

## DEED OF IRREVOCABLE UNDERTAKING- NIGEL PAYNE

To: Rank Digital Holdings Limited (the **Offeror**)  
Tor  
Saint-Cloud Way  
Maidenhead  
Berkshire  
United Kingdom  
SL6 8BN

Stride Gaming plc (the **Target**)  
12 Castle Street  
St. Helier  
Jersey  
JE2 3RT

31 MAY 2019

### Proposed offer for Stride Gaming plc

#### 1. INTRODUCTION

I, the undersigned, understand that:

- 1.1 the Offeror, or any of its group undertakings, intends to make a firm offer to acquire the entire issued and to be issued ordinary share capital of the Target (the **Proposed Transaction**), which is expected to be implemented by way of a court-sanctioned scheme of arrangement (under Article 125 of the Companies (Jersey) Law, 1991 (as amended) (the **Companies Law of Jersey**)) (the **Scheme**), but which might ultimately be made by way of a takeover offer (which shall be a "takeover offer" for the purposes of Article 116(1) of the Companies Law of Jersey) (the **Offer**); and
- 1.2 the Proposed Transaction will be substantially on the terms and conditions to be set out in a firm offer announcement to be made under Rule 2.7 of the City Code on Takeovers and Mergers (the **Code**) substantially in the form of the attached draft press announcement (the **Press Announcement**), together with any additional terms and conditions as (a) may be required by (i) the Panel on Takeovers and Mergers, (ii) the Code, (iii) the AIM Rules for Companies published by London Stock Exchange plc from time to time, and/or (iv) any other applicable law or regulation and/or (b) as the Offeror and the Target may agree.

#### 2. WARRANTIES AND UNDERTAKINGS

I irrevocably and unconditionally undertake, agree, represent and warrant to and with the Offeror and the Target that:

- 2.1 I have the power and authority to enter into this undertaking and perform my obligations under it;

- 2.2 I am the legal and/or beneficial owner of (or, as beneficial owner, am otherwise able to control or direct the exercise of all rights, including voting rights, attaching to) the ordinary shares of the Target specified in Schedule 1 (the **Shares**, which expression will be deemed to include any shares in the capital of the Target:
- 2.2.1 attributable to or derived from the Shares or into which the Shares may be converted, subdivided or consolidated as a result of any reorganisation of the share capital of the Target; and/or
  - 2.2.2 in which I acquire an interest,
- in each case after the date of this undertaking);
- 2.3 as at the date of this undertaking I am not interested in, or otherwise able to control the exercise of voting rights attaching to, any shares or other securities of the Target other than those of which details are set out in Schedule 1;
- 2.4 I am able to procure the transfer of the Shares free from all liens, security interests, equities, charges, encumbrances, options, rights of pre-emption, and any other third party rights and interests of any nature and together with all rights attaching to the Shares, including the right to all dividends and distributions (if any) declared, made or paid after the date of this deed;
- 2.5 unless and until the obligations under this undertaking lapse in accordance with the terms of this undertaking, or otherwise with the prior consent in writing of the Offeror, I will not (and, if applicable, I will procure that the registered holder of the Shares will not):
- 2.5.1 sell, transfer, charge, encumber, pledge or grant any option over or otherwise dispose of any of the Shares or any interest in any of the Shares except to the Offeror under the terms of the Proposed Transaction;
  - 2.5.2 accept or give any undertaking in respect of any other offer or similar transaction to the Proposed Transaction in respect of any of the Shares (and whether the consideration offered under any such other offer or similar transaction is higher or not than that offered under the Proposed Transaction), including by way of contractual offer, scheme of arrangement or otherwise, and including without limitation (i) anything which might frustrate the Proposed Transaction or which could otherwise prevent or restrict me from transferring the Shares to the Offeror pursuant to the Proposed Transaction and/or (ii) voting or giving any undertaking to vote any of the Shares in favour of any other offer or similar transaction to the Proposed Transaction including without limitation in favour of any resolution which purports to approve or give effect to a proposal by a person other than the Offeror to acquire (or have issued to it) any shares and/or other securities or any interest in shares and/or other securities in the Target (whether by way of scheme or arrangement or otherwise) or any assets of the Target;
  - 2.5.3 purchase or otherwise acquire (or encourage any other person to so deal in, purchase or acquire) any other securities in the Target or any interest therein or rights to acquire or subscribe for securities in the Target (including any options or derivatives), other than in accordance with the terms of the Proposed Transaction;
  - 2.5.4 save for acceptance of the Offer, deal in any shares or securities in the Target or any interest therein; or
  - 2.5.5 in my capacity as a shareholder of the Target enter into any agreement or arrangement with any person, whether conditionally or unconditionally, or solicit or encourage any

person, to do any of the acts referred to in this paragraph 2.5 which would or might reasonably be expected to restrict or impede my acceptance of, or otherwise frustrate, the Proposed Transaction; and

- 2.6 unless and until the obligations under this undertaking lapse in accordance with the terms of this undertaking or save where required under paragraph 3.2 of this undertaking, I will not, pursuant to Article 89 of the Companies Law of Jersey or the articles of association of the Target, without the prior written consent of the Offeror, exercise my rights as a shareholder (but without prejudice to my powers as a director) to convene or requisition, or join in convening or requisitioning, any general or class meeting of the Target.

### 3. **SCHEME**

Subject to your announcing the Proposed Transaction in accordance with Rule 2.7 of the Code by 7 a.m. on 31 May 2019 (or such later date as the Offeror and the Target may agree), I irrevocably and unconditionally undertake to the Offeror and the Target that, if the Proposed Transaction is to be implemented by way of a Scheme:

- 3.1 I shall exercise, or to cause the registered holder to exercise, all voting rights attaching to the Shares at:

3.1.1 any meeting of the Target's shareholders convened by order of the Court (including any adjournment thereof) (the **Court Meeting**); and

3.1.2 any general meeting of the Target (including any adjournment thereof) (**GM**),

in favour of any resolutions required to give effect to the Scheme including in favour of the resolutions to be set out in the notices of meeting in the circular to be sent to shareholders of the Target containing an explanatory statement in respect of the Scheme (the **Scheme Document**) and (unless directed by the Offeror to the contrary) against any resolution which proposes (i) to adjourn the Court Meeting or any GM, (ii) to amend the Scheme or (iii) which, if passed, might reasonably be expected to result in any condition of the Scheme not being fulfilled or which might reasonably be expected to impede or frustrate or delay or otherwise be prejudicial to implementation of the Proposed Transaction in any way or prevent the Proposed Transaction from becoming effective;

- 3.2 I shall exercise or, where applicable, procure the exercise of, all rights attaching to the Shares to requisition or join in the requisitioning of any general meeting of the Target for the purposes of voting on any resolution referred to under paragraph 3.1, or to require the Target to give notice of any such meeting, only in accordance with the Offeror's instructions; and

- 3.3 I shall, if required by the Offeror, execute, or procure the execution of, any form of proxy or other instrument of authority or representation required by the Offeror (or, if applicable, in respect of any Shares held in uncertificated form, take or procure the taking of such action as is required by the Offeror) in order to appoint any person named by the Offeror to attend and vote the Shares at the relevant meetings and I shall not amend, revoke or withdraw any such form of proxy, authority, representation or relevant instructions once delivered or given and I shall, without limitation to the foregoing, after the despatch of the Scheme Document to shareholders of the Target (and without prejudice to any right I have to attend and vote in person at the relevant meetings to implement the Proposed Transaction (including any adjournment thereof)):

3.3.1 in the case of those Shares referred to in Part 1 of Schedule 1, as soon as reasonably practicable and in any event within seven Business Days of the date of the Scheme Document; or

3.3.2 in the case of any other Shares, as soon as reasonably practicable and in any event within seven Business Days of the date on which I become able to control the exercise of all rights, including voting rights, attaching to those Shares (or, if earlier the last date for valid delivery of a form of proxy),

return, or procure the return of, if applicable, the signed forms of proxy enclosed with the Scheme Document (completed and signed appointing any person named by the Offeror to attend and vote at the relevant meetings and voting in favour of the resolutions to implement the Proposed Transaction) in accordance with the instructions printed on those forms of proxy (or, if applicable, in respect of any Shares held in uncertificated form, take or procure the taking of such action as is required to ensure that the Shares are validly voted in favour of the resolutions to implement the Proposed Transaction), and I shall not amend, revoke or withdraw any such form of proxy or instructions once delivered or given.

#### **4. OFFER**

4.1 In the event that the Proposed Transaction is implemented by way of an Offer I will, within ten Business Days after the posting of the formal document containing the Offer (the **Offer Document**), duly accept (or procure the acceptance of) the Offer in accordance with its terms in respect of such Shares, including, without limitation, completing and returning a form of acceptance in respect of the Shares (or, if applicable, in respect of any Shares held in uncertificated form, take or procure the taking of such action as is required to ensure that the Shares are validly tendered by way of acceptance of the Offer), and notwithstanding that the terms of the Offer Document may confer rights of withdrawal on accepting shareholders, I shall not withdraw or revoke any acceptance of the Offer in respect of the Shares or any of them and shall procure that no rights to withdraw or revoke any acceptance in respect of such Shares are exercised.

4.2 In the event that the Proposed Transaction is implemented by way of an Offer I shall exercise, or to cause the registered holder to exercise, all voting rights attaching to the Shares at any general meeting of the Target (including any adjournment thereof) (**GM**) in favour of any resolutions required to give effect to the Offer and (unless directed by the Offeror to the contrary) against any resolution which proposes (i) to adjourn the GM or (ii) which, if passed, might reasonably be expected to result in any condition of the Offer not being fulfilled or which might reasonably be expected to impede or frustrate or delay or otherwise be prejudicial to implementation of the Offer in any way or prevent the Proposed Transaction from becoming effective. My obligations under paragraphs 3.2 and 3.3 with respect to the voting of Shares will apply *mutatis mutandis*.

4.3 If so desired by the Offeror (acting reasonably and in good faith), I will enter into a replacement letter of undertaking giving effect to such obligations and/or provisions in a form specific to the requirements of an Offer and upon such letter of undertaking becoming effective this letter shall lapse and be of no further effect.

#### **5. PUBLICITY AND PROVISION OF INFORMATION**

5.1 I acknowledge that in accordance with:

5.1.1 Rule 2.10 of the Code, particulars of this undertaking will be disclosed in the Press Announcement;

5.1.2 Rule 24.3 of the Code, particulars of this undertaking will be included in the Scheme Document and/or the Offer Document (as applicable); and

- 5.1.3 Rule 26.1 of the Code, this undertaking will be published on a website following release of the Press Announcement.
- 5.2 Solely in my capacity as a shareholder and, for the avoidance of doubt, not in my capacity as a director of the Target, I consent to:
- 5.2.1 the issue of the Press Announcement, the Scheme Document and/or the Offer Document (as applicable), in each case with the references to me and this undertaking (which, in the case of the Press Announcement will be substantially in the form and context in which they appear in the form of the draft Press Announcement attached to this undertaking as Schedule 2);
- 5.2.2 the despatch of the Scheme Document and/or Offer Document (as applicable) containing particulars of this undertaking and, if required, details of my (and my close family relatives' and related trusts') interests and dealings in Target securities as required by the Code; and
- 5.2.3 this undertaking being published on a website following receipt of the Press Announcement.
- 5.3 I will promptly give to the Offeror all such information in respect of myself as the Offeror may reasonably require for the preparation of the Scheme Document (or the Offer Document) and all related announcements and documents, in each case in order for the Offeror and the Target to comply with the requirements of any legal or regulatory requirements of application to the Proposed Transaction. Without limitation to the foregoing, by no later than close of business on the second Business Day before the publication date of the Scheme Document or the Offer Document (as applicable), I will supply to the Offeror all information required to be included in the Scheme Document or the Offer Document (as applicable) concerning me, my close family relatives and related trusts, including but not limited to:
- 5.3.1 my interests, and the interests of my close family relatives and related trusts, in securities of the Offeror and the Target; and
- 5.3.2 all my dealings, and the dealings of my close family relatives and related trusts, in securities of the Offeror and the Target since commencement of the offer period (as defined in the Code).
- 5.4 I will promptly notify the Offeror immediately of any dealings by me or my close family relatives and related trusts in securities of the Offeror and/or the Target after the date of this undertaking, or of any material change or inaccuracy in any information previously provided by me, before the obligations under this undertaking lapse in accordance with the terms of this undertaking.
- 6. LAPSE OF UNDERTAKING**
- All obligations under this undertaking will lapse and cease to have any effect:
- 6.1 immediately if the Press Announcement is not released by 7.00 a.m. on 31 May 2019 (or any later time and date agreed between the Target and the Offeror);
- 6.2 immediately if the Offeror announces, with the consent of the Panel, that it does not intend to proceed with the Proposed Transaction;

- 6.3 if the Proposed Transaction is implemented by way of an Offer, immediately if the Offer Document is not published within the permitted period under the Code (or within such longer period as the Target and Offeror may agree, with the consent of the Panel);
- 6.4 (provided that I am not in material breach of obligation under this irrevocable undertaking) immediately if a competing offer for the entire issued and to be issued share capital of the Target is made and such competing offer is declared unconditional in all respects or otherwise becomes effective, in either case in compliance with the provisions of the Code;
- 6.5 on and from the earlier of:
- 6.5.1 the Scheme not having become effective (or the Offer not having become unconditional in all respects) by 11.59 p.m. on the Long Stop Date (as defined in the Press Announcement) or such later time or date as the Offeror and Target (with the consent of the Panel) may agree; and
- 6.5.2 the time and date on which the Proposed Transaction is withdrawn, lapses or otherwise terminates in accordance with its terms,
- provided that the lapsing of this undertaking will not affect any accrued rights or liabilities in respect of non-performance of any obligation under this undertaking falling due for performance before such lapse.

## 7. GENERAL

- 7.1 By way of security for my obligations under this undertaking I irrevocably appoint, severally, each of the Offeror and any director of the Offeror to be my attorney to, in my name and on my behalf, if I fail to comply with any of the undertakings in paragraphs 3 and 4, sign, execute and deliver any documents and do all such acts and things as may be necessary for or incidental to the performance of my obligations under this undertaking. I agree that this power of attorney is irrevocable in accordance with section 4 of the Powers of Attorney Act 1971 until this undertaking lapses in accordance with clause 6.
- 7.2 If any of the Shares are not registered in my name, I will procure that the registered holder(s) of those Shares act in accordance with the terms of this undertaking.
- 7.3 I acknowledge that:
- 7.3.1 the release of the Press Announcement is at the Offeror's absolute discretion and the Offeror reserves the right not to release the Press Announcement;
- 7.3.2 nothing in this undertaking obliges the Offeror to despatch the Scheme Document or the Offer Document (as applicable) if it is not required to do so under the Code; and
- 7.3.3 I shall have no claim against the Offeror or the Target in the event that the Proposed Transaction is withdrawn, lapses or otherwise terminates in accordance with its terms.
- 7.4 In the event that the Proposed Transaction is withdrawn, lapses or otherwise terminates in accordance with its terms, neither the Offeror nor the Target shall have any claim against me, other than in respect of any prior breach of the terms of this undertaking.
- 7.5 I acknowledge that, if I breach any of my obligations in this undertaking, damages alone would not be an adequate remedy and that an order for specific performance would be an essential element of any adequate remedy for that breach.

- 7.6 Any reference to a time, date or period in this undertaking is a reference to London time and may be extended by mutual agreement between the parties but, as regards any time, date or period originally fixed or so extended, time will be of the essence.
- 7.7 No variation of this undertaking shall be effective unless agreed in writing between each of the parties to it provided that the Offeror and I may in writing agree to amend my obligations without the prior written consent of the Target.
- 7.8 The Offeror may enforce or waive any of my obligations under this undertaking without the consent of the Target.
- 7.9 In this undertaking:
- 7.9.1 a reference to a **Business Day** means a day (other than a Saturday, Sunday or public holiday) on which banks are generally open in London for normal business;
- 7.9.2 a reference to an **interest** in shares or securities: (a) has the same meaning in this undertaking as it does for the purposes of section 820 and sections 822-825 of the Companies Act 2006; and (b) (to the extent not covered by (a)) anything that is treated as an interest under the definition in the Code of **interests in securities**. Without prejudice to the foregoing, I am taken to be interested in the following:
- (a) all securities that may be acquired by me pursuant to the vesting of awards granted under any share incentive plan established or operated by the Target or any of its subsidiaries;
  - (b) all securities that may (1) be acquired by me upon the exercise of any options granted to me by the Target under any share option scheme or similar scheme established or operated by the Target; or (2) be receivable by me under any HM Revenue and Customs tax-favoured share scheme;
  - (c) any securities held by the trustees of any employee benefit trust established by or operated by the Target, or my own personal pension plan, on my behalf;
  - (d) any securities held on my behalf by the trustees of any occupational pension plan established by or operated by the Target of which I am a member; and
  - (e) all interests in shares or securities issued by the Target that are owned legally or beneficially by any person who is connected to me within the meaning of section 252 of the Companies Act 2006 (which includes my spouse, my children and step-children under the age of 18 and certain family trusts and family companies);
- 7.9.3 the expression **dealing** is to be construed in accordance with the definition of "dealings" in the Code; and
- 7.9.4 a reference to a person having an **interest in shares** includes all interests which a person would be required to notify to the Target if he were a director of the Target; and
- 7.9.5 the expression the **Proposed Transaction** extends to any improved or revised offer announced by or on behalf of the Offeror during the offer period, whether voluntary or mandatory, irrespective of how the improved or revised offer is to be implemented and, for the avoidance of doubt, this undertaking will continue to be binding in respect of the Shares in respect of any improved or revised offer.

- 7.10 This undertaking and any non-contractual obligations arising out of or in connection with it will be governed by, and construed in accordance with, English law.
- 7.11 The English courts have exclusive jurisdiction to settle any dispute, claim or controversy arising out of or in connection with this undertaking (including a dispute, claim or controversy relating to any non-contractual obligations arising out of or in connection with this undertaking) and I irrevocably submit to the exclusive jurisdiction of the English courts for all purposes in relation to this undertaking.

**SCHEDULE 1**

**THE SHARES**

**NUMBER OF SHARES OWNED LEGALLY OR BENEFICIALLY**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Number of Shares</b>	<b>Registered holder</b>	<b>Beneficial owner</b>	<b>Nature of my interest or (e.g. trustee of pension scheme, or employee benefit trust; family relationship with registered holder or beneficial owner)</b>
13,889	Nigel Payne	Nigel Payne	Legal and beneficial owner

**SCHEDULE 2**  
**DRAFT PRESS ANNOUNCEMENT**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014**

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION**

**FOR IMMEDIATE RELEASE**

**31 May 2019**

**RECOMMENDED CASH OFFER**

**for**

**STRIDE GAMING PLC (“STRIDE”)**

**by**

**THE RANK GROUP PLC (“RANK”)**

**to be effected by means of a court-sanctioned scheme of arrangement under Article 125 of the Companies (Jersey) Law 1991**

**Summary**

- The Rank Directors and the Stride Directors are pleased to announce that they have reached agreement on the terms of a recommended cash offer pursuant to which Rank BidCo, a wholly-owned subsidiary of Rank, will acquire the entire issued and to be issued ordinary share capital of Stride (the “Offer”). It is intended that the Offer be effected by means of a court-sanctioned scheme of arrangement under Article 125 of the Companies Law.
- Under the terms of the Offer, Stride Shareholders will be entitled to receive:

**151 pence in cash for each Stride Share**

- The Offer values the entire fully diluted share capital of Stride at approximately £115.3 million and the Offer Price represents a premium of approximately:
  - (i) 29 per cent. to the Closing Price per Stride Share of 118 pence on 30 May 2019 (being the last Business Day prior to the date of this announcement);
  - (ii) 46 per cent. to the Closing Price per Stride Share of 104 pence on 8 February 2019 (being the last Business Day prior to the commencement of the Offer Period); and
  - (iii) 48 per cent. to the six month average price per Stride Share of 102 pence (being the average Closing Price for the six month period ended on 8 February 2019 being the last Business Day prior to the commencement of the Offer Period).
- If any dividend, other distribution or return of capital is proposed, declared, made, paid or becomes payable in respect of the Stride Shares on or after the date of this announcement and before the Effective Date, Rank BidCo reserves the right to reduce the Offer Price by the amount of all or part of any such dividend, other distribution or return of capital.
- The Stride Directors, who have been so advised by Investec as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing advice to the Stride Directors, Investec has taken into account the commercial assessments of the Stride Directors. Investec is

providing independent financial advice to the Stride Directors for the purposes of Rule 3.1 of the City Code.

- Accordingly, the Stride Directors intend unanimously to recommend that Stride Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting as they have irrevocably undertaken to do in respect of their own beneficial holdings of 120,435 Stride Shares representing, in aggregate, approximately 0.2 per cent. of the ordinary share capital of Stride in issue on 30 May 2019 (being the latest practicable date prior to this announcement) and as have the trustees of two trusts, the beneficiaries of whom are Stride Directors and their family members, in respect of a total of 3,772,135 Stride Shares, representing approximately 5.0 per cent. of the ordinary share capital of Stride in issue on 30 May 2019 (being the latest practicable date prior to this announcement).
- Rank BidCo and Stride have also received irrevocable undertakings from certain other shareholders to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting, in respect of a total of 42,222,095 Stride Shares, representing approximately 56 per cent. of the ordinary share capital of Stride in issue on 30 May 2019 (being the latest practicable date prior to this announcement).
- In aggregate, therefore, irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting have been received in respect of a total of 46,114,665 Stride Shares, representing approximately 61 per cent. of the ordinary share capital of Stride in issue on 30 May 2019 (being the latest practicable date prior to this announcement). Each of the irrevocable undertakings remains binding in the event of a higher, or any other, offer for Stride. Further details of these irrevocable undertakings are set out in Appendix III to this announcement.
- The acquisition of Stride will accelerate the transformation of Rank and create one of the UK's leading online gaming businesses. In particular, the combination will:
  - (i) **Create a business with genuine scale and capability in the digital market** – The combined business will have pro forma digital net gaming revenues of approximately £185 million, supported by a strong proprietary technology platform. Stride will provide Rank with an engine for digital growth, enabling Rank to move to a more agile, customer centric, digital culture. The combined business will be the number two player in UK online bingo with a market share of approximately 18 per cent. and the number six player in UK online gaming with a market share of approximately 4 per cent. It will also be well positioned for international growth, leveraging Rank's existing international presence.
  - (ii) **Create a leading multi-channel operator in the UK** – Stride is an established scale player operating in a highly regulated market with a portfolio of leading online bingo and casino brands that are highly complementary to Rank's leading multi-channel bingo and casino offerings. The combination is expected to enable Rank to provide the combined customer base with a seamless and instant journey across digital and retail gaming.
  - (iii) **Improve Rank's performance and reduce costs through migration to Stride's proprietary technology platform and in-house ecosystem** – By migrating Rank's existing online business onto Stride's proprietary technology platform and operating ecosystem, Rank expects to benefit from increased control and performance, as well as significant identified cost savings. Having a proprietary in-house technology platform will reduce the time required to take new products to market, lead to faster revenue generation and lower costs due to shorter build cycles. This

control of product development is expected to give Rank an improved competitive position in online gaming.

- (iv) **Leverage complementary strengths, capabilities and expertise** – Stride’s end-to-end data-driven CRM platform, digital marketing and customer acquisition expertise and lifetime value maximisation tools are all additive to Rank’s existing digital operations. Stride’s business will also benefit from Rank’s brands, scale, retail gaming expertise, product management expertise and compliance and governance processes.
  - (v) **Strengthen Rank’s management team** – As part of the acquisition, the senior leadership team of Stride including Eitan Boyd and Darren Sims, currently Chief Executive Officer and Chief Operating Officer of Stride respectively, have agreed to lead the digital operations of the combined business and be responsible for implementing the technology migration. Stride’s management team are highly experienced digital operators with a history of successfully developing online gaming businesses.
  - (vi) **Create significant value from strong synergies** – Based on a detailed analysis Rank believes that the combination will result in at least £13 million of pre-tax recurring annual cost savings by the third year following completion. These annual cost savings will primarily arise from reduced technology costs, workforce optimisation, lower marketing spend, reduced corporate overhead and rationalisation of office space. In addition to the quantified cost synergies, Rank also believes that the combination should generate revenue synergies through cross-selling, implementation of agile systems and marketing techniques, acceleration of its international expansion through Stride’s scalable and agile platform and the use of Stride’s brands and proprietary content to maximise the lifetime value of customers.
  - (vii) **Be materially earnings accretive for Rank once synergies released** – The acquisition of Stride is expected to be accretive to Rank’s earnings per share in the first year following completion.
  - (viii) **Continued financial flexibility** – Rank expects the Enlarged Entity to have pro forma net debt to pro forma adjusted EBITDA of 1.0x. Rank expects the Enlarged Entity to have sufficient financing resources to sustain Rank’s existing dividend and to pursue selective M&A supported by a rapid deleveraging profile.
- The Offer will be subject to the Conditions and further terms set out in Appendix I to this announcement and to be set out in the Scheme Document, which it is expected will be despatched to Stride Shareholders as soon as is reasonably practicable and, in any event, within 28 days of this announcement.
  - It is intended that the Offer will be implemented by means of a court-sanctioned scheme of arrangement under Article 125 of the Companies Law, further details of which are contained in the full text of this announcement. Rank BidCo reserves the right to elect to implement the Offer by way of a Takeover Offer, subject to the Panel’s consent. The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the General Meeting and the expected timetable of the Scheme, and will specify the actions to be taken by Stride Shareholders.
  - Subject to the satisfaction or (where applicable) waiver of the Conditions, the Offer is expected to become effective during the third quarter of 2019.
  - Commenting on the Offer, Nigel Payne, Chairman of Stride, said:

*“Despite Stride’s strong market position, ownership of its own leading technology and excellent long term growth potential, the Board recognises the scale of the mounting regulatory and*

*fiscal pressures which the UK gaming sector is facing. It is also concerned that investor sentiment to Stride is likely to continue to be negatively impacted by these external pressures for some time.*

*Following the announcement of Stride's strategic review in February 2019, Stride had approaches from a number of parties, in addition to Rank. After extensive discussions, the Board concluded that a combination with Rank has significant strategic logic and its offer of 151p per share represents fair value for Stride shareholders in the current environment. Accordingly the Board of Stride is unanimously recommending Stride Shareholders to vote in favour of the Offer."*

- Commenting on the Offer, John O'Reilly, Chief Executive Officer of Rank, said:

*"We are pleased to make this offer for Stride, which is a very complementary business to Rank. We have long been impressed with the quality of the Stride management, technology and operations, which, we believe, offer significant opportunities to create value when combined with the Rank brands, customer-base and infrastructure. The joining of our businesses will accelerate delivery of Rank's Transformation Plan and create one of the UK's leading online gaming businesses."*

**This summary should be read in conjunction with, and this is subject to, the full text of this announcement.**

**The Offer will be subject to the Conditions and further terms set out in Appendix I to this announcement and to be set out in the Scheme Document. Appendix II to this announcement contains further details of the sources of information and bases of calculations set out in this announcement, Appendix III contains a summary of the irrevocable undertakings received by Rank BidCo and Stride (including those irrevocable undertakings given by the Stride Directors) and Appendix IV contains definitions of certain expressions used in this summary and in this announcement.**

**Analyst call:**

Rank will hold a webcast on 31 May 2019 at [8] a.m. to discuss the Offer. This will be available on: <http://www.rank.com/en/investors/offer-for-stride-gaming-plc.html>.

**Enquiries:**

**Stride**

Eitan Boyd – *Chief Executive Officer* +44 (0) 20 7284 6080

Ronen Kannor – *Chief Financial Officer*

**Investec (Sole Financial Adviser, Nominated Adviser and Broker to Stride)**

Chris Treneman +44 (0) 20 7597 5970

Edward Thomas

David Anderson

Dan Oldham

**Hudson Sandler (PR Adviser to Stride)**

Alex Brennan +44 (0) 20 7796 4133

Bertie Berger

**Rank**

John O'Reilly – *Chief Executive Officer* +44 1628 504 303

Bill Floyd – *Chief Financial Officer*

Sarah Powell – *Investor Relations*

**Evercore (Financial Adviser to Rank)**

Edward Banks +44 20 7653 6000

Julien Baril

**FTI Consulting LLP (PR Adviser to Rank)**

Edward Bridges +44 20 3727 1067

Alex Beagley +44 20 3727 1045

**Peel Hunt (Corporate Broker to Rank)**

Dan Webster +44 20 7418 8900

**Goodbody (Corporate Broker to Rank)**

Charlotte Craigie +44 20 3841 6202

CMS Cameron McKenna Nabarro Olswang LLP and Mourant Ozannes are retained as legal advisers to Rank. Pinsent Masons LLP and Carey Olsen Jersey LLP are retained as legal advisers to Stride.

***Important notices relating to financial advisers***

*Evercore Partners International LLP (“Evercore”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Rank and no one else in connection with the Offer, the other matters referred to in this announcement and the Scheme Document, and will not be responsible to anyone other than Rank for providing the protections afforded to clients of Evercore, nor for providing advice in connection with the Offer or any matter or arrangement referred to herein. Neither Evercore nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Evercore in connection with the Offer or any statement contained herein or otherwise.*

*Investec Bank plc (“Investec”), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for Stride and no one else in connection with the Offer and/or the other matters referred to in this announcement and the Scheme Document, and will not be responsible to anyone other*

than Stride for providing the protections afforded to the clients of Investec or for providing advice in connection with the Offer, the contents of this announcement or any matter or arrangement referred to herein. Neither Investec nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Investec in connection with the Offer, for this announcement, any statement contained herein or otherwise.

Peel Hunt LLP (“**Peel Hunt**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Rank and no one else in connection with the Offer, the other matters referred to in this announcement and the Scheme Document, and will not be responsible to anyone other than Rank for providing the protections afforded to clients of Peel Hunt or for providing advice in connection with the Offer or any matter or arrangement referred to herein.

Goodbody Stockbrokers UC (“**Goodbody**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Rank and no one else in connection with the Offer, the other matters referred to in this announcement and the Scheme Document, and will not be responsible to anyone other than Rank for providing the protections afforded to clients of Goodbody or for providing advice in connection with the Offer or any matter or arrangement referred to herein.

Evercore, Investec, Peel Hunt and Goodbody have given and not withdrawn their consent to the publication of this announcement with the inclusion in it of the references to their respective names and (where applicable) advice in the form and context in which they appear.

This announcement is for information purposes only and is not intended to and does not constitute or form part of an offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of an offer to buy any securities, pursuant to the Offer or otherwise in any jurisdiction in which such offer is solicitation is unlawful. The Offer will be made solely by means of the Scheme Document or any document by which the Offer is made which will contain the full terms and conditions of the Offer, including details of how to vote in respect of the Scheme.

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

Any approval, decision or other response to the Offer should be made only on the basis of the information in the Scheme Document (or any document by which the Offer is made). Stride Shareholders are strongly advised to read the formal documentation in relation to the Offer once it has been despatched. It is expected that the Scheme Document (including notices of the Meetings) together with the relevant Forms of Proxy, will be posted to Stride Shareholders as soon as is reasonably practicable and in any event within 28 days of this announcement.

Stride will prepare the Scheme Document to be distributed to Stride Shareholders. Stride and Rank urge Stride Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Offer.

The statements contained in this announcement are made as at the date of this announcement, unless some other time is specified in relation to them. Nothing contained in this announcement shall be deemed to be a forecast, projection or estimate of the future financial performance of Stride or the Stride Group or Rank or the Rank Group except where otherwise stated.

### **Overseas Shareholders**

The release, publication or distribution of this announcement in or into, and the availability of the Offer to persons who are residents, citizens or nationals of, certain jurisdictions other than the United Kingdom or Jersey may be restricted by law and/or regulation. Persons who are not resident in the United Kingdom or Jersey or who are subject to the laws of any jurisdiction other than the United Kingdom or

*Jersey should inform themselves of, and observe, any applicable legal and regulatory requirements in that jurisdiction. Any failure to comply with the restrictions may constitute a violation of the securities laws and/or regulations of any such jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom or Jersey to vote Stride Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located. Further details in relation to the Overseas Shareholders will be contained in the Scheme Document. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.*

*This announcement does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this announcement or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This announcement has been prepared for the purposes of complying with the laws of England and Wales, of Jersey, the City Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of any jurisdiction outside England and Wales and Jersey.*

*Unless otherwise determined by Rank or required by the City Code, and permitted by applicable law and regulation, the Offer will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Offer by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this announcement and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this announcement and all documents relating to the Offer (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction. The Offer (unless otherwise permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of the mails, or by any means of instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of any Restricted Jurisdiction, and the Offer will not be capable of acceptance from or within any Restricted Jurisdiction.*

#### **Note to US Shareholders**

*US Shareholders should note that the transaction relates to the securities of a Jersey company, is subject to UK and Jersey procedural and disclosure requirements (which are different from those of the US) and is proposed to be implemented under a scheme of arrangement provided for under Jersey company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy rules under the US Exchange Act. The financial information with respect to Rank and Stride included in this announcement and the Scheme Document has been or will have been prepared in accordance with IFRS and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Rank exercises its right to implement the acquisition of Stride by way of a Takeover Offer in lieu of the Scheme, such offer will be made in compliance with applicable US tender offer regulations.*

*The receipt of cash pursuant to the Scheme by US Shareholders (defined as shareholder who are U.S. persons as defined in the US Internal Revenue Code) as consideration for the cancellation of Stride*

*Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each Stride Shareholder (including US Shareholders) is urged to consult his independent professional adviser immediately regarding the tax consequences of the transaction applicable to him.*

*Neither the SEC nor any securities commission of any state of the United States has approved the transaction, passed upon the fairness of the transaction or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.*

*In accordance with normal UK and Jersey practices and pursuant to Rule 14e-5(b) of the US Exchange Act, Rank or its nominees or brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Stride Shares outside the United States, other than pursuant to the acquisition, until the date on which the acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory Information Service of the London Stock Exchange and will be available on the London Stock Exchange website at: <http://www.londonstockexchange.com/prices-and-news/prices-news/home.htm>.*

### ***Forward looking statements***

*This announcement contains statements about Rank and Stride that are or may be forward looking statements. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Rank’s or Stride’s operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on Rank’s or Stride’s businesses.*

*Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. Neither Rank, Stride, Evercore, Investec, Peel Hunt or Goodbody, nor any of their respective affiliates nor the directors, officers, members, employees or advisers of any such person, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any such forward looking statements will actually occur. Given these risks and uncertainties, no reliance should be placed on forward looking statements.*

*Each forward looking statement speaks only as at the date of this announcement. Rank, Stride, Evercore, Investec, Peel Hunt, Goodbody and each of their respective affiliates, and the directors, officers, members, employees and advisers of each such person expressly disclaims any obligation to update any forward looking or other statements contained herein, other than as required by applicable law or the rules of any competent regulatory authority, whether as a result of new information, future events or otherwise.*

*All forward looking statements contained in this announcement and any subsequent oral or written forward looking statements attributable to Rank, Stride, Evercore, Investec, Peel Hunt, Goodbody or their respective affiliates or any of their respective directors, officers, members, employees or advisers or*

*any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this announcement.*

***No profit forecast or estimates***

*No statement in this announcement is intended as a profit forecast or profit estimate for any period. No statement in this announcement should be interpreted to mean that earnings per Stride Share or earnings per Rank Share for the current or future financial years would necessarily match or exceed the historical published earnings per Stride Share or earnings per Rank Share.*

***Disclosure requirements of the City Code***

*Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

*Please be aware that addresses, electronic addresses and certain information provided by Stride Shareholders, persons with information rights and other relevant persons for the receipt of communications from Stride may be provided to Rank during the Offer Period as requested under Section 4 of Appendix 4 of the City Code to comply with Rule 2.11(c).*

***Publication on a website***

*A copy of this announcement and the documents required to be published pursuant to Rule 26 of the City Code will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Rank's and Stride's websites at [www.rank.com](http://www.rank.com) and [www.stridegaming.com](http://www.stridegaming.com), respectively, by no later than 12.00 p.m. on the Business Day following this announcement. Neither the contents of Rank's website, nor those of Stride's website, nor those of any other website accessible from hyperlinks on either Rank's or Stride's website, are incorporated into or form part of this announcement.*

***Rounding***

*Certain figures in this announcement have been subject to rounding adjustments. Accordingly, figures shown for the same category in different tables may vary slightly and figures shown and totals in certain tables may not be an authentic aggregation of the figures that precede them.*

***Request for hard copies***

*Stride Shareholders may request a hard copy of this announcement (and any information incorporated by reference in this announcement) by writing to Link Asset Services of 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling 0871 664 0300. Calls cost 12 pence per minute plus your phone company's access charge. If calling from outside the UK please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9.00 am to 5.30 pm Monday to Friday excluding public holidays in England and Wales). It is important that you note that unless you make such a request, a hard copy of this announcement and any such information incorporated by reference in it will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer should be in hard copy form.*

***Rule 2.9 Requirement***

*In accordance with Rule 2.9 of the Code, Stride confirms that as at the date of this announcement, it has in issue and admitted to trading on AIM 75,805,536 ordinary shares of one pence each (excluding ordinary shares held in treasury). The International Securities Identification Number (ISIN) of the ordinary shares is JE00BWT5X884.*

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014**

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION**

**31 May 2019**

**RECOMMENDED CASH OFFER**

**for**

**STRIDE GAMING PLC (“STRIDE”)**

**by**

**THE RANK GROUP PLC (“RANK”)**

**to be effected by means of a court-sanction scheme of arrangement  
under Article 125 of the Companies (Jersey) Law 1991**

**1. INTRODUCTION**

The Rank Directors and the Stride Directors are pleased to announce that they have reached agreement on the terms of a recommended cash offer pursuant to which Rank BidCo, a wholly-owned subsidiary of Rank, will acquire the entire issued and to be issued ordinary share capital of Stride. It is intended that the Offer be effected by means of a court-sanctioned scheme of arrangement under Article 125 of the Companies Law.

**2. THE OFFER**

Under the terms of the Offer, which will be subject to the Conditions and further terms set out in Appendix I to this announcement and to be set out in the Scheme Document, Stride Shareholders will be entitled to receive:

**151 pence in cash for each Stride Share**

The Offer values the entire fully diluted share capital of Stride at approximately £115.3 million and represents a premium of approximately:

- (i) 29 per cent. to the Closing Price per Stride Share of 118 pence on 30 May 2019 (being the last Business Day prior to the date of this announcement);
- (ii) 46 per cent. to the Closing Price per Stride Share of 104 pence on 8 February 2019 (being the last Business Day prior to the commencement of the Offer Period); and
- (iii) 48 per cent. to the six month average price per Stride Share of 102 pence (being the average Closing Price for the six month period ended on 8 February 2019 being the last Business Day prior to the commencement of the Offer Period).

Based on Stride’s net cash of £21.8 million, the Offer represents an enterprise value of £93.4m.

It is expected that the Scheme Document will be published as soon as is reasonably practicable and in any event within 28 days of this announcement, that the Court Meeting and the General Meeting will be held in late July 2019 and that the Scheme will become effective during the third quarter of 2019.

If any dividend, other distribution or return of capital is proposed, declared, made, paid or becomes payable in respect of the Stride Shares on or after the date of this announcement and

before the Effective Date, Rank BidCo reserves the right to reduce the Offer Price by the amount of all or part of any such dividend, other distribution or return of capital.

### **3. BACKGROUND TO AND REASONS FOR THE OFFER**

The Rank Directors believe that the acquisition of Stride will accelerate the transformation of Rank and create one of the UK's leading online gaming businesses. In particular the combination will:

#### **Create a business with genuine scale and capability in the digital market**

The combined business will have pro forma digital net gaming revenues of approximately £185 million, supported by a strong proprietary technology platform. Stride will provide Rank with an engine for digital growth, enabling Rank to move to a more agile, customer centric, digital culture. The combined business will be the number two player in UK online bingo with a market share of approximately 18 per cent. and the number six player in UK online gaming with a market share of approximately 4 per cent. It will also be well positioned for international growth, leveraging Rank's international presence.

#### **Create a leading multi-channel operator in the UK**

Stride is an established scale player operating in a highly regulated market with a portfolio of leading online bingo and casino brands that are highly complementary to Rank's leading multi-channel bingo and casino offerings. The combination is expected to enable Rank to provide the combined customer base with a seamless and instant journey across digital and retail gaming.

#### **Improve Rank's performance and reduce costs through migration to Stride's proprietary technology platform and in-house ecosystem**

By migrating Rank's existing online business onto Stride's proprietary technology platform and operating ecosystem, Rank expects to benefit from increased control and performance, as well as significant identified cost savings. Having a proprietary in-house technology platform will reduce the time required to take new products to market, lead to faster revenue generation and lower costs due to shorter build cycles. This control of product development is expected to give Rank an improved competitive advantage in online gaming.

#### **Leverage complementary strengths, capabilities and expertise**

Stride's end-to-end data-driven CRM platform, digital marketing and customer acquisition expertise and lifetime value maximisation tools are all additive to Rank's existing digital operations. Stride's business will also benefit from Rank's brands, scale, retail gaming expertise, product management expertise and compliance and governance processes.

#### **Strengthen Rank's management team**

As part of the acquisition, the senior leadership team of Stride including Eitan Boyd and Darren Sims, currently Chief Executive Officer and Chief Operating Officer of Stride respectively, have agreed to lead the digital operations of the combined business and be responsible for implementing the technology migration. Stride's management team are highly experienced digital operators with a history of successfully developing online gaming businesses.

#### **Create significant value from strong synergies**

Based on a detailed analysis Rank believes that the combination will result in at least £13 million of pre-tax recurring annual cost savings by the third year following completion.

These annual cost savings are expected to arise primarily from:

### *Technology efficiencies*

Stride's portfolio of proprietary technologies and strong digital development and operational expertise will allow Rank to migrate its current UK digital operations into the Stride ecosystem, leveraging Stride's platform, CRM and gaming tool sets to drive substantial cost savings against Rank's current arrangements with third party suppliers.

### *Workforce optimisation*

Rank currently operates its UK digital businesses out of offices in Gibraltar, Maidenhead and Sheffield. Stride currently operates out of offices in London, the Channel Islands, Mauritius, South Africa and Israel. Rank expects to optimise and reduce the current footprint of the combined business and remove duplicate headcount.

### *Marketing and other efficiencies*

Rank expects to benefit in the near term from the ability to leverage Stride's digital marketing expertise, including its automated bonusing functionality, to better target promotions to the Rank and Stride customer base, driving an increased return on investment in terms of customer value as well as increased customer loyalty.

### *Corporate and administrative efficiencies*

Upon completion of the Acquisition, Rank will maintain its existing corporate headquarters in Maidenhead, which will absorb the management and administrative functions of Stride. This will lead to a reduction in the Stride corporate headcount, alongside a reduction in stand-alone corporate costs (audit, public and investor relations, non-executive board etc.) currently incurred by Stride as a result of the admission of its shares to trading on AIM.

The Rank Group estimates one-off costs to deliver these annual cost synergies equal to approximately 1.0x the expected pre-tax cost savings. These one-off costs include retention, relocation, redundancy costs, incentivisation of the combined management team to lead the combined digital business and the costs to scale the combined digital business IT architecture and infrastructure.

In addition to the quantified cost synergies, Rank also believes that the combination will generate revenue synergies through the actions outlined below:

- cross-selling leading products between customer bases;
- implementing Stride's customer relationship management and back office systems to drive incremental revenues;
- applying sophisticated marketing techniques to an expanded customer base across a broader multi-channel offering;
- leveraging Stride's development team and platform alongside that operated by Rank's Bingosoft operations in Spain to enter new regulated territories more rapidly than contemplated in Rank's stand-alone plans, including the use of Stride's existing licences; and
- leveraging Stride's brands and proprietary content across the Rank customer base to extend the lifetime value of customers.

### **Be materially earnings accretive for Rank once synergies released**

The acquisition of Stride is expected to be accretive to Rank's earnings per share in the first year following completion.

**Continued financial flexibility** – Rank expects the Enlarged Entity to have pro forma net debt to pro forma adjusted EBITDA of 1.0x. Rank expects the Enlarged Entity to have sufficient financing resources to sustain Rank’s existing dividend and to pursue selective M&A supported by a rapid deleveraging profile.

#### **4. RECOMMENDATION**

The Stride Directors, who have been so advised by Investec, consider the terms of the Offer to be fair and reasonable. Investec is providing independent financial advice to the Stride Directors for the purposes of Rule 3 of the City Code. In providing advice to the Stride Directors, Investec has taken into account the commercial assessments of the Stride Directors. Accordingly, the Stride Directors intend unanimously to recommend that Stride Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting as the Stride Directors have irrevocably undertaken to do in respect of their own beneficial holdings of 120,435 Stride Shares representing, in aggregate, approximately 0.2 per cent. of the ordinary share capital of Stride in issue on 30 May 2019 (being the latest practicable date prior to this announcement) and as have the trustees of two trusts, the beneficiaries of whom are Stride Directors and their family members, in respect of a total of 3,772,135 Stride Shares, representing approximately 5.0 per cent. of the ordinary share capital of Stride in issue on 30 May 2019 (being the latest practicable date prior to this announcement).

#### **5. BACKGROUND TO AND REASONS FOR THE RECOMMENDATION**

Since its IPO in 2015, the Stride Group has demonstrated strong operational progress. Over the same period and in common with all UK operators, regulatory and fiscal pressures have mounted very materially with a consequent adverse impact on investor sentiment to the sector and to Stride in particular. Despite Stride’s strong market position, ownership of its own leading technology and long term growth potential, the Stride Directors are concerned that investor sentiment to Stride is likely to continue to be negatively impacted by these external pressures for some time.

Against this backdrop, the Stride Directors announced in February that it would review its strategy to maximise value for Stride Shareholders, including, but not limited to, whether Stride should be a participant in industry consolidation. Following this announcement, Stride had approaches from a number of parties, in addition to Rank.

After extensive discussions, the Stride Directors have concluded that a combination with Rank has significant strategic logic and its offer of 151p per Stride Share represents fair value for Stride shareholders in the current environment. Accordingly the Stride Directors are unanimously recommending Stride Shareholders to vote in favour of the Offer.

#### **6. IRREVOCABLE UNDERTAKINGS**

Rank BidCo and Stride have received irrevocable undertakings from each of the Stride Directors who hold shares, from the trustees of two trusts, the beneficiaries of whom are Stride Directors and their family members and from certain other Stride Shareholders to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting, in respect of a total of 46,114,665 Stride Shares, representing approximately 61 per cent. of the ordinary share capital of Stride in issue on 30 May 2019 (being the latest practicable date prior to this announcement).

Each of these irrevocable undertakings remains binding in the event of a higher, or any other, offer for Stride. Further details of these irrevocable undertakings are set out in Appendix III to this announcement.

## **7. INFORMATION ON RANK AND STRIDE**

### *Rank*

Rank is a leading European gaming business, based in the UK. Its shares are admitted to the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange (RNK.L). Its principal activities are the operation of bingo clubs and casinos with complementary interactive gaming and bookmaking services.

Rank's operations comprise:

- Grosvenor Casinos – 55 casinos in Great Britain; 1 casino in Belgium
- Mecca Bingo – 85 bingo clubs in Great Britain
- Enracha – 9 bingo clubs in Spain
- branded UK websites including meccabingo.com and grosvenorcasinos.com
- branded Spanish websites including YoBingo.es and Enracha.es

Rank's businesses receive approximately 15 million customer visits per year and the Rank Group employs around 7,700 team members.

For the year ended 30 June 2018, Rank generated gross gaming revenues of £741 million and adjusted EBITDA of approximately £120 million.

### *Stride*

Stride, whose shares are admitted to trading on AIM, is a leading online gaming operator. Stride operates a multi-branded strategy, using a combination of its proprietary and licensed software to provide an online gaming offering. Stride's real money offering is presently focused on the UK market, where it is licensed and only operates from the regulated jurisdictions of the UK and Alderney. With a diverse portfolio of more than 150 brands, Stride is the third largest online bingo operator in the UK and has over 11 per cent. share of the UK online bingo landscape.

Stride provides B2B services licensing its proprietary platform; the first B2B partnership with Aspers launching successfully in Q4 2017.

For the twelve months to 28 February 2019, Stride generated net gaming revenues of £78.2 million and adjusted EBITDA of approximately £14.3 million. Over the same period, Stride generated 68 per cent. of net gaming revenues from its proprietary business and 32 per cent. from its non-proprietary business. As of 28 February 2019, Stride had gross assets on its balance sheet of £70.5m.

## **8. MANAGEMENT, EMPLOYEES AND LOCATIONS**

The Rank Directors believe that Rank and Stride have highly complementary businesses with Stride's strengths in digital gaming complementing Rank's well-established retail gaming operations and brands. The Rank Directors value Stride's entrepreneurial culture, its strong technological development capability and digital marketing expertise, its low-cost, lean operating model, and its dynamic and innovative management team.

### *Management*

Following completion, Eitan Boyd and Darren Sims, currently the Chief Executive Officer and Chief Operating Officer of Stride respectively will assume the roles of Managing Director Digital and Operations Director Digital for the Rank Group with day-to-day responsibility for Rank's UK digital strategy. As such they will lead the UK digital operations of the combined business and be responsible for implementing the technology migration of Rank's existing digital operations onto the Stride technology platform.

The broader management team for the combined digital business is expected to be drawn from both Rank and Stride and will be identified in due course. Detailed discussions with the senior management of both Rank and Stride will be held as soon as practicable.

Each of the non-executive directors of Stride has agreed to resign from the board of Stride conditional upon, and with effect from, the Effective Date (or, in the event that the Offer is implemented by way of a Takeover Offer, upon the Takeover Offer becoming or being declared wholly unconditional).

### *Employees*

Following completion of the Offer, the executive management will aim to retain the best talent of Rank and Stride. The Rank Directors recognise that, in order to achieve the expected benefits of the combination, some operational and administrative restructuring may be required and there will be some changes in the day-to-day operations of the combined digital business.

The integration planning carried out to date has confirmed the potential to reduce the duplication of roles, in particular as a result of the overlap in central and support functions between Rank and Stride, and the migration of Rank's existing digital operations onto the Stride platform. This is expected to lead to a decrease in the total headcount of the combined business. It is currently expected that the total headcount of the combined business, being approximately 8,000, will reduce by approximately 1.5 per cent., some of which would take place via natural attrition.

The detailed steps for the restructuring of the combined business are however subject to further review and will be subject to any required consultation with employees and/or their representatives. It is expected that, where possible, Rank will seek to reallocate staff from discontinued roles arising from the restructuring to other appropriate new roles that may be created from organic growth in the combined business.

### *Existing rights and pensions*

Rank intends to safeguard the existing contractual and statutory employment rights of the management and employees of Stride in accordance with applicable law and does not envisage making any material changes to the conditions of employment of the Stride employees (other than as set out in section 9 below).

Rank does not envisage any material changes to current levels of contribution to Stride's defined contribution pension scheme arrangements (unless required to do so in order to comply with applicable laws).

### *Headquarters, other locations and research and development*

Upon completion of the acquisition, Rank will maintain its existing corporate headquarters in Maidenhead, which will absorb the management and administrative functions of Stride.

Rank expects that the key locations of the combined digital business will be London and Mauritius, with a significant presence maintained in the Channel Islands and Gibraltar, albeit at reduced levels from those currently. A presence in Sheffield is also likely to be maintained at a reduced level.

Rank does not envisage any change to the combined business's other locations or the research and development functions of Stride as a result of the Offer or any need to redeploy any of Stride's fixed assets.

Although Rank intends that the existing digital operations of Rank will be migrated onto the Stride technology platform, they will continue to operate on the Bede platform during the migration phase.

## **9. ARRANGEMENTS BETWEEN RANK AND STRIDE MANAGEMENT**

### *Retention scheme for senior employees (the "Retention Scheme")*

Rank currently envisages putting in place retention arrangements for certain senior employees of both Stride and Rank who are regarded as key to the on-going success of the combined UK digital business. The Retention Scheme will be designed to ensure there is sufficient capability within the combined business team over the 24 months following completion of the Offer to deliver a successful integration. Initially the Retention Scheme is expected to cover approximately 30 individuals but this number may change as integration planning continues.

Under the Retention Scheme, the relevant senior employees will be entitled to a cash payment of up to 50 per cent. of their current basic annual salary subject to their continued employment with the combined business for up to 24 months after the Effective Date (with reduced payments being made for early departure). Any individual who exits the business ahead of their agreed retention date will not receive any retention bonus and in no circumstances will any individual receive more than 50 per cent. of their current annual basic salary under these arrangements. The Retention Scheme will cover both Stride and Rank individuals on the same basis.

The maximum amount payable under the Retention Scheme is expected to be £1.6 million although this could increase if more individuals are added in due course.

### *Incentive scheme for the senior executive team (the "Incentive Scheme")*

Rank is discussing a long term Incentive Scheme for the senior executive team of the combined UK digital business. This is expected to comprise Eitan Boyd and Darren Sims together with a small number of other senior executives from Rank and Stride and potentially new external hires.

These individuals will lead the UK digital operations of the combined business and will be directly responsible for delivering the combined digital business plan and target synergies. The incentive arrangements will be designed to encourage them to deliver on these objectives.

The terms of the Incentive Scheme have not been finalised but it is envisaged that participants in the scheme will share in a bonus pool based on the performance of the combined UK digital business in the three financial years up to June 2022 (the "Plan Period").

Under the Incentive Scheme, a target for the aggregate operating profit of the combined UK digital business will be set for the whole of the Plan Period (the "Target Operating Profit").

In the event that the actual operating profit of the combined UK digital business in the Plan Period (the “Actual Operating Profit”) exceeds the Target Operating Profit, a bonus pool will be established comprising:

- 20 per cent. of the amount by which the Actual Operating Profit exceeds the Target Operating Profit up to 111 per cent. of the Target Operating Profit; and
- 35 per cent. of amount by which the Actual Operating Profit exceeds 111 per cent. of the Target Operating Profit.

If the Actual Operating Profit is below the Target Operating Profit, then no bonus pool will be established.

The bonus pool will not be distributed until the end of the Plan Period and any payment from the pool will be completed in line with all other bonus payments of Rank and so will be made in December 2022.

The distribution of the bonus pool in December 2022 will be based on a percentage allocation to individual participants that will be agreed by the Remuneration Committee of Rank in advance.

The total maximum amount of the bonus pool will be subject to an appropriate cap to be agreed.

Participants in the Incentive Scheme will not participate in the Retention Scheme set out above, but an amount of 100 per cent. of current basic annual salary will (subject to continued employment) be paid to Eitan Boyd and Darren Sims as a retention bonus, at the end of the three year period, which will be off-set against any bonus that is payable under the Incentive Scheme.

#### *Service contracts*

There is no proposal to align the reward packages of Stride and Rank. Individuals within each organisation will remain on the same terms and conditions as they are currently including bonus schemes (with the exception of those specifics noted below).

With regards to Eitan Boyd and Darren Sims (current CEO and COO of Stride, respectively), it has been proposed (and accepted in principle) that their service contracts would be amended in line with Rank’s service contracts for its top executives.

#### *Independent Advice*

Investec, which is providing advice to Stride under Rule 3 of the City Code, has advised Stride that it considers these arrangements to be fair and reasonable.

Further details of all the arrangements set out above will be provided in the Scheme Document.

## **10. STRIDE SHARE PLANS**

The Offer will extend to options and awards granted under the Stride Share Plans which are vested or exercisable prior to the Scheme Record Time. Following publication of the Scheme Document, participants in the Stride Share Plans will be contacted separately regarding the effect of the Offer on their rights under the Stride Share Plans. In accordance with Rule 15 of the City Code, Rank BidCo will make appropriate proposals to those participants in due course.

## **11. FINANCING**

The cash consideration payable to Stride Shareholders is expected to be satisfied through new debt, although Rank may elect to satisfy a portion from its existing debt facilities and/or cash resources.

Rank, Rank Group Finance and certain of its affiliates have entered into a £128,125,000 Facility Agreement with National Westminster Bank plc (as agent of the finance parties) to finance the Offer. In respect of the Facility Agreement, Rank has agreed it will not amend, waive or modify certain Conditions and certain further terms contained in Appendix I to this announcement without the consent of the Majority Lenders (as defined in the Facility Agreement).

Rank Group Finance will on-lend the cash drawn under the Facility Agreement to Rank BidCo through intercompany loan arrangements.

Evercore, financial adviser to Rank BidCo, is satisfied that sufficient cash resources are available to Rank BidCo to enable it to satisfy in full the cash consideration payable to Stride Shareholders under the terms of the Offer.

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

## **12. OFFER-RELATED ARRANGEMENTS**

Stride and Rank entered into a confidentiality agreement on 6 April 2019 pursuant to which Rank has undertaken, amongst other things to (a) keep confidential information relating to Stride and not to disclose it to third parties (other than to specified permitted persons) unless required by law or regulation, and (b) use the confidential information for the sole purpose of considering evaluating advising on or furthering the potential Offer.

## **13. OPENING POSITION DISCLOSURES AND INTERESTS**

Rank BidCo confirms that it is making on the date of this announcement an Opening Position Disclosure, setting out the details required to be disclosed by it under Rule 8.1(a) of the Code. The Opening Position Disclosure will not include all relevant details in respect of Rank BidCo's concert parties and Rank BidCo confirms that a further disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Code will be made as soon as possible, if required.

## **14. STRUCTURE OF THE OFFER**

It is intended that the Offer will be effected by means of a scheme of arrangement between Stride and Stride Shareholders under Article 125 of the Companies Law, and is subject to the approval of the Jersey Court. The procedure involves, among other things, an application by Stride to the Jersey Court to sanction the Scheme which will involve the transfer of the Scheme Shares to Rank BidCo, in consideration for which Scheme Shareholders will receive cash on the basis described in paragraph 2 of this announcement. The purpose of the Scheme is to provide for Rank BidCo, a wholly-owned subsidiary undertaking of Rank, to become the owner of the entire issued and to be issued ordinary share capital of Stride.

Upon the Scheme becoming Effective: (i) it will be binding on all Stride Shareholders, irrespective of whether or not they attended or voted at the Court Meeting and the General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of Stride Shares will cease to be of value and should be destroyed and entitlements to Stride Shares held within the CREST system will be cancelled. The

consideration payable under the Scheme will be despatched to Scheme Shareholders by Rank BidCo no later than 14 days after the Effective Date.

Any Stride Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The Special Resolution to be proposed at the General Meeting will, amongst other matters, provide that the Articles be amended to incorporate provisions requiring any Stride Shares issued after the Scheme Record Time (other than to Rank BidCo or its nominee(s)) to automatically be transferred to Rank BidCo on the same terms as the Offer (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person (other than Rank BidCo or its nominee(s)) holding ordinary shares in the capital of Stride after the Effective Date.

The Offer is subject to a number of Conditions and certain further terms set out in Appendix I and to the full terms and conditions to be set out in the Scheme Document, including, amongst other things:

- (a) the Scheme becoming Effective by the Long Stop Date, failing which the Scheme will lapse;
- (b) approval of the Scheme at the Court Meeting (or any adjournment of it) by a majority in number of the Scheme Shareholders present and voting, either in person or by proxy, representing not less than 75 per cent. of the voting rights of those Scheme Shareholders (and at any separate class meeting which may be required by the Jersey Court or at any adjournment of any such meeting) on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed in writing between Stride and Rank BidCo and the Jersey Court may allow);
- (c) the passing of the resolutions relating to the Scheme by the requisite majority at the General Meeting (or any adjournment of it) to be held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed in writing between Stride and Rank BidCo and the Jersey Court may allow);
- (d) the sanction of the Scheme by the Jersey Court on or before the 22nd day after the expected date of the Court Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed in writing between Stride and Rank BidCo and the Jersey Court may allow);
- (e) either:
  - (i) as at the date on which all other Conditions are satisfied or waived, the CMA having neither requested submission of a Merger Notice nor opened a CMA Merger Investigation in connection with the Offer or any matters arising therefrom; or
  - (ii) confirmation having been received in writing from the CMA, in terms reasonably satisfactory to Rank BidCo, that the CMA does not intend to make a Phase 2 CMA Reference in connection with the Offer or any matters arising therefrom; or
  - (iii) the period within which the CMA is required to decide whether the duty to make a Phase 2 CMA Reference applies has expired without such a decision having been made;

- (f) neither the UKGC, in respect of the operating licences (as such term is defined in the Gambling Act) held by members of the Stride Group, nor the AGCC in respect of the Category 1 and Category 2 eGambling Licences (as such term is defined in the Alderney eGambling Regulations, 2009) held by members of the Stride Group either taking any formal action or undertaking any statutory process to revoke any such licence or initiating or announcing the commencement of any formal action or statutory process which might reasonably be expected to lead to any such revocation;
- (g) the making of a determination by the UKGC pursuant to section 102(4)(a) of the Gambling Act that all operating licences (as such term is defined in the Gambling Act) held by members of Stride Group shall continue to have effect following the acquisition by Rank BidCo of control of Stride, such determination to be made following an application in respect of the same submitted by Stride to the UKGC pursuant to section 102(2)(b) of the Gambling Act; and
- (h) the making of an in principle determination by the AGCC, on terms reasonably satisfactory to Rank BidCo, that all of the Category 1 and Category 2 eGambling Licences (as such term is defined in the Alderney eGambling Regulations, 2009) held by members of the Stride Group shall continue to have effect following the acquisition by Rank BidCo of control of Stride.

The Scheme will lapse if the Scheme or the Offer or any matter arising from or relating to the Offer becomes subject to a Phase 2 CMA Reference before the date of the Court Meeting.

It is expected that the Scheme Document, containing further information about the Offer and notices of the Court Meeting and General Meeting, together with Forms of Proxy, will be posted to Stride Shareholders as soon as reasonably practicable and in any event within 28 days of the date of this announcement. Subject to the satisfaction or waiver of all relevant conditions, including the Conditions, and certain further terms set out in Appendix I and to be set out in the Scheme Document, and subject to the approval and availability of the Jersey Court (which is subject to change), it is expected that the Scheme will become Effective during the third quarter of 2019.

The Scheme will be governed by Jersey law and will be subject to the jurisdiction of the Jersey Court.

## **15. SCHEME TIMETABLE/FURTHER INFORMATION**

A full anticipated timetable will be set out in the Scheme Document. Subject to certain restrictions relating to persons resident in Restricted Jurisdictions, the Scheme Document will also be made available on Rank's and Stride's websites at [www.rank.com](http://www.rank.com) and [www.stridegaming.com](http://www.stridegaming.com), respectively.

## **16. RIGHT TO SWITCH TO A TAKEOVER OFFER**

Rank BidCo reserves the right, with the consent of the Panel, to elect to implement the acquisition of the Stride Shares by way of a Takeover Offer as an alternative to the Scheme. In such event, the Offer will be implemented on substantially the same terms as those which would apply to the Scheme (subject to appropriate amendments, including an acceptance condition set at 90 per cent. of the shares to which such offer relates or such lesser percentage, being more than 50 per cent., as Rank BidCo may decide). However, if Rank BidCo were to elect to implement the Offer by way of a Takeover Offer, such Takeover Offer will be made in compliance with all applicable laws and regulations.

If the Offer is effected by way of a Takeover Offer and such Takeover Offer becomes or is declared unconditional in all respects and sufficient acceptances are received in respect of such offer, Rank intends to: (i) make an application to the London Stock Exchange to cancel trading of Stride Shares on AIM; and (ii) exercise its rights (to the extent such rights are available) to apply the provisions of Articles 117 to 121 of the Companies Law to acquire compulsorily the remaining Stride Shares in respect of which such Takeover Offer has not been accepted.

**17. CANCELLATION OF ADMISSION TO TRADING ON AIM AND RE-REGISTRATION**

Prior to the Scheme becoming effective, Stride will make an application to the London Stock Exchange to cancel the trading of the Stride Shares on AIM to take effect from or shortly after the Effective Date. The last day of dealings in Stride Shares on AIM is expected to be the Business Day immediately prior to the Court Hearing and no transfers will be registered after 6.00p.m. on that date.

On the Effective Date, Stride will become a wholly-owned subsidiary of Rank BidCo and share certificates in respect of Stride Shares will cease to be valid and should be destroyed. In addition, entitlements to Stride Shares held within the CREST system will be cancelled on the Effective Date.

It is also proposed that, following the Effective Date and after the cancellation of the admission to trading of its shares to trading on AIM, Stride will be re-registered as a private limited company.

**18. OVERSEAS SHAREHOLDERS**

The availability of the Offer and the distribution of this announcement to persons resident in, or citizens of, or otherwise subject to, jurisdictions outside the United Kingdom or Jersey may be affected by the laws of the relevant jurisdictions. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. Stride Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This announcement is not intended and does not constitute or form part of any offer to sell or to subscribe for, or any invitation to purchase or subscribe for, or the solicitation of any offer to purchase or otherwise subscribe for any securities. Stride Shareholders are advised to read carefully the Scheme Document and the Forms of Proxy once these have been despatched.

**19. GENERAL**

The Offer will be made subject to the Conditions and further terms set out in Appendix I to this announcement and to be set out in the Scheme Document. The bases and sources of certain financial information contained in this announcement are set out in Appendix II to this announcement. A summary of the irrevocable undertakings received by Rank BidCo and Stride is contained in Appendix III to this announcement. Certain terms used in this announcement are defined in Appendix IV to this announcement.

The Offer will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the Financial Conduct Authority, the Companies Law and the Jersey Court.

Evercore, Investec, Goodbody and Peel Hunt have each given and not withdrawn their consent to the publication of this announcement with the inclusion herein of the references to their names in the form and context in which they appear.

The Scheme Document will not be reviewed by any federal state securities commission or regulatory authority in the U.S., nor will any commission or authority pass upon the accuracy or adequacy of the Scheme Document. Any representation to the contrary is unlawful and may be a criminal offence.

## **20. DOCUMENTS ON DISPLAY**

Copies of the following documents will be made available on Rank's and Stride's websites at [www.rank.com](http://www.rank.com) and [www.stridegaming.com](http://www.stridegaming.com), respectively, by no later than 12 noon (London time) on the Business Day following this announcement until the end of the Offer Period:

- (i) this announcement;
- (ii) the irrevocable undertakings referred to in paragraph 6 above and summarised in Appendix III to this announcement;
- (iii) the documents relating to the financing of the Offer referred to in paragraph 11 above; and
- (iv) the Confidentiality Agreement.

None of the contents of Stride's website, the contents of Rank's website, or the content of any other website accessible from hyperlinks on either such website, is incorporated into or forms part of, this announcement.

### **Enquiries:**

#### **Stride**

Eitan Boyd – *Chief Executive Officer* +44 (0) 20 7284 6080

Ronen Kannor – *Chief Financial Officer*

#### **Investec (Sole Financial Adviser, Nominated Adviser and Broker to Stride)**

Chris Treneman +44 (0) 20 7597 5970

Edward Thomas

David Anderson

Dan Oldham

#### **Hudson Sandler (PR Adviser to Stride)**

Alex Brennan +44 (0) 20 7796 4133

Bertie Berger

**Rank**

John O'Reilly – *Chief Executive Officer* +44 1628 504 303

Bill Floyd – *Chief Financial Officer*

Sarah Powell – *Investor Relations*

**Evercore (Financial Adviser to Rank)**

Edward Banks +44 20 7653 6000

Julien Baril

**FTI Consulting LLP (PR Adviser to Rank)**

Edward Bridges +44 20 3727 1067

Alex Beagley +44 20 3727 1045

**Peel Hunt (Corporate Broker to Rank)**

Dan Webster +44 20 7418 8900

**Goodbody (Corporate Broker to Rank)**

Charlotte Craigie +44 20 3841 6202

CMS Cameron McKenna Nabarro Olswang LLP and Mourant Ozannes are retained as legal advisers to Rank. Pinsent Masons LLP and Carey Olsen Jersey LLP are retained as legal advisers to Stride.

***Important notices relating to financial advisers***

*Evercore Partners International LLP (“Evercore”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Rank and no one else in connection with the Offer, the other matters referred to in this announcement and the Scheme Document, and will not be responsible to anyone other than Rank for providing the protections afforded to clients of Evercore, nor for providing advice in connection with the Offer or any matter or arrangement referred to herein. Neither Evercore nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Evercore in connection with the Offer or any statement contained herein or otherwise.*

*Investec Bank plc (“Investec”), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for Stride and no one else in connection with the Offer and/or the other matters referred to in this announcement and the Scheme Document, and will not be responsible to anyone other than Stride for providing the protections afforded to the clients of Investec or for providing advice in connection with the Offer, the contents of this announcement or any matter or arrangement referred to herein. Neither Investec nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Investec in connection with the Offer, for this announcement, any statement contained herein or otherwise.*

*Peel Hunt LLP (“Peel Hunt”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Rank and no one else in connection with the Offer, the other matters referred to in this announcement and the Scheme Document, and will not be responsible to anyone other than Rank for providing the protections afforded to clients of Peel Hunt or for providing advice in connection with the Offer or any matter or arrangement referred to herein.*

*Goodbody Stockbrokers UC (“Goodbody”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Rank and no one else in connection with the Offer, the other matters referred to in this announcement and the Scheme Document, and will not be responsible to anyone other than Rank for providing the protections afforded to clients of Goodbody or for providing advice in connection with the Offer or any matter or arrangement referred to herein.*

*Evercore, Investec, Peel Hunt and Goodbody have given and not withdrawn their consent to the publication of this announcement with the inclusion in it of the references to their respective names and (where applicable) advice in the form and context in which they appear.*

*This announcement is for information purposes only and is not intended to and does not constitute or form part of an offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of an offer to buy any securities, pursuant to the Offer or otherwise or otherwise in any jurisdiction in which such offer is solicitation is unlawful. The Offer will be made solely by means of the Scheme Document or any document by which the Offer is made which will contain the full terms and conditions of the Offer, including details of how to vote in respect of the Scheme.*

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

*Any approval, decision or other response to the Offer should be made only on the basis of the information in the Scheme Document (or any document by which the Offer is made). Stride Shareholders are strongly advised to read the formal documentation in relation to the Offer once it has been despatched. It is expected that the Scheme Document (including notices of the Meetings) together with the relevant Forms of Proxy, will be posted to Stride Shareholders as soon as is reasonably practicable and in any event within 28 days of this announcement pending approval of the Jersey Court.*

*Stride will prepare the Scheme Document to be distributed to Stride Shareholders. Stride and Rank urge Stride Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Offer.*

*The statements contained in this announcement are made as at the date of this announcement, unless some other time is specified in relation to them. Nothing contained in this announcement shall be deemed to be a forecast, projection or estimate of the future financial performance of Stride or the Stride Group or Rank or the Rank Group except where otherwise stated.*

### **Overseas Shareholders**

*The release, publication or distribution of this announcement in or into, and the availability of the Offer to persons who are residents, citizens or nationals of, certain jurisdictions other than the United Kingdom or Jersey may be restricted by law and/or regulation. Persons who are not resident in the United Kingdom or Jersey or who are subject to the laws and/or regulations of any jurisdiction other than the United Kingdom or Jersey should inform themselves of, and observe, any applicable legal and regulatory requirements in that jurisdiction. Any failure to comply with the restrictions may constitute a violation of the securities laws and/or regulations of any such jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom or Jersey to vote Stride Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located. Further, details in relation*

*to the Overseas Shareholders will be contained in the Scheme Document. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.*

*This announcement does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this announcement or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This announcement has been prepared for the purposes of complying with the laws of England and Wales, of Jersey, the City Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of any jurisdiction outside England and Wales and Jersey.*

*Unless otherwise determined by Rank or required by the City Code, and permitted by applicable law and regulation, the Offer will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Offer by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this announcement and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this announcement and all documents relating to the Offer (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction. The Offer (unless otherwise permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of the mails, or by any means of instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of any Restricted Jurisdiction, and the Offer will not be capable of acceptance from or within any Restricted Jurisdiction.*

#### **Note to US Shareholders**

*US Shareholders should note that the transaction relates to the securities of a Jersey company, is subject to UK and Jersey procedural and disclosure requirements (which are different from those of the US) and is proposed to be implemented under a scheme of arrangement provided for under Jersey company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy rules under the US Exchange Act. The financial information with respect to Rank included in this announcement and the Scheme Document has been or will have been prepared in accordance with IFRS and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Rank exercises its right to implement the acquisition of Stride by way of a Takeover Offer in lieu of the Scheme, such offer will be made in compliance with applicable US tender offer regulations.*

*The receipt of cash pursuant to the Scheme by US Shareholders (defined as shareholder who are U.S. persons as defined in the US Internal Revenue Code) as consideration for the cancellation of Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each Shareholder (including US Shareholders) is urged to consult his independent professional adviser immediately regarding the tax consequences of the transaction applicable to him.*

*Neither the SEC nor any securities commission of any state of the United States has approved the transaction, passed upon the fairness of the transaction or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.*

*In accordance with normal UK and Jersey practices and pursuant to Rule 14e-5(b) of the US Exchange Act, Rank or its nominees or brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Stride Shares outside the United States, other than pursuant to the acquisition, until the date on which the acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory Information Service of the London Stock Exchange and will be available on the London Stock Exchange website at: <http://www.londonstockexchange.com/prices-and-news/prices-news/home.htm>.*

### **Forward looking statements**

*This announcement contains statements about Rank and Stride that are or may be forward looking statements. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Rank’s or Stride’s operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on Rank’s or Stride’s businesses.*

*Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. Neither Rank, Stride, Evercore, Investec, Peel Hunt, Goodbody, nor any of their respective affiliates nor the directors, officers, members, employees or advisers of any such person, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any such forward looking statements will actually occur. Given these risks and uncertainties, no reliance should be placed on forward looking statements.*

*Each forward looking statement speaks only as at the date of this announcement. Rank, Stride, Evercore, Investec, Peel Hunt, Goodbody and each of their respective affiliates, and the directors, officers, members, employees and advisers of each such person expressly disclaims any obligation to update any forward looking or other statements contained herein, other than as required by applicable law or the rules of any competent regulatory authority, whether as a result of new information, future events or otherwise.*

*All forward looking statements contained in this announcement and any subsequent oral or written forward looking statements attributable to Rank, Stride, Evercore, Investec, Peel Hunt, Goodbody or their respective affiliates or any of their respective directors, officers, members, employees or advisers or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this announcement.*

### **No profit forecast or estimates**

*No statement in this announcement is intended as a profit forecast or profit estimate for any period. No statement in this announcement should be interpreted to mean that earnings per Stride Share or earnings*

*per Rank Share for the current or future financial years would necessarily match or exceed the historical published earnings per Stride Share or earnings per Rank Share.*

#### ***Disclosure requirements of the City Code***

*Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

*Please be aware that addresses, electronic addresses and certain information provided by Stride Shareholders, persons with information rights and other relevant persons for the receipt of communications from Stride may be provided to Rank during the Offer Period as requested under Section 4 of Appendix 4 of the City Code to comply with Rule 2.11(c).*

#### ***Publication on a website***

*A copy of this announcement and the documents required to be published pursuant to Rule 26 of the City Code will be available free of charge, subject to certain restrictions relating to persons resident in*

*Restricted Jurisdictions, on Rank's and Stride's websites at www.rank.com and www.stridegaming.com, respectively, by no later than 12.00 p.m. on the Business Day following this announcement. Neither the contents of Rank's website, nor those of Stride's website, nor those of any other website accessible from hyperlinks on either Rank's or Stride's website, are incorporated into or form part of this announcement.*

***Rounding***

*Certain figures in this announcement have been subject to rounding adjustments. Accordingly, figures shown for the same category in different tables may vary slightly and figures shown and totals in certain tables may not be an authentic aggregation of the figures that precede them.*

***Request for hard copies***

*Stride Shareholders may request a hard copy of this announcement (and any information incorporated by reference in this announcement) by writing to Link Asset Services of 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling 0871 664 0300. Calls cost 12 pence per minute plus your phone company's access charge. If calling from outside the UK please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9.00 am to 5.30 pm Monday to Friday excluding public holidays in England and Wales). It is important that you note that unless you make such a request, a hard copy of this announcement and any such information incorporated by reference in it will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer should be in hard copy form.*

***Rule 2.9 Requirement***

*In accordance with Rule 2.9 of the Code, Stride confirms that as at the date of this announcement, it has in issue and admitted to trading on AIM 75,805,536 ordinary shares of one pence each (excluding ordinary shares held in treasury). The International Securities Identification Number (ISIN) of the ordinary shares is JE00BWT5X884.*

**APPENDIX I**  
**CONDITIONS AND FURTHER TERMS OF THE OFFER**

**Part 1: The Conditions**

1. The Offer will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the City Code, by not later than 11:59 p.m. on the Long Stop Date.
2. The Scheme will be conditional upon:
  - (a) the approval of the Scheme at the Court Meeting (or at any adjournment of it) by a majority in number of the Scheme Shareholders who are on the register of members of Stride at the Voting Record Time present and voting, either in person or by proxy, representing 75 per cent. or more of the voting rights of those Scheme Shareholders (and at any separate class meeting which may be required by the Jersey Court or at any adjournment of any such meeting) on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document (or such later date (if any) as may be agreed in writing by Rank BidCo and Stride and as the Jersey Court may allow);
  - (b) all resolutions in connection with, or necessary to approve and implement the Scheme, as set out in the notice of the General Meeting (or any adjournment to it) being duly passed by Stride Shareholders representing 75 per cent. or more of the votes cast at the General Meeting or at any adjournment of it on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document (or such later date (if any) as may be agreed in writing by Rank BidCo and Stride and as the Jersey Court may allow); and
  - (c) the sanction of the Scheme (without modification, or with such modifications as are agreed by Rank and Stride) by the Jersey Court on or before the 22nd day after the expected date of the Court Hearing to be set out in the Scheme Document (or such later date (if any) as may be agreed in writing by Rank BidCo and Stride and as the Jersey Court may allow) and the Court Order being delivered for registration to the Registrar of Companies.
3. In addition, subject as stated in Part 2 of this Appendix I and to the requirements of the Panel in accordance with the Code, the Offer will be conditional upon the following conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless such conditions (as amended if appropriate) have been satisfied or, where relevant, waived in writing:

**UK merger control approval**

- (a) either:
  - (i) as at the date on which all other Conditions are satisfied or waived, the CMA having neither requested submission of a Merger Notice nor opened a CMA Merger Investigation in connection with the Offer or any matters arising therefrom; or
  - (ii) confirmation having been received in writing from the CMA, in terms reasonably satisfactory to Rank BidCo, that the CMA does not intend to make a Phase 2 CMA Reference in connection with the Offer or any matters arising therefrom; or

- (iii) the period within which the CMA is required to decide whether the duty to make a Phase 2 CMA Reference applies has expired without such a decision having been made;

**Loss of regulatory licences**

- (b) neither the UKGC, in respect of the operating licences (as such term is defined in the Gambling Act) held by members of the Stride Group, nor the AGCC in respect of the Category 1 and Category 2 eGambling Licences (as such term is defined in the Alderney eGambling Regulations, 2009) held by members of the Stride Group either taking any formal action or undertaking any statutory process to revoke any such licence or initiating or announcing the commencement of any formal action or statutory process which might reasonably be expected to lead to any such revocation;

**UK Gambling Commission change of control approval**

- (c) the making of a determination by the UKGC pursuant to section 102(4)(a) of the Gambling Act that all operating licences (as such term is defined in the Gambling Act) held by members of Stride Group shall continue to have effect following the acquisition by Rank BidCo of control of Stride, such determination to be made following an application in respect of the same submitted by Stride to the UKGC pursuant to section 102(2)(b) of the Gambling Act;

**Alderney Gambling Control Commission change of control approval**

- (d) the making of an in principle determination by the AGCC, in terms reasonably satisfactory to Rank BidCo, that all of the Category 1 and Category 2 eGambling Licences (as such term is defined in the Alderney eGambling Regulations, 2009) held by members of the Stride Group shall continue to have effect following the acquisition by Rank BidCo of control of Stride;

**Other Third Party clearances**

- (e) other than in relation to the competition law and regulatory approvals referred to in paragraphs 3 (a) to (d) of this Appendix I, no Third Party having announced or given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken, or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same), or taken any other step that would or might reasonably be expected to:
  - (i) make the Offer, its implementation of the Offer or the proposed acquisition by Rank BidCo or by any member of the Wider Rank Group of any shares or other securities in, or control or management of, any member of the Wider Stride Group void, illegal and/or unenforceable under the laws or regulations of any jurisdiction, or otherwise directly or indirectly restrain, prevent, prohibit, restrict, delay or otherwise materially adversely interfere with any of the foregoing or otherwise impose additional conditions or obligations to, or require adverse amendment to the terms of, the Offer which, in each case, are of a material nature;
  - (ii) materially limit or materially delay the ability of any member of the Wider Rank Group or any member of the Wider Stride Group to acquire or to hold

or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Stride Group or any member of the Wider Rank Group, as the case may be, taken as a whole;

- (iii) require, prevent or materially delay any divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider Rank Group of any shares or other securities in Stride or any member of the Wider Stride Group which, in any such case, is material in the context of the Wider Rank Group or the Wider Stride Group, as the case may be, taken as a whole;
- (iv) require, prevent or delay any divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider Rank Group or by any member of the Wider Stride Group of all or any part of their respective businesses, assets or properties or limit the ability of any of them to conduct all or any part of their respective businesses or to own, control or manage any of their respective assets or properties or any part thereof which, in any such case, is material in the context of the Wider Rank Group or the Wider Stride Group, as the case may be, taken as a whole;
- (v) other than in connection with the implementation of the Offer, require any member of the Wider Rank Group or of the Wider Stride Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) or interest in any member of the Wider Stride Group or the Wider Rank Group or any asset, in each case that is owned by a Third Party (other than in the implementation of the Offer);
- (vi) limit the ability of any member of the Wider Rank Group or of the Wider Stride Group to integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Rank Group and/or of the Wider Stride Group which, in any such case, is material in the context of the Wider Rank Group or the Wider Stride Group, as the case may be, taken as a whole;
- (vii) result in any member of the Wider Rank Group or the Wider Stride Group ceasing to be able to carry on business under any name under which it presently does so which, in any such case, is material in the context of the Wider Rank Group or the Wider Stride Group, as the case may be, taken as a whole; or
- (viii) otherwise adversely affect any or all of the business, assets, profits, financial or trading position or prospects of any member of the Wider Rank Group or, of the Wider Stride Group which, in any such case, is material in the context of the Wider Rank Group or the Wider Stride Group, as the case may be, taken as a whole,

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could take, institute, implement or threaten such actions, proceedings, suit, investigation, enquiry or reference or take any other step

under any applicable law or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as the case may be);

**Other notifications, waiting periods and Authorisations**

- (f) without prejudice to any of the conditions above, all material notifications, filings and/or applications which are necessary or are reasonably considered appropriate by Rank BidCo having been made in connection with the Offer, all waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or terminated (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction having been complied with, in each case in connection with the Scheme and Offer;
- (g) without prejudice to any of the conditions above, all Authorisations which are necessary or reasonably considered appropriate in any relevant jurisdiction for or in respect of the Scheme or the Offer (or its implementation) or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Stride or any other member of the Wider Stride Group by Rank BidCo or any member of the Wider Rank Group or the carrying on by any member of the Wider Stride Group of its business having been obtained, in terms and in a form satisfactory to Rank BidCo (acting reasonably) from all appropriate Third Parties and from any persons or bodies with whom any member of the Wider Rank Group or any member of the Wider Stride Group has entered into contractual arrangements, in each case where the absence of such Authorisations would have a material adverse effect on the Wider Stride Group taken as a whole, and all such Authorisations together with all authorisations necessary for any member of the Wider Stride Group to carry on its business remaining in full force and effect at the time at which the Scheme becomes Effective or the Offer otherwise becomes unconditional in all respects, and there being no notice or other intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same having been made in connection with the Offer or any other matter directly or indirectly arising from the Offer (or its implementation), in each such case where the absence of such Authorisations would have a material adverse effect on the Wider Stride Group or the Wider Rank Group taken as a whole;

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

- (h) save as Disclosed, there being no provision of any arrangement, agreement, lease, licence, permit, franchise or other instrument to which any member of the Wider Stride Group is a party, or by or to which any such member or any of its assets is or may be bound, entitled or subject, or any circumstance, which, in each case as a consequence of the Offer (or its implementation) or the acquisition or proposed acquisition by Rank BidCo or any member of the Wider Rank Group of any shares or other securities (or the equivalent) in, or control or management of, Stride or any other member of the Wider Stride Group, could reasonably be expected to result in, in any case to an extent which is or would be material in the context of the Wider Stride Group taken as a whole:
  - (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider Stride Group being or becoming repayable or being capable of being declared repayable immediately or prior to their or its stated maturity or the ability of

any member of the Wider Stride Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;

- (ii) the creation, save in the ordinary and usual course of business, or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider Stride Group or any such mortgage, charge or other security interest (wherever and whenever created, arising or having arisen) becoming enforceable;
- (iii) any such arrangement, agreement, lease, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider Stride Group thereunder, being, or becoming capable of being, terminated or adversely modified or adversely affected or any adverse action being taken or arising thereunder or any onerous obligation or liability arising thereunder;
- (iv) any asset or interest of any member of the Wider Stride Group or any asset the use of which is enjoyed by any member of the Wider Stride Group being or falling to be disposed of or charged or ceasing to be available to any member of the Wider Stride Group or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider Stride Group otherwise than in the ordinary course of business;
- (v) any member of the Wider Stride Group ceasing to be able to carry on business under any name under which it presently does so;
- (vi) the creation or assumption of any material liabilities (actual or contingent) by any member of the Wider Stride Group other than the creation of any liabilities in the ordinary course of business;
- (vii) the rights, liabilities, obligations or interests of any member of the Wider Stride Group under any such arrangement, agreement, lease, licence, permit, franchise or other instrument or the interests or business of any such member of the Wider Stride Group in or with any other person, firm, company or body (or any agreements or arrangements relating to any such interests or business) being terminated, adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
- (viii) the financial or trading position or the prospects or the value or the profits of Stride or of any member of the Wider Stride Group being prejudiced or adversely affected;
- (ix) the creation of any liability (actual or contingent) by any member of the Wider Stride Group to make any severance, termination, bonus or other payment to any of its directors, other officers or employees; or
- (x) any member of the Wider Stride Group being required to repay indebtedness of any member of the Wider Stride Group owed to any Third Party;

and no event having occurred which, under any provision of any such arrangement, agreement, lease, license, permit, franchise or other instrument to which any member

of the Wider Stride Group is a party, or by or to which any such member or any of its assets may be bound, is entitled or subject, could reasonably be expected to result in any of the events or circumstances which are referred to in paragraphs (i) to (x) of this condition 3(h) in any case to an extent which is or would be material in the context of the Wider Stride Group taken as a whole;

- (i) save as Disclosed, no member of the Wider Stride Group having since 31 August 2018:
- (i) issued or agreed to issue, or authorised or proposed or announced its intention to authorise or propose the issue of, additional shares or securities of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save as between Stride and wholly-owned subsidiaries of Stride or between wholly-owned subsidiaries and save for the issue of Stride Shares pursuant to or in connection with the exercise or vesting of options or awards granted under, or the grant of options or awards under, the Stride Share Option Schemes);
  - (ii) purchased or redeemed or repaid or proposed the purchase, redemption or repayment of any of its own shares or other securities (or the equivalent) or reduced or, save in respect of the matters mentioned in sub-paragraph (i) above made or authorised any other change to any part of its share capital other than pursuant to the implementation of the Offer;
  - (iii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus issue, dividend or other distribution, whether payable in cash or otherwise save for any dividend (“**Permitted Dividend**”) declared before the Effective Date by any wholly-owned subsidiary of Stride to Stride or any of its wholly-owned subsidiaries;
  - (iv) save for transactions between Stride and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to make, propose or authorise any change in its loan capital;
  - (v) save for transactions between Stride and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised, proposed or announced the same, in each case to an extent which is material in the context of the Wider Stride Group taken as a whole;
  - (vi) issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of any debentures or, other than trade credit incurred in the ordinary course of business, incurred or increased any indebtedness or liability (actual or contingent) except as between Stride and any of its wholly owned subsidiaries or between such subsidiaries, which in any case is material in the context of the Wider Stride Group taken as a whole;

- (vii) entered into, varied, authorised, proposed or announced an intention to enter into or vary any contract, agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
  - (aa) is of a long term, onerous or unusual nature or magnitude or which involves or is or is reasonably likely to involve an obligation of such a nature or magnitude;
  - (bb) restricts or could reasonably be expected to restrict the business of any member of the Wider Stride Group; or
  - (cc) is other than in the ordinary course of business,and which is, in any such case, material in the context of the Wider Stride Group taken as a whole;
- (viii) entered into, implemented, effected or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement (other than the Offer) which is material in the context of the Wider Stride Group taken as a whole;
- (ix) entered into or varied or made an offer (which remains open for acceptance) to vary the terms of any contract, agreement, commitment or arrangement with any of the directors or senior executives of any member of the Wider Stride Group or changed or entered into any commitment to change the terms of any of the Stride Share Option Schemes save for salary increases and bonuses not resulting in total annual remuneration of any individual exceeding the immediately preceding year's remuneration by more than three per cent. or other bonuses or variations of terms in the ordinary course of business and consistent with past practice;
- (x) taken any corporate action or had any step, application, filing in court, notice or legal proceedings started, served, instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction which in any case is material in the context of the Wider Stride Group taken as a whole;
- (xi) been unable, or admitted in writing that it is unable, to pay any of its debts or having stopped or suspended (or threatened to stop or suspend) payment of any of its debts generally or having entered into or taken steps to enter into a moratorium, composition, compromise or arrangement with its creditors in respect of any of its debts;
- (xii) ceased or threatened to cease carrying on all or a substantial part of its business;
- (xiii) waived, settled or compromised any claim (other than in the ordinary course of business) to an extent which is material in the context of the Wider Stride Group taken as a whole;

- (xiv) terminated or varied the terms of any agreement or arrangement between any member of the Wider Stride Group and any other person in a manner which would or might reasonably be expected to have a material adverse effect on the financial position or prospects of the Wider Stride Group taken as a whole;
- (xv) made any alteration to its articles of association or other incorporation documents other than as required to implement the Offer;
- (xvi) put in place any pension schemes for its directors, employees or their dependants or made or agreed or consented to any change in any material respect to:
  - (aa) the terms of the trust deeds constituting the pension schemes (if any) established by any member of the Wider Stride Group for its directors, employees or their dependants; or
  - (bb) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder; or
  - (cc) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (dd) the basis upon which the liabilities (including pensions) of such pension schemes are funded, made, agreed or consented to;
- (xvii) proposed, agreed to provide or modified the terms of any Stride Share Option Scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider Stride Group in a manner which is material in the context of the Wider Stride Group taken as a whole (other than in accordance with the terms of the Offer);
- (xviii) entered into any contract, agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this condition (i);
- (xix) made, authorised, proposed or announced an intention to propose any change in its loan capital which in any such case is material in the context of the Wider Stride Group taken as a whole; or
- (xx) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Stride Shareholders in a general meeting in accordance with, or as contemplated by, Rule 21.1 of the Code;

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

- (j) since 31 August 2018, save as Disclosed:
  - (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of any member of the Wider Stride Group which in any case is material in the context of the Wider Stride Group taken as a whole;

- (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Stride Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, implemented or instituted or remaining outstanding against or in respect of any member of the Wider Stride Group which in any case is material in the context of the Wider Stride Group taken as a whole;
- (iii) no enquiry, review or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted or remaining outstanding against or in respect of any member of the Wider Stride Group which in any such case is, or might reasonably be expected to be, material in the context of the Wider Stride Group taken as a whole;
- (iv) no contingent or other liability having arisen, increased or become apparent to any member of the Rank Group which might reasonably be expected to adversely affect the business, assets, financial or trading position, profits, prospects, or operational performance of any member of the Wider Stride Group which is material in the context of the Wider Stride Group taken as a whole;
- (v) no claim being made and no circumstance having arisen which might reasonably be expected to lead to a claim being made under the insurance of any member of the Wider Stride Group where such claim would not be covered by such insurance and which is material in the context of the Wider Stride Group taken as a whole; and
- (vi) no steps having been taken and no omissions having occurred which are reasonably likely to result in the withdrawal (without replacement), cancellation or termination or modification of any licence, permit or consent held by any member of the Wider Stride Group which is necessary for the proper carrying on by such member of its business and which is material in the context of the Wider Stride Group taken as a whole;

**No discovery of certain matters regarding information and liabilities**

- (k) except as Disclosed, Rank BidCo not having discovered:
  - (i) that any financial or business or other information concerning the Wider Stride Group disclosed at any time by or on behalf of any member of the Wider Stride Group, whether publicly, to any member of the Wider Rank Group or otherwise, is materially misleading or contains any material misrepresentation of fact or omits to state a fact necessary to make any information contained therein not materially misleading and which has not subsequently been corrected before the date of this announcement in any such case to an extent which is material in the context of the Wider Stride Group taken as a whole;
  - (ii) that any member of the Wider Stride Group, other than in the ordinary course of business, is subject to any liability (actual or contingent) which is material in the context of the Wider Stride Group taken as a whole; or
  - (iii) any information which adversely affects the import of any information Disclosed to Rank BidCo at any time by or on behalf of any member of the

Wider Stride Group to an extent which is material and adverse in the context of the Wider Stride Group taken as a whole or in the context of the Offer;

**Intellectual property**

- (l) except as Disclosed, no circumstance having arisen or event having occurred in relation to any intellectual property owned or used by any member of the Wider Stride Group which would have a material adverse effect on the Wider Rank Group taken as a whole or which is otherwise material in the context of the Offer, including:
  - (i) any member of the Wider Stride Group losing its title to any intellectual property material to its business, or any intellectual property owned by the Wider Stride Group and material to its business being revoked, cancelled or declared invalid;
  - (ii) any claim being asserted in writing or threatened in writing by any person challenging the ownership of any member of the Wider Stride Group to, or the validity or effectiveness of, any of its intellectual property; or
  - (iii) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider Stride Group being terminated or varied;

**Anti-corruption and sanctions**

- (m) except as Disclosed, Rank BidCo not having discovered that:
  - (i) any past or present member, director, officer or employee of the Wider Stride Group or any person that performs or has performed services for or on behalf of any such company (in such capacity or in connection with such activity) is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation; or
  - (ii) any past or present member, director, officer or employee of the Wider Stride Group or any person that performs or has performed services for or on behalf of any such company (in such capacity or in connection with such activity) has engaged in any activity or business with, or made any investments in, or made any funds or assets available to, or received any funds or assets from, any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control; and

### **No criminal property**

- (n) except as Disclosed, Rank BidCo not having discovered in relation to the Wider Stride Group that any asset of any member of the Wider Stride Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

### **Part 2: Waiver of Conditions and further terms of the Offer and the Scheme**

1. Subject to the requirements of the Panel or if required by the Jersey Court, Rank BidCo reserves the right to waive all or any of the Conditions in Part 1 of Appendix I (save for the Conditions contained in paragraphs 2(a) and 2(c) of Appendix I which cannot be waived), in whole or in part. The Scheme will not become effective unless the Conditions have been fulfilled or (if capable of waiver) waived or where appropriate, have been determined by Rank to be or remain satisfied, by no later than the time which is immediately before the commencement of the Court Hearing (or such later time and date as Rank and Stride may in writing agree and the Jersey Court may allow), failing which the Scheme will lapse.
2. Rank shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions by a date earlier than the latest date for the fulfilment or waiver of that Condition notwithstanding that the other Conditions to the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Conditions may not be capable of fulfilment.
3. Any exercise of rights referred to in this paragraph shall be the subject of announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Offer.
4. Rank reserves the right to elect to implement the Offer by way of a Takeover Offer (subject to the Panel's consent). In such event, such Takeover Offer will be implemented on the same terms and Conditions (subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. (or such lower percentage (being more than 50 per cent.) as Rank may decide (subject to the rules of the City Code and with the Panel's consent)) of the shares to which such Takeover Offer relates), so far as applicable, as those which would apply to the Scheme (the "**General Offer Acceptance Condition**").
5. If the Panel requires Rank to make an offer or offers for any Stride Shares under the provisions of Rule 9 of the City Code, Rank may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.
6. The Offer will lapse and the Scheme will not proceed (unless the Panel otherwise consents) if the CMA makes a Phase 2 CMA Reference before the date of the Court Meeting and the General Meeting. In such event, Rank will not be bound by the terms of the Scheme.
7. Stride Shares will be acquired pursuant to the Offer fully paid and free from all liens, charges, equitable interests, encumbrances, options, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this announcement.
8. Under Rule 13.5 of the City Code, Rank may only invoke a condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn where the circumstances which give rise to

the right to invoke the condition are of material significance to Rank in the context of the Offer. The conditions contained in paragraphs 2 and 3(a) of Part 1 of this Appendix I and, if applicable, the acceptance condition if the Offer is implemented by way of a Takeover Offer, are not subject to this provision of the City Code.

9. The Scheme is and will be governed by Jersey law and will be subject to the exclusive jurisdiction of the Jersey Court. The Offer will comply with, and be subject to, the applicable rules and regulations of the FCA, the London Stock Exchange, the AIM Rules, the Panel, the City Code and the Registrar of Companies.
10. The availability of the Offer to persons not resident in the United Kingdom or Jersey may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom or Jersey should inform themselves about and observe any applicable requirements. Further Details in relation to Overseas Shareholders will be contained in the Scheme Document.
11. The Offer is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.
12. If any dividend or other distribution or return of capital is proposed, declared, made, paid or becomes payable by Stride in respect of a Stride Share on or after the date of this announcement and prior to the Offer becoming effective, Rank reserves the right to reduce the value of the consideration payable for each Stride Share under the Offer by up to the amount per Stride Share of such dividend, distribution or return of capital except where the Stride Share is or will be acquired pursuant to the Offer on a basis which entitles Rank to receive the dividend and/or distribution and/or return of capital and to retain it.
13. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

## APPENDIX II

### SOURCES OF INFORMATION AND BASES OF CALCULATION

In this announcement, unless otherwise stated, or the context otherwise requires, the following sources of information and bases of calculation have been used:

- (i) Any reference to the fully diluted share capital of Stride is based on:
  - (a) the 75,805,536 existing issued Stride Shares as of 30 May 2019, being the last Business Day prior to the date of this announcement; and
  - (b) 1,124,048 Stride Shares which may be issued on or after the date of this announcement following the exercise of options which have an exercise price of 151 pence or less, under the Stride Share Plans calculated using the treasury stock method, net of 593,333 Stride Shares held by the EBT.
- (ii) The value placed by the Offer on the fully diluted share capital of Stride is based on 76,336,251 fully diluted Stride Shares as referred to in paragraph (i).
- (iii) The Closing Prices of Stride Shares are based on the middle market quotations of a Stride Share derived from the AIM Appendix to the Daily Official List for the relevant dates.
- (iv) Any reference to pro forma EBITDA is based on Rank's adjusted EBITDA of £109 million for the twelve month period ended 31 December 2018 in addition to Stride's adjusted EBITDA of £14.3 million for the twelve month period ended 28 February 2019.
- (v) Any reference to pro forma net debt / cash is based on:
  - (a) Rank's net debt / cash calculated as cash and short-term deposits, less financial liabilities – loans and borrowings as at 31 December 2018 adjusted for the term loan refinancing in January 2019, less the contingent consideration payment made to Stride in April 2019 in relation to the acquisition of QSB Limited as disclosed in Stride's unaudited consolidated financial statements for the six months ended 28 February 2019;
  - (b) Stride's net debt / cash calculated as cash and cash equivalents, less loans and borrowings and client liabilities and progressive prize pools as at 28 February 2019, cash proceeds from the disposal of InfiApps received in April 2019 and the cash receivable in relation to contingent consideration following the disposal of its for sale investment in QSB Limited received in April 2019 as disclosed in its unaudited consolidated financial statements for the six months ended 28 February 2019; and
  - (c) new debt raised under the Facility Agreement.
- (vi) Any reference to the enterprise value of the Offer is based on the fully diluted value of the Offer as referred to in paragraph (ii) less Stride's net cash as at 28 February 2019 as referred to in paragraph (v)(b).
- (vii) Any reference to market share data is based on information provided by Regulus Partners LLP.
- (viii) All share prices expressed in pence have been rounded to the nearest pence and all percentages have been rounded to one decimal place (other than the percentages in Appendix III which have been rounded to the nearest two decimal places).
- (ix) Unless otherwise stated, the financial information relating to Stride is extracted (without material adjustment) from the audited consolidated financial statements of Stride for the financial year ended 31 August 2018 and the unaudited consolidated financial statements for the six months ended 28 February 2019.

- (x) Unless otherwise stated, the financial information relating to Rank is extracted (without material adjustment) from the audited consolidated financial statements of Rank for the financial year ended 30 June 2018 or from the unaudited interim results statement ended 31 December 2018.
- (xi) The synergy estimates are unaudited and are based on Rank's internal analysis.

**APPENDIX III**  
**IRREVOCABLE UNDERTAKINGS**

The following holders, controllers or beneficial owners of Stride Shares have given irrevocable undertakings to accept the Offer and vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer):

**Part 1**  
**Stride Directors**

Name	Number of Stride Shares	% of Stride Shares in issue
<b>Guardian Trust Company Limited<sup>1</sup></b>	<b>2,611,151</b>	<b>3.44%</b>
<b>Clermont Corporate Services Limited<sup>2</sup></b>	<b>1,160,984</b>	<b>1.53%</b>
<b>Ronen Kannor</b>	<b>39,273</b>	<b>0.05%</b>
<b>John Le Poidevin</b>	<b>44,546</b>	<b>0.06%</b>
<b>Nigel Payne</b>	<b>13,889</b>	<b>0.02%</b>
<b>Adam Batty</b>	<b>22,727</b>	<b>0.03%</b>
<b>TOTAL</b>	<b>3,892,570</b>	<b>5.13%</b>

Stuart Eitan Boyd and Darren Sims have both given irrevocable undertakings with Rank and Stride in a form similar to those entered into by the other Stride Directors such that, in the event of either of them subsequently acquiring or becoming interested in or becoming entitled to exercise or direct the exercise of the voting rights attaching to any Stride Shares, those Stride Shares would then become subject to the terms of that irrevocable undertaking.

**Part 2**  
**Stride Shareholders (other than Stride Directors)**

Name	Number of Stride Shares	% of Stride Shares in issue
<b>Gal Holdings Limited</b>	<b>18,778,388</b>	<b>24.77%</b>
<b>Poppy Investments Limited</b>	<b>8,821,273</b>	<b>11.64%</b>

<sup>1</sup> Legal title to these shares is held by Guardian Trust Company Limited as trustee for the Alon Trust. The beneficiaries of the Alon Trust are Eitan Boyd, his wife and children.

<sup>2</sup> Legal title to these shares is held by Clermont Corporate Services Limited in its capacity as trustee for the Monkey George Trust. The beneficiaries of the Monkey George Trust are Darren Sims, his wife and children.

<b>Name</b>	<b>Number of Stride Shares</b>	<b>% of Stride Shares in issue</b>
<b>Ocorian Trustees (Jersey) Limited (as trustees of Blue Rock Trust)</b>	<b>7,764,173</b>	<b>10.24%</b>
<b>Hydaco Holdings Trust</b>	<b>4,057,794</b>	<b>5.35%</b>
<b>Ocorian Trustees (Jersey) Limited (as trustees of the Eagle Eye Trust)</b>	<b>2,800,467</b>	<b>3.69%</b>
<b>TOTAL</b>	<b>42,222,095</b>	<b>55.70%</b>

### **Part 3**

#### **Provisions applicable to all irrevocable undertakings**

The undertakings listed in Parts 1 and 2 will remain binding if a higher, or other, offer for Stride is made.

The undertakings will cease to be binding (i) if Rank BidCo announces, with the consent of the Panel, that it does not intend to proceed with the Offer, (ii) if the Offer is to be implemented by way of a Takeover Offer, the offer document relating to that Takeover Offer is not published within the permitted period under the Code (or within such longer period as Stride and Rank BidCo may agree, with the consent of the Panel), (iii) (provided that the relevant party to the irrevocable undertaking is not in material breach of obligation under the irrevocable undertaking) if a competing offer for the entire issued and to be issued share capital of Stride is made and such competing offer is declared unconditional in all respects or otherwise becomes effective, in either case in compliance with the provisions of the Code, (iv) the Scheme not having become effective (or, if the Offer is to be implemented by way of a Takeover Offer, the Takeover Offer not having become unconditional in all respects) by 11.59 p.m. on the Long Stop Date or such later time or date as Rank BidCo and Stride (with the consent of the Panel) may agree and (v) at the time and date on which the Offer is withdrawn, lapses or otherwise terminates in accordance with its terms.

If Rank determines to implement the Offer by way of a Takeover Offer, such irrevocable undertakings will continue to be binding.

To the extent that any of the Stride Shares in which any such person is interested are not registered in his or her name, that person is to procure that such registered holder(s) vote in favour of the Scheme at the Court Meeting and on the resolution(s) to be proposed at the General Meeting (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer).

## **APPENDIX IV DEFINITIONS**

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

<b>“AGCC”</b>	Alderney Gambling Control Commission;
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange;
<b>“AIM Rules”</b>	Rules and Guidance notes for AIM Companies and their nominated advisers issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM;
<b>“Articles”</b>	the articles of association of Stride;
<b>“Authorisations”</b>	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals;
<b>“Business Day”</b>	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are open for business in the City of London;
<b>“City Code” or “Code”</b>	the City Code on Takeovers and Mergers;
<b>“Closing Price”</b>	the closing middle market quotation of a Stride Share on a particular trading day as derived from the Daily Official List;
<b>“CMA Merger Investigation”</b>	the investigation by the CMA to enable it to determine whether to make a Phase 2 CMA Reference ;
<b>“Companies Law”</b>	the Companies (Jersey) Law 1991 and the regulations promulgated thereunder, as each may be amended from time to time;
<b>“Competition and Markets Authority”, “CMA”</b>	the UK statutory body established under the UK Enterprise and Regulatory Reform Act 2013;
<b>“Conditions”</b>	the conditions to the implementation of the Offer, as set out in Appendix I to this announcement and to be set out in the Scheme Document;
<b>“Confidentiality Agreement”</b>	a confidentiality agreement dated 5 April 2019 entered into between Stride and Rank;
<b>“Court Hearing”</b>	the final hearing by the Jersey Court (and any adjournment thereof) to sanction the Scheme pursuant to Article 125 of the Companies Law;

<b>“Court Meeting”</b>	the meeting of Scheme Shareholders to be convened pursuant to an act of Jersey Court pursuant to Article 125 of the Companies Law (notice of which will be set out in the Scheme Document) for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment), including any adjournment thereof;
<b>“Court Order”</b>	the act of Jersey Court sanctioning the Scheme under Article 125 of the Companies Law;
<b>“CREST”</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755) (the “Regulations”) in respect of which Euroclear is the Operator (as defined in the Regulations) in accordance with which securities may be held and transferred in uncertificated form;
<b>“Daily Official List”</b>	the Daily Official List of the London Stock Exchange;
<b>“Dealing Disclosure”</b>	has the same meaning as in Rule 8 of the Code;
<b>“Disclosed”</b>	means the information which has been fairly disclosed (i) by an announcement to a Regulatory Information Service prior to the date hereof by or on behalf of Stride or (ii) by or on behalf of Stride to Rank, or its financial, accounting or legal advisers (specifically as Rank’s advisers in relation to the Offer) in a data room established by Stride or otherwise in writing prior to the date hereof or (iii) in the annual report and audited financial statements of Stride for the year ended 31 August 2018 or (iv) in this announcement;
<b>“EBT”</b>	means the Stride Employee Benefit Trust established by way of deed dated 26 May 2017;
<b>“Effective”</b>	in the context of the Offer: (i) if the Offer is implemented by way of the Scheme, the Scheme having become effective in accordance with its terms; and (ii) if the Offer is implemented by way of a Takeover Offer, the Takeover Offer having become or been declared unconditional in all respects in accordance with the requirements of the City Code;
<b>“Effective Date”</b>	the date on which the Scheme becomes Effective;
<b>“Enlarged Entity”</b>	Rank and its subsidiaries, including the Stride Group, following the Scheme becoming Effective;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;

<b>“Evercore”</b>	Evercore Partners International LLP;
<b>“Excluded Shares”</b>	any Stride Shares; (i) beneficially owned by Rank or any other member of the Rank Group and (ii) held in treasury by Stride;
<b>“Facility Agreement”</b>	the £128,125,000 facility agreement entered into by Rank Group Finance as borrower with National Westminster Bank plc (as agent of the finance parties) dated 31 May 2019;
<b>“FCA” or “Financial Conduct Authority”</b>	the United Kingdom’s Financial Conduct Authority;
<b>“Forms of Proxy”</b>	the forms of proxy for use at the Court Meeting and the General Meeting which will accompany the Scheme Document;
<b>“Gambling Act”</b>	the United Kingdom Gambling Act 2005;
<b>“General Meeting”</b>	the general meeting of Stride Shareholders (including any adjournment thereof) to be convened for the purpose of considering and, if thought fit, passing the Special Resolution;
<b>“Investec”</b>	Investec Bank Plc;
<b>“IFRS”</b>	International Financial Reporting Standards;
<b>“Jersey Court or Court”</b>	the Royal Court of Jersey;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Long Stop Date”</b>	30 November 2019 or such later date (if any) as Rank and Stride may, with the consent of the Panel, agree and (if required) the Jersey Court may allow;
<b>“Meetings”</b>	the Court Meeting and the General Meeting, and “Meeting” shall be construed accordingly;
<b>“Merger Notice”</b>	a notice to the CMA in the prescribed form as contemplated by section 96 of the Enterprise Act 2002;
<b>“Offer”</b>	the proposed acquisition by Rank BidCo of the entire issued and to be issued ordinary share capital of Stride to be effected by means of the Scheme or (with the Panel’s consent by way of a Takeover Offer) on the terms and subject to the Conditions and, where the context admits, any subsequent revision, variation, extension or renewal thereof;

<b>“Offer Period”</b>	the offer period (as defined in the Code) relating to Stride, which commenced on 11 February 2019;
<b>“Offer Price”</b>	151 pence per Stride Share;
<b>“Opening Position Disclosure”</b>	has the same meaning as in Rule 8 of the Code;
<b>“Overseas Shareholders”</b>	Stride Shareholders (or nominees of, or custodians or trustees for, Stride Shareholders) not resident in, or nationals or citizens of the United Kingdom or Jersey;
<b>“Panel” or “Takeover Panel”</b>	the Panel on Takeovers and Mergers;
<b>“Phase 2 CMA Reference”</b>	a reference of the Offer to the chair for the constitution of a group under Schedule 4 of the Enterprise and Regulatory Reform Act 2013 (as amended);
<b>“Registrar of Companies”</b>	the Registrar of Companies for Jersey;
<b>“Regulatory Information Service”</b>	a regulatory information service that is approved by the FCA and is on the list of Regulatory Information Services maintained by the FCA;
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Stride Shareholders in that jurisdiction and which shall in all circumstances include the United States and any state of jurisdiction in the United States;
<b>“Rank”</b>	The Rank Group Plc, a company incorporated in England and Wales with company number 03140769 whose registered office is at TOR, Saint-Cloud Way, Maidenhead, Berkshire, United Kingdom, SL6 8BN or, where the context requires, Rank BidCo;
<b>“Rank BidCo”</b>	Rank Digital Holdings Limited, a company incorporated in England and Wales with company number 10650039 whose registered office is at TOR, Saint-Cloud Way, Maidenhead, Berkshire, United Kingdom, SL6 8BN, a wholly owned subsidiary undertaking of Rank;
<b>“Rank BidCo Directors”</b>	the board of directors of Rank BidCo;
<b>“Rank Directors”</b>	the board of directors of Rank;

<b>“Rank Group Finance”</b>	Rank Group Finance plc, a company incorporated in England and Wales with company number 01899693 whose registered office is at TOR, Saint-Cloud Way, Maidenhead, Berkshire, United Kingdom, SL6 8BN, a wholly owned subsidiary undertaking of Rank;
<b>“Rank Group”</b>	Rank and its subsidiary undertakings and, where the context permits, each of them;
<b>“Scheme”</b>	the proposed scheme of arrangement under Article 125 of the Companies Law between Stride and the Scheme Shareholders to be set out in the Scheme Document with or subject to any modification, addition or condition approved or imposed by the Jersey Court and agreed by Stride and Rank;
<b>“Scheme Document”</b>	the document in respect of the Scheme to be sent to (among others) Stride Shareholders containing and setting out, among other things, the Scheme, the full terms and conditions of the Scheme and containing the notices convening the Meetings;
<b>“Scheme Record Time”</b>	the time and date specified in the Scheme Document by reference to which the entitlements of Scheme Shareholders under the Scheme will be determined, expected to be 6.00 pm on the Business Day before the Scheme becomes Effective (or such other time as Rank and Stride shall agree, with the consent of the Jersey Court (if required));
<b>“Scheme Shares”</b>	Stride Shares: <ul style="list-style-type: none"> <li>(a) in issue on the date of the Scheme Document;</li> <li>(b) (if any) issued after the date of the Scheme Document and prior to the Voting Record Time;</li> <li>(c) (if any) issued on or after the Voting Record Time and at or prior to the Scheme Record Time (including, for the avoidance of doubt, any Stride Shares issued pursuant to the Stride Share Plans) either on terms that the original or subsequent holder thereof shall be bound by the Scheme or in respect of which the holder thereof shall have agreed in writing to be bound by the Scheme,</li> </ul> <p>(but in each case excluding any Excluded Shares);</p>
<b>“Scheme Shareholders”</b>	the holders of Scheme Shares at the relevant time;

<b>“Significant Interest”</b>	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the UK Companies Act 2006) of such undertaking;
<b>“Special Resolution”</b>	the special resolution to be proposed at the General Meeting in connection with the Scheme;
<b>“Stride”</b>	Stride Gaming plc, a company incorporated in Jersey with company number 117876 whose registered office is at 12 Castle Street, St Helier, Jersey, JE2 3RT;
<b>“Stride Directors”</b>	the directors of Stride;
<b>“Stride Group”</b>	Stride and its subsidiary undertakings and, where the context permits, each of them;
<b>“Stride Share Plans”</b>	means: <ul style="list-style-type: none"> <li>(i) the Stride share options scheme pursuant to which options over shares in the capital of Stride have been granted in the form of EMI options and non-qualifying options; and</li> <li>(ii) the Stride Long Term Incentive Plan;</li> </ul>
<b>“Stride Share(s)”</b>	ordinary share(s) of one pence each in the capital of Stride;
<b>“Stride Shareholders”</b>	the registered holders of Stride Shares;
<b>“subsidiary”, “subsidiary undertaking”, “associated undertaking”, “holding company undertaking”, “undertaking”</b>	have the meanings ascribed to them under the UK Companies Act 2006;
<b>“Takeover Offer”</b>	if, subject to the consent of the Panel, the Offer is implemented by means of a takeover offer as defined in Article 116(1) of the Companies Law, any offer made by or on behalf of Rank to acquire the issued and to be issued ordinary share capital of Stride (other than Excluded Shares) and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;

<b>“Third Party”</b>	any government, government department, governmental or quasi-governmental, supranational, statutory, regulatory, environmental or investigative body or association, institution or agency (including, without limitation, any trade agency) or authority (including, without limitation, any anti-trust or merger control authority), any court or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction;
<b>“UKGC”</b>	the Gambling Commission of Great Britain;
<b>“uncertificated” or “in uncertificated form”</b>	a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Order, may be transferred by means of CREST;
<b>“Uncertificated Securities Order”</b>	the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof;
<b>“US Exchange Act”</b>	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
<b>“Voting Record Time”</b>	the date and time to be specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting will be determined;
<b>“Wider Rank Group”</b>	Rank and associated undertakings and any other body corporate, partnership, joint venture or person in which Rank and all such undertakings (aggregating their interests) have a Significant Interest; and
<b>“Wider Stride Group”</b>	Stride and associated undertakings and any other body corporate, partnership, joint venture or person in which Stride and such undertakings (aggregating their interests) have a Significant Interest.

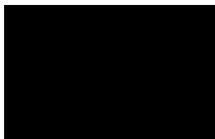
All references to **“pounds”**, **“pounds Sterling”**, **“Sterling”**, **“£”**, **“pence”**, **“penny”** and **“p”** are to the lawful currency of the United Kingdom.

All the times referred to in this announcement are London, United Kingdom times unless otherwise stated.

References to the singular include the plural and vice versa.

All references to any statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced, or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

Executed as a deed by  
**NIGEL PAYNE**



in the presence of:

Name of witness: **PHILIPPA DEMPSTER**



Signature:

Address:



Occupation: **Lawyer**