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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 Scots 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 Scotland.



(incorporated and registered in Scotland with registered number SC069140)

**Proposed disposal of the Company’s Global Tote Business
and
Notice of General Meeting**

Shareholders should read the whole of this document. Your attention is drawn, in particular, 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 8 Lockwood Court, Market Place, Pocklington, York YO42 2QW at 10.00 a.m. on 24 December 2020 is set out in Part IX (*Notice of General Meeting*) of this document.

In line with recent UK legislation in relation to holding company meetings during the COVID-19 pandemic, the General Meeting will be convened with a minimum quorum of Shareholders (which will be facilitated by the Group’s management) in order to conduct the business of the General Meeting. Therefore, instead of attending the General Meeting, we ask Shareholders to vote by proxy on the Resolution and the Board recommends that Shareholders appoint the chairman of the General Meeting as their proxy and no-one else. In the interests of health and safety, Shareholders (and any appointed proxies (other than the chairman of the General Meeting) or corporate representatives) will not be admitted to the General Meeting.

We will continue to closely monitor the developing impact of COVID-19, including the latest guidance from the UK Government. Should it become necessary or appropriate to revise the current arrangements for the General Meeting, this will be notified to Shareholders on our website and/or via a Regulatory Information Service.

All proxies should be received as soon as possible and, in any event, by no later than 10.00 a.m. on 22 December 2020 (or, if the General Meeting is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Shareholders who are users of the CREST system (including CREST personal members) may use the CREST electronic proxy appointment service. Further details of the proxy appointment methods are set out in Part IX (*Notice of General Meeting*).

If you have any questions about this document, the General Meeting or on the appointment of a proxy, please call the shareholder helpline on 0371 664 0300. If you are outside the United Kingdom, please call +44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls made from 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 or the Resolution.

Peel Hunt LLP, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively as sponsor for the Company 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 the Company for providing the protections afforded to its clients nor for providing advice in connection with the matters set out in this document.

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Capitalised terms have the meanings 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 0371 664 0300. If you are outside the United Kingdom, please call +44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls made from 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 on the merits of the Disposal or the Resolution. 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 the Company’s control.

Forward-looking statements include statements regarding the intentions, beliefs or current expectations of the Company concerning, without limitation: (a) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (b) business and management strategies and the expansion and growth of the Group’s operations; and (c) the effects of global economic conditions on the 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 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 Group to differ materially from the expectations of the Group include, amongst other things, general business and economic conditions globally, industry trends, competition, changes in government and other regulation (including licensing of gambling) and policy (including in relation to the licensing of gambling, 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 the Company 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 Prospectus Regulation Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation (EU No. 596/2014)), the Company is not under any obligation and the Company 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.

The above explanatory wording regarding forward-looking statements does not in any way seek to qualify the working capital statement that can be found at paragraph 11 of Part VI (*Additional Information*) of this document.

NO PROFIT FORECAST OR ESTIMATE

No statement in this document is intended as a profit forecast or profit estimate for any period and no statement in this document should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow for the Group, the Company or the Retained Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for the Group, the Company or the Retained Group, as appropriate.

NO OFFER OR SOLICITATION

This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

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 (a) “US\$” are to the lawful currency of the United States; and (b) “CAD\$” are to the lawful currency of Canada.

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. Percentages in tables may have been rounded and accordingly may not add up to 100 per cent. or to the precise sum of the totals expressed in such tables.

This document is dated 7 December 2020.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Disposal	1 December 2020
Publication of this document	7 December 2020
Record time and date for entitlement to vote at the General Meeting	6.00 p.m. on 22 December 2020
Latest time and date for receipt of proxy appointments (whether online, via a CREST Proxy Instruction or by a hard copy form of proxy) in respect of the General Meeting	10.00 a.m. on 22 December 2020
General Meeting	10.00 a.m. on 24 December 2020
Expected date of Completion (subject to the Conditions being satisfied or, where appropriate, waived)	First half of 2021
Long Stop Date ⁽¹⁾	31 January 2021

All references to time in this document are to London time. The dates and times given in this document are based on the Company's current expectation and may be subject to change. Any changes to the timetable set out above will be announced via a Regulatory Information Service.

Note:

(1) The Long Stop Date is 31 January 2021 but this can be extended by the Purchaser to a later date on or before 30 June 2021.

CORPORATE DETAILS AND ADVISERS

Directors	Giles Vardey (<i>Chairman</i>) Richard McGuire (<i>Chief Executive Officer</i>) Thomas Hearne (<i>Chief Financial Officer</i>) Christian Rigg (<i>Independent Non-executive Director</i>) Ben Warn (<i>Independent Non-executive Director</i>)
Company Secretary	SGH Company Secretaries Limited 6th Floor 60 Gracechurch Street London EC3V 0HR
Registered Office	Collins House Rutland Square Edinburgh EH1 2AA
European Head Office	Icarus House Hawkfield Business Park Bristol BS14 0BN
North American Head Office	600 Long Wharf Drive New Haven Connecticut 06511, USA
Sponsor, Rule 3 Adviser and Broker	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Legal advisers to the Company as to UK law	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
Legal advisers to the Company as to Connecticut law	Tobin, Carberry, O'Malley, Riley & Selinger, P.C. 43 Broad Street P.O. Box 58 New London, CT 06320, USA
Reporting Accountant and Auditor	BDO LLP 55 Baker Street London W1U 7EU
Registrars	Link Market Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

PART I

LETTER FROM THE CHAIRMAN OF SPORTECH

SPORTECH PLC

(incorporated and registered in Scotland with registered number SC069140)

Directors:

Giles Vardey (Chairman)
Richard McGuire (Chief Executive Officer)
Thomas Hearne (Chief Financial Officer)
Christian Rigg (Independent Non-executive Director)
Ben Warn (Independent Non-executive Director)

Registered Office:

Collins House
Rutland Square
Edinburgh
EH1 2AA

7 December 2020

To Shareholders and, for information purposes only, to participants in the Sportech PLC Value Creation Plan

Dear Shareholder

Proposed disposal of the Company's Global Tote Business and Notice of General Meeting

1. INTRODUCTION

On 1 December 2020, the Company announced that it had entered into a conditional agreement for the sale of the Global Tote Business of the Group (the "**Disposal**") to Betmakers Technology Group Ltd ("**BetMakers**" or the "**Purchaser**") for a total initial cash consideration of £30.9 million (the "**Consideration**") subject to certain adjustments.

The Global Tote Business provides pari-mutuel technology solutions and services to companies around the world, predominantly to the global horseracing betting industry.

The Disposal will be effected through: (a) the sale of the entire share capital of the Transferring Companies (being the companies in the Group that carry on the business of the Global Tote Business together with their respective subsidiaries); and (b) the transfer of Sportech Inc.'s interest in the property at Alpharetta, Georgia, USA. In advance of Completion, the Quantum Source Code will be transferred to Sportech Holdco 1 Limited, one of the Transferring Companies, and so shall be included in the Disposal.

Following the Disposal, the Group's business will comprise the following businesses:

- **Venues:** The Venues Business operates legal betting on horseracing, greyhound racing and Jai alai under an in perpetuity licence in the State of Connecticut, USA. It offers omni-channel betting entertainment through 12 physical retail locations and an online platform, www.mywinners.com, and holds the right to expand to up to 24 physical locations. The business also includes a separate US retail "B2C" platform and provides venue management services to a range of clients.
- **Lottery:** The Lottery Business provides draw-based lottery platforms and services. In 2019, the Group acquired Lot.to systems, an iLottery, CRM, and games management platform, to complement the Group's successful draw-based games.
- **Bump 50:50:** The Bump 50:50 Business supplies in-stadia, web and mobile electronic lotteries to major league sports teams, collegiate sports organisations and entertainment venues. In 2019, the Bump 50:50 Business began to acquire clients from the non-sport philanthropy segment with deployments of its online raffles. As at 30 June 2020, the Bump 50:50 Business had 135 clients in the US and Canada, across approximately 20 US states and Canadian provinces.

A non-refundable initial payment of £6.18 million is payable in cash by BetMakers following approval of the Disposal by the Company's Shareholders at the General Meeting. The Consideration for the Disposal (less the non-refundable initial payment) is payable in cash at Completion but subject to adjustment to reflect the level of working capital in, and the valuation of the US defined benefit pension liability (and other net debt-like items) attributable to, the Global Tote Business at Completion. The estimated US defined benefit pension liability as at 1 January 2020 was approximately £1 million. The principal terms of the Sale and Purchase 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.

After adjustment for estimated transaction costs, the net cash proceeds from the Disposal are expected to be approximately £28.6 million.

The Board expects that, subject to the satisfaction or, where appropriate, waiver of the Conditions, Completion will occur in the first half of 2021.

The purpose of this document is to: (a) provide you with information relating to the Disposal; (b) 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 (c) recommend that Shareholders vote in favour of the Resolution (including for the purposes of Rule 21.1 of the Code) set out in the Notice of General Meeting.

Richard McGuire and Thomas Hearne (being the Directors who hold Ordinary Shares) intend to vote in favour of the Resolution at the General Meeting in respect of the Ordinary Shares to which they are beneficially entitled, being, in aggregate, 1,125,000 Ordinary Shares, representing approximately 0.59 per cent. of the total issued Ordinary Shares of Sportech as at 4 December 2020 (being the latest practicable date prior to the publication of this document).

Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter. Shareholders will find definitions for capitalised terms used in this letter and the rest of the document in Part VIII (*Definitions*) of this document.

2. BACKGROUND TO AND REASONS FOR THE DISPOSAL

The Group is one of the leading providers of pari-mutuel pools betting services, with the Global Tote Business processing approximately US\$12.2 billion in betting handle on behalf of clients in the financial year ended 31 December 2019, has a growing position in raffle and lottery products and holds an exclusive gaming operator licence in Connecticut, USA.

The Global Tote Business has been an important part of the Group's history and brand identity for many years during which time the Group has successfully developed one of the leading international pari-mutuel technology and services platforms.

However, the global gaming market is undergoing significant change and today the Group's Global Tote Business clients expect from their technology providers a broad product offering which is relevant to their needs. BetMakers, in addition to its existing pari-mutuel "Global Tote" product, provides such additional products and services including a fixed-odds platform, informatics and data services.

In addition to the range of opportunities which the net proceeds of the Disposal are expected to provide to the Group (as set out in more detail in paragraph 6 of this letter), the Disposal will simplify the Group's legal and administrative structure, allowing the Board to allocate its time in a more focused manner on the businesses which it has identified as more likely to deliver the best Shareholder returns, whether under the Group's ownership or by pursuing further disposal opportunities.

The Disposal does not end the Group's association with the Global Tote Business. The Group and BetMakers have entered into certain commercial agreements which will become effective from Completion and will ensure the Global Tote Business' technology services continue to be provided to the Retained Group's businesses in a materially similar way as to how they are provided currently for a period of at least 18 months following Completion. Given BetMakers' additional product offering, the Board believes these commercial arrangements may lead to an improved product offering to the Retained Group's customers.

3. INFORMATION ON THE GLOBAL TOTE BUSINESS

The primary activity of the Global Tote Business is the provision of pari-mutuel technology solutions and services to betting companies around the world, predominantly to the global horseracing betting industry, with systems that processed approximately US\$12.2 billion in betting handle in the financial year ended 31 December 2019 for clients across 37 countries.

For the financial year ended 31 December 2019, the Global Tote Business generated £30.8 million of revenue, £5.6 million of Adjusted EBITDA and a loss before tax of £0.8 million. For the six months ended 30 June 2020, the Global Tote Business generated £12.0 million of revenue, £1.6 million of Adjusted EBITDA and a loss before tax of £1.2 million.

The financial information set out in this paragraph 3 has been extracted without material adjustment from the financial information contained in Part III (*Financial information on the Global Tote Business*) of this document. In order to make a proper assessment of the financial position of the Global Tote Business, you should not rely on the summary financial information set out above, but you should read the whole of this document.

4. INFORMATION ON THE PURCHASER

Betmakers Technology Group Ltd is an Australian company listed on the Australian Securities Exchange. BetMakers designs and develops odds comparison and intelligent betting platforms as well as providing analytics and trading solutions. As at 4 December 2020 (being the latest practicable date prior to the publication of this document), BetMakers had a market capitalisation of approximately AU\$380 million.

5. SUMMARY OF THE TERMS OF THE DISPOSAL

The Disposal is being made pursuant to the terms of the Sale and Purchase Agreement and the other Transaction Agreements. Under the Sale and Purchase Agreement, the Sellers have agreed to sell and transfer the Global Tote Business (including the entire issued share capital or membership interest (as the case may be) of each of the Transferring Companies together with their respective subsidiaries) for a total initial cash consideration of £30.9 million.

A non-refundable initial payment of £6.18 million is payable in cash by BetMakers following approval of the Disposal by the Company's Shareholders at the General Meeting. The Consideration for the Disposal (less the non-refundable initial payment) is payable in cash at Completion but subject to adjustment to reflect the level of working capital in, and the valuation of the US defined benefit pension liability (and other net debt-like items) attributable to, the Global Tote Business at Completion.

The Sale and Purchase Agreement contains certain warranties given by each of the Sellers and the Purchaser which are customary for a transaction of this nature.

Completion of the Disposal is conditional upon the passing of the Resolution (including for the purposes of Rule 21.1 of the Code) at the General Meeting and on BetMakers receiving or, where appropriate, waiving approval to transfer the relevant licences required for the operation of the Global Tote Business. As is customary for transactions of this type, BetMakers can terminate the agreement in the event of a material adverse change in the Global Tote Business. If the agreement is terminated after payment of the 20 per cent. initial cash payment of £6.18 million, such payment does not become refundable.

The Purchaser and the Sellers are entitled to terminate the Sale and Purchase Agreement prior to Completion if the Conditions are not satisfied or become incapable of being satisfied on or before the Long Stop Date. The Long Stop Date is 31 January 2021 but this can be extended by the Purchaser to a later date on or before 30 June 2021 in order to give the Purchaser time to obtain the regulatory approvals required to take control of the Global Tote Business. The Company has undertaken to assist the Purchaser with this regulatory approval process.

In addition, members of the Retained Group have entered into various agreements which will become effective from Completion. These agreements are as follows.

- Tax Covenants, pursuant to which the Sellers undertake to pay to the Purchaser an amount equal to any tax liabilities of the Global Tote Business that arise in respect of pre-Completion matters, all on terms that are customary for transactions of this type.

- The Brand Licence Agreement, pursuant to which the Company will license to Sportech Racing, LLC, one of the Transferring Companies, certain marks including “Sportech” and “Sportech Racing and Digital” for use in connection with the Global Tote Business, and which will include an option for Sportech Racing, LLC, to acquire the full rights in the marks for a nominal sum in the event that the Company sells both Sportech Venues, Inc. and Lot.to Systems Limited.
- A Transitional Services Agreement which will govern the provision of certain services following Completion (including HR, marketing and finance function support by Sportech Racing, LLC to the Retained Group).
- The Tote Services Agreement, the ADW Services Agreement and the Lottery Service and Maintenance Agreement which will, together, govern the provision of certain services (including technology services) to the Retained Group (and, specifically, to the Retained Group’s Venues Business and Lottery Business) by the Global Tote Business following Completion.
- The Company, as ultimate parent company of the Group, has agreed to guarantee the performance of the Sellers’ obligations under the Sale and Purchase Agreement, in terms customary for transactions of this nature.

In addition, in advance of Completion, the Quantum Source Code shall be transferred to Sportech Holdco 1 Limited, one of the Transferring Companies, pursuant to the Quantum Source Code Assignment.

It is also expected that Sportech, Inc. and the Purchaser will enter into an agreement to transfer Sportech, Inc.’s interest in the property at Alpharetta, Georgia, USA in the period between signing the Sale and Purchase Agreement and Completion.

The Board expects that, subject to the satisfaction or, where appropriate, waiver of the Conditions, Completion will occur in the first half of 2021.

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

6. USE OF PROCEEDS AND FINANCIAL EFFECTS OF THE DISPOSAL ON THE RETAINED GROUP

Use of proceeds

The Board is in the process of reviewing its options regarding the specific application of the net cash proceeds of approximately £28.6 million that are expected to arise from the Completion of the Disposal. It is the Board’s current intention to return the majority of proceeds to the Company’s Shareholders when the Board considers it opportune to do so. The timing and extent of such a return of proceeds will take into account the Board’s view of the Retained Group’s organic and inorganic investment opportunities as well as its general ongoing capital requirements in light of plausible trading scenarios. The Board is also evaluating further investment opportunities in the Retained Group’s business and potential investments in carefully selected growth opportunities which are aligned with the Retained Group’s strategy. The Board will consult with major Shareholders as to the appropriate combination of the use of the net cash proceeds of the Disposal.

Financial effects of the Disposal on the Retained Group

In the year ended 31 December 2019, the Global Tote Business contributed revenue of £30.8 million representing approximately 47.5 per cent. of the Group’s revenue of £64.8 million and contributed Adjusted EBITDA of £5.6 million representing approximately 74.1 per cent. of the Group’s Adjusted EBITDA of £7.5 million. As at 31 December 2019, the Global Tote Business had gross assets of £30.1 million representing approximately 45.0 per cent. of the Group’s gross assets of £66.8 million. In the six months ended 30 June 2020, the Global Tote Business contributed revenue of £12.0 million representing approximately 59.5 per cent. of the Group’s revenue of £20.2 million and contributed positive Adjusted EBITDA of £1.6 million of the Group’s Adjusted EBITDA loss of £1.2 million. As at 30 June 2020, the Global Tote Business had gross assets of £29.3 million representing approximately 52.7 per cent. of the Group’s gross assets of £55.7 million.

Given the historically low level of prevailing interest rates available on cash deposits, the sale of the Global Tote Business will be earnings dilutive to the Group in the short term. However, the Board believes that over the medium to long term, the Disposal will improve total Shareholder returns as a result of the potential use of proceeds set out above.

The net cash proceeds arising from the Disposal are expected to be approximately £28.6 million after relevant adjustments including estimated transaction costs. For illustrative purposes only, following Completion and assuming the Disposal had occurred on 30 June 2020, the Disposal would have resulted in pro forma net assets of approximately £37.1 million, based on the Group's financial position as at 30 June 2020.

The financial information set out in this paragraph 6 has been extracted without material adjustment from the financial information contained in Part III (*Financial information on the Global Tote Business*) of this document, the 2019 Annual Report and the 2020 Interim Results. The pro forma impact of the Disposal on the net assets of the Group as at 30 June 2020, which has been prepared for illustrative purposes only, is set out in Part IV (*Unaudited Pro Forma Financial Information*) of this document.

7. TREND INFORMATION

On 10 September 2020, the Group issued its 2020 Interim Results. The following text has been extracted from the 2020 Interim Results.

“Outlook

Effective cost management, and driving online growth opportunities during this challenging period, remain priorities for management. Developing online capabilities across existing and new business lines forms the operational roadmap for the second half and management remain determined to extricate the Group from historical expensive strategies. Profitability and cash remain the Group's key focus and the Group is trading within the Board's expectations with regards to these measures. However, with no clarity around the timing of spectator sporting events anticipated in the near future, financial forecasting remains fluid. The Board are focused on creating shareholder value from these levels.

Venues

The relentless professional pursuit of a Sports Betting licence in Connecticut remains core, to support investment and jobs. The Group will update the market with developments of its real estate portfolio and will confirm at the year-end progress made in monetising the Group's exclusive pari-mutuel licence.

Racing and Digital

Enhancing the Group's core Quantum™ System Tote will continue in H2 2020, leading to an expansion of Sportech's global footprint and elevation of service to its clients, as the Board simultaneously explores new avenues for digital growth and streamlined capex. Acquired CRM, administrative, and reporting tools are being integrated with the Group's Tote and digital platforms to deliver enhanced capabilities to clients.

The investment in Bump 50:50 has provided success in extending the unit's range of products, including a new progressive jackpot raffle, to a broader client base. Under new management, the team continue to expand the client base with a clear focus on delivering secure, stable digital platform opportunities.

Lottery

A critical part of the Group going forward, the Board will continue to invest in partnership opportunities, build on our core foundations, and further enhance our product suite through partnerships and digital innovation.

The Board acknowledge with gratitude the hard work and dedication of our team members worldwide as we all continue to deal with the challenges of COVID-19.”

8. 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.

9. GENERAL MEETING

The Disposal is conditional on the passing of the Resolution (including for the purposes of Rule 21.1 of the Code) at the General Meeting. Notice of the General Meeting, which will be held, subject to the provisions of this paragraph 9, at 8 Lockwood Court, Market Place, Pocklington, York YO42 2QW at 10.00 a.m. on 24 December 2020 is set out in Part IX (*Notice of General Meeting*) of this document.

The General Meeting is being held for the purposes of considering and, if thought fit, passing the Resolution. The Resolution proposes that the Disposal be approved and that the Directors be authorised to implement the Disposal. The Resolution will be proposed as an ordinary resolution requiring a majority of votes in favour for the Resolution to be passed.

Whilst, in normal circumstances, the Board values very highly the opportunity to meet Shareholders in person at general meetings, recent Government advice is for people to avoid both mass gatherings and all non-essential travel and social contact.

In line with recent UK legislation in relation to holding company meetings during the COVID-19 pandemic, the General Meeting will be convened with the minimum quorum of Shareholders (which will be facilitated by the Group's management) in order to conduct the business of the General Meeting. The health and safety of our Shareholders and colleagues is always our utmost priority. Therefore, the General Meeting will be held as a closed meeting and Shareholders (and any appointed proxies (other than the chairman of the General Meeting) or corporate representatives) will not be granted access to the General Meeting in person.

Shareholders are encouraged to take the recommended action before the General Meeting (as set out in paragraph 10 of this letter), which include voting whether online, via a CREST Proxy Instruction or by a hard copy form of proxy in accordance with the instructions therein.

We strongly urge Shareholders to vote by proxy on the Resolution as early as possible and the Board recommends that Shareholders appoint the chairman of the General Meeting as their proxy and no-one else.

The Resolution will be decided on a poll. The Board believes a poll is more representative of Shareholders' voting intentions because Shareholders' votes are counted according to the number of shares held and all votes tendered are taken into account. The results of any poll vote held at the General Meeting will be published on the Company's website and will be released via a Regulatory Information Service as soon as practicable following the closing of the General Meeting.

10. ACTION TO BE TAKEN

You are asked to complete and submit an online proxy form at www.signalshares.com (the "**Website**") in accordance with the on-screen instructions (in particular, at the "Proxy Voting" link). In order to appoint a proxy using the Website, you will need to log into your Signal Shares account, or register if you have not previously done so. To register, you will need to identify yourself with your Investor Code which is detailed on your share certificate or available from the Company's Registrars, Link Market Services Limited, on Tel: 0371 664 0300. If you are outside the United Kingdom, please call +44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls made from outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales).

In order for an online proxy appointment to be valid, your appointment must be received as soon as possible and, in any event, by no later than 10.00 a.m. on 22 December 2020 (or, if the General Meeting is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

Alternatively, you may request a hard copy form of proxy from the Registrars on Tel: 0371 664 0300 or by emailing shareholderenquiries@linkgroup.co.uk. If you are outside the United Kingdom, please call

+44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls made from outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed on it and returned to the Registrars, Link Market Services Limited, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority) so as to be received as soon as possible and, in any event, by no later than 10.00 a.m. on 22 December 2020 (or, if the General Meeting is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Alternatively, you may send any document or information relating to proxies to the electronic address indicated on the form of proxy.

Shareholders who are users of the CREST system (including CREST personal members) may also choose to appoint a proxy by completing and transmitting a CREST Proxy Instruction so that it is received by the Registrars (under CREST participant ID number RA10) by no later than 10.00 a.m. on 22 December 2020 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting). 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.

Unless proxy appointments (whether made online, via a CREST Proxy Instruction or by a hard copy form of proxy) are received by the date and time specified above, they will be invalid.

Further details regarding the appointment of proxies are set out in the Notice of General Meeting at Part IX (*Notice of General Meeting*) of this document.

11. FURTHER INFORMATION

The expected timetable of principal events for the Disposal is set out on page 6 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. Additional information in relation to the Group is set out in Part VI (*Additional Information*) 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.**

12. POSSIBLE OFFER FOR THE COMPANY

Standard General L.P. announcement

On 5 November 2020, Standard General L.P. (“**Standard General**”) announced it had approached the Board in relation to a possible cash offer for the Company (the “**Possible Offer**”). On 3 December 2020, the period in which Standard General had to either announce a firm intention to make an offer for the Company pursuant to Rule 2.7 of the Code (a “**Rule 2.7 Announcement**”) or announce that it does not intend to make an offer for the Company (which will be deemed to be a statement to which Rule 2.8 of the Code applies) was extended, with the consent of the Panel, to 17 December 2020. In the announcement of the extension, the Company noted that Standard General had increased the terms of its possible offer to 32.5 pence per Share in cash. Accordingly, the Company remains in an Offer Period (as defined in the Code).

Opinion of the Board in respect of the Disposal

As at 7 December 2020, Standard General had made no Rule 2.7 Announcement nor had it announced that it did not intend to make an offer for the Company. Standard General is currently engaged in a period of due diligence and the Board will consider its views on Standard General’s proposal in the event that Standard General confirms that its due diligence is complete and that it is in a position to announce a firm intention to make an offer prior to the deadline of 17 December 2020.

The Directors believe that approval of the Disposal will allow Shareholders to maintain a shareholding in the Company and to participate in the potential upside of the Company’s growth following the Disposal. In addition, the Disposal provides the highest level of certainty regarding completion and costs and expenses of the potential transactions currently available to the Company. **In the event the Disposal is not approved by Shareholders at the General Meeting, there can be no certainty that Standard General (or any other party) will make an offer for the Company or its business or**

assets. Accordingly, the Board has concluded that it is in the best interests of Shareholders that they approve the Disposal by voting in favour of the Resolution (including for the purposes of Rule 21.1 of the Code).

Frustrating action

The Disposal would potentially be deemed to be a “frustrating action” to any offer which may be made for the Company by Standard General, or any other party, pursuant to Rule 21.1 of the Code, and therefore requires the approval of the Shareholders.

Accordingly, if the Company remains in an Offer Period at the time of the General Meeting (whether as a result of Standard General making a Rule 2.7 Announcement or as a result of another third party announcing a possible offer for the Company) then Shareholders will be required, in addition to approving the Disposal for the purposes of Listing Rule 10.5.1, to approve the Disposal for the purposes of Rule 21.1 of the Code. The Resolution seeks Shareholder approval of the Disposal for both these purposes (to the extent relevant at the time of the General Meeting).

Pursuant to Rule 21.1(d) of the Takeover Code, the Board must obtain competent independent advice as to whether the financial terms of the Disposal are fair and reasonable and set out the substance of this advice, together with the Board’s views on the Disposal.

The Board, who have been so advised by Peel Hunt LLP as to the financial terms of the Disposal, consider its terms to be fair and reasonable. In providing its advice to the Board, Peel Hunt has taken into account the commercial assessments of the Directors of the Company. Peel Hunt’s advice is provided for the purpose of Rule 21.1(d) of the Takeover Code.

13. RECOMMENDATION TO SHAREHOLDERS

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

Richard McGuire and Thomas Hearne (being the Directors who hold Ordinary Shares) intend to vote at the General Meeting in favour of the Resolution in respect of the Ordinary Shares to which they are beneficially entitled (representing approximately 0.59 per cent. of the total issued Ordinary Shares as at 4 December 2020 (being the latest practicable date prior to the publication of this document)).

Yours faithfully

Giles Vardey
Chairman

PART II

RISK FACTORS

Prior to voting on the Resolution at the General Meeting, Shareholders should consider carefully, together with all other information contained in this document, the risks associated with the Disposal described below. The risks disclosed are those that the Company and Directors consider: (a) are material risks relating to the Disposal; (b) will be material new risks to the Retained Group as a consequence of the Disposal; or (c) are existing material risks for the Group that will be impacted by the Disposal.

The risk factors set out in this document are those that are required to be disclosed under the Listing Rules, and do not seek to cover all of the material risks which generally affect the Group.

The following is not an exhaustive list or explanation of all the risks that may affect the Ordinary Shares or the Group. Additional risks and uncertainties relating to the Ordinary Shares and the Group that are not currently known to the Directors, or that the Directors currently deem immaterial, may, individually or cumulatively, also have a material adverse effect on the business, financial results or financial condition and prospects of the Group, and, if any such risk should materialise, the price of the Ordinary Shares may decline and investors could lose all or part of their investment.

The information given is at the date of this document and, except as requested by the FCA or required by the Listing Rules or any other applicable law, will not be updated. Any forward-looking statements are made subject to the reservations specified under "Information Regarding Forward-looking Statements" at the beginning of this document.

1. RISKS RELATING TO THE DISPOSAL

Conditions in the Sale and Purchase Agreement

Completion of the Sale and Purchase Agreement is conditional upon the passing of the Resolution at the General Meeting and the Purchaser Conditions. There can be no assurance that the Conditions will be satisfied (or, in the case of either of the Purchaser Conditions, waived), in which case Completion may not occur.

In addition, the Purchaser is entitled to terminate the Sale and Purchase Agreement and withdraw from the Disposal if the Conditions are not satisfied or become incapable of being satisfied on or before the Long Stop Date.

Warranties in the Sale and Purchase Agreement and the Tax Covenants

The Sale and Purchase Agreement contains customary warranties given by the Sellers in favour of the Purchaser. The Sellers have disclosed matters against the warranties and 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 Group's financial condition.

The Sale and Purchase Agreement also contains warranties given by the Purchaser in favour of the Sellers. The extent to which the Purchaser may be required in the future to make payments in respect of a breach of any of these warranties is unpredictable. If, however, the Purchaser suffers financial distress, any payment due to the Company in respect of a breach of such warranties may be put at risk.

Pursuant to the terms of the Tax Covenants, the Sellers have undertaken, with effect from Completion, to pay the Purchaser an amount equal to any tax liabilities of the Global Tote Business that arise in respect of pre-Completion matters. Any liability to make a payment arising from a successful claim by the Purchaser under the Tax Covenants could have a material adverse effect on the Group's financial condition.

The separation of the Global Tote Business from the Retained Group may be more complex than expected and could cause the Retained Group to incur unexpected costs

The process of separating the Global Tote Business from the Retained Group may be more complex than expected, involving the separation of certain business assets, liabilities and systems (such as IT) and business support functions (such as the Group's legal, HR and accounting functions).

Whilst the Board believes the Group has prepared an appropriate separation plan, the Retained Group could incur unexpected additional costs and/or adverse impacts on the functioning of its business as a result of the separation process and/or fulfilment of its obligations under each of the Transaction Agreements, which could adversely affect its financial condition and results of operations. In addition, the Company's management may be required to allocate time and resources to the separation process and to ensure that the Retained Group's obligations under each of the Transaction Agreements are fulfilled. This may limit the management and financial resources available to the Retained Group, potentially to the detriment of the Retained Group's overall operational and financial performance.

Third party interference with the Disposal

As a listed company, the Company is exposed to potential approaches from third parties seeking to instigate a public takeover of the Company which might delay or prevent Completion of the Disposal (including, for example, the Proposed Offer). Although the Sale and Purchase Agreement is binding on the Sellers, if the Company were to receive an attractive takeover offer prior to the approval of the Resolution which was predicated on the Sellers terminating the Sale and Purchase Agreement (whether from Standard General or otherwise), the Directors would be obliged to consider that offer in accordance with their fiduciary duties.

The Company might also be approached by a third party seeking to make a more favourable offer than that of the Purchaser for the Global Tote Business and the Directors might consequently be required (in accordance with their fiduciary duties and subject to the terms of the Sale and Purchase Agreement) to withdraw their recommendation of the Resolution and the Disposal.

If the Sellers were to terminate the Sale and Purchase Agreement other than in accordance with its terms, or were to otherwise breach the terms of the Sale and Purchase Agreement (for example, by not convening the General Meeting to approve the Resolution), the Sellers (which would remain part of the Group) may be found liable to pay damages to the Purchaser in respect of the loss it has suffered as a result of such termination or breach. Alternatively, at a court's discretion, the Sellers may be ordered to perform their respective obligations under the Sale and Purchase Agreement if such performance remained possible. There can be no certainty as to the amount of any damages which the Sellers may be required to pay although such damages typically seek to provide redress to a party as if the breached contract had been properly performed.

The Disposal may have a disruptive effect on the Global Tote Business and the Retained Group

The Sale and Purchase Agreement requires the Sellers to continue running the Global Tote Business in the ordinary course of business, save as required to comply with the requirements or guidance of any governmental authority in relation to COVID-19 arrangements, prior to Completion. However, as a result of the announcement of the Disposal or any delay in its consummation, key persons in management and/or the operating functions may be affected and may choose to leave the Global Tote Business prior to Completion. The announcement of the Disposal may create uncertainty for certain employees of the Global Tote Business in respect of their continued employment in the business following Completion. In addition, the sentiment and spending behaviour of the Global Tote Business' customers and suppliers may also be negatively impacted by the announcement of the Disposal. Accordingly, there may be a negative affect on the performance of the Global Tote Business under the ownership of the Company which could, in turn, for example by the Sellers being unable to meet their obligation to operate the Global Tote Business in the ordinary course, adversely affect the overall operational and financial performance of the Group.

Costs and expenses related to the Disposal could exceed amounts currently estimated

Whilst the Board believes it has appropriate arrangements in place to manage the expected costs and expenses in relation to the Disposal, including separation and post-Completion costs, there can be no assurance that the costs and expenses will not exceed the amounts currently estimated. There may also be further additional and unforeseen expenses incurred in connection with the Disposal either due

to delays or otherwise. Such costs and expenses may adversely affect the Retained Group's business and results of operations.

2. MATERIAL RISKS RELATING TO THE RETAINED GROUP ARISING IN CONNECTION WITH THE DISPOSAL

Loss of sale proceeds

If the Disposal does not complete, the Group will not receive the cash proceeds from the Disposal and consequently the transaction costs incurred by the Group in connection with the Disposal which are not contingent on Completion occurring would not be offset by such cash proceeds. In addition, the market's perception of a failed transaction could result in a negative impact on the market price of the Ordinary Shares and the Group's financial condition, results of operations and prospects.

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 Global Tote Business. If the Disposal does not complete, the subsequent value of the Global Tote Business to the Group may be lower than can be realised by way of the Disposal. This could result in the financial position of the Group being materially different to the position it would be in if the Disposal completed.

No assurance of a future sale

If the Disposal does not complete, there can be no assurance that the Group would be able to dispose of the Global Tote Business at a later date, at an improved or equivalent or favourable valuation or circumstances, or to dispose of the Global Tote Business at all. If the Group were unable to identify another suitable purchaser for the Global Tote Business this could lead to a loss of confidence amongst employees, customers and suppliers and a reduced value of the Global Tote Business. It could also have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Potentially disruptive effect on the Group

If the Disposal does not complete, the management and other employees of the Global Tote Business may be affected, and key management and/or other employees may choose to leave the Global Tote Business. Any loss of key persons in management and/or operating functions in the Global Tote Business as a result of the announcement of the Disposal and/or any uncertainty created by the announcement of the Disposal may lead to management, employee, customer and supplier distraction and concern due to the perceived uncertainty with respect to the future ownership of the Global Tote Business and the Group's strategy, which may have an adverse effect on the performance of the Global Tote Business and, therefore, its value to the Group.

To maintain shareholder value in the event the Disposal does not complete, the management of the Global Tote Business and the Group may be required to allocate additional time and cost to the ongoing supervision and development of the Global Tote Business. This may limit the management and financial resources available to the rest of the Group. If the Disposal does not proceed, customer sentiment and spending behaviour and supplier sentiment may also be negatively impacted. These matters may adversely affect the Group's financial condition and results of operations.

There may be an adverse impact on the 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 Group due to amplified media and market scrutiny arising in connection with the attempted Disposal. Any such reputational risk could adversely affect the Group's business, financial condition and operating results.

3. EXISTING MATERIAL RISKS TO THE GROUP THAT WILL BE IMPACTED BY THE DISPOSAL

The Group's operations will be materially less diversified and, therefore, materially more susceptible to specific risks connected with the retained businesses

In the year ended 31 December 2019, the Global Tote Business contributed revenue of £30.8 million representing approximately 47.5 per cent. of the Group's revenue of £64.8 million and contributed Adjusted EBITDA of £5.6 million representing approximately 74.1 per cent. of the Group's Adjusted EBITDA of £7.5 million. As at 31 December 2019, the Global Tote Business had gross assets of £30.1 million representing approximately 45.0 per cent. of the Group's gross assets of £66.8 million. In the six months ended 30 June 2020, the Global Tote Business contributed revenue of £12.0 million representing approximately 59.5 per cent. of the Group's revenue of £20.2 million and contributed positive Adjusted EBITDA of £1.6 million of the Group's Adjusted EBITDA loss of £1.2 million. As at 30 June 2020, the Global Tote Business had gross assets of £29.3 million representing approximately 52.7 per cent. of the Group's gross assets of £55.7 million.

Following the Disposal, the Group's operations will be materially less diverse and, as a result, will be materially more susceptible to adverse developments in the remaining businesses and markets which it operates. In particular, in addition to the COVID-19 risk to the Venues Business set out below, the Group has a customer who comprised a material proportion of the Group's EBITDA in the 12 months ended 31 December 2019 and the six months ended 30 June 2020. This customer will remain with the Retained Group, pursuant to a contract which expires in the medium term and cannot be terminated by the customer unless the Retained Group fails to comply with its contractual obligations, and, as a result of the Disposal, the EBITDA generated from this customer is expected to comprise an even greater proportion of the Retained Group's EBITDA for the foreseeable future.

The greater sensitivity to fluctuations in the Group's remaining businesses and markets or the decision of certain customers to continue to contract with the Retained Group (including as a result of the perception that other market participants of scale may be able to provide a more competitive service proposition) may have an adverse effect on the operating results, financial position and ultimately the valuation of the Retained Group. Weak performance in these remaining businesses, or in any particular part of these businesses, whether as a result of these specific risks (including that of customer concentration) or otherwise, will have a proportionately greater adverse impact on the financial condition and valuation of the Retained Group and a greater risk of share price volatility following the Disposal than would have been the case prior to the Disposal.

Continuing impact of COVID-19

Actions taken by governments, other national authorities and the Group to reduce the spread of COVID-19 in the period from March 2020 including, in particular, limiting or prohibiting attendance at venues such as those operated by the Venues Business or implementing periods of closure at such venues as a result of positive COVID-19 tests has had an impact on the financial condition and results of operations of the Venues Business. In the year ended 31 December 2019, the Venues Business contributed revenue of £28.8 million representing approximately 44.5 per cent. of the Group's revenue of £64.8 million and contributed Adjusted EBITDA of £0.5 million representing approximately 6.0 per cent. of the Group's Adjusted EBITDA of £7.5 million and contributed losses before tax of £7.8 million representing approximately 92.0 per cent. of the Group's losses before tax of £8.4 million. As at 31 December 2019 the Venues Business had gross assets of £25.1 million representing approximately 37.6 per cent. of the Group's gross assets of £66.8 million. In the six months ended 30 June 2020, the Venues Business contributed revenue of £7.2 million representing approximately 35.8 per cent. of the Group's revenue of £20.2 million and contributed £1.4 million of the Group's Adjusted EBITDA loss of £1.2 million and contributed losses before tax of £7.0 million representing approximately 65.1 per cent. of the Group's losses before tax of £10.7 million. As at 30 June 2020 the Venues Business had gross assets of £15.0 million representing approximately 27.0 per cent. of the Group's gross assets of £55.7 million.

Following the Disposal, the Venues Business' contribution to the Retained Group's revenues and Adjusted EBITDA will be proportionately larger and, as a result, the impact of COVID-19 on the Retained Group will be greater and may have a material adverse effect on the Retained Group's financial condition and results of operations. The extent of any such impact will depend on the extent of any restrictions and the period of time for which they remain in place.

Business separation

Certain business assets, liabilities and systems and business support functions will need to be separated from the Global Tote Business as part of the separation of the Global Tote Business from the Retained Group. Whilst the Board believes the Group has prepared an appropriate separation plan, there may be an impact on the functioning of the Retained Group's business as a result of the separation process and the fulfilment of the Retained Group's obligations under the Transitional Services Agreement. This could adversely affect the Retained Group's financial condition and results of operations and customer and supplier relationships, whilst a disruption of synergies in working practices may lead to cost increases. The Company's management may be required to spend time and resources on the separation process. This may adversely impact the financial and management resources available to the Retained Group. In addition, the Retained Group could be exposed to liabilities in respect of its obligations under the Transitional Services Agreement.

Inability to realise Shareholder value from the net proceeds of the Disposal

It is the Board's current intention to return the majority of the proceeds from the Disposal to Shareholders, however, the timing and quantum of such return will, to some extent, depend on the Board's view of the Retained Group's organic and inorganic investment opportunities as well as its general ongoing capital requirements in light of plausible trading scenarios. The Board may, therefore, use the net proceeds of the Disposal to invest in: (a) the Retained Group with a view to drive organic growth; or (b) carefully selected inorganic opportunities which are aligned with the Retained Group's strategy. Notwithstanding that the Board is rigorous in its approach to investment appraisal and financial discipline, the success of any such investments will depend on a number of factors, including the ability to successfully integrate any acquired businesses and external market factors affecting the industry as a whole. It is therefore possible that any such investments made by the Retained Group will not result in the creation of value for Shareholders.

In the event that the value of the Global Tote Business increases following Completion, there is no guarantee that any investments made by the Retained Group and/or returns of value from the net sale proceeds of the Disposal will provide a better return to Shareholders than if the Global Tote Business had been retained by the Group.

The market price of the Ordinary 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 Ordinary Shares may be quoted and the price which Shareholders may realise for their Ordinary 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, other comparable companies or publicly traded companies as a whole. Certain investors wanting exposure to the Global Tote Business may sell their Shares as a result of the Disposal, however, similarly, certain investors wanting exposure to the Retained Group's business (and not the Global Tote Business) may be buyers and this may impact liquidity in the Ordinary Shares and the market price of the Ordinary Shares. 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 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 Ordinary Shares going up or down.

Currency risk

As the Group's operations will be less geographically diversified following the Disposal, the Retained Group's revenues and costs will be denominated substantially in US\$ and Dominican Pesos with the result of an increased currency risk as these are translated into the Company's reporting currency, pound 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 European Union sovereign debt crisis, the UK leaving the European Union with effect from 31 January 2020 and uncertainty surrounding the end of the transitional arrangements on 31 December 2020 and COVID-19. Notwithstanding that the Group's operations will be exposed to fewer currencies following the Disposal, currency fluctuations could have a proportionately greater impact on the Retained Group's business, financial condition, results of operations and prospects following the Disposal.

Dividends

The ability of the Company to pay dividends depends, amongst other things, 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 Global Tote Business. 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.

PART III

FINANCIAL INFORMATION ON THE GLOBAL TOTE BUSINESS

1. BASIS OF PREPARATION

The unaudited financial information contained in sections 2 and 3 of this Part III (*Financial information on the Global Tote Business*) represents financial information relating to the Global Tote Business as at Completion. The Global Tote Business has not in the past formed a legal group and has not prepared separate consolidated financial statements.

The following financial information has been extracted without material adjustment from the consolidation schedules and supporting accounting records that underlie the Group's audited consolidated financial statements for the three years ended 31 December 2017, 2018 and 2019 and the Group's unaudited consolidated interim financial statements for the six months ended 30 June 2020.

The financial information for the three years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2020 has been prepared applying the IFRS accounting principles adopted in the Group's consolidated financial statements for the three years ended 31 December 2017, 2018 and 2019. These have been applied consistently except for the implementation of IFRS 16 Leases which was initially adopted by the Group from 1 January 2019. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings on 1 January 2019. Accordingly, the comparative information presented for the two years ended 31 December 2017 and 2018 has not been restated.

The Directors are satisfied that the following historical financial information provides a reasonable basis for the presentation of the financial information relating to the Global Tote Business as at Completion to enable Shareholders to make a fully informed voting decision.

The financial information in sections 2 and 3 of this Part III (*Financial Information on the Global Tote Business*) does not constitute statutory accounts for the Global Tote Business within the meaning of section 434 of the Companies Act 2006. The statutory accounts of the Group for the three years ended 31 December 2017, 2018 and 2019 have been delivered to the Registrar of Companies. The auditor's reports in respect of the statutory accounts for the years ended 31 December 2017 and 2018 were issued by PricewaterhouseCoopers LLP, were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006. The auditor's report in respect of the statutory accounts for the year ended 31 December 2019 was issued by BDO LLP, was 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 Global Tote Business*).

2. CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	<i>Year ended</i> <i>31 December</i> <i>2017</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2018</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2019</i> <i>£'000</i>	<i>Six</i> <i>months ended</i> <i>30 June</i> <i>2020</i> <i>£'000</i>
Revenue	31,314	29,222	30,773	12,008
Cost of sales	(2,742)	(2,986)	(3,918)	(1,474)
Gross profit	28,572	26,236	26,855	10,534
Marketing and distribution costs	(501)	(708)	(560)	(196)
Operating costs	(28,239)	(27,856)	(27,200)	(11,615)
Other income	–	173	90	–
Operating loss	(168)	(2,155)	(815)	(1,277)
Finance (costs)/income	111	302	(26)	36
Loss before taxation	(57)	(1,853)	(841)	(1,241)
Taxation	(633)	(916)	(241)	(81)
Loss for the period	(690)	(2,769)	(1,082)	(1,322)

	<i>Year ended</i> <i>31 December</i> <i>2017</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2018</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2019</i> <i>£'000</i>	<i>Six</i> <i>months ended</i> <i>30 June</i> <i>2020</i> <i>£'000</i>
Operating loss	(168)	(2,155)	(815)	(1,277)
Centrally borne corporate costs	1,836	2,008	1,944	61
Exceptional items	(45)	2,211	137	147
Depreciation	1,411	1,388	2,048	960
Amortisation	1,364	1,676	2,274	1,727
Adjusted EBITDA⁽¹⁾	4,398	5,129	5,588	1,618

Note:

- Adjusted EBITDA is calculated by adding back centrally borne corporate costs, exceptional items, depreciation and amortisation to the net operating loss.

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>As at</i> <i>31 December</i> <i>2019</i> <i>£'000</i>	<i>As at</i> <i>30 June</i> <i>2020</i> <i>£'000</i>
Assets		
Non-current assets		
Intangible fixed assets	6,378	8,098
Property, plant and equipment	7,985	6,055
Right-of-use assets	631	696
Trade receivables	338	293
Deferred tax assets	174	184
Total non-current assets	<u>15,506</u>	<u>15,326</u>
Current assets		
Trade and other receivables	5,455	3,982
Inventories	2,441	2,515
Cash	6,655	7,494
Total current assets	<u>14,551</u>	<u>13,991</u>
Total assets	<u>30,057</u>	<u>29,317</u>
Liabilities		
Current liabilities		
Trade and other payables	(4,592)	(5,590)
Provisions	–	(38)
Lease liabilities	(289)	(328)
Current tax liabilities	(95)	(115)
Total current liabilities	<u>(4,976)</u>	<u>(6,071)</u>
Net current assets	<u>9,576</u>	<u>7,920</u>
Non-current liabilities		
Retirement benefit liability	(1,079)	(1,151)
Lease liabilities	(760)	(750)
Provisions	(8)	–
Total non-current liabilities	<u>(1,847)</u>	<u>(1,901)</u>
Total liabilities	<u>(6,823)</u>	<u>(7,972)</u>
Net assets	<u>23,234</u>	<u>21,345</u>

PART IV

UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF NET ASSETS OF THE RETAINED GROUP

The following unaudited pro forma consolidated statement of net assets of the Retained Group has been prepared to illustrate the effect of the Disposal on the net assets of the Group as if the Disposal had occurred on 30 June 2020.

The unaudited pro forma consolidated statement of net assets is for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Retained Group's actual financial position or results following the Disposal.

The unaudited pro forma financial information is based on the unaudited interim financial statements of the Group as at 30 June 2020 and the unaudited historical financial information of the Global Tote Business (as it would be comprised at Completion) as at 30 June 2020 contained in Part III (*Financial Information on the Global Tote Business*) of this document.

The unaudited pro forma financial information has been prepared on the basis set out in the notes below and in accordance with items 1 to 3 of Annex 20 of the Commission Delegated Regulation (EC) No. 2019/980 (supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council), as applied by Listing Rule 13.3.3R, and has been prepared in a manner consistent with the accounting policies of the Group applied in the preparation of the Group's unaudited interim financial statements for the six month period ended 30 June 2020. 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*).

BDO LLP's report on the unaudited pro forma financial information is set out in section 2 of this Part IV (*Unaudited Pro Forma Financial Information*).

Unaudited pro forma consolidated statement of net assets as at 30 June 2020

Note	Adjustments		Adjustments Disposal adjustments £'000	Retained Group
	Group as at 30 June 2020 £'000	Global Tote Business as at 30 June 2020 £'000		pro forma total as at 30 June 2020 £'000
	1	2	3	4
ASSETS				
Non-current assets				
Goodwill	604	–	–	604
Intangible fixed assets	14,665	(8,098)	–	6,567
Property, plant and equipment	15,184	(6,055)	–	9,129
Right-of-use assets	2,187	(696)	–	1,491
Trade and other receivables	465	(293)	–	172
Deferred tax assets	1,198	(184)	–	1,014
	<u>34,303</u>	<u>(15,326)</u>	<u>–</u>	<u>18,977</u>
Current assets				
Trade and other receivables	5,699	(3,982)	–	1,717
Inventories	2,694	(2,515)	–	179
Cash and cash equivalents	12,977	(7,494)	30,900	36,383
	<u>21,370</u>	<u>(13,991)</u>	<u>30,900</u>	<u>38,279</u>
TOTAL ASSETS	<u>55,673</u>	<u>(29,317)</u>	<u>30,900</u>	<u>57,256</u>
LIABILITIES				
Current liabilities				
Trade and other payables	(12,352)	5,590	(2,300)	(9,062)
Provisions	(466)	38	–	(428)
Lease liabilities	(1,132)	328	–	(804)
Current tax liabilities	(4,895)	115	–	(4,780)
Deferred tax liabilities	(89)	–	–	(89)
	<u>(18,934)</u>	<u>6,071</u>	<u>(2,300)</u>	<u>(15,163)</u>
Net current assets	<u>2,436</u>	<u>(7,920)</u>	<u>28,600</u>	<u>23,116</u>
Non-current liabilities				
Retirement benefit liability	(1,151)	1,151	–	–
Lease liabilities	(4,495)	750	–	(3,745)
Deferred tax liabilities	(48)	–	–	(48)
Provisions	(1,232)	–	–	(1,232)
	<u>(6,926)</u>	<u>1,901</u>	<u>–</u>	<u>(5,025)</u>
Total liabilities	<u>(25,860)</u>	<u>7,972</u>	<u>(2,300)</u>	<u>20,188</u>
Net assets	<u>29,813</u>	<u>(21,345)</u>	<u>28,600</u>	<u>37,068</u>

Notes:

- The net assets relating to the Group have been extracted without material adjustment from the 2020 Interim Results, which have been prepared in accordance with the Group's accounting policies.
- The net assets of the Global Tote Business have been extracted without material adjustment from the historical financial information of the Global Tote Business contained in Part III (*Financial Information on the Global Tote Business*) of this document. This is inclusive of an adjustment to take account of trade and other payables in relation to balances between the Global Tote Business and the Retained Group which are eliminated on consolidation in the 2020 Interim Results (£4.8 million).
- The Disposal adjustments reflect the receipt of cash proceeds of £30.9 million which is subject to retrospective adjustment in respect of working capital and cash free/debt free adjustments under the terms of the Sale and Purchase Agreement. The unaudited pro forma statement of net assets does not reflect these adjustments which will be calculated based on the balance sheet of the Global Tote Business at the date of Completion. The adjustments, when finalised following Completion, may be material. A provision of £2.3 million is made for total estimated transaction related costs. Based on advice received and subject to agreement with the relevant tax authorities, the Directors do not believe there is a material taxation liability in relation to the sale proceeds.
- No account has been taken of any trading or results of the Group or Global Tote Business since 30 June 2020.

2. ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE RETAINED GROUP



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Sportech PLC
Collins House
Rutland Square
Edinburgh EH1 2AA

Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

7 December 2020

Dear Sir or Madam

Sportech PLC (the “Company”) and its subsidiaries (together, the “Group”): proposed disposal of the Global Tote Business of the Group to Betmakers Technology Group Limited (the “Disposal”)

Pro forma financial information

We report on the unaudited pro forma consolidated statement of net assets (the “**Pro Forma Financial Information**”) set out in section 1 of Part IV (*Unaudited Pro Forma Financial Information*) of the class 1 circular dated 7 December 2020 (the “**Circular**”).

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.

Responsibilities

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the Pro Forma Financial Information in accordance with items 13.5.31G and 13.3.3R of the listing rules made by the Financial Conduct Authority for the purposes of part VI of the Financial Services and Markets Act 2000 (the “**Listing Rules**”).

It is our responsibility to form an opinion, as required by section 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

No reports or opinions have been made by us on any financial information used in the compilation of the Pro Forma Financial Information. In providing this opinion we are not providing any assurance on any source financial information on which the Pro Forma Financial Information is based beyond the above opinion.

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 the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result

of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of preparation

The Pro Forma Financial Information has been prepared on the basis described, for illustrative purposes only, to provide information about how the Disposal 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 ended 30 June 2020.

This report is required by paragraph 13.3.3R of the Listing Rules and is given for the purpose of complying with that item and for no other purpose.

Basis of opinion

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

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.

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.

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

Yours faithfully

BDO LLP
Chartered Accountants

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

PART V

SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

1. SUMMARY OF THE PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

1.1 *Disposal*

Under the terms of the Sale and Purchase Agreement, the Purchaser has agreed to acquire (a) the entire issued share capital of Sportech Holdco 1 Limited from Sportech Group Holdings Limited; and (b) the entire issued share capital of eBet Technologies Inc. and Sportech Racing Canada Inc. and the total membership interest of Sportech Racing, LLC from Sportech, Inc. for a total initial cash consideration of £30.9 million (subject to adjustment as described in paragraph 1.3 of this Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document).

1.2 *The Conditions*

Completion of the Disposal is conditional on the following conditions (the “**Conditions**”):

- (a) the passing of the Resolution at the General Meeting; and
- (b) BetMakers receiving or, where appropriate, waiving approval to transfer the relevant licences required for the operation of the Global Tote Business and there not being any material adverse change in the Global Tote Business in the period between the date of the Sale and Purchase Agreement and the earlier of: (i) Completion; and (ii) 30 April 2021 (the “**Purchaser Conditions**”).

Completion shall take place on the last business day of the month in which the Conditions have been satisfied (or, in the case of either of the Purchaser Conditions waived, by the Purchaser) or on such other date as is agreed in writing between the Sellers and the Purchaser. With effect from Completion, the remaining Transaction Agreements shall become effective. A summary of each of the Transaction Agreements (other than the Sale and Purchase Agreement) is set out in paragraph 2 of this Part V (*Summary of the Principal Terms and Conditions of the Disposal*).

1.3 *Consideration*

The total consideration payable by the Purchaser is £30.9 million. A non-returnable initial payment of £6.18 million is payable in cash by BetMakers following approval of the Disposal by the Company’s Shareholders at the General Meeting. The net amount of total consideration (being £24.72 million) is payable in cash at Completion and is subject to adjustment following Completion to reflect the actual level of working capital in, and the valuation of the US defined benefit pension liability (and other net debt-like items) attributable to, the Global Tote Business at Completion.

1.4 *Pre-Completion undertakings*

The Sellers have given certain customary undertakings in relation to the period between signing the Sale and Purchase Agreement and Completion including that, save as required to comply with the requirements or guidance of any governmental authority in relation to COVID-19, the Global Tote Business will continue to operate in the ordinary course of business.

The Company has also undertaken to assist the Purchaser with the process to obtain certain regulatory approvals in order to take control of the Global Tote Business.

1.5 **Restrictive covenants**

The Sellers have agreed that they shall not, except with the Purchaser's prior permission:

- (a) for the period of three years following Completion, subject to certain limited exceptions, compete with the business carried on by the Global Tote Business by:
 - (i) providing, on a business-to-business basis, software and related services for the specific purpose of the operation by customers of a pari-mutuel betting system; or
 - (ii) supplying and maintaining, on a business-to-business basis, hardware for track or other physical or land-based points of sale that comprise an element of a pari-mutuel betting system;
- (b) solicit senior employees of the Global Tote Business for the period of three years following Completion;
- (c) solicit customers of the Global Tote Business for the period of three years following Completion; and
- (d) solicit or interfere with suppliers of the Global Tote Business for the period of three years following Completion.

1.6 **Quantum Source Code**

In advance of Completion, the Quantum Source Code will be transferred to Sportech Holdco 1 Limited, one of the Transferring Companies, and so shall be included in the Disposal.

1.7 **Real estate**

Sportech, Inc. shall be under an obligation to use reasonable endeavours to procure the transfer of its leasehold interest in the property at Alpharetta, Georgia, USA to the Purchaser (or to such other person as the Purchaser may nominate) in the period between signing the Sale and Purchase Agreement and Completion.

Additionally, property interests held by the Global Tote Business pursuant to leases or licences to occupy will be transferred to the Purchaser at Completion, including the relevant Transferring Companies' interests in properties at (a) Mt Laurel, NJ, USA; (b) Bristol, UK; (c) Athlone, Ireland; (d) Velizy, France; (e) Istanbul, Turkey; and (f) Hamburg, Germany.

1.8 **Sportech PLC parent company guarantee.**

The Company, as ultimate parent company of the Group, has agreed to guarantee the performance of the Sellers' obligations under the Sale and Purchase Agreement, in terms customary for transactions of this nature.

1.9 **Warranties and the Tax Covenants**

The Sellers have given warranties to the Purchaser that are customary for a transaction of this nature. The warranties given include those relating to title, capacity, authority, solvency, tax, financial matters, financial debt, compliance, contracts, insurance, litigation, intellectual property and information technology, real estate, environmental matters, employees, benefit arrangements and pension schemes. 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 the Sellers.

The warranties given by the Sellers are subject to customary financial and other limitations, as described below in paragraph 1.10 of this Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

Pursuant to the terms of the Tax Covenants, with effect from Completion, each Seller undertakes to pay to the Purchaser an amount equal to any tax liabilities of the Transferring Companies (and their respective subsidiaries) sold by such Seller that arise in respect of pre-Completion matters (subject to customary exemptions and financial thresholds).

1.10 **Limitations of liabilities**

The Sale and Purchase Agreement includes customary financial thresholds, time limitations and other limitations and exclusions in relation to certain claims made under the Sale and Purchase Agreement. The liability of each of the Sellers for breach of warranty (save for breach of title and capacity warranties) under the Sale and Purchase Agreement is capped at 75 per cent. of the consideration received by that Seller.

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 in respect of tax matters or under the Tax Covenants must be given within seven years of Completion.

1.11 **Termination**

Either the Sellers or the Purchaser may terminate the Sale and Purchase Agreement if the Conditions are not satisfied (or, in the case of the Purchaser Conditions, waived) or become incapable of being satisfied on or before the Long Stop Date. The Long Stop Date is 31 January 2021 but this can be extended by the Purchaser to a later date on or before 30 June 2021.

1.12 **Governing law and jurisdiction**

The Sale and Purchase 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 and Purchase Agreement.

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

2.1 **Tax Covenants**

As part of the Disposal, those Sellers which own that part of the Global Tote Business incorporated in the United States or Canada entered into a tax covenant with the Purchaser and those Sellers which own part of the Global Tote Business incorporated outside the United States or Canada entered into a second tax covenant. Pursuant to the terms of the Tax Covenants, with effect from Completion, each Seller undertakes to pay to the Purchaser an amount equal to any tax liabilities of the Transferring Companies (and their respective subsidiaries) sold by such Seller that arise in respect of pre-Completion matters (subject to customary exemptions and financial thresholds).

2.2 **Transitional Services Agreement**

The Company and Sportech Racing, LLC entered into the Transitional Services Agreement on 1 December 2020. With effect from, and conditional only on, Completion, each party to the Transitional Services Agreement shall provide to the other party's group certain services on a transitional basis following Completion. Save in the case of material default by a party, a party suffering an insolvency event or either party serving notice, the Transitional Services Agreement shall terminate on the last date of provision of services by a party in accordance with its terms, which is expected to be no later than 24 months following Completion. Each party shall, at the beginning of each calendar month, invoice the other for service charges in respect of the services rendered by that party during the previous month, such fees being calculated on a pass through costs basis (without the addition by the service provider of any margin or profit element in respect of the services) and being payable by the recipient of services monthly in arrears.

2.3 **Quantum Source Code Assignment**

The Purchaser will acquire the Quantum Source Code at Completion as part of the acquisition of the Global Tote Business and, in order to facilitate this, the Quantum Source Code will be transferred to Sportech Holdco 1 Limited, one of the Transferring Companies, in advance of Completion pursuant to the Quantum Source Code Assignment entered into on 1 December 2020.

2.4 **Brand Licence Agreement**

The Company and Sportech Racing, LLC entered into the Brand Licence Agreement on 1 December 2020. With effect from, and conditional only on, Completion, the Company will grant

Sportech Racing, LLC a non-exclusive licence to use the marks “Sportech”, “Sportech Racing”, “Sportech Racing and Digital” and “Sportech Racing//Digital” in connection with the Global Tote Business and an option for the Purchaser to acquire the full rights in the marks for a nominal sum in the event that the Company sells both Sportech Venues, Inc. and Lot.to Systems Limited.

2.5 **Tote Services Agreement**

Sportech Racing, LLC (in this paragraph 2.5, the “**Supplier**”) and Sportech Venues Inc. (in this paragraph 2.5, the “**Customer**”) entered into the Tote Services Agreement on 1 December 2020. With effect from, and conditional only on, Completion, the Supplier has agreed to supply the Customer with totalisator and related services which are required for the operation of wagering through certain wagering channels including such software and systems as are required to operate such services. Save in the case of default by either party, the Tote Services Agreement shall continue in full force and effect from Completion for 18 months. Thereafter, the agreement shall renew automatically for successive periods of one year unless terminated by either party on 180 days’ written notice prior to the expiry of the then current expiry date. The Customer has agreed to pay the Supplier a monthly fee based on: (a) a percentage of the gross monies wagered; and (b) the fees payable for Direct Track Interface in connection with pari-mutuel wagering on racing at remote racetracks. The Tote Services Agreement is governed by the laws of the State of Connecticut.

2.6 **ADW Services Agreement**

Sportech Racing, LLC (in this paragraph 2.6, the “**Supplier**”) and Sportech Venues Inc. (in this paragraph 2.6, the “**Customer**”) entered into the ADW Services Agreement on 1 December 2020. With effect from, and conditional only on, Completion, the Supplier agrees to provide certain services to the Customer in connection with the Customer’s advance deposit wagering services to its advance deposit wagering account holders and certain related services together with technical expertise, equipment and personnel to operate such services. Save in the case of default by either party or either party serving notice, the ADW Services Agreement shall continue in full force and effect until the Tote Services Agreement is terminated in accordance with its terms. The Customer has agreed to pay the Supplier an annual fee in respect of services provided under the ADW Services Agreement with such fee being payable in monthly instalments. During the term of the ADW Services Agreement, the Supplier may provide similar services to third parties although shall be the exclusive provider of such services to the Customer. The ADW Services Agreement is governed by the laws of the State of Connecticut.

2.7 **Lottery Services and Maintenance Agreement**

The Purchaser, Sportech Racing, LLC (together in this paragraph 2.7, the “**Supplier**”) and Sportech Lotteries, LLC (in this paragraph 2.7, the “**Customer**”) entered into the Lottery Service and Maintenance Agreement on 1 December 2020. With effect from, and conditional only on, Completion, the Supplier agrees to provide the services and system required for the operation of Loteria Electronica Internacional Dominicana, S.A.’s network of lottery shops throughout the Dominican Republic and conduct certain online lottery operations relating thereto pursuant to a contract between Sportech Racing, LLC and Loteria Electronica Internacional Dominicana, S.A. (in this paragraph 2.7, the “**LEIDSA Contract**”), which is to be novated or otherwise transferred to the Retained Group following Completion. Save in the case of default by either party, the Lottery Service and Maintenance Agreement shall continue in full force and effect until the expiry date of the LEIDSA Contract. The Customer has agreed to pay the Supplier a monthly fee in respect of services provided under the Lottery Service and Maintenance Agreement, with such fee being payable monthly in arrears. The Lottery Service and Maintenance Agreement is governed by the laws of the State of Connecticut.

PART VI

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and the Directors, whose names are set out on page 7 of this document, 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.

The Company's registered office is at Collins House, Rutland Square, Edinburgh EH1 2AA. Contact by telephone is via the Company's European Head Office, situated at Icarus House, Hawkfield Business Park, Bristol BS14 0BN on +44 (0) 117 902 9000.

The principal laws and legislation under which the Company operates are the Companies Act 2006 (as amended) and the regulations made thereunder.

PricewaterhouseCoopers LLP were the auditors of the Company for the years ended 31 December 2017 and 2018. BDO LLP were the auditors of the Company for the year ended 31 December 2019.

3. DIRECTORS

The Directors of the Company and their respective functions are set out on page 7 of this document.

4. DIRECTORS' INTERESTS IN THE COMPANY

As at the close of business on 4 December 2020 (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 sections 252 to 255 of the Companies Act) in Ordinary Shares were as follows:

<i>Director</i>	<i>Number of Ordinary Shares (Beneficial interest)</i>	<i>Number of Ordinary Shares (Non-beneficial interest)</i>	<i>Percentage of the Ordinary Shares in issue</i>
Giles Vardey	–	–	–
Richard McGuire	1,100,000	–	0.58%
Thomas Hearne	25,000	–	0.01%
Christian Rigg	–	–	–
Ben Warn	–	–	–

In addition to their interests as detailed above, as at the close of business on 4 December 2020 (being the latest practicable date prior to the publication of this document), the Directors held the following awards in respect of units under the terms of the Value Creation Plan:

<i>Director</i>	<i>Date of Grant</i>	<i>Vesting Date</i>	<i>Exercise price</i>	<i>Number of units awarded</i>	<i>Percentage of overall VCP award pool</i>
Richard McGuire	11 September 2019	31 December 2021	£Nil	900	4.5%
Thomas Hearne	29 June 2018	31 December 2021	£Nil	1,250	6.25%

The Value Creation Plan provides participants with a pool of Ordinary Shares with a value equal to 20 per cent. of any cumulative shareholder value created above a compound hurdle rate of 8 per cent. per annum, measured from a base ordinary share price of 95 pence.

5. DIRECTORS' SERVICE CONTRACTS AND ARRANGEMENTS

Save as set out in this paragraph 5, there are no existing or proposed service contracts or letters of appointment between the Directors and any member of the Group.

5.1 *Executive Directors: service contracts*

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

	<i>Date of appointment</i>	<i>Notice period (months)</i>	<i>Base salary</i>
Richard McGuire	24 August 2016	Six	£300,000 ⁽¹⁾
Thomas Hearne	24 May 2018	Six ⁽²⁾	CAD\$357,000

Notes:

- (1) Richard McGuire's base salary was £400,000 until 30 September 2020. In respect of the period 1 April 2020 to 30 September 2020, Richard McGuire reduced his base salary by 50 per cent. With effect from 1 October 2020, he reduced his base salary to £300,000 and waived certain benefits he would otherwise be entitled to receive.
- (2) This notice period relates to the notice which Thomas Hearne must give the Company. The Company is not obliged to provide Thomas Hearne with notice.

Richard McGuire's service contract states that he is entitled on early termination of the contract to a payment equal to his base salary for the unexpired period of his notice (subject to certain customary reductions). Thomas Hearne's service contract states that he is entitled on termination of the contract to a payment equal to 12 months' of his base salary in lieu of any notice period (subject to certain customary reductions). The Executive Directors' service contracts contain various post-termination restrictive covenants.

The Executive Directors may participate in the Value Creation Plan. Awards made under the Value Creation Plan are subject to performance measures which are measured over a five year period.

The Company has share ownership guidelines for Executive Directors which require the Chief Executive Officer to hold Ordinary Shares worth at least 200 per cent. of his base salary and other Executive Directors to hold Ordinary Shares worth at least 150 per cent. of their base salary. The total shareholding which counts towards measurement of compliance with these guidelines is calculated on the basis of Ordinary Shares which are owned by an Executive Director (and his connected persons) and those which have vested under the Company's long term incentive plans. Until compliance with these guidelines is met, 50% of Ordinary Shares vesting from the Company's long term incentive awards must be retained.

The Executive Directors are eligible for benefits that may include contribution to a personal pension arrangement or cash in lieu of pension by way of a salary supplement, family cover private health insurance and life insurance cover.

The Executive Directors are eligible for an annual cash bonus, subject to satisfying stretching performance conditions, to align their interests with those of the Shareholders. The maximum annual bonus is 100 per cent. of base salary for the Chief Executive Officer and 75 per cent. of base salary for other Executive Directors.

The rules of the annual bonus scheme and the Value Creation Plan set out what happens to awards if a participant ceases to be employed before the end of a bonus year or performance period.

5.2 **Non-executive Directors: Letters of appointment**

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

	<i>Date of appointment</i>	<i>Notice period (months)</i>	<i>Annual fee</i>
Giles Vardey	4 December 2017	Three	£120,000 ⁽¹⁾
Christian Rigg	1 January 2019	Three	£60,000
Ben Warn	1 June 2020	Three	£60,000

Note:

(1) In respect of the period from 1 April 2020 to 30 August 2020, Giles Vardey reduced his annual fee by 50 per cent.

The Non-executive Directors do not participate in any Group bonus schemes or the Value Creation Plan. None of the Non-executive Directors are members of any Group pension scheme. The Non-executive Directors are reimbursed for travel and other business related expenses. None of the Non-executive Directors' letters of appointment contain special contractual termination provisions.

6. **SIGNIFICANT SHAREHOLDERS**

The following table sets out the name of each person who, directly or indirectly, was interested in voting rights representing more than three per cent. of the total voting rights in respect of the Company's issued share capital as at the close of business on 4 December 2020 (being the latest practicable date prior to the publication of this document) insofar as it is known to the Company (in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules).

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights</i>
Lombard Odier Asset Management (Europe) Ltd	51,008,433 ⁽¹⁾	27.02%
North Atlantic Smaller Companies Investment Trust PLC ⁽²⁾	22,000,000	11.66%
Mr Richard Griffiths and controlled undertakings	15,519,094	8.22%
Schroder Investment Management	10,887,671	5.83%
Oryx International Growth Fund ⁽²⁾	10,000,000	5.30%
HSBC Securities	8,314,641	4.45%
Bank of America Merrill Lynch	8,282,294	4.43%
Canaccord Genuity Group Inc.	8,012,000	4.25%
Artemis Investment Management LLP	7,892,430	4.18%
Deutsche Bank	6,255,226	3.35%

Notes:

(1) Of which 2,553,048 represent voting rights represented by financial instruments and have been disclosed in accordance with Disclosure Guidance and Transparency Rule 5.3.1.1(a).

(2) Harwood Capital LLP acts as investment adviser/manager.

7. **MATERIAL CONTRACTS**

7.1 **The Retained Group**

Save as disclosed in this paragraph 7.1, no contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Retained Group, either: (a) within the two years immediately preceding the date of this document which are or may be material to the Retained Group; or (b) at any time, which contain any provision under which any member of the Retained Group has any obligation or entitlement which is or may be material to the Retained Group as at the date of this document.

(a) *Transaction Agreements*

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

(b) *Acquisition of Lot.to Systems Limited*

On 1 February 2019, the Group acquired 100 per cent. of the issued share capital of Lot.to Systems Limited (“**LOT.TO**”) in consideration for the issue of two million Ordinary Shares. LOT.TO is a digital gaming technology business, providing turn-key solutions to the Group’s B2B client base.

(c) *Sale and leaseback of property in Connecticut, USA*

On 13 November 2020, the Company agreed the conditional sale of its Sports Haven property in New Haven, Connecticut, USA to Criterion Group LLC (in this paragraph 7.1(c), the “**Buyer**”) pursuant to the terms of a purchase and sale agreement in customary form.

The sale is conditional on the Buyer concluding its due diligence exercise and the findings of such due diligence being acceptable to the Buyer (acting in its sole discretion). The sale proceeds are expected to be approximately US\$6.75 million and will be paid in cash on completion. With effect from completion, the Retained Group will enter into a lease in customary form in respect of the Sports Haven property. The lease will have a term of six months and the rent under such lease will be US\$0.30 million.

(d) *Sponsor’s agreement*

On 1 December 2020, the Company entered into a sponsor’s agreement in customary terms with Peel Hunt pursuant to which Peel Hunt agreed to provide sponsor services in connection with the Disposal.

7.2 **The Global Tote Business**

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by or on behalf of entities in the Group in respect of the Global Tote Business, either: (a) within the two years immediately preceding the date of this document which are or may be material to the Global Tote Business; or (b) at any time, which contain any provision under which there is an obligation or entitlement in respect of the Global Tote Business which is or may be material to the Global Tote Business as at the date of this document.

8. LITIGATION

8.1 **The Retained Group**

Save as disclosed in this paragraph 8.1, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had, during the 12 months prior to the date of this document, a significant effect on the Company’s and/or the Retained Group’s financial position or profitability.

(a) *Joint venture obligations in California, USA*

Members of the Retained Group are jointly and severally liable as guarantor for obligations under two leasehold properties in California, USA: one located in Norco (the “**Norco Property**”) and one located in San Diego (the “**San Diego Property**”).

The lease in respect of the Norco Property is due to expire in November 2023. Whilst the Retained Group has continued to meet its obligations under the lease for the Norco Property, following certain construction activity, the landlord of the Norco Property raised an action against members of the Retained Group in November 2018 claiming damages for losses resulting from the demolition of the previous on-site structure and breach of certain maintenance provisions set out in the lease. The matter has not yet been scheduled for trial, although while ruling on landlord’s Motion for Summary Adjudication, the Riverside Superior Court ruled in February 2020 that the Retained Group was not in breach of its obligations under the lease. Concurrent with the litigation proceedings, the Retained Group has identified a potential replacement tenant who could occupy the Norco Property and that potential tenant has entered into a substitute lease with the landlord that is subject to contingency periods. Until the potential tenant has finally committed to

become the tenant under the Norco Property lease, the Retained Group is unable to quantify its precise liability in respect of the dispute in relation to the Norco Property.

The lease in respect of the San Diego Property was due to expire in August 2024. In December 2019, the Retained Group's joint venture operations in California ceased trading. The Retained Group returned possession of the San Diego property to the landlord in January 2020. The landlord of the San Diego Property subsequently filed a judicial action in the San Diego Superior Court against the Retained Group in February 2020 claiming certain amounts which the landlord believed were due and owing under the lease. The Retained Group is unable to quantify its precise liability in respect of the dispute in relation to the San Diego Property until such time as the San Diego Property is relet by the landlord or the landlord otherwise disposes of the San Diego Property. This dispute is currently in the early stages of the litigation discovery process.

The Retained Group intends to reach a negotiated settlement in respect of each dispute with the respective landlord and the Directors have made an aggregate provision of £1.6 million in the Group's accounts for the year ended 31 December 2019 in respect of these matters.

(b) *Irish subsistence claim*

Pursuant to, and subject to the terms of, the Tax Covenants (including the financial thresholds set out therein), the Retained Group may be liable to the Purchaser for any amounts payable by the Purchaser in connection with the Irish subsistence claim described in paragraph 8.2 of this Part VI (*Additional Information*). The Retained Group would be liable to meet any amounts payable by the Purchaser to the Office of Revenue Commissioners and the Purchaser's related costs and expenses.

(c) *Potential corporation tax liability in relation to Spot The Ball*

In 2016, the Group received a refund of VAT of approximately £97 million in respect of the operation of the Spot The Ball game. HMRC has asked the Company for further information in respect of the treatment of the gain included in the Group's corporation tax returns for the year ended 31 December 2016. The Company has taken advice in respect of its interpretation of tax legislation and application of the prevailing rules in respect of the treatment of the gain and believes it has interpreted and applied them correctly. Notwithstanding that belief, the Directors have made a provision in the Group's accounts for the year ended 31 December 2019 of approximately £5 million in respect of this matter.

(d) *Corporation tax treatment of the sale of the Football Pools business*

In June 2017, the Group sold its Football Pools business. The Company applied certain judgements in determining the amount of corporation tax which was payable on that disposal. The Company is engaging with HMRC following an enquiry being made into the relevant corporation tax returns (given the complexity and judgements involved in the interpretation of legislation). The Directors have made a provision in the Group's accounts for the year ended 31 December 2019 of £470,000 in respect of this matter.

8.2 **The Global Tote Business**

Save as disclosed in this paragraph 8.2, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company 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 Global Tote Business.

The Global Tote Business provides system and logistic services to Tote Ireland at racetracks across the Republic of Ireland. Employees of the Global Tote Business were required to attend racetracks to provide those services. Where an employee attended a racetrack, they were entitled to claim, and were paid, daily and overnight subsistence amounts. The Office of Revenue Commissioners has assessed the Global Tote Business for approximately €106,000 in respect of underpaid income tax which it believes is payable on such subsistence payments. The Directors believe that all subsistence payments were made in accordance with the prevailing laws and the

Company is appealing the assessment of The Office of Revenue Commissioners. No provision has been made in the Group's accounts in respect of this matter.

9. 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 the Company has entered into are set out below:

- (a) during the financial year ended 31 December 2017, such transactions are disclosed on page 133 of the Company's 2017 Annual Report and Accounts which are hereby incorporated by reference into this document;
- (b) during the financial year ended 31 December 2018, such transactions are disclosed on page 126 of the Company's 2018 Annual Report and Accounts which are hereby incorporated by reference into this document;
- (c) during the financial year ended 31 December 2019, such transactions are disclosed on page 126 of the Company's 2019 Annual Report and Accounts which are hereby incorporated by reference into this document; and
- (d) during the period from 1 January 2020 to the date of this document, the Company has not entered into any related party transactions.

10. NO SIGNIFICANT CHANGE

10.1 *The Retained Group*

There has been no significant change in the financial or trading position of the Retained Group since 30 June 2020, being the date to which the last published financial information on the Group was prepared.

10.2 *The Global Tote Business*

There has been no significant change in the financial or trading position of the Global Tote Business since 30 June 2020, being the last date to which the historical financial information relating to the Global Tote Business in Part III (*Financial Information on the Global Tote Business*) of this document was prepared.

11. WORKING CAPITAL

The Company is of the opinion that, after taking into account the Retained Group's existing cash resources and the net cash proceeds from the Disposal, the working capital available to the Retained Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

12. CONSENTS

BDO LLP 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*) of this document in the form and context in which it appears.

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

13. INFORMATION INCORPORATED BY REFERENCE

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

- (a) the Company's 2017 Annual Report and Accounts;
- (b) the Company's 2018 Annual Report and Accounts; and
- (c) the Company's 2019 Annual Report and Accounts.

Part VII (*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 the Company's Registrars, Link Market Services Limited, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by calling the shareholder helpline on 0371 664 0300. If you are outside the United Kingdom, please call +44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls made from 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 or the Resolution. If requested, copies will be provided, free of charge, within two Business Days of the request.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available: (a) for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S. at Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW from the date of this document up to and including the date of the General Meeting and, on the date of the General Meeting, at the place of the General Meeting for the duration of the General Meeting; and (b) on the Company's website at www.sportechplc.com:

- (a) the Articles;
- (b) the 2017 Annual Report and Accounts, the 2018 Annual Report and Accounts, the 2019 Annual Report and Accounts and the 2020 Interim Results;
- (c) the consent letters referred to in paragraph 12 of this Part VI (*Additional Information*);
- (d) the report of BDO LLP set out in section 2 of Part IV (*Unaudited Pro Forma Financial Information*) of this document;
- (e) this document; and
- (f) the Sale and Purchase Agreement.

PART VII

INFORMATION INCORPORATED BY REFERENCE

Parts of the 2017 Annual Report and Accounts, the 2018 Annual Report and Accounts, and the 2019 Annual Report and Accounts are incorporated by reference into this document in accordance with paragraph 13 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 <https://www.sportechplc.com>.

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 2017 Annual Report and Accounts, the 2018 Annual Report and Accounts or the 2019 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 in this document</i>
2017 Annual Report and Accounts	Information on related party transactions in note 29 of the Company's 2017 audited financial statements.	133	38
2018 Annual Report and Accounts	Information on related party transactions in note 29 of the Company's 2018 audited financial statements.	126	38
2019 Annual Report and Accounts	Information on related party transactions in note 31 of the Company's 2019 audited financial statements.	126	38

Information that is itself incorporated by reference in the above documents is not incorporated by reference into this document. It should be noted that, except as set forth above, no other parts of the above documents are incorporated by reference into this document and those parts which are not specifically incorporated by reference into this document are either not relevant for Shareholders or the relevant information is included elsewhere in this document.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

PART VIII

DEFINITIONS

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

“2017 Annual Report and Accounts”	the annual report and audited financial statements of the Company for the year ended 31 December 2017.
“2018 Annual Report and Accounts”	the annual report and audited financial statements of the Company for the year ended 31 December 2018.
“2019 Annual Report and Accounts”	the annual report and audited financial statements of the Company for the year ended 31 December 2019.
“2020 Interim Results”	the interim financial statements of the Company for the six months ended 30 June 2020.
“Adjusted EBITDA”	earnings before centrally borne corporate costs, exceptional items, interest, tax, depreciation and amortisation.
“ADW Services Agreement”	the advance deposit wagering services agreement as described in more detail in paragraph 2.6 of Part V (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document.
“Articles”	the articles of association of the Company.
“Board”	the board of directors of the Company.
“Brand Licence Agreement”	the brand licence agreement as described in more detail in paragraph 2.4 of Part V (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document.
“Bump 50:50 Business”	the Group’s Bump 50:50 Business as described in paragraph 1 of Part I (<i>Letter from the Chairman of Sportech</i>) of this document.
“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”	Giles Vardey, the non-executive chairman of the Company.
“Code”	the City Code on Takeovers and Mergers.
“Companies Act”	the Companies Act 2006, as amended from time to time.
“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 EH1 2AA.
“Completion”	completion of the Disposal in accordance with the provisions of the Sale and Purchase Agreement.
“Conditions”	has the meaning given in paragraph 1.2 of Part V (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document.
“Consideration”	has the meaning given in paragraph 1 of Part I (<i>Letter from the Chairman of Sportech</i>) of this document.

“CREST”	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear is the operator in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755).
“CREST Manual”	the manual published by Euroclear describing the CREST system, as amended from time to time.
“CREST Proxy Instruction”	a proxy appointment or instruction made using CREST, authenticated in accordance with Euroclear’s specifications and containing the information set out in the CREST Manual.
“Directors”	the Executive Directors and Non-executive Directors, or the directors of the Company from time to time as the context requires.
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules made by the FCA for the purposes of Part VI of FSMA.
“Disposal”	the proposed disposal by the Company of the Global Tote Business to the Purchaser in accordance with the provisions of the Transaction Agreements as more fully described in Part V (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document.
“EBITDA”	earnings before interest, tax, depreciation and amortisation.
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST.
“Executive Directors”	the executive directors of the Company, currently being Richard McGuire and Thomas Hearne.
“FCA”	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.
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time.
“General Meeting”	the general meeting of the Company to be held at 8 Lockwood Court, Market Place, Pocklington, York YO42 2QW at 10.00 a.m. on 24 December 2020 (or any adjournment thereof), notice of which is set out in the Notice of General Meeting.
“Global Tote Business”	the Group’s global tote business operated by, together, the Transferring Companies and each of Datatote (England) Limited, Racing Technology Ireland Limited, Sportech France SAS, Sportech Racing Elektronik ve Bilgisayer Hizmetleri Sangayi Ticaret Limited Sirketi, Autotote Europe GmbH and Sportech Racing GmbH and the interest in the property at Alpharetta, Georgia held by Sportech, Inc.
“Group”	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.
“HMRC”	HM Revenue & Customs.
“IFRS”	International Financial Reporting Standards, as adopted by the European Union.
“Listing Rules”	the Listing Rules made by the FCA for the purposes of Part VI of FSMA.

“London Stock Exchange”	London Stock Exchange plc of 10 Paternoster Square, London, EC4M 7LS.
“Long Stop Date”	31 January 2021, but this can be extended by the Purchaser to a later date on or before 30 June 2021.
“Lottery Business”	the Group’s lottery business as described in paragraph 1 of Part I (<i>Letter from the Chairman of Sportech</i>) of this document.
“Lottery Services and Maintenance Agreement”	the agreement as described in more detail in paragraph 2.7 of Part V (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document.
“Non-executive Directors”	the non-executive directors of the Company, currently being Giles Vardey, Christian Rigg and Ben Warn.
“Notice of General Meeting”	the notice of the General Meeting, as set out in Part IX (<i>Notice of General Meeting</i>) of this document.
“Official List”	the FCA’s list of securities that have been admitted to listing.
“Ordinary Shareholders” or “Shareholders”	the holders of Ordinary Shares from time to time.
“Ordinary Shares” or “Sportech Shares” or “Shares”	the ordinary shares of 20 pence each in the capital of the Company.
“Peel Hunt”	Peel Hunt LLP of Moor House, 120 London Wall, London EC2Y 5ET.
“Prospectus Regulation Rules”	the prospectus regulation rules made under Part VI of FSMA, as amended from time to time.
“Purchaser”	Betmakers Technology Group Ltd, a company incorporated under the laws of Australia whose registered office is at 22 Lambton Road, Broadmeadow, NSW 2292.
“Purchaser Conditions”	has the meaning given in paragraph 1.2 of Part V (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document.
“Quantum Source Code”	a series of software codebases comprising the Group’s ‘Quantum’ software.
“Quantum Source Code Assignment”	the Quantum Source Code assignment agreement as described in more detail in paragraph 2.3 of Part V (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document.
“Registrars”	Link Market Services Limited of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
“Resolution”	the ordinary resolution being proposed at the General Meeting to approve the Disposal and to grant the Directors authority to implement the Disposal, as set out in the Notice of General Meeting.
“Retained Group”	the Company and its subsidiaries and subsidiary undertakings from time to time (excluding, for the avoidance of doubt, the Global Tote Business), being the continuing business of the Group following Completion.
“RIS”	a Regulatory Information Service that is approved by the FCA and that is on the list of Regulatory Information Services maintained by the FCA.

“Sale and Purchase Agreement”	the sale and purchase agreement dated 1 December 2020 entered into between the Sellers 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.
“Sellers”	(a) Sportech Inc., in respect of eBet Technologies Inc., Sportech Racing Canada Inc. and Sportech Racing, LLC; and (b) Sportech Group Holdings Limited in respect of Sportech Holdco 1 Limited.
“Tax Covenants”	together, the tax covenants described in more detail in paragraph 2.1 of Part V (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document.
“Tote Services Agreement”	the tote services agreement as described in more detail in paragraph 2.5 of Part V (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document.
“Transaction Agreements”	together (a) the Sale and Purchase Agreement; (b) the Tax Covenants; (c) the Transitional Services Agreement; (d) the Quantum Source Code Assignment; (e) the Brand Licence Agreement; (f) the Tote Services Agreement; (g) the ADW Services Agreement; and (h) the Lottery Services and Maintenance Agreement.
“Transferring Companies”	eBet Technologies Inc., Sportech Racing Canada Inc., Sportech Racing, LLC and Sportech Holdco 1 Limited.
“Transitional Services Agreement”	the transitional services agreement as described in more detail in paragraph 2.2 of Part V (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document.
“UK”	the United Kingdom of Great Britain and Northern Ireland.
“US”, “USA” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
“Value Creation Plan”	the Company’s Value Creation Plan, an incentive plan approved by shareholders on 24 May 2017.
“VAT”	value added tax.
“Venues Business”	the Group’s venues business as described in paragraph 1 of Part I (<i>Letter from the Chairman of Sportech</i>) of this document.

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 8 Lockwood Court, Market Place, Pocklington, York YO42 2QW at 10.00 a.m. on 24 December 2020 to consider and, if thought fit, to pass the resolution set out below (the "**Resolution**"), which shall be proposed as an ordinary resolution, in connection with the disposal of the Global Tote Business (the "**Disposal**"), as described in the circular to the Company's shareholders dated 7 December 2020 (the "**Circular**").

For the purposes of this notice, capitalised terms used but not defined herein shall (unless the context otherwise requires) have the same meaning ascribed to them in the Circular of which this notice forms part.

ORDINARY RESOLUTION

THAT:

- (a) the proposed Disposal, on the terms set out in the Transaction Agreements (both as defined and summarised in the Circular) and the associated and ancillary documents and arrangements related thereto be and is hereby approved for all purposes including for the purposes of Listing Rule 10.5.1 and, if relevant, Rule 21.1 of the City Code on Takeovers and Mergers; 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 for the purposes of Listing Rule 10.5.2) 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

SGH Company Secretaries Limited

Company Secretary

7 December 2020

Registered Office

Collins House

Rutland Square

Edinburgh EH1 2AA

Notes to the Notice of General Meeting

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 6.00 p.m. on 22 December 2020 (or, in the event that the meeting is adjourned, at 6.00 p.m. 48 hours before the time of the reconvened meeting) 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 any adjourned meeting.

Proxy appointment

3. Shareholders are entitled to appoint one or more proxies 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 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 appointment 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. If you intend to appoint multiple proxies and if you have requested and been provided with a hard copy form of proxy, please photocopy the form.
4. A proxy or proxies can be appointed in any of the following ways: (a) by appointing a proxy online at www.signalshares.com (the "Website") by following the on-screen instructions, in particular at the "Proxy Voting" link (to submit it you will need to log into your Signal Shares account, or register if you have not previously done so); (b) by requesting, completing and returning a hard copy form of proxy; 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 on-screen instructions on the Website and in the notes to the hard copy form of proxy. If you wish to appoint a proxy in this way, you must follow the procedures set out in those instructions or notes. 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 you wish to appoint a proxy through the Website, you must complete and submit an online proxy form in accordance with the on-screen instructions (in particular, at the "Proxy Voting" link) set out on the Website. In order to appoint a proxy using the Website, you will need to log into your Signal Shares account, or register if you have not previously done so. To register, you will need to identify yourself with your Investor Code which is detailed on your share certificate or available from the Company's Registrars, Link Market Services Limited, on Tel: 0371 664 0300. If you are outside the United Kingdom, please call +44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls made from outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). In order for an online proxy appointment through the Website to be valid, your appointment must be received as soon as possible and, in any event, by no later than 10.00 a.m. on 22 December 2020 (or, if the General Meeting is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned meeting).
7. You may request a hard copy form of proxy from the Registrars on Tel: 0371 664 0300 or by emailing shareholderenquiries@linkgroup.co.uk. If you are outside the United Kingdom, please call Tel: +44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls made from outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed on it and returned to the Registrars, Link Market Services Limited, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority) so as to be received as soon as possible and, in any event, by no later than 10.00 a.m. on 22 December 2020 (or, if the General Meeting is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Alternatively, you may send any document or information relating to proxies to the electronic address indicated on the form of proxy.

To appoint more than one proxy using a hard copy form of proxy, you may photocopy the form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. If possible, all forms should be returned together in the same envelope.

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 10.00 a.m. on 22 December 2020 (or, if the General Meeting is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned meeting). 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 appointment must be received by the Company's Registrars no later than 10.00 a.m. on 22 December 2020 (or, if the General Meeting is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned meeting).
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 proxy will vote or abstain from voting at his or her discretion. A 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 a hard copy form of proxy and would like to change the instructions using another hard copy form of proxy, please contact Link Market Services Limited's helpline on 0371 664 0300. If you are outside the United Kingdom, please call +44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls made from 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). Link Market Services Limited cannot provide advice on the merits of the proposed resolution 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 Link Market Services Limited at The Registry, 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 Link Market Services Limited no later than 10.00 a.m. on 22 December 2020. 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 documents listed in paragraph 14 of Part VI (*Additional Information*) of the Circular will be available for inspection for the periods and at the locations described in that paragraph.
18. If you wish to attend the General Meeting in person, you may be required to sign a register of entry upon arrival at the General Meeting.
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.
20. Except as provided above, shareholders who wish to communicate with the Company in relation to the meeting should do so by writing to Link Market Services Limited at 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 a hard copy form of proxy) to communicate with the Company for any purposes other than those expressly stated.

Corporate representatives

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 4 December 2020 (being the latest Business Day prior to publication of this Notice), the Company's issued share capital consisted of 188,751,257 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 4 December 2020 were 188,751,257.

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.

Questions at the meeting

25. 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.

