

STAGWELL INC. (F/K/A MDC PARTNERS INC.)

**Information Statement under Treasury Regulation Section 1.367(b)-3(c)(3)(i)
Regarding All Earnings and Profits Amount per Share**

The information contained herein is provided pursuant to Treasury Regulation Section 1.367(b)-3(c)(3)(i) and includes a general summary of certain US federal income tax laws and regulations that are relevant to US Holders (as defined below) for purposes of determining the “all earning and profits amount” with respect to the stock of MDC Partners Inc. (“**MDC**”) required to be included by certain US Holders of MDC as a consequence of the Redomiciliation (as defined below). As used herein, the term “US Holder” means a beneficial owner of MDC stock immediately prior to the Effective Time (as defined below) that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States; (ii) a corporation created or organized in the United States or in any state thereof; (iii) an estate the income of which is subject to United States federal income tax regardless of its source; or (iv) a trust if (a) a court within the United States can exercise primary supervision over the administration of the trust or (b) it has a valid election in place to be treated as a United States person and one or more United States persons has authority to control all substantial decisions of the trust. The information contained herein does not constitute tax advice, nor does it purport to be complete or to describe the consequences of the Redomiciliation to US Holders subject to special rules or to MDC Shareholders that are not US Holders. You are urged to consult your own tax advisors regarding the particular consequences of the Redomiciliation to you, including the applicability and effect of all US federal, state, local and foreign tax laws.

Further information relevant to the US federal income tax consequences to US Holders owning shares of MDC (“**MDC Shares**”) at the time of the Redomiciliation can be found in the IRS Form 8937 (Report of Organizational Actions Affecting Basis of Securities) available at <https://www.stagwellglobal.com/wp-content/uploads/2022/01/Stagwell-8937-with-Attachment-Executed.pdf>

We also urge you to read the proxy statement/prospectus filed by MDC on Form 424B3 on May 10, 2021 (File No. 333-252829) (the “**Proxy Statement/Prospectus**”), available at: [tm214718-15 424b3 - none - 113.8911385s \(sec.gov\)](https://www.sec.gov/edgar/disclosure/primary/proc/prospectus/2021/000119312521000001/20210510_424b3.htm), as supplemented by the supplement to the Proxy Statement/Prospectus filed on Form 8-K on July 13, 2021 and the supplement to the Proxy Statement/Prospectus filed on Form 8-K on July 19, 2021.

The Redomiciliation Transaction

On July 29, 2021 (the “**Effective Time**”), MDC: (i) changed its jurisdiction of incorporation from the federal jurisdiction of Canada to the State of Delaware pursuant to a “continuance” effected in accordance with Section 188 of the Canada Business Corporations Act and a concurrent “domestication” effected in accordance with Section 388 of the Delaware General Corporation Law, (ii) merged with an indirect, wholly owned subsidiary of MDC with MDC surviving as a direct subsidiary of a newly formed, Delaware-organized, NASDAQ-listed corporation, MDC Stagwell Holdings Inc., and (iii) converted into a single member Delaware limited liability company with MDC Stagwell Holdings Inc as its sole member (collectively, the “**Redomiciliation**”). MDC Stagwell Holdings Inc. subsequently changed its name to Stagwell Inc (“**Stagwell**”). The Redomiciliation is intended to be treated as a reorganization for US federal

income tax purposes within the meaning of Section 368(a)(1)(F) of the US Internal Revenue Code of 1986, as amended (the “*Code*”).

As a result of the Redomiciliation, each MDC Class A Common Share, each MDC Class B Common Share, each MDC Series 4 Share and each MDC Series 6 Share, in each case held by a non-dissenting holder, was converted into the right to receive a Stagwell Class A Common Share, a Stagwell Class B Common Share, a Stagwell Series 4 Share or a Stagwell Series 6 Share, respectively.

Effect on US Holders of MDC Shares

Assuming the Redomiciliation qualifies as a reorganization under Section 368(a)(1)(F) for US federal income tax purposes, a non-dissenting US Holder that beneficially owned (actually and constructively) MDC Shares with a fair market value of \$50,000 or more as of the Effective Time, but less than 10% of the total combined voting power of all Classes of MDC stock entitled to vote and less than 10% of the total value of all Classes of MDC stock outstanding (at any point during the period from January 1, 2021 through the Effective Time), generally would recognize gain (but not loss) in respect of the Redomiciliation as if such US Holder exchanged their MDC Shares for the corresponding class of stock of Stagwell (“*Stagwell Shares*”) in a taxable transaction, unless such US Holder elects in accordance with applicable Treasury Regulations to include in income as a deemed dividend the “all earnings and profits amount” attributable to the MDC Shares held directly by such shareholder as of the Effective Time (such election, a “*Deemed Dividend Election*”). A shareholder who makes a Deemed Dividend Election will increase the tax basis of their Stagwell Shares by the amount per share included as a deemed dividend. Shareholders are encouraged to consult their own tax advisors about the US federal income tax consequences of making or not making a Deemed Dividend Election.

Assuming the Redomiciliation qualifies as a reorganization under Section 368(a)(1)(F) for US federal income tax purposes, a non-dissenting US Holder that beneficially owned (actually and constructively) MDC Shares representing at least 10% of the total combined voting power of all Classes of MDC stock entitled to vote or at least 10% of the total value of all Classes of MDC stock outstanding (at any point during the period from January 1, 2021 through the Effective Time) (a “*US 10% Shareholder*”), generally would be required to include in income as a deemed dividend the “all earnings and profits amount” attributable to the MDC Shares held directly by such US Holder. Any US 10% Shareholder that is a corporation should consult their tax advisor regarding the availability of the Code section 245A exemption from a deemed dividend.

As discussed in the Proxy Statement/Prospectus, certain US Holders may wish to consider making an election referred to as the “all earnings and profits” election. If a US Holder makes the “all earnings and profits” election, the election must comply with certain conditions under applicable Treasury Regulations and generally must include, among other things (i) a statement that the Redomiciliation is a Section 367(b) exchange, (ii) a complete description of the Redomiciliation, (iii) a description of any stock, securities or other consideration transferred or received in the Redomiciliation, (iv) a statement describing the amounts required to be taken into account for US federal income tax purposes, (v) a statement that the US Holder is making the election that includes (A) a copy of the information that the US Holder received from Stagwell establishing and substantiating the US Holder’s all earnings and profits amount with respect to the US Holder’s shares, and (B) a representation that the US Holder has notified Stagwell that the US Holder is making the election, and (vi) certain other information required to be furnished with the

US Holder's tax return or otherwise furnished pursuant to the Code or the Treasury Regulations thereunder. In addition, the election must be attached by the US Holder to its timely filed US federal income tax return for the year of the Redomiciliation (so, for a US Holder with a calendar taxable year, the election must be attached to such holder's 2021 tax return). In addition, in order to make a valid "all earnings and profits" election, the electing holder must send notice of the election to Stagwell no later than the date such tax return is filed.

US Holders electing to make the "all earnings and profits" election should send notice of this election to taxelections@stagwellglobal.com. This notice should include the following statement: "Pursuant to the notification requirement in Section 367(b) of the Internal Revenue Code, [Name of electing stockholder] has elected to recognize the "all earnings and profits amount."

US HOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING WHETHER TO MAKE THE "ALL EARNINGS AND PROFITS" ELECTION DESCRIBED IN THIS SUMMARY AND, IF THE ELECTION IS DETERMINED TO BE ADVISABLE, HOW TO SATISFY THE APPLICABLE REQUIREMENTS IN THE TREASURY REGULATIONS FOR MAKING THIS ELECTION.

In general, the "all earnings and profits amount" attributable to shares of MDC held by a US Holder or 10% US Holder depends on MDC's net positive earnings and profits (as determined under applicable US federal income tax principles) from the date that such shares were acquired by such holder through the Effective Time. The table provided in this summary under the heading "Annual Earnings and Profits by Tax Year" is designed to facilitate each US Holder or 10% US Holder's determination of the amount of earnings and profits attributable to such holder's MDC Shares based on the date that such were acquired by the holder. Because MDC Shares traded above their price at the Effective Time for most periods prior to April 2018 except for a brief period in October 2016, Stagwell has determined that only the earnings and profits for the years 2016 and following will be presented herein.

The determination of MDC's earnings and profits, as reported in the table under the heading "Annual Earnings and Profits by Tax Year", is a complex determination and may be impacted by numerous factors. Accordingly, there can be no assurance that the US Internal Revenue Service (the "**IRS**") will agree with Stagwell's determination of such earnings and profits. If the IRS does not agree with such earnings and profits calculations, the earnings and profits of MDC may be greater than reported. In such case, a US Holder that makes an "all earnings and profits" election or a 10% US Holder could have a greater than anticipated "all earnings and profits amount" in respect of such their MDC shares of and thereby recognize greater taxable income.

The information contained in this summary is intended to assist US Holders and 10% US Holders in determining the "all earnings and profits amount" relating to such holder's shares of MDC stock. This summary is not intended, and should not be construed, as tax or legal advice. Stockholders should consult their own tax advisors regarding all tax compliance matters relating to the determination, calculation and reporting of the "all earnings and profits" amount, having regard to such stockholder's particular circumstances.

Please submit questions to taxelections@stagwellglobal.com.

Annual Earnings and Profits by Tax Year

The following table sets forth Stagwell's estimates of MDC's earnings and profits amounts on a per share and, in respect of convertible preferred shares, a per share equivalent basis for the calendar tax years starting with 2016.

MDC's earnings and profits were computed in Canadian dollars and converted to US dollars at the spot foreign exchange rate for Canadian dollars on July 29, 2021 (\$1.2447/CND).

Year	USD Per Share/ Share Equivalent
Jan 1, 2021 – July 29, 2021	\$0.940
Jan 1, 2020 – Dec 31, 2020	\$0.007
Jan 1, 2019 – Dec 31, 2019	\$0.070
Jan 1, 2018 – Dec 31, 2018	\$0.059
Jan 1, 2017 – Dec 31, 2017	\$0.167
Jan 1, 2016 – Dec 31, 2016	\$(3.879)