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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

17 May 2022

## OFFER BY ADVANCEDADVT LIMITED FOR M&C SAATCHI PLC

### *Acceleration of digital growth*

The board of AdvancedAdvT Limited ("**ADV**") announces the terms of an offer to be made by ADV for the issued and to be issued share capital of M&C Saatchi plc ("**M&C Saatchi**") not already owned by ADV (the "**Offer Shares**") (the "**Offer**").

Commenting on today's announcement, Vin Murria, Chair of ADV, said:

*"Having sought the recommendation of the M&C Saatchi Independent Directors since early January, to date that has not been forthcoming. With today's announcement we are seeking the support of M&C Saatchi Shareholders in addition to those shareholders holding 20.2% of the M&C Shares who have already indicated their support. Together, ADV and I already own 22.3% of the M&C Saatchi Shares.*

*We are delighted that Christopher Sweetland, who was Deputy Group Finance Director of WPP Group and Tamara Ingram, who was CEO and Chair of Saatchi and Saatchi UK as well as the global CEO of J Walter Thompson Worldwide and Paul Gibson, who was Chief Operating Officer of Advanced Computer Software, will join the Enlarged Group as non-executive directors.*

*The combination of M&C Saatchi's existing global brand, culture and foundation with ADV's investment capital, experience and proposed new directors provide a tremendous opportunity to accelerate M&C Saatchi's digital growth strategy, organically and by acquisition.*

*The people are the heartbeat of the business. In working alongside them, we believe we will create a business that will benefit employees, clients, and shareholders by capitalising on the growth opportunities presented by the structural changes in M&C Saatchi's markets arising from a rapid acceleration of digitalisation, analytics and data creation.*

*The enlarged business will have also significantly broadened its access to additional institutional equity. This will enable an acceleration of future investment and accretive M&A to further enhance the appeal of the M&C Saatchi foundation and attract many more quality assets."*

### **Offer Terms**

Under the terms of the Offer, M&C Saatchi Shareholders will be entitled to receive:

- **For each M&C Saatchi Share EITHER:**
  - i. **2.043 new ADV Shares (the “New ADV Shares”) and 40 pence in cash (the “Cash Consideration”), (the “Cash and Shares Offer”),**
  - OR**
  - ii. **2.530 New ADV Shares, (the “All Share Offer”).**

M&C Saatchi Shareholders will receive the All Share Offer unless an election is made to receive the Cash and Shares Offer. The Cash and Shares Offer will include a Mix and Match Facility, further details of which can be found in paragraph 6 below.

- Both the Cash and Shares Offer and the All Share Offer value each share of M&C Saatchi at 207.5 pence and the total issued share capital of M&C Saatchi at £253.6 million, based on the closing share price of ADV of 82.0 pence on 16 May 2022 (being the Business Day prior to the date of this announcement). Adding the equity-related incentives liability (the majority of which relates to Put Options) of £49.7 million (see below) and subtracting M&C Saatchi’s net cash position as at 31 December 2021 of £34.4 million, implies an enterprise value of £268.9 million. The resulting value of a New ADV Share will be affected by a number of factors including, inter alia, the non-exhaustive list of matters detailed later in this announcement.
- As at 30 April 2022, the unaudited net asset value (“NAV”) per ADV Share was 93.8 pence (assets comprising primarily of cash and an investment in M&C Saatchi). Theoretically, if the ADV Shares were trading at NAV per ADV Share, the implied value for each M&C Saatchi share would be 231.6 pence under the Cash and Shares Offer and 237.3 pence under the All Share Offer. The resulting value of a New ADV Share will be affected by a number of factors including, inter alia, the non-exhaustive list of matters detailed later in this announcement.
- The theoretical NAV per ADV Share would value the issued share capital of M&C Saatchi at £283.2 million under the Cash and Shares Offer and £290.1 million under the All Share Offer. Adding the equity-related incentives liability (the majority of which relates to Put Options) of £49.7 million (see below) and subtracting M&C Saatchi’s net cash position as at 31 December 2021 of £34.4 million, implies an enterprise value of £298.5 million under the Cash and Shares Offer and £305.4 million under the All Share Offer.

### Valuation Summary

	Valuation based on ADV closing price of 82.0 pence per share		Illustrative valuation based on ADV NAV of 93.8 pence per share	
	All Share Offer	Cash and Shares Offer	All Share Offer	Cash and Shares Offer
Exchange Ratio	2.530	2.043	2.530	2.043

Cash Consideration per share	-	40 pence	-	40 pence
Implied Equity Value of issued share capital of M&C Saatchi <sup>(1)</sup>	£253.6m	£253.6m	£290.1m	£283.2m
Implied Equity Value of each issued M&C Saatchi share	207.5 pence	207.5 pence	237.3 pence	231.6 pence
Implied Enterprise Value of issued share capital of M&C Saatchi <sup>(2)</sup>	£268.9m	£268.9m	£305.4m	£298.5m

(1) Implied Equity Value is calculated based on 100% of the Issued Share Capital of M&C Saatchi of 122,257,465 shares valued at the Offer Terms, based on the closing share price of ADV on 16 May 2022 and ADV's NAV per share of 93.8 pence.

(2) Implied Enterprise Value is calculated by adding the equity-related incentives liability of £49.7 million and subtracting the net cash position of M&C Saatchi of £34.4m as at 31 December 2021.

- Should all current M&C Saatchi Shareholders accept the Offer, M&C Saatchi Shareholders (excluding ADV and Vin Murria) would own between 53.7 per cent. and 59.0 per cent. of the Enlarged Group on a fully diluted basis.
  - i. The maximum figure of 59.0 per cent. assumes all M&C Saatchi Shareholders elect to receive the All Share Offer.
    - Under the All Share Offer exchange ratio announced by M&C Saatchi on 3 February 2022 of 2.347x, the maximum figure would have been 57.6 per cent.
  - ii. The minimum figure of 53.7 per cent. assumes (A) those M&C Saatchi Shareholders who have indicated their intention in an irrevocable undertaking or letter of intent to elect to receive the All Share Offer do so; and (B) all other M&C Saatchi Shareholders elect to receive the Cash and Shares Offer.
- If the issue of New ADV Shares to any Restricted Overseas Shareholder, or any person who is reasonably believed to be a Restricted Overseas Shareholder, would or may infringe the laws of a jurisdiction outside England and Wales and or would or may require any government consent or registration, filing or other formality which cannot be complied with or with which compliance would be unduly onerous, ADV may at its discretion determine: (i) that no New ADV Shares shall be allotted to such Restricted Overseas Shareholder; and (ii) the New ADV Shares which would otherwise have been allotted to such shareholder shall be sold in the market on their behalf and the cash proceeds of the sale remitted to such shareholders (in each case after deduction of broking fees and other sale costs and expenses).

#### **M&C Saatchi Shareholders irrevocable undertakings and letters of intent**

ADV has received irrevocable undertakings and letters of intent to accept or procure acceptance of the Offer in respect of 39,976,286 M&C Saatchi Shares being, approximately:

- 36.3 per cent. of the Offer Shares; and
- 32.7 per cent. of the M&C Saatchi Shares,

in issue as at 16 May 2022 (being the last Business Day before the date of this announcement) which, together with the shares already owned by ADV, amount to approximately 42.5 per cent. of the M&C Saatchi Shares in issue as at 16 May 2022 (being the last Business Day before the date of this announcement). Further details of these irrevocable undertakings and letters of intent are set out in Appendix 3 to this announcement.

Together, ADV and Vin Murria already own 22% of M&C Saatchi's issued share capital.

### **Board of the Enlarged Group**

Subject to the Offer completing, ADV proposes that following the Effective Date the board of the Enlarged Group will comprise:

- Vin Murria, currently Chair of ADV and Deputy Chair of M&C Saatchi, who will become Executive Chair;
- Gavin Hugill, currently Chief Operating Officer of ADV, who will become Chief Financial Officer and an executive director;
- Christopher Sweetland (formerly the Deputy Group Finance Director of WPP Group) who will become a non-executive director and Chair of the Audit & Risk Committee;
- Tamara Ingram (formerly the Chief Executive Officer and Chair of Saatchi and Saatchi UK and the global Chief Executive Officer of J Walter Thompson Worldwide, currently a non-executive director of Marks and Spencer Group plc and Marsh MacLennan Intertek Group) who will become Senior Independent Director and Chair of the Nomination Committee;
- Paul Gibson (formerly Chief Operating Officer of Advanced Computer Software plc) who will become a non-executive director and Chair of the Remuneration Committee; and
- Mark Brangstrup Watts, a representative of Marwyn and, as separately announced this morning, a director of ADV who will become a non-executive director and Chair of the newly established ESG Committee.

ADV is currently in discussions and intends to appoint a further non-executive director which it believes would offer significant value to the enlarged business and board.

It is intended that, following the Effective Date, Karen Chandler, non-executive director of ADV, will resign from her position on the ADV Board. Karen Chandler is fully supportive of the rationale for the Offer and of its terms and conditions.

Despite the benefits of further board continuity, ADV understands from its discussions with the M&C Saatchi Independent Directors that each of them has declined to join the board of the Enlarged Group. Moray MacLennan has indicated he wishes to stay as CEO of M&C Saatchi but does not wish to join the board of the Enlarged Group. The remaining directors of M&C Saatchi have confirmed that they intend to resign when the Offer is declared unconditional and appoint ADV's nominees to the board of M&C Saatchi, effective from that time.

### **Put options and cash settlement liability**

- M&C Saatchi has in place various put option schemes pursuant to which option holders are able to 'put' their shares in the relevant subsidiary of the M&C Saatchi Group in exchange for M&C Saatchi Shares.

- In the M&C Saatchi FY21 Interim Accounts, the M&C Saatchi Board confirmed that M&C Saatchi Shareholders had suffered a 28.3 per cent. dilution since 2018 from the issuance of the Put Options. During the same period, M&C Saatchi Shareholders also incurred a significant diminution of share price (>50%).
- The M&C Saatchi Annual Report disclosed a forecasted equivalent cash payment required to settle the equity-related incentives liability (the majority of which relates to Put Options) of c.£49.7m using an M&C Saatchi share price of 210p.
- The minority interests, until settled in full, will continue to attract significant outflows of cash in the form of dividends. These amounted to £5.8m in 2019, £4.7m in 2020 and £5.3 million in 2021.
- In the M&C Saatchi Annual Report, the M&C Saatchi Board reiterated its intention to settle all outstanding Put Options in cash, committing a significant proportion of M&C Saatchi's existing and future cash reserves:
  - restricting the cash available for investment in M&A and growth opportunities, critical to competing with M&C Saatchi's immediate peers and safeguarding its creative base against the risk of disruptive competition; and
  - potentially increasing the use of debt facilities, and associated financing costs, in order to fund the payment of Put Options, minority dividends, taxes, other operational commitments and its negative working capital position.

ADV intends to honour the existing Put Option awards and does not intend to make changes to the terms of those schemes. However, future incentivisation of the Enlarged Group employees will be through the existing ADV Long-Term Incentive Plan (the "**ADV LTIP**"), which prioritises and aligns the leadership with the creation of shareholder value for the Enlarged Group. The ADV LTIP rewards participants if shareholder value is created for the Enlarged Group. The ADV LTIP requires a minimum return of 7.5 per cent. per annum and, subject to certain vesting criteria, entitles the holders to up to 20 per cent. of the growth in value. Should shareholder value be eroded through a fall in share price which results in the minimum annual rate of return of 7.5 per cent. not being met there would be no shareholder dilution or cash outflow to ADV LTIP holders, unlike under the terms of the Put Options.

ADV believes that M&C Saatchi will benefit from being part of the Enlarged Group where ADV will aim to balance the liabilities arising from the Put Options with the execution of the Enlarged Group's strategy, providing further capital and expertise to facilitate the investment to fuel both organic and inorganic growth for the benefit of all shareholders.

### **Talent and Retention**

ADV plans to build on M&C Saatchi's existing brand, culture and global foundations, and proposes that with better access to investment capital it can build a data, analytics and digitally focussed creative marketing business attracting the best clients and the best talent in the industry, delivering work that has meaningful impact and value for its clients and the larger community. The Enlarged Group will be able to offer a more diverse range of capabilities and services enhancing the employee value proposition; and delivering variety, challenge, opportunities for creative thought and a problem-solving environment for employees and clients to collaborate, helping retain and attract the best talent.

The ADV LTIP aligns the reward of senior management with the creation of shareholder value and return, and reflects the high competition for the best executive management.

### **ADV accelerates the M&C Saatchi strategy**

ADV's proposal is consistent with the strategy set out in M&C Saatchi's FY21 Annual Report which focuses on digital acceleration, group simplification and greater collaboration, but with a view to accelerating the significant growth prospects of M&C Saatchi.

ADV's strategy remains consistent with M&C Saatchi's strategic approach:

- Continued simplification of the business and its operations;
- Continued focus on cost efficiencies, which to date have had a significant impact in improving the profit before tax ("**PBT**") of the business;
- A greater focus on technology. ADV believes this is a key area for investment and plans to significantly drive this both internally and to the benefit of clients;
- Growth from cross-specialisms and cross-border opportunities; and
- A continued focus on our people.

Building on this strategy, the ADV Board believe that:

- ADV provides a clear opportunity to accelerate M&C Saatchi's digital growth strategy, organically and by acquisition;
- Transformational change is required to enable and accelerate significant growth, catch up lost ground and increase M&C Saatchi's relevance to address evolving client needs given ongoing structural changes in its markets; and
- ADV has access to significant investment capital and expertise to fuel M&C Saatchi's growth strategy, complimented by the ADV Board's demonstrable track record of strategic delivery and shareholder returns organically and inorganically through accretive M&A.

#### **ADV's investment is a game changer for M&A**

ADV believes that an M&A strategy centered around digital transformation, data analytics and customer experience would be hugely beneficial to the Enlarged Group's growth and potential re-rating, not dissimilar to what has been achieved by M&C Saatchi's listed peers.

ADV believes whilst the existing business will have its investment restricted by its significant liabilities, ADV with its cash resources, board expertise and successful M&A track record, it has the ability to accelerate a re-rating of the Enlarged Group for the benefit of existing shareholders.

ADV believes that M&A should be a fundamental part of the strategy of organisations targeting growth. When executed well, M&A: is earnings accretive, has a positive impact on the income statement, evolves capabilities, diversifies offerings, and brings new clients and talent to the group.

ADV has access to an existing pipeline of selective M&A opportunities comprising businesses that enhance M&C Saatchi's data and analytics capability, as well as complementing the existing offering.

ADV believes that there has been a broad reduction in the valuation of technology businesses in the first quarter of 2022, creating an opportunity to pursue M&A in a more conducive environment whilst still enabling a re-rating for a larger, more streamlined, digital and data enabled M&C Saatchi.

Technology is not going away, and the appetite and need for it continues to grow. ADV's investment will allow the enlarged business to accelerate its transition to benefit from the greater number of opportunities available.

**ADV's investment strategy will focus on:**

- **Digital transformation:** Driving the growth of digital commerce; analytics and insight; data tech consulting; digital transformation, digital product and service innovation, ecommerce and data analytics. With 30 years' experience spanning both technology and creative industries, the Enlarged Group Board are well placed to drive the change.
  - ADV has identified several targets in the Digital Transformation sector, with the following criteria:
    - c.250-700 people;
    - c.£25-£100m revenues;
    - profitable;
    - serving large public and private sector clients;
    - would benefit from M&C Saatchi's global footprint;
    - significant cross-selling opportunities with M&C Saatchi benefiting from an enlarged customer base;
    - a referenceable client base feeding further cross-selling capability;
    - earnings accretive; and
    - presenting further potential for re-rating.
- **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. Services include development, diplomacy and security; public affairs and research; strategic advisory. New areas the ADV Board will drive include ESG, Cyber Consultancy, Change Management and Digital Transformation Services.
  - ADV has identified several targets in the Global issues and advisory sector:
    - ESG Consultancies to support a growth market;
    - change Management/ Digital transformation consultancy services;
    - public sector focused strategic consultancies; and
    - public sector focused managed service/ cyber consultancy services.
- **CM / Media and Performance:** Investment will be focused on data, MarTech, enhanced customer loyalty and customer experience; sponsorship and talent; and media and performance.
  - ADV has identified several smaller targets to support the growth and proprietary technology requirements for CM / Media and Performance, with the following criteria:
    - c.25-30 people;
    - c.£2.5m-£5.0m revenues;
    - profitable; and
    - margin enhancing for the core business.

The Enlarged Group Board has significant M&A experience and a successful track record formed over many decades, having delivered multiple shareholder-focused exits. The ADV Board has a track record of delivery that any organisation would be proud to have on its side.

The ADV Board believes that ADV's investment is a game changer in the context of delivering the capital and expertise to accelerate and enhance a strategy consistent with M&C Saatchi's existing strategy, enabling growth through a focus on M&A, investing in the safeguarding of M&C Saatchi's traditional creative base against disruptive competition and providing the environment for a re-rating in valuation.

### Admission to AIM

The existing ADV Shares are currently admitted to listing on the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange. Application will be made to the London Stock Exchange for the existing ADV Shares, together with the New ADV Shares, to be admitted to trading on AIM subject to the Offer becoming Effective.

### Structure and Level of Acceptances

- It is intended that the Offer will be effected by means of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act.
- The Offer will be conditional upon ADV having received valid acceptances (which have not been withdrawn) by no later than 1.00 p.m. (London time) on the Unconditional Date (or such later time(s) and/or date(s) as ADV may specify, subject to the rules of the Code and, where applicable, with the consent of the Panel) in respect of not less than 90 per cent. (90%) (or such lower percentage as ADV may decide) in value of the total M&C Shares to which the Offer relates and of the voting rights attached to those shares (the “**Acceptance Condition**”), provided that ADV has acquired or agreed to acquire pursuant to the Offer or otherwise more than 50 per cent. (50%) of the voting rights then exercisable at a general meeting of M&C Saatchi (the “**Minimum Acceptance Threshold**”).
- The Offer will also be subject to the Admission Condition and to the other Conditions and certain further terms set out in Appendix 1 to this announcement.
- The Offer Document will include full details of the Offer and will also contain the expected timetable of the Offer and will specify the necessary actions to be taken by M&C Saatchi Shareholders. The Offer Document will be sent to M&C Saatchi Shareholders as soon as reasonably practicable. It is expected that the ADV Prospectus (which also comprises an admission document for the purpose of the AIM Rules), containing information about, amongst other things, the New ADV Shares and the Enlarged Group, will be published and posted to M&C Saatchi Shareholders and ADV Shareholders at the same time as the Offer Document is published.
- Application will be made to the London Stock Exchange for the existing ADV Shares together with the New ADV Shares to be admitted to trading on AIM, subject to the Offer becoming Effective.
- The person responsible for arranging this announcement on behalf of ADV is Antoinette Vanderpuije, the Company Secretary of ADV. The LEI of M&C Saatchi is 213800XBLFQZ1T1KBA87 and the LEI of ADV 254900WYO35S1T334A28.

### Notices

**This summary should be read in conjunction with the following full announcement and the Appendices. The Offer will be subject to the Acceptance Condition, the Admission Condition and further terms and conditions set out in Appendix 1 and to the full terms and conditions which will be set out in the Offer Document. Appendix 2 contains bases and sources of certain information contained in this announcement. Details of irrevocable undertakings and letters of intent received by ADV are set out in Appendix 3. Certain terms used in this announcement are defined in Appendix 4.**

A copy of this announcement is available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on ADV's website at [www.AdvancedAdvT.com](http://www.AdvancedAdvT.com). For the avoidance of doubt, the contents of this website and of any other website accessible by



hyperlinks on this website, are not incorporated by reference into, and do not form part of, this announcement.

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**IMPORTANT NOTICES**

*This announcement is not intended to and does not constitute or form part of any offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise. The Offer will be made solely pursuant to the terms of the Offer Document, which will contain the full terms and conditions of the Offer, including details of how to accept the Offer and how to make elections under the Mix and Match Facility.*

*This announcement does not constitute a prospectus or prospectus equivalent document.*

*The release, publication or distribution of this announcement in 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 requirements. This announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.*

*ADV will prepare the Offer Document to be distributed to M&C Saatchi Shareholders and the ADV Prospectus to be distributed to ADV Shareholders and M&C Saatchi Shareholders. ADV urges M&C Saatchi Shareholders to read the Offer Document and the ADV Prospectus when they become available because they will contain important information in relation to the Offer, the New ADV Shares and the Enlarged Group. Any response in relation to the Offer should be made only on the basis of the information contained in the Offer Document, and the ADV Prospectus, as appropriate.*

*Copies of this announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Unless otherwise permitted by applicable law and regulation, the Offer may not be made, directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of, a national, state or other securities exchange of any Restricted Jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

**Notices to US Shareholders**

*The Offer relates to securities in a non-US company registered in England and Wales quoted on AIM, and is subject to the disclosure requirements, rules and practices applicable to companies listed in the United Kingdom, which differ from those of the United States in certain material respects. This document has been prepared in accordance with UK style and practice for the purpose of complying with the laws of England and Wales and the rules of AIM. US shareholders should read this entire document. Accordingly, the Offer will be subject to disclosure and other procedural requirements that are different from those applicable under US domestic tender offer procedures. US shareholders should note that M&C Saatchi is not listed on an American securities exchange, it is not subject to the periodic reporting requirements of the US Securities Exchange Act of 1934, as amended, and is not required to, and does not, file any reports with the SEC thereunder. The financial statements of M&C Saatchi have been prepared in accordance with IFRS, which may not be comparable to financial statements of US companies.*

*It may be difficult for US shareholders to enforce certain rights and claims arising in connection with the Offer under US federal securities laws since ADV and M&C Saatchi are located outside the United States, and their officers and most of their directors reside outside the United States. It may not be possible to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. It also may not be possible to compel a non-US company or its affiliates to subject themselves to a US court's judgment.*

*To the extent permitted by applicable law and in accordance with the Takeover Code and normal U.K. practice, ADV or its affiliates or agents may make purchases of, or make arrangements to purchase, shares of M&C Saatchi outside the United States otherwise than under the Offer.*

*The Offer will be subject to the applicable requirements of the Code, the AIM Rules, the London Stock Exchange and the FCA.*

#### **Rule 26 Disclosure**

*In accordance with Rule 26 of the Code, a copy of this announcement will be available at [www.AdvancedAdvT.com](http://www.AdvancedAdvT.com) by no later than 12 noon (London time) on 18 May 2022 (being the Business Day following the date of this announcement). The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.*

#### **Requesting Hard Copy Documents**

*In accordance with Rule 30.3 of the Code, M&C Saatchi Shareholders and persons with information rights may request a hard copy of this announcement by contacting ADV's Company Secretary, Antoinette Vanderpuije at [CompanySecretary@advancedadv.com](mailto:CompanySecretary@advancedadv.com). For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Offer should be in hard copy form.*

#### **Rule 2.9 Disclosure**

*In accordance with Rule 2.9 of the Code, as at the close of business on 16 May 2022 (being the Business Day prior to the date of this announcement), ADV had in issue 133,200,000 ordinary shares of no par value each, which are admitted to listing on the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange. The International Securities Identification Number (ISIN) of the ADV Shares is VGG0103J1075.*

#### **Other Disclosure Requirements of the Code**

*Under Rule 8.3(a) of the Code, any person who is interested in 1% 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. 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 the offeree company. An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period. Relevant persons who deal in the relevant securities of the offeree company prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% 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. 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 the offeree company, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) 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, they will be deemed to be a single person for the purpose of Rule 8.3.

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 any of them (see Rules 8.1, 8.2 and 8.4).

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 Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://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.

#### **Disclaimer**

Investec, which is authorised by the Prudential Regulation Authority (the "PRA") and regulated by the Financial Conduct Authority and PRA in the United Kingdom, is acting exclusively as financial adviser to ADV and for no one else in connection with the Offer and will not be responsible to any person other than ADV for providing the protections afforded to clients of Investec, nor for providing advice in relation to the Offer, the content of this announcement or any matter referred to in this announcement. Neither Investec nor any of its subsidiaries, branches or 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 Investec in connection with this announcement, any statement contained herein or otherwise.

#### **Rounding**

Certain figures included in this announcement 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.

#### **No Profit Forecasts**

No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share or dividend per share for ADV, M&C

*Saatchi or the Enlarged Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for ADV, M&C Saatchi or the Enlarged Group.*

#### **Forward-Looking Statements**

*This announcement may contain certain forward-looking statements with respect to the financial condition, results of operations and business of ADV and/or M&C Saatchi and certain plans and objectives of ADV and/or M&C Saatchi with respect thereto. These forward-looking statements can be identified by the fact that they do not relate only to historical or current 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 ADV in the 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 you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. ADV does not assume any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.*

*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 combinations or dispositions. These factors include uncertainties surrounding the Covid-19 pandemic and the ongoing impact of the Covid-19 pandemic on general economic conditions.*

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THIS ANNOUNCEMENT IS NOT A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE NEW ADV SHARES EXCEPT ON THE BASIS OF THE INFORMATION IN THE OFFER DOCUMENT AND ADV PROSPECTUS WHICH ARE PROPOSED TO BE PUBLISHED IN DUE COURSE.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

17 May 2022

## OFFER BY ADVANCEDADVT LIMITED FOR M&C SAATCHI PLC

### 1. Introduction

The board of AdvancedAdvT Limited ("**ADV**") announces the terms of an offer to be made by ADV for the issued and to be issued share capital of M&C Saatchi plc ("**M&C Saatchi**") not already owned by ADV (the "**Offer Shares**") (the "**Offer**"). It is intended that the Offer will be effected by means of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act.

### 2. The Offer

Under the terms of the Offer, which will be subject to the Conditions and further terms set out in Appendix 1 to this announcement and to be set out in the Offer Document and Forms of Election, M&C Saatchi Shareholders will be entitled to receive:

- **For each M&C Saatchi Share EITHER:**
  - i. **2.043 new ADV Shares (the "New ADV Shares") and 40 pence in cash (the "Cash Consideration"), (the "Cash and Shares Offer"),**
  - OR**
  - ii. **2.530 New ADV Shares, (the "All Share Offer").**

M&C Saatchi Shareholders will receive the All Share Offer unless an election is made to receive the Cash and Shares Offer. The Cash and Shares Offer will include a Mix and Match Facility, further details of which can be found in paragraph below.

- Both the Cash and Shares Offer and the All Share Offer value each share of M&C Saatchi at 207.5 pence and the total issued share capital of M&C Saatchi at £253.6 million, based on the closing share price of ADV of 82.0 pence on 16 May 2022 (being the Business Day prior to the date of this announcement). Adding the equity-related incentives liability (the majority of which relates to put options) of £49.7 million (see below) and subtracting M&C Saatchi's net cash position as at 31 December 2021 of £34.4 million, implies an enterprise value of £268.9 million. The resulting value of a New ADV Share will be affected by a number of factors including, inter alia, the non-exhaustive list of matters detailed later in this announcement.

- As at 30 April 2022, the unaudited net asset value (“**NAV**”) per ADV Share was 93.8 pence (assets comprising primarily of cash and an investment in M&C Saatchi). Theoretically, if the ADV Shares were trading at NAV per ADV Share, the implied value for each M&C Saatchi share would be 231.6 pence under the Cash and Shares Offer and 237.3 pence under the All Share Offer. The resulting value of a New ADV Share will be affected by a number of factors including, inter alia, the non-exhaustive list of matters detailed later in this announcement.
- The theoretical NAV per ADV Share would value the issued share capital of M&C Saatchi at £283.2 million under the Cash and Shares Offer and £290.1 million under the All Share Offer. Adding the equity-related incentives liability (the majority of which relates to put options) of £49.7 million (see below) and subtracting M&C Saatchi’s net cash position as at 31 December 2021 of £34.4 million, implies an enterprise value of £298.5 million under the Cash and Shares Offer and £305.4 million under the All Share Offer.

### Valuation Summary

	Valuation based on ADV closing price of 82.0 pence per share		Illustrative valuation based on ADV NAV of 93.8 pence per share	
	All Share Offer	Cash and Shares Offer	All Share Offer	Cash and Shares Offer
Exchange Ratio	2.530	2.043	2.530	2.043
Cash Consideration per share	-	40 pence	-	40 pence
Implied Equity Value of issued share capital of M&C Saatchi <sup>(1)</sup>	£253.6m	£253.6m	£290.1m	£283.2m
Implied Equity Value of each issued M&C Saatchi share	207.5 pence	207.5 pence	237.3 pence	231.6 pence
Implied Enterprise Value of issued share capital of M&C Saatchi <sup>(2)</sup>	£268.9m	£268.9m	£305.4m	£298.5m

(1) Implied Equity Value is calculated based on 100% of the Issued Share Capital of M&C Saatchi of 122,257,465 shares valued at the Offer Terms, based on the closing share price of ADV on 16 May 2022 and ADV’s NAV per share of 93.8 pence.

(2) Implied Enterprise Value is calculated by adding the equity-related incentives liability of £49.7 million and subtracting the net cash position of M&C Saatchi of £34.4m as at 31 December 2021.

- Should all current M&C Saatchi Shareholders accept the Offer, M&C Saatchi Shareholders (excluding ADV and Vin Murria) would own between 53.7 per cent. and 59.0 per cent. of the Enlarged Group on a fully diluted basis.
  - i. The maximum figure of 59.0 per cent. assumes all M&C Saatchi Shareholders elect to receive the All Share Offer.
    - Under the All Share Offer exchange ratio announced by M&C Saatchi on 3 February 2022 of 2.347x, the maximum figure would have been 57.6 per cent.
  - ii. The minimum figure of 53.7 per cent. assumes (A) those M&C Saatchi Shareholders who have indicated their intention in an irrevocable undertaking or letter of intent to elect to receive the All Share Offer do so; and (B) all other M&C Saatchi Shareholders elect to receive the Cash and Shares Offer.
- The ADV Directors believe that the value of the New ADV shares will be affected by a number of factors including, inter alia, the following non-exhaustive list of matters: (i) the benefit of the additional cash from ADV in strengthening the Enlarged Group's financial position and the additional, potential capacity for M&C Saatchi to invest materially, contrary to the lack of investment in recent years, (ii) the additional expertise in M&A that the ADV team bring, (iii) the impact of the increased number of New ADV Shares in issue and associated dilution, (iv) the amount of the Cash Consideration leaving the Enlarged Group and its impact on the value of ADV (v) the likelihood and timing of the Offer becoming Effective and (vi) the market's reaction and evaluation of the future prospects of the Enlarged Group.

#### *Mix and Match Facility*

The Offer will include a Mix and Match Facility so that eligible M&C Saatchi Shareholders will be able to elect to vary the proportion of cash and New ADV Shares they receive, subject to offsetting elections being made by other M&C Saatchi Shareholders. The Mix and Match Facility will not change the total number of New ADV Shares to be issued by ADV or the total Cash Consideration to be paid pursuant to the Offer. Further details of the Mix and Match Facility are set out in section 6 of this announcement, including details of certain limitations in relation to Restricted Overseas Shareholders.

#### *Conditions to the Offer*

The Offer will be conditional upon ADV having received valid acceptances (which have not been withdrawn) by no later than 1.00 p.m. (London time) on the Unconditional Date (or such later time(s) and/or date(s) as ADV may specify, subject to the rules of the Code and, where applicable, with the consent of the Panel) in respect of not less than 90 per cent. (90%) (or such lower percentage as ADV may decide) in value of the total M&C Shares to which the Offer relates and of the voting rights attached to those shares (the “**Acceptance Condition**”), provided that ADV has acquired or agreed to acquire pursuant to the Offer or otherwise more than 50 per cent. (50%) of the voting rights then exercisable at a general meeting of M&C Saatchi (the “**Minimum Acceptance Threshold**”).

The Offer will also be subject to the Admission Condition to the other Conditions and certain further terms set out in Appendix 1 to this announcement.

#### *Other terms of the Offer*

The New ADV Shares will be issued as fully paid and will rank equally in all respects with the ADV Shares in issue at the time the New ADV Shares are issued pursuant to the Offer and will be entitled to receive any dividends and/or other distributions declared, made or paid, or any other

return of capital (whether by reduction of share capital, share premium account or otherwise) made by ADV in respect of the ADV Shares with a record date falling after the Effective Date.

The Existing ADV Shares are currently admitted to listing on the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange. Application will be made to the London Stock Exchange for the existing ADV Shares, together with the New ADV Shares to be admitted to trading on AIM, subject to the Offer becoming Effective.

M&C Saatchi Shares which will be acquired under the Offer will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this announcement.

Certain further terms and conditions of the Offer are set out in Appendix 1 of this announcement and the full terms and conditions will be set out in the Offer Document, including details on how to make elections under the Mix and Match Facility.

The Offer Document will include full details of the Offer and will also contain the expected timetable of the Offer and will specify the necessary actions to be taken by M&C Saatchi Shareholders. The Offer Document will be sent to M&C Saatchi Shareholders as soon as reasonably practicable. It is expected that the ADV Prospectus (which also comprises an admission document for the purpose of the AIM Rules), containing information about, amongst other things, the New ADV Shares and the Enlarged Group, will be published and posted to M&C Saatchi Shareholders and ADV Shareholders at the same time as the Offer Document is published.

### **3. Background to and reasons for the Offer**

#### ***Investment proposition***

The ADV Board considers that the combination of:

- a powerful sector brand;
- M&C Saatchi's culture;
- strong creative talent; and
- established network and infrastructure;

with:

- access to investment capital;
- accelerated investment and M&A to fuel growth strategy; and
- track-record of strategic delivery and shareholder returns,

enables a vision to create a leading network of people with the best-in-class digital, data and creativity skills which the ADV Directors believe will be a magnet for the best clients and the best talent in the industry, able to deliver work that has meaningful impact and value for its clients and the larger community.

#### ***Introduction***



The ADV Board believes that the actions of the board of M&C Saatchi over the past few years, and their focus on improving the governance of the business have to some extent facilitated M&C Saatchi restoring lost investor confidence and re-establishing its reputation as a strong brand and culture with a global presence. These actions followed a challenging period for M&C Saatchi when accounting irregularities, among other factors, led to significant pressure on its share price, which is yet to be fully restored.

During the period since 2018, M&C Saatchi's share price has fallen and is currently >50% below its peak (412p on 23 March 2018), eroding shareholder value and decreasing its ability to invest in accretive M&A. Despite subsequent earnings upgrades, the M&C Saatchi share price has failed to react to management's improved forecasts.

As announced at M&C Saatchi's Capital Markets Day in January 2021, and at its 30 June interim results announcement in September 2021, M&C Saatchi has initiated a new strategy, based around enabling greater centralisation and control; an acceleration in digital and data driven capabilities; and an overall simplification of its group. On 29 April 2022, M&C Saatchi announced its 'Accelerated Strategy' which, amongst other things, focuses on growth coming from cross-specialisms and cross-border opportunities, fuelled through investment in central capabilities.

Under its further revised strategy, M&C Saatchi now operates five "connected specialisms":

- **Advertising & CRM:** "Blending marketing science with creativity through earned, owned and paid-for content";
- **Global & Social Issues:** "Driving global and social change, protecting the planet and transforming lives for the better";
- **Media & Performance:** "Connecting brands with digitally connected consumers";
- **Sponsorship & Talent:** "Connecting brands direct to consumers through passions and personalities"; and
- **Brand & Experience:** "Transforming businesses by unlocking existing and new growth opportunities".

Whilst M&C Saatchi's broad strategy has started to deliver and has led to both good client retention and some new clients, the ADV Board believe that M&C Saatchi would benefit substantially from the addition of investment capital and external talent to support its transformational and accelerated digital growth strategy. Given the potentially growing liabilities associated with the Put Options, additional investment capital will become increasingly difficult for M&C Saatchi to generate internally.

The table below is extracted from the recent annual reports issued by M&C Saatchi. Whilst the business is inherently cash generative, there are limited resources available to fund the ongoing capital expenditure (c.£3m per annum), service Put Option liabilities (the M&C Saatchi Annual Report disclosed a forecasted equivalent cash payment required to settle the equity-related incentives liability, the majority of which relates to Put Options, of c.£49.7m using an M&C Saatchi share price of 210p) and make the investments required to accelerate the growth of the business.

Headline numbers (£m)	FY18	FY19	FY20	FY21
Net Revenue	250.3	256.4	225.4	249.3
Profit before Taxation	23.5	18.3	8.3	27.3
Taxation	8.3	5.3	3.3	7.3
Profit after Taxation	15.2	13.0	5.0	20.0

Non-Controlling Interests	3.9	4.9	3.4	6.4
Profit attributable to equity holders of the Group	11.3	8.1	1.7	13.7

Source: M&C Saatchi 2021, 2020 & 2019 Annual Reports.

The ADV Board also believes that (based on the undisturbed 30 trading day volume weighted average price of a M&C Saatchi Share of 159 pence on 31 December 2021, the Business Day prior to ADV's acquisition of 12,000,000 M&C Saatchi Shares at 200p per share) were M&C Saatchi to look to raise additional capital via the public markets, it would be likely that such investment would be at a notable discount to the Offer Value of 207.5 pence. For AIM listed, Small-Cap companies raising funds over the past three years, the average discount to their prevailing share price has been 13.7%, where more than 25% of issued share capital was raised.<sup>(1)</sup> There would also be no guarantee that sufficient demand for any capital raise would be forthcoming.

<sup>(1)</sup> Defined as companies with a market value of between £100m and £500m at the time of the fund raise, where the amount raised was at least £5m.

The ADV Board believes that the Offer will benefit M&C Saatchi Shareholders by providing:

- monies to invest in M&C Saatchi's existing specialisms to reduce the risk created by disruptive competition and enable the acceleration of sustained long term value and capital growth for the benefit of all shareholders;
  - this investment is of heightened importance given M&C Saatchi's intention to settle outstanding Put Option liabilities in cash rather than shares, which will result in a significant cash drain, limiting M&C Saatchi's ability to execute on its strategies without utilising further debt financing or undertaking an uncertain and likely discounted and dilutive equity fundraise. The M&C Saatchi Annual Report disclosed a forecasted equivalent cash payment required to settle the equity-related incentives liability (the majority of which relates to Put Options) of c.£49.7m using an M&C Saatchi share price of 210p;
- majority equity ownership of a well-capitalised, high-performing and faster growing group;
- a board of directors with a proven track record of success creating significant shareholder value, having completed hundreds of founder led M&A transactions with expertise in data, digital transformation, creative industries, public sector, capital markets, fundraising and public quoted company experience;
- an enhanced foundation to provide for a potential re-rating of the Enlarged Group to reflect its improved market position and enhanced growth prospects; and
- the re-instatement of dividend income from the Enlarged Group.

The ADV Board further believes that the Offer directly targets some of the issues related to the lack of the investment over the past three years, confirmed by the leadership team in a meeting on 22 February 2022, whilst simultaneously fuelling growth to position the Enlarged Group to take a larger percentage of the expected digital advertising industry growth of 17 per cent. in 2022. (Source: <https://magnaglobal.com/global-advertising-market-reaches-new-heights-and-exceeds-pre-covid-levels/>).

Accordingly, the ADV Board believes that the Offer brings with it the opportunity to create and accelerate significant long term and sustainable value, in the form of both capital and distributions, for the Enlarged Group's combined shareholders.

The Enlarged Group Board possess a demonstrable track record of acquiring strategically sound foundations and following through with a considered strategy of organic growth, targeted M&A and, critically, driving through best practice and operational improvements which enable groups to flourish. The ADV Board believes that combining this expertise with the existing M&C Saatchi team will help fuel greater diversity of experience and increased effectiveness with respect to M&A execution and best in class practises.

Accordingly, the ADV Board believes that the Offer has a highly compelling strategic rationale. The ADV Board further believes that a combination of M&C Saatchi's existing brand, culture and global foundations with ADV's funding and experience provides an opportunity to:

- build a data, analytics and digitally focussed creative marketing business with a significantly enhanced balance sheet and additional management with a demonstrable track record of transforming businesses at pace and executing on complementary M&A, to grow the Enlarged Group through strategic and bolt-on acquisitions in fragmented international markets;
- offer benefits to employees, clients and shareholders by increasingly capitalising on the structural changes in M&C Saatchi's markets, arising from a rapid acceleration of digitalisation and data creation which is affecting the way businesses operate, engage and sell to clients;
- navigate, create and lead meaningful change whilst guiding companies on their new digital journey, and simultaneously defending M&C Saatchi's traditional creative base against disruptive competition, enabling the Enlarged Group to grow market share against its peers;
- have enhanced access to additional institutional equity capital that would enable a further acceleration of future M&A; and
- further enhance the appeal of the M&C Saatchi foundations to attract many more quality assets, collaborating with the leadership team within M&C Saatchi to build and execute on accretive M&A opportunities.

**For the reasons set out above, the ADV Board believes the strategic rationale for the Offer to be compelling and that the Enlarged Group would create significant value for the benefit of employees, clients, and shareholders.**

#### **4. Irrevocable undertakings and letters of intent**

Vin Murria has provided an irrevocable undertaking to accept or procure acceptance of the Offer (or in the event that the Offer is implemented by way of a Scheme, to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting) and to elect for the All Share Offer in respect of 15,237,985 M&C Saatchi Shares, representing approximately 13.8 per cent. of the Offer Shares and 12.5 per cent. of the M&C Saatchi Shares in issue as at 16 May 2022 (being the last Business Day before the date of this announcement). Vin Murria's irrevocable undertaking will remain binding if a higher competing offer is made for M&C Saatchi. Further details of Vin Murria's irrevocable undertaking are set out in Appendix 3 to this announcement.

In addition, ADV has received irrevocable undertakings to accept or procure acceptance of the Offer (or in the event that the Offer is implemented by way of a Scheme, to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting) in respect of 5,002,016 M&C Saatchi Shares, representing approximately 4.5 per cent. of the Offer Shares and 4.1 per cent. of the M&C Saatchi Shares in issue as at 16 May 2022 (being the last Business Day before the date of this announcement). Further details of these irrevocable undertakings are set out in Appendix 3 to this announcement.

ADV has received letters of intent to accept or procure acceptance of the Offer (or in the event that the Offer is implemented by way of a Scheme, to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting) in respect of 19,736,285 M&C Saatchi Shares, representing approximately 17.9 per cent. of the Offer Shares and 16.1 per cent. of the M&C Saatchi Shares in issue as at 16 May 2022 (being the last Business Day before the date of this announcement). Further details of these letters of intent are set out in Appendix 3 to this announcement.

Consequently, ADV has received irrevocable undertakings and letters of intent to accept or procure acceptance of the Offer (or in the event that the Offer is implemented by way of a Scheme, to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting) in respect of 39,976,286 M&C Saatchi Shares (approximately 36.3 per cent. of the Offer Shares) which, together with the shares already owned by ADV, amount to approximately 42.5 per cent. of the M&C Saatchi Shares in issue as at 16 May 2022 (being the last Business Day before the date of this announcement).

ADV has received an irrevocable undertaking from Vin Murria to elect to receive the All Share Offer. The other shareholders granting irrevocable undertakings have not made an election between the All Share Offer and the Cash and Shares Offer, meaning that ADV holds irrevocable undertakings to elect to receive the All Share Offer in respect of 15,237,985 M&C Saatchi Shares, representing approximately 13.8 per cent. of the Offer Shares, as at 16 May 2022 (being the last Business Day before the date of this announcement).

## **5. Governance, management, employees and locations of business**

### ***ADV's strategic plans for M&C Saatchi***

**ADV plans to build on M&C Saatchi's existing brand, culture and global foundations and proposes that with better access to investment capital it can build a data, analytics and digitally focussed creative marketing business attracting the best clients and the best talent in the industry, delivering work that has meaningful impact and value for its clients and the larger community.**

The ADV Board believes that M&C Saatchi is a high-quality business with significant growth potential, and that a combination of M&C Saatchi's current capabilities of "navigating, creating and leading meaningful change", combined with access to greater capital and investment, which M&C Saatchi is not able to provide or obtain independently, will help defend M&C Saatchi's traditional creative base against disruptive competition whilst simultaneously unlocking its growth potential by expanding its addressable market and enhancing client value.

By building on M&C Saatchi's existing brand, culture and global foundations, the ADV Board proposes that with better access to capital and a targeted, digital-led investment and M&A strategy, the Enlarged Group will be able to offer a more diverse range of capabilities and services enhancing the employee value proposition and delivering variety, challenge for creative thought and a problem-solving environment for employees and clients to collaborate, helping retain and attract the best talent.

The ADV Board believes that by providing these additional digital capabilities, it will create further opportunity for human ingenuity to embrace digital strategies. The plan is to expand capabilities with a mixture of data and digital consultancy, further digital marketing offerings, user experience research and design, product strategy guidance and digital transformation services. The ADV Board feels that the opportunity to provide a 'centre of excellence' for data and digital consultancy will empower the existing teams within M&C Saatchi's specialisms, whilst opening and enabling access to adjacent market opportunity, and strengthening strategic relationships with both existing and prospective clients.

The ADV Board believes that in order to maximise M&C Saatchi's future growth and profit potential, the Enlarged Group's client centric creative, data and digital strategy is dependent on the development of a best-in-class service offering which will be achieved by investing in the best people and training programmes, developing efficient and best-in-class processes and by further investment in new digital capabilities.

ADV believes that an M&A strategy centered around digital transformation, data analytics and customer experience, would be hugely beneficial to the Enlarged Group's growth and potential re-rating, not dissimilar to what has been achieved by M&C Saatchi's listed peers. ADV believes that, with its cash resources, board expertise and successful M&A track record, M&C Saatchi has the ability to accelerate a re-rating for the benefit of existing shareholders. ADV believes that M&A should be fundamental part of the strategy of organisations targeting growth.

When executed well, M&A: is earnings accretive, has a positive impact on the income statement, evolves capabilities, diversifies offerings, and brings new clients and talent to the group.

The ADV Board also believes that the industry knowledge, networking, recruitment and talent management experience of both Chris Sweetland and Tamara Ingram will further complement the existing culture within M&C Saatchi and support the growth strategy.

#### *ADV accelerates the M&C strategy*

ADV's overarching strategy is consistent with the approach communicated on M&C Saatchi's Capital Markets Day in January 2021 and in its 2021 Annual Report:

- continued simplification of the business and its operations;
- continued focus on cost efficiencies, which to date have had a significant impact in improving the PBT of the business;
- a greater focus on technology;
- growth from cross-specialisms and cross-border opportunities; and
- a continued focus on people.

However, the ADV Board believes that in its current state, with low levels of cash to invest given the significant Put Option liabilities, M&C Saatchi is unable to implement its current strategy to the full nor maximise the opportunities in the market.

The ADV Board believes that:

- ADV provides a clear opportunity to accelerate M&C Saatchi's digital growth strategy, organically and by acquisition;
- transformational change is required to enable and accelerate significant growth, catch up lost ground and increase M&C Saatchi's relevance to address evolving client needs given ongoing structural changes in its markets; and
- ADV has access to significant investment capital and expertise to fuel M&C Saatchi's growth strategy, complimented by the ADV Board's demonstrable track record of strategic delivery and shareholder returns organically and inorganically through accretive M&A.

Furthermore, supported by the ADV Board's proven track record of delivering on strategic initiatives, ADV plans to:

- accelerate the simplification of the business and its operations and control strategy already underway at M&C Saatchi;
- drive a corporate strategy to improve the customer's digital experience;
- identify opportunities for additional investment, leveraging technology or simplification in the existing business with the objective of driving growth from the existing foundation;
- empower M&C Saatchi's business to adapt to changing market needs by repositioning the current five "connected specialisms" such that collectively they create three core pillars:
  1. Global and Social Issues: employing behavioural change expertise and strategic communications to tackle some of the world's most challenging issues, whilst using world class insights, creativity and technology to help lead life-changing transformational change. ADV plan to use M&A to help drive the Digital Disruption Agenda;
  2. Brand, Passion & Performance: using data-led insight to identify people's passions, and creative solutions to engage. ADV plans to use M&A to further enhance this through Data and Analytics; and
  3. Digital, Data Transformation and Insight across all sectors with the pillars being underpinned by a strong connected client engagement core foundation. ADV plan to support this with complementary M&A;
- drive and promote greater collaboration and integration across the Enlarged Group, including, but not limited to lead generation and an increased focus on ESG/sustainability – all underpinned by a data, technology and insight strategy that will allow for enhanced understanding and the ability to adapt to changing market and stakeholder needs;
- undertake a review of M&C Saatchi's competitive market standing and access to further addressable markets;
- enhance and expand the breadth of M&C Saatchi's capabilities and services available to existing M&C Saatchi clients;
- create a 'centre of excellence' for data and digital consultancy; and

- continue to focus on our people.

## M&A

The ADV Board further believes that ADV's management possess a demonstrable track record of acquiring strategically sound foundations and following through with a considered strategy of organic growth, targeted M&A and critically, driving through best practice and operational improvements which enable groups to flourish. The ADV Board has identified a number of target businesses to enhance the data and analytics capability, as well as complementing the existing offering. ADV has access to an existing pipeline of a selective M&A opportunities comprising businesses that enhance M&C Saatchi's data and analytics capabilities, as well as complementing the existing offering. ADV's current engagement levels with these select opportunities range from: (1) early identification with little to no engagement with the target; (2) early engagement and relationship planning with the target; and (3) direct engagement with the target.

ADV's investment strategy will focus on:

- **Digital transformation:** Driving the growth of digital commerce; analytics and insight; data tech consulting; digital transformation, digital product and service innovation, ecommerce and data analytics. With 30 years' experience spanning both technology and creative industries the Enlarged Group Board are well placed to drive the change.
  - ADV has identified several targets in the Digital Transformation sector, with the following criteria:
    - c.250-700 people;
    - c.£25-£100m revenues;
    - profitable;
    - serving large public and private sector clients;
    - would benefit from M&C' Saatchi's global footprint;
    - significant cross-selling opportunities with M&C Saatchi benefiting from an enlarged customer base;
    - a referenceable client base feeding further cross-selling capability;
    - earnings accretive; and
    - presenting further potential for re-rating.
- **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. Services include development, diplomacy and security; public affairs and research; strategic advisory. New areas the ADV Board will drive include ESG, Cyber Consultancy, Change Management and Digital Transformation Services.
  - ADV has identified several targets in the Global issues and advisory sector:
    - ESG Consultancies to support a growth market,
    - change Management/ Digital transformation consultancy services,
    - public sector focused strategic consultancies,
    - public sector focused managed service/ cyber consultancy services.
- **CM / Media and Performance:** Investment will be focused on data, MarTech, enhanced customer loyalty and customer experience; sponsorship and talent; and media and performance.

- ADV has identified several smaller targets to support the growth and proprietary technology requirements for CM / Media and Performance, with the following criteria:
  - c.25-30 people;
  - c.£2.5m-£5.0m revenues;
  - profitable; and
  - margin enhancing for the core business.

ADV believes that there has been a broad reduction in the valuation of technology businesses in the first quarter of 2022, creating an opportunity to pursue M&A in a more conducive environment whilst still enabling a re-rating for a larger, more streamlined, digital and data enabled M&C Saatchi.

Technology is not going away, and the appetite and need for it continues to grow. ADV's investment will allow the enlarged business to accelerate its transition to benefit from the greater number of opportunities available.

The Enlarged Group Board has significant M&A experience and a successful track record formed over many decades, having delivered multiple shareholder-focused exits. The ADV Board has a track record of delivery that any organisation would be proud to have on its side.

The ADV Board believe that ADV's investment is a game changer in the context of delivering the capital and expertise to accelerate and enhance a strategy consistent with M&C Saatchi's existing strategy, enabling growth through a focus on M&A, investing in the safeguarding of M&C Saatchi's traditional creative base against disruptive competition and providing the environment for a re-rating in valuation.

### ***Board of the Enlarged Group***

Subject to the Offer completing, ADV proposes that following the Effective Date the board of the Enlarged Group will comprise:

- Vin Murria, currently Chair of ADV and Deputy Chair of M&C Saatchi, who will become Executive Chair;
- Gavin Hugill, currently Chief Operating Officer of ADV, will become Chief Financial Officer and an executive director;
- Christopher Sweetland (formerly the Deputy Group Finance Director of WPP Group) who will become a non-executive director and Chair of the Audit & Risk Committee;
- Tamara Ingram (formerly the Chief Executive Officer and Chair of Saatchi and Saatchi UK and the global Chief Executive Officer of J Walter Thompson Worldwide, currently a non-executive director of Marks and Spencer Group plc and Marsh MacLennan Intertek Group) who will become Senior Independent Director and Chair of the Nomination Committee;
- Paul Gibson (formerly Chief Operating Officer of Advanced Computer Software plc) who will become a non-executive director and Chair of the Remuneration Committee; and
- Mark Brangstrup Watts, a representative of Marwyn and, as separately announced this morning, a director of ADV who will become non-executive director and Chair of the newly established ESG Committee.



ADV is currently in discussions and intends to appoint a further non-executive director which it believes would offer significant value to the enlarged business and board.

It is intended that, following the Effective Date, Karen Chandler, non-executive director of ADV, will resign from her position on the ADV Board. Karen Chandler is fully supportive of the rationale for the Offer and of its terms and conditions.

Despite the benefits of further board continuity, ADV understands from its discussions with the M&C Saatchi Independent Directors that each of them has declined to join the board of the Enlarged Group. Moray MacLennan has indicated he wishes to stay as CEO of M&C Saatchi but does not wish to join the Board of the Enlarged Group. The remaining directors of M&C Saatchi have confirmed that they intend to resign when the Offer is declared unconditional and appoint ADV's nominees to the Board of M&C Saatchi, effective from that time.

### ***Employees and management***

ADV attaches great importance to the skill and experience of M&C Saatchi's management and employees and recognises their important contribution to what has been achieved by M&C Saatchi and the important role they have in its future success. Likewise, ADV recognises the inter-relationship of its success with that of the culture of M&C Saatchi, defined by the behaviour and beliefs of the 2,653 employees. The ADV Directors believe that the Enlarged Group will provide greater opportunities to employees and all stakeholders and an opportunity to recognise and embrace a high-performing culture.

ADV shares and recognises the value of creativity to solve business, critical and political problems. People, and more specifically, the highly skilled, global and diverse workforce of M&C Saatchi, are key to tackling both businesses and society's big questions with a combination of creativity and commerciality. The ADV Directors believe that data and digital capabilities are key enablers, providing insight and productivity advantages, whilst offering increased opportunities for training and development as well as career path flexibility.

As set out above, ADV intends that the Enlarged Group will support the M&C Saatchi management team and help develop, accelerate and execute its strategy, including the acceleration of the successful simplification and control strategy as described in the interim report announcement for M&C Saatchi for the 6 months ended 30 June 2021 and annual report for the 12 months ended 31 December 2021.

There is no intention to make changes to the continued employment of the M&C Saatchi employees, other than through the execution and acceleration of M&C Saatchi's management's current strategy. While no decisions have been taken, this may include a limited number of headcount reductions in certain back-office roles, but ADV expects overall headcount to increase in the Enlarged Group following the Effective Date as a consequence of the acceleration of the current strategy. The proposed board of the Enlarged Group recognises that continuing the simplification process and the repositioning of M&C Saatchi's current five "connected specialisms" described above may lead to changes in the balance of skills and functions of some M&C Saatchi employees, as the Enlarged Group increases its digital, data and analytics capabilities. The addition of resources from ADV should enable the Enlarged Group to provide an enhanced sustainable environment for hiring new talent and protecting existing jobs as well as creating new and wider opportunities for existing M&C Saatchi employees. Save as set out in the 'Locations of business, fixed assets, headquarters and research and development' paragraph below, there is no intention to make any material change in the conditions of employment of M&C Saatchi Group's employees.

The Enlarged Group intends to ensure that the incentive arrangements of the employees and management of M&C Saatchi that are in place will be fully safeguarded. The Enlarged Group does not intend to make any material changes to existing employment rights, including any pension rights and benefits or any employee compensation packages, including with respect to the current levels of pension contributions for existing members of, or admission of new members to, M&C Saatchi's defined contribution pension plan as a consequence of the Offer. The Enlarged Group may review the bonus arrangements of senior management for subsequent financial years after 31 December 2022 to ensure that they remain appropriate for the Enlarged Group as a public company and may put in place further incentive arrangements for key employees following completion of the Offer.

### ***Management incentivisation arrangements***

ADV has not entered into and has not held any discussions on proposals to enter into any form of incentivisation agreements with members of M&C Saatchi's management.

The ADV LTIP prioritises and aligns the reward of senior management with the creation of shareholder value and return for the Enlarged Group. The ADV LTIP is performance based on the long term growth of ADV Shares and will only reward participants if shareholder value is created, with no payments made to participants without ADV Shareholders firstly receiving a minimum return of at least 7.5 per cent. per annum on a compounded basis on all equity invested including share consideration and adjusted for dividends and capital returns for the period from 4 December 2020 (being the date of ADV's initial public offering) to the point of exercise (the "**Preferred Return Criteria**"). Should the Preferred Return Criteria be met, subject to certain vesting criteria, the ADV LTIP entitles the holders to up to 20 per cent. of the growth in value. This ensures both alignment with ADV Shareholders and reflects the high competition for the best executive management. Should shareholder value be eroded through a fall in share price which would result in the Preferred Return Criteria not being met there would be no shareholder dilution or cash outflow to ADV LTIP holders, unlike under the terms of the Put Options.

Upon the Offer becoming Effective, ADV plans to honour the existing Put Option schemes, however, the ADV Board will not grant further Put Options but will instead extend the ADV LTIP to senior management across the Enlarged Group in order align shareholder and participants' objectives.

### ***Locations of business, fixed assets, headquarters and research and development***

The ADV Board recognises the importance of a global office network for the Enlarged Group. The growing importance of a distributed workforce, whether in the office, remote or at a client/partner site is changing the needs of, and providing flexibility for, both the employee and the client. Based on the ethos of "navigating, creating and leading meaningful change", and as part of the existing process M&C Saatchi is already undertaking to transform its overall culture due to global influences such as the Covid-19 pandemic, the ADV Directors intend that, following the Effective Date the Enlarged Group should regularly review its property footprint alongside the best working practices and commitments on ESG to optimise office space across each region in which M&C Saatchi operates. No decisions have yet been reached, but this review may lead to a rationalisation of M&C Saatchi's current office space. Following the Offer becoming Effective ADV intends to commence a review in relation to the Enlarged Group's office space. The ADV Directors intend that M&C Saatchi's office in London will be the corporate headquarters for the Enlarged Group.

Except for Gavin Hugill, ADV has no employees. Neither ADV nor M&C Saatchi currently has a research and development function, and ADV has no plans in this regard.

***Name of the Enlarged Group***

Upon the Offer becoming Effective, ADV intends that the name of the Enlarged Group will be Advanced M&C Saatchi Limited.

**6. Mix and Match Facility**

The Cash and Shares Offer will include a Mix and Match Facility so that eligible M&C Saatchi Shareholders will be entitled to elect, subject to availability, to vary the proportions of cash and New ADV Shares they receive pursuant to the Cash and Shares Offer. Further details of the Mix and Match Facility will be set out in the Offer Document.

The Mix and Match Facility will not change the total number of New ADV Shares to be issued by ADV or the total cash consideration to be paid pursuant to the Cash and Shares Offer. Accordingly, elections made by eligible M&C Saatchi Shareholders under the Mix and Match Facility for New ADV Shares will only be satisfied to the extent that other eligible M&C Saatchi Shareholders make equal and opposite elections under the Mix and Match Facility.

To the extent that elections cannot be satisfied in full, they will be scaled down on a pro rata basis. As a result, M&C Saatchi Shareholders who make an election under the Mix and Match Facility will not know the exact number of New ADV Shares or amount of cash they will receive until settlement of the consideration under the Cash and Shares Offer. Elections under the Mix and Match Facility will not affect the entitlements of those M&C Saatchi Shareholders who do not make any such elections. The Mix and Match Facility will be conditional on the Offer becoming Effective and further details of the Mix and Match Facility and which M&C Saatchi Shareholders are ineligible to participate will be included in the Offer Document.

If the issue of New ADV Shares to any Restricted Overseas Shareholder, or to any person who is reasonably believed to be a Restricted Overseas Shareholder, would or may infringe the laws of a jurisdiction outside England and Wales or would or may require any governmental or other consent or any registration, filing or other formality which cannot be complied with, or compliance with which would be unduly onerous, ADV may at its discretion determine that such Restricted Overseas Shareholder shall either (i) not have New ADV Shares allotted or issued to them and that the New ADV Shares which would otherwise have been attributable to such Restricted Overseas Shareholder under the terms of the Offer or the All Share Offer shall be sold in the market and the cash proceeds of such sale be forwarded to such Restricted Overseas Shareholder or (ii) that the New ADV Shares shall be issued to such Restricted Overseas Shareholder but shall be sold in the market on their behalf and the cash proceeds of such sale forwarded to the relevant Restricted Overseas Shareholder (in each case after deduction of broking fees and other sale costs and expenses).

**7. Information on M&C Saatchi**

M&C Saatchi plc is an international advertising and marketing agency listed on the AIM segment of the London Stock Exchange. M&C Saatchi has become a communications company that connects creativity, data and technology to deliver meaningful change. M&C Saatchi now operates five "connected specialisms": Advertising & CRM, Media & Performance, Global & Social Issues, Brand & Experience, and Sponsorship & Talent.

## **8. Information relating to ADV**

ADV is an acquisition vehicle listed on the standard segment of the London Stock Exchange. ADV raised £130 million through a fundraising in March 2021 with the support of reputable institutional investors to pursue its stated investment strategy of seeking mid-cap acquisition opportunities. ADV is led by Chair, Vin Murria OBE.

Vin Murria OBE is an experienced executive and has operated and/or advised public companies for over 30 years. Vin is the founder and former Chief Executive Officer of Advanced Computer Software Group Plc (2008-2015), a London Stock Exchange listed acquisition vehicle that delivered total shareholder return from launch of almost 1,100%. Prior to this Vin was the Chief Executive Officer of Computer Software Group Plc and Chief Operating Officer of Kewill Systems Plc which were both acquisitive public software companies. Vin has completed over 85 acquisitions of technology and digital services businesses in her career.

Gavin Hugill, currently Chief Operations Officer of ADV, has a successful track record holding a number of senior roles in both private equity backed and publicly listed businesses. Most recently Gavin has held finance and commercial transformational roles leading to the successful secondary buyout of Advanced Computer Software. He played a key role in transforming Advanced Computer Software into a £2 billion enterprise value business, using a mixture of operational play books from Vista equity and leveraging best-in-class processes and integration strategies. He benefits from over 20 years of experience in the technology and digital services sector, working on over 30 acquisitions and was involved in Vista Funds' sale of 50% of the issued share capital of Advanced Computer Software to BC Partners in 2019, the takeover offer of Advanced Computer Software plc by Vista Funds in 2015 and the acquisition by Advanced Computer Software of the issued share capital of COA Solutions in 2009.

The ADV Board believes that there is significant opportunity to invest in companies that are positioned to take advantage of the structural change arising from an unprecedented acceleration of digitalisation brought about by the current macroeconomic environment, affecting the way people live, work and consume, and the way businesses operate, engage and sell to clients. ADV's initial focus for investment is seeking mid-cap acquisition opportunities of these types of businesses, with the enterprise value of an acquisition expected to be in excess of £100 million.

## **9. M&C Saatchi Share Scheme**

Participants in the M&C Saatchi Share Scheme and holders of put options accelerated by a change of control of M&C Saatchi will be contacted regarding the effect of the Offer on their rights under such schemes or options and provided with further details concerning the proposals which will be made to them in due course. Details of the proposals will be set out in separate letters to be sent to participants in the M&C Saatchi Share Scheme and relevant put option holders.

## **10. M&C Saatchi Put Options**

As outlined in M&C Saatchi's annual report for the financial year ended December 2021, there are a number of option schemes in place with the management teams of certain of M&C Saatchi's subsidiaries. These option schemes give certain individuals within management teams with minority shareholdings in the relevant subsidiary the opportunity to 'put' their shares in the relevant group company on M&C Saatchi in return for M&C Saatchi Shares, so far as their individual performance conditions have been satisfied. The number of M&C Saatchi Shares issued pursuant to the Put Options is linked to M&C Saatchi's prevailing share price, M&C Saatchi's latest financial

performance and the relative performance of the relative subsidiary. Accordingly, as trading performances improve, the number of M&C Saatchi Shares issued pursuant to the Put Options increases and (given the M&C Saatchi Board stated their intention to settle the Put Options in cash in the M&C Saatchi Interim Accounts) present an increased drain on M&C's cash resources, further limiting investment opportunities, as the company grows.

In the M&C Saatchi FY21 Interim Accounts, the M&C Saatchi Board confirmed that M&C Saatchi Shareholders had suffered a 28.3 per cent. dilution since 2018 from the issuance of the Put Options. During the same period, M&C Saatchi Shareholders also incurred a significant diminution of share price (>50%). The M&C Saatchi Annual Report disclosed a forecasted equivalent cash payment required to settle the equity-related incentives liability (the majority of which relates to Put Options) of c.£49.7m using an M&C Saatchi share price of 210p.

The minority interests, until settled in full, will continue to attract significant outflows of cash in the form of dividends. These amounted to £5.8m in 2019, £4.7m in 2020 and £5.3m in 2021.

In the M&C Saatchi Annual Report, the M&C Saatchi Board reiterated its intention to settle all outstanding Put Options in cash, committing a significant proportion of M&C Saatchi's existing and future cash reserves:

- restricting the cash available for investment in M&A and growth opportunities, critical to competing with M&C Saatchi's immediate peers and safeguarding its creative base against the risk of disruptive competition; and
- potentially increasing the use of debt facilities, and associated financing costs, in order to fund the payment of Put Options, minority dividends, taxes, other operational commitments and its negative working capital position.

ADV intends to honour the existing Put Option awards and does not intend to make any changes to the terms of those schemes. However, future incentivisation of the Enlarged Group employees will be through the existing ADV Long-Term Incentive Plan (the "**ADV LTIP**"), which prioritises and aligns the leadership with the creation of shareholder value for the Enlarged Group. The ADV LTIP rewards participants if shareholder value is created for the Enlarged Group. The ADV LTIP requires a minimum return of 7.5 per cent. per annum and, subject to certain vesting criteria, entitles the holders to up to 20 per cent. of the growth in value. Should shareholder value be eroded through a fall in share price which results in the minimum annual rate of return of 7.5 per cent. not being met there would be no shareholder dilution or cash outflow to ADV LTIP holders, unlike under the terms of the Put Options.

ADV believes that M&C Saatchi will benefit from being part of the Enlarged Group where ADV will aim to balance the liabilities arising from the Put Options with the execution of the Enlarged Group's strategy, providing further capital and expertise to facilitate the investment to fuel both organic and inorganic growth for the benefit of all shareholders.

Holders of Put Options impacted by the Offer will be contacted regarding the effect of the Offer on their rights under the relevant Put Options along with further details concerning the proposals which will be made to them in due course.

Upon the Offer becoming Effective, the ADV Board do not intend to grant further Put Options but will instead extend the ADV LTIP to senior management across the Enlarged Group in order align shareholder and participants' objectives.

## 11. FCA investigation and Financial Position and Prospects Procedures

On 31 January 2020 the FCA notified M&C Saatchi that it had commenced an investigation following certain accounting adjustments announced by M&C Saatchi in 2019 and following the completion of an independent forensic review commissioned by the board of M&C Saatchi.

On 21 January 2022, M&C Saatchi announced that the FCA's investigation was being closed and that no enforcement action would be taken against it.

M&C Saatchi co-operated fully with the FCA throughout the investigation. It also resolved to refine and improve the documentation and practical arrangements in respect of its established financial position and procedures, and this work remains ongoing.

## 12. Dividend Policy

Following the Offer becoming Effective and subject to the approval of the board of the Enlarged Group, the ADV Directors intend that the Enlarged Group should reinstate dividend income with a strategy which balances returns to shareholders with the need to retain sufficient funds to drive growth. The exact timing of the implementation of this dividend policy will be confirmed by the Enlarged Group following the Offer.

## 13. Financing of the Offer and Cash Confirmation

The Cash Consideration payable under the Offer will be funded from ADV's existing cash resources.

Investec, in its capacity as financial adviser to ADV, is satisfied that sufficient resources are available to ADV to satisfy the maximum aggregate amount of Cash Consideration payable to M&C Saatchi Shareholders under the terms of the Cash and Shares Offer.

Further information on the financing of the Offer will be set out in the Offer Document.

## 14. Offer-related Arrangements

### *Confidentiality Agreement*

ADV and M&C Saatchi have entered into a confidentiality agreement dated 7 February 2022 (the “**Confidentiality Agreement**”) pursuant to which each party has undertaken to the other amongst other things: (a) to keep confidential information relating to, *inter alia*, the Offer and not disclose it to third parties (other than permitted parties) unless required by law or regulation and (b) to use the confidential information for the sole purpose of evaluating, negotiating or implementing the Offer. These confidentiality obligations remain in force until the Effective Date (or if the Offer lapses or does otherwise not go ahead). The Confidentiality Agreement also contains provisions pursuant to which ADV has agreed not to solicit certain employees of M&C Saatchi for a period of 12 months from the date of the Confidentiality Agreement.

## 15. Opening Position Disclosure

ADV confirms that on 19 January 2022, it made an Opening Position Disclosure, which set out the details required to be disclosed by it under Rule 8.1(a) of the Code.

On 18 January 2022, M&C Saatchi made an Opening Position Disclosure, which set out the details required to be disclosed by it under Rule 8.1(a) of the Code.

## 16. Shareholdings

As announced on 5 January 2022, ADV acquired 12,000,000 M&C Saatchi Shares for a price of £2.00 per share, representing approximately 9.8 per cent. of the current issued share capital of M&C Saatchi as at 16 May 2022 (being the last Business Day before the date of this announcement).

Vin Murria OBE, Chair of ADV and a non-executive director of M&C Saatchi, owns 15,237,985 M&C Saatchi Shares representing 12.5 per cent. of M&C Saatchi's total issued share capital as at 16 May 2022 (being the last Business Day before the date of this announcement). Vin Murria also owns 17,500,000 ADV Shares representing 13.1 per cent. of ADV's total issued share capital as at 16 May 2022 (being the last Business Day before the date of this announcement).

ADV and its concert parties are therefore together interested in approximately 27,237,985 M&C Saatchi Shares, representing approximately 22.3 per cent. of the M&C Saatchi Shares in issue as at 16 May 2022 (being the last Business Day before the date of this announcement).

If the Offer does not proceed, ADV and Vin Murria will consider their options in respect of their respective shareholdings described above.

## 17. Timetable and Conditions in relation to the Offer

It is expected that the Offer Document will be published as soon as reasonably practicable and in any event within 28 days of the date of this announcement (unless agreed otherwise with the Panel). Further information about the Offer will be set out in the Offer Document. It is expected that the ADV Prospectus, containing information about, amongst other things, the New ADV Shares and the Enlarged Group, will be published and posted to M&C Saatchi Shareholders and ADV Shareholders at the same time as the Offer Document. An expected timetable of principal events will be included in the Offer Document. The Offer will be subject to satisfaction of the Acceptance Condition, the admission to trading of all the ADV Shares (including the New ADV Shares) on AIM and satisfaction or waiver of certain further conditions and terms set out in Appendix 1 to this announcement and to the full terms and conditions which will be set out in the Offer Document.

As described further in Appendix 1, the Acceptance Condition shall be satisfied once valid acceptances (which have not been withdrawn) of the Offer have been received by no later than 1.00 p.m. (London time) on the Unconditional Date (or such later time(s) and/or dates as ADV may specify, subject to the rules of the Code and, where applicable, with the consent of the Panel) in respect of not less 90 per cent. (90%) (or such lower percentage as ADV may decide) in value of the total M&C Shares to which the Offer relates (the “**Acceptance Condition**”), provided that this condition shall not be satisfied unless, taken together with M&C Saatchi Shares which it already holds, ADV has acquired or agreed to acquire pursuant to the Offer or otherwise more than 50 per cent. (50%) of the voting rights then exercisable at a general meeting of M&C Saatchi (the “**Minimum Acceptance Threshold**”).

Any decision to waive down the Acceptance Condition to a lesser percentage at or above the Minimum Acceptance Threshold shall be at the sole discretion of ADV. Subject to the satisfaction of the Conditions, it is expected that the Offer will become Effective during Q3 2022.

If the Offer becomes or is declared unconditional, ADV will keep the Offer open for acceptances for at least 14 days following the date on which the Offer becomes or is declared unconditional.

#### **18. Cancellation of admission to trading on AIM and re-registration**

If the Offer becomes or is declared unconditional and ADV has received acceptances of the Offer in respect of and/or otherwise acquires 90 per cent. (90%) or more in value of the Offer Shares, ADV intends to exercise its rights pursuant to the statutory squeeze-out provisions of sections 974 to 991 of the Companies Act 2006 to acquire compulsorily, on the same terms as the Offer, the remaining M&C Saatchi Shares in respect of which the Offer has not at such time been accepted.

Following the Offer becoming or being declared unconditional, subject to any applicable requirements of AIM, M&C Saatchi Shareholders are notified that if ADV receives acceptances under the Offer in respect of, and/or otherwise acquires 75 per cent. or more of the voting rights carried by the M&C Saatchi Shares (including the M&C Saatchi Shares it already owns), ADV intends to procure that M&C Saatchi will make applications to cancel the admission of all M&C Saatchi Shares on AIM and to re-register M&C Saatchi as a private limited company under the relevant provision of the Companies Act 2006.

The cancellation of the listing and the re-registration would significantly reduce the liquidity and marketability of any M&C Saatchi Shares not assented to the Offer. Any remaining M&C Saatchi Shareholders would become minority shareholders in a privately controlled limited company, and there can be no certainty that such M&C Saatchi Shareholders will again be offered an opportunity to sell their M&C Saatchi Shares on terms which are equivalent or comparable to those under the Offer.

The Existing ADV Shares are currently admitted to listing on the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange. Application will be made to the London Stock Exchange for the existing ADV Shares, together with the New ADV Shares to trading on AIM, subject to the Offer becoming Effective.

ADV is a company incorporated in the British Virgin Islands and is therefore not subject to the Code. If the Offer becomes Effective, M&C Saatchi Shareholders who receive the New ADV Shares will not benefit from the rights and protections offered to shareholders under the Code.

#### **19. Disclosure of Interests**

The interests, rights to subscribe for, and short positions in respect of the M&C Saatchi Shares held by ADV, its directors and any person acting in concert (within the meaning of the Code) with ADV, as at the close of business on 16 May 2022 (being the last Business Day before the date of this announcement) are set out below:

- ADV holds 12,000,000 M&C Saatchi Shares, representing approximately 9.8 per cent. of the current issued share capital of M&C Saatchi as at 16 May 2022 (being the last Business Day before the date of this announcement); and
- Vin Murria OBE, Chair of ADV and a non-executive director of M&C Saatchi, owns 15,237,985 M&C Saatchi Shares representing 12.5 per cent. of M&C Saatchi's total issued share capital as at 16 May 2022 (being the last Business Day before the date of this announcement).



As at the close of business on 16 May 2022 (being the last Business Day before the date of this announcement), and other than as set out above in this section 19, and in sections 4 and 16, neither ADV, nor any of its directors, nor, so far as ADV is aware, any person acting in concert (within the meaning of the Code) with ADV has:

- any interest in, or right to subscribe for, any M&C Saatchi Shares nor does any such person have any short position in any M&C Saatchi Shares, including any short positions under a derivative, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery of any M&C Saatchi Shares;
- borrowed or lent any M&C Saatchi Shares or entered into any financial collateral arrangements relating to any M&C Saatchi Shares; or
- is party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Code in relation to any M&C Saatchi Shares.

## **20. Documents available for inspection**

Copies of the following documents are available, or will be made available promptly and by no later than 12 noon (London time) on the Business Day following this announcement, on [www.AdvancedAdvT.com](http://www.AdvancedAdvT.com) subject to certain restrictions relating to persons resident in Restricted Jurisdictions:

- a) this announcement;
- b) the irrevocable undertakings and letters of intent listed in Appendix 3;
- c) the consent letter from Investec referred to in section 21 below;
- d) the Confidentiality Agreement, and
- e) the investor presentation titled "Proposed combination of Advanced AdvT and M&C Saatchi: "Accelerating Value Creation".

For the avoidance of doubt, the contents of any website referred to in this announcement are not incorporated into and do not form part of this announcement.

## **21. General**

It is intended that the Offer will be effected by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act. The purpose of the Offer is to provide for ADV to become owner of the whole of the issued and to be issued share capital of M&C Saatchi.

If the issue of New ADV Shares to any Restricted Overseas Shareholder, or to any person who is reasonably believed to be an Restricted Overseas Shareholder, would or may infringe the laws of a jurisdiction outside England and Wales or would or may require any governmental or other consent or any registration, filing or other formality which cannot be complied with, or compliance with which would be unduly onerous, ADV may at its discretion determine that such Restricted Overseas Shareholder shall either (i) not have allotted or issued to him New ADV Shares and that the New ADV Shares which would otherwise have been attributable to such Restricted Overseas Shareholder under the terms of the Offer or the All Share Offer shall

be sold in the market and the cash proceeds of such sale be forwarded to such Restricted Overseas Shareholder or (ii) that the New ADV Shares shall be issued to such Restricted Overseas Shareholder but shall be sold in the market on his behalf and the cash proceeds of such sale forwarded to the relevant Restricted Overseas Shareholder (in each case after deduction of broking fees and other sale costs and expenses).

The bases and sources of certain information contained in this announcement are set out in Appendix 2. Certain terms used in this announcement are defined in Appendix 4.

It is expected that the Offer Document will be published as soon as reasonably practicable and in any event within 28 days of the date of this announcement (unless agreed otherwise with the Panel). Further information about the Offer will be set out in the Offer Document, including details on how to make elections under the Mix and Match Facility. It is expected that the ADV Prospectus, containing information about, amongst other things, the New ADV Shares and the Enlarged Group, will be published and posted to M&C Saatchi Shareholders and ADV Shareholders prior to the Unconditional Date. An expected timetable of principal events will be included in the Offer Document and ADV Prospectus.

The person responsible for arranging this announcement on behalf of ADV is Antoinette Vanderpuije, the Company Secretary of Advanced ADV. The LEI of M&C Saatchi is 213800XBLFQZ1T1KBA87 and the LEI of ADV is 254900WYO35S1T334A28.

Investec has given and not withdrawn its consent to the inclusion in this announcement of references to its name in the form and context in which it appears.

#### **IMPORTANT NOTICES**

*This announcement is not intended to and does not constitute or form part of any offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise. The Offer will be made solely pursuant to the terms of the Offer Document, which will contain the full terms and conditions of the Offer, including details of how to accept the Offer and how to make elections under the Mix and Match Facility. Any decision in respect of, or other response to, the Offer should be made only on the basis of the information contained in the Offer Document.*

*This announcement does not constitute a prospectus or prospectus equivalent document.*

*The release, publication or distribution of this announcement in 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 requirements. This announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.*

*ADV will prepare the Offer Document to be distributed to M&C Saatchi Shareholders and the ADV Prospectus to be distributed to ADV Shareholders and M&C Saatchi Shareholders. ADV urges M&C Saatchi Shareholders to read the Offer Document and the ADV Prospectus when they become available because they will contain important information in relation to the Offer the New ADV Shares and the Enlarged Group. Any response in relation to the Offer should be made only on the basis of the information contained in the Offer Document, and the ADV Prospectus, as appropriate.*

*Copies of this announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Unless otherwise permitted by applicable law and regulation, the Offer may not be made, directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of, a national, state or other securities exchange of any Restricted Jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

#### **Notices to US Shareholders**

*The Offer relates to securities in a non-US company registered in England and Wales quoted on AIM, and is subject to the disclosure requirements, rules and practices applicable to companies listed in the United Kingdom, which differ from those of the United States in certain material respects. This document has been prepared in accordance with UK style and practice for the purpose of complying with the laws of England and Wales and the rules of AIM. US shareholders should read this entire document. Accordingly, the Offer will be subject to disclosure and other procedural requirements that are different from those applicable under US domestic tender offer procedures. US shareholders should note that M&C Saatchi is not listed on an American securities exchange, it is not subject to the periodic reporting requirements of the US Securities Exchange Act of 1934, as amended, and is not required to, and does not, file any reports with the SEC thereunder. The financial statements of M&C Saatchi have been prepared in accordance with IFRS, which may not be comparable to financial statements of US companies.*

*It may be difficult for US shareholders to enforce certain rights and claims arising in connection with the Offer under US federal securities laws since ADV and M&C Saatchi are located outside the United States, and their officers and most of their directors reside outside the United States. It may not be possible to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. It also may not be possible to compel a non-US company or its affiliates to subject themselves to a US court's judgment.*

*To the extent permitted by applicable law and in accordance with the Takeover Code and normal U.K. practice, ADV or its affiliates or agents may make purchases of, or make arrangements to purchase, shares of M&C Saatchi outside the United States otherwise than under the Offer.*

*The Offer will be subject to the applicable requirements of the Code, the AIM Rules, the London Stock Exchange and the FCA.*

#### **Rule 26 Disclosure**

*In accordance with Rule 26 of the Code, a copy of this announcement will be available at [www.AdvancedAdvT.com](http://www.AdvancedAdvT.com) by no later than 12 noon (London time) on 18 May 2022 (being the Business Day following the date of this announcement). The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.*

#### **Requesting Hard Copy Documents**

*In accordance with Rule 30.3 of the Code, M&C Saatchi Shareholders and persons with information rights may request a hard copy of this announcement by contacting ADV's Company Secretary, Antoinette Vanderpuije at [CompanySecretary@advancedadv.com](mailto:CompanySecretary@advancedadv.com). For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Offer should be in hard copy form.*

#### **Rule 2.9 Disclosure**

*In accordance with Rule 2.9 of the Code, as at the close of business on 16 May 2022 (being the Business Day prior to the date of this announcement), ADV had in issue 133,200,000 ordinary shares of no par value each, which are admitted to listing on the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange. The International Securities Identification Number (ISIN) of the ADV Shares is VGG0103J1075.*

#### **Other Disclosure Requirements of the Code**

*Under Rule 8.3(a) of the Code, any person who is interested in 1% 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. 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 the offeree company. An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period. Relevant persons who deal in the relevant securities of the offeree company prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% 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. 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 the offeree company, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) 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, they will be deemed to be a single person for the purpose of Rule 8.3.*

*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 any of them (see Rules 8.1, 8.2 and 8.4).*

*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 Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://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.*

#### **Disclaimer**

*Investec, which is authorised by the Prudential Regulation Authority (the "PRA") and regulated by the Financial Conduct Authority and PRA in the United Kingdom, is acting exclusively as financial adviser to ADV and for no one else in connection with the Offer and will not be responsible to any person other than ADV for providing the protections afforded to clients of Investec, nor for providing advice in relation to the Offer, the content of this announcement or any matter referred to in this announcement. Neither Investec nor any of its subsidiaries, branches or 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 Investec in connection with this announcement, any statement contained herein or otherwise.*

### **Rounding**

*Certain figures included in this announcement 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.*

### **No Profit Forecasts**

*No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share or dividend per share for ADV, M&C Saatchi or the Enlarged Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for ADV, M&C Saatchi or the Enlarged Group.*

### **Forward-Looking Statements**

*This announcement may contain certain forward-looking statements with respect to the financial condition, results of operations and business of ADV and/or M&C Saatchi and certain plans and objectives of ADV and/or M&C Saatchi with respect thereto. These forward-looking statements can be identified by the fact that they do not relate only to historical or current 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 ADV in the 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 you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. ADV does not assume any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.*

*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 combinations or dispositions. These factors include uncertainties surrounding the Covid-19 pandemic and the ongoing impact of the Covid-19 pandemic on general economic conditions.*

## APPENDIX 1

### CONDITIONS TO AND CERTAIN FURTHER TERMS OF THE OFFER

#### Part A

##### Conditions to the Offer

The Offer will be subject to the following Conditions:

##### Acceptance Condition

- (A) valid acceptances of the Offer having been received (and not validly withdrawn in accordance with the rules and requirements of the Code and the terms of the Offer) by no later than 1.00 p.m. (London time) on the Unconditional Date (or such later time(s) and/or dates as ADV may specify, subject to the rules of the Code and, where applicable, with the consent of the Panel) in respect of not less than 90 per cent. (90%) (or such lower percentage as ADV may decide) of the total M&C Shares to which the Offer relates and of the voting rights attached to those shares (the “**Acceptance Condition**”), provided that this condition shall not be satisfied unless, taken together with M&C Saatchi Shares that it already owns, ADV has acquired or agreed to acquire pursuant to the Offer or otherwise more than 50 per cent. (50%) of the voting rights then exercisable at a general meeting of M&C Saatchi (the “**Minimum Acceptance Threshold**”) and unless the Panel consents otherwise this Condition shall only be capable of being satisfied when all other Conditions set out in paragraphs (b) to (l) below have been satisfied or waived. For the purpose of this Condition:
- (i) M&C Saatchi Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights that carry upon issue;
  - (ii) valid acceptances shall be deemed to have been received in respect of M&C Saatchi Shares which are treated for the purposes of Part 28 of the Companies Act 2006 as having been acquired or contracted to be acquired by ADV whether by virtue of acceptance of the Offer or otherwise;
  - (iii) the expression M&C Saatchi Shares to which the Offer relates shall be construed in accordance with chapter 3 of Part 28 of the Companies Act 2006; and
  - (iv) all percentages of voting rights and share capital are to be calculated by reference to the percentage held and in issue excluding any and all shares held in treasury by M&C Saatchi from time to time.

##### Admission Condition

- (B) the London Stock Exchange having acknowledged to ADV or its agent (and such acknowledgement not having been withdrawn) that the application for the existing ADV Shares and the New ADV Shares to be admitted to trading on AIM has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject

("admission conditions")) will become effective as soon as a dealing notice has been issued by the London Stock Exchange and any admission conditions of the London Stock Exchange have been satisfied (the "**Admission Condition**");

### **Other Conditions**

In addition, the Offer will be conditional upon:

#### **General Third-Party official authorisations and regulatory clearances**

- (C) excluding filings, applications, obligations, notifications, waiting and other time periods, and clearances relating to antitrust, merger control or national security or foreign investment screening, all necessary filings or applications having been made, all necessary waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction having been complied with, and there are no threatened or pending investigations by any Regulatory Authority following the expiration or termination of any necessary waiting period, in each case in connection with the Offer or the acquisition by any member of the Wider ADV Group of any shares or other securities in, or control of, any member of the Wider M&C Saatchi Group, where the direct consequence of a failure to make such a notification or filing or to wait for the expiry, lapse, or termination of any such waiting or time period would be unlawful in any relevant jurisdiction;
- (D) no Third Party having intervened (other than any Third Party having intervened in respect of antitrust, offer control or national security or foreign investment screening) and there not continuing to be outstanding any statute, regulation or order of any Third Party (other than any statute, regulation or order of any Third Party relating to antitrust or merger control or national security or foreign investment screening), in each case which would reasonably be expected to:
  - (i) make the Offer or the Scheme or, in each case, its implementation or the acquisition or proposed acquisition by ADV or any member of the Wider ADV Group of any shares or other securities in, or control or management of, M&C Saatchi or any member of the Wider M&C Saatchi Group void, illegal or unenforceable in any jurisdiction, or otherwise directly or indirectly materially restrain, prevent, prohibit, restrict or materially delay, the same or impose additional conditions or obligations with respect to the Offer or the Scheme or such acquisition, or otherwise materially impede, challenge or interfere with the Offer or Scheme or such acquisition, or require material amendment to the terms of the Offer or Scheme or the acquisition or proposed acquisition of any M&C Saatchi Shares or the acquisition of control or management of M&C Saatchi or the Wider M&C Saatchi Group by ADV or any member of the Wider ADV Group;
  - (ii) materially limit or delay, or impose any material limitations on, the ability of any member of the Wider ADV Group or any member of the Wider M&C Saatchi Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise

voting or management control over, any member of the Wider M&C Saatchi Group or any member of the Wider ADV Group;

- (iii) require, prevent or materially delay the divestiture or materially alter the terms envisaged for any proposed divestiture by any member of the Wider ADV Group of any ordinary shares or other securities in M&C Saatchi or of all or any portion of their respective businesses, assets or properties or materially limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof;
- (iv) except pursuant to the implementation of the Offer or, if applicable sections 974 to 991 of the Companies Act, require any member of the Wider ADV Group or of the Wider M&C Saatchi Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member of either group owned by any third party;
- (v) materially adversely limit the ability of any member of the Wider ADV Group or of the Wider M&C Saatchi Group to conduct or integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider ADV Group or of the Wider M&C Saatchi Group; or
- (vi) except as Disclosed, otherwise materially adversely affect, any or all of the business, assets, profits, financial or trading position of any member of the Wider M&C Saatchi Group or of the Wider ADV Group,

in any case, to an extent which would reasonably be expected to be material and adverse in the context of the Wider M&C Saatchi Group or Wider ADV Group taken as a whole;

**Certain matters arising as a result of any arrangement, agreement etc.**

- (E) except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider M&C Saatchi Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject, which, in each case as a consequence of the Offer or Scheme or the acquisition or proposed acquisition of any ordinary shares or other securities in, or control of, M&C Saatchi or any other member of the Wider M&C Saatchi Group by any member of the Wider ADV Group or otherwise, would be expected to result in (in any case, to an extent which would reasonably be expected to be material and adverse in the context of the Wider M&C Saatchi Group taken as a whole):
  - (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider M&C Saatchi Group being or becoming repayable or capable of being declared repayable immediately or prior to its stated maturity date or repayment date or the ability of any member of the Wider M&C Saatchi Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
  - (ii) other than in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the



business, property, assets or interests of any member of the Wider M&C Saatchi Group;

- (iii) any asset or interest of any member of the Wider M&C Saatchi Group being or falling to be disposed of or charged or ceasing to be available to any member of the Wider M&C Saatchi Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider M&C Saatchi Group otherwise than in the ordinary course of business;
- (iv) the creation of any liabilities (actual or contingent) by any member of the Wider M&C Saatchi Group other than trade creditors or other liabilities incurred in the ordinary course of business;
- (v) the rights, liabilities, obligations or interests of any member of the Wider M&C Saatchi Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being, or becoming capable of being, terminated or adversely modified or affected or any adverse action being taken or any obligation or liability arising thereunder; or
- (vi) the financial or trading position or the value of any member of the Wider M&C Saatchi Group being prejudiced or adversely affected,

and no event having occurred which, under any provision of any such arrangement, agreement, licence, permit or other instrument, would or would reasonably be expected to result in any of the events or circumstances which are referred to in paragraphs 21(E)(i) to 21(E)(vi) of this Condition occurring, in any case to an extent which would reasonably be expected to be material and adverse in the context of the M&C Saatchi Group taken as a whole;

**Certain events occurring since Last Accounts Date**

- (F) except as Disclosed, no member of the Wider M&C Saatchi Group having, since 31 December 2021:
- (i) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into, or exercisable or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury, in each case other than as between M&C Saatchi and wholly-owned subsidiaries of M&C Saatchi and/or on the exercise of options or vesting of awards granted in the ordinary course under the M&C Saatchi Share Plans;
  - (ii) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its ordinary share capital in each case to an extent which is material and adverse in the context of the Wider M&C Saatchi Group taken as a whole;

- (iii) recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to M&C Saatchi or a wholly owned subsidiary of M&C Saatchi);
- (iv) other than pursuant to the Offer (and except for transactions between M&C Saatchi and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of M&C Saatchi and transactions in the ordinary course of business) implemented, effected, authorised or announced its intention to implement, effect, authorise or propose any Offer, demerger, reconstruction, amalgamation, scheme, or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings in any such case to an extent which is material and adverse in the context of the Wider M&C Saatchi Group taken as a whole or in the context of the Offer;
- (v) save for intra-group transactions, made or authorised any change in its loan capital other than in connection with ordinary course financing arrangements in any case to an extent which is material and adverse in the context of the Wider M&C Saatchi Group taken as a whole;
- (vi) save for intra-group transactions and other than in the ordinary course of business, entered into, implemented or authorised the entry into of, any joint venture, asset or profit sharing arrangement, partnership or merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised the same (in each case, to an extent which is material and adverse in the context of the Wider M&C Saatchi Group taken as a whole);
- (vii) save in the ordinary course of business, issued or authorised the issue of, or made any change in or to, any debentures or (save for intra-group transactions) incurred or increased any indebtedness or liability (actual or contingent) which in any case is material and adverse in the context of the Wider M&C Saatchi Group taken as a whole;
- (viii) entered into, varied or authorised any material agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
- (ix) is of a long term, onerous or unusual nature or magnitude or which is reasonably likely to involve an obligation of such nature or magnitude (save in the ordinary course of business); or
- (x) is likely to materially restrict the business of any member of the Wider M&C Saatchi Group other than to a nature and extent which is normal in the context of the business concerned,
- (xi) and, in either case, which is or would reasonably be expected to be material and adverse in the context of the Wider M&C Saatchi Group taken as a whole;

- (xii) (other than in respect of a member which is dormant or which is solvent at the relevant time) taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, Viscount, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction which in any case is material in the context of the Wider M&C Saatchi Group taken as a whole;
- (xiii) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business to an extent which is material in the context of the Wider M&C Saatchi Group taken as a whole;
- (xiv) other than in respect of claims between M&C Saatchi and wholly-owned subsidiaries of M&C Saatchi, waived or compromised any claim otherwise than in the ordinary course of business which is material in the context of the Wider M&C Saatchi Group taken as a whole;
- (xv) made any alteration to its memorandum or articles of association (in each case, other than in connection with the Offer or Scheme) which is adverse to the interests of ADV in the context of the Offer;
- (xvi) (except in relation to changes made or agreed as a result of, or arising from, applicable law or changes to applicable law) made or agreed or consented to any material change to:
  - (a) the terms of the pension scheme(s) established for its directors, employees or their dependents; or
  - (b) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder; or
  - (c) the basis on which qualification for, or accrual or entitlement to such benefits or pensions are calculated or determined; or
  - (d) the basis upon which the liabilities (including pensions) or such pension schemes are funded, valued or made; or

which would reasonably be expected to have a material adverse effect on the financial position of the Wider M&C Saatchi Group taken as a whole; or
- (xvii) entered into or materially varied the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, agreement, commitment, transaction or arrangement with any director or senior executive which is material and adverse in the context of the Offer or which would reasonably be expected to have a material adverse effect on the financial position of the Wider M&C Saatchi Group;

- (xviii) save in respect of any replacement plan proposed to M&C Saatchi Shareholders at the 2021 annual general meeting, proposed, agreed to provide or materially modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider M&C Saatchi Group in each case which is material and adverse in the context of the Wider M&C Saatchi Group taken as a whole; and
- (xix) on or after the date of this announcement, and other than with the consent of ADV, taken or proposed to take any action which requires or would require the approval of M&C Saatchi Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Code.

**No adverse change, litigation, regulatory enquiry or similar**

- (G) except as Disclosed, since 31 December 2021:
  - (i) there having been no adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Wider M&C Saatchi Group which in any case is material and adverse in the context of the M&C Saatchi Group taken as a whole;
  - (ii) no contingent or other liability of any member of the Wider M&C Saatchi Group having arisen or become apparent or increased other than in the ordinary course of business which in any case is material and adverse in the context of the Wider M&C Saatchi Group as a whole;
  - (iii) (other than as a result of or in connection with the Offer) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider M&C Saatchi Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened in writing, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider M&C Saatchi Group which in any case is or would reasonably be expected to have a material adverse effect in the context of the Wider M&C Saatchi Group taken as a whole;
  - (iv) (other than as a result of or in connected with the Offer) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or remaining outstanding against or in respect of any member by or the Wider M&C Saatchi Group which in any case is material in the context of the Wider M&C Saatchi Group taken as a whole;
  - (v) on or after the date of this announcement, and other than with the consent of ADV, no action having been taken or proposed by any member of the Wider M&C Saatchi Group, or having been approved by M&C Saatchi Shareholders, which requires or would require the approval of M&C Saatchi Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Code; and
  - (vi) no member of the Wider M&C Saatchi Group having conducted its business in breach of any applicable laws and regulations which in any case is material in the context of the M&C Saatchi Group taken as a whole;

### **No discovery of certain matters**

(H) except as Disclosed, ADV not having discovered:

- (i) that any financial or business or other information concerning the Wider M&C Saatchi Group disclosed at any time by or on behalf of any member of the Wider M&C Saatchi Group, whether publicly, to any member of the Wider ADV Group or otherwise, is materially misleading or contains any material misrepresentation of fact or omits to state a fact necessary to many any information contained therein not misleading, in each case to an extent which is material in the context of the Wider M&C Saatchi Group taken as a whole;
- (ii) that any member of the Wider M&C Saatchi Group is subject to any liability (actual or contingent) which is material in the context of the Wider M&C Saatchi Group taken as a whole; or
- (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider M&C Saatchi Group and which is material in the context of the Wider M&C Saatchi Group taken as a whole;
- (iv) any past or present member of the Wider M&C Saatchi Group has not complied in all material respects with all applicable legislation or regulations of any jurisdiction relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human health or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not this constituted a non-compliance by any person with any legislation or regulations and wherever the same may have taken place), which non-compliance would be likely to give rise to any material liability including any penalty for non-compliance (whether actual or contingent) or cost on the part of any member of the Wider M&C Saatchi Group, which in any case is material in the context of the Wider M&C Saatchi Group as a whole; or
- (v) there is any material liability (actual or contingent) to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider M&C Saatchi Group under any environmental legislation, regulation, notice, circular or order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction, which in any case is material in the context of the Wider M&C Saatchi Group taken as a whole

### **Anti-corruption, economic sanctions, criminal property and money laundering**

(I) except as Disclosed, ADV not having discovered that:

- (i) (A) any past or present member, director, officer or employee of the Wider M&C Saatchi Group is or has at any time engaged in any activity, practice or conduct

which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery law, rule or regulation or any other applicable law, rule, or regulation concerning improper payments or kickbacks or (B) any person that performs or has performed services for or on behalf of the Wider M&C Saatchi Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery law, rule or regulation or any other applicable law, rule, or regulation concerning improper payments or kickbacks; or

- (ii) any asset of any member of the Wider M&C Saatchi Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition) or proceeds of crime under any other applicable law, rule, or regulation concerning money laundering or proceeds of crime or any member of the Wider M&C Saatchi Group is found to have engaged in activities constituting money laundering under any applicable law, rule, or regulation concerning money laundering; or
- (iii) any past or present member, director, officer or employee of the Wider M&C Saatchi Group, or any other person for whom any such person may be liable or responsible, is or has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from:
  - (a) any government, entity or individual in respect of which US, UK or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US, UK or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HMRC; or
  - (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the United Kingdom, the European Union or any of its member states, save that this shall not apply if and to the extent that it is or would be unenforceable by reason of breach of any applicable Blocking Law; or
- (iv) a member of the M&C Saatchi Group has engaged in a transaction which would cause the M&C Saatchi Group to be in breach of any law or regulation prior to completion of the Acquisition, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs or any government, entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states.

## Part B

### Waiver and Invocation of the Conditions

The Acceptance Condition and Admission Condition cannot be waived (other than any waiver by ADV of the acceptance threshold in accordance with Part A of this Appendix 1). ADV may waive the Conditions in paragraphs (C) to (I) (inclusive) of Part A of this Appendix 1. The Offer will therefore be subject to the satisfaction (or waiver, where permitted) of the Conditions set out in Part A of this Appendix 1, to the further terms set out in Part D of this Appendix 1, and to the full terms and conditions which will be set out in the Offer Document and (for M&C Saatchi Shares held in certificated form) the Form of Acceptance.

The Offer shall lapse unless all of the Conditions have been fulfilled (or, where permitted, waived) by 11.59 p.m. (London time) on the earlier of the Unconditional Date and the Long-Stop Date (subject to the rules of the Code and, where applicable, the consent of the Panel).

ADV shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as satisfied any of Conditions (A) to (I) (inclusive) by a date earlier than the latest date specified above for the fulfilment of the relevant Condition, notwithstanding that the other Conditions to the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Condition(s) may not be capable of fulfilment.

Under Rule 13.5(a) of the Code, ADV may not invoke a Condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to ADV in the context of the Offer. ADV may only invoke a condition that is subject to Rule 13.5(a) with the consent of the Panel and any condition that is subject to Rule 13.5(a) may be waived by ADV. **Neither the Acceptance Condition nor the Admission Condition are subject to Rule 13.5(a) of the Code.**

Save as may otherwise be required by the Panel, the Offer will not proceed, will lapse or will be withdrawn if on the Long-Stop Date sufficient acceptances have not been received so as to enable the Acceptance Condition to be satisfied.

This Offer will be governed by English law and be subject to the jurisdiction of the English courts, to the conditions set out in this announcement and in the formal Offer Document and (for M&C Saatchi Shares held in certificated form) the Form of Acceptance. The Offer will comply with the applicable rules and regulations of the FCA and the London Stock Exchange, the AIM Rules, the Panel and the Code.

Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

## Part C

### Implementation by way of Scheme

ADV reserves the right, with the consent of the Panel (where necessary) to elect to implement the Offer by way of scheme of arrangement pursuant to Part 26 of the Companies Act 2006 (a “**Scheme**”).

If the Offer is implemented by way of a Scheme, such Scheme will be implemented on the same terms, subject to appropriate amendments to reflect the change in method of effecting the Offer (including such amendments as may be required by law or regulation), including (without limitation and subject to the consent of the Panel):

- (A) the Long-Stop Date ceasing to apply (and ADV may, in accordance with the Code, specify a new long-stop date by which the Scheme must become effective and specific dates by which the relevant court and shareholder meetings and the Court hearing to sanction the Scheme must be held); and
- (B) the Acceptance Condition ceasing to apply and, instead, the Scheme becoming effective and binding following: (i) approval of the Scheme at the court meeting (or court meetings), or any adjournments thereof, by a majority (or majorities) in number representing 75 per cent. or more in value of each class of M&C Saatchi Shareholders present and voting either in person or by proxy; (ii) the passing by the requisite majority or majorities of all shareholder resolutions of M&C Saatchi necessary to approve and implement the Scheme; (iii) sanction of the Scheme by the court (with or without modification, with any such modification being acceptable to ADV and M&C Saatchi); and (iv) the delivery of a copy of the court order to the Registrar of Companies of England and Wales.



## **Part D**

### **Certain further terms of the Offer**

The M&C Saatchi Shares which will be acquired under the Offer will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this announcement.

If, after the date of this announcement, any dividend and/or other distribution and/or other return of capital is announced, declared, made, payable or paid in respect of the M&C Saatchi Shares, ADV reserves the right to reduce (i) the Cash and Shares Offer and (ii) the All Share Offer, by an amount up to the amount of such dividend and/or distribution and/or return of capital. If (but only to the extent) ADV exercises this right or makes such a reduction in respect of a dividend or other distribution, M&C Saatchi Shareholders will be entitled to receive and retain that dividend or other distribution. Any exercise by ADV of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not constitute a revision or variation of the terms of the Offer.

The availability of the Offer and the Mix and Match Facility to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.

The Offer will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet or email) of interstate or foreign commerce of, or of any facility of, a national securities exchange, of any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.

If the issue of New ADV Shares to any Restricted Overseas Shareholder, or to any person who is reasonably believed to be an Restricted Overseas Shareholder, would or may infringe the laws of a jurisdiction outside England and Wales or would or may require any governmental or other consent or any registration, filing or other formality which cannot be complied with, or compliance with which would be unduly onerous, ADV may at its discretion determine that such Restricted Overseas Shareholder shall either (i) not have allotted or issued to him New ADV Shares and that the New ADV Shares which would otherwise have been attributable to such Restricted Overseas Shareholder under the terms of the Offer or the All Share Offer shall be sold in the market and the cash proceeds of such sale be forwarded to such Restricted Overseas Shareholder or (ii) that the New ADV Shares shall be issued to such Restricted Overseas Shareholder but shall be sold in the market on his behalf and the cash proceeds of such sale forwarded to the relevant Restricted Overseas Shareholder (in each case after deduction of broking fees and other sale costs and expenses).

## APPENDIX 2

### BASES AND SOURCES

In this announcement:

1. As at the close of business on 16 May 2022, being the last Business Day prior to this announcement:
  - 1.1 M&C Saatchi had in issue 122,257,465 M&C Saatchi Shares (based on publicly available information); and
  - 1.2 ADV had in issue 133,200,000 ADV Shares.
2. Unless otherwise stated, all prices and Closing Prices for M&C Saatchi Shares and ADV Shares are closing middle market quotations derived from Bloomberg.
3. The fully diluted share capital of M&C Saatchi (being 124,922,815 M&C Saatchi Shares) is calculated on the basis of:
  - 3.1 the number of issued M&C Saatchi Shares referred to in paragraph 1 above; and
  - 3.2 2,665,350 M&C Saatchi Shares which may be issued on or after the date of this announcement on the exercise of options or vesting of awards granted or agreed to be granted under the M&C Saatchi Share Scheme due to vest (i) during the offer period and (ii) as a result of the Offer (based on publicly available information).<sup>(1)</sup>

<sup>(1)</sup> In the M&C Saatchi 2021 Annual Report, the M&C Saatchi Board restated that they intend to settle all future Put Options in cash. In accordance with the M&C Saatchi 2021 Annual Report, ADV has assumed that no M&C Saatchi Shares will be issued in respect of the Put Options.
4. The maximum percentage of the share capital of the Enlarged Group that M&C Saatchi Shareholders will own following the Offer becoming Effective is calculated on the basis of:
  - 4.1 the issued share capital of ADV referred to in paragraph 1 above; and
  - 4.2 the 247,142,619 New ADV Shares that M&C Saatchi Shareholders will receive under the terms of the Offer, based on the fully diluted share capital of M&C Saatchi referred to in paragraph 3 above and an exchange ratio of 2.530 New ADV Shares in exchange for each M&C Saatchi Share.
5. Based on a valuation of 82.0 pence per New ADV Share (being the Closing Price of an ADV Share on 16 May 2022 (being the last Business Day prior to the date of this announcement) the Offer values each M&C Saatchi Share at 207.5 pence (the “**Offer Value**”). The Offer Value represents:

- 5.1 A premium of approximately 30 per cent. to the undisturbed 30 trading day volume weighted average price of a M&C Saatchi Share of 159.2 pence on 31 December 2021, the Business Day prior to ADV's acquisition of 12,000,000 M&C Saatchi Shares at 200p per share.
- 5.2 A premium of approximately 27 per cent. to the Closing Price of a M&C Saatchi Share of 163 pence on 16 May 2022 (being the Business Day prior to the date of this announcement).
6. As at the close of business on 30 April 2022, ADV's holding of ordinary shares in M&C Saatchi was valued at £21.3m, using a 10 day volume weighted average price to 29 April 2022 of 183.8 pence per M&C Saatchi share, and a total of 133,200,000 ADV Shares in issue. On 30 April 2022 (i) ADV had an unaudited cash balance of £104.6m (ii) the total value of trade and other receivable balances held by the ADV were immaterial, and (iii) the total value of the ADV's trade and other payables balances were £1.6m.
7. Certain figures contained in this announcement have been subject to rounding adjustments.

### APPENDIX 3

#### DETAILS OF IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

##### Irrevocable undertakings

The following M&C Saatchi Shareholders have given irrevocable undertakings to accept or procure acceptance of the Offer (and, if the Offer is subsequently structured as a Scheme, to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting) and to elect for either the Cash and Shares Offer or All Share Offer in relation to the following M&C Saatchi Shares:

Name of M&C Saatchi Shareholder	Number of M&C Saatchi Shares	Percentage of the Offer Shares	Percentage of all issued M&C Shares	Election for Cash and Shares Offer or All Share Offer
Vin Murria	15,237,985	13.8%	12.5%	All Share Offer
Paradice Investment Management LLC	3,148,598	2.9%	2.6%	No election made
Stuart Roden	1,523,968	1.4%	1.2%	No election made
Richard Saunders	329,450	0.3%	0.3%	No election made

These irrevocable undertakings cease to be binding if:

- (A) the Offer Document has not been posted within 28 days of the issue of this announcement (or within such longer period as ADV, with the consent of the Panel on Takeovers and Offer, determines);
- (B) the Offer lapses or is withdrawn in accordance with its terms, or the Offer does not become Effective on or before the Long-Stop Date (other than in circumstances where ADV has, prior to such date, elected to exercise its right to proceed by way of a Scheme); or
- (C) subject to the exception noted below, if a person, other than ADV, announces a firm intention to make an offer (in accordance with Rule 2.7 of the Code) (a "**Competing Offer**"), however structured, for the entire issued and to be issued share capital of M&C Saatchi, at a price of not less than 10 per cent. above the value of the Offer unless, within three days of the Competing Offer being announced, ADV announces an improvement to

the terms of the Offer such that the improved Offer is, in the reasonable opinion of Investec, at least as favourable as the Competing Offer.

The Irrevocable Undertaking of Vin Murria OBE does not contain the provision contained in paragraph (C) above.

#### **Letters of intent**

The following M&C Saatchi Shareholders have signalled their intent to accept or procure acceptance of the Offer (and, if the Offer is subsequently structured as a Scheme, to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting) and to elect for either the Cash and Shares Offer or All Share Offer in relation to the following M&C Saatchi Shares:

Name of M&C Saatchi Shareholder	Number of M&C Saatchi Shares	Percentage of the Offer Shares	Percentage of all issued M&C Shares	Election for Cash and Shares Offer or All Share Offer
Octopus Investments Limited	13,719,398	12.4%	11.2%	No election made
Paradice Investment Management LLC	6,016,887	5.5%	4.9%	No election made

Copies of these irrevocable undertakings and letters of intent will be made available promptly and by no later than 12 noon (London time) on the Business Day following this announcement, on [www.AdvancedAdvT.com](http://www.AdvancedAdvT.com), subject to certain restrictions relating to persons resident in Restricted Jurisdictions, until the end of the Offer.

## APPENDIX 4

### DEFINITIONS

<b>“Acceleration Statement”</b>	a statement in which ADV, in accordance with Rule 31.5 of the Code, brings forward the latest date by which all of the Conditions to the Offer must be satisfied or waived, if permitted
<b>“Acceptance Condition”</b>	the level of acceptances for the Offer received by ADV to allow ADV to declare the Offer unconditional as described in Appendix 1 of this announcement
<b>“Admission”</b>	the admission of the all ADV Shares (including the New ADV Shares) to trading on AIM
<b>“Admission Condition”</b>	has the meaning given in Appendix 1 to this announcement
<b>“ADV”</b>	AdvancedAdvT Limited, a company incorporated and registered in the British Virgin Islands with company number 2040954
<b>“ADV Board” or “ADV Directors”</b>	the board of directors of ADV as at the date of this announcement or, where the context so requires, the board of directors of ADV from time to time
<b>“ADV Group”</b>	ADV and its subsidiary undertakings and, where the context permits, each of them
<b>“ADV LTIP”</b>	the ADV Long Term Incentive Plan
<b>“ADV Prospectus”</b>	the prospectus to be published by ADV in connection with the Offer and in connection with the Admission Condition and sent to ADV Shareholders and M&C Saatchi Shareholders containing details of, amongst other things, the Enlarged Group and the New ADV Shares
<b>“ADV Shareholders”</b>	holders of ADV Shares
<b>“ADV Shares”</b>	ordinary shares of no par value in the capital of ADV
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time)
<b>“All Share Offer”</b>	the alternative whereby M&C Saatchi Shareholders may irrevocably elect, subject to submitting a valid Form of

	Election, to receive 2.530 New ADV Shares instead of the consideration under the Cash and Shares Offer which they would otherwise be entitled to receive pursuant to the Offer, as referred to in section 2 of this announcement
<b>“Appendices”</b>	the appendices to this announcement
<b>“Business Day”</b>	a day, (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London
<b>“Cash and Shares Offer”</b>	the offer whereby M&C Saatchi Shareholders will receive 2.043 New ADV Shares and 40 pence in cash for each M&C Saatchi Share pursuant to the Offer, as referred to in section 2 of this announcement
<b>“Cash Consideration”</b>	has the meaning given to it in section 2 of this announcement
<b>“Closing Price”</b>	in respect of the price of (i) a M&C Saatchi Share the closing middle market quotation of a share derived from the AIM Appendix to the Daily Official List, and (ii) an ADV Share, the closing middle market quotation of a share derived from the Daily Official List
<b>“Code”</b>	the City Code on Takeovers and Mergers
<b>“Companies Act”</b>	the Companies Act 2006
<b>“Confidentiality Agreement”</b>	the confidentiality agreement dated 7 February 2022 between ADV and M&C Saatchi, as described in section 14 of this announcement
<b>“Conditions”</b>	the Acceptance Condition, the Admission Condition and the other conditions to the Offer as set out in Appendix 1 of this announcement
<b>“Court”</b>	the High Court of Justice of England and Wales
<b>“Court Meeting”</b>	if the Offer is implemented by way of a Scheme, the meeting or meetings of the M&C Saatchi Shareholders (or of any class or classes thereof) to be convened by order of the Court pursuant to section 896 of the Companies Act, for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment), including any adjournment, postponement or reconvening thereof
<b>“CREST”</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755) (including

as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018) in respect of which Euroclear UK&Ireland is the Operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form

**“Daily Official List”**

the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange

**“Dealing Disclosure”**

has the meaning given to it in Rule 8 of the Code

**“Disclosed”**

the information fairly disclosed by, or on behalf of M&C Saatchi:

- i. in its published annual report and accounts for the period ended 31 December 2021;
- ii. in its interim results for the period ended 30 June 2021;
- iii. in any public announcement made by M&C Saatchi in accordance with the Market Abuse Regulation, the AIM Rules, and/or the Disclosure Guidance and Transparency Rules before the date of this announcement; or
- iv. fairly disclosed prior to the date of this announcement by or on behalf of M&C Saatchi to ADV (or its respective officers, employees, agents or advisers in their capacity as such) including via the virtual data room operated by or on behalf of M&C Saatchi in respect of the Offer

**“Disclosure Guidance and Transparency Rules”**

the Disclosure Guidance and Transparency Rules sourcebook issued by the FCA

**“Effective”**

in the context of the Offer:

(i) if the Offer is implemented by way of a Takeover Offer, the Takeover Offer having been declared or become unconditional in accordance with the requirements of the Code; or

(ii) if the Offer is implemented by way of the Scheme, the Scheme having become effective in accordance with its terms, upon the delivery of the Scheme Court Order to the Registrar of Companies for registration

**“Effective Date”**

the date upon which the Offer becomes or is declared Effective



<b>“Enlarged Group”</b>	the ADV Group and the M&C Saatchi Group following the Offer becoming Effective
<b>“FCA”</b>	the Financial Conduct Authority
<b>“Form of Acceptance”</b>	the form of acceptance and authority relating to the Offer which will accompany the Offer Document for use by M&C Saatchi Shareholders with M&C Saatchi Shares in certificated form
<b>"Form(s) of Election"</b>	the forms of election for use by an eligible M&C Saatchi Shareholder to participate in (i) the Mix and Match Facility and (ii) the All Share Alternative, which shall accompany the Offer Document
<b>“General Meeting”</b>	if the Offer is implemented by way of a Scheme, the general meeting of M&C Saatchi to be convened in connection with the Scheme
<b>“Investec”</b>	Investec Bank plc of 30 Gresham Street, London, England, EC2V 7QP
<b>“Last Accounts”</b>	the published accounts of M&C Saatchi for the period ended 31 December 2021
<b>“Last Accounts Date”</b>	31 December 2021
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Long-Stop Date”</b>	11.59 p.m. on 31 October 2022 or such later date (if any) as ADV may with the consent of the Panel, specify
<b>“M&amp;C Saatchi”</b>	M&C Saatchi plc, incorporated in England and Wales with registered number 05114893
<b>“M&amp;C Saatchi Directors”</b>	the board of M&C Saatchi as at the date of this announcement
<b>“M&amp;C Saatchi Group”</b>	M&C Saatchi and its subsidiary undertakings and, where the context permits, each of them
<b>“M&amp;C Saatchi Independent Directors”</b>	the M&C Saatchi Directors other than Vin Murria
<b>"M&amp;C Saatchi Interim Accounts"</b>	M&C Saatchi interim accounts for the six months ended 30 June 2021
<b>“M&amp;C Saatchi Shareholders”</b>	all holders of M&C Saatchi Shares from time to time
<b>“M&amp;C Saatchi Shares”</b>	the ordinary shares of 1 penny each in the capital of M&C Saatchi and includes:

(a) 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;

(b) 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 the date on which the Offer closes (or such earlier date or dates as ADV may, subject to the Code, determine); and

(c) any M&C Saatchi Shares held as treasury shares that are transferred out of treasury before the date on which the Offer closes (or such earlier date or dates as ADV may, subject to the Code, determine)

**“M&C Saatchi Share Schemes”**

the:

(a) Long Term Incentive Plan approved by M&C Saatchi Board on 28 September 2021 for adoption on 27 September 2021;

(b) M&C Saatchi plc Restricted Share Award Plan adopted by M&C Saatchi plc on 17 August 2021; and

(c) Put Options.

**“Market Abuse Regulation”**

the UK version of Regulation (EU) No 596/2014 which forms part of the UK domestic law by virtue of the European Union (Withdrawal) Act 2018

**"Marwyn"**

Marwyn Investment Management LLP, which is authorised and regulated by the FCA

**“Minimum Acceptance Threshold”**

the minimum level of acceptances for the Offer, as described in Appendix 1 of this announcement

**"Mix and Match Facility"**

the mix and match facility under which eligible M&C Saatchi Shareholders will be able to elect, subject to there being equal and opposite elections made by other M&C Saatchi Shareholders, to vary the proportions in which they receive New ADV Shares and cash under the Offer

**“New ADV Shares”**

the new ADV Shares to be issued to M&C Saatchi Shareholders in relation to the Offer or All Share Offer

**“Offer”**

has the meaning given to it in section 1 of this announcement

<b>“Offer Document”</b>	the document to be sent to M&C Saatchi Shareholders which will contain, <i>inter alia</i> , the terms and conditions of the Offer
<b>“Offer Shares”</b>	has the meaning given to it in Appendix 2 of this announcement
<b>“Offer Value”</b>	has the meaning given to it in section 2 of this announcement
<b>“Official List”</b>	the official list maintained by the FCA
<b>“Opening Position Disclosure”</b>	an announcement in accordance with Rule 8 of the Code 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
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“PBT”</b>	profit before tax
<b>“PRA”</b>	the Prudential Regulation Authority
<b>“Put Options”</b>	the put options granted by M&C Saatchi and described in more detail in section 10 of this Announcement;
<b>“Regulatory Information Service”</b>	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to M&C Saatchi Shareholders in that jurisdiction
<b>“Restricted Overseas Shareholder”</b>	any M&C Saatchi Shareholder not resident in, or nationals or citizens of the United Kingdom who has not prior to the Unconditional Date been able to satisfy ADV in its absolute discretion that receipt of New ADV Shares pursuant to the Offer or All Share Offer is exempt from or not subject to the registration or other legal or regulatory requirements or restrictions of the relevant jurisdiction
<b>“Scheme”</b>	has the meaning given in Part C of the Appendix
<b>“Scheme Court Order”</b>	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act

<b>“SEC”</b>	the US Securities Exchange Commission
<b>“Subsidiary”</b>	has the meaning given in section 1159 of the Companies Act 2006
<b>“Third Party”</b>	any relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“Unconditional Date”</b>	"Day 60" of the Offer timetable as established by the Code, or such earlier date as ADV may specify in the Offer Document or any Acceleration Statement unless, where permitted, it has set aside that statement
<b>“US” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>“Wider ADV Group”</b>	ADV and its subsidiary undertakings, associated undertakings and any other undertaking in which ADV and/or such undertakings (aggregating their interests) have a significant interest and for these purposes <b>“subsidiary undertaking”</b> and <b>“undertaking”</b> have the meanings given by the Companies Act 2006, <b>“associated undertaking”</b> has the meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, other than paragraph 19(1)(b) of Schedule 6 to those regulations which shall be excluded for this purpose, and “significant interest” means a direct or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act 2006)
<b>“Wider M&amp;C Saatchi Group”</b>	M&C Saatchi and its subsidiary undertakings, associated undertakings and any other undertaking in which M&C Saatchi and/or such undertakings (aggregating their interests) have a significant interest and for these purposes <b>“subsidiary undertaking”</b> and <b>“undertaking”</b> have the meanings given by the Companies Act 2006, <b>“associated undertaking”</b> has the meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, other than paragraph 19(1)(b) of Schedule 6 to those regulations

which shall be excluded for this purpose, and  
“**significant interest**” means a direct or indirect interest  
in 20 per cent. or more of the total voting rights conferred  
by the equity share capital (as defined in section 548 of  
the Companies Act 2006)