WHY WE OPPOSE THE UPDATED TERMS OF THE MDC-STAGWELL MERGER

Indaba Capital Management LP

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ABOUT INDABA AND OUR CONTINUED OPPOSITION

Indaba is MDC's largest independent shareholder, with voting interests equal to nearly 15% of the interests of unaffiliated shareholders

- Indaba has a history of investing across MDC's capital structure and supporting the Company's management team – we are not an activist shareholder trying to opportunistically exploit the proposed MDC-Stagwell transaction

- Indaba actually supports the combination, provided that a deal includes fair terms that take into account the current market environment and the advertising industry's robust recovery from the COVID-19 pandemic

- Indaba has spent several months trying to convince representatives of MDC and Stagwell that independent shareholders are entitled to consideration equal to at least 37.5%-40% of the newly combined entity

- Recently, Indaba informed Mark Penn – MDC's Chief Executive Officer and Chairman and Stagwell's Managing Partner – that it has received unsolicited feedback from other shareholders indicating a willingness to support a deal that includes total consideration equal to 35% of the newly combined entity
  - During this conversation, Indaba told Mr. Penn that it would also be willing to compromise and accept that reduced level of consideration in the newly combined entity
  - Mr. Penn categorically rejected any material improvement in financial terms of the merger for MDC shareholders

Now, rather than address our feedback and meet shareholders in the middle, MDC and Stagwell are wasting more time by proposing revised terms that include <u>another immaterial bump from 30.6% to 31.2%</u> and <u>superficial governance enhancements</u> designed to secure proxy advisory firm support

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ABOUT MDC AND STAGWELL'S REVISED TERMS

Indaba believes the revised transaction terms released on Friday, July 9, 2021 continue to deprive shareholders of meaningful value while perpetuating the deal's procedural and governance issues

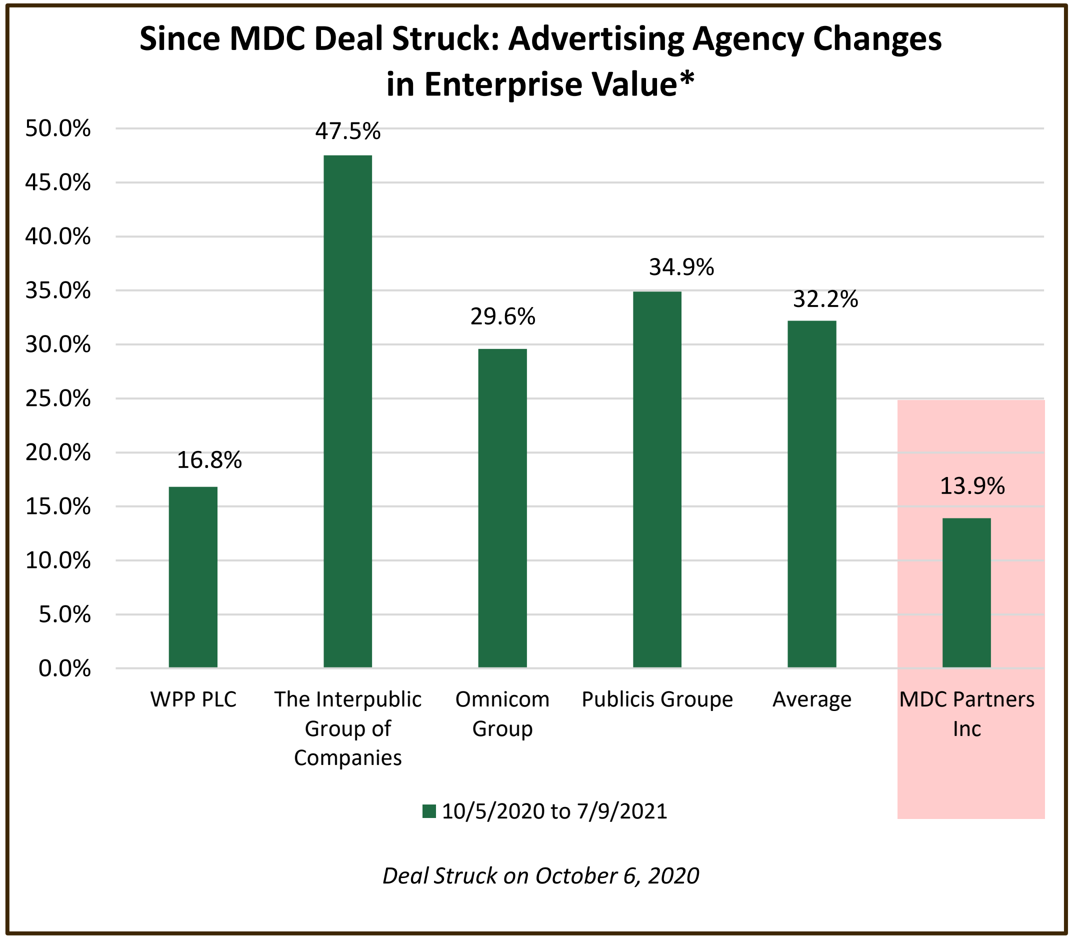
INSUFFICIENT CONSIDERATION	INSUFFICIENT TRANSPARENCY	INSUFFICIENT INVESTOR SUPPORT	INSUFFICIENT GOVERNANCE
Despite including a third increase in consideration to 31.2% of the newly combined entity, MDC and Stagwell ignored major shareholders' desire to compromise by not coming close to 35% consideration	*The revised terms were not accompanied by an affirmative commitment to release the Moelis & Co. fairness opinion and underlying analysis – Indaba only received a verbal commitment (with no timeline) after a request*	*Once again, MDC and Stagwell have put out revised terms without any formal support or voting agreements from unaffiliated shareholders – indicating to us continued shareholder skepticism*	*The new "enhancements" are an insult – we take no solace in 2/3 of the Nominating & Corporate Governance Committee being "independent" directors who currently serve with Mr. Penn in MDC's boardroom*

The market appears to share our view of the revised terms based on the fact that <u>MDC's shares barely moved in reaction on Friday</u> – a day in which the NASDAQ and industry peers were up

THE MARKET'S REACTION HAS BEEN CONSISTENTLY POOR THROUGH LAST WEEK

We believe the market reaction to the transaction's terms – over the course of several months – simply reinforces that the deal is unappealing for shareholders other than Stagwell

- MDC has significantly lagged its peers since the evaluation of the combination with Stagwell was first announced – its enterprise value has increased far less since Stagwell's deal was agreed in principle on October 6, 2020 (13.9% v. 32.2%)
- Demonstrating how poorly shareholders other than Stagwell view the transaction terms, MDC's shares closed at $5.25 on July 9, 2021, very near the bottom of Canaccord's 2020 valuation range of $4.70-7.40 per share**
- In the filing, MDC acknowledges that *"[s]ome of MDC's directors and executive officers have interests in seeing the Proposed Transactions completed that may be different from, or in addition to, those of other MDC Canada Shareholders."*



*Data runs through the close of trading on July 9, 2021.
**MDC Partners Form S-4, filed February 8, 2021.

THE REVISED TERMS ALSO FAIL TO ADDRESS OTHER LINGERING CONCERNS

Indaba strongly opposes the MDC and Stagwell merger because it does not provide *fair value* to all shareholders

UNDERVALUATION OF SYNERGIES/NOLs	NO TRUE CONTROL PREMIUM	SIGNIFICANT CONFLICTS	OVERRELIANCE ON RECENT TSR
The revised terms still place no real value on the public company structure, revenue and cost synergies, and the benefits of Net Operating Losses ("NOLs")	*The transaction terms do not offer shareholders a meaningful control premium*	*The transaction is plagued by egregious conflicts of interest given that Mr. Penn runs both MDC and Stagwell*	*The transaction rationale is heavily predicated upon MDC's short-term total shareholder return ("TSR") since the depths of the pandemic – not today's fair value*

THE BARELY REVISED DEAL STILL DISREGARDS THE VALUE OF MDC AND ITS ASSETS

We continue to believe that proposed consideration of 31.2% of the newly combined entity reflects a lack of emphasis on the value of MDC's public company structure, revenue, cost synergies and the benefits of NOLs

Advertising Agency EV/EBITDA Trading Multiples Agency	EV/2021E EBITDA	EV/2022E EBITDA
WPP PLC	5.8x	5.4x
The Interpublic Group of Companies	10.3	9.9
Omnicom Group	8.3	8.0
Publicis Groupe	6.0	5.8
Average Multiple of Peer Group	7.6x	7.3x
Average Multiple of IPG/Omnicom	9.3x	8.9x
MDC Partners Inc	7.3x	6.8x
Valuation Discount to Peer Group	-3.7%	-6.6%
Valuation Discount to IPG/Omnicom	-21.4%	-24.1%
*Share Price at Peer Group Valuation**	$5.98	$6.60
*Share Price at IPG/Omnicom Valuation***	$10.44	$11.30
Illustrative Enterprise Value Premium for Synergies/Benefits/Control	**10.0%**	
Share Price at Peer Group Valuation with Premium	$7.96	$8.64
Share Price at IPG/Omnicom Valuation with Premium	$12.86	$13.81

- Due to the levered structure of our company, even accounting modestly for the value of these benefits would result in a material increase in MDC's share value
- MDC shares are trading near the low end of Canaccord's 2020 opinion of fair value because this deal is not up to date nor fair
- Moelis believes IPG and Omnicom are the best comparables for MDC which would in fact suggest even higher multiples for MDC⁺

Given the terrible optics associated with MDC being sold to Stagwell, <u>it is confounding that there is no meaningful value placed on the Company's public structure and synergies</u>

Source: Bloomberg Consensus and MDC Guidance. 2022E EBITDA is from Canaccord projection. As of close of trading on July 9, 2021.

*Represents increase from current valuation to Advertising Agency Average. **Represents an increase from current valuation to IPG and Omnicom Average.

⁺ December 21, 2021 Moelis Opinion, page 177 of the proxy.

THE REVISED TERMS STILL DO NOT INCLUDE A MEANINGFUL CONTROL PREMIUM

The lack of a meaningful control premium remains very problematic and highly unusual given the conflicts of interest at play and the form of consideration offered: shares of a private company that has not provided sufficient transparency or inspiring governance to the market

MDC's shares still trade at a significant discount to precedent transactions provided by Canaccord* that could yield powerful synergies and offerings

Discount to Precedent Transactions

	MDCA/Stagwell	EV/Adj. EBITDA**	Avg. TEV / LTM EBITDA of Precedent Transactions	Implied Discount to Transaction Comps
EBITDA multiples based on market price as of close on July 9, 2021: $5.25	2019 Adj. EBITDA ($174mm)	8.2x		(30.2)%
	2020 Adj. EBITDA ($177mm)	8.1x	**11.7x**	(31.4)
	2021E Adj. EBITDA ($195mm)	7.3x		(37.7)

We continue to believe <u>this combination warranted a greater control premium from the start in light of the fact that MDC was not openly shopped before reaching a deal with Stagwell</u>

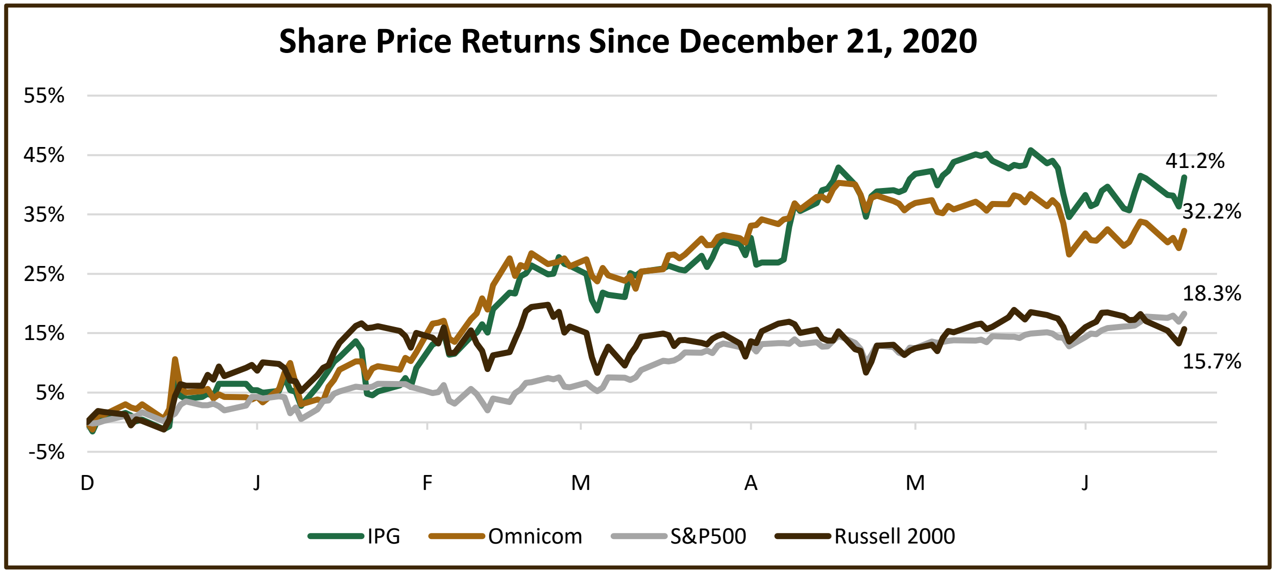
*December 21, 2020 Canaccord Opinion from proxy.

**EBITDA multiples based on market price as of close of trading on July 9, 2021.

TAKEAWAY: MDC'S SHARE PRICE AND MARKET VALUATION REFLECT THE DEAL'S POOR FINANCIAL TERMS

We believe the deal's onerous terms have caused MDC's shares to trade at the bottom of the range of fair value: $4.70 to $7.40 per share according to Canaccord's opinion

- Canaccord's opinion was given on December 21, 2020 – almost SEVEN months ago
  - Since that time, the S&P 500 is up 18.3% and Russell 2000 is up 15.7%
  - IPG and Omnicom, which are the two best comparable companies for MDC according to the Company's investment banker, are up 41.2% and 32.2% respectively*



MDC's shares last closed at $5.25 - what is holding MDC's shares at the bottom end of Canaccord's valuation range from SEVEN months ago?

In our view, it is clearly Mr. Penn's self-serving deal terms

Note: Changes exclude dividends in share price return chart.
*December 21, 2021 Moelis Opinion, page 177 of the proxy.

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THE REVISED TERMS DO NOT BALANCE OUT MR. PENN'S MASSIVE CONFLICTS

Although this transaction is plagued by exceptional conflicts of interest, Mr. Penn is continuing to try to get shareholders to accept unexceptional consideration of only 31.2% of the newly combined entity

- Mr. Penn stands to receive 75% of the profits in Stagwell's fund – leading us to believe he is economically incentivized to hold back consideration for MDC's independent shareholders and threaten to walk from the deal to secure acquiescence

- The revised economic terms shared on Friday reflect Mr. Penn's unwillingness to reach a viable compromise at this time
    - We have repeatedly communicated privately and publicly with Mr. Penn, providing him with objective financial analysis and pointing out market norms for these types of transactions
    - Earlier this month, we informed him that investor feedback suggests there would be support for a transaction that provides independent shareholders total consideration of 35% of the newly combined entity
    - We informed him we could support a deal at that level (despite our belief that 37.5%-40% consideration is fair)

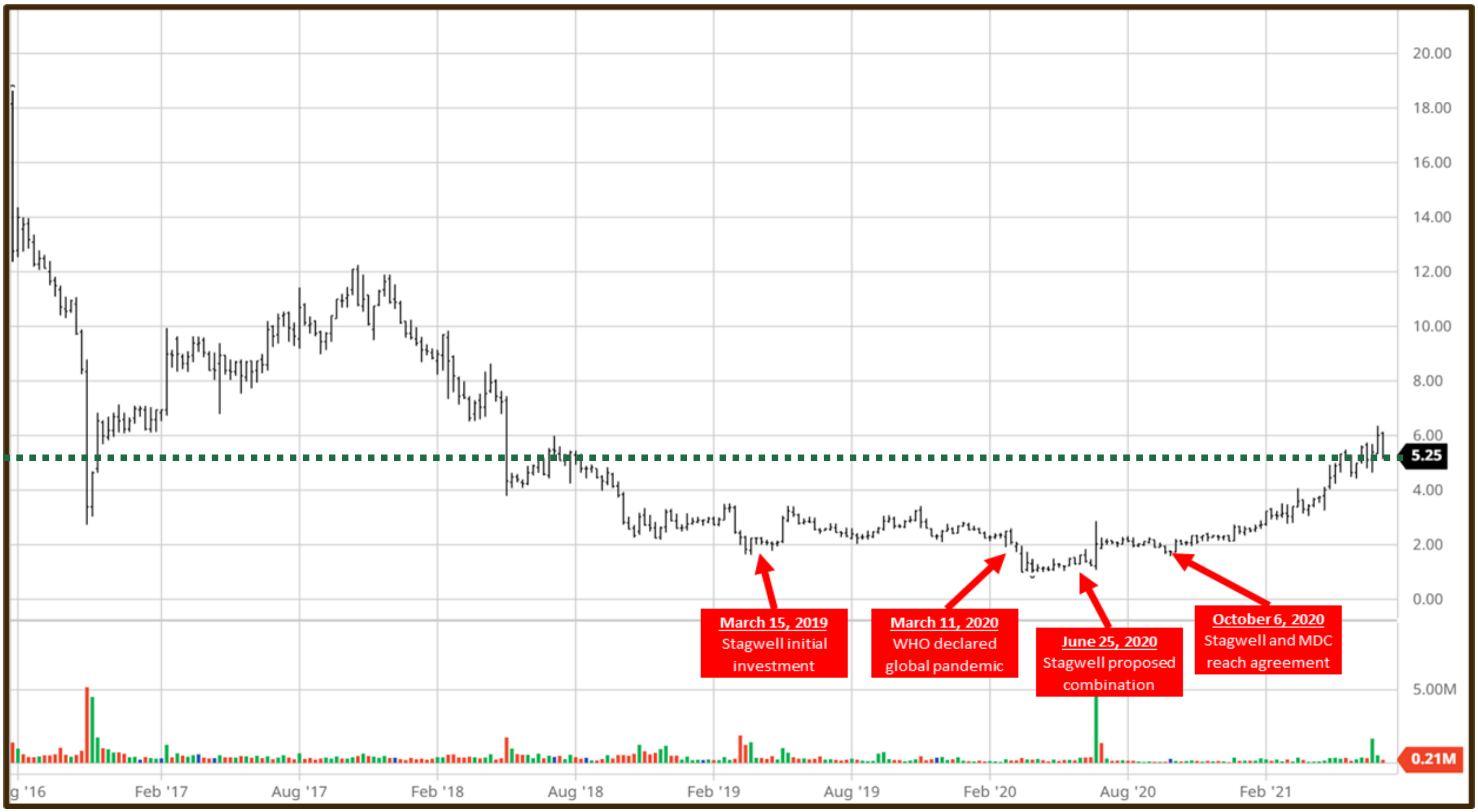
- The revised governance terms shared on Friday should ring hollow when taking into account Mr. Penn's leadership style
    - There have been multiple instances when representatives of MDC have suggested that we bring our concerns directly to Mr. Penn rather than continuing to engage with them
    - This forces us to question the *"governance enhancements"* touted on Friday – we take no solace in 2/3 of the future Nominating & Corporate Governance Committee members being MDC directors who currently serve with Mr. Penn
        - These directors allowed MDC to rush into this deal without running a process and permitted the Company to initiate an opaque and oddly-timed sale of Sloane & Co. (an attractive firm) to a Stagwell entity last year

We fear Mr. Penn will continue to try to play proverbial poker with shareholders until a clear message is sent that this conflict-riddled transaction requires fair consideration

Source: MDC Partners Form S-4, filed February 8, 2021.

THE MDC-STAGWELL FOCUS ON RECENT TSR IS AN INSULT TO SHAREHOLDERS

The majority of MDC's top shareholders are long-term investors, many of whom purchased shares above the $5 range and can recall periods in recent years when shares traded well over $10



Source: Bloomberg (five-year share price performance through July 9, 2021).

THE ADVERTISING INDUSTRY HAS RECOVERED

A transaction struck in a pandemic-ravaged world and its subsequent incremental modifications do not take into account the advertising industry and MDC's healthy recovery and now confident prospects

- A recent report on the advertising market by MAGNA projects record growth in advertising with a global spend of +14% ($78 billion) and a US spend of +15% ($34 billion) - they write: "[The] unique combination of cyclical, organic and structural drivers will lead to the strongest advertising annual growth ever monitored by MAGNA"

- MDC's position is strongly evidenced by its impressive recent showing at the Cannes Lions International Festival of Creativity with 72andSunny, UNION, CPB, and Forsman and Bodenfors all taking awards and 72andSunny earning the Grand Prix award in the Entertainment category

72andSunny | UNION | CPB | forsman & bodenfors | Anomaly

- MDC agencies are continuing to win attractive mandates, as evidenced by MDC agency 72andSunny's recent contract with United Airlines

MDC and the advertising industry have recovered markedly since this transaction was initiated, meaning the improvement in the transaction's terms should also be significant

Source: MAGNA June 13,2021 report.

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CONCLUSION: THE REVISED TERMS DO NOT ADDRESS SHAREHOLDER FEEDBACK OR THE STRUCTURAL FLAWS ASSOCIATED WITH THIS CONFLICT-RIDDLED TRANSACTION

Indaba is aligned with fellow shareholders who have indicated a willingness to compromise and support transaction terms that include <u>total consideration equal to 35% of the combined entity</u> – not the 31.2% proposed by Stagwell and MDC on Friday

Mr. Penn, who seems to have mistaken this process for a game of political poker, cannot rely on bullying, negotiating threats and immaterial bumps that lack shareholder support to get this deal done

Rather than reward Mr. Penn's attempt to capitalize on the pandemic-ravaged environment and accept his third "best and final" offer, we will oppose this deal until its terms reflect today's market realities and the healthy state of the advertising industry

Shareholders:

Be patient. Be steadfast. Demand fair value.

Thank You