.1 million.

The purchase price accounting is not yet final as the Company has not yet finalized its valuation processes and therefore may still make adjustments.

Acquisition of Consulum

On October 1, 2024, the Company acquired Consulum (Cayman) Limited ("Consulum"), a government advisory firm that provides public relations management and media and marketing services, for $82.8 million, of which $58.6 million was paid in cash, $12.9 million in 1,810,274 shares of the Company's Class A Common Stock, and $11.3 million was attributed to contingent consideration which is considered part of the purchase price. On January 29, 2025, the Company paid $0.1 million to the sellers as a post-closing adjustment. In connection with the acquisition, the sellers are entitled to contingent consideration up to a maximum value of $90.0 million, partially subject to continued employment and meeting certain future earnings targets, of which a portion may be settled in shares of Class A Common Stock at the Company's discretion.

The consideration has been allocated to the assets acquired and assumed liabilities of Consulum based upon fair values. The preliminary purchase price allocation is as follows:

	Amount
	(dollars in thousands)
Cash and cash equivalents	$ 2,151
Accounts receivable, net	26,845
Other current assets	3,094
Right-of-use lease assets	2,173
Fixed assets	2,032
Identifiable intangible assets	57,200
Accounts payable	(2,078)
Accruals and other liabilities	(9,167)
Advance billings	(5,425)
Current portion of lease liabilities - operating leases	(983)
Long-term lease liabilities - operating leases	(1,065)
Deferred tax liabilities, net	(8,618)
Net assets assumed	66,159
Goodwill	16,687
Purchase price consideration	$ 82,846

The excess of purchase consideration over the fair value of the net assets acquired was recorded as goodwill, which is primarily attributable to the assembled workforce of Consulum. Goodwill of $16.7 million was assigned to the Communications Network reportable segment. The goodwill is not deductible for income tax purposes.

Intangible assets consist of trade names and customer relationships. We amortize purchased intangible assets on a straight-line basis over their respective useful lives. The weighted average life of the total acquired identifiable intangible assets is nine years. The following table presents the details of identifiable intangible assets acquired:

	Estimated Fair Value		Estimated Useful Life in Years
	(dollars in thousands)		
Customer relationships	$	43,800	7
Trade names		13,400	10
Total acquired intangible assets	$	57,200	

The pro forma revenue and net income of the Company for the three months ended March 31, 2024, was $685.0 million and $2.6 million, respectively. The unaudited pro forma financial information is for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the acquisition been consummated as of that time.

Revenue attributable to Consulum, included within the Unaudited Consolidated Statements of Operations for the three months ended March 31, 2025, was $12.8 million. Net income attributable to Consulum included within the Unaudited Consolidated Statements of Operations for the three months ended March 31, 2025, was $0.2 million.

The purchase price accounting is not yet final as the Company has not yet finalized its valuation processes and therefore may still make adjustments.

Acquisition of Team Epiphany

On January 2, 2024, the Company acquired Team Epiphany, LLC ("Epiphany"), a consumer marketing company, for $16.7 million, of which $11.7 million was paid in cash and $5.0 million in 797,916 shares of Class A Common Stock, subject to post-closing adjustments. In connection with the acquisition, the sellers are entitled to contingent consideration up to a maximum value of $17.0 million, subject to continued employment and meeting certain future earnings targets, of which a portion may be settled in shares of Class A Common Stock at the Company's discretion. The goodwill is deductible for income tax purposes.

The consideration has been allocated to the assets acquired and assumed liabilities of Epiphany based upon fair values. The purchase price allocation is as follows:

	Amount	
	(dollars in thousands)	
Cash and cash equivalents	$	1,095
Accounts receivable, net		8,283
Expenditures billable to clients		4,823
Other current assets		402
Right-of-use lease assets		2,788
Fixed assets		184
Identifiable intangible assets		4,316
Accounts payable		(1,086)
Accruals and other liabilities		(664)
Advance billings		(8,808)
Current portion of lease liabilities - operating leases		(516)
Long-term lease liabilities - operating leases		(2,600)
Net assets assumed		8,217
Goodwill		8,452
Purchase price consideration	**$**	**16,669**

The excess of purchase consideration over the fair value of the net assets acquired was recorded as goodwill, which is primarily attributable to the assembled workforce of Epiphany. Goodwill of $8.5 million was assigned to the Integrated Agencies Network reportable segment.

Intangible assets consist of trade names and customer relationships. We amortize purchased intangible assets on a straight-line basis over their respective useful lives. The weighted average life of the total acquired identifiable intangible assets is three years. The following table presents the details of identifiable intangible assets acquired:

	Estimated Fair Value	Estimated Useful Life in Years
	(dollars in thousands)	
Customer relationships	$ 3,767	3
Trade names	549	3
Total acquired intangible assets	$ 4,316	

Revenue attributable to Epiphany, included within the Unaudited Consolidated Statements of Operations for the three months ended March 31, 2025 and 2024 was $10.9 million and $13.4 million, respectively. Net income attributable to Epiphany, included within the Unaudited Consolidated Statements of Operations for the three months ended March 31, 2025 and 2024 was $1.3 million and $0.1 million, respectively.

Other 2024 Acquisitions

On July 19, 2024, the Company acquired L.D.R.S. Group Ltd. ("Leaders"), for 25.2 million Israeli New Shekels ("ILS") (approximately $7 million), of which 10.9 million ILS (approximately $3 million) was paid in cash, 3.5 million ILS (approximately $1 million) in 135,010 shares of the Company's Class A Common stock, and 10.9 million ILS (approximately $3 million) was attributed to contingent consideration which is considered part of the purchase price. In connection with the acquisition, the sellers are entitled to contingent consideration up to a maximum value of 24.2 million ILS (approximately $7 million), partially subject to continued employment and meeting certain future earnings targets, of which a portion may be settled in shares of Class A Common Stock at the Company's discretion. The excess of purchase consideration over the fair value of the net assets acquired was recorded as goodwill, which is primarily attributable to the assembled workforce of Leaders and expected growth related to new customer relationships. Goodwill of $4.9 million was assigned to the All Other category. The goodwill is not fully deductible for income tax purposes. The purchase price accounting is not yet final as the Company may still make adjustments due to changes in post-closing adjustments.

On April 5, 2024, the Company acquired PROS Agency ("PROS"), for 42.1 million Brazilian reals ("R$") approximately $8.5 million) of which R$23.3 million ($4.7 million) was paid in cash, R$5.3 million ($1.1 million) was paid in 182,256 shares of Class A Common Stock, and R$13.5 million ($2.7 million) was attributed to contingent consideration which is considered part of the purchase price. In connection with the acquisition, the sellers are entitled to contingent consideration up to a maximum value of R$72.5 million ($14.4 million), partially subject to continued employment, and meeting certain future earnings targets, of which a portion may be settled in shares of the Company's Class A Common Stock, at the Company's discretion. The excess of purchase consideration over the fair value of the net assets acquired was recorded as goodwill, which is primarily attributable to the assembled workforce of PROS and expected growth related to new customer relationships. Goodwill of $5.4 million was assigned to the Communications Network reportable segment. The goodwill is not fully deductible for income tax purposes.

On April 4, 2024, the Company acquired What's Next Partners ("WNP"), for €4.3 million (approximately $5 million) in cash. In connection with the acquisition, the sellers are entitled to contingent consideration up to a maximum value of €8.5 million (approximately $9 million), partially subject to continued employment and meeting certain future earnings targets, of which a portion may be settled in shares of the Company's Class A Common Stock, at the Company's discretion. The excess of purchase consideration over the fair value of the net assets acquired was recorded as goodwill, which is primarily attributable to the assembled workforce of WNP and expected growth related to new customer relationships. Goodwill of $5.4 million was assigned to the Integrated Agencies Network reportable segment. The goodwill is not fully deductible for income tax purposes.

On March 1, 2024, the Company acquired Sidekick Live Limited (“Sidekick”), for 4.6 million British pounds (“£”) (approximately $6 million) of which £3.6 million (approximately $5 million) was paid in cash, £0.1 million (approximately $0.2 million) was incurred as a certain payable to sellers, and £0.9 million (approximately $1 million) in 195,431 shares of Class A Common Stock. On February 12, 2025, the Company paid £0.3 million (approximately less than $0.3 million) to the sellers as a post-closing adjustment and for the settlement of a certain payable to sellers as noted above. In connection with the acquisition, the sellers are entitled to contingent consideration up to a maximum value of £8.0 million (approximately $10 million), subject to continued employment requirements and meeting certain future earnings targets, of which a portion may be settled in shares of Class A Common Stock at the Company’s discretion. The excess of purchase consideration over the fair value of the net assets acquired was mainly recorded as goodwill, which is primarily attributable to the assembled workforce of Sidekick and expected growth related to new customer relationships. Goodwill of $2.2 million was assigned to the Communications Network reportable segment. The goodwill is not fully deductible for income tax purposes.

4. Revenue

Disaggregated Revenue Data

The Company provides a broad range of services to a large base of clients across the full spectrum of verticals globally. The primary source of revenue is from Brand arrangements in the form of fees for services performed, commissions, and from performance incentives or bonuses. Certain clients may engage with the Company in various geographic locations, across multiple disciplines, and through multiple Brands. Representation of a client rarely means that Stagwell handles marketing communications for all Brands or product lines of the client in every geographical location. The Company’s Brands often cooperate with one another through referrals and the sharing of both services and expertise, which enables Stagwell to service clients’ varied marketing needs by crafting custom integrated solutions.

In this quarter, we reclassified a certain Brand from the Digital Transformation into the Performance Media and Data principal capability, to better align with our service offerings. Prior period presented has been recast to reflect this change. The following table presents revenue disaggregated by our principal capabilities for the three months ended March 31:

Principal Capabilities	Reportable Segment	2025	2024
		(dollars in thousands)	
Digital Transformation	All segments	$ 116,466	$ 115,759
Creativity and Communications	All segments	303,034	291,653
Performance Media and Data	Integrated Agencies Network and Brand Performance Network	109,817	157,020
Consumer Insights and Strategy	Integrated Agencies Network	48,891	45,769
Stagwell Marketing Cloud Group	All segments	73,532	59,858
		$ 651,740	$ 670,059

As of March 31, 2025, Stagwell’s Brands were located in the United States, the United Kingdom, and 33 other countries around the world. The Company continues to expand its global footprint to support clients in international markets. Historically, some clients have responded to weakening economic conditions with reductions to their marketing budgets, which included discretionary components that are easier to reduce in the short term than other operating expenses.

The following table presents revenue disaggregated by geography for the three months ended March 31:

Geographical Location	Reportable Segment	2025	2024
		(dollars in thousands)	
United States	All	$ 512,542	$ 563,548
United Kingdom	All	37,884	37,761
Other	All	101,314	68,750
		$ 651,740	$ 670,059

Contract Assets and Liabilities

Contract assets consist of fees and reimbursable outside vendor costs incurred on behalf of clients when providing advertising, marketing and corporate communications services that have not yet been invoiced to clients. Such amounts are invoiced to clients at various times over the course of providing services. In arrangements in which we are acting as principal, contract assets are included as a component of Accounts receivable on the Unaudited Consolidated Balance Sheets. These assets were $181.2 million and $135.9 million as of March 31, 2025, and December 31, 2024, respectively. In arrangements in which we are acting as agent, contract assets pertaining to reimbursable outside vendor costs are included on the Unaudited Consolidated Balance Sheets as Expenditures billable to clients. These assets were $163.7 million and $173.2 million as of March 31, 2025, and December 31, 2024, respectively.

Contract liabilities represent advanced billings to customers for fees and reimbursements of third-party costs, whether we act as principal or agent. Such fees and reimbursements of third-party costs are classified as Advance billings on the Company's Unaudited Consolidated Balance Sheets. Advance billings at March 31, 2025, and December 31, 2024, were $311.3 million and $294.6 million, respectively. The change in Advance billings of $16.7 million for the three months ended March 31, 2025, was primarily driven by $186.9 million of revenue recognized that was included in the Advance billings balances as of December 31, 2024, the incurrence of third-party costs, and cash payments received or due in advance of satisfying our performance obligations. In arrangements in which we are acting as an agent, the revenue recognized related to the contract liability is presented on a net basis within the Unaudited Consolidated Statements of Operations.

Changes in the contract asset and liability balances during the three months ended March 31, 2025, were not materially impacted by acquisitions, write-offs, impairment losses or any other factors.

Unsatisfied Performance Obligations

The majority of our contracts are for periods of one year or less. For those contracts with a term of more than one year, we had $130.2 million of unsatisfied performance obligations as of March 31, 2025, of which we expect to recognize approximately 68% in 2025, 25% in 2026 and 5% in 2027, 2% in 2028, and thereafter.

5. Loss Per Share

The following table presents the computations of basic and diluted loss per common share for the three months ended March 31, 2025 (amounts in thousands, except per share amounts):

	Three Months Ended March 31, 2025
Loss Per Share - Basic	
Numerator:	
Net loss	$ (5,325)
Net loss attributable to Class C shareholders	6,637
Net income attributable to other equity interest holders	(4,229)
Net loss attributable to noncontrolling and redeemable noncontrolling interests	$ 2,408
Net loss attributable to Stagwell Inc. common shareholders	$ (2,917)
Denominator:	
Weighted Average number of common shares outstanding	112,088
Loss Per Share - Basic	$ (0.03)
Loss Per Share - Diluted	
Numerator:	
Net loss attributable to Stagwell Inc. common shareholders	$ (2,917)
Net loss attributable to Class C shareholders	(6,637)
	$ (9,554)
Denominator:	
Basic - Weighted Average number of common shares outstanding	112,088
Dilutive shares:	
Class C Shares	151,649
Diluted - Weighted average number of common shares outstanding	263,737
Loss Per Share - Diluted	$ (0.04)
Anti-dilutive:	
Class A Shares to settle deferred acquisition obligations	7,125
Stock Appreciation Rights and Restricted Awards	6,472
Employee Stock Purchase Plan shares	58

The following table presents the computations of basic and diluted loss per common share for the three months ended March 31, 2024 (amounts in thousands, except per share amounts):

	Three Months Ended March 31, 2024
Loss Per Share - Basic	
Numerator:	
Net loss	$ (713)
Net loss attributable to Class C shareholders	1,047
Net income attributable to other equity interest holders	(1,616)
Net income attributable to noncontrolling and redeemable noncontrolling interests	(569)
Net loss attributable to Stagwell Inc. common shareholders	$ (1,282)
Denominator:	
Weighted Average number of common shares outstanding	112,633
Loss Per Share - Basic	$ (0.01)
Loss Per Share - Diluted	
Numerator:	
Net loss attributable to Stagwell Inc. common shareholders	$ (1,282)
Adjustment to net loss:	
Fair value adjustment for deferred acquisition obligations (net of income tax expense)	(224)
	$ (1,506)
Denominator:	
Basic - Weighted Average number of common shares outstanding	112,633
Dilutive shares:	
Class A Shares to settle deferred acquisition obligations	3,772
Diluted - Weighted average number of common shares outstanding	116,405
Loss Per Share - Diluted	$ (0.01)
Anti-dilutive:	
Class C Shares	151,649
Stock Appreciation Rights and Restricted Awards	4,531
Employee Stock Purchase Plan shares	49

Restricted stock awards of 4.8 million and 4.6 million as of March 31, 2025, and 2024, respectively, were excluded from the computation of diluted loss per common share because the performance contingencies necessary for vesting were not met as of the reporting date.

6. Deferred Acquisition Consideration

Deferred acquisition consideration on the Unaudited Consolidated Balance Sheets consists of deferred obligations related to contingent purchase price payments and retention payments tied to continued employment of specific personnel. Arrangements that are not contingent upon future employment are initially measured at the acquisition date fair value and are remeasured at each reporting period within Office and general expenses on the Unaudited Consolidated Statements of Operations. Arrangements that are contingent upon future employment are expensed as earned over the respective vesting (employment) period within Office and general expenses on the Unaudited Consolidated Statements of Operations.

The following table presents changes in deferred acquisition consideration for the three months ended March 31, 2025 and the year ended December 31, 2024 and a reconciliation to the amounts reported on the Unaudited Consolidated Balance Sheets as of March 31, 2025 and December 31, 2024 :

	2025	2024
	(dollars in thousands)	
Beginning balance	$ 102,115	$ 101,058
Payments [1]	(16,103)	(67,895)
Adjustments to deferred acquisition consideration [2]	6,657	23,005
Additions [3]	—	46,598
Currency translation adjustment	608	(651)
Ending balance [4]	$ 93,277	$ 102,115

[1] Includes deferred acquisition consideration payments settled in shares of Class A Common Stock of $18.2 million for the year ended December 31, 2024.

[2] Adjustments to deferred acquisition consideration contains fair value changes from the Company's initial estimates of deferred acquisition payments and accretion of expense as awards are earned over the vesting period.

[3] Additions in 2024 of $46.6 million include $28.1 million related to the Company's acquisitions (See Note 3 for further information). It also includes $17.0 million related to a reclassification from redeemable noncontrolling interest to deferred acquisition consideration in connection with the purchase of the remaining 40% interest the Company did not previously own in a certain Brand. This amount was fully paid during the three months ended March 31, 2025.

[4] The deferred acquisition consideration as of March 31, 2025, and December 31, 2024, includes $42.4 million and $38.4 million, respectively, expected to be settled in shares of Class A Common Stock.

7. Leases

The Company leases office space in North America, Europe, Asia, South America, Africa, and Australia. These spaces are primarily used for office and administrative purposes by the Company's employees in performing professional services. These leases are classified as operating leases and expire between years 2025 through 2034. The Company's finance leases are immaterial.

Lease costs are recognized in the Unaudited Consolidated Statements of Operations over the lease term on a straight-line basis. Leasehold improvements are depreciated on a straight-line basis over the lesser of the term of the related lease or the estimated useful life of the asset.

Some of the Company's leases include options to extend or renew the leases through 2044. The renewal and extension options are not included in the lease term as the Company is not reasonably certain that it will exercise its option.

From time to time, the Company enters into sublease arrangements with unrelated third parties. These subleases are classified as operating leases and expire between years 2025 and 2032. Sublease income is recognized over the lease term on a straight-line basis. Currently, the Company subleases office space in North America and Europe.

As of March 31, 2025, the Company had entered into two operating leases for which the commencement date had not yet occurred because the premises were being prepared for occupancy by the landlords. Accordingly, these two leases represent obligations of the Company that are not reflected within the Unaudited Consolidated Balance Sheets as of March 31, 2025. The aggregate future liabilities related to these leases were $5.2 million as of March 31, 2025.

The discount rate used for leases accounted for under the FASB's Accounting Standards Codification 842 ("ASC 842") is the Company's collateralized credit adjusted borrowing rate.

The following table presents lease costs and other quantitative information for the three months ended March 31:

	2025	2024
Lease Cost:	(dollars in thousands)	
Operating lease cost	$ 17,118	$ 20,946
Variable lease cost	6,007	5,937
Sublease rental income	(2,135)	(2,480)
Total lease cost	$ 20,990	$ 24,403
Additional information:		
Cash paid for amounts included in the measurement of lease liabilities for operating leases		
Operating cash flows	$ 20,185	$ 21,660
Right-of-use lease assets obtained in exchange for operating lease liabilities and other non-cash adjustments	$ 1,520	$ 5,967

As of March 31, 2025, the weighted average remaining lease term was 5.7 years, and the weighted average discount rate was 5.7%.

Operating lease expense is included in Office and general expenses in the Unaudited Consolidated Statements of Operations. The Company’s lease expense for leases with a term of 12 months or less is immaterial.

The following table presents minimum future rental payments under the Company’s leases as of March 31, 2025, and their reconciliation to the corresponding lease liabilities:

	Maturity Analysis
	(dollars in thousands)
2025	$ 54,714
2026	62,375
2027	53,918
2028	46,596
2029	42,366
Thereafter	71,271
Total	331,240
Less: Present value discount	(50,527)
Lease liability	$ 280,713

8. Debt

The following tables present the Company’s indebtedness as reported on the Unaudited Consolidated Balance Sheets as of March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
	(dollars in thousands)	
Credit Agreement	$ 375,000	$ 264,000
5.625% Notes	1,100,000	1,100,000
Debt issuance costs	(9,677)	(10,376)
5.625% Notes, net of debt issuance costs	1,090,323	1,089,624
Total long-term debt	$ 1,465,323	$ 1,353,624

Interest expense related to long-term debt included in Interest expense, net on the Unaudited Consolidated Statements of Operations for the three months ended March 31, 2025 and 2024 was $22.7 million and $20.4 million, respectively.

The amortization of debt issuance costs included in Interest expense, net on the Unaudited Consolidated Statements of Operations for the three months ended March 31, 2025 and 2024 was $0.7 million and $0.7 million, respectively.

Revolving Credit Agreement

The Company is party to a senior secured revolving credit facility with a five-year maturity with a syndicate of banks (the “Credit Agreement”). As of March 31, 2025, the Credit Agreement provides revolving commitments of up to $640.0 million. See Note 1 of the Notes included herein for additional information related to the amendment and restatement of the Credit Agreement, subsequent to March 31, 2025.

The Credit Agreement contains a number of financial and non-financial covenants and is guaranteed by substantially all of our present and future subsidiaries, subject to customary exceptions. The Company was in compliance with all covenants as of March 31, 2025.

A portion of the Credit Agreement in an amount not to exceed $50.0 million is available for the issuance of standby letters of credit. As of March 31, 2025 and December 31, 2024, the Company had issued undrawn outstanding letters of credit of $15.3 million and $15.3 million, respectively.

Senior Notes

The Company had $1.1 billion aggregate principal amount of 5.625% senior notes (“5.625% Notes”) outstanding as of March 31, 2025. The 5.625% Notes are due August 15, 2029, and bear annual interest of 5.625% to be paid semiannually on February 15 and August 15 of each year.

The 5.625% Notes are also subject to certain covenants, customary events of default, including cross-payment default and cross-acceleration provisions. The Company was in compliance with all covenants as of March 31, 2025.

9. Noncontrolling and Redeemable Noncontrolling Interests

When acquiring less than 100% ownership of an entity, the Company may enter into agreements that give the Company an option to purchase, or require the Company to purchase, the incremental ownership interests under certain circumstances. Where the option to purchase incremental ownership is within the Company’s control, the amounts are recorded as Noncontrolling interests within Shareholders’ Equity in the Unaudited Consolidated Balance Sheets. Where the incremental purchase may be required of the Company, the amounts are recorded as Redeemable noncontrolling interests in mezzanine equity in the Unaudited Consolidated Balance Sheets at their estimated acquisition date redemption value and adjusted at each reporting period for changes to their estimated redemption value through Retained earnings (but not less than their initial redemption value), except for foreign currency translation adjustments.

The following table presents Net income (loss) attributable to noncontrolling and redeemable noncontrolling interests between Class C shareholders and other equity interest holders for the three months ended March 31:

	2025	2024
	(dollars in thousands)	
Net loss attributable to Class C shareholders	$ (6,637)	$ (1,047)
Net income attributable to other equity interest holders	2	823
Net loss attributable to noncontrolling interests	$ (6,635)	$ (224)
Net income attributable to redeemable noncontrolling interests	4,227	793
Net income (loss) attributable to noncontrolling and redeemable noncontrolling interests	$ (2,408)	$ 569

The following table presents noncontrolling interests between Class C shareholders and other equity interest holders as of March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
	(dollars in thousands)	
Noncontrolling interest of Class C shareholders	$ 423,996	$ 423,428
Noncontrolling interest of other equity interest holders [1]	21,497	21,746
Total noncontrolling interests	$ 445,493	$ 445,174

[1] In January 2024, the Company entered into an agreement to purchase the remaining noncontrolling ownership interest in a subsidiary it previously controlled, the consideration for which was a portion of the subsidiary that was transferred to the

noncontrolling interest owner. The non-cash purchase resulted in a reduction of the subsidiary noncontrolling interest by approximately $10.2 million.

The following table presents changes in redeemable noncontrolling interests for the three months ended March 31, 2025 and year ended December 31, 2024:

	March 31, 2025	December 31, 2024
	(dollars in thousands)	
Beginning balance	$ 8,412	$ 10,792
Redemptions [1]	—	(17,039)
Additions	—	1,127
Distributions	—	(2,880)
Changes in redemption value [2]	(1,681)	13,363
Net income attributable to redeemable noncontrolling interests	4,227	3,005
Currency translation adjustment	(102)	44
Ending balance	$ 10,856	$ 8,412

[1] Redemptions for the year ended December 31, 2024 was associated with redeemable noncontrolling interest of a certain brand we did not previously own. The amount was reclassified as a deferred acquisition contingent obligation (see Note 6).

[2] Changes in redemption value are the fair value changes from the acquisition date redemption value based on the options held by the minority interest holders, adjusted through Retained earnings.

The noncontrolling shareholders' ability to exercise any such option right is subject to the satisfaction of certain conditions, including conditions requiring notice in advance of exercise and specific employment termination conditions. In addition, these rights cannot be exercised prior to specified staggered exercise dates. The exercise of these rights at their earliest contractual date would result in obligations of the Company to fund the related amounts between 2025 and 2031. It is not determinable, at this time, if or when the owners of these rights will exercise all or a portion of these rights.

These adjustments will not impact the calculation of earnings (loss) per share if the redemption values are less than the estimated fair values. As such, there is no related impact on the Company's earnings (loss) per share calculations for the three months ended March 31, 2025, and 2024.

10. Commitments, Contingencies, and Guarantees

Legal Proceedings. The Company's operating entities are involved in legal proceedings and regulatory inquiries of various types. While any litigation or investigation contains an element of uncertainty, the Company has no reason to believe that the outcome of such proceedings or claims will have a material adverse effect on the financial condition and results of operations of the Company.

Guarantees. Generally, the Company has indemnified the purchasers of certain assets in the event that a third party asserts a claim against the purchaser that relates to a liability retained by the Company. These types of indemnification guarantees typically extend for a number of years. Historically, the Company has not made any significant indemnification payments under such agreements and no amount has been accrued in the accompanying Unaudited Consolidated Financial Statements with respect to these indemnification guarantees. The Company continues to monitor the conditions that are subject to guarantees and indemnifications to identify whether it is probable that a loss has occurred and would recognize any such losses under any guarantees or indemnifications in the period when those losses are probable and estimable.

Commitments. In the ordinary course of business, the Company enters into certain commitments. The following details the significant commitments of the Company at March 31, 2025:

The Company had $15.3 million of undrawn letters of credit outstanding. See Note 8 of the Notes included herein for additional information.

The Company entered into two operating leases for which the commencement date has not yet occurred. See Note 7 of the Notes included herein for additional information.

The Company enters into long-term, non-cancellable contracts with partner associations that include revenue or profit-sharing commitments related to the provision of its services. These contracts may also include provisions that require the partner associations to meet certain performance targets prior to any obligation to the Company. At March 31, 2025, the

Company estimates its future minimum commitments under these non-cancellable agreements to be $6.7 million for the remainder of 2025, $4.9 million, $4.0 million, $3.2 million, $2.9 million and $1.0 million for 2026, 2027, 2028, 2029 and 2030, respectively.

The Company is party to a long-term, non-cancellable contract with a certain vendor for cloud services that requires the Company to commit to minimum spending over the contract term. At March 31, 2025, the Company estimates its future minimum commitments under this agreement to be $9.0 million for the remainder of 2025 and $8.7 million, $10.4 million, $12.7 million and $15.3 million for 2026, 2027, 2028 and 2029, respectively.

The Company is party to a long-term, non-cancellable contract with a certain vendor for a software license agreement that requires the Company to commit to minimum spending over the contract term. At March 31, 2025, the Company estimates its future minimum commitments under this agreement to be $8.8 million for the remainder of 2025 and $28.5 million and $21.8 million for 2026 and 2027, respectively.

11. Share Capital

The authorized and outstanding share capital of the Company is below.

Class A Common Stock

There are 1.0 billion shares of Class A Common Stock authorized, of which 113.9 million shares were issued and outstanding as of March 31, 2025. Each share of Class A Common Stock carries one vote and represents an economic interest in the Company.

Class C Common Stock

There are 250.0 million shares of Class C Common Stock authorized, of which 151.6 million shares were issued and outstanding as of March 31, 2025. Each share of Class C Common Stock carried one vote and does not represent an economic interest in the Company. Each share of Class C Common Stock was paired with a corresponding common unit of OpCo, the Company’s only operating subsidiary (each such paired share of Class C Common Stock and common unit of OpCo, a “Paired Unit”). Each holder of Paired Units was able to, at its option, exchange such Paired Units for shares of Class A Common Stock on a one-to-one basis (i.e., one Paired Unit for one share of Class A Common Stock).

Effective April 2, 2025, all outstanding shares of Class C Common Stock were converted to shares of Class A Common Stock in connection with the Class C Exchange. Refer to Note 1 for additional details.

Class A Common Stock Repurchases

The Company may repurchase up to an aggregate of $375.0 million of shares of our outstanding Class A Common Stock under its stock repurchase program (the “Repurchase Program”). The Repurchase Program will expire on November 6, 2027.

Under the Repurchase Program, share repurchases may be made at our discretion from time to time in open market transactions at prevailing market prices, including through trading plans that may be adopted in accordance with Rule 10b5-1 of the Exchange Act, as amended, in privately negotiated transactions, or through other means. The timing and number of shares repurchased under the Repurchase Program will depend on a variety of factors, including the performance of our stock price, general market and economic conditions, regulatory requirements, the availability of funds, and other considerations we deem relevant. The Repurchase Program may be suspended, modified, or discontinued at any time without prior notice. Our Board of Directors will review the Repurchase Program periodically and may authorize adjustments of its terms.

During the three months ended March 31, 2025, 0.9 million shares of Class A Common Stock were repurchased pursuant to the Repurchase Program at an average price of $6.07 per share, for an aggregate value, excluding fees, of $5.7 million.

The remaining value of shares of Class A Common Stock permitted to be repurchased under the Repurchase Program was $164.2 million as of March 31, 2025.

12. Fair Value Measurements

A fair value measurement assumes a transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. The hierarchy for observable and unobservable inputs used to measure fair value into three broad levels are described below:

- Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2 - Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
- Level 3 - Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Financial Instruments that are not Measured at Fair Value on a Recurring Basis

The following table presents certain information for our financial liability that is not measured at fair value on a recurring basis as of March 31, 2025 and December 31, 2024:

	March 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(dollars in thousands)			
5.625% Notes	$ 1,100,000	$ 1,047,750	$ 1,100,000	$ 1,048,311

The fair value of this instrument is based on quoted market prices in markets that are not active. Therefore, this debt is classified as Level 2 within the fair value hierarchy.

Financial Instruments Measured at Fair Value on a Recurring Basis

Contingent deferred acquisition consideration (Level 3 fair value measurement) is initially recorded at the acquisition date fair value and adjusted at each reporting period. The estimated liability is determined in accordance with models of each business' future performance, including revenue growth and free cash flows. These models are dependent upon significant assumptions, such as the growth rate of the earnings of the relevant subsidiary during the contractual period and the discount rate. These growth rates are consistent with the Company's long-term forecasts. As of March 31, 2025, the discount rate used to measure these liabilities ranged from 4.7% to 7.4%.

As these estimates require the use of assumptions about future performance, which are uncertain at the time of estimation, the fair value measurements presented on the Unaudited Consolidated Balance Sheets are subject to uncertainty.

See Note 6 of the Notes included herein for additional information regarding contingent deferred acquisition consideration.

As of March 31, 2025, and December 31, 2024, the carrying amount of the Company's financial instruments, including cash, cash equivalents, accounts receivable and accounts payable, approximated fair value because of their short-term maturity.

Non-financial Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis

Certain non-financial assets are measured at fair value on a nonrecurring basis, primarily goodwill, intangible assets (Level 3 fair value measurements) and right-of-use lease assets (Level 2 fair value measurement). Accordingly, these assets are not measured and adjusted to fair value on an ongoing basis but are subject to periodic evaluations for potential impairment.

See Note 7 of the Notes included herein for additional information on right-of-use lease assets.

13. Supplemental Information

Stock-Based Awards

Stock-based compensation recognized for awards authorized under the Company's employee stock incentive plans during the three months ended March 31, 2025 and 2024 was $11.8 million and $12.8 million, respectively. This was included as a component of stock-based compensation in Office and general expenses and Cost of services within the Unaudited Consolidated Statements of Operations.

Certain of the Company's subsidiaries grant awards to their employees providing them with an equity interest in the respective subsidiary (the "profits interests awards"). The profits interests awards generally provide the employee with the right, but not the obligation, to sell their profits interest in the subsidiary to the Company based on a performance-based formula and, in certain cases, receive a profit share distribution. The profits interests awards are primarily settled in cash, with certain awards having stock-settlement provisions at the Company's discretion. The corresponding liability associated with these profits interests awards was $18.1 million and $18.5 million as of March 31, 2025 and December 31, 2024, respectively, and was included as a component of Accruals and other liabilities and Other Liabilities on the Unaudited Consolidated Balance Sheets. The change in the fair value of these awards resulted in a decrease in stock-based compensation for the three months ended March 31, 2025 of $0.3 million and an increase in stock-based compensation for the three months ended March 31, 2024 of $1.7 million. This was included as a component of stock-based compensation in Cost of services within the Unaudited Consolidated Statements of Operations.

Transfer of Accounts Receivable

The Company transfers certain of its trade receivable assets to third parties under certain agreements. Per the terms of these agreements, the Company surrenders control over its trade receivables upon transfer.

The trade receivables transferred to the third parties were $129.3 million and $69.8 million for the three months ended March 31, 2025 and 2024, respectively. The amount collected and due to the third parties under these arrangements was $10.4 million as of March 31, 2025 and $19.5 million as of December 31, 2024. Fees for these arrangements were recorded in Office and general expenses in the Unaudited Consolidated Statements of Operations and totaled $1.5 million and $0.9 million for the three months ended March 31, 2025 and 2024, respectively.

14. Income Taxes

Our tax provision for interim periods is determined using an estimated annual effective tax rate, adjusted for discrete items arising in interim periods.

The Company had an income tax expense for the three months ended March 31, 2025 of $1.7 million (on a pre-tax loss of $3.6 million resulting in an effective tax rate of (47.8)%) primarily due to the tax benefit of the small pre-tax loss being more than offset by the current losses subject to valuation allowance and withholding taxes recorded in the period.

The Company had income tax expense for the three months ended March 31, 2024 of $2.6 million (on pre-tax income of $1.4 million resulting in an effective tax rate of 189.5%) primarily driven by nominal pre-tax profit, current losses subject to valuation allowance and a shortfall in deductions for share based compensation expense vested during the period.

The OECD (Organisation for Economic Co-operation and Development) has proposed a global minimum tax of 15% of reported profits (Pillar 2) that has been agreed upon in principle by over 140 countries. Many countries have taken steps to incorporate Pillar 2 model rule concepts into their domestic laws. Although the model rules provide a framework for applying the minimum tax, countries may enact Pillar 2 slightly differently than the model rules and on different timelines and may adjust domestic tax incentives in response to Pillar 2. Accordingly, we have included an estimate of the impact of Pillar 2 in our estimated annual effective tax rate and continue to evaluate the potential consequences of Pillar 2 on our longer-term financial position.

Although it is reasonably possible that a change in the balance of unrecognized tax benefits may occur within the next 12 months, based on the information currently available, we do not expect any change to be material to our unaudited consolidated financial statements.

Tax Receivables Agreement

In connection with the TRA, the Company is required to make cash payments to Stagwell Media equal to 85% of certain U.S. federal, state and local income tax or franchise tax savings, if any, that we actually realize, or in certain circumstances are deemed to realize, as a result of (i) increases in the tax basis of OpCo’s assets resulting from exchanges of Paired Units (defined in Note 11) for shares of Class A Common Stock or cash, as applicable, and (ii) certain other tax benefits related to us making payments under the TRA. The TRA liability is an estimate and actual amounts payable under the TRA could differ from this estimate.

There were no exchanges of Paired Units for shares of Class A Common Stock for the three months ended March 31,2025. As of March 31, 2025, the Company has recorded a TRA liability of $25.6 million, and an associated deferred tax asset, net of amortization, of $26.9 million, in connection with the exchange of Paired Units and the projected obligations under the TRA.

Effective April 2, 2025, all Paired Units were exchanged for Class A Shares. See Note 1 of the Notes included herein for additional information regarding the TRA following the Class C Exchange.

15. Related Party Transactions

In the ordinary course of business, the Company enters into transactions with related parties, including its affiliates. The transactions may range in the nature and value of services underlying the arrangements. The following table presents significant related party transactions where a related party received services from the Company:

	Revenue		Due From Related Party	
	Three Months Ended March 31,			
Services	2025	2024	March 31, 2025	December 31, 2024
Marketing and advertising services [1]	$ —	$ 110	$ —	$ —
Marketing and website development services [2]	763	755	310	601
Polling services [3]	—	460	—	192
Polling and public relation services [4]	106	104	100	55
Marketing and advertising services [5]	623	—	—	—
Total	$ 1,492	$ 1,429	$ 410	$ 848

[1] Brands' partners and executives either hold a key leadership position in or are on the board of directors of the client.
[2] A member of the Company's Board is the managing director of a client.
[3] A family member of the Company's Chief Executive Officer holds a key leadership position in the client.
[4] A family member of the Company's President holds a key leadership position in the client.
[5] Founder of the client has significant interest in the Company.

In 2022, the Company made loans to three employees of a subsidiary each in the amount of $0.9 million, together with interest on the unpaid principal balance at a fixed interest rate equal to 3.5% per annum, compounding quarterly. The cash from the loan was used by the employees to purchase the noncontrolling interest of 13.3% in TMA Direct. As of March 31, 2025, and December 31, 2024, $2.7 million and $2.7 million, respectively, was due from the related parties and included in Other current assets and Other assets, respectively, on the Unaudited Consolidated Balance Sheets.

16. Segment Information

The Company determines an operating segment if a component (i) engages in business activities from which it earns revenues and incurs expenses, (ii) has discrete financial information, and is (iii) regularly reviewed by the Chief Operating Decision Maker ("CODM"), who is Mark Penn, Chief Executive Officer and Chairman, to make decisions regarding resource allocation for the segment and assess its performance. Once operating segments are identified, the Company performs an analysis to determine if aggregation of operating segments is applicable. This determination is based upon a quantitative analysis of the expected and historic average long-term profitability for each operating segment, together with a qualitative assessment to determine if operating segments have similar operating characteristics. All segments follow the same basis of presentation and accounting policies as those described throughout the Notes included herein.

The CODM uses Adjusted EBITDA as a key metric, to evaluate the operating and financial performance of a segment, identify trends affecting the segments, develop projections and make strategic business decisions. Adjusted EBITDA is 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 primarily includes restructuring, certain system implementation and acquisition-related expenses.

The Company has three reportable segments as follows: "Integrated Agencies Network," "Brand Performance Network," and the "Communications Network." The composition of these segments are as follows:

- The **Integrated Agencies Network** includes five operating segments: the Anomaly Alliance, Constellation, the Doner Partner Network, Code and Theory Network, and National Research Group. The operating segments offer an array of complementary services spanning our core capabilities of Digital Transformation, Performance Media & Data, Consumer Insights & Strategy, Stagwell Marketing Cloud Group and Creativity & Communications. The Brands included in the operating segments that comprise the Integrated Agencies Network reportable segment includes: Anomaly Alliance (Anomaly, What's Next Partners), Constellation (72andSunny, Crispin LLC, Colle McVoy, Hunter, Redscout, Team Enterprises, Harris Insights, Movers and Shakers, and Team Epiphany), the Doner Partner Network (Doner, KWT Global, Harris X, Veritas, Doner North, and Yamamoto), Code and Theory Network (Code and Theory, Instrument, Left Field Labs), and National Research Group.

These operating segments share similar characteristics related to (i) the nature of their services; (ii) the type of clients and the methods used to provide services; and (iii) the extent to which they may be impacted by global economic and geopolitical risks. In addition, these operating segments may occasionally compete with each other for new business or have business move between them.

- The **Brand Performance Network** ("BPN") comprises a single operating segment. BPN includes a unified media and data management structure with omnichannel media placement, creative media consulting, influencer and business-to-business marketing capabilities. Our Brands in this segment aim to provide scaled creative performance through developing and executing sophisticated omnichannel campaign strategies leveraging significant amounts of consumer data. BPN's Brands provide media solutions such as audience analysis, media planning, and buying across a range of digital and traditional platforms (out-of-home, paid search, social media, lead generation, programmatic, television, broadcast, among others) and includes multichannel Brands Assembly, CPB International, Stagwell Production, Vitro, Forsman & Bodenfors, Goodstuff, Bruce Mau, digital creative & transformation consultancy Gale, B2B specialist Multiview, CX specialists Kenna, and travel media experts Ink.

- The **Communications Network** reportable segment comprises a single operating segment, our specialist network that provides advocacy, strategic corporate communications, investor relations, public relations, online fundraising and other services to both corporations and political and advocacy organizations and includes Allison, SKDK, Targeted Victory, and Consulum.

The Company combines and discloses operating segments that do not meet the aggregation criteria and includes the elimination of certain intercompany services and revenue, within "All Other." All Other consists of the Company's "software as a service" ("SaaS") and "data as a service" ("DaaS") technology tools.

The Company reports corporate expenses as "Corporate." Corporate consists of corporate office expenses incurred in connection with the strategic resources provided to the operating segments, as well as certain other centrally managed expenses that are not fully allocated to the operating segments. These office and general expenses include (i) salaries and related expenses for corporate office employees, including employees dedicated to supporting the operating segments, (ii) occupancy expenses relating to properties occupied by all corporate office employees, (iii) other office and general expenses including professional fees for the financial statement audits and other public company costs, and (iv) certain other professional fees managed by the corporate office.

	Three Months Ended March 31, 2025			
	Integrated Agencies Network	Brand Performance Network	Communications Network	Total
	(dollars in thousands)			
Revenue [1]	$ 377,354	$ 162,218	$ 87,628	$ 627,200
Billable costs	51,560	15,360	20,630	87,550
Staff costs	199,882	96,450	44,577	340,909
Administrative costs	31,644	23,407	10,174	65,225
Unbillable and other costs *	17,099	15,458	490	33,047
Adjusted EBITDA	77,169	11,543	11,757	100,469
Adjusted EBITDA - All Other				(6,330)
Adjusted EBITDA - Corporate				(13,557)
Total Consolidated Adjusted EBITDA				80,582
Stock-based compensation				11,543
Depreciation and amortization				42,006
Deferred acquisition consideration				6,657
Other items, net				2,091
Operating Income				18,285
Other income (expenses):				
Interest expense, net				(23,356)
Foreign exchange, net				1,220
Other, net				249
				(21,887)
Loss before income taxes and equity in earnings of non-consolidated affiliates				(3,602)
Income tax expense				1,722
Loss before equity in earnings of non-consolidated affiliates				(5,324)
Equity in loss of non-consolidated affiliates				(1)
Net loss				(5,325)
Net loss attributable to noncontrolling and redeemable noncontrolling interests				2,408
Net loss attributable to Stagwell Inc. common shareholders				$ (2,917)

[1] Total consolidated revenue of $651,740 also includes revenue of $24,540 associated with operating segments that do not meet the aggregation criteria and elimination of certain intercompany service and revenue.

*For each reportable segment, Unbillable and other costs includes costs to fulfill customer contract requirements such as research and subscription related costs, audience measurement, data and analytics, and panels and survey costs; and also includes travel related expenses associated with contract fulfillment.

	Three Months Ended March 31, 2024			
	Integrated Agencies Network	Brand Performance Network	Communications Network	Total
	(dollars in thousands)			
Revenue (1)	$ 352,719	$ 213,962	$ 93,746	$ 660,427
Billable costs	59,947	51,400	26,258	137,605
Staff costs	186,534	98,431	39,264	324,229
Administrative costs	30,602	22,071	8,704	61,377
Unbillable and other costs *	15,528	14,566	136	30,230
Adjusted EBITDA	60,108	27,494	19,384	106,986
Adjusted EBITDA - All Other				(3,986)
Adjusted EBITDA - Corporate				(12,684)
Total Consolidated Adjusted EBITDA				90,316
Stock-based compensation				16,116
Depreciation and amortization				34,836
Deferred acquisition consideration				154
Impairment and other losses				1,500
Other items, net				11,856
Operating Income				25,854
Other income (expenses):				
Interest expense, net				(20,965)
Foreign exchange, net				(2,258)
Other, net				(1,267)
				(24,490)
Income before income taxes and equity in earnings of non-consolidated affiliates				1,364
Income tax expense				2,585
Loss before equity in earnings of non-consolidated affiliates				(1,221)
Equity in income of non-consolidated affiliates				508
Net loss				(713)
Net income attributable to noncontrolling and redeemable noncontrolling interests				(569)
Net loss attributable to Stagwell Inc. common shareholders				$ (1,282)

(1) Total consolidated revenue of $670,059 also includes revenue of $9,632 associated with operating segments that do not meet the aggregation criteria and elimination of certain intercompany service and revenue.

*For each reportable segment, Unbillable and other costs includes costs to fulfill customer contract requirements such as research and subscription related costs, audience measurement, data and analytics, and panels and survey costs; and also includes travel related expenses associated with contract fulfillment.

The Company's long-lived assets (i.e., Right-of-use lease assets-operating leases and Fixed asset, net) was $278.7 million ($208.4 million in the United States and $70.3 million in all other countries) as of March 31, 2025 and $292.1 million ($231.9 million in the United States and $60.2 million in all other countries) as of December 31, 2024.

The Company's CODM does not use segment assets to allocate resources or to assess performance of the segments and therefore, total segment assets have not been disclosed.

See Note 4 of the Notes included herein for a summary of the Company's revenue by geographic region for the three months ended March 31, 2025 and 2024.