

ADV'S DOUBLE WHAMMY.



**REJECT
ADV'S OFFER**

M&CSAATCHI

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Response to the unsolicited offer by Advanced AdvT Limited (incorporated in the British Virgin Islands with company number 2040954) to acquire M&C Saatchi Plc (incorporated in England and Wales with company number 05114893)

If you are in any doubt about the contents of this document or what action you should take, you are recommended to seek your own personal advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom, or from another appropriately authorised financial adviser if you are taking advice in a territory outside the United Kingdom.

If you sell, have sold or otherwise transferred all of your M&C Saatchi Shares, please send this document at once to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, this document should not be forwarded or transmitted in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction. If you have sold or transferred part only of your M&C Saatchi Shares, you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document in whole or in part, directly or indirectly in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves of, and observe, any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by law, M&C Saatchi disclaims any responsibility or liability for the violation of such restrictions by such persons.

This document does not and is not intended to constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the ADV Offer or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful and any such offer (or solicitation) may not be extended in any such jurisdiction. This document is not a prospectus or prospectus equivalent document.

M&C Saatchi Shareholders should read carefully the whole of this document and any information incorporated into this document by reference from another source as a whole.

Your attention is drawn to the letter from the Chairman of M&C Saatchi in Part 1 of this document, which explains that, as at the date of this document, the M&C Saatchi Directors are recommending that you reject the ADV Offer.

Numis Securities Limited (“Numis”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for M&C Saatchi as joint financial adviser and joint broker and no one else in connection with the ADV Offer and will not be responsible to anyone other than M&C Saatchi for providing the protections afforded to clients of Numis nor for providing advice in relation to the ADV Offer or any other matters referred to in this document. Neither Numis nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Numis in connection with this document, any statement contained herein or otherwise.

Liberum Capital Limited (“Liberum”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for M&C Saatchi as nominated adviser and joint financial adviser and joint broker and no one else in connection with the ADV Offer and will not be responsible to anyone other than M&C Saatchi for providing the protections afforded to clients of Liberum nor for providing advice in relation to the ADV Offer or any other matters referred to in this document. Neither Liberum nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Liberum in connection with this document, any statement contained herein or otherwise.

IMPORTANT NOTICES

This document does not constitute a prospectus or prospectus equivalent document. The statements contained in this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this document, you should consult your own legal, financial or tax adviser for legal, business, financial or tax advice.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and publication of this document shall not give rise to any implication that

there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of M&C Saatchi except where otherwise expressly stated. M&C Saatchi does not intend, nor undertakes any obligation, to update information contained in this document, except as required by applicable law, the Takeover Code or other regulation.

No person has been authorised to make any representations on behalf of M&C Saatchi concerning the ADV Offer which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been authorised by M&C Saatchi.

Overseas Shareholders

This document has been prepared for the purpose of complying with English law, the Takeover Code, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the AIM Rules and the information disclosed in it may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of England.

The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable legal or regulatory requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law M&C Saatchi, the M&C Saatchi Directors Numis and Liberum, disclaim any responsibility or liability for the violation of such restrictions by any person.

Notice to US M&C Saatchi Shareholders

Financial information included in this document and other documentation published by the Company related to the ADV Offer has been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

It may be difficult for US M&C Saatchi Shareholders to enforce their rights and any claim arising out of the US federal laws, since M&C Saatchi and ADV are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US M&C Saatchi Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

None of the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority has approved or disapproved or passed comment upon or determined the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

Forward looking statements

This document (including information incorporated by reference into this document), oral statements regarding the ADV Offer and other information published by M&C Saatchi may contain certain forward looking statements with respect to the financial condition, strategies, objectives, results of operations and business of M&C Saatchi, the M&C Saatchi Group and certain plans and objectives with respect to the M&C Saatchi Group. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of M&C Saatchi about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward looking statements. The forward looking statements contained in this document include statements relating to the expected effects of the ADV Offer on M&C Saatchi, the expected timing and scope of the ADV Offer and other statements other than historical facts. Forward looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “hope”, “aims”, “continue”, “will”, “may”, “should”, “would”, “could”, or other words of similar meaning. These statements are based on assumptions and assessments made by M&C Saatchi in light of its experience and its perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward looking statements. Although it is believed that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such

expectations will prove to have been correct and readers are therefore cautioned not to place undue reliance on these forward looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business acquisitions or dispositions. For a discussion of important factors which could cause actual results to differ from forward looking statements in relation to the M&C Saatchi Group, refer to the annual report and accounts of the M&C Saatchi Group for the financial year ended 31 December 2021 available on the Company's website at the link set out at paragraph 10.2.2 of Part 2 of this document.

Each forward looking statement speaks only as at the date of this document. Neither M&C Saatchi nor the M&C Saatchi Directors assume any obligation to update or correct any of the information contained in this document (whether as a result of new information, future events or otherwise), except as required by applicable law. Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Profit forecasts, estimates or quantified financial benefits statements

The M&C Saatchi Profit Forecast is a profit forecast for the purposes of Rule 28 of the Takeover Code. The M&C Saatchi Profit Forecast, the assumptions and basis of preparation on which the M&C Saatchi Profit Forecast is based and the M&C Saatchi Directors' confirmation, as required by Rule 28.1 of the Takeover Code, are set out in Part 3 (*M&C Saatchi Profit Forecast*) of this document.

Other than in respect of the M&C Saatchi Profit Forecast, no statement in this document is intended as a profit forecast, estimate or quantified financial benefits statement for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for M&C Saatchi for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for M&C Saatchi.

For the purposes of Rule 28 of the Takeover Code the M&C Saatchi Profit Forecast contained in Part 3 (*M&C Saatchi Profit Forecast*) of this document is the responsibility of M&C Saatchi and the M&C Saatchi Directors.

Rounding

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Takeover Code applies must be made by no later than 3.30 p.m. on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8 of the Takeover Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Takeover Code applies

must be made by no later than 3.30 p.m. on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Takeover Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with either of them (see Rules 8.1, 8.2 and 8.4 of the Takeover Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Information relating to M&C Saatchi Shareholders

Please be aware that addresses, electronic addresses and certain information provided by M&C Saatchi Shareholders, persons with information rights and other relevant persons for the receipt of communications from M&C Saatchi may be provided to ADV during the offer period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

Publication on Website and Availability of Hard Copies

A copy of this document (together with all information incorporated into this document by reference to another source) and the documents required to be published by Rule 26 of the Takeover Code are being made available subject to certain restrictions relating to persons resident in Restricted Jurisdictions on M&C Saatchi's website at www.mcsaatchi plc.com. For the avoidance of doubt, the contents of the website referred to in this document are not incorporated into and do not form part of this document.

Pursuant to Rule 30.3 of the Takeover Code, a person so entitled may request a copy of this document and any information incorporated into it by reference to another source in hard copy form. A person may also request that all future documents, announcements and information to be sent to that person in relation to the ADV Offer should be in hard copy form.

M&C Saatchi Shareholders may request a hard copy of this document (and any information incorporated by reference in this document) by contacting Computershare between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on 0370 889 4044 (or if calling from outside the UK +44 (0)370 889 4044) or by submitting a request in writing to the Registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom or by email to WebQueries@computershare.co.uk. M&C Saatchi Shareholders may also request that all future documents, announcements and information in relation to the ADV Offer should be sent to them in hard copy form. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. If you have received this document in electronic form, copies of this document and any document or information incorporated by reference into this document will not be provided unless such a request is made.

Definitions

Definitions used in this document are as defined in Part 4 (*Definitions*) of this document unless defined elsewhere herein or the context requires otherwise.

Time

All times shown in this document are London times, unless otherwise stated.

Date

This document is published on and dated 28 June 2022.



ADV'S OFFER MATERIALLY UNDERVALUES M&C SAATCHI

- A low bid premium of only 24.7%*.
- A multiple of just 7.9x forecast Headline FY22 PBT*.
- Fails to reflect record results in 2021 – £27m Headline PBT.
Fails to reflect the current forecast for 2022 – £31m Headline PBT.
Fails to reflect the current forecast for 2023 – £41m Headline PBT.
- Transfers value from you to certain ADV shareholders under their promoter incentive scheme.

*Based on higher of the ADV All Share and ADV Cash and Share Offers.
See 'sources and bases' (Paragraph 9 of Part 2) for further details.



**TALENT EXODUS
CLIENT DISSATISFACTION
FINANCIAL DECLINE**

- Unanimously opposed by M&C Saatchi's 18 Excom members.
- The ADV Offer carries a high risk of damaging your company's culture, triggering a talent exodus, revenue loss and value destruction.
- The ADV strategy, as laid out in its prospectus, demonstrates a lack of knowledge and understanding of our business and clients. It is reliant on an M&A strategy with no guarantee of success.
- Shareholders should question ADV on their rationale for omitting regulatory conditions in their timetable, which we have been advised is a legal requirement with regards to our Australia business.

NEXT 15 OFFER

- The Board strongly believes in the standalone prospects of M&C Saatchi. However we cannot be certain of successfully delivering these standalone prospects given the 22.3% shareholding bloc of ADV and Vin Murria.
- The Board recognises the strength of the strategic, commercial and cultural fit of Next 15.
- The sole reason that the Board is not recommending Next 15 is the current low offer value, driven by the recent Next 15 share price decline.



M&C SAATCHI STANDALONE STRENGTH

STRONG COMPANY

- M&C Saatchi has been transformed and delivered record results in FY21, with strong growth prospects.
- The strength of our balance sheet and access to capital as a standalone company, negates the rationale of the hostile ADV Offer.
- M&C Saatchi's new leadership and management team is central to driving this success and is unanimously opposed to the ADV Offer.

CLEAR STRATEGY

- Our new strategy has delivered further simplicity, connected revenue growth and deeper digital capabilities.
- We have clear plans for accelerating the strategy in 2022 and 2023, with forecast profit growth of 22.5% CAGR.
- We believe a re-rating of our share price can be achieved against this strategy on a standalone basis.

**BY ACCEPTING ADV'S OFFER
YOU PUT THIS AT RISK**

STRONG COMPANY

Major Strengths

Breadth and depth of capabilities

- Significant presence in all major markets – well placed for regional and global client acquisition.
- Leading specialists in high margin, high growth sectors including Performance Media, Data Analytics, upstream consulting, Sport & Entertainment, and Global & Social Issues.
- Full funnel capabilities: ability to drive growth across the entire digital landscape.
- Diverse client base across multiple sectors including tech, government and consumer.

World-class creativity

- Working on campaigns to address the world's most complex problems including fighting the world's most deadly diseases, hate crime and the climate emergency.
- Supporting major technology clients including Google, Uber, TikTok, Tinder and Meta.
- Activating sponsorships for some of the world's most famous brands including McDonalds, Coca Cola, Heineken, Red Bull and Virgin.
- Innovating to capture new markets for brands including: Disney+, PepsiCo, Google, GSK and Toyota.
- Nation branding for UK, USA, Australia, UAE and Iceland.

Talent

- The Excom has some of the industry's leading talent.
- The team has led both the recovery and transformation of the business through unprecedented challenges.
- This has forged extraordinary senior management loyalty across the last three years – a retention rate of above 95%.

Culture and impact

- Our purpose is to navigate, create and lead meaningful change – change that makes a positive difference to the world. We are in demand for our ability to solve the most complex problems and grasp the most valuable opportunities.
- Our culture is unique, built on two principles for which we are famous, and which guide the work we do:

Brutal Simplicity of Thought

It's easier to complicate than simplify

Simple ideas enter the brain quicker and stay there longer

Brutal simplicity of thought is therefore a painful necessity

Diversity of Thought

Similar people think similar thoughts

Difference inspires creativity

Diversity of thought is therefore a creative necessity

These Strengths Have Delivered Record Results

Outstanding performance

- FY21 Headline PBT of £27m and forecasting to deliver record £31m Headline PBT in FY22.
- Like-for-like Net Revenue growth of 15% in FY21.
- FY21 Headline operating profit margin of 12.5%.
- FY21 Operating cashflow of £19m.

Strengthened balance sheet

- Our balance sheet is strong as a standalone company, without exposing shareholders to dilution through ADV's promoter incentivisation arrangements.
- Highly cash generative business enabling the company to fund investment organically and in high-growth adjacencies.
- Net Cash of £34m and bank debt reduced to £20m as at 31 December 2021.

Outlook

- Forecasting to deliver record Headline PBT in the region of £31m in FY22 and £41m in FY23.
- Material counter-cyclical businesses within the Group.
- On track to further reduce bank debt, providing headroom to fund future M&A.
- This is dependent on an unhindered environment and following the company's existing strategy.

**STRONG BALANCE SHEET AND
ABILITY TO ACCESS CAPITAL
TO FUND M&A GROWTH**

CLEAR STRATEGY

The accelerated strategy is built on three principles

- Simpler – efficiency and margin.
- More Connected – revenue growth.
- Enhanced Digitisation – growth and efficiency.

Simpler

- Reducing from five to three divisions to capture high growth, high margin revenue opportunities in Connected Marketing, Global Issues and Advisory, and Digital Transformation.
- Investing in technology platforms to drive efficiency including: HRIS, Netsuite, Adaptive Insights.
- Cost efficiency programme accelerated including deduplication and centralisation.

More Connected

- Dedicated global growth team winning more cross-discipline and international new business opportunities.
- Deploying shared technology platforms including Hubspot, CoreBook and our global intranet platform.
- Recent connected wins include: Sky Showtime, Barclays and Samsung.

Enhanced Digitisation

- Investing in central capabilities that fuel growth: sustainability consultancy, innovation studio and marketing SaaS start-up.
- Scaling our data analytics businesses Fluency and Precision.

**BACK US TO
DELIVER VALUE**

ADV'S OFFER PUTS ALL OF THIS AT RISK

Our value creation model is simple:

PEOPLE ► PRODUCT ► PROFIT

It is dangerous to underestimate the importance of this chain of value creation

- The combination of industry-leading talent, strong client relationships, and tech-enabled products and services is core to our transformation and profit growth.
- The most senior people in our business (who have the client relationships that drive revenue) do not support the ADV Offer, creating a serious risk of disorderly talent exodus. If this starts it is unstoppable and will destroy value.
- We believe ADV has demonstrated that they neither understand nor have any regard for these core fundamentals of our business.

The ADV Offer is strategically flawed

- No strategic roadmap and little evidence of understanding the needs of our clients.
- The strategy adds no original ideas beyond a vague M&A strategy with no guarantee of success.
- Cultural fit and adjacency is not mentioned as an M&A criteria, suggesting executional risk to the existing business.

The ADV Offer disregards regulatory filings, putting revenue in our three largest markets at risk.

REJECT ADV'S LOW PRICE AND HIGH RISK OFFER

M&C Saatchi is a strong digital and creative communications business across geographies and specialisms.



You own a unique and valuable business, with leading talent that does not need ADV.

M&C Saatchi has been transformed under its new leadership as demonstrated by the record FY21 performance.



You have invested in this transformation and are entitled to retain the full rewards as the company continues to deliver on its accelerated strategy.

Standalone prospects are reflected in the profit forecasts, which the ADV Offer materially undervalues.



We are confident that M&C Saatchi can achieve a re-rating on a standalone basis.

M&C Saatchi's people and culture are fundamental to its success and its future prospects.



The Directors believe that ADV would be detrimental to the talent base, client relationships and culture - destroying shareholder value.

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PART 1

LETTER FROM THE CHAIRMAN OF M&C SAATCHI PLC



(M&C Saatchi plc, incorporated in England and Wales with company number 05114893)

Directors

Gareth Davis (*Chairman*)
Moray MacLennan (*Chief Executive Officer*)
Louise Jackson (*Non-Executive Director*)
Lisa Gordon (*Non-Executive Director*)
Colin Jones (*Non-Executive Director*)

Registered office
36 Golden Square
London
W1F 9EE

28 June 2022

To all holders of M&C Saatchi Shares and, for information only, to the holders of options or awards under the M&C Saatchi Share Scheme and persons with information rights

Dear M&C Saatchi Shareholder,

M&C Saatchi response to ADV Offer for M&C Saatchi plc

1. INTRODUCTION

I would urge you to take the time to read this document carefully. It contains important information which we believe is of great significance to you.

In response to the unsolicited hostile offer document published by AdvancedAdvT Limited (“**ADV**”) on 14 June 2022 (the “**ADV Offer Document**”) which sets out the full terms of the offer by ADV for M&C Saatchi (the “**ADV Offer**”), I am writing to you today, on behalf of the M&C Saatchi Directors, to confirm that **the M&C Saatchi Directors continue to unanimously recommend that M&C Saatchi Shareholders reject the ADV Offer**, for the financial and other reasons set out in this document.

It is the M&C Saatchi Directors’ belief that the terms of the ADV Offer and ADV’s proposals represent both a low price and a high risk for M&C Saatchi Shareholders and the Company’s other stakeholders. The M&C Saatchi Directors believe that the ADV Offer fails to reflect the growth and opportunities in front of M&C Saatchi without offering a fair value for the business, and exchanges a plan which is already delivering for one that has increased risk, uncertainty and dilution for M&C Saatchi Shareholders.

The M&C Saatchi Directors also recognise that the terms of the offer by Next Fifteen Communications Group plc (“**Next 15**”) announced on 20 May 2022 (the “**Next 15 Offer**”) continue, at the date of this document, to undervalue M&C Saatchi’s business solely because of the deterioration of Next 15’s share price in current market conditions.

Accordingly, the M&C Saatchi Directors currently recommend neither the ADV Offer nor the Next 15 Offer, believing that greater value will accrue to M&C Saatchi Shareholders if M&C Saatchi continues as an independent company following its existing strategy.

The M&C Saatchi Directors reached their recommendations in respect of (a) the ADV Offer for the reasons set out in this document; and (b) the Next 15 Offer solely on financial grounds, but recognise that the value of ADV Shares and/or Next 15 Shares may rise before any decision needs to be taken by M&C Saatchi Shareholders and as such, will continue to closely monitor the market and the effective value of both the ADV Offer and the Next 15 Offer and provide updated advice to M&C Saatchi Shareholders should it be appropriate.

Although the M&C Saatchi Directors recommend neither the ADV Offer nor the Next 15 Offer, the M&C Saatchi Directors consider the Next 15 Offer to be superior to the ADV Offer from a long term financial,

strategic, commercial, employee and cultural perspective should M&C Saatchi Shareholders be minded to support a sale of the business.

References throughout this document to the ‘M&C Saatchi Directors’ mean all of the Company’s current directors. Prior to 5 June 2022 Vin Murria was a director of the Company. On 5 January 2022, ADV, a company of which Vin Murria is chair and in which she holds approximately 13 per cent. of the issued ordinary share capital, acquired 12,000,000 M&C Saatchi Shares representing approximately 9.8 per cent. of the Company’s issued share capital. On 7 January 2022 ADV announced that it was contemplating making an offer for the Company, on 17 May 2022 ADV announced its firm intention to make such an offer and on 14 June 2022 ADV published the ADV Offer Document by which it made the ADV Offer. As a result of Vin Murria’s interest in ADV, Vin Murria has not participated in the M&C Saatchi Board’s consideration of either the ADV Offer or the Next 15 Offer, this having been undertaken on behalf of M&C Saatchi Shareholders by the M&C Saatchi Directors. Vin Murria ceased to be a director of the Company on 5 June 2022.

TO REJECT THE ADV OFFER YOU NEED TAKE NO ACTION

2. THE ADV OFFER

2.1 Background to and reasons for the M&C Saatchi Directors’ recommendation

As previously announced by M&C Saatchi on 6 January 2022, M&C Saatchi received a preliminary approach from ADV and subsequently the M&C Saatchi Directors received three unsolicited conditional proposals from ADV. The M&C Saatchi Directors considered that each of the unsolicited conditional proposals undervalued M&C Saatchi and its prospects and was therefore not recommendable. In addition, the M&C Saatchi Directors believed that the proposal from ADV immediately transferred value from M&C Saatchi Shareholders to holders of ADV Shares and did not recognise the fundamental growth potential of M&C Saatchi and its clients’ needs. Furthermore, it lacked support from M&C Saatchi’s executive committee (“**Excom**”) (at that time consisting of 19 individuals who lead the key business lines responsible for M&C Saatchi’s revenue) presenting significant risk to M&C Saatchi’s talent and client base, and therefore future performance. However, the M&C Saatchi Directors, having consulted with M&C Saatchi’s largest shareholders, agreed to engage with ADV in order that M&C Saatchi Shareholders had the opportunity to be presented with a firm proposal from ADV.

On 17 May 2022 (the “**ADV Announcement Date**”), ADV announced its firm intention to make an offer for M&C Saatchi (the “**ADV Offer**”) and on the same day the M&C Saatchi Directors announced their rejection of the ADV Offer.

On 20 May 2022 (the “**Next 15 Announcement Date**”), the M&C Saatchi Directors announced that they had agreed the terms of an offer for M&C Saatchi by Next 15 to be effected by means of a Court-sanctioned scheme of arrangement between M&C Saatchi and M&C Saatchi Shareholders under Part 26 of the Companies Act (the “**Next 15 Offer**”). On the same day, ADV announced that the financial terms of the ADV Offer were final and would not be increased, except that ADV reserved the right to revise the financial terms where the Panel has determined that there has been a material change of circumstances.

On 9 June 2022, Next 15 announced that the financial terms of the Next 15 Offer were final and would not be increased except that Next 15 reserved the right to increase the financial terms of the Next 15 Offer if on or after 9 June 2022 there were to be released an announcement of an offer or a possible offer for M&C Saatchi by a third party offeror or potential offeror, other than ADV.

On 14 June 2022 ADV published the ADV Offer Document by which it made the ADV Offer under which M&C Saatchi Shareholders would receive either 2.043 new ADV Shares and 40 pence in cash (the “**ADV Cash and Shares Offer**”) or 2.530 new ADV Shares (the “**ADV All Shares Offer**”) implying a total value of 207.5 pence per M&C Saatchi Share based on the Closing Price of an ADV Share of 82.0 pence on 16 May 2022 (being the last Business Day prior to the ADV Announcement Date), and a total value of (i) in respect of the ADV All Share Offer, 209.4 pence per M&C Saatchi Share; or (ii) in respect of the ADV Cash and Shares Offer, 209.1 pence per M&C Saatchi Share, each based on the Closing Price of an ADV Share of 82.75 pence on 13 June 2022, being the latest practicable date prior to the publication of the ADV Offer Document. Following that announcement, on the same day, the M&C Saatchi Directors announced that they were reviewing the ADV Offer Document with the Company’s financial advisers and intended to publish their full response to the ADV Offer in due course. As at 27 June 2022, being the Latest Practicable Date, the terms of the ADV All Share Offer now implies a total value of 196.1 pence per M&C Saatchi Share based on the Closing Price on that day of an ADV Share of 77.5 pence, and the terms

of the ADV Cash and Shares Offer now implies a total value of 198.3 pence per M&C Saatchi Share based on the Closing Price on that day of an ADV Share of 77.5 pence.

On 17 June 2022, M&C Saatchi published a scheme circular setting out the terms of the Next 15 Offer (the “**Scheme Document**”), under which M&C Saatchi Shareholders would receive 0.1637 New Next 15 Shares and 40 pence in cash. On the Next 15 Announcement Date, the Next 15 Offer had an implied total value of 247.2 pence per M&C Saatchi Share based on the Closing Price of a Next 15 Share of 1,266 pence on 19 May 2022 (being the latest practicable date prior to the Next 15 Announcement Date). However, between the Next 15 Announcement Date and the publication of the Scheme Document, the price of a Next 15 Share had materially deteriorated, falling by 28.1 per cent. based on a Closing Price of 910.0 pence on 16 June 2022, being the latest practicable date prior to the publication of the Scheme Document. Therefore, while the terms of the Next 15 Offer were unchanged from that which was announced on the Next 15 Announcement Date and M&C Saatchi Shareholders would receive the same number of New Next 15 Shares (and as a result own the same percentage of the Enlarged Group) and amount of cash, the terms of the Next 15 Offer, at the time of publication of the Scheme Document, implied a total value of 189.0 pence per M&C Saatchi Share based on the Closing Price of a Next 15 Share of 910.0 pence on 16 June 2022.

As at 27 June 2022, being the Latest Practicable Date and based on the Closing Price of an ADV Share of 77.5 pence and of a Next 15 Share of 950.0 pence on that date:

- the terms of the ADV Cash and Shares Offer implied a total value of 198.3 pence per M&C Saatchi Share;
- the terms of the ADV All Shares Offer implied a total value of 196.1 pence per M&C Saatchi Share; and
- the terms of the Next 15 Offer implied a total value of 195.5 pence per M&C Saatchi Share.

2.2 M&C Saatchi Directors’ views on the ADV Offer Price

The ADV Offer is not at fair value

M&C Saatchi Shares currently trade at a discount to its core listed peer group. We believe that this has been driven, to an extent, by perceptions relating to historical issues which are now behind us. We are confident that M&C Saatchi can achieve a re-rating on a standalone basis as M&C Saatchi delivers against management and market expectations through the successful execution of its accelerated strategy, without exposing M&C Saatchi Shareholders to the dilution and other significant risks that the M&C Saatchi Directors believe would arise from the ADV Offer.

As such, the M&C Saatchi Directors do not consider that the premium offered by ADV reflects the value of M&C Saatchi.

We are delivering against our strategy and expect to continue to do so

We have transformed the business, delivered record growth and are implementing a new and accelerated strategy.

At our Capital Markets Day in January 2021, the leadership team at M&C Saatchi set out its strategy and operating model alongside medium-term financial targets. This customer-focused strategy sought to address changing client needs whilst improving operational efficiency and simplifying the M&C Saatchi business into five specialisms. The strategy was designed to enhance M&C Saatchi’s proven expertise in providing digital and connected marketing solutions to its clients globally.

This strategy is delivering as demonstrated by an exceptional turnaround and record Headline operating profit for the financial year ended 31 December 2021. Highlights for the period included:

- 2021 net revenue growth of 10.6 per cent. and like-for-like growth of 15.1 per cent..
- Record 2021 Headline operating profit £31.1 million (2020: £12.0 million). Ahead of expectations, reflecting strong new business and deepening client relationships.
- 2021 Headline operating profit margin 12.5 per cent. (2020: 5.3 per cent.).
- Headline profit before tax of £27.3 million and statutory profit before tax of £21.6 million.
- Net cash £34.4 million (2020: £32.7 million). Borrowings reduced to £20.6 million (2020: £29.6 million).

- New client wins and deepened relationships: Google, Uber, WHOOP, Gorillas, PepsiCo, TikTok and Mondelez.
- Over 50 creative awards won in 2021 and a record number of effectiveness awards.
- New strategic company launches so far this year include M&C Saatchi LIFE, the sustainability-focused consultancy led by IKEA's former Global Head of Sustainability & Healthy Living Joanna Yarrow; Thread, the digital business innovation consultancy, created by new leadership hires from Fjord/Accenture interactive; and Grow, a new SaaS offering leveraging the M&C Saatchi brand, which is currently in beta stage.
- Key personnel now in place for further centralisation and continued business simplification, allowing for scalable growth.

We have presented M&C Saatchi's revised projections for the years to 31 December 2022 ("FY22") and 2023 ("FY23"). These illustrate the future potential of the business, comprising forecast client and revenue gains coupled with further cost efficiencies.

As described in the announcement of these profit forecasts on 29 April 2022, and reconfirmed in the Scheme Document sent to M&C Saatchi Shareholders on 17 June 2022 and in this document, M&C Saatchi is forecasting Headline profit before tax in the region of:

- £31 million in FY22; and
- £41 million in FY23.

We are also confident that there will be further revenue opportunities, both organic and inorganic, as the Company continues to deliver against its accelerated strategy, connecting existing clients, driving new business and implementing further operational efficiencies. We are increasingly confident in M&C Saatchi's success over the long term.

The ADV Offer will cause significant dilution

We believe that the proposed exchange of shares under the ADV Offer will dilute and transfer value from M&C Saatchi Shareholders to ADV Shareholders and, in particular, to Vin Murria and Marwyn Investment Management LLP ("**Marwyn**") through their promoter incentive arrangements. Under these arrangements, participants (including Vin Murria and Marwyn) are entitled to receive 20 per cent. of the increase in value of ADV above an aggregated 7.5 per cent. shareholder return hurdle (measured from the respective issuances of ADV Shares). The M&C Saatchi Directors believe that, absent potential disruption arising from ADV's material shareholding, the growth already demonstrated by M&C Saatchi's successful implementation of its strategy and its future prospects as outlined above, could be sufficient in their own right to deliver growth in excess of the aggregated minimum 7.5 per cent. shareholder return, thus triggering the transfer of value to Vin Murria and Marwyn through their promoter incentive arrangements, before the implementation of ADV's proposed acquisition strategy.

Put Option Liabilities

ADV has made extensive reference to the potential liability arising from the settlement of Put Options held by a number of individual management members in whose businesses M&C Saatchi has invested or start-up businesses which M&C Saatchi has founded. Given M&C Saatchi's strong cash position, the M&C Saatchi Directors made the decision in September 2021 that all future Put Options should be settled in cash (if agreed to by the holder of the relevant Put Option), although M&C Saatchi retains the option to issue M&C Saatchi Shares to settle Put Options in the future, should circumstances warrant.

As at 31 December 2021 and 31 March 2022, M&C Saatchi had net cash balances of £34.4 million and £33.9 million respectively, including £15 million of its £47 million revolving credit facilities drawn as at 31 March 2022. These resources, alongside the continued cash generation, are expected to enable M&C Saatchi to settle in full the anticipated Put Option liabilities as they fall due in FY22, FY23 and beyond and do not restrict M&C Saatchi's ability to continue to deliver the group's accelerated growth strategy. We do not need additional capital in order to cash settle options as planned.

2.3 M&C Saatchi Directors' views on the effect of the implementation of the ADV Offer and ADV's future intentions on M&C Saatchi's interests, employees and locations

The Takeover Code requires the M&C Saatchi Directors to express their views on the effect of the ADV Offer on all of the Company's stakeholders, including, specifically, employees. It also requires the M&C Saatchi Directors to express their views on ADV's strategic plans for the Company and the likely

repercussions of those plans on employment and the locations of M&C Saatchi's places of business, to the extent those plans are set out in the ADV Offer Document.

The ADV Offer poses a risk of damage to M&C Saatchi's core business and loss of talent

We believe that the ADV Offer will be detrimental to M&C Saatchi's ability to retain employees. As a business with creativity at its core, M&C Saatchi's employees and M&C Saatchi's culture are central to its ongoing success.

Following a meeting on 22 February 2022 between members of M&C Saatchi's Excom (then consisting of 19 individuals who lead the key business lines responsible for M&C Saatchi's revenue, now 18 following the Company's CFO leaving in May 2022) and ADV, during which members of the ADV management team presented ADV's proposed strategy Excom expressed their unanimous opposition to the ADV Offer and strategy. In particular, the Excom have significant concerns about the potential impact on the talent base, client relationships and M&C Saatchi's culture, which together are fundamentally important to M&C Saatchi's future prospects. The Excom remain of this view and continue to have significant concerns.

Should M&C Saatchi not be able to recruit and retain key employees, the quality of the work that it is able to deliver and clients that it is able to retain, will inevitably fall. We fully recognise that talent is critical to M&C Saatchi's future success and accordingly, we believe, and taking into account Excom's unanimous views, that the ADV Offer will have a negative impact on the creation of future shareholder value.

The ADV Offer could breach regulatory requirements, putting at risk the transaction and the M&C Saatchi Group's relationships with key government clients

The M&C Saatchi Directors note that the ADV Offer is **not** conditional on the receipt of certain regulatory approvals, including in particular under the Australian foreign investment regime, UK National Security and Investment Act and US foreign investment regime.

M&C Saatchi Shareholders' attention is drawn to the section headed "*NFC's final offer – process*" in paragraph 2 of Part 1 of the ADV Offer Document which notes that "*NFC's final offer, if approved, may not complete until 31 December 2022*". However, the M&C Saatchi Directors note that the ADV Offer Document does not specifically address the requirements of the Australian foreign investment regime which requires that, given the activities of M&C Saatchi Group's Australian businesses, a buyer of M&C Saatchi Group must obtain prior approval from the Australian government. **Failure to obtain such approval is an offence which may give rise to civil and criminal penalties for any acquiror of M&C Saatchi and its officers.** The M&C Saatchi Directors further understand that at present, such applications are generally taking approximately two to four months to be considered and both the Next 15 Offer and ADV Offer would be subject to this approval. M&C Saatchi Shareholders should also note that the Scheme Document posted on 17 June 2022 included an update that the current expectation is for the timing of completion of the Next 15 Offer to be early in the fourth quarter of 2022. Accordingly, the M&C Saatchi Directors consider that ADV will need to obtain these approvals and therefore it is likely that the Next 15 Offer and ADV Offer will run to similar regulatory clearance timetables.

The ADV Offer Document also does not specifically address the requirements of the UK National Security and Investment Act which similarly requires prior approval from the UK government, given the nature of the M&C Saatchi Group's activities in the UK. **Failure to obtain such approval would result in the relevant transaction being void (unless and until an application is made to the UK government for retrospective validation) and completing the transaction without such approval (and without reasonable excuse) is a criminal offence which may give rise to criminal and financial penalties for any acquiror of M&C Saatchi and its officers.**

In addition, the M&C Saatchi Directors understand that, because the M&C Saatchi Group has business operations in the United States, the acquisition of the M&C Saatchi Group will be subject to the jurisdiction of the Committee on Foreign Investment in the United States ("**CFIUS**"), which reviews foreign acquisitions of U.S. businesses for national security issues. Subject to ongoing diligence, the M&C Saatchi Directors understand that CFIUS approval for the acquisition is not mandatory. In the absence of a mandatory CFIUS approval requirement, the M&C Saatchi Directors understand that the nature of the M&C Saatchi Group's business in the United States is such that CFIUS is reasonably likely to call an acquisition by ADV Offer in for a "voluntary" CFIUS review. If a voluntary notification to CFIUS of the transaction seeking CFIUS approval were to be made, the statutory review period is at least 45 days, extendable by a further 45 days. If ADV does not submit a filing to CFIUS and CFIUS inquires about the transaction, ADV and M&C Saatchi would be required to respond to questions from CFIUS regarding the transaction, a process that can take several months. **The M&C Saatchi Directors understand that closing the ADV Offer during a**

CFIUS review could negatively impact and prolong the review, as well as carry business risk for the M&C Saatchi Group (given the US government's ability to terminate relevant contracts). CFIUS could then request that the parties submit a filing for review, and CFIUS would have broad powers to impose terms mitigating perceived national security concerns, including the ability to block or unwind the transaction.

If the ADV Offer achieves the sufficient minimum number of acceptances required under its terms and conditions and ADV declares the ADV Offer unconditional, the ADV Offer will complete. In such circumstances, if the required approvals have not been received, the ADV Offer may be void, the M&C Saatchi businesses in the UK, US and Australia may be subject to terminations of government linked contracts and ADV and its directors and officers may be guilty of criminal offences.

ADV's aggressive M&A programme

ADV's proposals for M&C Saatchi appear to the M&C Saatchi Directors only to advocate a further acceleration of M&C Saatchi's existing strategy (which is already being successfully executed and has already delivered value for existing M&C Saatchi Shareholders), coupled with an aggressive M&A programme. We believe that this only offers M&C Saatchi Shareholders dilution in exchange for a similar strategy with greater risk.

The M&C Saatchi Directors have set out M&C Saatchi's accelerated strategy for the coming months and years based on the following themes:

- **Further simplification of the business and its operations:** Both structurally in terms of the number of divisions and operating entities, and through continuing the closure of smaller, low margin, low growth companies in the group.
- **Further focus on cost efficiencies:** A focus on central costs, a centralised back-office, procurement and production, with the potential to off-shore these services where appropriate.
- **Technology:** The maximisation of the use of technology to enhance efficiencies in the way M&C Saatchi works including with the appointment of a Chief Technology Officer.
- **Investment:** M&C Saatchi's strong balance sheet and highly cash generative business model positions it to both organically fund investment in its business and to capitalise on accretive, targeted acquisitions in high-growth, adjacent areas with a multiplier effect on the current M&C Saatchi businesses.
- **People and Planet:** M&C Saatchi proposes to continue to invest in the technology and employee value proposition to win the war for talent while setting meaningful sustainability commitments, including net zero targets. M&C Saatchi has already launched and will be focused on growing M&C Saatchi LIFE, M&C Saatchi's sustainability focused consultancy business.

This strategy anticipates further simplification of its structure, with rationalisation of its divisions, together with fully centralised, global enabling functions with potential for offshoring and outsourcing. This ongoing simplification is supported by a focused growth strategy, which will further leverage the connection across specialisms and regions with the following areas identified as offering high potential growth opportunities:

- **Digital Transformation:** A focus on ecommerce and data analytics via selective accretive M&A based on client needs. Services include digital commerce; analytics and insight; data tech consulting; and digital product and service innovation.
- **Global Issues and Advisory:** Leveraging M&C Saatchi's global and social issues expertise to expand into private and public sector reputation management and advisory. Services include development, diplomacy and security; public affairs and research; strategic advisory.
- **Connected Marketing:** Connecting and scaling M&C Saatchi's global marketing capabilities with focused investment in data and martech. Services include brand and design; advertising and communications; customer loyalty and CX; sponsorship and talent; and media and performance.

We believe that this accelerated strategy will facilitate connectivity within and across the marketing ecosystem and deliver a further move upstream into higher growth, higher margin work with potential for larger contracts.

We believe that much of ADV's rationale is based on M&C Saatchi achieving a re-rating as a result of the ADV Offer, despite the absence of any substantive changes to the strategy and against a challenging equity market backdrop.

It has not been possible for the M&C Saatchi Directors to assess the strategic benefit and execution risk of any such proposed strategy including any M&A, since no targets or valuation or execution thereof have been shared with the M&C Saatchi Directors. As such the M&C Saatchi Directors consider the ADV M&A and acceleration strategy offers no guarantee of success.

Intentions of M&C Saatchi Directors

In light of the M&C Directors' strong belief that the ADV Offer poses a substantial risk of damage to M&C Saatchi's core business, those of the M&C Directors who are non-executive directors of M&C Saatchi have determined to tender their resignations from the board of directors of M&C Saatchi and previously declined an offer to join the board of ADV, in the event that the ADV Offer completes.

Moray MacLennan, Chief Executive Officer and an executive director of M&C Saatchi, has also declined an offer to join the board of ADV if the ADV Offer completes.

2.4 M&C Saatchi Directors' views on ADV's proposals for the M&C Saatchi Share Scheme and M&C Saatchi Put Option Scheme

Your attention is drawn to paragraphs 10 and 11 of Part 1 of the ADV Offer Document in relation to proposals to participants in the M&C Saatchi Share Schemes and M&C Saatchi Put Option Schemes.

The ADV Offer Document provides that participants in the M&C Saatchi Share Scheme and holders of Put Options, where the ability to exercise them will be accelerated by a change of control of M&C Saatchi, will be contacted regarding the effect of the ADV Offer on their rights under such schemes or options and provided with further details concerning ADV's proposals which will be made to them in due course.

Participants in the M&C Saatchi Share Scheme will shortly receive further communications from M&C Saatchi to confirm the impact of the ADV Offer on awards held under the M&C Saatchi Share Scheme.

2.5 Current trading of M&C Saatchi

On 29 April 2022, M&C Saatchi announced its record results for the year ended 31 December 2021 (FY21). It also reported strong momentum into 2022 and forecast Headline profit before tax expected to be in the region of £31 million and £41 million for the years ending 31 December 2022 and 2023 respectively. Further details are included in the paragraph entitled "*Background to and reasons for the M&C Saatchi Directors' recommendation*" at paragraph 2.1 of this document.

For further details of M&C Saatchi's current trading and prospects, please refer to the Annual Report and Accounts of M&C Saatchi for the financial year ended 31 December 2021, a link to which can be found in paragraph 10.2 of Part 2 (*Additional Information*) of this document.

Save as noted in paragraph 2.1 above, the M&C Saatchi Directors are not aware of any significant change in the financial or trading position of M&C Saatchi since 31 December 2021, being the date to which the Annual Report and Accounts of M&C Saatchi for the financial year ended 31 December 2021 was prepared.

2.6 Other considerations on the ADV Offer and the Next 15 Offer

The M&C Saatchi Directors' belief in M&C Saatchi's standalone prospects is based on the M&C Saatchi Directors being able to operate the M&C Saatchi business in an unhindered environment and following its existing strategy. In the event that neither the ADV Offer nor Next 15 Offer is successful, the M&C Saatchi Directors recognise that Vin Murria and ADV would represent an aggregate 22.3 per cent. shareholding in M&C Saatchi in a standalone scenario. Such a shareholding in a public listed company is often sufficient to allow such a shareholder(s) to exercise significant influence over the company, even though it is a minority position, through being able to requisition general meetings to propose changes to the board and demanding changes of strategy. Whether or not any such requisitions are successful, they can prove to be a significant distraction to the company, its management team and directors. The M&C Saatchi Directors have no indication as to what approach Vin Murria and ADV would take in this situation except that the M&C Saatchi Directors have been notified that in the event that neither the ADV Offer nor Next 15 Offer is successful, and in the event that the M&C Saatchi Directors do not re-appoint Vin Murria as a director of M&C Saatchi, ADV and Vin Murria would consider convening a general meeting seeking her re-appointment.

Accordingly, the M&C Saatchi Directors have no certainty that the standalone prospects will be capable of being delivered in the way that they currently envisage. Recognising this, M&C Saatchi Shareholders should be aware that when comparing only the Next 15 Offer and the ADV Offer, the M&C Saatchi Directors consider the Next 15 Offer to be superior to the ADV Offer and Next 15 to be the preferred future owner

of the M&C Saatchi business, particularly in light of the long term financial, strategic, commercial, employee and cultural merits of the Next 15 Offer as detailed in the announcement of the Next 15 recommended offer made on the Next 15 Announcement Date.

2.7 Rule 25.9 of the Takeover Code

In accordance with Rule 2.11 of the Takeover Code, M&C Saatchi made available to employees a copy of the Announcement and informed employees of the right of employee representatives under Rule 25.9 of the Takeover Code to require that a separate opinion of the employee representatives of the effects of the ADV Offer on employment be appended to this document. As at the date of publication of this document, no such opinion has been provided. If and to the extent that M&C Saatchi is provided with such an opinion after the date of publication of this document, M&C Saatchi will publish that opinion in accordance with the requirements of Rule 25.9 of the Takeover Code.

2.8 Conflicts of interest

The M&C Saatchi Directors are not subject to any conflicts relating to ADV or the ADV Offer. The Company's management has not had any discussions or entered into any agreements with ADV regarding ongoing participation in the management of the Company or future incentivisation arrangements. None of the M&C Saatchi Directors has any financial interest in either ADV or the ADV Group.

2.9 Irrevocable Undertakings

The M&C Saatchi Directors who hold M&C Saatchi Shares continue to be bound by their irrevocable undertakings with Next 15 entered into prior to the Next 15 Announcement Date under which they have irrevocably undertaken to vote in favour of the Next 15 Offer at the M&C Saatchi Court Meeting and in favour of the Special Resolution to be proposed at the M&C Saatchi General Meeting (or in the event that the Next 15 Offer is implemented by way of a Takeover Offer, to accept or procure acceptance of such Offer) in respect of their own beneficial holdings of 752,627 M&C Saatchi Shares in aggregate and representing approximately 0.6 per cent. of M&C Saatchi's issued share capital on the Latest Practicable Date.

Further details of the irrevocable undertakings are set out in paragraph 8 of Part 2 (*Additional Information*) of this document.

3. REJECT THE ADV OFFER BY TAKING NO ACTION

The M&C Saatchi Directors unanimously recommend M&C Saatchi Shareholders to reject the ADV Offer.

The M&C Saatchi Directors are aware that M&C Saatchi Shareholders have a range of views on the two offers and on the standalone prospects of M&C Saatchi and consider that each M&C Saatchi Shareholder needs to determine their own position based upon their own perspectives informed by the following guidance from the M&C Saatchi Directors. Based solely on financial terms, the M&C Saatchi Directors consider each of the ADV Offer and Next 15 Offer to be inferior to M&C Saatchi's standalone prospects. However, if those standalone prospects were incapable of being delivered as envisaged, then the M&C Saatchi Directors consider the Next 15 Offer to be superior to the ADV Offer and Next 15 to be the preferred future owner of the M&C Saatchi business for the reasons set out above, including the strategic, commercial, employee and cultural advantages which the M&C Saatchi Directors consider Next 15 to offer the M&C Saatchi business.

Accordingly, the M&C Saatchi Directors urge M&C Saatchi Shareholders to take the following courses of action in respect of the ADV Offer:

REJECT THE ADV OFFER BY TAKING NO ACTION

The M&C Saatchi Directors, who have been so advised by Numis and Liberum as to the financial terms of the ADV Offer, do not consider the terms of the ADV Offer to be fair and reasonable on the basis that the ADV Offer significantly undervalues the M&C Saatchi business. In providing their financial advice to the M&C Saatchi Directors, Numis and Liberum have taken into account the commercial assessments of the M&C Saatchi Directors. Liberum is providing independent financial advice to the M&C Saatchi Directors for the purpose of Rule 3 of the Takeover Code.

In addition, as set out above, the M&C Saatchi Directors understand that accepting the ADV Offer currently, such that the acceptance condition in the ADV Offer is satisfied, would result in breaches of applicable laws in the UK and Australia given the lack of appropriate conditionality in the ADV Offer.

Accordingly, the M&C Saatchi Directors strongly urge M&C Shareholders to **TAKE ABSOLUTELY NO ACTION IN RELATION TO THE ADV OFFER** and that **YOU SHOULD NOT SIGN ANY DOCUMENT THAT ADV OR ITS ADVISERS SEND TO YOU**. If you have already accepted the ADV Offer, there are certain circumstances in which you can withdraw your acceptance of the ADV Offer and a summary of the rights of withdrawal is set out in paragraph 3 of Part D (*Further Terms of the Offer*) of Appendix I (*Conditions and Further Terms of the Offer*) of the ADV Offer Document.

The M&C Saatchi Directors who hold M&C Saatchi Shares do not intend to accept the ADV Offer in respect of their own beneficial interests in M&C Saatchi Shares.

If the opinion of the M&C Saatchi Directors with respect to the ADV Offer changes, M&C Saatchi Shareholders will be notified of any such change through an announcement through a Regulatory Information Service, and any such change will also be published on the Company's website at www.mcsaatchiplc.com.

4. FURTHER INFORMATION

Please read carefully the remainder of this document (and the information incorporated by reference into this document). Please note that reading the information in this letter is not a substitute for reading the remainder of this document. You are advised to read the whole of this document and not just rely on the summary information contained in this letter.

Yours faithfully

Gareth Davis

Chairman

M&C Saatchi plc

PART 2

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The M&C Saatchi Directors, whose names are set out at paragraph 2 of this Part 2, accept responsibility for the information contained in this document (including any expressions of opinion) except that the only responsibility accepted by them in respect of the information contained in this document relating to ADV and the ADV Group, which has been compiled from published sources, is to ensure that such information has been correctly and fairly reproduced or presented. Subject as aforesaid, to the best of the knowledge and belief of the M&C Saatchi Directors (who have taken all reasonable care to ensure that such is the case), the information (including any expressions of opinion) contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. DIRECTORS

The M&C Saatchi Directors and their respective positions are set out below:

<i>Name</i>	<i>Position held</i>
Gareth Davis	Chairman
Moray MacLennan	Chief Executive Officer
Louise Jackson	Non-Executive Director
Lisa Gordon	Non-Executive Director
Colin Jones	Non-Executive Director

The business address of each M&C Saatchi Director is 36 Golden Square, London, England, W1F 9EE.

3. M&C SAATCHI SHARES AND M&C SAATCHI SHARE SCHEME

At the close of business on the Latest Practicable Date, the following M&C Saatchi Shares were in issue and M&C Saatchi options and awards in respect of M&C Saatchi Shares under the M&C Saatchi Share Scheme were outstanding:

- M&C Saatchi Shares in issue: 122,743,435
- M&C Saatchi Shares which may be issued on the vesting or exercise of M&C Saatchi options and awards under the M&C Saatchi Share Scheme: 1,405,146

4. MARKET QUOTATIONS

4.1 M&C Saatchi

The following table sets out the Closing Price for one M&C Saatchi Share, in each case derived from the AIM Appendix to the Daily Official List, on:

- 4.1.1 the first Business Day of each of the six months immediately prior to the publication of this document;
- 4.1.2 5 January 2022, being the last Business Day prior to the commencement of the Offer Period; and
- 4.1.3 27 June 2022, being the Latest Practicable Date:

<i>Date</i>	<i>Closing Price (pence)</i>
4 January 2022	167.5
5 January 2022	189.0
1 February 2022	185.5
1 March 2022	167.5
1 April 2022	167.0
3 May 2022	185.0
1 June 2022	195.0
27 June 2022	159.0

4.2 ADV

The following table sets out the Closing Price for one ADV Share, in each case derived from the Daily Official List, on:

- 4.2.1 the first Business Day of each of the six months immediately prior to the publication of this document;
- 4.2.2 5 January 2022, being the last Business Day prior to the commencement of the Offer Period; and
- 4.2.3 27 June 2022, being the Latest Practicable Date:

<i>Date</i>	<i>Closing Price (pence)</i>
4 January 2022	104.0
5 January 2022	104.0
1 February 2022	98.0
1 March 2022	98.0
1 April 2022	98.0
3 May 2022	83.0
1 June 2022	87.5
27 June 2022	77.5

4.3 Next 15

The following table sets out the Closing Price for one Next 15 Share, in each case derived from the AIM Appendix to the Daily Official List, on:

- 4.3.1 the first Business Day of each of the six months immediately prior to the publication of this document;
- 4.3.2 5 January 2022, being the last Business Day prior to the commencement of the Offer Period; and
- 4.3.3 27 June 2022, being the Latest Practicable Date:

<i>Date</i>	<i>Closing Price (pence)</i>
4 January 2022	1,275.0
5 January 2022	1,300.0
1 February 2022	1,220.0
1 March 2022	1,180.0
1 April 2022	1,396.0
3 May 2022	1,324.0
1 June 2022	1,275.0
27 June 2022	950.0

5. DISCLOSURE OF INTERESTS AND DEALINGS

5.1 Definitions and references

For the purposes of this paragraph 5:

- 5.1.1 “**acting in concert**” with M&C Saatchi, Next 15 or ADV, as the case may be, means any such person acting or deemed to be acting in concert with M&C Saatchi, ADV or Next 15, as the case may be, for the purposes of the Takeover Code;
- 5.1.2 “**arrangement**” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities of M&C Saatchi, ADV or Next 15, as the case may be, which may be an inducement to deal or refrain from dealing;
- 5.1.3 “**connected adviser**” has the meaning given to it in the Takeover Code;
- 5.1.4 “**connected person**” means, in relation to any person who is a director of a company, any other person whose interests in shares the director is taken to be interested in pursuant to Part 22 of the Companies Act and related regulations;

- 5.1.5 “**control**” means an interest or interests in shares carrying in aggregate 30 per cent. or more of the “voting rights” of a company, irrespective of whether interest or interests give *de facto* control;
- 5.1.6 “**dealing**” or “**dealt**” means:
- (a) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or of general control of relevant securities;
 - (b) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;
 - (c) subscribing or agreeing to subscribe for relevant securities;
 - (d) exercising or converting, whether in respect of any new or existing securities, of any relevant securities carrying conversion or subscription rights;
 - (e) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
 - (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities;
 - (g) redeeming or purchasing, or taking or exercising an option over, any of its own relevant securities by M&C Saatchi, ADV or Next 15 (as the case may be); and
 - (h) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- 5.1.7 “**derivative**” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
- 5.1.8 “**disclosure period**” means the period which began on 5 January 2021 (the date 12 months prior to the commencement of the Offer Period) and ending on the Latest Practicable Date;
- 5.1.9 “**relevant securities**” means:
- (a) M&C Saatchi Shares or, as the context requires, ADV Shares or Next 15 Shares and any other securities of M&C Saatchi or, as the context requires, ADV or Next 15, conferring voting rights;
 - (b) the equity share capital of M&C Saatchi or, as the context requires, ADV or Next 15; and
 - (c) securities of M&C Saatchi or, as the context requires, ADV or Next 15, carrying conversion or subscription rights into any of the foregoing;
- 5.1.10 “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery; and
- 5.1.11 “**voting rights**” means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting of that company. Except for treasury shares, any shares which are subject to:
- (a) a restriction on the exercise of voting rights:
 - (i) in an undertaking or agreement by or between a shareholder and the company or a third party; or
 - (ii) arising by law or regulation; or
 - (b) a suspension of voting rights implemented by means of the company’s articles of association or otherwise,

will normally be regarded as having voting rights which are currently exercisable at a general meeting;

5.1.12 a person has an “**interest**” or is “**interested**” in relevant securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities (but not if he only has a short position in such securities) and in particular if:

- (a) he owns them;
- (b) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- (c) by virtue of any agreement to purchase, option or derivative he:
 - (i) has the right or option to acquire them or call for their delivery; or
 - (ii) is under an obligation to take delivery of them;
- (d) whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (e) he is party to any derivative:
 - (i) whose value is determined by reference to their price; and
 - (ii) which results, or may result, in his having a long position in them; and

5.1.13 “**close relatives**”, “**exempt principal trader**”, “**exempt fund manager**” and “**securities**” have the meanings given to them by the Takeover Code.

5.2 *Persons acting in concert*

5.2.1 *Persons acting in concert with M&C Saatchi*

<i>Name</i>	<i>Type</i>	<i>Registered office</i>	<i>Relationship with M&C Saatchi</i>
Numis Securities Ltd	Private limited company incorporated in England & Wales	45 Gresham Street, London, England, EC2V 7BF	Joint financial adviser and joint broker to M&C Saatchi in connection with the ADV Offer and the Next 15 Offer
Liberum Capital Limited	Private limited company incorporated in England & Wales	Ropemaker Place Level 12, 25 Ropemaker Street, London, EC2Y 9LY	Joint financial adviser, joint broker and nominated adviser to M&C Saatchi in connection with the ADV Offer and the Next 15 Offer

5.2.1 *Persons acting in concert with ADV**

<i>Name</i>	<i>Type</i>	<i>Registered office</i>	<i>Relationship with ADV</i>
Investec Bank plc	Public Limited company incorporated in England & Wales	30 Gresham Street, London, England EC2V 7QP	Financial adviser to ADV in connection with the ADV Offer

*Information in respect of ADV in this section is based on information provided in the ADV Offer Document, apart from which no further public disclosures have been made prior to the Latest Practicable Date.

5.2.2 Persons acting in concert with Next 15

<i>Name</i>	<i>Type</i>	<i>Registered office</i>	<i>Relationship with Next 15</i>
Numis Securities Ltd	Private limited company incorporated in England & Wales	45 Gresham Street, London, England, EC2V 7BF	Nominated adviser and joint broker to Next 15 in connection with the Next 15 Offer
Smith Square Partners LLP	Private limited company incorporated in England & Wales	Westminster Tower, 3 Albert Embankment, London SE1 7SP	Financial adviser to Next 15 in connection with the Next 15 Offer
Joh. Berenberg, Gossler & Co. KG, London Branch	The London branch of a Kommanditgesellschaft (a German form of limited partnership)	60 Threadneedle Street, London, EC2R 8HP	Joint broker to Next 15 in connection with the Next 15 Offer

5.3 Interests, rights to subscribe, short positions and dealings in relevant securities of M&C Saatchi

5.3.1 M&C Saatchi Directors

As at the last day of the disclosure period, the M&C Saatchi Directors and their close relatives and related trusts and companies were interested in the following M&C Saatchi Shares:

<i>Name</i>	<i>Number of M&C Saatchi Shares</i>	<i>% of M&C Saatchi's existing ordinary share capital</i>
Moray MacLennan	562,149	0.46%
Gareth Davis	102,720	0.08%
Lisa Gordon	50,000	0.04%
Colin Jones	37,758	0.03%

5.3.2 As at the last day of the disclosure period, the following nominal cost options in respect of M&C Saatchi Shares had been granted to the following M&C Saatchi Directors and remained outstanding under the M&C Saatchi Share Scheme:

<i>Name</i>	<i>Number of M&C Saatchi Shares under option</i>	<i>M&C Saatchi Share Scheme</i>	<i>Date of grant</i>	<i>Option Exercise Price</i>	<i>Option Exercise Expiry Date</i>
Moray MacLennan	600,000	LTIP	28 September 2021	Nil	28 September 2024

These options normally vest on their maturity date, subject to the achievement of performance conditions (70 per cent. based on total shareholder return and 30 per cent. based on profit before tax). Should the ADV Offer complete these options will vest with effect from the time at which the ADV Offer becomes or is declared unconditional in all respects, by reference to: (1) the extent to which the performance conditions have been met (but on such modified basis as the Company's remuneration committee considers appropriate); and (2) the proportion of the normal vesting period to have elapsed (unless the Company's remuneration committee determines otherwise). Should the ADV Offer complete, it is anticipated that the Company's remuneration committee will determine that the performance conditions have been met and that the number of shares to vest will reflect both: (1) the proportion of the normal vesting period to have elapsed; and (2) the fact that no awards are intended to be made under the M&C Saatchi Share Scheme during the current year.

5.3.3 *ADV and ADV Directors*

As at the last day of the disclosure period*, ADV and the ADV Directors and their close relatives and related trusts and companies were interested in the following M&C Saatchi Shares:

<i>Name</i>	<i>Number of M&C Saatchi Shares</i>	<i>% of M&C Saatchi's existing ordinary share capital</i>
Vin Murria	15,237,985	12.46%
ADV	12,000,000	9.82%

*Information in respect of ADV, the ADV Directors and their close relatives and related trusts and companies in this section is based on information provided in the ADV Offer Document, apart from which no further public disclosures have been made prior to the Latest Practicable Date.

5.3.4 *Dealings in relevant securities of M&C Saatchi*

As at the last day of the disclosure period*, the following dealings in the relevant securities of M&C Saatchi by or on behalf of ADV or persons acting in concert with ADV have taken place:

<i>Registered holder</i>	<i>Date</i>	<i>Transaction</i>	<i>Number of M&C Saatchi Shares</i>	<i>Price per share (pence)</i>
ADV	5 January 2022	Purchase of M&C Saatchi Shares	12,000,000	200

*Information in respect of ADV or persons acting in concert with ADV in this section is based on information provided in the ADV Offer Document, apart from which no further public disclosures have been made prior to the Latest Practicable Date.

5.4 *Interests, rights to subscribe and short positions in relevant securities of ADV*

5.4.1 *ADV Directors and those acting in concert with ADV*

As at the last day of the disclosure period*, the ADV Directors and those acting in concert with ADV were interested in the following ADV Shares:

<i>Name</i>	<i>Number of ADV Shares</i>	<i>Number of ADV Sponsor Shares</i>	<i>% of ADV's existing ordinary share capital</i>
Marwyn Investment Management*	20,525,000	1	15.4%
Vin Murria*	17,500,000	1	13.1%
Investec Wealth & Investment*	7,020,153	—	5.3%

*Information in respect of ADV and those acting in concert with ADV in this section is based on information provided in the ADV Offer Document, apart from which no further public disclosures have been made prior to the Latest Practicable Date. In this section "ADV Sponsor Shares" mean the sponsor shares of no par value of ADV.

5.5 *Interests, rights to subscribe and short positions in relevant securities of Next 15*

5.5.1 *Next 15 Directors*

As at the last day of the disclosure period, the Next 15 Directors were interested in the following Next 15 Shares:

<i>Name</i>	<i>Number of Next 15 Shares</i>	<i>% of Next 15's existing ordinary share capital</i>
Tim Dyson	5,042,275	5.13%
Peter Harris	405,604	0.41%
Penelope Ladkin-Brand*	85,118	0.09%
Jonathan Peachey*	17,954	0.02%

*this includes interests held by Jonathan Peachey's parents and children.

5.5.2 As at the last day of the disclosure period, the following options and awards in respect of Next 15 Shares had been granted to the following Next 15 Directors and remained outstanding under the Next 15 long term incentive share plans:

<i>Name</i>	<i>Number of Next 15 Shares under Scheme</i>	<i>Award date</i>	<i>Vesting date</i>	<i>Vesting Period</i>	<i>% of Next 15's ordinary share capital</i>
Peter Harris	23,539	26.04.2019	26.04.2024	5 years	0.02%
Peter Harris	24,141	10.04.2018	10.04.2023	5 years	0.03%
Peter Harris	85,174	30.07.2020	30.07.2023	3 years	0.09%
Peter Harris	41,065	06.05.2021	06.05.2024	3 years	0.04%
Peter Harris	19,097	28.06.2021	28.06.2024	3 years	0.02%
Peter Harris	46,367	01.06.2022	01.06.2025	3 years	0.05%
Jonathan Peachey	63,274	30.07.2020	30.07.2023	3 years	0.06%
Jonathan Peachey	32,354	06.05.2021	06.05.2024	3 years	0.03%
Jonathan Peachey	15,045	28.06.2021	28.06.2024	3 years	0.02%
Jonathan Peachey	40,924	01.06.2022	01.06.2025	3 years	0.04%
Tim Dyson	51,287	26.04.2019	26.04.2024	5 years	0.05%
Tim Dyson	53,615	10.04.2018	10.04.2023	5 years	0.06%
Tim Dyson	186,423	30.07.2020	30.07.2023	3 years	0.19%
Tim Dyson	81,557	06.05.2021	06.05.2024	3 years	0.08%
Tim Dyson	37,688	28.06.2021	28.06.2024	3 years	0.04%
Tim Dyson	94,365	01.06.2022	1.06.2025	3 years	0.10%

5.6 *General*

Save as disclosed in this paragraph 5, as at the last day of the disclosure period:

5.6.1 neither M&C Saatchi, nor any of the M&C Saatchi Directors, nor (in the case of the M&C Saatchi Directors) any of their close relatives, related trusts or connected persons, nor any other person acting in concert with M&C Saatchi, nor any person with whom M&C Saatchi or any person acting in concert with M&C Saatchi had an arrangement was interested in, had any right to subscribe for, or had any short position in relation to, any relevant securities of M&C Saatchi, Next 15 or ADV and nor had any such person dealt in any relevant securities of M&C Saatchi, Next 15 or ADV in the period commencing on the first day of the Offer Period and ending on the last day of the disclosure period;

5.6.2 neither ADV, nor any of the ADV Directors, nor any of their close relatives, related trusts or connected persons, nor any other person acting in concert with ADV, nor any person with whom ADV or any person acting in concert with ADV had an arrangement (save for an irrevocable undertaking dated 17 May 2022 pursuant to which Vin Murria irrevocably and unconditionally undertook to ADV, *inter alia*, to accept or procure the acceptance of the ADV Offer), was interested in, had any right to subscribe for, or had any short position in relation to, any relevant securities of M&C Saatchi or ADV nor had any such person dealt in any relevant securities of M&C Saatchi or ADV during the disclosure period, the confirmations in this paragraph 5.6.2 with respect to ADV, the ADV Directors and any of their close relatives, related trusts or connected persons, or any other person acting in concert with ADV, being based on information provided in the ADV Offer Document, apart from which no further public disclosures have been made prior to the Latest Practicable Date;

- 5.6.3 neither Next 15, nor any member of the Next 15 Group, nor any of the Next 15 Directors, nor any of their close relatives, related trusts or connected persons, nor any other person acting in concert with Next 15, nor any person with whom Next 15 or any person acting in concert with Next 15 had an arrangement (save for the irrevocable undertakings described in paragraph 8 of this Part 2), was interested in, had any right to subscribe for, or had any short position in relation to, any relevant securities of M&C Saatchi or Next 15 nor had any such person dealt in any relevant securities of M&C Saatchi or Next 15 during the disclosure period;
- 5.6.4 neither M&C Saatchi, nor ADV, nor any person acting in concert with M&C Saatchi or ADV, had borrowed or lent (including for these purposes any financial collateral arrangements of a kind referred to in Note 4 on Rule 4.6 of the Takeover Code) any relevant securities in M&C Saatchi or ADV (save for any borrowed shares which have been either on-lent or sold), the confirmations in this paragraph 5.6.4 with respect to ADV, the ADV Directors and any of their close relatives, related trusts or connected persons, or any other person acting in concert with ADV, being based on information provided in the ADV Offer Document, apart from which no further public disclosures have been made prior to the Latest Practicable Date;
- 5.6.5 neither M&C Saatchi, nor Next 15, nor any person acting in concert with M&C Saatchi or Next 15, had borrowed or lent (including for these purposes any financial collateral arrangements of a kind referred to in Note 4 on Rule 4.6 of the Takeover Code) any relevant securities in M&C Saatchi or Next 15 (save for any borrowed shares which have been either on-lent or sold);
- 5.6.6 there is no arrangement relating to relevant securities in M&C Saatchi or ADV which exists between ADV, or any person acting in concert with ADV, and any other person, nor between M&C Saatchi or any person acting in concert with M&C Saatchi and any other person, the confirmations in this paragraph 5.6.6 with respect to ADV, the ADV Directors and any of their close relatives, related trusts or connected persons, or any other person acting in concert with ADV, being based on information provided in the ADV Offer Document, apart from which no further public disclosures have been made prior to the Latest Practicable Date;
- 5.6.7 there is no arrangement relating to relevant securities in M&C Saatchi or Next 15 which exists between Next 15, or any person acting in concert with Next 15, and any other person, nor between M&C Saatchi or any person acting in concert with M&C Saatchi and any other person;
- 5.6.8 neither M&C Saatchi nor any person acting in concert with M&C Saatchi has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of M&C Saatchi, Next 15 or ADV during the disclosure period;
- 5.6.9 based on information publicly available in the ADV Offer Document, apart from which no further disclosures have been made, neither ADV nor any person acting in concert with ADV has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of M&C Saatchi or ADV during the disclosure period;
- 5.6.10 neither Next 15 nor any person acting in concert with Next 15 has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of M&C Saatchi or Next 15 during the disclosure period;
- 5.6.11 save for the irrevocable undertakings in paragraph 8 of this Part 2, there is no arrangement of the kind referred to in Note 9 on the definition of “acting in concert” set out in the Takeover Code relating to relevant securities in M&C Saatchi which exists between Next 15, any member of the Next 15 Group or, so far as Next 15 is aware, any person acting in concert with Next 15 or any member of the Next 15 Group and any other person, nor between M&C Saatchi or, so far as M&C Saatchi is aware, any person acting in concert with M&C Saatchi and any other person;
- 5.6.12 as at the close of business on the Latest Practicable Date, save for the irrevocable undertakings described in paragraph 8 below, neither M&C Saatchi nor any person acting in concert with M&C Saatchi has any Note 11 arrangement with any other person;
- 5.6.13 M&C Saatchi has not redeemed or purchased any relevant securities of M&C Saatchi during the disclosure period; and

5.6.14 Next 15 has not redeemed or purchased any relevant securities of Next 15 during the disclosure period.

6. SERVICE CONTRACTS AND LETTERS OF APPOINTMENT OF THE M&C SAATCHI DIRECTORS

The following M&C Saatchi Directors have entered into service agreements or letters of appointment with M&C Saatchi as summarised below:

6.1 Gareth Davis

Gareth Davis is engaged by the Company and was first appointed as a non-executive director and deputy chairman on the terms of a letter of appointment dated 23 January 2020 for an initial fixed term of three years from 3 February 2020, terminable on six months' notice from either party. Mr Davis commenced in that office on 3 February 2020. Pursuant to the terms of that letter of appointment, Mr Davis was entitled to a fee at the rate of £150,000 per annum while he was acting as deputy chairman with such fee to increase to £250,000 per annum once he was appointed chairman. Mr Davis was appointed chairman on 31 December 2020. He is subject to confidentiality undertakings. He is not entitled to any payment on termination of his appointment by the Company, other than for fees due that remain unpaid or fees due in respect of his notice period.

6.2 Moray MacLennan

On 5 January 2021, the Company entered into a service agreement with Moray MacLennan. The agreement provides for Mr MacLennan to act as Chief Executive Officer of the Company at a base salary of £640,000 per annum. Pursuant to a variation letter dated 22 February 2021, the base salary of Mr MacLennan increased to £650,000 per annum effective from 1 January 2021. For the financial year ended 31 December 2021, Mr MacLennan received an annual bonus of £604,500, to be paid in the form of cash with a 24-month claw-back period. Mr MacLennan may be eligible to receive an annual bonus for 2022 based on the Company's financial performance and individual objectives with on-target payment being equal to 50 per cent. of his base salary and maximum achievement capped at 100 per cent. of his base salary, subject to the discretion of the Company's remuneration committee. The service agreement has no fixed term and is terminable by 12 months' notice in writing by either party. Under the service agreement, Mr MacLennan is entitled to 25 paid working days holiday each year in addition to public and bank holidays in England and Wales, to participate in a discretionary bonus scheme, a car allowance, a contribution to a personal pension scheme and participation in life assurance, private medical insurance and permanent health insurance schemes. Mr MacLennan is subject to non-competition and non-solicitation covenants for periods of 6 to 12 months following termination of his employment with the Company and to a confidentiality undertaking.

6.3 Louise Jackson

Louise Jackson is engaged by the Company and was first appointed as a non-executive director on the terms of a letter of appointment dated 16 March 2020 for an initial fixed term of three years, terminable on three months' notice from either party. Ms Jackson commenced in that office on 16 March 2020. Pursuant to the terms of that letter of appointment, Ms Jackson receives a fee of £50,000 per annum and, in addition, a fee of £25,000 in respect of her position as chairman of the Company's remuneration committee. She is subject to confidentiality undertakings. She is not entitled to any payment on termination of his appointment by the Company, other than for fees due that remain unpaid or fees due in respect of her notice period.

6.4 Lisa Gordon

Lisa Gordon is engaged by the Company and was first appointed as a non-executive director on the terms of a letter of appointment dated 16 March 2020 for an initial fixed term of three years, terminable on three months' notice from either party. Ms Gordon commenced in that office on 16 March 2020. Pursuant to the terms of that letter of appointment, Ms Gordon receives a fee of £50,000 per annum and in her capacity as the Company's Senior Independent Director she is entitled to an additional fee of £25,000. She is subject to confidentiality undertakings. She is not entitled to any payment on termination of her appointment by the Company, other than for fees due that remain unpaid or fees due in respect of her notice period.

6.5 Colin Jones

Colin Jones is engaged by the Company as a non-executive director on the terms of a letter of appointment dated 23 January 2020 for an initial term of three years, terminable at any time on three months' notice from either party. Mr Jones commenced in that office on 23 January 2020. Mr Jones receives a fee of £50,000 per annum, and an additional fee of £25,000 per annum in respect of his role as Chairman of the Audit Committee. Mr Jones is subject to confidentiality undertakings. He is not entitled to any payment on termination of his appointment by the Company, other than for fees due that remain unpaid or fees due in respect of his notice period.

6.6 Save as set out in this paragraph 6:

- 6.6.1 no M&C Saatchi Director is entitled to commission or profit sharing arrangements;
- 6.6.2 other than statutory compensation and payment in lieu of notice, no compensation is payable by M&C Saatchi to any M&C Saatchi Director upon early termination of their appointment; and
- 6.6.3 no service agreement or letter of appointment with a M&C Saatchi Director has been entered into or amended within the six months preceding the date of this document.

7. MATERIAL CONTRACTS

7.1 M&C Saatchi material contracts

Save as set out below there are no contracts, not being contracts entered into in the ordinary course of business, which have been entered into by M&C Saatchi or any other member of the M&C Saatchi Group during the period beginning on the date falling two years before the commencement of the Offer Period which are, or may be, material:

7.1.1 Cooperation Agreement with Next 15

Pursuant to a cooperation agreement dated 20 May 2022 between M&C Saatchi and Next 15 (the "**Cooperation Agreement**"), the parties have agreed, among other things that:

- (a) Next 15 and M&C Saatchi will co-operate with each other in order to assist in obtaining clearance from competition and other regulatory bodies in order to satisfy the conditions relating to such clearances;
- (b) Next 15 and M&C Saatchi will provide each other with certain information and assistance in the preparation of this document and a circular to be sent to the shareholders of Next 15;
- (c) Next 15 will be subject to certain customary restrictions on the conduct of its business during the period prior to completion of the Next 15 Offer, which prohibit, among other things: (a) the payment by Next 15 of dividends (other than in the ordinary course and consistent with past practice or by reference to a record date after the Effective Date); or (b) splitting, combining or reclassifying any of the Next 15 Shares or amending its memorandum or articles of association to adversely impact the New Next 15 Shares;
- (d) M&C Saatchi intends to write to participants in the M&C Saatchi Share Scheme to inform them of the impact of the Next 15 Offer on their outstanding options under the M&C Saatchi Share Scheme; and
- (e) Next 15 and M&C Saatchi intend to implement the Next 15 Offer by way of a Scheme, subject to the ability of Next 15 with the consent of the Panel, to proceed by way of a Takeover Offer.

The Cooperation Agreement will terminate in a number of customary circumstances, including if the Next 15 Offer is withdrawn or lapses, the requisite shareholder approvals are not obtained at the shareholder meetings of either Next 15 or M&C Saatchi, at Next 15's election if the M&C Saatchi Directors withdraw their recommendation of the Acquisition or if the M&C Saatchi Directors recommend a competing proposal, or if the Next 15 Offer does not become Effective in accordance with its terms by the long stop date (being 11:59 p.m. on 20 February 2023) or otherwise as agreed between Next 15 and M&C Saatchi.

7.1.2 *Secured multicurrency revolving facility agreement*

On 31 May 2021, (1) M&C Saatchi, (2) M&C Saatchi and M&C Saatchi International Holdings B.V. as original borrowers; (3) M&C Saatchi and certain of its subsidiaries as guarantors; (4) Barclays Bank plc and National Westminster Bank Plc as arrangers; (5) Barclays Bank plc and National Westminster Bank Plc as lenders; (6) Barclays Bank plc as agent and (7) Barclays Bank plc as security trustee into a multicurrency revolving interest-bearing facility agreement (the “**Facility Agreement**”). The M&C Saatchi Group may borrow up to £47,000,000 (the “**Facility**”) under the Facility Agreement for general corporate and working capital purposes including in connection with the funding of certain permitted acquisitions.

(a) *Termination*

The termination date of the Facility is 31 May 2024 subject to two options which may be exercised by M&C Saatchi, subject to the consent of the lenders, to extend the termination date to either 31 May 2025 or, if the first extension option has been exercised, 31 May 2026.

(b) *Repayments*

Each loan is repayable at the end of its interest period (either a one, three or six month period) but, subject to customary conditions, is available for redrawing. All loans must be repaid on the Facility termination date or, if earlier, on the occurrence of customary repayment and pre-payment events including, amongst other things, in the event of there being a change of control of M&C Saatchi (unless the lenders have consented to the change of control).

(c) *Facility*

The Facility Agreement contains a mechanism whereby, subject to certain conditions and the agreement of the then current lenders to participate, the amount of the Facility can be increased on up to three occasions by up to £10,000,000 each time. To the extent the then current lenders do not agree to participate (at all or in full) M&C Saatchi may approach other lenders to join the syndicate to make up the shortfall.

(d) *Interest*

Interest on each loan under the Facility Agreement is the percentage rate per annum equal to (a) the applicable margin plus (b) (i) for euro loans, a reference rate based on the euro interbank offered rate administered by the European Money Markets Institute with a 0 per cent. floor; (ii) for sterling loans, a reference rate based on the sterling overnight index average with a 0 per cent. floor and (iii) for US\$ loans, a reference rate based on the secured overnight financing rate administered by the Federal Reserve Bank of New York with a 0 per cent. floor. The applicable margin is 3 per cent. per annum although there is a mechanism to agree adjustments to the margin if certain specified ESG matters are implemented.

(e) *Representations, Undertakings, Financial Covenants and Events of Default*

The Facility Agreement contains customary representations and undertakings (including covenants in respect of financial indebtedness, anti-corruption, sanctions, merger, acquisitions, negative pledge, disposals, acquisitions, mergers and guarantors) and events of default with appropriate carve outs and materiality thresholds. It also contains customary, indemnities and other provisions. M&C Saatchi is required under the Facility Agreement to comply with two financial covenants based on “Interest Cover” and “Leverage” throughout the life of the Facility.

(f) *Fees*

There are ongoing annual fees payable to the security trustee and agent in respect of the Facility Agreement for acting in those capacities.

(g) *Security*

M&C Saatchi, M&C Saatchi International Holdings B.V. and certain members of the M&C Saatchi Group in the UK, Australia and the USA are guarantors under the Facility Agreement and have granted security over their assets and undertakings to secure their obligations under the Facility Agreement.

8. IRREVOCABLE UNDERTAKINGS

8.1 *M&C Saatchi Directors*

As at the Latest Practicable Date, all of the M&C Saatchi Directors who hold M&C Saatchi Shares or otherwise control the voting rights in respect of such shares have irrevocably undertaken to Next 15 to vote (or procure the voting) in favour of the Next 15 Offer at the M&C Saatchi Court Meeting and to vote in favour of the Special Resolution to be proposed at the M&C Saatchi General Meeting (or, if the Next 15 Offer is implemented by way of a Takeover Offer, to accept the Offer), in respect of the beneficial holdings which are under their control, of, in aggregate, 752,627 M&C Saatchi Shares representing approximately 0.6 per cent. of the issued ordinary share capital of M&C Saatchi on the Latest Practicable Date. The individual irrevocable undertakings which have been provided by the M&C Saatchi Directors are as follows:

<i>Name</i>	<i>Number of M&C Saatchi Shares in respect of which the undertaking is given (1)</i>	<i>% of M&C Saatchi's existing issued ordinary share capital (4)</i>
Moray MacLennan (2)	562,149	0.46%
Gareth Davis	102,720	0.08%
Lisa Gordon	50,000	0.04%
Colin Jones	37,758	0.03%
Louise Jackson (3)	0	0%

Notes:

- (1) The numbers referred to in this table refer to M&C Saatchi Shares in respect of which the M&C Saatchi Directors are the beneficial owners and M&C Saatchi Shares in respect of which they control the voting rights attached thereto.
- (2) Moray MacLennan's irrevocable undertaking is also given over his interest in the unvested options over 600,000 M&C Saatchi Shares granted to him pursuant to the M&C Saatchi LTIP.
- (3) Louise Jackson does not currently hold any M&C Saatchi Shares but has given an irrevocable undertaking in respect of any M&C Saatchi Shares in which she may become interested before the M&C Saatchi Meetings.
- (4) Percentages are calculated on the basis of 122,743,435 M&C Saatchi Shares in issue as at the Latest Practicable Date, and rounded down to two decimal places. The aggregated percentage totals are calculated based on the relevant total number of shares held and not the aggregate of the percentage holdings of the relevant persons.

Except where the Next 15 Offer is withdrawn or lapses as a result of Next 15 exercising its right to implement the Next 15 Offer by way of a Takeover Offer in accordance with the Takeover Code rather than by way of a Scheme or vice versa, the irrevocable undertakings from the M&C Saatchi Directors listed above will cease to be binding if, *inter alia*:

- Next 15 announces, with the consent of the Panel, that it does not intend to proceed with the Next 15 Offer and no new, revised or replacement Next 15 Offer (to which this undertaking applies) is announced in accordance with Rule 2.7 of the Takeover Code at the same time;
- the Next 15 Offer lapses or is withdrawn and no new, revised or replacement Next 15 Offer (to which this undertaking applies) is announced in accordance with Rule 2.7 of the Takeover Code at the same time;
- the Next 15 Offer has not become Effective in accordance with its terms or the Next 15 Offer has not been declared unconditional in all respects on or before the long stop date (being 11:59 p.m. on 20 February 2023 or such later date as may be agreed in writing by Next 15 and M&C Saatchi (with the Panel's consent and as the Court may approve (if such approval(s) are required))); or
- any other offer for M&C Saatchi becomes or is declared unconditional in all respects.

8.2 Aggregate M&C Saatchi Irrevocable Undertakings

In aggregate, therefore, the M&C Saatchi Directors have given to Next 15 irrevocable undertakings to vote in favour of the Next 15 Offer at the M&C Saatchi Court Meeting and to vote in favour of the Special Resolutions to be proposed at the M&C Saatchi General Meeting in respect of 752,627 M&C Saatchi Shares, representing approximately 0.6 per cent. of the share capital of M&C Saatchi in issue on the Latest Practicable Date.

9. SOURCES OF INFORMATION AND BASES OF CALCULATION

In this document, unless otherwise stated, or the context otherwise requires, the following sources and bases have been used:

- 9.1 The value placed by the ADV Offer on the existing issued ordinary share capital of M&C Saatchi is based on:
 - 9.1.1 122,257,465 M&C Saatchi Shares in issue as at the Latest Practicable Date; and
 - 9.1.2 77.5 pence, being the Closing Price of an ADV Share as at the Latest Practicable Date.
- 9.2 The value placed by the Next 15 Offer on the existing issued ordinary share capital of M&C Saatchi is based on:
 - 9.2.1 122,257,465 M&C Saatchi Shares in issue as at the Latest Practicable Date; and
 - 9.2.2 950.0 pence, being the Closing Price of a Next 15 Share as at the Latest Practicable Date.
- 9.3 The value of each of the ADV All Shares Offer, the ADV Cash and Shares Offer and the Next 15 Offer on a fully diluted basis has been calculated on the basis of a fully diluted issued ordinary share capital of 123,662,611 M&C Saatchi Shares, which is calculated by reference to 122,257,465 M&C Saatchi Shares in issue as at the Latest Practicable Date and a further 1,405,146 M&C Saatchi Shares which may be issued on or after the date of this document on the exercise of options or vesting of awards under the M&C Saatchi Share Scheme, excluding the exercise of options or vesting of awards under the M&C Saatchi Share Scheme.
- 9.4 The valuation of the entire issued and to be issued ordinary share capital of M&C Saatchi:
 - 9.4.1 in respect of the ADV All Shares Offer, at approximately £242.5 million is based on a valuation of 77.5 pence per New ADV Share, being the Closing Price of an ADV Share on the Latest Practicable Date;
 - 9.4.2 in respect of the ADV Cash and Shares Offer, at approximately £245.3 million is based on a valuation of 77.5 pence per new ADV Share, being the Closing Price of an ADV Share on the Latest Practicable Date; and
 - 9.4.3 9.4.3 in respect of the Next 15 Offer, at approximately £241.8 million is based on a valuation of 950.0 pence per New Next 15 Share, being the Closing Price of a Next 15 Share on the Latest Practicable Date.
- 9.5 The bid premium calculation of the ADV Offer has been based on the ADV Closing Price on 27 June 2022, the Latest Practicable Date.
- 9.6 The implied value multiple of the ADV Offer has been calculated by reference to M&C Saatchi's FY22 Headline PBT of £31.0 million.
- 9.7 The M&C Saatchi forecast headline PBT growth CAGR of 23 per cent. is derived from the Headline FY21 PBT of £27.3 million, and the forecast Headline PBT of FY22 and FY23 of £31.0 million and £41.0 million respectively.
- 9.8 Unless otherwise stated, all prices and Closing Prices for M&C Saatchi Shares are closing middle market quotations derived from the AIM Appendix to the Daily Official List of the London Stock Exchange.f
- 9.9 Unless otherwise stated, all Closing Prices for Next 15 Shares have been derived from the AIM Appendix to the Daily Official List of the London Stock Exchange.
- 9.10 Unless otherwise stated, all Closing Prices for ADV Shares have been derived from the Daily Official List of the London Stock Exchange.

- 9.11 Volume weighted average prices have been derived from Bloomberg and have been rounded to the nearest whole figure.
- 9.12 Unless otherwise stated, the financial information relating to M&C Saatchi is extracted (without material adjustment) from the audited final results of M&C Saatchi for the financial year to 31 December 2021.
- 9.13 Certain figures included in this document have been subject to rounding adjustments.

10. OTHER INFORMATION

- 10.1 Each of Numis, Liberum and BDO has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- 10.2 The following financial information relating to M&C Saatchi is incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code:
- 10.2.1 the audited consolidated accounts of M&C Saatchi for the financial year ended 31 December 2020 set out in pages 122 to 266 (both inclusive) in M&C Saatchi's annual report for the financial year ended 31 December 2020 available from M&C Saatchi's website at [https://mcsaatchiplc.com/application/files/8116/3059/4443/MC Saatchi plc - 2020 Annual Report-glossy.pdf](https://mcsaatchiplc.com/application/files/8116/3059/4443/MC_Saatchi_plc_-_2020_Annual_Report-glossy.pdf);
- 10.2.2 the audited consolidated accounts of M&C Saatchi for the financial year ended 31 December 2021 set out in pages 83 to 202 (both inclusive) in M&C Saatchi's annual report for the financial year ended 31 December 2021 available from M&C Saatchi's website at [https://mcsaatchiplc.com/application/files/5016/5121/1930/2021 Annual Report Accounts - Final.pdf](https://mcsaatchiplc.com/application/files/5016/5121/1930/2021_Annual_Report_Accounts_-_Final.pdf);
- 10.2.3 the principal risks and uncertainties set out in pages 21 to 26 (both inclusive) in M&C Saatchi's annual report for the financial year ended 31 December 2021, available from M&C Saatchi's website at [https://mcsaatchiplc.com/application/files/5016/5121/1930/2021 Annual Report Accounts - Final.pdf](https://mcsaatchiplc.com/application/files/5016/5121/1930/2021_Annual_Report_Accounts_-_Final.pdf).
- 10.3 The aggregate fees and expenses which are expected to be incurred by M&C Saatchi in connection with the ADV Offer are estimated to amount to approximately £7,673,800 excluding applicable VAT. This aggregate number consists of the following categories (in each case excluding applicable VAT):
- 10.3.1 financing arrangements: £Nil;
- 10.3.2 financial and corporate broking advice: £6,400,000;
- 10.3.3 legal advice: £655,000;
- 10.3.4 accounting advice: £477,000;
- 10.3.5 public relations advice: £125,000;
- 10.3.6 other professional services: £10,200; and
- 10.3.7 other costs and expenses: £6,600.
- 10.4 Save as disclosed in this document, the M&C Saatchi Directors are not aware of any significant change in the financial or trading position of M&C Saatchi which has occurred since 31 December 2021, being the last day of the twelve-month period for which M&C Saatchi's annual results for the period to 31 December 2021 relate.

11. DOCUMENTS ON DISPLAY

- 11.1 Copies of the following documents will be available, free of charge, on M&C Saatchi's website at www.mcsaatchiplc.com (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions) up to and including the Effective Date in respect of the ADV Offer or the date any Scheme in respect of the ADV Offer lapses or is withdrawn, whichever is the earlier:
- 11.1.1 a copy of M&C Saatchi's articles of association;
- 11.1.2 the irrevocable undertakings from M&C Saatchi Directors to vote in favour of the Next 15 Offer referred to in paragraph 8.1 above;

11.1.3 the audited consolidated accounts of M&C Saatchi for the financial years ended 31 December 2020 and 31 December 2021;

11.1.4 the letters of consent referred to in paragraph 10.1 of this Part 2; and

11.1.5 a copy of this document.

28 June 2022

PART 3

M&C SAATCHI PROFIT FORECAST

Section A – Profit Forecast

The following statements referring to M&C Saatchi's profit forecast for FY22 (the "**FY22 Profit Forecast**") and FY23 (the "**FY23 Profit Forecast**") included in an announcement released by the Company on 29 April 2022 and repeated at paragraph 2.5 of Part 1 (*Letter from the Chairman of M&C Saatchi Plc*) of this document constitutes an ordinary course profit forecast for the purposes of Rule 28.1(b) and Note 2(a) on Rule 28.1 of the Takeover Code (together, the "**M&C Saatchi Profit Forecast**");

A copy of the M&C Saatchi Profit Forecast is set out below:

*"Further to the Company's trading update announcement on 21 January 2022 and the announcement of the Company's final results for the year ended 31 December 2021 ("**FY21**") announced separately today (the "**Results Announcement**"), the Company is pleased to announce M&C Saatchi's projections for the years ending 31 December 2022 ("**FY22**") and 2023 ("**FY23**").*

The Company has delivered continued record performance in FY21 as demonstrated by seven consecutive positive trading updates since January 2021, and as detailed in the Results Announcement where the Company has reported Headline profit before tax of £27.3m, ahead of its expectations and over a 200 per cent. increase on the prior year.

Taking into account the robust financial performance delivered in 2021 and the strong momentum in 2022 so far, M&C Saatchi is now forecasting Headline profit before tax in the region of:

- £31 million in FY22; and
- £41 million in FY23

These forecasts evidence the future potential of the business, comprising expected revenue growth from existing clients and new client wins, coupled with further simplification under the accelerated Company strategy. Further details are set out in the appendix to this announcement.

The Company remains highly confident in its ability to create material value for its shareholders."

Further information on the bases of belief supporting the M&C Saatchi Profit Forecast, including the principal assumptions and sources of information, is set out below.

Bases of preparation

The M&C Saatchi Directors prepared the FY22 Profit Forecast and FY23 Profit Forecast on the basis of the management accounts for FY21, a detailed forecast for the period to 31 December 2022 and, in the case of the FY23 Profit Forecast, M&C Saatchi's five-year business plan for the period to 31 December 2026. The FY22 Profit Forecast and FY23 Profit Forecast exclude any ongoing or expected transaction costs applicable to any offer, any other associated accounting impacts as a direct result of any offer or any disruption or impact as a direct result of any offer.

Assumptions

The M&C Saatchi Profit Forecast is based on the assumptions listed below:

Factors outside the influence of the M&C Saatchi Directors

- There will be no material changes to existing prevailing macroeconomic or political conditions in any of the markets and regions in which M&C Saatchi operates due to any impact of the ongoing Ukraine-Russia crisis.
- There will be no material changes to the conditions of the markets and regions in which M&C Saatchi operates or in relation to customer demand or the behaviour of competitors in those markets and regions.
- Interest rates, inflation, foreign exchange and tax rates in the markets and regions in which M&C Saatchi operates will remain materially unchanged from the prevailing expectations.
- There will be no significant further increase in global economic uncertainty as a result of the Covid-19 pandemic.

- There will be no material adverse events that will have a significant impact on M&C Saatchi's financial performance (such as a natural disaster, an act of terrorism or change in political regime) which results in significant disruption to M&C Saatchi's business.
- There will be no business disruptions that materially affect M&C Saatchi or its key customers as a result of a cyberattack and/or technological issues or supply chain disruptions.
- There will be no material changes in legislation or regulatory requirements impacting M&C Saatchi's operations or on its accounting policies.
- There will be no material litigation in relation to any of M&C Saatchi's operations.

Factors within the influence of the M&C Saatchi Directors

- There will be no material change to the present management of M&C Saatchi, other than as already announced.
- There will be no material change to the accelerated strategy of M&C Saatchi
- The core strategy of connected revenue growth, driven by a team dedicated to this line of revenue, will drive increased new global business.
- M&C Saatchi intends to initiate phase II of its global cost savings programme which is expected to generate savings in both FY22 and FY23; the scale of its contribution to Headline profit before tax in FY22 and FY23 is dependent on the programme commencing no later than June 2022.
- There will be no material adverse change in M&C Saatchi's ability to maintain customer and partner relationships.
- There will be no material acquisitions or disposals.
- There will be no material strategic investments over and above those currently planned.
- There will be no material change in the dividend or capital policies of M&C Saatchi outside of what has previously been publicly announced.
- There will be no loss of client contracts unless a contract is due to terminate in the period.
- All long-term clients will be retained and will continue to generate revenues in line with their budgets, retainers, historical trends and past behaviours.
- M&C Saatchi will continue to generate a portion of its annual net revenues from new clients, consistent with prior years.
- Both net revenue and Headline PBT margin are assumed to grow in FY22 and FY23. In particular:
- In FY22 and FY23, the M&C Saatchi Directors have assumed net revenue growth based upon divisional analysis and forecasting including expected new and existing client wins. The M&C Saatchi Directors' view of annual net revenue growth in FY22 and FY23 is further supported by M&C Saatchi's robust financial performance and growth in 2021, broader macro forecasts, including the GroupM forecast growth for the global advertising market as a whole and the forecast revenue growth of its closest listed peers.
- Excluding the impact of the phase II of the global cost saving programme (see below), the M&C Saatchi Directors have forecast growth in profit before tax margins in FY22 and FY23 partly driven by efficiency savings and increased operational leverage.

M&C Saatchi Directors' confirmation and reports

The FY22 Profit Forecast and FY23 Profit Forecast constitute profit forecasts under Rule 28.1(a) of the Takeover Code.

(a) FY22 Profit Forecast

BDO LLP ("BDO"), as reporting accountant to M&C Saatchi, and Numis Securities Limited and Liberum Capital Limited, as financial advisers to M&C Saatchi, have each provided a report in respect of the FY22 Profit Forecast as required under Rule 28.1(a) of the Takeover Code.

Copies of these reports are included in Sections B and C respectively of this Part 3.

Each of BDO, Numis and Liberum has given and has not withdrawn its consent to the inclusion of its report in the form and context in which it is included.

(b) FY23 Profit Forecast

The FY23 Profit Forecast constitutes a profit forecast under Rule 28.1(a) of the Takeover Code. However, in accordance with Rule 28.2 of the Takeover Code, the Panel has granted M&C Saatchi a dispensation from the requirement to include reports from reporting accountants and its financial advisers in relation to the FY23 Profit Forecast because it is for a financial period ending more than 15 months from the date on which it is first published.

The M&C Saatchi Directors confirm that the FY23 Profit Forecast has been properly compiled on the basis of the assumptions set out above and has been prepared on a basis consistent with M&C Saatchi's accounting policies used in M&C Saatchi's audited financial statements for the year ended 31 December 2021 and in accordance with IFRS.

In accordance with the requirements of Rule 27.2(d) of the Takeover Code, the M&C Saatchi Directors confirm that the FY23 Profit Forecast remains valid as at the date of this document.

Section B – Report by BDO LLP on Profit Forecast

BDO LLP
55 Baker Street
London
W1U 7EU

29 April 2022

The Independent Directors
M&C Saatchi Plc
36 Golden Square
London
W1F 9EE

Numis Securities Limited
45 Gresham Street
London
EC2V 7BF

Liberum Capital Limited
Ropemaker Place
Level 12
25 Ropemaker Street
London
EC2Y 9LY

Dear Sir or Madam

We report on the forecast of headline profit before tax of M&C Saatchi Plc (the “**Company**”) and its subsidiaries (together the “**Group**”) for the year ending 31 December 2022 (the “**FY22 Profit Forecast**”). The FY22 Profit Forecast, and the material assumptions upon which it is based, are set out in Part A of the appendix of the “**Issue of Profit Forecasts**” announcement (the “**Announcement**”).

Opinion

In our opinion, the FY22 Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the Company’s accounting policies.

The FY22 Profit Forecast has been made in the context of the disclosures in Part A of the appendix to this announcement setting out the principal assumptions supporting the FY22 Profit Forecast.

This report is required by Rule 28.1(a)(i) of the City Code on Takeovers and Mergers (the “**Takeover Code**”) and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the independent directors of the Company (the “**Independent Directors**”) to prepare the FY22 Profit Forecast in accordance with the requirements of Rule 28 of the Takeover Code.

It is our responsibility to form an opinion, as required by Rule 28.1(a)(i) of the Takeover Code, as to the proper compilation of the FY22 Profit Forecast and to report that opinion to you as to whether the FY22 Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the Company’s accounting policies.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and to the shareholders of the Company, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 23.2 of the Takeover Code, consenting to its inclusion in the Announcement.

Basis of preparation of the FY22 Profit Forecast

The FY22 Profit Forecast has been prepared on the basis stated in Part A of the appendix of the Announcement.

The FY22 Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Group.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council of the United Kingdom. We are independent in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included considering whether the FY22 Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the FY22 Profit Forecast are based are solely the responsibility of the Independent Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Independent Directors which, in our opinion, are necessary for a proper understanding of the FY22 Profit Forecast have not been disclosed and whether any material assumption made by the Independent Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the FY22 Profit Forecast has been properly compiled on the basis stated.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Since the FY22 Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we express no opinion as to whether the actual profits achieved will correspond to those shown in the FY22 Profit Forecast and the differences may be material.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Section C – Report by Numis Securities Limited and Liberum Capital Limited on Profit Forecast

The Board of Independent Directors (the “**Independent Directors**”)
M&C Saatchi plc
36 Golden Square
London
W1F 9EE

29 April 2022

Report on the profit forecast of M&C Saatchi plc (M&C Saatchi)

Dear Independent Directors,

We refer to the profit forecast comprising a forecast of headline profit before tax of M&C Saatchi for the year ended 31 December 2022 (the “**FY22 Profit Forecast**”), for which the Independent Directors are solely responsible under Rule 28.3 of the City Code on Takeovers and Mergers (the “**City Code**”). The FY22 Profit Forecast and the basis on which it is prepared, are set out in Part A of the appendix to the announcement entitled “Issue of Profit Forecasts” (the “**Announcement**”).

We have discussed the FY22 Profit Forecast (including the bases and assumptions on which they are made), with the Independent Directors and those employees of M&C Saatchi who prepared the FY22 Profit Forecast as well as BDO LLP in their role as reporting accountants in respect of the FY22 Profit Forecast. The FY22 Profit Forecast is subject to uncertainty and our work did not involve an independent examination, or verification, of any of the financial or other information underlying the FY22 Profit Forecast.

We have relied upon the accuracy and completeness of all the financial and other information provided to us by or on behalf of M&C Saatchi, or otherwise discussed with or reviewed by us in connection with the FY22 Profit Forecast, and we have assumed such accuracy and completeness for the purposes of providing this letter. You have confirmed to us that all information relevant to the FY22 Profit Forecast has been disclosed to us. We do not express any view as to the achievability of the FY22 Profit Forecast, whether on the basis identified by the Independent Directors in the disclosures in Part A of the appendix to the Announcement, or otherwise.

We have also reviewed the work carried out by BDO LLP on the FY22 Profit Forecast and have discussed with them the opinion addressed to you and us on this matter and which is set out in Part B of the appendix to the Announcement.

On the basis of the foregoing, we consider that the FY22 Profit Forecast, for which you as the Independent Directors are solely responsible, has been prepared with due care and consideration.

This letter is provided to you solely having regard to the requirements of, and in connection with, Rule 28.1(a)(ii) of the City Code and for no other purpose. We accept no responsibility to M&C Saatchi, its shareholders or to any person other than the Independent Directors in respect of the contents of this letter. Each of Numis Securities Limited and Liberum Capital Limited are acting exclusively as financial adviser to M&C Saatchi and no one else. No person other than the Independent Directors can rely on the contents of, or the work undertaken in connection with, this letter, and to the fullest extent permitted by law, we exclude and disclaim all liability (whether in contract, tort or otherwise) to any other person, in respect of this letter, its contents or the work undertaken in connection with this letter or any of the results or conclusions that may be derived from this letter or any written or oral information provided in connection with this letter, and any such liability is expressly disclaimed except to the extent that such liability cannot be excluded by law.

Yours faithfully,

For and on behalf of
Numis Securities Limited

For and on behalf of
Liberum Capital Limited

PART 4

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“ADV”	AdvancedAdvT Limited, a company incorporated in the British Virgin Islands with company number 2040954;
“ADV All Share Offer”	the all share offer made by ADV pursuant to the ADV Offer;
“ADV Announcement”	the announcement of the ADV Offer by ADV under Rule 2.7 of the Takeover Code, released on the ADV Announcement Date;
“ADV Announcement Date”	17 May 2022;
“ADV Cash and Shares Offer”	the cash and shares offer made by ADV pursuant to the ADV Offer;
“ADV Directors”	the directors of ADV as at the date of the ADV Offer Document or, where the context so requires, the directors of ADV from time to time;
“ADV Offer”	means the offer first announced on 17 May 2022 and made on 14 June 2022 by ADV for the entire issued and to be issued share capital of M&C Saatchi not already held by it;
“ADV Offer Document”	the offer document published by ADV on 14 June 2022 by which the ADV Offer was made;
“ADV Offer Price”	the ADV All Share Offer or the ADV Cash and Shares Offer, as appropriate;
“ADV Share”	an ordinary share of ADV;
“AIM”	the AIM market operated by the London Stock Exchange;
“AIM Rules”	the ‘AIM Rules for Companies’ issued by the London Stock Exchange from time to time;
“Business Day”	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London are open for normal business;
“CFIUS”	has the meaning given to it in paragraph 2.3 of Part 1 (<i>Letter from the Chairman of M&C Saatchi Plc</i>) in this document;
“Closing Price”	the closing middle market price of any of an M&C Saatchi Share, a Next 15 Share or an ADV Share (as appropriate) as at 6:00 p.m. on the day to which such price relates, in respect of an M&C Saatchi Share or a Next 15 Share, as derived from the AIM appendix to the Daily Official List, or in respect of an ADV Share, from the Daily Official List;
“Companies Act”	the Companies Act 2006, as amended from time to time;
“Computershare”	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE;
“connected person” or “persons connected”	in relation to person A, any person whose interests in shares person A is taken to be interested in pursuant to Part 22 of the Companies Act and related regulations;
“Cooperation Agreement”	the cooperation agreement entered into between Next 15 and M&C Saatchi dated 20 May 2022;
“Court”	the High Court of Justice of England and Wales;
“Daily Official List”	the daily official list of the London Stock Exchange;
“Dealing Disclosure”	an announcement pursuant to Rule 8 of the Takeover Code containing details of dealings in the relevant securities of a party to an offer;
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made by the FCA pursuant to section 73A of FSMA;

“Effective”	in the context of the ADV Offer: (a) if the ADV Offer is implemented by way of a Takeover Offer, the ADV Offer having been declared or becoming unconditional in all respects in accordance with the requirements of the Takeover Code; or (b) if the ADV Offer is implemented by way of a Scheme, the ADV Offer having become Effective in accordance with its terms, upon the delivery of the court order in respect of the ADV Offer to the Registrar of Companies; OR in the context of the Next 15 Offer: (c) if the Next 15 Offer is implemented by way of a Scheme, the Next 15 Offer having become Effective in accordance with its terms, upon the delivery of the court order in respect of the Next 15 Offer to the Registrar of Companies; (d) if the Next 15 Offer is implemented by way of a Takeover Offer, the Offer having been declared or becoming unconditional in all respects in accordance with the requirements of the Takeover Code;
“Effective Date”	the date upon which either the ADV Offer or the Next 15 Offer becomes Effective, as the context requires;
“Enlarged Group”	the ADV Group or the Next 15 Group (as the context requires), including the M&C Saatchi Group, following either the ADV Offer or Next 15 Offer (as the context requires) becoming Effective;
“Euroclear”	Euroclear UK & International Limited a company incorporated in England and Wales with registered number 02878738;
“Excluded Jurisdictions”	Canada, Australia, Japan, the Republic of South Africa and New Zealand;
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority of the UK or its successor from time to time;
“FCA Handbook”	the FCA’s Handbook of rules and guidance as amended from time to time;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“holder”	a registered holder and includes any person entitled by transmission
“Latest Practicable Date”	close of business on 27 June 2022, being the latest practicable date prior to the publication of this document;
“Liberum”	Liberum Capital Limited, which is acting as Rule 3 adviser, joint financial adviser and joint broker to M&C Saatchi in relation to the ADV Offer;
“London Stock Exchange”	London Stock Exchange plc;
“M&C Saatchi” or “Company”	M&C Saatchi plc, a public limited company incorporated in England and Wales with company number 05114893;
“M&C Saatchi Board”	the board of directors of M&C Saatchi;
“M&C Saatchi Court Meeting”	the meeting of the M&C Saatchi Shareholders in respect of the Next 15 Offer convened by order of the Court pursuant to section 896 of the Companies Act, for the purpose of approving the Next 15 Offer, including any adjournment thereof, notice of which is set out in Part 11 (<i>Notice of M&C Saatchi Court Meeting</i>) of the Scheme Document, for the purpose of considering and, if thought fit, approving the Next 15 Offer (with or without amendment);

“M&C Saatchi General Meeting”	the general meeting of M&C Saatchi convened in connection with the Next 15 Offer, including any adjournment thereof, notice of which is set out in Part 12 (<i>Notice of General Meeting</i>) of the Scheme Document, to be held immediately following the M&C Saatchi Court Meeting;
“M&C Saatchi Group”	M&C Saatchi and its subsidiary undertakings and, where the context permits, each of them;
“M&C Saatchi Directors”	the directors of M&C Saatchi as at the date of this document or, where the context so requires, the directors of M&C Saatchi from time to time;
“M&C Saatchi LTIP” or the “M&C Saatchi Share Scheme”	the M&C Saatchi Long Term Incentive Plan as amended from time to time;
“M&C Saatchi Meetings”	together, the M&C Saatchi General Meeting and the M&C Saatchi Court Meeting in respect of the Next 15 Offer, and each one a “M&C Saatchi Meeting” ;
“M&C Saatchi Profit Forecast”	has the meaning given in Part 3 (<i>M&C Saatchi Profit Forecast</i>) of this document;
“M&C Saatchi Put Option Schemes”	the M&C Saatchi management incentivisation scheme whereby Put Options are issued;
“M&C Saatchi Share(s)”	the ordinary shares of 1 penny each in the capital of M&C Saatchi including: (i) the existing and unconditionally allotted or issued and fully paid (or credited as fully paid) ordinary shares of 1 penny each in the capital of M&C Saatchi; (ii) any further ordinary shares of 1 penny each in the capital of M&C Saatchi which are unconditionally allotted or issued and fully paid (or credited as fully paid) before, in the case of the ADV Offer, the date on which the ADV Offer becomes Effective, or in the case of the Next 15 Offer, the date on which the Next 15 Offer becomes Effective (or such earlier date or dates as Next 15 may, subject to the Takeover Code, determine); and (iii) any other shares held as treasury shares that are transferred out of treasury, in the case of the ADV Offer, before the date on which the ADV Offer becomes Effective or, in the case of the Next 15 Offer, before the date on which the Next 15 Offer becomes Effective (or such earlier date or dates as Next 15 may, subject to the Takeover Code, determine);
“M&C Saatchi Shareholders”	the registered holders of M&C Saatchi Shares from time to time;
“Market Abuse Regulation”	the Market Abuse Regulation (EU) (596/2014) (as it forms part of the laws of the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended));
“New Next 15 Shares”	the Next 15 Shares proposed to be issued fully paid to certain M&C Saatchi Shareholders pursuant to the Next 15 Offer (and to any other M&C Saatchi Shareholders whose M&C Saatchi Shares are issued after the Next 15 Offer becomes Effective);
“Next 15”	Next Fifteen Communications Group plc, a company incorporated in the England with company number 01579589;
“Next 15 Announcement”	the joint announcement of the ADV Offer by Next 15 and M&C Saatchi under Rule 2.7 of the Takeover Code, released on the Next 15 Announcement Date;
“Next 15 Announcement Date”	20 May 2022;
“Next 15 Cooperation Agreement”	the cooperation agreement entered into between Next 15 and M&C Saatchi dated 20 May 2022;

“Next 15 Directors”	the directors of Next 15 from time to time;
“Next 15 Group”	Next 15 and its subsidiary undertakings and, where the context permits, each of them;
“Next 15 Offer”	has the meaning given to it in paragraph 2.1 of Part 1 (<i>Letter from the Chairman of M&C Saatchi</i>) of this document;
“Next 15 Shares”	ordinary shares of 1 penny each in the capital of Next 15;
“Numis”	Numis Securities Limited, which is acting as joint financial adviser and joint broker to M&C Saatchi in relation to the ADV Offer;
“Offer Period”	the offer period (as defined by the Takeover Code) relating to M&C Saatchi which commenced on 6 January 2022 and ending on the Effective Date;
“Opening Position Disclosure”	an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position, as defined in Rule 8 of the Takeover Code;
“Overseas Shareholders”	M&C Saatchi Shareholders (or nominees of, or custodians or trustees for, such M&C Saatchi Shareholders) who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the UK;
“Panel”	the UK Panel on Takeovers and Mergers;
“Put Options”	the put options granted by members of the M&C Saatchi Group to individual management members as part of the M&C Saatchi Group’s management incentivisation arrangements;
“Registrar of Companies”	the Registrar of Companies in England and Wales;
“Regulatory Information Service”	a regulatory information service as defined in the FCA Handbook;
“relevant securities”	as the context requires, M&C Saatchi Shares, other M&C Saatchi share capital and any securities convertible into or exchangeable for, and rights to subscribe for, any of the foregoing;
“Restricted Jurisdiction”	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which M&C Saatchi regards as unduly onerous, including, without limitation, the Excluded Jurisdictions;
“Scheme”	a scheme of arrangement pursuant to Part 26 of the Companies Act 2006;
“Special Resolution”	the special resolution to be proposed at the M&C Saatchi General Meeting in connection with authorising the M&C Saatchi Directors to take all required action in relation to the Next 15 Offer, amending M&C Saatchi’s articles of association, re-registering M&C Saatchi as a private limited company and such other matters as may be necessary to implement the Next 15 Offer, as set out in the notice of the M&C Saatchi General Meeting set out in Part 12 (<i>Notice of General Meeting</i>) of the Scheme Document;
“Takeover Code”	the City Code on Takeovers and Mergers;
“Takeover Offer”	subject to the consent of the Panel (and in respect of the Next 15 Offer, the terms of the Next 15 Cooperation Agreement), should the relevant Offer be implemented by way of a Takeover Offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of either ADV or Next 15 (as relevant) to acquire the entire issued and to be issued share capital of M&C Saatchi, other than (in the case of the ADV Offer) M&C Saatchi Shares owned or controlled by

either the ADV Group or (in the case of the Next 15 Offer) the Next 15 Group (as relevant) and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;

“UK” or “United Kingdom”

the United Kingdom of Great Britain and Northern Ireland;

“US” or “United States of America” or “United States” or “USA”

the United States of America, its territories and possessions, all areas subject to its jurisdiction or any subdivision thereof, any state of the United States of America and the District of Columbia;

“US Exchange Act”

the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

“US Securities Act”

the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

“US M&C Saatchi Shareholder”

an M&C Saatchi Shareholder resident or located in the United States;

“VAT”

value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature;

For the purposes of this document, **“associated undertaking”**, **“parent undertaking”**, **“subsidiary”**, **“subsidiary undertaking”** and **“undertaking”** have the respective meanings given thereto by the Companies Act.

All references to **“GBP”**, **“pence”**, **“sterling”**, **“pounds sterling”**, **“p”** or **“£”** are to the lawful currency of the United Kingdom.

All references to **“USD”**, **“US\$”**, **“\$”** or **“US dollars”** are to the lawful currency of the United States.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

Reference to the singular includes the plural and *vice versa*.

