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**If you sell or transfer or have sold or transferred all of your Sportech Shares, please send this document together with the accompanying documents at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you sell or have sold or otherwise transferred only part of your holding of Sportech Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.**

The release, publication or distribution of this document in 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 document has been prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.



## **Sportech PLC**

*(incorporated and registered in Scotland with registered number SC069140)*

### **Proposed Disposal of the Football Pools Business**

#### **Circular to Shareholders**

**and**

#### **Notice of General Meeting**

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**The whole document should be read. Your attention, in particular, is drawn to the risk factors set out in Part II (*Risk Factors*) of this document and the letter from the Chairman of Sportech that is set out in Part I (*Letter from the Chairman of Sportech*) of this document and which contains the unanimous recommendation from the Directors that you vote in favour of the Resolution to be proposed at the General Meeting.**

**Notice of a General Meeting of Sportech to be held at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London, EC4Y 1HS at 10 a.m. on 19 April 2017 is set out in Part IX (*Notice of General Meeting*) of this document. A summary of the actions to be taken in respect of the General Meeting are set out in paragraph 11 of Part I (*Letter from the Chairman of Sportech*) of this document.** Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to attend the General Meeting in person, please complete and sign the Form of Proxy in accordance with the instructions printed on them and return them to Sportech’s Registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, as soon as possible and, in any event, so as to be received by no later than 48 hours (excluding any part of a day that is not a working day) prior to the time appointed for the holding of the General Meeting. You may alternatively appoint a proxy electronically by completing the Form of Proxy online at [www.capitashareportal.com](http://www.capitashareportal.com). In addition, CREST members may use the CREST electronic appointment service. Further details of the electronic appointment methods (including timeframes for electronic appointment) are set out in Part IX (*Notice of General Meeting*). Completion and return of the Form of Proxy in hard copy or via the Registrars’ website (or the CREST electronic appointment of a proxy) will not preclude Shareholders from attending and voting in person at the General Meeting, should they so wish.

**If you have any questions about this document, the General Meeting or on the completion and return of the Form of Proxy, please call the shareholder helpline on 0871 664 0300. Calls cost 12p per minute plus your phone company’s access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Disposal.**

Investec Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for Sportech and for no one else in connection with the matters described in this document and is not, and will not be, responsible to anyone other than Sportech for providing the protections afforded to its clients nor for providing advice in connection with the matters set out in this document.

To the extent that any document or information incorporated by reference or attached to this document, itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information. Without prejudice to the documents incorporated by reference into this document,

the contents of the website of Sportech and any website directly or indirectly linked to that website do not form part of this document and should not be relied upon.

Capitalised terms have the meaning ascribed to them in Part VIII (*Definitions*) of this document.

#### **AVAILABILITY OF HARD COPIES**

If you have received this document in electronic form, you may request a hard copy of this document and/or any information incorporated by reference into this document by calling the shareholder helpline on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Disposal. You may also request that all future documents, announcements and information to be sent to you in relation to the Disposal should be in hard copy form. Hard copies of this document and any document or information incorporated by reference into this document will not be provided unless such a request is made.

#### **INFORMATION REGARDING FORWARD-LOOKING STATEMENTS**

This document contains statements which are, or may be deemed to be, "forward-looking statements" which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of a date in the future or forward-looking words such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "targets", "aims", "projects" or words or terms of similar substance or the negative of those terms, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations or events that are beyond Sportech's control.

Forward-looking statements include statements regarding the intentions, beliefs or current expectations of Sportech concerning, without limitation: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Sportech Group's operations; and (iii) the effects of global economic conditions on the Sportech Group's business.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause the actual results, performance or achievements of the Sportech Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause the actual results, performance or achievements of the Sportech Group to differ materially from the expectations of the Sportech Group include, amongst other things, general business and economic conditions globally, industry trends, competition, changes in government and other regulation (including licensing) and policy, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, the outcome of any litigation, the impact of any acquisitions or similar transactions, IT system and technology failures, political and economic uncertainty and other factors discussed in Part II (*Risk Factors*) of this document. Such forward-looking statements should therefore be construed in light of such factors.

Neither Sportech nor any of its directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

Forward-looking statements contained in this document apply only as at the date of this document. Other than in accordance with its legal or regulatory obligations (including under the Listing Rules and the Disclosure Guidance and Transparency Rules), Sportech is not under any obligation and Sportech expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

#### **NO PROFIT FORECAST**

No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per Sportech Share for the current or future financial years would necessarily match or exceed the historical published earnings per Sportech Share.

#### **PRESENTATION OF FINANCIAL INFORMATION**

References to "£", "GBP", "pounds", "pounds sterling", "sterling", "p" and "pence" are to the lawful currency of the United Kingdom. References to "\$", "US\$", "USD", "\$US", "US Dollars", "US dollars" or "cents" are to the lawful currency of the United States of America. References to "CAD\$", "Canadian Dollars" or "Canadian dollars" are to the lawful currency of Canada.

Percentages in tables may have been rounded and accordingly may not add up to 100 per cent. Certain financial data has been rounded, and, as a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

This document is dated 29 March 2017.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Disposal 2 March 2017

Publication and posting of this document to Shareholders 29 March 2017

*The following dates are provided by way of indicative guidance and are subject to change. If any of the following times and/or dates change, the new times and/or dates will be notified to Shareholders by an announcement through an RIS.*

Latest time and date for receipt of Forms of Proxy for the General Meeting 10 a.m. on 13 April 2017

Latest time and date for receipt of CREST Proxy instructions for use at the General Meeting 10 a.m. on 13 April 2017

General Meeting 10 a.m. on 19 April 2017

Expected date of Completion (subject to approval) May 2017

Long Stop Date 2 September 2017

**Notes:**

All time references in this document are to London time.

## **DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS**

<b>Directors</b>	Ian Penrose <i>(Chief Executive)</i> Roger Withers <i>(Non-executive Chairman)</i> Maneck Kalifa* <i>(Chief Financial Officer)</i> Andrew Gaughan <i>(President, Sportech Racing/Digital)</i> Richard McGuire <i>(Independent Non-executive Director)</i>
<b>Company Secretary</b>	Luisa Wright
<b>Registered Office</b>	Collins House Rutland Square Edinburgh Midlothian Scotland EH1 2AA
<b>Head Office</b>	101 Wigmore Street London W1U 1QU
<b>Sponsor and Financial Adviser</b>	Investec Bank plc 2 Gresham Street London EC2V 7QP
<b>Legal Advisers</b>	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS
<b>Reporting Accountants and Auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Registrars</b>	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

\* Familiar name Mickey.

## PART I

### LETTER FROM THE CHAIRMAN OF SPORTECH

## SPORTECH PLC

*(Incorporated and registered in Scotland with registered number SC069140)*

*Directors:*

Ian Penrose *(Chief Executive)*  
Roger Withers *(Non-executive Chairman)*  
Maneck Kalifa\* *(Chief Financial Officer)*  
Andrew Gaughan *(President, Sportech Racing / Digital)*  
Richard McGuire *(Independent Non-executive Director)*

\* Familiar name Mickey.

*Registered Office:*

Collins House  
Rutland Square  
Edinburgh  
Midlothian  
Scotland  
EH1 2AA

29 March 2017

Dear Shareholder

### **Proposed Disposal of the Football Pools Business and Notice of General Meeting**

#### **1. INTRODUCTION**

On 2 March 2017, Sportech announced that it had entered into a conditional agreement for the sale of the Football Pools Business (the “**Disposal**”) to the Purchaser, which is a newly incorporated private limited company controlled by funds advised by OpCapita LLP, a UK-based private equity advisory firm, for a total cash consideration of £83 million on a debt free, cash free basis (the “**Consideration**”).

The Consideration is payable in full and in cash on the date of Completion, subject to customary adjustments made as at that date. The Disposal will be effected through the sale of assets and liabilities of The Football Pools Limited and Football Pools Games Limited (excluding certain assets and liabilities including as described in paragraph 4 of this letter) and the sale of the entire issued share capital of certain related subsidiary companies. The principal terms of the Sale Agreement and other Transaction Agreements are described in more detail in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

**In view of its size, the Disposal constitutes a Class 1 transaction for Sportech under the Listing Rules, and Completion is therefore conditional upon, amongst other things, the passing of a resolution to approve the Disposal by Shareholders. Accordingly, a General Meeting is being convened at which such approval will be sought and will be held at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London, EC4Y 1HS at 10 a.m. on 19 April 2017. The Notice of General Meeting is set out in Part IX (*Notice of General Meeting*) of this document.**

The purpose of this document is to: (i) provide you with information relating to the Disposal; (ii) explain the background to and reasons for the Disposal and why the Board considers the Disposal to be in the best interests of Shareholders as a whole; and (iii) recommend that you vote in favour of the Resolution set out in the Notice of General Meeting at the end of this document.

The Directors have irrevocably undertaken to vote in favour of the Resolution at the General Meeting in respect of the Sportech Shares to which they are beneficially entitled (representing approximately 0.80 per cent. of the total issued share capital of Sportech as at 27 March 2017 (being the latest practicable date prior to the publication of this document)).

In addition, certain other Shareholders have given irrevocable undertakings to vote in favour of the Resolution at the General Meeting in respect of their Sportech Shares, which together represented

approximately 23.60 per cent. of the total issued share capital of Sportech as at 27 March 2017 (being the latest practicable date prior to the publication of this document).

## **2. BACKGROUND TO AND REASONS FOR THE DISPOSAL**

Sportech is one of the world's leading pool betting and technology suppliers, focused on highly regulated markets worldwide, with three divisions: Racing and Digital, Venues and the Football Pools Business. Both the Racing and Digital division, which processed approximately US\$11.6 billion of bets during 2016, and the Venues division, which principally operates venues in Connecticut alongside telephone and internet operations that service its exclusive and perpetual licence to provide pari-mutuel wagering on horse racing, greyhound racing and Jai Alai in the state, are primarily based in the US. The Football Pools Business, which is based in the UK, in the year ended 31 December 2016 contributed 28.8 per cent. of the Sportech Group's revenue and 63.0 per cent. of the Sportech Group's EBITDA and had net assets of £111.1 million as at 31 December 2016.

In response to reducing revenues and earnings caused by the introduction of the National Lottery in 1994, together with the rapid expansion of gambling products and digital technology, the Sportech Group initiated a modernisation programme for the Football Pools Business in 2006, designed to deliver earnings stability and future growth. To achieve this, the Football Pools Business needed to overhaul its technology platform and product range, with a view to, amongst other things, improving its customer retention rates, increasing its spend per head from core customers, recruiting new players and converting existing paper based players to online channels and direct debit payments. In addition, it was necessary for the Football Pools Business to modernise its operations and consolidate its customers into a single database, enabling greater cross-sell opportunities and a lower operating cost base.

The final stages in the Football Pools Business modernisation process were completed in the first half of 2016 after a number of years of heavy investment in new products, improved distribution, digital capability and operational efficiencies.

Whilst the Football Pools Business has achieved earnings stability in 2016, the Board believes that the Sportech Group has reached an important inflection point in its development, particularly as its predominantly US-focused Racing and Digital and Venues divisions are well positioned to capitalise on potential future opportunities in their respective markets. Accordingly, over the last two years the Board has been evaluating opportunities to realise the full potential of the Sportech Group's divisions whilst ensuring that the Sportech Group maintains an appropriate capital structure.

During the year ended 31 December 2016, the VAT Claim litigation in respect of the "Spot the Ball" game was brought to a successful close following the Supreme Court's decision on 8 December 2016 to refuse HMRC permission to appeal against the Court of Appeal's unanimous decision in favour of Sportech. The majority of the proceeds of the VAT Claim were received by the Sportech Group by 28 June 2016 (amounting to £93.9 million) and the Sportech Group has now received the remaining balance of the proceeds of the VAT Claim (amounting to approximately £3 million).

The proceeds of the VAT Claim were partly used to pay down the Sportech Group's net debt through the prepayment and repayment of £68.1 million previously drawn down under the Sportech Group's revolving credit facility. The revolving credit facility was reduced from £75 million to £50 million in December 2016 and as at 31 December 2016 was not drawn. Please see paragraph 8.1 of Part VI (*Additional Information*) of this document for further information on this revolving credit facility. The balance of the proceeds of the VAT Claim, totalling £28.9 million, has been subsumed within the Sportech Group's available cash facilities.

On 2 March 2017, and in view of the successful outcome of the VAT Claim litigation, the Board announced its intention to return approximately £20.0 million to Shareholders by way of the Tender Offer.

On 10 March 2017, the Board announced the publication of the Tender Offer Circular containing the terms of the Tender Offer, which subsequently closed on 20 March 2017. A total of 20,623,804 Sportech Shares were purchased by the Company for cancellation for an aggregate consideration of £20.9 million. Following completion of the Tender Offer and cancellation of the purchased Sportech Shares, the Company now has 185,614,244 ordinary shares in issue with voting rights, with no ordinary shares held in treasury.

Against this background, the Board believes that the Disposal is in the best interests of Shareholders as a whole for the following key reasons:

- it represents an attractive opportunity to realise the value of the Football Pools Business following the successful implementation of its modernisation programme and as it continues to transition its business model in an increasingly competitive UK gaming market;
- it will create a focused gaming business primarily based in the US and comprising the Racing and Digital and Venues divisions, operating in a market with attractive long term growth prospects underpinned by potential future regulatory change in the gaming industry;
- it will provide the Retained Group with additional resources to further invest in product and technology developments and the potential rollout of US venues in Connecticut and California and to pursue other potential growth opportunities where the Board considers attractive returns on investment can be generated;
- the Board considers that the Football Pools Business and the Retained Group, whose constituent parts do not have material synergies, would each benefit from the increased management focus which would be achieved through a separation; and
- the net cash proceeds of the Disposal may enable the Sportech Group to provide a further return of capital to Shareholders, in addition to the return of capital by way of the Tender Offer which closed on 20 March 2017 (subject to, amongst other things, the availability of sufficient distributable reserves and the general ongoing capital requirements of the Retained Group) as further discussed in paragraph 6 of this letter.

### 3. INFORMATION ON THE FOOTBALL POOLS BUSINESS

The Football Pools Business is the UK's largest and the world's oldest football pools business, comprising Littlewoods Pools, founded in 1923 and acquired in 2000, Zetters Pools, founded in 1933 and acquired in 2002, and Vernons Pools, founded in 1925 and acquired in 2007. The website [www.footballpools.com](http://www.footballpools.com) was launched in 2007 and the three football pool brands were rebranded "The New Football Pools" at the start of the new football season in August 2008, as a result of the imminent cessation of the ten year licence to use the Littlewoods name, and then subsequently rebranded "The Football Pools".

The Football Pools Business offers a range of products including the Classic Pools, Premier 10, Jackpot 12, Soccer 6, MatchXtra, Spot the Ball and Lucky Clover, together with a full suite of online casino games.

On 31 December 2016, the main Classic Pools game had 180,000 subscription customers (2015: 195,000). Over 64 per cent. of customers played by direct debit as at 31 December 2016 and, during the year ended 31 December 2016, 10,000 new subscription customers were recruited (2015: 18,000). Weekly spend per customer was £3.24 as at 31 December 2016.

The table below provides a summary of the financial results of the Football Pools Business for the three years ended 31 December 2016.

	<i>Year ended 31 December 2014 £m</i>	<i>Year ended 31 December 2015 £m</i>	<i>Year ended 31 December 2016 £m</i>
<b>Revenue</b>	38.0	33.8	28.4
<b>EBITDA</b>	16.6	15.2	15.0
<b>Normalised operating profit<sup>(1)</sup></b>	14.9	12.8	12.2
<b>Normalised operating profit margin</b>	39.2%	37.9%	43.0%

**Note:**

(1) Normalised operating profit represents operating profit net of exceptional items, impairments, and amortisation of acquired intangibles.

As at 31 December 2016, the Football Pools Business had gross assets of £140.8 million and net assets of £111.1 million. The gross assets at 31 December 2016 that are subject to disposal total £7.0 million, and net liabilities total £2.7 million. Assets not disposed of include intercompany balances owing to the Football Pools Business by other members of the Sportech Group which do not transfer on Completion.

The above figures have been extracted without material adjustment from the financial information contained in Part III (*Unaudited Financial Information on the Football Pools Business*) of this document. In order to make a proper assessment of the financial position of the Football Pools Business, you should not rely on the summary financial information set out above, but should read the whole of this document.

#### **4. SUMMARY OF THE TERMS OF THE DISPOSAL**

The Disposal is being made pursuant to the terms of the Sale Agreement and other Transaction Agreements. Under the Sale Agreement, Sportech has agreed to sell (together with and through the relevant members of the Sportech Group) the assets and liabilities of The Football Pools Limited and Football Pools Games Limited (excluding certain assets and liabilities, including any liabilities of the Transferring Businesses that result from an act or omission which occurs before Completion and any rights, title, benefit and interest to, in or under, and any liability in relation to, the VAT Claim or the Associated VAT Claims, or any proceeds thereof) and the entire issued share capital of certain related subsidiary companies for cash consideration of £83.0 million on a debt free, cash free basis, subject to certain conditions to Completion. The Consideration is payable by the Purchaser in cash on Completion, subject to customary adjustments based on the amounts of working capital, debt and cash in the Football Pools Business at Completion.

The Sale Agreement contains certain warranties and indemnities given by each of Sportech and the Purchaser which are customary for a transaction of this nature. Completion of the Disposal is conditional on the Purchaser having obtained the necessary licences from the Gambling Commission and the passing of the Resolution at the General Meeting. The Purchaser is also entitled to terminate the Sale Agreement prior to Completion in certain circumstances.

In addition, Sportech has agreed the terms of a Transitional Services Agreement to be entered into between Sportech and the Purchaser on Completion, which will regulate the provision of services between the Retained Group and the Football Pools Business for a transitional period after Completion.

Sportech currently operates a defined benefit pension scheme (the “**Sportech Pension Scheme**”) for the benefit of a limited number of employees and former employees of The Football Pools Limited. The Sportech Pension Scheme comprises only deferred and pensioner members. Sportech will retain the Sportech Pension Scheme notwithstanding the Disposal.

Further details of the terms of the Disposal, including the principal terms of the Sale Agreement and the Transitional Services Agreement, are set out in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

#### **5. INFORMATION ON THE PURCHASER**

The Purchaser is a newly incorporated private limited company that has been established for the purposes of acquiring the Football Pools Business from Sportech. The Purchaser is controlled by funds advised by OpCapita LLP, which is a UK-based private equity advisory firm, specialising in the retail, consumer and leisure industries.

#### **6. USE OF PROCEEDS, FINANCIAL EFFECTS OF THE DISPOSAL AND FUTURE STRATEGY**

The net cash proceeds arising from the Disposal are expected to be approximately £73 million, after estimated transaction costs of £2.0 million and tax arising on the Disposal of approximately £6.0 million and taking into account other adjustments under the Sale Agreement. Following Completion, the Retained Group is expected to have pro forma net cash of approximately £122.6 million, based on the Sportech Group’s position as at 31 December 2016, as if the Disposal had occurred on 31 December 2016. The net cash proceeds from the Disposal will be subsumed into the Retained Group’s available cash facilities, subject to the capital requirements of the Retained Group and a possible further return of capital, as described below.

The pro forma impact of the Disposal on the net assets of the Retained Group as at 31 December 2016, which has been prepared for illustrative purposes only, is set out in Part IV (*Unaudited Pro Forma Financial Information for the Retained Group*) of this document.

Whilst the Disposal will be earnings dilutive in the short term, the Directors believe that it will provide significant financial resources to invest in product and technology development, rollout further potential US venues and exploit other potential growth opportunities where the Board considers attractive returns on investment can be generated and thereby enable the Sportech Group to create a more focused gaming business primarily based in the US. It is expected that central costs will decrease following the Disposal, reflecting the smaller scale of the Retained Group.

The Board will also consider a further return of capital to Shareholders from the net cash proceeds of the Disposal, with the quantum and timing of such return to be determined by the Board following Completion of the Disposal (subject to, amongst other things, the availability of sufficient distributable reserves and the general ongoing capital requirements of the Retained Group in connection with the growth strategy described above).

## **7. DIVIDENDS AND DIVIDEND POLICY**

Following the Disposal, the Board will consider the most appropriate ongoing dividend policy for the Retained Group, which will take into account the underlying performance, capital structure and investment opportunities of the Retained Group.

## **8. CURRENT TRADING, TRENDS AND FUTURE PROSPECTS**

On 2 March 2017, the Company issued its audited final results for the year ended 31 December 2016, which contained the outlook statement set out below:

*“Sportech has been through a transformational period.*

*We have established a unique position in the regulated gaming market worldwide, most notably with our licensed gaming businesses in the US. Following a number of years of significant investment in our technology, licensing and geographical reach, we are now in a position to grow our business, dispose of surplus property assets, benefit from regulatory change and deliver increased value to our shareholders.*

*We have had a good start to the year, are trading in line with management expectations, and look forward to delivering a successful 2017.”*

Since 31 December 2016, the Board confirms that there has been no material change to the current trading and prospects of the Retained Group, which has continued to trade in line with management’s expectations.

## **9. RISK FACTORS**

For a discussion of the risks and uncertainties associated with the Disposal and the Retained Group which you should take into account when considering whether to vote in favour of the Resolution, please refer to Part II (*Risk Factors*) of this document.

## **10. GENERAL MEETING**

A General Meeting is being convened at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London, EC4Y 1HS at 10 a.m. on 19 April 2017 for the purpose of seeking Shareholder approval for the Resolution.

The Resolution will be proposed as an ordinary resolution requiring a majority of votes in favour for the Resolution to be carried. It proposes that the Disposal be approved and that the Directors be authorised to implement the Disposal. The Disposal will be conditional on, amongst other things, the Resolution being passed.

## 11. ACTION TO BE TAKEN

Please vote on the Resolution by post or through CREST or electronically or by attending the General Meeting in person or by proxy.

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are asked to complete the Form of Proxy in accordance with the instructions printed on it and return it to the Company's Registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to arrive as soon as possible, but in any event so as to be received by no later than 10 a.m. on 13 April 2017, being 48 hours before the time appointed for the holding of the General Meeting (excluding any part of a day that is not a working day). Alternatively, you may lodge your proxy instruction online via [www.capitashareportal.com](http://www.capitashareportal.com) using your personal investor code and following the online instructions so that your proxy instruction is received by the Registrars no later than 10 a.m. on 13 April 2017.

CREST members may also choose to appoint a proxy by completing and transmitting a CREST proxy instruction form so that it is received by the Registrars (under CREST participant ID number RA10) by no later than 10 a.m. on 13 April 2017. The time of receipt will be taken to be the time from which the Registrars are able to retrieve the message in the manner prescribed by CREST.

Further details regarding the appointment of proxies are set out in the Notice of General Meeting at Part IX (*Notice of General Meeting*) at the end of this document. Completion and return of the Form of Proxy in hard copy or via the Registrars' website (or the CREST electronic appointment of a proxy) will not preclude you from attending and voting at the General Meeting in person if you so wish.

## 12. FURTHER INFORMATION

The expected timetable of principal events for the Disposal is set out on page 4 of this document. Further information regarding the terms of the Disposal is set out in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document. **Shareholders are advised to read the whole of this document and not merely rely on the summarised information set out in this letter.**

## 13. RECOMMENDATION TO SHAREHOLDERS

The Board considers the Disposal to be in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends that you vote in favour of the Resolution to be proposed at the General Meeting.

The Directors have each irrevocably undertaken to vote in favour of the Resolution at the General Meeting in respect of the Sportech Shares to which they are beneficially entitled (representing approximately 0.80 per cent. of the total issued share capital of Sportech as at 27 March 2017 (being the latest practicable date prior to the publication of this document)).

The Board has received financial advice from Investec as sponsor and financial adviser in relation to the Disposal. In providing its financial advice to the Board, Investec has taken into account the Board's commercial assessment of the Disposal.

Yours faithfully  
for and on behalf of Sportech



**Roger Withers**  
*Non-executive Chairman*

## PART II

### RISK FACTORS

This Part II (*Risk Factors*) addresses the risks known to Sportech and the Directors as at the date of this document which are material risk factors to the proposed Disposal, will be material risk factors to the Sportech Group as a result of the proposed Disposal, or are existing material risk factors to the Sportech Group which will be impacted by the proposed Disposal. The risk factors included are risks which could materially and adversely affect the business, results of operations, cash flow, financial condition, turnover, profits, capital resources and/or assets of the Sportech Group, as appropriate. If certain risks materialise, the market price of the Sportech Shares could decline and Shareholders may lose some or all of their investment.

Prior to voting on the Resolution at the General Meeting, Shareholders should carefully consider, together with all other information contained in this document, the specific risks and uncertainties described below.

The risk factors below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties currently unknown to Sportech and the Directors, or which Sportech and the Directors currently deem immaterial, may also have an adverse effect on the Retained Group's operating results, financial condition and prospects if they materialise.

#### **1. RISKS RELATED TO THE DISPOSAL**

The following risks and uncertainties relate to the Disposal:

##### ***Conditions in the Sale Agreement***

Completion of the Sale Agreement is conditional upon the satisfaction of the following conditions:

- the Purchaser (or any of its nominated affiliates) having obtained the necessary licences from the Gambling Commission; and
- the approval of the Resolution by the Shareholders at the General Meeting.

There can be no assurance that these conditions will be satisfied and, accordingly, that completion under the Sale Agreement will take place. The conditions are set out in further detail in paragraph 1.2 of Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

If the Disposal does not complete, any of the risks and uncertainties set out in Section 2 of this Part II (*Risk Factors*) may adversely affect the Sportech Group's business and results.

##### ***Purchaser's termination rights***

The Purchaser could become entitled to terminate the Sale Agreement and withdraw from the Disposal in certain circumstances (as described in paragraph 1.12 of Part V (*Summary of the Principal Terms and Conditions of the Disposal*)), including (i) if there is a breach of any of the pre-Completion undertakings or warranties given by Sportech and/or, as applicable, the Selling Entities which results in: (a) a significant diminution in the value of the Football Pools Business, (b) material breach of any law or regulation by reason of fraud, dishonesty, bribery or corruption, or (c) the loss of a material licence or other permission, authorisation or consent required to carry on the Football Pools Business; or (ii) if a material adverse change occurs in respect of the business, operations or financial condition of the Football Pools Business between the date of the Sale Agreement and the General Meeting which results in a significant diminution in the value of the Football Pools Business. If the Disposal does not complete, any of the risks and uncertainties set out in Section 2 of this Part II (*Risk Factors*) may adversely affect the Sportech Group's business and results.

##### ***Warranties and indemnities in the Sale Agreement***

The Sale Agreement contains customary warranties given by the Company in favour of the Purchaser, details of which are set out in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document. The Company has taken steps to minimise the risk of liability under these provisions. However,

any liability to make a payment arising from a successful claim by the Purchaser under the warranties could have a material adverse effect on the Sportech Group's financial condition.

The Sale Agreement contains indemnities from the Company in favour of the Purchaser, including in relation to employment-related liabilities and taxation, as further described in Part V (*Summary of the Principal Terms and Conditions of the Disposal*). As a result of these indemnities, the Company is exposed to certain liabilities, the full extent of which may not be known at Completion. If the Company is required to make a payment to the Purchaser pursuant to any indemnity in the Sale Agreement, this payment could have a material adverse effect on the Sportech Group's financial condition.

The Sale Agreement also contains warranties and indemnities given by the Purchaser in favour of the Company, including in relation to employee-related liabilities and taxation, as further described in Part V (*Summary of the Principal Terms and Conditions of the Disposal*). The extent to which the Purchaser is required in the future to make payments under any of these warranties and indemnities is unpredictable. If, however, the Purchaser suffers financial distress, any payment due to the Company under such warranties and indemnities may be put at risk.

#### ***Retention of pre-Completion liabilities***

The Company has agreed pursuant to the Sale Agreement to retain within the Sportech Group certain liabilities of the Transferring Businesses, including those that arise as a result of an act or omission that occurs before Completion. The Sale Agreement contains a customary indemnity from the Company in favour of the Purchaser in relation to those liabilities. Although the Company would be exposed to those liabilities in any event if the Disposal does not proceed, following Completion it may be less able to mitigate those liabilities, given that it will not have control of the Football Pools Business. If the Company incurs such a liability itself, or is required to make a payment to the Purchaser pursuant to the indemnity relating to those liabilities in the Sale Agreement, this could have a material adverse effect on the Sportech Group's financial condition.

#### ***Risk of assets not transferring or the wrong assets transferring***

Asset transfers are complex transactions and it is possible that not all of the assets and liabilities which are intended to be transferred to the Purchaser at Completion will in fact transfer and, conversely, some assets and liabilities may transfer to the Purchaser at Completion which are not intended to be transferred, which may be disruptive to the operations of the Retained Group and/or the Football Pools Business. This risk applies to asset transfers generally and provisions have been included in the Sale Agreement to try to minimise and address this risk.

#### ***Third party interference with the Disposal***

As a listed company, the Company is exposed to approaches from third parties seeking to instigate a public takeover of the Company which might delay or prevent execution of the Disposal. The Company might also be approached by a third party seeking to make a more favourable offer than that of the Purchaser for the Football Pools Business or the Sportech Group as a whole and the Directors might consequently be required (in accordance with their fiduciary duties and subject to the terms of the Sale Agreement) to withdraw their recommendation of the Resolution and the Disposal. If the Resolution is not approved and the Disposal does not complete, any of the risks and uncertainties set out in Section 2 of this Part II (*Risk Factors*) may adversely affect the Sportech Group's business and results.

#### ***The Disposal may have a disruptive effect on the Football Pools Business***

As a result of the announcement of the Disposal, the Football Pools Business's management and employees may be affected, and key persons in management may choose to leave the Football Pools Business. Customer sentiment and spending behaviour may also be negatively impacted. This may have a negative effect on the performance of the Football Pools Business under Sportech's ownership.

### ***Taxation***

It is expected that after the utilisation of all available tax reliefs the sale of the Transferring Businesses will give rise to taxable profits for UK corporation tax purposes. The precise quantum of the resulting tax liability could be affected by any HMRC challenge to the treatment of the transaction. Any additional tax liability resulting from such challenge could have an adverse effect on the Sportech Group's financial condition.

### ***TOGC***

Sportech is of the opinion, after seeking professional advice and relying in part on certain representations made by the Purchaser under the Sale Agreement, that the transfers of the Transferring Businesses should each constitute a transfer of a going concern ("**TOGC**") for VAT purposes. If TOGC treatment applies, no VAT will be chargeable on the transfers. If, contrary to expectation, TOGC treatment does not apply, The Football Pools Limited and/or Football Pools Games Limited (as applicable) will be required to account to HMRC for VAT in an amount equal to 20 per cent. of the consideration given for the transfers of any assets which are subject to VAT. Under the Sale Agreement, any such VAT would be for the account of the Purchaser. If, however, the Purchaser suffers financial distress, any payment due from the Purchaser in respect of such VAT under the Sale Agreement may be put at risk and, if unpaid, could have a material adverse effect on the Sportech Group's financial condition.

### ***VAT Claim and Associated VAT Claims***

The Disposal has been structured to ensure that all interests in the VAT Claim and Associated VAT Claims are retained by the Sportech Group, and the parties have agreed that the Purchaser shall not acquire any rights, title, benefit or interest to, in or under, or any liability in relation to, the VAT Claim and Associated VAT Claims (or any proceeds thereof). If these provisions are found to be ineffective, such that the Purchaser acquires an interest in the VAT Claim and/or Associated VAT Claims (or any proceeds thereof), it could have an adverse effect on the Sportech Group's financial condition.

### ***Other risks of the Disposal***

Other risks that may arise out of the Disposal include exposure of the Retained Group to liabilities incurred prior to Completion in respect of the Football Pools Business (to the extent these are not transferred as part of the Disposal), commercial and other risks associated with meeting undertakings to the Purchaser during the period up to Completion, other transaction costs and use of management time, which could adversely affect the Retained Group's financial condition and results of operations.

## **2. RISKS RELATED TO THE DISPOSAL NOT PROCEEDING**

If the Disposal does not proceed, the following risks and uncertainties may affect the Sportech Group's business and results:

### ***Loss of sale proceeds***

If the Disposal does not complete, the Sportech Group will not receive the cash proceeds from the Disposal and consequently the costs incurred by the Sportech Group in connection with the Disposal would not be offset by such cash proceeds. In addition, the market's perception of a failed completion could result in a negative impact on the share price of the Sportech Group.

### ***Loss of shareholder value***

The Board believes that the Disposal is in the best interests of Shareholders taken as a whole and that the Disposal currently provides the best opportunity to realise an attractive and certain value for the Football Pools Business. If the Disposal does not complete, the value to the Sportech Group of the Football Pools Business may be lower than can be realised by way of the relevant Disposal.

### ***No assurance of a future sale***

If the Disposal does not complete, there could also be no assurance that the Sportech Group would be able to dispose of the Football Pools Business at a later date, in favourable or equivalent market circumstances,

or to dispose of the Football Pools Business at all. If the Sportech Group is unable to identify another suitable purchaser for the Football Pools Business this could lead to a loss of confidence amongst employees and customers and a reduced value of the Football Pools Business.

***There may be an adverse impact on the Sportech Group's reputation if the Disposal does not complete***

If the Disposal does not complete, there may be an adverse impact on the reputation of the Sportech Group due to amplified media scrutiny arising in connection with the attempted Disposal. Any such reputational risk could adversely affect the Sportech Group's business, financial condition and operating results.

***Potentially disruptive effect on the Sportech Group***

If the Disposal does not complete, the management and employees of the Football Pools Business may be affected, and key management or employees may choose to leave. This may have a negative effect on the performance of the Football Pools Business under the Sportech Group's ownership. To maintain shareholder value, the management of the Football Pools Business and of the Sportech Group may be required to allocate additional time and cost to the ongoing supervision and development of the Football Pools Business. This may limit the management and financial resources available to the rest of the Sportech Group, and may adversely affect the Sportech Group's financial condition and results of operations. Customer sentiment and spending behaviour may also be negatively impacted.

### **3. RISKS RELATED TO THE RETAINED GROUP**

***The Sportech Group's operations will be less diversified and more susceptible to specific risks***

The Sportech Group currently comprises three divisions: the Football Pools Business, Racing and Digital, and Venues, of which the Football Pools Business is the largest, contributing 28.8 per cent. of the Sportech Group's revenue and 63.0 per cent. of the Sportech Group's EBITDA during the financial year ended 31 December 2016 and which had net assets of £111.1 million as at 31 December 2016. Following the Disposal, the Sportech Group's business will be less diversified commercially and geographically and its overall financial performance will depend more on the performance of the Racing and Digital and Venues divisions, which are mainly operated in the US. These divisions are subject to seasonal variations dictated by the sporting calendar, and are also susceptible to specific risks, including the cancellation of sporting events due to adverse weather. Weak performance in these divisions, or in any particular part of these divisions, whether as a result of these specific risks or otherwise, will have a proportionately greater adverse impact on the financial condition of the Retained Group and a greater risk of share price volatility following the Disposal.

***US legislation or regulation may prohibit or restrict the Sportech Group's activities***

The Disposal will result in the Retained Group becoming more heavily impacted by relevant changes to US legislation and regulation. Any changes to current US legislation or regulation or the failure for new legislation or regulation to be adopted or implemented, or the introduction of any new legislation or regulation, may prohibit or restrict (or may be interpreted or amended in such a way as to prohibit or restrict) certain current or planned activities of the Sportech Group which may in turn have an adverse effect on the Retained Group's financial condition and results of operations.

***The Retained Group's cash flow and ability to obtain new financing may be reduced***

The Disposal will result in the Retained Group having less free cash flow and a lower free cash flow margin than exists within the current Sportech Group (as mentioned above in this Section 3 of Part II (*Risk Factors*), the Football Pools Business contributed 28.8 per cent. of the Sportech Group's revenue and 63.0 per cent. of the Sportech Group's EBITDA in the financial year ended 31 December 2016). Following the Disposal, the Company may find it more difficult to arrange new financing from UK-based and/or UK-focused banks in light of the Retained Group's reduced presence in the UK. There can be no certainty that the Retained Group will be able to secure financing arrangements on more favourable or equivalent terms to those that the Sportech Group (including the Football Pools Business) was able to obtain prior to the Disposal, which may result in the Retained Group's financial condition and/or operating results being adversely affected. Any new

facilities may also be more expensive and may have more onerous terms than the Sportech Group's current facility and may have an adverse effect on the Retained Group's financial condition and prospects. This should not be treated in any way as qualifying the statement relating to the Retained Group's working capital position in paragraph 12 of Part VI (*Additional Information*) of this document.

### ***Currency risk***

As the Sportech Group's operations will be less geographically diversified following the Disposal, a much greater percentage of the Retained Group's revenues and costs will be in US\$ and Euros, with the result of an increased currency risk as these are translated into Sportech's reporting currency, sterling. There has been a high degree of volatility in exchange rates since the onset of the global financial crisis and this volatility has continued with the recent European Union sovereign debt crisis and the UK's referendum in favour of leaving the European Union. Following the Disposal, currency fluctuations could have a proportionately greater impact on the Retained Group's consolidated balance sheet.

### ***The reduction in size of the Retained Group may make it more difficult to attract and retain key employees***

The success of the Retained Group depends on the efforts, abilities, experience and expertise of its executive management team, and on recruiting, retaining, motivating and developing highly skilled and competent people. There can be intense competition for such personnel and there may at any time be shortages in the availability of appropriately skilled people. The reduction in size and diversification of the Retained Group following the Disposal may make it more difficult to attract and retain talented employees which could have a material adverse effect on its business, financial condition, results of operations and prospects.

### ***The market price of the Sportech Shares may go down as well as up***

Shareholders should be aware that the value of an investment in the Company may go down as well as up and can be highly volatile. The price at which the Sportech Shares may be quoted and the price which investors may realise for their Sportech Shares will be influenced by a large number of factors, some specific to the Retained Group and its operations and some which may affect the industry as a whole, other comparable companies or publicly traded companies as a whole. The sentiments of the stock market regarding the Disposal will be one such factor and this, together with other factors including the actual or anticipated fluctuations in the financial performance of the Retained Group (as mentioned above in this Section 3 of Part II (*Risk Factors*)), the Football Pools Business is the largest of the Sportech Group's divisions and, in the financial year ended 31 December 2016, contributed to a significant portion of the Sportech Group's revenue, EBITDA and assets) and its competitors, market fluctuations, and legislative or regulatory changes in the industry or generally those affecting consumers, could lead to the market price of the Sportech Shares going up or down.

### ***Business separation***

Certain business systems and functions will need to be separated as part of the separation of the Football Pools Business from the Retained Group. At Completion, the Company will enter into a Transitional Services Agreement with the Purchaser pursuant to which each of the Company and the Purchaser will agree to provide certain services to each other for a period following Completion while the separation is taking place. There is no assurance that these services will be sustained at the same level. There could be an impact on the functioning of the Retained Group's business as a result of the separation process, the fulfilment of its obligations under the Transitional Services Agreement and the fact that it will be dependent on the Purchaser for the supply of certain services during this period, each of which could adversely affect its financial condition, results of operations and customer relationships, disrupt synergies in working practices and lead to cost increases. Further details of the Transitional Services Agreement are set out in paragraph 2 of Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

### ***Dividends***

The ability of the Company to pay dividends depends on its profitability, cash-flow and the extent to which, as a matter of law, it has sufficient distributable reserves out of which any proposed dividend may be paid. Furthermore, following the Disposal, the Retained Group will not have the benefit of revenues derived from

the Football Pools Business and, as a result, the Disposal will have a negative impact on the earnings of the Company and the quantum of dividends that the Company would be able to pay in the future. Following the Disposal, the Board will consider the most appropriate ongoing dividend policy for the Retained Group, which will take into account the distributable reserves position of the Company as well as underlying performance, capital structure and investment opportunities of the Retained Group.

#### ***Future strategy***

The future success of the Retained Group will depend on the successful implementation of its business strategy. The implementation of the business strategy will be subject to certain risks and factors outside of the Board's control, including changes in the markets in which the Retained Group currently operates. Furthermore, the level of investment required to implement the Retained Group's strategy may be greater than expected and/or the Retained Group may require additional financing in order to implement such future strategy. In such circumstances, the Board may decide to re-evaluate and amend certain aspects of its business strategy.

#### ***Previous or planned divestments and acquisitions***

The Company seeks to increase value by investing in its core businesses and potential growth opportunities, which may be through acquisitions, as well as by divesting businesses. It is possible that the Company's previous and planned acquisitions (including any future acquisitions which may be funded by the proceeds of the Disposal, although there are currently no such acquisitions in progress which are conditional on the Disposal) may not result in the benefits that were originally anticipated, for example, due to integration risk, including where costs are higher than expected or integration of acquired businesses with the Retained Group causes disruption to either business. Furthermore, acquisitions of target businesses may not be possible or desirable due to unforeseen circumstances or where due diligence brings to light certain issues which negatively impact the Company's assessment of the target business.

#### ***Retention of pension scheme***

Sportech currently operates the Sportech Pension Scheme (a defined benefit pension scheme) for the benefit of a limited number of employees and former employees of The Football Pools Limited. The Sportech Pension Scheme comprises only deferred and pensioner members. Sportech will retain the Sportech Pension Scheme notwithstanding the Disposal.

The trustees of the Sportech Pension Scheme are required to undertake an actuarial valuation of the Sportech Pension Scheme and agree with the Company the statutory funding plan for the scheme every three years. The most recent report on the actuarial valuation of the Sportech Pension Scheme under Part 3 of the Pensions Act 2004 as at 31 December 2015, which was completed on 20 March 2017, revealed a shortfall in scheme assets on the Technical Provisions basis of £151,000 (meaning a Technical Provisions funding level of 93%). However, the Company has agreed to contribute £250,000 to the scheme by the end of March 2017, following which there will be no shortfall in scheme assets on the Technical Provisions basis.

The funding position of the Sportech Pension Scheme (and therefore the size of the potential shortfall to secure the liabilities) will be affected by a number of factors including the investment performance of the Sportech Pension Scheme's investments, the life expectancy of the scheme members, changes in actuarial assumptions used to assess the Sportech Pension Scheme's funding position, changes in the rate of inflation and interest rates, the Retained Group's financial position, as well as other changes in economic conditions. The Company will retain funding obligations towards the scheme which may affect the Company's financial position.

In addition, if the Company is unable to pay the shortfall in the liabilities of the Sportech Pension Scheme in accordance with the statutory funding plan as agreed with the scheme trustees, the Company and the trustees would need to agree a revised funding plan and this could have an adverse effect on the Company's financial position. However, any such adverse impact on the Company's financial position would not be expected to be material given the current strong funding position of the scheme.

## PART III

### FINANCIAL INFORMATION ON THE FOOTBALL POOLS BUSINESS

#### 1. BASIS OF PREPARATION

The unaudited financial information contained in Sections 2 and 3 of this Part III (*Financial Information on the Football Pools Business*) represents financial information relating to: (i) the shares in the Transferring Companies; and (ii) the Transferring Businesses. These shares and businesses are collectively referred to as the “Football Pools Business”. The Football Pools Business has not in the past formed a legal group and has not prepared separate consolidated financial statements. The financial information has been extracted without material adjustment from the consolidation schedules that underlie the Sportech Group’s audited consolidated financial statements for the years ended 31 December 2014, 31 December 2015 and 31 December 2016. This financial information has been prepared in accordance with IFRS. The accounting policies used are consistent with the accounting policies adopted in Sportech’s consolidated financial statements for the years ended 31 December 2014, 31 December 2015 and 31 December 2016.

There are certain assets and liabilities included in the financial information on the Football Pools Business that will not transfer to the Purchaser on Completion. These excluded assets and liabilities are defined in the terms of the Sale Agreement and are reflected in the column entitled “Other adjustments related to the Football Pools Business” and note 3 of the unaudited pro forma consolidated statement of net assets as at 31 December 2016 set out in Part IV (*Unaudited Pro Forma Financial Information for the Retained Group*).

The financial information in Sections 2 and 3 of this Part III (*Financial Information on the Football Pools Business*) does not constitute statutory accounts for the Football Pools Business within the meaning of section 434 of the Companies Act 2006. The statutory accounts for The Football Pools Limited, Football Pools Games Limited and the Transferring Companies in respect of each of the financial periods ended 31 December 2014 and 31 December 2015 have been delivered to the Registrar of Companies. The auditors’ reports in respect of the statutory accounts of The Football Pools Limited, Football Pools Games Limited and the Transferring Companies (other than UKCL Limited) for the last three years were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Shareholders should read the whole of this document and not rely solely on the summarised financial information in this Part III (*Financial Information on the Football Pools Business*).

## 2. UNAUDITED COMBINED INCOME STATEMENT

	<i>Financial year ended 31 December 2014 £m</i>	<i>Financial year ended 31 December 2015 £m</i>	<i>Financial year ended 31 December 2016 £m</i>
Revenue	38.0	33.8	28.4
Cost of sales	(8.2)	(6.7)	(4.8)
<b>GROSS PROFIT</b>	<b>29.8</b>	<b>27.1</b>	<b>23.6</b>
Distribution costs	(0.7)	(0.4)	(0.1)
Administrative expenses	(18.3)	(14.1)	77.3
<b>NORMALISED OPERATING PROFIT</b>	<b>14.9</b>	<b>12.8</b>	<b>12.2</b>
Amortisation of acquired intangibles	(2.7)	–	–
Impairment of assets	–	–	(4.8)
Exceptional costs	(1.4)	(0.2)	(3.4)
Exceptional income	–	–	96.8
<b>OPERATING PROFIT</b>	<b>10.8</b>	<b>12.6</b>	<b>100.8</b>
Finance costs	(2.4)	(2.4)	(1.4)
Finance income	1.6	1.4	3.3
<b>PROFIT BEFORE INCOME TAX</b>	<b>10.0</b>	<b>11.6</b>	<b>102.7</b>
Income tax	(1.9)	(2.4)	(20.6)
<b>PROFIT FOR THE YEAR</b>	<b>8.1</b>	<b>9.2</b>	<b>82.1</b>

### Notes

- 1) The income statement presented above is unaudited.
- 2) The Football Pools Business has not in the past formed a legal group and has not prepared separate consolidated financial statements. The financial information has been prepared on the basis of consolidation schedules which underlie the Sportech Group's audited consolidated financial statements for the years ended 31 December 2014, 31 December 2015 and 31 December 2016.

### 3. UNAUDITED COMBINED BALANCE SHEET

31 December  
2016  
£m

#### ASSETS

##### NON-CURRENT ASSETS

Goodwill	10.2
Intangible fixed assets	4.6
Property, plant and equipment	0.5
Deferred tax assets	0.4
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	15.7

##### CURRENT ASSETS

Trade and other receivables	114.7
Cash and cash equivalents	10.4
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	125.1

##### TOTAL ASSETS

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140.8

#### LIABILITIES

##### CURRENT LIABILITIES

Trade and other payables	(7.9)
Provisions	–
Current tax liabilities	(21.6)
	<hr/>
	(29.5)

##### NET CURRENT ASSETS

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95.6

##### NON-CURRENT LIABILITIES

Financial liabilities	–
Retirement benefit liability	(0.2)
Provisions	–
	<hr/>
	(0.2)

##### TOTAL LIABILITIES

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(29.7)

##### NET ASSETS

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111.1

#### EQUITY

##### SHAREHOLDERS' EQUITY

Called up share capital	7.9
Pension reserve	(0.1)
Retained earnings	103.3
	<hr/>
<b>TOTAL EQUITY</b>	<b>111.1</b>

#### Notes

- 1) The balance sheet presented above is unaudited.
- 2) The Football Pools Business has not in the past formed a legal group and has not prepared separate consolidated financial statements. The financial information has been prepared on the basis of consolidation schedules which underlie the Sportech Group's audited consolidated financial statements for the year ended 31 December 2016.

## PART IV

### UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE RETAINED GROUP

#### 1. UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE RETAINED GROUP

The following unaudited pro forma financial information for the Retained Group has been prepared to illustrate the effect of the Disposal on the net assets of the Sportech Group had the Disposal occurred on 31 December 2016. The unaudited pro forma financial information is for illustrative purposes only and, because of its nature, addresses a hypothetical situation. It does not, therefore, represent the Retained Group's actual financial position following the Disposal. The unaudited pro forma financial information is based on the audited consolidated financial statements of the Sportech Group as at 31 December 2016 and the historical financial information of the Football Pools Business as at 31 December 2016 contained in Part III (*Financial Information on the Football Pools Business*) of this document and presented in accordance with the accounting policies applied in the preparation of the Sportech Group's audited consolidated financial statements for the year ended 31 December 2016. The unaudited pro forma financial information has been prepared on the basis set out in the notes below and in accordance with LR 13.3.3 of the Listing Rules. The unaudited pro forma financial information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

All pro forma financial adjustments are directly attributable to the Disposal. No pro forma adjustments have been made to reflect any matters not directly attributable to the Disposal.

Shareholders should read the whole of this document and not rely solely on the summarised financial information in this Part IV (*Unaudited Pro Forma Financial Information for the Retained Group*).

#### Unaudited pro forma consolidated statement of net assets as at 31 December 2016

	<i>Adjustments</i>				
	<i>Net assets adjustments related to the</i>	<i>Other adjustments related to the</i>	<i>Disposal adjustments</i>	<i>Retained Group pro forma total as at</i>	<i>31 December 2016</i>
<i>Sportech Group as at 31 December 2016</i>	<i>Football Pools Business as at 31 December 2016</i>	<i>Football Pools Business</i>	<i>Disposal adjustments</i>	<i>31 December 2016</i>	<i>2016</i>
<i>£m<sup>(1)</sup></i>	<i>£m<sup>(2)</sup></i>	<i>£m<sup>(3)</sup></i>	<i>£m<sup>(4)</sup></i>	<i>£m</i>	<i>£m</i>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	81.8	(10.2)	10.2	(81.8)	–
Intangible fixed assets	27.8	(4.6)	–	–	23.2
Property, plant and equipment	26.2	(0.5)	–	–	25.7
Net investment in joint ventures and associates	1.4	–	–	–	1.4
Trade and other receivables	2.6	–	–	–	2.6
Deferred tax assets	3.1	(0.4)	0.2	–	2.9
	142.9	(15.7)	10.4	(81.8)	55.8

*Adjustments*

	<i>Sportech Group as at 31 December 2016 £m<sup>(1)</sup></i>	<i>Net assets adjustments related to the Football Pools Business as at 31 December 2016 £m<sup>(2)</sup></i>	<i>Other adjustments related to the Football Pools Business £m<sup>(3)</sup></i>	<i>Disposal adjustments £m<sup>(4)</sup></i>	<i>Retained Group pro forma total as at 31 December 2016 £m</i>
<b>Current assets</b>					
Trade and other receivables	14.6	(114.7)	116.9	(2.9)	13.9
Available for sale financial assets	1.3	–	–	–	1.3
Inventories	2.5	–	–	–	2.5
Cash and cash equivalents	39.6	(10.4)	9.4	84.0	122.6
	<u>58.0</u>	<u>(125.1)</u>	<u>126.3</u>	<u>81.1</u>	<u>140.3</u>
<b>TOTAL ASSETS</b>	<u>200.9</u>	<u>(140.8)</u>	<u>136.7</u>	<u>(0.7)</u>	<u>196.1</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	(31.4)	7.9	(2.2)	(2.0)	(27.7)
Financial liabilities	(0.2)	–	–	–	(0.2)
Provisions	(0.1)	–	–	–	(0.1)
Current tax liabilities	(18.1)	21.6	(20.4)	(6.0)	(22.9)
	<u>(49.8)</u>	<u>29.5</u>	<u>(22.6)</u>	<u>(8.0)</u>	<u>(50.9)</u>
<b>Net current assets</b>	<u>8.2</u>	<u>(95.6)</u>	<u>103.7</u>	<u>73.1</u>	<u>89.4</u>
<b>Non-current liabilities</b>					
Financial liabilities	(0.1)	–	–	–	(0.1)
Retirement benefit liability	(1.7)	0.2	(0.2)	–	(1.7)
Provisions	(0.5)	–	–	–	(0.5)
	<u>(2.3)</u>	<u>0.2</u>	<u>(0.2)</u>	<u>–</u>	<u>(2.3)</u>
<b>Total liabilities</b>	<u>(52.1)</u>	<u>29.7</u>	<u>(22.8)</u>	<u>(8.0)</u>	<u>(53.2)</u>
<b>Net assets</b>	<u>148.8</u>	<u>(111.1)</u>	<u>113.9</u>	<u>(8.7)</u>	<u>142.9</u>

**Notes**

- 1) The net assets relating to the Sportech Group have been extracted without material adjustment from the audited consolidated financial statements of the Sportech Group as at 31 December 2016, which have been prepared in accordance with the Sportech Group's accounting policies.
- 2) These adjustments remove the net assets of the Football Pools Business and were sourced without adjustment from the historical financial information of the Football Pool Business as at 31 December 2016 contained in Part III (*Financial Information on the Football Pools Business*) of this document.
- 3) The following adjustments are made to the Football Pools Business financial information:
  - (a) To remove Goodwill recognised in the Football Pools Business financial information which does not appear in the Sportech Group financial statements (£10.2 million) as at 31 December 2016.
  - (b) To remove assets and liabilities of the Transferring Businesses which will not transfer to the Purchaser on Completion under the terms of the Sale Agreement, including:
    - (i) trade and other receivables, including intercompany trade receivables (£111.0 million), plus amounts receivable from HMRC in relation to the VAT Claim litigation in respect of the "Spot the Ball" game (£3.0 million),
    - (ii) cash and cash equivalents (£9.4 million),

- (iii) trade and other payables of £2.2 million, representing amounts payable to HMRC in relation to payroll taxes and sales taxes (£1.2 million), and additional provisions for indirect tax (£1.0 million),
  - (iv) current tax liabilities (£20.4 million),
  - (v) deferred tax assets (£0.2 million), and
  - (vi) liabilities in respect of the defined benefit pension scheme (£0.2 million).
- (c) To increase trade receivables in relation to balances owed by the Transferring Companies to the Retained Group of £2.9 million that become external receivables of the Retained Group upon Disposal. These balances are settled in full at Completion as noted in footnote 4 below.
- 4) The Disposal adjustments reflect the following items related to Completion of the Disposal:
- (a) The write off of goodwill of £81.8 million held on consolidation at the Sportech Group level in relation to the Football Pools Business. This goodwill arose at a consolidated level on the acquisition of the Football Pools Business by the Sportech Group, and therefore is not directly held by, or to be sold with, the Football Pools Business. This goodwill adjustment was extracted without material adjustment from the accounting records of the Sportech Group as at 31 December 2016.
  - (b) Settlement of balances owed by the Transferring Companies to the Retained Group of £2.9 million.
  - (c) Receipt of cash proceeds of £84.0 million, representing net purchase consideration of £84.0 million, being the aggregate of initial share prices and initial business prices, net of cash, debt and working capital adjustments (total of £1.0 million based on the December financial position of the Football Pools Business) agreed under the terms of the Sale Agreement. The cash received includes settlement of the £2.9 million receivable described in footnote 4(b).
  - (d) An accrual of £2.0 million is made for transaction costs directly attributable to the Disposal, including professional and advisers fees and other related costs, in excess to those recognised prior to 31 December 2016 in the financial statements of the Sportech Group, bringing the total transaction costs up to £6.4 million.
  - (e) A provision for corporation tax of £6.0 million is included within current tax liabilities which is management's best estimate of potential corporation tax payable in relation to the Disposal but which is subject to agreement with the relevant tax authorities and is not settled immediately on Completion.
- 5) No account has been taken of the following items: (i) trading results of the Sportech Group or the Football Pools Business since 31 December 2016; and (ii) the return of capital (through the Tender Offer) of £20.9 million to shareholders of the Sportech Group in March 2017.

## 2. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE RETAINED GROUP



The Directors  
Sportech plc  
101 Wigmore Street  
London  
W1U 1QU

Investec Bank plc (the “Sponsor”)  
2 Gresham Street  
London  
EC2V 7QP

29 March 2017

Dear Sirs

### **Sportech plc (the “Company”)**

We report on the pro forma financial information (the “**Pro Forma Financial Information**”) set out in paragraph 1 of Part IV of the Company’s Class 1 circular dated 29 March 2017 (the “**Circular**”) which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed transaction (described in the Circular) might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ending 31 December 2016. This report is required by item 13.3.3R of the Listing Rules of the UK Listing Authority (the “**Listing Rules**”) and is given for the purpose of complying with that Listing Rule and for no other purpose.

### **Responsibilities**

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report,

which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

**Opinion**

In our opinion:

- a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

## PART V

### SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

#### 1. SUMMARY OF THE PRINCIPAL TERMS OF THE SALE AGREEMENT

##### 1.1 *Disposal*

The Sale Agreement was entered into on 2 March 2017 between Sportech and the Purchaser. Pursuant to the Sale Agreement, Sportech has (as principal and as agent for the Selling Entities) agreed that it and the Selling Entities will sell the Football Pools Business to the Purchaser, subject to the conditions described in paragraph 1.2 of this Part V (*Summary of the Principal Terms and Conditions of the Disposal*). In order to effect the sale of the Football Pools Business: (i) Sportech Gaming Limited and The Football Pools Limited will sell the entire issued share capital of the Transferring Companies (except for the shares in UKCL Limited which will transfer indirectly); and (iii) The Football Pools Limited and Football Pools Games Limited will sell the Transferring Businesses.

##### 1.2 *Conditions precedent*

Completion of the Disposal is conditional on the following matters:

- (a) the Purchaser (or any of its nominated affiliates) obtaining the necessary licences from the Gambling Commission; and
- (b) the approval of the Resolution to implement the Disposal by the Shareholders at the General Meeting.

Completion shall take place on the next Business Day that is a Monday after the last condition is fulfilled, provided that such date shall be at least 10 Business Days after the date on which the last condition is fulfilled.

##### 1.3 *Consideration*

The consideration payable by the Purchaser in cash on Completion is £83.0 million, subject to customary post-Completion adjustments based on the amounts of: (i) debt, cash and working capital in the Transferring Companies; and (ii) working capital in the Transferring Businesses, in each case as at Completion. The adjustments will be agreed upon by the Company and the Purchaser following Completion pursuant to a closing statement prepared by the Company reflecting the actual financial position of the Football Pools Business at Completion. To the extent the parties cannot resolve any disagreement, a final determination will be made by an independent accounting firm.

##### 1.4 *Pre-Completion undertakings*

Sportech and the Selling Entities have given certain customary undertakings in relation to the period between signing of the Sale Agreement and Completion, including to procure that material licences relating to the Football Pools Business continue to be held and that the business of each Transferring Company and the Transferring Businesses are carried on, in all material respects, in the ordinary course of business.

##### 1.5 *Restrictive covenant*

Sportech has agreed that it shall not, and shall procure that other members of the Sportech Group shall not, for a period of 36 months after Completion:

- (a) solicit or entice away, or attempt to solicit or entice away, any director or senior employee employed by a member of the Purchaser Group immediately after Completion, subject to customary exceptions; or

- (b) deal with or be in any way interested in or connected with any business involving the acceptance of pool bets on football by the Sportech Group on a business-to-consumer basis in the UK or the provision of support or services by the Sportech Group on a business-to-business basis so as to enable third parties to do the same, in each case which competes in the UK with the Football Pools Business, subject to certain specific exceptions.

Sportech has also agreed not to, and to procure that other members of the Sportech Group do not, use certain trade marks and brands associated with or used by the Football Pools Business for a period of five years after Completion.

#### 1.6 *Tax Covenant*

Sportech has agreed to bear the cost of (broadly) any tax liabilities of the Transferring Companies that are attributable to the period up to and including Completion, subject to exclusions customary for a transaction of this nature. The Tax Schedule includes provisions (i) requiring the Purchaser to notify Sportech of any matters which could give rise to a liability for Sportech under the Tax Covenant (or the tax warranties) and consult with Sportech in relation to the conduct of such matters; and (ii) allocating responsibility for certain matters relating to the 2016 financial year (including the preparation of the corporation tax returns of the Transferring Companies) to the Purchaser. The Tax Schedule also includes customary provisions relating to, amongst other things, recovery of sums from third parties (including tax refunds), surrenders of tax reliefs, secondary liabilities, withholdings and gross-up and VAT.

#### 1.7 *Sportech Pension Scheme*

Sportech currently operates the Sportech Pension Scheme, a defined benefit pension scheme, for the benefit of a limited number of employees and former employees of The Football Pools Limited. The Sportech Pension Scheme comprises only deferred and pensioner members. Sportech will retain the Sportech Pension Scheme notwithstanding the Disposal.

#### 1.8 *Employees*

Sportech and the Purchaser have acknowledged that the sale of the Transferring Businesses is a relevant transfer for the purposes of the UK Transfer of Undertakings (Protection of Employment) Regulations 2006 (“TUPE”). The contracts of employment of the Transferring Businesses’ employees (“**Employees**”) will transfer to the Purchaser on Completion pursuant to TUPE.

As is customary in a transaction of this nature, Sportech and the Purchaser have agreed to indemnify each other (or any relevant member of the Sportech Group) in respect of certain liabilities in connection with the Employees which arise before and after Completion.

#### 1.9 *Warranties and indemnities*

Sportech has given warranties to the Purchaser that are customary for a transaction of this nature relating to Sportech, The Football Pools Limited, Football Pools Games Limited, Sportech Gaming Limited, the Transferring Companies and the Transferring Businesses, as appropriate. The warranties given include those relating to title, capacity, authority, solvency, tax, financial matters, financial debt, licences and approvals, compliance, assets, contracts, insurance, litigation, IP and IT, real estate, environmental matters, employees and benefit arrangements, pension schemes, competition matters and anti-bribery. Certain fundamental warranties relating to, amongst other things, title, authority and capacity, will be repeated at Completion. The Purchaser has also given customary warranties in favour of Sportech.

In addition to the indemnities concerning employment-related liabilities and certain tax matters, as described above, the Sale Agreement contains indemnities from Sportech and from the Purchaser which are customary for a transaction of this nature. Sportech will retain certain liabilities relating to the Transferring Businesses, including those that result from an act or omission which occurs before Completion and has agreed to indemnify the Purchaser against such liabilities to the extent they are

incurred by the Purchaser following Completion. The warranties and indemnities given by Sportech are subject to customary financial and other limitations, as described below.

To the extent that the warranties or indemnities in the Sale Agreement relate to a particular Transferring Company or Transferring Business, they are given and/or received by Sportech as agent on behalf of the Selling Entities, as the case may be. In addition, Sportech has agreed to guarantee and indemnify the Purchaser in respect of the obligations of the Selling Entities under the Sale Agreement and the other Transaction Agreements.

#### 1.10 *Limitations of liabilities*

The Sale Agreement includes customary financial thresholds, time limitations and other limitations and exclusions in relation to certain claims made under the Sale Agreement. The liability of Sportech and the Selling Entities under the Sale Agreement is capped at:

- (a) 33 per cent. of the final purchase price, for warranty claims and claims relating to tax matters; and
- (b) 100 per cent. of the final purchase price, for fundamental warranty claims and all other claims under the Sale Agreement.

The Purchaser must give notice of any claim under the warranties prior to the date which is 18 months after the date of Completion. Notice of any claims relating to the fundamental warranties must be given within three years of Completion. Notice of any claims in respect of tax matters must be given within seven years of Completion.

Neither Sportech nor the Selling Entities shall be liable for any warranty claim made under the Sale Agreement if and to the extent that certain individuals at OpCapita LLP are actually aware as at the date of the Sale Agreement of the matter which is the subject matter of the claim and that such matter would constitute a claim under the Sale Agreement.

#### 1.11 *VAT Claims*

Sportech and the Purchaser have agreed to exclude from the scope of the Transferring Businesses any rights, title, benefit and interest to, in or under, and any liability in relation to, the VAT Claim and the Associated VAT Claims (or any proceeds thereof).

The parties have also agreed to enter into the VAT Claims Agreement on or prior to Completion to ensure that Sportech, certain members of the Sportech Group and their representatives have appropriate access to all information, records and assistance that they may require from the Purchaser Group which relate to the VAT Claim and the Associated VAT Claims following Completion.

#### 1.12 *Termination*

Either Sportech or the Purchaser may terminate the Sale Agreement if the other party fails to comply with any material Completion obligations under the Sale Agreement.

The Purchaser may terminate the Sale Agreement (other than certain surviving provisions):

- (i) at any time before Completion, if there is a breach of any of the pre-Completion undertakings or warranties given by Sportech and/or, as applicable, the Selling Entities which results in a significant diminution in the value of the Football Pools Business, a material breach of law or regulation by reason of fraud, dishonesty, bribery or corruption or the loss of a material licence or other permission, authorisation or consent required to carry on the Football Pools Business; or
- (ii) if a material adverse change occurs in respect of the business, operations or financial condition of the Football Pools Business between the date of the Sale Agreement and the General Meeting which results in a significant diminution in the value of the Football Pools Business.

The Sale Agreement shall automatically terminate if Completion has not occurred on or before 2 September 2017.

1.13 ***Governing law and jurisdiction***

The Sale Agreement is governed by English law. The English courts have exclusive jurisdiction in relation to all disputes arising out of or in connection with the Sale Agreement.

**2. SUMMARY OF THE PRINCIPAL TERMS OF THE OTHER TRANSACTION AGREEMENTS**

2.1 ***Transitional Services Agreement (“TSA”)***

At Completion, Sportech and the Purchaser will enter into the TSA, which will govern the provision of services between the Retained Group and the Football Pools Business for a period of time following Completion. These services are provided primarily to support the separation of the Football Pools Business from the Retained Group and the transition of the Football Pools Business to the Purchaser Group.

*Scope of the services*

Each party shall provide the other with reasonable assistance and information in connection with tax affairs, regulatory affairs and, if requested by the Purchaser, the separation of an accounting system currently being developed for Sportech by a third party.

Until the Purchaser is able to process direct debit, debit card and credit card payments, Sportech shall provide collection and payment services to the Purchaser, under which Sportech will continue to accept customer payments, and make payments to customers, in each case on behalf of the Purchaser.

The Purchaser shall provide Sportech with:

- (a) HR support and information; and
- (b) assistance to complete the separation of the Retained Group’s and the Football Pools Business’ respective IT systems and data (and any documents, data and information held on those IT systems).

*Charges for the services*

No charges are payable between Sportech and the Purchaser for the services provided under the TSA. Sportech and the Purchaser shall each reimburse any reasonable out-of-pocket third party costs incurred by the other party in providing services.

*Limitations on liability*

The TSA includes customary limitations and exclusions in relation to claims made under the TSA. Each of Sportech’s and the Purchaser’s liability under the TSA is capped at £100,000 for all claims (subject to standard exclusions).

*Term and termination*

Each of the services will be provided by Sportech or the Purchaser for a specified term. The TSA will terminate on the date of expiry of the longest of these service terms, unless Sportech and the Purchaser agree to extend for a service beyond that date or the TSA is terminated early in accordance with the provisions described below.

In addition to standard termination rights for non-payment, material breach and insolvency, each of Sportech and the Purchaser may terminate a service that it receives under the TSA by providing 30 days’ written notice to the other party.

*Governing law and jurisdiction*

The TSA will be governed by English law. The English courts will have exclusive jurisdiction in relation to all disputes arising out of or in connection with the TSA.

## 2.2 *IP Assignment Agreement*

On Completion, The Football Pools Limited, Football Pools Games Limited and the Purchaser will enter into an IP Assignment Agreement under which The Football Pools Limited and Football Pools Games Limited will assign to the Purchaser all of their intellectual property rights relating to the Football Pools Business, including specified trade marks and domain names. The IP Assignment Agreement will be governed by English law. The English courts will have exclusive jurisdiction in relation to all disputes arising out of or in connection with this agreement.

## PART VI

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY

The Company and the Directors, whose names appear in paragraph 3 of this Part VI (*Additional Information*) accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. COMPANY INFORMATION

The Company was incorporated and registered in Scotland on 17 August 1979 as a private limited company under the Companies Acts 1948 to 1976 with the name Rodime Limited and with registered number SC069140. On 2 June 1982, the Company re-registered as a public limited company under the name of Rodime PLC. On 15 September 2000, the Company changed its name to Sportech PLC. On 3 March 1986, the Sportech Shares were admitted to the Official List and were admitted to trading on the London Stock Exchange's market for listed securities.

The Company's registered office is at Collins House, Rutland Square, Edinburgh, Midlothian, Scotland, EH1 2AA. Contact by telephone is via the Company's Head Office, situated at 101 Wigmore Street, London W1U 1QU on +44 (0) 207 268 2400.

The principal laws and legislation under which the Company operates are the Companies Act 1985 (as amended) and Companies Act 2006 (as amended) and the regulations made thereunder. PricewaterhouseCoopers LLP were the auditors of the Company throughout the period covered by the financial information in this document.

#### 3. DIRECTORS

The Directors of the Company and their respective functions are as follows:

Ian Penrose	<i>(Chief Executive)</i>
Roger Withers	<i>(Non-executive Chairman)</i>
Maneck Kalifa*	<i>(Chief Finance Officer)</i>
Andrew Gaughan	<i>(President, Sportech Racing/Digital)</i>
Richard McGuire	<i>(Independent Non-executive Director)</i>

\* Familiar name Mickey.

#### 4. DETAILS OF KEY INDIVIDUALS FOR THE FOOTBALL POOLS BUSINESS

The key individuals for the Football Pools Business and their respective functions are as follows:

Conleth Byrne	<i>(Managing Director)</i>
Carl Lynn	<i>(Finance Director)</i>
Kevan Woodcock	<i>(Director of Technology)</i>

## 5. DIRECTORS' INTERESTS IN THE COMPANY

As at the close of business on 27 March 2017 (being the latest practicable date prior to the publication of this document), the interests of the Directors and any of their connected persons (within the meaning of Section 252 to 255 of the Companies Act 2006) in Sportech Shares were as follows:

	<i>Number of Sportech Shares</i>	<i>Percentage of existing issued share capital</i>
<i>Executive Directors</i>		
Ian Penrose <sup>(1)</sup>	894,927	0.48
Maneck Kalifa*	80,652	0.04
Andrew Gaughan <sup>(2)</sup>	545,111	0.29
<i>Non-Executive Directors</i>		
Roger Withers	100,064	0.05
Richard McGuire	270,000	0.15

\* Familiar name Mickey.

### Notes:

(1) 428,427 of these shares are held by certain members of Ian Penrose's family.

(2) Andrew Gaughan's shares are jointly and beneficially held with his spouse and registered in the name of Roy Nominees Limited.

In addition to their interests as detailed above, as at the close of business on 27 March 2017 (being the latest practicable date prior to the publication of this document), the Directors held the following options in respect of Sportech Shares under the terms of employee share schemes.

### Performance share plan

	<i>Grant date</i>	<i>Vesting date</i>	<i>Lapse date</i>	<i>Exercise price</i>	<i>Shares outstanding</i>
<i>Executive Directors</i>					
Ian Penrose	09.03.15	09.03.18	09.03.19	0	584,657
	03.11.16	03.11.19	03.11.20	0	607,636
	23.03.17	23.03.20	23.03.21	0	419,552
Maneck Kalifa*	09.03.15	09.03.18	09.03.19	0	130,362
	03.11.16	03.11.19	03.11.20	0	290,135
	23.03.17	23.03.20	23.03.21	0	200,328
Andrew Gaughan	09.03.15	09.03.18	09.03.19	0	131,895
	03.11.16	03.11.19	03.11.20	0	239,679
	23.03.17	23.03.20	23.03.21	0	191,387
<i>Non-executive Directors</i>					
Roger Withers	—	—	—	—	—
Richard McGuire	—	—	—	—	—

\* Familiar name Mickey.

## 6. DIRECTORS' SERVICE AGREEMENTS AND ARRANGEMENTS

Save as set out in this paragraph 6, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Sportech Group.

## Executive Directors: service contracts

Details of the appointment of the Executive Directors are shown in the table below.

	<i>Date of appointment</i>	<i>Date of contract</i>	<i>Notice period from Company (months)</i>	<i>Base salary</i>
Ian Penrose	01.10.2005	27.09.2005	12	£398,575
Maneck Kalifa*	03.03.2016	03.03.2016	12	£253,750
Andrew Gaughan	25.01.2017	05.10.2010	12	CAD\$400,000

\* Familiar name Mickey.

Ian Penrose, Maneck Kalifa (familiar name Mickey) and Andrew Gaughan are each engaged under rolling service agreements with notice periods of 12 months.

Ian Penrose is entitled to the following main benefits: (i) private health insurance for himself, his spouse and children; (ii) life insurance of four times basic salary; (iii) a car allowance of £16,000; and (iv) contributions of 8 per cent. of basic annual salary into a defined contribution pension scheme (subject to an employee contribution of 4 per cent. of basic annual salary) or as cash in lieu of pension by way of salary supplement.

Maneck Kalifa is entitled to the following main benefits: (i) private health insurance for himself, his spouse and children; (ii) life insurance of four times basic salary; and (iii) contributions of 8 per cent. of basic annual salary into a defined contribution pension scheme (subject to an employee contribution of 6 per cent. of basic annual salary) or as cash in lieu of pension by way of salary supplement.

Andrew Gaughan is entitled to the following main benefits: (i) private health insurance for himself, his spouse and children; (ii) life insurance of 1.5 times basic salary in US\$ plus CAD\$50,000; and (iii) contributions of 3 per cent. of basic annual salary into a defined contribution pension scheme (subject to an employee contribution of 6 per cent. of basic annual salary).

In the event of the Company terminating an Executive Director's service contract, in general it would be the Company's policy to make a payment in lieu of notice where necessary, limited to base salary and benefits. To the extent that an individual might otherwise seek to bring a claim against the Company in relation to the termination of their employment (e.g. for breach of contract or unfair dismissal), the Company may make an appropriate payment in settlement of such potential or actual claims. Payments in connection with any statutory entitlements (e.g. in relation to redundancy) may be made as required.

The Company may award to an Executive Director a bonus in respect of the period of the year in which notice of termination had not been served (and, in certain exceptional circumstances, in respect of any period following receipt of notice of resignation) that the individual remained in employment, subject to the appropriate performance measures being achieved.

The determination of any share incentive vesting would be subject to the rules of the relevant plan. However, in general, where an individual is a good leaver (death, injury or disability, retirement, redundancy, transfer of business outside of the Sportech Group and any other reason the Company's Remuneration Committee decides) their awards would vest on the cessation date, unless the Remuneration Committee decides the award should continue to the original vesting date and remain subject to the appropriate performance measures being achieved and time pro rating (if appropriate).

None of the Executive Directors' contracts of employment contain special contractual termination provisions. The Executive Directors' contracts of employment contain various post-termination restrictive covenants.

## Non-executive Directors: Letters of Appointment

Details of the appointment of the Non-executive Directors are shown in the table below.

	<i>Commencement date of appointment</i>	<i>Date of contract</i>	<i>Notice period from Company (months)</i>
Roger Withers	07.02.2011	03.02.2011	3
Richard McGuire	24.08.2016	23.08.2016	3

The Non-executive Directors are appointed by letters of appointment, which may be terminated by either party giving to the other not less than three months' notice in writing. The Company may also terminate by making a payment in lieu of notice. None of the Non-Executive Directors' letters of appointment contain special contractual termination provisions.

## 7. SIGNIFICANT SHAREHOLDERS

As at the close of business on 27 March 2017 (being the latest practicable date prior to the publication of this document), so far as the Company is aware, no person other than those listed below was interested, directly or indirectly, in three per cent. or more of the issued share capital of Sportech:

<i>Name of Shareholder<sup>(1)</sup></i>	<i>Number of Sportech Shares</i>	<i>Percentage of existing issued share capital</i>
Henderson Group plc	49,138,873	26.5
Newby Manor Limited	30,026,274	16.2
Artemis Investment Management LLP	17,628,708	9.5
Schroder Investment Management Limited	15,653,251	8.4
Richard Griffiths and Controlled Undertakings	13,783,925	7.4
AXA Investment Management	11,441,177	6.2
Aviva PLC	9,303,774	5.0
Hargreave Hale Limited	7,617,783	4.1
Bank of America Merrill Lynch	6,496,811	3.5

### Notes:

- (1) The shareholdings and percentages above have been disclosed on the basis of the Company's last available register of members which has been interrogated to reflect the beneficial holders of Sportech Shares held through nominees. Shareholdings have been adjusted, where applicable, to reflect the number of Sportech Shares which the Company knows were tendered by or on behalf of the relevant shareholder (and accepted by the Company) in connection with the Tender Offer.

## 8. MATERIAL CONTRACTS

### 8.1 *The Retained Group*

No contracts have been entered into (other than contracts entered into in the ordinary course of business and those referred to in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document) by any member of the Retained Group either: (i) within the period of two years immediately preceding the date of this document, which are or may be material to the Retained Group; or (ii) at any time, which contain any provisions under which any member of the Retained Group (as relevant) has an obligation or entitlement which is or may be material to the Retained Group (as relevant) as at the date of this document, save as described below:

#### (a) *Transaction Agreements*

Details of the Transaction Agreements are set out in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

(b) *Bank loans and revolving credit facility*

The Sportech Group has a multi-currency, revolving credit facility with a banking syndicate of Bank of Scotland plc, Barclays Bank PLC and Royal Bank of Scotland plc of £50 million (reduced from £75 million in December 2016). The facility bears interest of LIBOR (or EURIBOR as relevant) plus a bank margin dependent on leverage levels, which was initially three per cent. Covenants on the Sportech Group's borrowings include a leverage covenant (being the ratio of adjusted EBITDA to adjusted net bank debt) and an interest cover covenant (being the ratio of adjusted EBITA to senior finance charges). The borrowings are secured by an English composite debenture incorporating fixed and floating charges and a Scottish floating charge over all assets (excluding monies standing to credit of trust accounts) and undertakings of Sportech, all associated UK trading companies, all associated UK holding companies of overseas entities, and Racing Technology Ireland Limited. In addition, a share charge has been entered into in respect of shares in Racing Technology Ireland Limited. Share charges have also been granted over Sportech, Inc., Sportech Venues, Inc., eBet Technologies, Inc., Sportech Racing, LLC, Trackplay, LLC, Sportech Games Holdco, LLC, Sportech Venues CA Holdco, LLC and Sportech Venues California, LLC (all US companies).

As at 31 December 2015, a total of £62.1 million was drawn down from the facility, which was due to expire in August 2018. On 30 June 2016 and 1 July 2016, the Sportech Group used part of the proceeds of the VAT Claim to pay down the Sportech Group's net debt through the prepayment and repayment of all drawn borrowings under the Sportech Group's existing £75 million revolving credit facility. The Sportech Group subsequently reduced its revolving credit facility to £50 million in December 2016. As at 31 December 2016, the revolving credit facility was not drawn.

(c) *Acquisition of an interest in DraftDay Gaming Group, Inc.*

Sportech, Inc. acquired a 39.2 per cent. stake in DraftDay Gaming Group, Inc. ("**DraftDay**") on 8 September 2015. The acquisition was for zero cash consideration, and the Sportech Group agreed to provide certain executive management services to DraftDay for two years post acquisition. However, DraftDay and Sportech Racing, LLC agreed to end the provision of such services on 15 August 2016, after completing a 45-day transition period, following which Sportech, Inc.'s stake in DraftDay was reduced to 30.0 per cent.

(d) *Disposal of the Sportech Group's interest in the Sportech-NYX Gaming, LLC joint venture*

In May 2015, the Sportech Group sold its 50 per cent. stake in Sportech-NYX Gaming, LLC ("**SNG**") to its joint venture partner, NYX Social Gaming, LLC, a wholly-owned subsidiary of NYX Gaming Group ("**NYX**"). The sale generated a net profit before tax of £8.1 million. The Sportech Group received consideration of £10.9 million, including 2.2 million shares in the Canadian-listed NYX (of which the Sportech Group still holds 1,658,300 shares), and is due £1.9 million in contingent consideration. Under the terms of the disposal, NYX is required to pay the Sportech Group CAD\$1.0 million for each customer to 'go-live' on the NYX Real Money Wagering Platform in the United States, its territories and Commonwealth, Canada, and all sovereign Indian Nations in these countries prior to 28 May 2020 (up to a maximum of CAD\$3.0 million).

SNG entered the iGaming market in February 2015 by creating an online gaming platform for the Atlantic City-based Resorts Casino Hotel. This followed an agreement between SNG and Resorts Casino Hotel entered into in June 2014.

(e) *Acquisition of a controlling interest in S&S Venues California, LLC*

On 8 June 2015, the Sportech Group renegotiated its agreement with Silky Sullivan Group, LLC in relation to their joint venture company S&S Venues California, LLC, which operates sports bars with wagering facilities in California. Under the terms of the renegotiation, the Sportech Group increased its share of the venue being constructed in Norco, California, from

50 per cent. to 80 per cent. All other venues within S&S California, LLC remain jointly controlled.

(f) *Acquisition of Bump Worldwide Inc.*

On 12 June 2014, the Sportech Group acquired 100 per cent. of the issued share capital of Bump Worldwide Inc. (“**Bump**”) for £0.1 million in cash consideration. Bump is a provider of software and services for electronic charitable raffles conducted during professional sporting events, known as 50:50 raffles. Its customers are the charitable foundations of professional sports teams in the USA and Canada. Further contingent consideration of up to CAD\$8.5 million will become due in the event that Bump meets certain growth performance targets in the years ended 31 December 2016 and 31 December 2017. The amount of contingent consideration due, up to a maximum consideration payable of CAD\$8.5 million, is calculated on the basis of (i) an amount equivalent to the 2016 EBITDA earned by Bump, 75 per cent. payable by 1 July 2017 and 25 per cent. payable by 1 July 2018; and (ii) an amount equivalent to 25 per cent. of the 2017 EBITDA earned by Bump, payable by 1 July 2018.

(g) *Shoreline agreements*

On 21 April 2015, Sportech Venues, Inc. entered into an agreement (the “**Amendment**”) with Shoreline Star Greyhound Park and Entertainment Complex, LLC (“**Shoreline**”) to improve the terms of a contract which was inherited on its acquisition of the Scientific Games Racing business in 2010 (the “**Original Agreement**”). The Original Agreement provided that Shoreline would be entitled to receive approximately 50 per cent. of gross gaming revenues (less tax) from new forms of gaming (slots, sports betting, etc.) in the State of Connecticut for a period of 25 years following commencement. Under the terms of the Amendment: (i) Shoreline’s entitlement has been materially reduced to approximately 50 per cent. of net profits (less tax and certain other costs and expenses) from new forms of gaming for the same 25-year term; (ii) the sunset clause is extended until 2035 for new gaming forms; and (iii) a right of first offer provision will be triggered in the event that Shoreline seeks to sell or assign its rights under the Original Agreement.

(h) *Technology and services supply agreement*

In early 2016, the Sportech Group’s Indian joint venture with Playwin, India’s largest lottery provider, entered into an agreement to supply technology and services to an Indian company which has been engaged by a Sikkim licence holder to support the operation of pool games. These operations commenced in February 2016.

## 8.2 *The Football Pools Business*

No contracts have been entered into (other than contracts entered into in the ordinary course of business and those referred to in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document) by or on behalf of entities in the Sportech Group in respect of the Football Pools Business either: (i) within the period of two years immediately preceding the date of this document, which are or may be material to the Football Pools Business; or (ii) at any time, which contain any provisions under which there is an obligation or entitlement in relation to the Football Pools Business which is or may be material as at the date of this document.

## 9. LITIGATION

### 9.1 *The Retained Group*

Save as disclosed in this paragraph 9.1, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Sportech is aware) which may have, or have had, during the 12 months prior to the date of this document, a significant effect on Sportech and/or the Retained Group’s financial position or profitability.

### ***VAT Claim and Associated VAT Claims***

On 8 December 2016, the Supreme Court refused HMRC permission to appeal the Court of Appeal's unanimous ruling in Sportech's favour in relation to a claim for a repayment of overpaid output VAT in connection with the "Spot the Ball" game (in an amount of approximately £97 million including simple interest). This followed the previous decisions of: (i) the First-tier Tribunal (Tax Chamber) in March 2013, which found in Sportech's favour; and (ii) the Upper Tribunal (Tax and Chancery Chamber) in September 2014, which found in HMRC's favour. Following the Court of Appeal's decision, HMRC applied to the Court of Appeal for permission to appeal to the Supreme Court. This application was refused on 24 May 2016. HMRC subsequently applied to the Supreme Court for permission to appeal the Court of Appeal's decision and, as set out above, this application was also refused. A number of Associated VAT Claims, including claims related to the VAT Claim, were stayed, or are yet to be determined, pending the outcome of the VAT Claim and other third party claims. In particular, the claim for compound interest in respect of the VAT Claim is on hold pending the appeal from the Court of Appeal's decision in *Littlewoods Retail Ltd and others v HMRC* [2015] EWCA Civ 515, which is scheduled to be heard in the Supreme Court in July 2017. The outcome of these Associated VAT Claims cannot be predicted so it is not possible to determine whether any further proceeds may become payable to Sportech in the future.

### **9.2 *The Football Pools Business***

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Sportech is aware) which may have, or have had, during the 12 months prior to the date of this document, a significant effect on the financial position or profitability of the Football Pools Business. The VAT Claim and Associated VAT Claims are not deemed to relate to the Football Pools Business for the purposes of this document as they are excluded from the scope of the Disposal.

## **10. RELATED PARTY TRANSACTIONS**

Details of related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) that Sportech has entered into are set out below:

- (a) during the financial year ended 31 December 2014, such transactions are disclosed on page 112 of the Company's 2014 Annual Report and Accounts which are hereby incorporated by reference into this document;
- (b) during the financial year ended 31 December 2015, such transactions are disclosed on pages 107 and 108 of the Company's 2015 Annual Report and Accounts which are hereby incorporated by reference into this document;
- (c) during the financial year ended 31 December 2016, such transactions are disclosed on page 101 of the Company's 2016 Annual Report and Accounts which are hereby incorporated by reference into this document; and
- (d) during the period from 31 December 2016 to the date of this document, Sportech has not entered into any related party transactions.

## **11. NO SIGNIFICANT CHANGE**

### **11.1 *The Retained Group***

On 10 March 2017, the Company notified Shareholders of its intention to return capital by way of a repurchase of 10 per cent. of the Company's issued share capital pursuant to the Tender Offer. The Tender Offer closed on 20 March 2017 and resulted in a reduction in cash of the Retained Group of £20.9 million and a cancellation of share capital with a nominal value of £10.3 million.

There has been no other significant change in the financial or trading position of the Retained Group since 31 December 2016, being the date to which the last published audited financial information on the Retained Group was prepared.

## 11.2 *The Football Pools Business*

There has been no significant change in the financial or trading position of the Football Pools Business since 31 December 2016, being the date to which the most recent unaudited financial information on the Football Pools Business presented in Part III (*Financial Information on the Football Pools Business*) of this document was prepared.

## 12. WORKING CAPITAL

Sportech is of the opinion that the working capital available to the Retained Group is sufficient for its present requirements, that is for 12 months from the date of this document.

## 13. CONSENTS

PwC is a member firm of the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its report on the unaudited pro forma financial information for the Retained Group set out in Section 2 of Part IV (*Unaudited Pro Forma Financial Information for the Retained Group*) of this document in the form and context in which it appears.

Investec has given, and not withdrawn, its written consent to the issue of this document with references to its name being included in the form and context in which they appear.

## 14. INFORMATION INCORPORATED BY REFERENCE

Information from the following documents has been incorporated into this document by reference:

- (a) Sportech 2014 Annual Report and Accounts;
- (b) Sportech 2015 Annual Report and Accounts; and
- (c) Sportech 2016 Annual Report and Accounts.

Part VII (*Checklist of information incorporated by reference*) of this document sets out the location of references to the above documents within this document.

A person who has received this document may request a copy of such documents incorporated by reference. A copy of any such documents or information incorporated by reference will not be sent to such persons unless requested from Sportech's Registrars at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or by calling the shareholder helpline on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Disposal. If requested, copies will be provided, free of charge, within two Business Days of the request.

## 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the London offices of the Company at 101 Wigmore Street, London W1U 1QU and at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London EC4Y 1HS from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

- (a) the Articles;
- (b) the 2014 Annual Report and Accounts, the 2015 Annual Report and Accounts and the 2016 Annual Report and Accounts;

- (c) the final results of the Company for the year ended 31 December 2016;
- (d) the consent letters referred to in paragraph 13 of this Part VI (*Additional Information*) of this document;
- (e) the report of PwC set out in Section 2 of Part IV (*Unaudited Pro Forma Financial Information for the Retained Group*) of this document;
- (f) this document and the Form of Proxy;
- (g) the Transaction Agreements; and
- (h) the irrevocable undertakings referred to in paragraph 1 of Part I (*Letter from the Chairman of Sportech*).

## PART VII

### CHECKLIST OF INFORMATION INCORPORATED BY REFERENCE

The 2014 Annual Report and Accounts, the 2015 Annual Report and Accounts and the 2016 Annual Report and Accounts are incorporated by reference into this document in accordance with paragraph 14 (*Information Incorporated by Reference*) of Part VI (*Additional Information*) of this document and contain information which is relevant to this document. These documents are also available on the Company's website at <http://www.sportechplc.com/investors/results>.

The table below sets out the various sections of such documents which are incorporated by reference into this document so as to provide the information required under the Listing Rules.

No part of the 2014 Annual Report and Accounts, the 2015 Annual Report and Accounts or the 2016 Annual Report and Accounts is incorporated by reference herein except as expressly stated below.

<i>Reference document</i>	<i>Information incorporated by reference</i>	<i>Document page reference</i>	<i>Page number(s) in this document</i>
2014 Annual Report and Accounts	Information on related party transactions in note 30 of the Company's 2014 audited financial statements	112	37
2015 Annual Report and Accounts	Information on related party transactions in note 31 of the Company's 2015 audited financial statements	107-108	37
2016 Annual Report and Accounts	Information on related party transactions in note 29 of the Company's 2016 audited financial statements	101	37

## PART VIII

### DEFINITIONS

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

- “2014 Annual Report and Accounts”** the annual report and financial statements of the Company for the year ended 31 December 2014
- “2015 Annual Report and Accounts”** the annual report and financial statements of the Company for the year ended 31 December 2015
- “2016 Annual Report and Accounts”** the annual report and financial statements of the Company for the year ended 31 December 2016, as announced on 29 March 2017
- “Articles”** the articles of association of the Company
- “Associated VAT Claims”** (i) any claims arising (at any time) which are related to or associated with the VAT Claim, including but not limited to the claims for compound interest with appeal references TC/2014/03675, TC/2014/06279, TC/2016/03666, TC/2016/03744-03746 inclusive, TC/2016/03748 and HC09C01235 and (ii) any other claim or right to claim (at any time) relating to the overpayment or under-recovery of VAT by members of or partnerships involving members of the Sportech Group prior to Completion and/or any related or associated claims arising (at any time) in respect of or in connection with any such claims, including any claim in respect of costs
- “Board”** the board of Directors of the Company
- “Business Day”** a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business
- “Chairman”** Roger Withers, the non-executive chairman of the Company
- “Company” or “Sportech”** Sportech PLC, a public limited company incorporated in Scotland with registered number SC069140 and whose registered office is at Collins House, Rutland Square, Edinburgh, Midlothian, Scotland, EH1 2AA
- “Completion”** completion of the Disposal in accordance with the provisions of the Sale Agreement
- “Consideration”** has the meaning given in paragraph 1 of Part I (*Letter from the Chairman of Sportech*)
- “CREST”** the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK & Ireland Limited is the operator in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755)
- “CREST Manual”** the manual, as amended from time to time, produced by Euroclear UK and Ireland Limited describing the CREST system, and supplied by Euroclear UK and Ireland Limited to users and participants thereof
- “Directors”** the Executive Directors and Non-executive Directors of the Company

<b>“Disclosure Guidance and Transparency Rules” or “DTRs”</b>	the Disclosure Guidance and Transparency Rules made by the FCA for the purposes of Part VI of FSMA
<b>“Disposal”</b>	the proposed disposal by the Company of the Football Pools Business to the Purchaser in accordance with the provisions of the Sale Agreement
<b>“EBITDA”</b>	earnings before interest, tax, depreciation and amortisation
<b>“Executive Directors”</b>	the executive directors of the Company, being currently Ian Penrose, Maneck Kalifa (familiar name Mickey) and Andrew Gaughan
<b>“FCA”</b>	the Financial Conduct Authority of the UK, its predecessors or its successors from time to time, including, as applicable, in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“Football Pools 1923 Limited”</b>	Football Pools 1923 Limited, a private limited company incorporated under the laws of England with company number 00234834 and whose registered office is at Walton House, 55 Charnock Road, Liverpool, Merseyside, L67 1AA
<b>“Football Pools Business”</b>	the football pools business conducted by the Sportech Group and the Transferring Companies immediately prior to Completion: (i) at, or primarily at, the properties in Liverpool; or (ii) online through “www.footballpools.com”, which primarily involves making available pool betting products in relation to football on a business to consumer basis in the UK through the football related games known as “Classic Pools”, “Premier 10”, “Goal Rush” and “Soccer 6”, together with: (a) the games known as “Lotto”, “Lucky Clover”, “Spot the Ball” and “49s”; and (b) such other football related games and such other gambling or lottery products and services as are marketed, processed or otherwise managed from, or primarily from, the properties in Liverpool, or online through “www.footballpools.com” immediately before Completion
<b>“Football Pools Games Limited”</b>	Football Pools Games Limited, a private limited company incorporated under the laws of England with company number 01714462 and whose registered office is at Walton House, 55 Charnock Road, Liverpool, Merseyside, L67 1AA
<b>“Form of Proxy”</b>	the form of proxy in connection with the General Meeting, which accompanies this document (if applicable)
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“General Meeting”</b>	the general meeting of the Company to be held at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London, EC4Y 1HS at 10 a.m. on 19 April 2017 (or any adjournment thereof), notice of which is set out in the Notice of General Meeting
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs
<b>“IFRS”</b>	the International Financial Reporting Standards, as adopted by the European Union

<b>“Investec”</b>	Investec Bank plc, incorporated in England and Wales with registered number 00489604 and whose registered address is 2 Gresham Street, London, EC2V 7QP
<b>“IP Assignment Agreement”</b>	the IP assignment deed to be entered into at Completion in respect of the assignment to the Purchaser of intellectual property rights relating to the Football Pools Business
<b>“Listing Rules”</b>	the Listing Rules made by the FCA for the purposes of Part VI of FSMA
<b>“London Stock Exchange”</b>	London Stock Exchange PLC, of 10 Paternoster Square, London, EC4M 7LS
<b>“Non-executive Directors”</b>	the non-executive Directors of the Company, being currently Richard McGuire and the Chairman
<b>“Notice of General Meeting”</b>	the notice of the General Meeting, as set out in Part IX ( <i>Notice of General Meeting</i> ) of this document
<b>“Purchaser”</b>	FP Acquisitions Limited, a company incorporated under the laws of England with company number 10573569 and whose registered office is at 10 Norwich Street, London, UK, EC4A 1BD
<b>“Purchaser Group”</b>	the Purchaser and its affiliates, from time to time, which from Completion will include the Transferring Companies
<b>“PwC”</b>	PricewaterhouseCoopers LLP, incorporated in England and Wales with registered number OC303525 and whose registered address is at 1 Embankment Place, London WC2N 6RH
<b>“Registrars”</b>	Capita Registrars Limited, incorporated in England and Wales with registered number 02605568 and whose registered address is at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
<b>“Resolution”</b>	the resolution being proposed at the General Meeting to approve the Disposal and to grant the Directors authority to implement the Disposal
<b>“Retained Group”</b>	the Company and its subsidiaries and subsidiary undertakings from time to time (excluding, for the avoidance of doubt, the Football Pools Business after Completion), being the continuing business of the Sportech Group following Completion
<b>“RIS”</b>	a Regulatory Information Service that is approved by the FCA and that is on the list of Regulatory Information Services maintained by the FCA
<b>“Sale Agreement”</b>	the sale and purchase agreement dated 2 March 2017 entered into between the Company and the Purchaser in connection with the Disposal, as described in more detail in Part V ( <i>Summary of the Principal Terms and Conditions of the Disposal</i> ) of this document
<b>“Selling Entities”</b>	The Football Pools Limited, Football Pools Games Limited and/or Sportech Gaming Limited
<b>“Shareholders”</b>	the holders of Sportech Shares from time to time
<b>“Sportech Gaming Limited”</b>	Sportech Gaming Limited, a private limited company incorporated under the laws of England with company number 04118085 and

	whose registered office is at Walton House, 55 Charnock Road, Liverpool, Merseyside, L67 1AA
<b>“Sportech Group”</b>	in respect of any time prior to Completion, the Company and its consolidated subsidiaries and subsidiary undertakings and, in respect of any time following Completion, the Retained Group
<b>“Sportech Pension Scheme”</b>	the defined benefit pension scheme operated by the Company for the benefit of a number of employees and former employees of The Football Pools Limited
<b>“Sportech Shares”</b>	the ordinary shares of 50 pence each in the capital of the Company
<b>“Tax Schedule”</b>	the schedule relating to tax set out in the Sale Agreement
<b>“Tender Offer”</b>	the buyback by way of a tender offer to Shareholders which was launched on 10 March 2017 by Sportech and closed on 20 March 2017
<b>“Tender Offer Circular”</b>	the circular relating to the Tender Offer which was published by the Company on 10 March 2017
<b>“TFPL Financial Services Limited”</b>	TFPL Financial Services Limited, a private limited company incorporated under the laws of England with company number 02122895 and whose registered office is at Walton House, 55 Charnock Road, Liverpool, Merseyside, L67 1AA
<b>“The Football Pools Limited”</b>	The Football Pools Limited, a private limited company incorporated under the laws of England with company number 00545018 and whose registered office is at Walton House, 55 Charnock Road, Liverpool, Merseyside, L67 1AA
<b>“Transaction Agreements”</b>	the Sale Agreement, the Transitional Services Agreement, the VAT Claims Agreement and the IP Assignment Agreement
<b>“Transferring Businesses”</b>	any business carried on by The Football Pools Limited and Football Pools Games Limited as at Completion which forms part of the Football Pools Business, but excluding certain excluded assets and liabilities (including as described in Part V ( <i>Summary of the Principal Terms and Conditions of the Disposal</i> ))
<b>“Transferring Companies”</b>	Football Pools 1923 Limited, TFPL Financial Services Limited, UK Lottery Management Limited and UKCL Limited
<b>“Transitional Services Agreement”</b> or <b>“TSA”</b>	the transitional services agreement to be entered into between, amongst others, the Company and the Purchaser as described in more detail in Part V ( <i>Summary of the Principal Terms and Conditions of the Disposal</i> )
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Lottery Management Limited”</b>	UK Lottery Management Limited, a private limited company incorporated under the laws of England with company number 02884057 and whose registered office is at Walton House, 55 Charnock Road, Liverpool, Merseyside, L67 1AA
<b>“UKCL Limited”</b>	UKCL Limited, a private limited company incorporated under the laws of England with company number 03266491 and whose registered office is at Walton House, 55 Charnock Road, Liverpool, Merseyside, L67 1AA

**“VAT Claim”**

any claim or right to claim (at any time) for the repayment of VAT paid or accounted for in respect of any time period prior to Completion in relation to “Spot the Ball” games, including but not limited to the claim that has been the subject of the appeals numbered TC/2011/0562, TC/2011/00736-0744 (inclusive), FTC/69/2013, A3/2014/3908 and UKSC/2016/0120 (and the related decisions at [2013] UKFTT 210 (TC), [2014] UKUT 0398 (TCC) and [2016] EWCA Civ 436), and any claim in respect of costs incurred as a result of such claim

**“VAT Claims Agreement”**

the VAT claims agreement to be entered into between, amongst others, Sportech and the Purchaser for the purposes of ensuring that Sportech has access to all information, records and assistance required in connection with the VAT Claim and Associated VAT Claims following Completion

## PART IX

### NOTICE OF GENERAL MEETING

**Sportech PLC**  
(the “Company”)

*(incorporated and registered in Scotland with registered number SC069140)*

#### NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Company will be held at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London, EC4Y 1HS at 10 a.m. on 19 April 2017 to consider and, if thought fit, to pass the below resolution, which shall be proposed as an ordinary resolution, in connection with the disposal of the Football Pools Business (the “Disposal”), as described in the circular to the Sportech shareholders dated 29 March 2017 (the “Circular”).

#### Ordinary Resolution

**THAT:**

- (a) the Disposal, on the terms set out in the Transaction Agreements (both as defined and summarised in the Circular), be and is hereby approved; and
- (b) each and any of the directors of the Company (the “Directors”) (or any duly constituted committee of the Directors) be and is hereby authorised to take all necessary or appropriate steps and to do all necessary or appropriate things to implement, complete or to procure the implementation or completion of the Disposal and give effect thereto with such modifications, variations, revisions, waivers or amendments (not being modifications, variations, revisions, waivers or amendments of a material nature) as such Director(s) or such committee of the Directors may deem necessary or appropriate in connection with the Disposal.

*By order of the Board*

**Luisa Wright**  
*Company Secretary*  
29 March 2017

*Registered Office:*  
Collins House  
Rutland Square  
Edinburgh  
Midlothian  
Scotland  
EH1 2AA

## Notes

### Right to attend and vote at the General Meeting

1. The shorter notice period of 14 clear days as approved at the Company's last Annual General Meeting has been used for the purposes of this General Meeting as the Directors believe that the flexibility offered by the shorter notice period is in the best interests of shareholders generally, taking into account the circumstances and business of the General Meeting, including the time sensitive nature of the Disposal.
2. The right to attend and vote at the meeting is determined by reference to the Company's register of members. Only a shareholder entered in the register of members of the Company at the close of business on 13 April 2017 (or, in the event that the meeting is adjourned, at close of business 48 hours before the time of the reconvened meeting (disregarding any portion of such period which is not a business day in accordance with the Company's Articles of Association) shall be entitled to attend or vote at the meeting. A shareholder may vote in respect of the number of ordinary shares registered in the shareholder's name at that time. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend and vote at the meeting or adjourned meeting.

### Proxy appointment

3. Shareholders of the Company are entitled to appoint one or more proxies (who need not be shareholders in the Company) to attend, speak and vote instead of the shareholder. A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to a different share or shares held by him/her. A proxy need not be a shareholder of the Company. A separate proxy form should be used for each proxy appointment. If you intend to appoint additional proxies and if you have been provided with a hard copy form, please photocopy the enclosed form. A shareholder appointing more than one proxy should indicate the number of shares for which each proxy is authorised to act on his/her holding and only one proxy is entitled to be appointed in respect of any one share. Failure to specify the number of shares to which each proxy form relates or specifying a number which, when taken together with the number of shares set out in the other proxy appointments, is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.
4. A proxy or proxies can be appointed in any of the following ways: (a) by completing and returning the proxy form sent to you in hard copy (if applicable); (b) by completing it online at [www.capitashareportal.com](http://www.capitashareportal.com) (the "**Capita Website**") by following the on-screen instructions (to submit it you will need to identify yourself with your personal investor code ("**IVC**"); or (c) if you are a user of the CREST system (including CREST Personal Members), having an appropriate CREST message transmitted. Further information on each method is set out below. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting. If you have appointed a proxy and vote at the meeting in person in respect of shares for which you have appointed a proxy, your proxy appointment in respect of those shares will automatically be terminated.
5. Details of how to appoint the Chairman of the meeting or another person as your proxy are set out in the notes to the proxy form. If you wish to appoint a proxy in this way, you must follow the procedures set out in these notes and the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
6. If submitted in hard copy, to be effective the proxy form sent to you in hard copy (if applicable) should be completed and returned (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority) to the Company's registrars: Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by not later than 10 a.m. on 13 April 2017. Alternatively, you may send any document or information relating to the proxies to the electronic address indicated on the proxy form.

7. Details of how to appoint a proxy through the Capita Website are set out on the Capita Website. If you wish to appoint a proxy through the Capita Website, you must follow the instructions set out on the Capita Website. In order for a proxy appointment through the Capita Website to be valid, your appointment must be received by no later than 10 a.m. on 13 April 2017. You can do this via the shareholder portal on the Capita Website by logging in and selecting the “Proxy Voting” link. To vote online you will need to login using your username and password. However, if you have not previously registered to use the shareholder portal, you will need to do so first. To register, you will need your IVC which can be found on the proxy card or on your share certificate. Electronic communication facilities are open to all members and those who use them will not be advantaged or disadvantaged.
8. Shareholders who are users of the CREST system (including CREST Personal Members) may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint a proxy or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, the CREST message must be received by the Company’s agent (ID number RA10) by no later than 10 a.m. on 13 April 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Company’s agent is able to retrieve the message in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings, please refer to the CREST Manual. In order for a proxy appointment or instruction made using the CREST system to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications and must contain the information required for such instructions, as described in the CREST Manual.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s) to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable their CREST sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. **IMPORTANT: In any case your proxy form must be received by the Company’s registrars no later than 10 a.m. on 13 April 2017.**
11. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first-named being the more senior).
12. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, a shareholder proxy will vote or abstain from voting at his or her discretion. A shareholder proxy will vote (or abstain from voting) as he or she thinks fit in relation to every other matter which is put before the meeting.
13. To change your proxy instruction, you must submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions: any amended proxy appointment received after the relevant cut-off time will be disregarded.

14. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services' helpline on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Capita Asset Services cannot provide advice on the merits of the proposed resolutions nor give any financial, legal or tax advice.
15. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or a duly appointed attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be completed and returned to Capita Asset Services no later than 10 a.m. on 13 April 2017. If you attempt to revoke a proxy appointment but the revocation is received after the time specified then, subject to note 4, your proxy appointment will remain valid.
16. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.

#### **Availability of documents and other information**

17. The following documents will be available for inspection at the London offices of the Company at 101 Wigmore Street, London W1U 1QU and at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London, EC4Y 1HS during usual business hours every business day from the date of this Notice until the meeting and will be available on inspection at the place of the meeting for at least 15 minutes prior to and until the close of the meeting:
  - a) copies of directors' service contracts and letters of appointment; and
  - b) the documents listed in paragraph 15 (*Documents Available for Inspection*) of Part VI (*Additional Information*) of the Circular.
18. If you wish to attend the General Meeting in person, you will be required to sign a register of entry upon arrival at the General Meeting at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London, EC4Y 1HS.
19. In accordance with Section 311A of the Companies Act 2006, the contents of this Notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the meeting and, if applicable, members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website at [www.sportechplc.com](http://www.sportechplc.com).
20. Except as provided above, shareholders who wish to communicate with the Company in relation to the meeting should do so by writing to Capita Asset Services, Shareholder Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. No other methods of communication will be accepted. In particular, you may not use any electronic address provided either in this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

#### **Corporate representative**

21. A member of the Company which is a corporation may authorise a person or persons to act as its corporate representative(s) at the meeting. In accordance with the provisions of the Companies Act 2006 (as amended by the Companies (Shareholders' Rights) Regulations 2009), each such representative may exercise (on behalf of the corporation) the same powers as the corporation could

exercise if it were an individual member of the Company, provided that if two or more representatives purport to vote in relation to the same shares:

- a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and
- b) in other cases, the power is not treated as exercised.

#### **Issued share capital and total voting rights**

22. As at 27 March 2017 (being the latest business day prior to publication of this Notice), the Company's issued share capital consisted of 185,614,233 ordinary shares, carrying one vote each. As at the date of this Notice, the Company does not hold any ordinary shares in treasury. Therefore, the total voting rights in the Company as at 27 March 2017 are 185,614,233.

#### **Nominated persons**

23. A person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the member by who he/she was nominated, have the right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
24. The statements of the rights of members in relation to the appointment of proxies in this Notice do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by registered members of the Company.

#### **Members with disabilities**

25. The venue is wheelchair accessible. If you have any special access or other needs please contact us on telephone +44 207 268 2400 or email [enquiries@sportechplc.com](mailto:enquiries@sportechplc.com) and we will be pleased to provide appropriate help.

#### **Questions at the meeting**

26. Under Section 319A of the Companies Act 2006 any member attending the meeting has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if:
  - a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - b) the answer has already been given on a website in the form of an answer to a question; or
  - c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.



