

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. Part II (*Explanatory Statement*) of this document comprises an Explanatory Statement in compliance with Article 126 of the Companies Law. This document contains a proposal which, if implemented, will result in the cancellation of the admission of Stride Shares to trading on AIM. If you are in any doubt as to the contents of this document or the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, the Financial Services (Jersey) Law 1998 if you are in Jersey or from another appropriately authorised independent financial adviser if you are taking advice in a jurisdiction outside the United Kingdom.**

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

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**RECOMMENDED CASH OFFER**  
for  
**STRIDE GAMING PLC**  
by  
**RANK DIGITAL HOLDINGS LIMITED**  
(a wholly-owned subsidiary of THE RANK GROUP PLC)  
to be effected by means of a scheme of arrangement  
under Article 125 of the Companies (Jersey) Law 1991, as amended  
**Scheme Circular**  
and  
**Notices of Court Meeting and General Meeting**

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Neither this document nor any of the accompanying documents do or are intended to constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This document has been prepared for the purposes of complying with Jersey law and the City Code, and the information disclosed herein may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction. In particular, this document is not a prospectus for the purposes of the Companies (General Provisions) (Jersey) Order 2002 or the purposes of Article 3 of the European Directive 2003/71/EC or the Prospectus Rules of the FCA made under section 73A of FSMA. Nothing in this document nor any of the accompanying documents should be relied on for any other purpose. The release, publication or distribution of this document and any accompanying documents (in whole or in part) in or into or from jurisdictions other than the United Kingdom or Jersey may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document (including all information incorporated into this document by reference to another source) should be read as a whole and in conjunction with the accompanying documents. Your attention is drawn to the letter from the Chairman of Stride in Part I (*Letter from the Chairman of Stride Gaming plc*) of this document, which contains the unanimous recommendation of the Stride Directors that you vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting, and Part II (*Explanatory Statement*) of this document, which comprises an Explanatory Statement in compliance with Article 126 of the Companies Law.

Notices of the Court Meeting and the General Meeting, both of which will be held at Hudson Sandler LLP, 25 Charterhouse Square, London EC1M 6AE on 24 July 2019, are set out in Part IX (*Notice of Court Meeting*) and Part X (*Notice of General Meeting*) of this document respectively. The Court Meeting will start at 9.30 a.m. and the General Meeting at 9.45 a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

The action to be taken by Stride Shareholders is set out on pages 8 and 9 of this document. Whether or not they intend to attend the General Meeting or the Court Meeting in person, Stride Shareholders are asked to complete and return the accompanying BLUE (for the Court Meeting) and YELLOW (for the General Meeting) Forms of Proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by Stride's registrar, Link Asset Services, not later than 48 hours before the Meeting or adjourned Meeting (excluding non-working days). Stride Shareholders who hold Stride Shares in CREST may also appoint a proxy through the CREST electronic proxy appointment service by following the instructions set out in this document. If the BLUE Form of Proxy for the Court Meeting is not lodged by the relevant time, it may be handed to Stride's registrar, Link Asset Services, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of the Court Meeting. However, in the case of the General Meeting, if the YELLOW Form of Proxy is not lodged by the relevant time, it will be invalid. The return of a completed Form of Proxy or the appointment of a proxy or through CREST will not prevent a Stride Shareholder from attending the Court Meeting or the General Meeting and voting and speaking at the relevant Meeting in person if they are entitled and wish to do so. A proxy need not be a Stride Shareholder.

If you have any questions about this document, the Court Meeting or the General Meeting, or are in any doubt as to how to complete or return the Forms of Proxy, please call Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by Stride, the Stride Directors, Rank, the Rank Directors, Rank BidCo, or any other person named in this document. The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to an implication that there has been no change in the facts set forth in this document since such date.

Certain terms used in this document are defined in Part VIII (*Definitions*) of this document.

Dated: 28 June 2019

## **IMPORTANT NOTICES**

### **FINANCIAL ADVISERS**

Evercore Partners International LLP, which is authorised and regulated by the FCA, is acting exclusively for Rank and no one else in connection with the Offer and the other matters referred to in this 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, which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for Stride and no one else in connection with the Offer and the other matters referred to in this document, and will not be responsible to anyone other than Stride for providing the protections afforded to clients of Investec or for providing advice in connection with the Offer or any matter or arrangement referred to herein.

### **OVERSEAS SHAREHOLDERS**

The release, publication or distribution of this document 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. 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 document 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 document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document has been prepared for the purposes of complying with English and Jersey law, the AIM Rules, the rules of the London Stock Exchange and the Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of England and Jersey.

Unless otherwise determined by Rank BidCo or required by the 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 document 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 document 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 no person may vote in favour of the Offer by any such use, means, instrumentality or form.

## **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 the Companies 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 document has 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 as consideration for the transfer 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>.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This document 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 document 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, 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 document. Rank, Stride, Evercore, Investec, 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 document and any subsequent oral or written forward looking statements attributable to Rank, Stride, Evercore, Investec, 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 document.

## **NO PROFIT FORECASTS OR ESTIMATES**

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

## **DEALING DISCLOSURE REQUIREMENTS**

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.

In accordance with Rule 2.9 of the Code, Stride confirms that as at the date of this document, it has in issue and admitted to trading on AIM 75,805,536 Stride Shares. No Stride Shares are held in treasury. The International Securities Identification Number (ISIN) of the Stride Shares is JE00BWT5X884.

## **PUBLICATION ON WEBSITE**

A copy of this document will be made available, subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions, on Stride's website at [www.stridegaming.com](http://www.stridegaming.com), by no later than 12.00 p.m. on the Business Day following the date of publication of this document. For the avoidance of doubt, the contents of this website, or any other website referred to in this document, nor those of any other website accessible from hyperlinks on either Stride's or Rank's website are not incorporated by reference and do not form part of this document unless otherwise stated herein.

## **AVAILABILITY OF HARD COPIES**

Stride Shareholders may request a hard copy of this document (and any information incorporated by reference in this document) by writing to Link Asset Services of 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. For persons who receive a copy of this document in electronic form or via a website notification, a hard copy of this document will not be sent unless so requested. Stride Shareholders 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.

## **ELECTRONIC COMMUNICATIONS**

Please be aware that addresses, electronic addresses and certain other 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 BidCo during the Offer Period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c).

## **ROUNDING**

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The date of publication of this document is 28 June 2019.

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## ACTION TO BE TAKEN

**For the reasons set out in this document, the Stride Directors unanimously recommend that you vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting, as they and the trustees of two trusts, the beneficiaries of whom are Stride Directors and their family members, have irrevocably undertaken to do in respect of their respective legal and/or beneficial holdings of Stride Shares, and that you take the actions described below.**

**Stride Shareholders – please check that you have received the following:**

- BLUE Form of Proxy for use in respect of the Court Meeting; and
- YELLOW Form of Proxy for use in respect of the General Meeting.

If you have not received all of these documents, please contact the helpline indicated below.

## VOTING AT THE COURT MEETING AND THE GENERAL MEETING

**It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of opinion of the Scheme Shareholders. You are therefore strongly urged to complete, sign and return both Forms of Proxy or, alternatively, appoint a proxy through CREST as soon as possible.**

The Scheme will require approval at a meeting of Stride Shareholders convened with the permission of the Court to be held at 9.30 a.m. at Hudson Sandler LLP, 25 Charterhouse Square, London EC1M 6AE on 24 July 2019 (i.e. the Court Meeting). Also required is the approval by Stride Shareholders of the Special Resolution to be proposed at the General Meeting. The General Meeting will be held at the same place as the Court Meeting on 24 July 2019 at 9.45 a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

Stride Shareholders entitled to attend and vote at the Meetings are entitled to appoint one or more proxies to exercise all or any of their rights to attend and vote at the Meetings and any adjournment thereof. A Stride Shareholder may appoint more than one proxy in relation to the Meetings, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Stride Shareholder. A proxy need not be a Stride Shareholder.

### (a) **Sending Forms of Proxy by post or by hand**

Stride Shareholders will receive a BLUE Form of Proxy for the Court Meeting and a YELLOW Form of Proxy for the General Meeting. Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them to Stride's registrar, Link Asset Services, either by using the pre-printed address on the back of the Form of Proxy, or (during normal business hours only) by hand to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU, so as to be received as soon as possible and in any event not later than the relevant time set out below:

BLUE Form of Proxy for the Court Meeting	9.30 a.m. on 22 July 2019
YELLOW Form of Proxy for the General Meeting	9.45 a.m. on 22 July 2019

or, if either Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting(s). If the BLUE Form of Proxy for the Court Meeting is not returned by such time, the BLUE Form of Proxy may be handed by you or on your behalf to a representative of Link Asset Services, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of that Meeting. However, if the YELLOW Form of Proxy for the General Meeting is not returned by such time, it will be invalid. Stride Shareholders are entitled to appoint a proxy in respect of some or all of their Stride Shares and may also appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Stride Shareholders who wish to appoint more than

one proxy in respect of their holding of Stride Shares should contact Link Asset Services at the details set out in this document for further Forms of Proxy or photocopy the Forms of Proxy as required. Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below), will not prevent you from attending, speaking and voting in person at either the Court Meeting or the General Meeting, or any adjournment thereof, if you wish and are entitled to do so.

(b) **Electronic appointment of proxies through CREST**

If you hold Stride Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Meetings (or any adjourned Meeting(s)) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (please also refer to the accompanying notes to the notices of Meetings set out in Part XI and Part XII of this document). CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy), must, in order to be valid, be transmitted so as to be received by the issuer’s agent not less than 48 hours (excluding non-working days) before the time fixed for the Court Meeting or General Meeting (or adjourned Meeting(s)), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Stride may treat as invalid a CREST Proxy Instruction in the circumstances set out in the Uncertificated Securities Order.

## **HELPLINE**

If you have any questions about this document, the Court Meeting or the General Meeting, or are in any doubt as to how to complete or return the Forms of Proxy, please Link Asset Services on 0371 664 0321. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All references to time in this document are references to the time in London, United Kingdom and Jersey, Channel Islands, unless otherwise stated. All dates and times are based on Stride's and Rank BidCo's current expectations and are subject to change. If any of the dates and/or times in this expected timetable change, the revised dates and/or times will be notified to Stride Shareholders by announcement through a Regulatory Information Service.

<i>Event</i>	<i>Expected time/date</i>
Publication of this document	28 June 2019
Latest time for lodging Forms of Proxy for the:	
Court Meeting (BLUE form) and registering proxy appointments through CREST for the Court Meeting	9.30 a.m. on 22 July 2019 <sup>(1)</sup>
General Meeting (YELLOW form) and registering proxy appointments through CREST for the General Meeting	9.45 a.m. on 22 July 2019 <sup>(1)</sup>
Voting Record Time for the Meetings	6.00 p.m. on 22 July 2019 <sup>(2)</sup>
Court Meeting	9.30 a.m. on 24 July 2019
Stride General Meeting	9.45 a.m. on 24 July 2019 <sup>(3)</sup>

**The following dates are indicative only and subject to change; please see note (4) below**

Court Hearing to sanction the Scheme	A date expected to follow shortly after the satisfaction of Condition 3(c) relating to UKGC approval, being "D" <sup>(5/6)</sup>
Last day of dealings in and for the registration of transfers of Stride Shares	D+1 Business Day
Suspension of dealings in and disablement in CREST of Stride Shares	5.00 p.m. on D+1 Business Day
Scheme Record Time	6.00 p.m. on D+1 Business Day
<b>Effective Date of the Scheme</b>	D+2 Business Days
Cancellation of admission to trading of Stride Shares	8.00 a.m. on the next Business Day after the Effective Date
Despatch of cheques/settlement through CREST and consideration payable under the Offer	Within 14 days after the Effective Date
Long Stop Date	11.59 p.m. on 30 November 2019 <sup>(7)</sup>

**Notes:**

- (1) If the BLUE Form of Proxy for the Court Meeting is not returned by such time (or, if such Meeting is adjourned, the time that is 48 hours (excluding non-working days) before the time fixed for such adjourned Meeting) it may be handed to a representative of Link Asset Services, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of that Meeting. However, if the YELLOW Form of Proxy for the General Meeting is not returned by such time (or, if such Meeting is adjourned, the time that is 48 hours (excluding non-working days) before the time fixed for such adjourned Meeting), it will be invalid. For further information, please see the "Action to be Taken" section on pages 8 and 9 of this document.
- (2) If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the relevant adjourned Meeting will be 6.00 p.m. on the date which is two Business Days before the date set for such adjourned Meeting.

- (3) To commence as soon thereafter as the Court Meeting is concluded or adjourned. The quorum shall be two qualifying persons present and entitled to vote on the business to be dealt with at the Meeting, unless: (a) each is a qualifying person only because he is authorised under the Companies Law to act as a representative of a corporation in relation to the meeting, and they are representatives of the same corporation; or (b) each is a qualifying person only because he is appointed as proxy of a member in relation to the meeting, and they are proxies of the same member. For these purposes, a "qualifying person" means (i) an individual who is a Stride Shareholder, (ii) a person authorised under the Companies Law to act as a representative of the corporation in relation to the meeting, or (iii) a person appointed as proxy of a member in relation to the meeting.
- (4) These times and dates are indicative only and will depend on, among other things, the dates upon which: (i) the Conditions are satisfied or (where applicable) waived, (ii) the Court sanctions the Scheme; and (iii) the Court Order sanctioning the Scheme is delivered to the Registrar of Companies.
- (5) Scheme Shareholders are entitled to attend and be heard at the Court Hearing, either in person or through an Advocate, to support or oppose the Scheme.
- (6) The Company currently anticipates this date (i.e. "D") to be on or around 2 October 2019 (and has reserved Court time on this date) but this date will depend, among other things, on the date upon which the Conditions are satisfied or (if capable of waiver) waived and accordingly this date may change to another date prior to the Long Stop Date. The Company will update all Stride Shareholders via Regulatory Information Services as to the final date and time of the Court Hearing.
- (7) This date may be extended by agreement between Stride and Rank BidCo with the prior consent of the Panel and (if required) the approval of the Court.

## Part I

### LETTER FROM THE CHAIRMAN OF STRIDE GAMING PLC

# STRIDE GAMING PLC

(Incorporated in Jersey with registered number 117876)

*Directors:*

Nigel Payne (*Non-Executive Chairman*)  
Eitan Boyd (*Chief Executive Officer*)  
Darren Sims (*Chief Operating Officer*)  
Ronen Kanner (*Chief Financial Officer*)  
John Le Poidevin (*Non-Executive Director*)  
Adam Batty (*Non-Executive Director*)

*Registered Office:*

12 Castle Street  
St Helier  
Jersey  
JE2 3RT

28 June 2019

To all Stride Shareholders

Dear Stride Shareholder

### **RECOMMENDED CASH OFFER FOR STRIDE GAMING PLC BY RANK DIGITAL HOLDINGS LIMITED, A WHOLLY-OWNED SUBSIDIARY OF THE RANK GROUP PLC**

#### **1. Introduction**

On 31 May 2019 the Stride Directors and the Rank Directors announced that they had reached agreement on the terms of a recommended all cash offer for the entire issued ordinary share capital of Stride by Rank BidCo (being a wholly-owned subsidiary of Rank), to be effected by means of a court-sanctioned scheme of arrangement under Article 125 of the Companies Law.

I am writing to you on behalf of the Stride Directors to explain the background to and terms of the Offer, to encourage you to vote at the Meetings to be held on 24 July 2019 to consider the Offer, and to explain why the Stride Directors are unanimously recommending that Stride Shareholders vote in favour of the resolutions to be put to those Meetings.

I draw your attention also to the Explanatory Statement set out in Part II (*Explanatory Statement*) of this document which gives details about the Offer and to the additional information set out in Part VII (*Additional Information*) of this document.

#### **2. Summary of the terms of the Offer**

The Offer is being implemented by means of a court-sanctioned scheme of arrangement under Article 125 of the Companies Law, which requires the approval of Stride Shareholders at the Court Meeting and General Meeting, and the sanction of the Court.

Under the terms of the Offer, Scheme Shareholders will receive:

#### **151 pence in cash for each Scheme Share**

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

- (a) 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 the Rule 2.7 Announcement);
- (b) 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

- (c) 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 31 May 2019 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 Offer is subject to the Conditions set out in Part III (*Conditions and certain further terms of the Scheme and the Offer*) of this document. The expected transaction timetable is set out on pages 10 and 11 of this document. Stride will give adequate notice of the date and time of the Court Hearing, which will take place at the Royal Court of Jersey, Royal Court Building, Royal Square, St Helier, Jersey JE1 1BA, once known, by issuing an announcement through a Regulatory information Service. Scheme Shareholders are entitled to attend and be heard at the Court Hearing, either in person or through an Advocate to support or oppose the Scheme.

Further information about the Offer is provided in Part II (*Explanatory Statement*) of this document.

### **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 is expected to 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 four 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 primarily arise 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 eco-system, 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 bonus 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 Offer, 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 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 policy and to pursue selective M&A supported by a rapid deleveraging profile.

## **4. 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 of the Offer, 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 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 paragraph 7 of Part II (*Explanatory Statement*) of this document) or making 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 Offer, 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.

Your attention is drawn to paragraph 3 of this Part I of this document in relation to Rank's reasons for the Offer with regards to Stride's management, employees, places of business and other matters. Whilst some reduction in headcount is expected following the acquisition, the Stride Board is reassured that Rank's UK digital strategy will be led by Eitan Boyd and Darren Sims as Managing Director Digital and Operations Director Digital, respectively, and the broader management and employees of the UK digital business will be made up of the best talent from both Stride and Rank.

The Stride Board further note that 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.

## **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 excellent long term growth potential, the Stride Board is 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 Board announced in February 2019 that it would review its strategy to maximise value for shareholders, including, but not limited to, whether Stride should be a participant in industry consolidation. Following that announcement, Stride had approaches from a number of parties, in addition to Rank.

After extensive discussions, the Stride Board concluded that a combination with Rank has significant strategic logic and its offer of 151p per share represented fair value for Stride Shareholders in the current environment. Accordingly the Stride Board is unanimously recommending Stride Shareholders to vote in favour of the Offer.

## **6. Information on 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; one casino in Belgium
- Mecca Bingo – 82 bingo clubs in Great Britain
- Enracha – nine 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.

Rank BidCo is a wholly owned subsidiary undertaking of Rank. Approximately 52 per cent. of the issued share capital of Rank is held, indirectly, by Guoco Group Limited ("**Guoco**"), a company incorporated in Bermuda whose shares are listed on The Stock Exchange of Hong Kong Limited. Guoco is an investment holding and investment management company whose operating subsidiary companies and investment activities are principally located in Hong Kong, China, Singapore, Malaysia, Vietnam and the United Kingdom, focussed on principal investment, property development and investment, hospitality and leisure and financial services. Approximately 72 per cent. of the issued share capital of Guoco is held, indirectly, by Hong Leong Company (Malaysia) Berhad ("**Hong Leong**"), a company incorporated in Malaysia. Hong Leong is the holding company of a conglomerate with diversified business in banking and financial services, manufacturing and distribution, property development and investments, hospitality and leisure and principal investment with presence in North and South East Asia, Western Europe, the United Kingdom, North America and Oceania.

## 7. Irrevocable undertakings

The Stride Directors have irrevocably undertaken 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 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 at the Latest Practicable Date, 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 the Latest Practicable Date.

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 at the Latest Practicable Date.

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 at the Latest Practicable Date.

Each of these irrevocable undertakings remains binding in the event of the higher, or any other, offer for Stride. Further details of these irrevocable undertakings are set out in paragraph 6 of Part VII (*Additional Information*) of this document.

## 8. Stride Share Plans

Further details of the arrangements to be proposed to be implemented in relation to the Stride Share Plans in connection with the Offer are set out in paragraph 8 of Part II of this document.

## 9. Taxation

Your attention is drawn to Part VI (Taxation) of this document. **If you are in any doubt as to your tax position, you should consult an appropriately qualified independent professional tax adviser.**

## 10. Delisting of Stride Shares

It is intended that an application will be made to the London Stock Exchange to cancel the admission to trading of the Stride Shares on AIM to take effect as of or shortly after the Effective Date.

The last day of dealings in Stride Shares on AIM is expected to be the Business Day immediately following the date of the Court Hearing and no transfers will be registered after 5.00 p.m. on that date.

## 11. Overseas Shareholders

Overseas Shareholders should refer to paragraph 17 of Part II (*Explanatory Statement*) of this document, which contains important information relevant to such holders.

## 12. Further information

Your attention is drawn to the Explanatory Statement set out in Part II (*Explanatory Statement*) of this document, the conditions set out in Part III (*Conditions and Further Terms of the Scheme and Offer*) the full terms of the Scheme set out in Part IV (*The Scheme of Arrangement*), the additional information set out in Part VII (*Additional Information*) and the Notices of the Meetings set out in Part IX (*Notice of Court Meeting*) and Part X (*Notice of General Meeting*) of this document. **You should read the whole of this document and the accompanying Forms of Proxy and not rely solely on the information contained in this letter or the Explanatory Statement.**

A copy of this document (and all information incorporated into this document by reference to another source) and the Forms of Proxy are and will be available, subject to certain restrictions relating to Overseas Shareholders in Restricted Jurisdictions, for inspection on Stride's website at [www.stridegaming.com](http://www.stridegaming.com).

## 13. Action to be taken

Your attention is drawn to the "Action to be Taken" section on pages 8 and 9 of this document, which explains the actions you should take in relation to the Offer and the Scheme.

## 14. The Scheme and the Meetings

The Offer is being implemented by way of a court sanctioned scheme of arrangement between Stride and the Scheme Shareholders, under Article 125 of the Companies Law, although Rank BidCo reserves its right to elect to implement the Offer by way of a Takeover Offer, subject to the Panel's consent.

To become Effective, the Scheme requires, among other things, the approval of a majority in number of the Scheme Shareholders present and voting (and entitled to vote) in person or by proxy at the Court Meeting, representing not less than 75 per cent. or more of the voting rights held by such Scheme Shareholders and the passing of the Special Resolution to be proposed at the General Meeting. Following the Meetings and the satisfaction (or, where applicable, waiver) of the other Conditions, the Scheme must also be sanctioned by the Court. The Scheme will only become Effective upon the Court Order being delivered to the Registrar of Companies for registration. Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting (and if they attended and voted, whether or not they voted in favour).

Further details of the Scheme and the Meetings are set out in paragraph 9 of Part II (*Explanatory Statement*).

## **15. 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 Code. In providing advice to the Stride Directors, Investec has taken into account the commercial assessments of the Stride Directors. Accordingly, the Stride Directors unanimously 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 the Latest Practicable Date 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 the Latest Practicable Date.

Yours faithfully

**Nigel Payne**

*Non-Executive Chairman*

## PART II

### EXPLANATORY STATEMENT

(in compliance with Article 126 of the Companies Law)

28 June 2019

To all Stride Shareholders

Dear Stride Shareholder

#### **RECOMMENDED CASH OFFER FOR STRIDE GAMING PLC BY RANK DIGITAL HOLDINGS LIMITED, A WHOLLY-OWNED SUBSIDIARY OF THE RANK GROUP PLC**

##### **1. Introduction**

On 31 May 2019 the Stride Directors and the Rank Directors announced that they had reached agreement on the terms of a recommended all cash offer for the entire issued ordinary share capital of Stride by Rank BidCo (a wholly-owned subsidiary of Rank), to be effected by means of a court-sanctioned scheme of arrangement under Article 125 of the Companies Law.

This Part II sets out the terms of the Offer and provides you with other relevant information.

**Your attention is drawn to the letter from the Chairman of Stride set out in Part I (*Letter from the Chairman of Stride Gaming plc*) of this document, which forms part of this Explanatory Statement. That letter contains, among other things, the unanimous recommendation by the Stride Directors to Stride Shareholders to vote or procure votes in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting, and an explanation of the background to and reasons for recommending the Offer.**

The terms of the Scheme are set out in full in Part IV (*The Scheme of Arrangement*) of this document. For Overseas Shareholders, your attention is drawn to paragraph 17 of this Part II (*Explanatory Statement*) which contains important information relevant to such holders.

##### **2. Summary of the terms of the Offer**

Under the terms of the Offer, which is subject to the satisfaction (or, where applicable, waiver) of the Conditions and to the further terms set out in Part III (*Conditions and certain further terms of the Scheme and the Offer*) of this document, Scheme Shareholders on the register of members at the Scheme Record Time will receive:

**for each Scheme Share: 151 pence in cash**

The Offer Price for each Scheme Share represents a premium of approximately:

- 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 the Rule 2.7 Announcement);
- 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
- 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 document 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 Offer values the entire issued ordinary share capital of Stride on a fully diluted basis at approximately £115.3 million.

### **3. Information relating to the Stride Group**

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 £70.5 million.

### **4. Financing of the Offer**

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 document 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, is satisfied that sufficient cash resources are available to Rank to enable it to satisfy in full the cash consideration payable to Stride Shareholders under the terms of the Offer. A detailed description of the Facility Agreement is included at paragraph 8.2.1 of Part VII (*Additional Information*).

### **5. Irrevocable undertakings**

Your attention is drawn to paragraph 7 of Part I (*Letter from the Chairman of Stride Gaming plc*) and paragraph 6 of Part VII (*Additional Information*) of this document for more information in relation to irrevocable undertakings received in respect of the Offer.

### **6. Stride Directors and the effect of the Scheme on their interests**

Details of the interests of the Stride Directors in the share capital of Stride are set out in paragraph 5.2 of Part VII (*Additional Information*) of this document. All of the Scheme Shares held by the Stride Directors or in which they are interested at the Scheme Record Time will be subject to the Scheme.

All of the Stride Directors who hold Stride Shares, and the trustees of two trusts, the beneficiaries of whom are Stride Directors and their family members, have irrevocably undertaken to vote, or procure votes, in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed to implement the Scheme at the General Meeting, in respect of their own beneficial holdings of Stride Shares or of Stride Shares which are under their control as described in Part VII (*Additional Information*) of this document.

Particulars of the employment agreements and letters of appointment of the Stride Directors are set out in paragraph 7 of Part VII (*Additional Information*) of this document. Each of the non-executive directors of Stride Gaming has agreed to resign from the Stride Board conditional upon, and with effect from, the

Effective Date, and in such connection appropriate payments will be made to them *in lieu* of the required three months' notice, such payments reflecting the fees payable under such letters of appointment.

Save as set out above and in paragraph 8 below, the effect of the Scheme on the interests of the Stride Directors does not differ from the effect of the Scheme on the interests of other Scheme Shareholders.

## **7. 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.

#### *No further discussions*

Save as set out above, no further discussions between Rank and Stride have taken place with regard to such future arrangements between Rank and Stride Management and it is not intended that any further discussions take place until completion of the Offer.

#### *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.

## **8. Stride Share Plans**

Participants in the Stride Share Plans will be written to separately to inform them of the effect of the Scheme on their rights under the Stride Scheme, including details of any appropriate proposals being made. A summary is set out below:

### ***Stride Long Term Incentive Plan ("Stride LTIP")***

The Offer will extend to any Stride Shares over which forfeitable shares awards have been made under the Stride LTIP.

Participants in the Stride LTIP will receive letters explaining the effect of the Scheme on their forfeitable shares awards. To the extent not already vested, the forfeitable shares awards will vest, restrictions on the Stride Shares subject to the forfeitable shares awards will cease and the legal title to the relevant shares will be transferred to the participants as a consequence of the Scheme upon the Court Order being made. Holding periods applying to the Stride Shares subject to vested forfeitable shares awards will also cease as a consequence of the Scheme upon the Court Order being made.

### ***Stride Enterprise Management Incentive Scheme ("Stride EMI Scheme")***

The Offer will extend to any Stride Shares which are unconditionally allotted and issued fully paid pursuant to the exercise of any options under the Stride EMI Scheme.

Participants in the Stride EMI Scheme will receive letters explaining the effect of the Scheme on their options. All options whether or not currently vested will vest and may be exercised in full in accordance with their terms and will lapse if not exercised on, or following the expiry of a defined period following, the date on which the Court Order is made. It is not anticipated that any options which have an exercise price greater than the Offer Price will be exercised.

The Special Resolution to be presented to the General Meeting will propose, amongst other things, that Stride's articles of association be amended to ensure that any Stride Shares issued under the Stride EMI Scheme or otherwise between the Voting Record Time and the Scheme Record Time will be subject to the Scheme. It is also proposed to amend Stride's articles of association so that any Stride Shares issued to

any person other than Rank BidCo or its nominee(s) after the Scheme Record Time will be automatically acquired by Rank BidCo on the same terms as under the Scheme. This will avoid any person (other than Rank BidCo or its nominee(s)) being left with Stride Shares after dealings in such shares have ceased.

## **9. Description of the Scheme and the Meetings**

### **(a) The Scheme**

The Offer is being implemented by means of a court-sanctioned scheme of arrangement between Stride and the Scheme Shareholders under Article 125 of the Companies Law. The procedure requires approval by Stride Shareholders at the Court Meeting and General Meeting, and sanction of the Scheme by the Court. The Scheme is set out in full in Part IV (*The Scheme of Arrangement*) of this document.

The purpose of the Scheme is to provide for Rank BidCo to become the holder of the entire issued ordinary share capital of Stride not already directly or indirectly held by it. This is to be achieved by transferring the Scheme Shares held by Stride Shareholders as at the Scheme Record Time to Rank BidCo in consideration for which Rank BidCo will pay cash to the Scheme Shareholders on the basis set out in this document.

### **(b) Stride Meetings**

Before the Court's sanction can be sought for the Scheme, the Scheme requires approval by the passing of a resolution at the Court Meeting. The resolution must be approved by a majority in number of the Scheme Shareholders as at the Voting Record Time present and voting (and entitled to vote), either in person or by proxy, at the Court Meeting representing 75 per cent. or more of the voting rights held by such Scheme Shareholders.

In addition, the Special Resolution, which requires, the approval of Stride Shareholders present and voting (and entitled to vote) either in person or by proxy at the General Meeting representing at least 75 per cent. of the votes cast by those shareholders at the General Meeting, must be passed at the General Meeting.

The General Meeting will be held immediately after the Court Meeting. Notices of the Court Meeting and the General Meeting are set out in Part IX (*Notice of Court Meeting*) and Part X (*Notice of General Meeting*) of this document, respectively.

Save as set out in this paragraph, all holders of Stride Shares whose names appear on the register of members of Stride at the Voting Record Time or, if any such Meeting is adjourned, on the register of members at 6.00 p.m. on the date which is two Business Days before the date set for such adjourned Meeting, will be entitled to attend, speak and vote at the Court Meeting and the General Meeting, in respect of the Stride Shares registered in their name at the relevant time.

### **(c) The Court Meeting**

The Court Meeting has been convened at the direction of the Court for 9.30 a.m. on 24 July 2019 for Scheme Shareholders on the register of members as at the Voting Record Time to consider and, if thought fit, approve the Scheme.

At the Court Meeting, voting will be by poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held as at the Voting Record Time. The approval required at the Court Meeting is a majority in number of those Scheme Shareholders present and voting (and entitled to vote) in person or by proxy, representing 75 per cent. or more of the voting rights held by such Scheme Shareholders.

### **(d) The General Meeting**

The General Meeting has been convened for 9.45 a.m. on 24 July 2019, or as soon after that time as the Court Meeting has been concluded or adjourned, for Stride Shareholders to consider and, if thought fit, pass the Special Resolution, which is proposed to:

- (i) give the Stride Directors the authority to take all such action as they may consider necessary or appropriate to carry the Scheme into effect; and
- (ii) amend the Articles as described in paragraph (f) below.

At the General Meeting, voting on the Special Resolution will be by poll and each Stride Shareholder present in person or by proxy will be entitled to one vote for each Stride Share held as at the Voting Record Time. The approval required for the Special Resolution is at least 75 per cent. of the votes cast (in person or by proxy).

BLUE Forms of Proxy for use at the Court Meeting and YELLOW Forms of Proxy for use at the General Meeting should be returned as per the "Action to be Taken" section on pages 8 and 9 of this document.

**It is important that, for the Court Meeting in particular, as many votes as possible are cast, so that the Court may be satisfied that there is a fair and reasonable representation of opinion of the Scheme Shareholders. You are therefore strongly advised to sign and return both Forms of Proxy or, alternatively, appoint a proxy through CREST as soon as possible. The completion and return of the Forms of Proxy will not prevent you from attending, voting and speaking at either the Court Meeting or the General Meeting, or any adjournment thereof, in person if you are entitled to do so.**

Stride will announce the details of the votes at the Meetings as required under the Code through a Regulatory Information Service as soon as practicable after the conclusion of the Meetings and, in any event, by no later than 8.00 a.m. on the Business Day following the Meetings.

(e) ***Court Hearing***

Under the Companies Law, the Scheme requires the sanction of the Court. The Court Hearing will be held at the Royal Court of Jersey, Royal Court Building, Royal Square, St Helier, Jersey JE1 1BA, Channel Islands. The Company currently anticipates that the Court Hearing will be held on or around 2 October 2019 (and has reserved Court time on this date) but this date will depend, among other things, on the date upon which the Conditions are satisfied or (if capable of waiver) waived and accordingly this date may change to another date prior to the Long Stop Date. The Company will update all Stride Shareholders via Regulatory Information Services as to the final date and time of the Court Hearing.

**Scheme Shareholders are entitled to attend and be heard at the Court Hearing, either in person or through an Advocate, to support or oppose the Scheme.**

Following sanction of the Scheme by the Court, the Scheme will become Effective in accordance with its terms upon the Court Order being delivered to the Registrar of Companies for registration. This is presently expected on the Business Day after the date of the Court Hearing, subject to satisfaction (or, where applicable, waiver) of the Conditions.

Stride and/or Rank will make an announcement through a Regulatory Information Service as soon as practicable following the Scheme becoming Effective.

**Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders holding Scheme Shares at the Scheme Record Time, irrespective of whether or not they attended or voted in favour of, or against, the Scheme at the Court Meeting or in favour of, or against, or abstained from voting on the Special Resolution at the General Meeting.**

If the Scheme does not become Effective by 11.59 p.m. on 30 November 2019 (or such later date as may be agreed by Stride and Rank BidCo with the Panel's consent and as the Court may approve (if such approval is required)), the Scheme will not become Effective.

(f) ***Amendments to the Articles***

It is proposed that the Articles be amended to ensure that any Stride Shares issued after such amendment of the Articles and on or prior to the Scheme Record Time will be subject to the Scheme. It is also proposed to amend the Articles so that any Stride Shares issued to any person other than Rank BidCo or its nominees after the Scheme Record Time will be automatically acquired by Rank BidCo on the same terms of the Offer (other than terms as to timings and formalities). These provisions will avoid any person (other than Rank BidCo or its nominees) being left with Stride Shares after the Scheme becomes Effective.

(g) **Entitlement to vote at the Meetings**

Each Stride Shareholder who is entered in Stride's register of members at the Voting Record Time will be entitled to attend, speak and vote on all resolutions to be put to the Court Meeting and the General Meeting. If either Meeting is adjourned, only those Stride Shareholders on the register of members at 6.00 p.m. on the day which is two Business Days before the date set for the adjourned Meeting will be entitled to attend, speak and vote. Each eligible Stride Shareholder is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a Stride Shareholder. Eligible Stride Shareholders who return completed Forms of Proxy or appoint a proxy electronically or through CREST may still attend the Meetings instead of their proxies and vote in person, if they wish and are entitled to do so. If you are in any doubt as to whether or not you are permitted to vote at the Meetings, please call Link Asset Services at the details set out in the "Action to be Taken" section on pages 8 and 9 of this document.

(h) **Modifications to the Scheme**

The Scheme contains a provision for Stride and Rank BidCo jointly to consent (on behalf of all persons concerned) to any modification of, or addition to, the Scheme or to any condition which the Court may approve or impose. The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in those circumstances.

In accordance with the Code, modifications or revisions to the Scheme may only be made: (i) more than 14 days prior to the date of the Meetings (or any later date to which such Meetings are adjourned); or (ii) at a later date, with the consent of the Panel. A switch to a Takeover Offer is not a modification or revision for the purposes of this paragraph.

## 10. Conditions to the Offer

The Offer is subject to a number of Conditions and certain further terms set out in Part III (*Conditions and certain further terms of the Scheme and the Offer*) of this 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 on or before 15 August 2019 (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 Special Resolution by the requisite majority at the General Meeting (or any adjournment of it) to be held on or before 15 August 2019 (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 (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.

### **11. Offer-related arrangements**

On 6 April 2019 Rank and Stride entered into the Confidentiality Agreement in relation to the Offer, 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 Offer.

### **12. Delisting**

It is intended that dealings in Stride Shares will be suspended at 5.00 p.m. on the Business Day immediately following the date of the Court Hearing and no transfers will be registered after 5.00 p.m. on that date. No transfers of Stride Shares will be registered after 5.00 p.m. on that date. It is further intended that, prior to the Scheme becoming Effective, an application will be made by Stride to the London Stock Exchange for the cancellation of the admission to trading of Stride Shares on AIM, to take effect as of or shortly after the Effective Date.

Share certificates in respect of the Stride Shares will cease to be valid from the Effective Date. In addition, entitlements to the Stride Shares held within the CREST system will be disabled from the Scheme Record Time and expire and be removed soon thereafter.

### **13. Settlement**

Subject to the Scheme becoming Effective, settlement of the consideration to which any holder of Scheme Shares on the register of members as at the Scheme Record Time is entitled will be effected as soon as practicable and in any event not later than 14 days after the Effective Date in the manner set out below.

#### **(a) Consideration where Scheme Shares are held in uncertificated form (that is, in CREST)**

Where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, settlement of the cash consideration due pursuant to the Scheme will be effected through CREST in pounds sterling by the creation of an assured payment obligation in favour of the appropriate CREST account through which the relevant Stride Shareholder holds such uncertificated Scheme Shares in respect of the cash consideration due to such holder in accordance with the terms of the Scheme.

#### **(b) Consideration where Scheme Shares are held in certificated form**

Where, immediately prior to the Scheme Record Time, a holder of Scheme Shares holds Scheme Shares in certificated form, settlement of the cash consideration due pursuant to the Scheme will be effected by cheque. All cheques will be in pounds sterling drawn on the branch of a UK clearing bank. Payments made by cheque will be payable to the Stride Shareholder(s) concerned. Payments will not be sent via CHAPS or BACS.

Cheques will be despatched by first class post to the address appearing on the Stride share register at the Scheme Record Time (or, in the case of joint holders, to the address of that joint holder whose name stands first in the said register in respect of such joint holding).

Every holder of Stride Shares will be bound at the request of Stride to deliver up to Stride the existing certificate(s) or to destroy the certificate(s).

(c) **General**

All documents and remittances sent through the post will be sent at the risk of the person(s) entitled thereto. Save with the consent of the Panel, settlement of the consideration to which any Stride Shareholder on the register of members as at the Scheme Record Time is entitled under the Scheme will be implemented in full in accordance with the terms set out in this Part II (*Explanatory Statement*) without regard to any lien, right of set off, counterclaim or analogous right to which Rank BidCo may otherwise be, or claim to be, entitled against any Stride Shareholder.

(d) **Dividends, other distributions and returns of capital**

Please refer to paragraph 2 of this Part II (*Explanatory Statement*) for further information on dividends, other distributions and return of capital.

#### **14. Alternative means of implementing the Offer**

Rank BidCo reserves the right (subject to the Panel's consent) to elect to implement the Offer by way of a Takeover Offer for the entire issued and to be issued share capital of Stride not already held by Rank BidCo as an alternative to the Scheme. In such an event a Takeover Offer will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme and subject to the appropriate amendments referred to in Part III of this document.

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, Rank BidCo intends to: (i) request that the London Stock Exchange cancel the admission to trading of the Stride Shares on AIM; and (ii) exercise its rights to apply the provisions of Part 18 of the Companies Law to acquire compulsorily any outstanding Stride Shares to which such Takeover Offer relates.

#### **15. Return of documents of title**

If the Scheme is withdrawn or lapses, documents of title submitted and other documents lodged with a Form of Proxy will be returned to the relevant Scheme Shareholder as soon as practicable and in any event within 14 days of such lapse or withdrawal.

#### **16. Taxation**

Stride Shareholders should read Part VI (*Taxation*) of this document which contains a general description of the tax consequences of the Offer in the United Kingdom and Jersey. If they are in any doubt as to their tax position, they should contact their professional adviser immediately.

Stride Shareholders who are or may be subject to tax outside the United Kingdom and Jersey, should consult an appropriately qualified independent professional adviser as to the tax consequences of the Offer.

#### **17. Overseas Shareholders**

The release, publication or distribution of this document 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. 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. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws 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 document 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 document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document has been prepared for the purposes of complying with English and Jersey law, the AIM Rules, the rules of the London Stock Exchange and the Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of the UK and Jersey.

Unless otherwise determined by Rank BidCo or required by the 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 document 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 document 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.

Copies of this document, the Forms of Proxy and any other formal documentation relating to the Offer will not be, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Offer.

## **18. 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 the Companies 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 document has 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 BidCo 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 as consideration for the transfer 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 BidCo 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>.

#### **19. Further information**

The terms of the Scheme are set out in full in Part IV (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the further information contained in this document, all of which forms part of this Explanatory Statement, and, in particular, to the Conditions set out in Part III (*Conditions and certain further terms of the Scheme and the Offer*), and the additional information set out in Part VII (*Additional Information*) of this document.

#### **20. Action to be taken**

Your attention is drawn to the “Action to be Taken” section on pages 8 and 9 of this document, which explains the actions you should take in relation to the Offer and the Scheme.

Yours faithfully

Investec Bank plc

## PART III

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

#### PART 1. THE CONDITIONS

1. The Offer is 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 is 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 15 August 2019 (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 15 August 2019 (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 (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 is 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 Part 1 of this Part III, 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 document 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 SCHEME AND THE OFFER**

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 this Part III (save for the Conditions contained in paragraphs 2(a) and 2(c) of Part 1 of this Part III 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 BidCo 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 BidCo and Stride may in writing agree and the Court may allow), failing which the Scheme will lapse.
2. Rank BidCo 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 BidCo 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 BidCo 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 BidCo to make an offer or offers for any Stride Shares under the provisions of Rule 9 of the City Code, Rank BidCo 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 BidCo 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 document.
8. Under Rule 13.5 of the City Code, Rank BidCo 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 BidCo in the context of the Offer. The conditions contained in paragraphs 2 and 3(a) of Part 1 of this Part III 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 document and prior to the Offer becoming effective, Rank BidCo 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 BidCo 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.

**Part IV**

**THE SCHEME OF ARRANGEMENT**

**IN THE ROYAL COURT OF JERSEY  
SAMEDI DIVISION**

**File No. 2019/163**

**IN THE MATTER OF STRIDE GAMING PLC**

**-AND-**

**IN THE MATTER OF THE COMPANIES (JERSEY) LAW 1991**

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**SCHEME OF ARRANGEMENT**

**(under Article 125 of the Companies (Jersey) Law 1991)**

**between**

**STRIDE GAMING PLC**

**and**

**THE HOLDERS OF THE SCHEME SHARES**

**(as defined below)**

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**PRELIMINARY**

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions have the following meanings:

<b>“Business Day”</b>	any day (excluding any Saturday or Sunday or public or bank holiday) on which banks are generally open for business in the City of London and Jersey (and being a working day for the purposes of the Uncertificated Securities Order);
<b>“certificated” or “in certificated form”</b>	not in uncertificated form (that is, not in CREST);
<b>“Code”</b>	the City Code on Takeovers and Mergers;
<b>“Companies Law”</b>	the Companies (Jersey) Law 1991 and the regulations promulgated thereunder;
<b>“Company” or “Stride”</b>	Stride Gaming plc, a company incorporated in Jersey with registered number 117876;
<b>“Court” or “Jersey Court”</b>	the Royal Court of Jersey;
<b>“Court Hearing”</b>	the hearing by the Court of the application to sanction this Scheme under Article 125 of the Companies Law;
<b>“Court Meeting”</b>	the meeting of Scheme Shareholders convened with the permission of the Court under Article 125 of the Companies Law to consider and, if thought fit, to approve (with or without modification) this Scheme or any adjournment thereof;

<b>“Court Order”</b>	the Act of the Court sanctioning this 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>“Effective Date”</b>	the date on which this Scheme becomes effective in accordance with clause 6;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<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>“holder”</b>	registered holder and includes any person entitled by transmission;
<b>“Latest Practicable Date”</b>	6.00 p.m. on 27 June 2019, being the latest practicable date before publication of the Scheme Document;
<b>“Link Asset Services”</b>	Link Market Services (Jersey) Limited, the Company’s registrar, and Link Market Services Limited whose trading name is Link Asset Services;
<b>“Offer”</b>	the proposed Offer for the issued or to be issued ordinary share capital of the Company by Rank BidCo, to be effected by this Scheme;
<b>“Panel”</b>	the Panel on Takeovers and Mergers;
<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 Group”</b>	Rank and its subsidiary undertakings and, where the context permits, each of them;
<b>“Registrar of Companies”</b>	the Registrar of Companies in Jersey;
<b>“Scheme”</b>	this scheme of arrangement in its present form or with or subject to any modification, addition or condition which the Company and Rank BidCo agree in writing and which is approved or imposed by the Court;
<b>“Scheme Document”</b>	the circular to the Stride Shareholders published by the Company in connection with this Scheme;

<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day following the Court Hearing, or such later time as the Company and Rank BidCo may agree with the consent of the Court (if required);
<b>“Scheme Shareholder”</b>	a holder of Scheme Shares appearing on the register of members of Stride at any relevant time;
<b>“Scheme Shares”</b>	the Stride Shares: <ul style="list-style-type: none"> <li>(i) in issue at the date of the Scheme Document;</li> <li>(ii) (if any) issued after the date of the Scheme Document and prior to the Voting Record Time; and</li> <li>(iii) (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 any subsequent holders shall be, or shall have agreed in writing by such time to be, bound by this 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>“subsidiary”</b>	has the meaning given in section 1159 of the UK Companies Act;
<b>“subsidiary undertaking”</b>	has the meaning given in section 1162 of the UK Companies Act;
<b>“Stride Shareholders”</b>	holders of Stride Shares from time to time;
<b>“Stride Shares”</b>	ordinary shares of one pence each in the capital of Stride;
<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>“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>“UK Companies Act”</b>	the UK Companies Act 2006;
<b>“Uncertificated Securities Order”</b>	the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended;
<b>“Voting Record Time”</b>	6.00 p.m. on the day which is two Business Days prior to the date of the Court Meeting or any adjournment thereof (as the case may be)

and references to paragraphs are to paragraphs of this Scheme.

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 document are London times unless otherwise stated.

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.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

A reference to “**includes**” shall mean “includes without limitation”, and references to “**including**” and any other similar term shall be interpreted accordingly.

- (A) As at the Latest Practicable Date, the issued ordinary share capital of the Company consisted of 75,805,536 ordinary shares of one pence each.
- (B) As at the date of the Scheme no member of the Rank Group owns any Stride Shares and no Stride Shares are held in treasury.
- (C) Rank BidCo has agreed to appear by its Advocate at the Court Hearing and to submit to be bound by and undertake to the Court to be bound by this Scheme and to execute and do, or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by them or on their behalf for the purpose of giving effect to this Scheme.

## **THE SCHEME**

### **1. Transfer of Scheme Shares**

- (a) On the Effective Date, Rank BidCo (or its nominee(s)) shall acquire all of the Scheme Shares, fully paid-up, free from all liens, equities, charges, encumbrances and other interests together with all rights at the Effective Date or thereafter attached thereto including the rights to receive and retain all dividends and other distributions (if any) announced, declared, made or paid in respect of the Scheme Shares by reference to a record date on or after 31 May 2019.
- (b) For such purposes, the Scheme Shares shall be transferred to Rank BidCo (or its nominee(s)) and such transfer shall be effected by means of a form of transfer or other instrument or instruction of transfer. In order to give effect to such transfer, any person may be appointed by Rank BidCo as attorney and/or agent and/or otherwise and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the relevant holder of Scheme Shares to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer (whether as a deed or otherwise) of such Scheme Shares in favour of Rank BidCo (or its nominee(s)) and every form, instrument or instruction of transfer so executed shall be as effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred.
- (c) Until the register of members of the Company is updated to reflect the transfer of the Scheme Shares pursuant to clause 1(b) upon and with effect from the Effective Date, each Scheme Shareholder irrevocably appoints Rank BidCo and/or its nominee(s) and/or each of their agents and directors as their attorney and/or agent and/or otherwise to exercise or to direct the exercise of any voting rights attached to the relevant Scheme Shares and any or all rights and privileges attaching to such Scheme Shares (including the right to requisition the convening of a general meeting of the Company or of any class of its shareholders), to sign on behalf of such Scheme Shareholder such documents, and do such things, as may in the opinion of Rank BidCo and/or its nominee(s) and/or each of their respective agents and directors (in each case, acting reasonably) be necessary or desirable in connection with the exercise of any voting rights and any or all rights and privileges attaching to such Scheme Shares (including, without limitation, any consent to short notice of a general or separate class meeting or form of proxy or forms of proxy in respect of such Scheme Shares appointing any person nominated by Rank BidCo and/or

its nominee(s) to attend general and separate class meetings of the Company) and authorises the Company and/or its agents to send to Rank and/or its nominee(s) any notice, circular, warrant or other document or communication which may be required to be sent to them as a member of the Company (including any share certificate(s) or other document(s) of title issued as a result of conversion of their Scheme Shares into certificated form). Upon and with effect from the Effective Date, each Scheme Shareholder agrees not to exercise any votes or any other rights attaching to the relevant Scheme Shares without the consent of Rank BidCo, and irrevocably undertakes not to appoint a proxy or representative for or to attend any general meeting or separate class meeting of the Company. The authorities granted pursuant to clause 1(b) and this clause 1(c) shall be treated for all purposes as having been granted by deed.

- (d) The Company shall register, or procure the registration of, any transfer(s) of Scheme Shares effected in accordance with clauses 1(a) and 1(b) of this Scheme.

## 2. **Consideration for the transfer of Scheme Shares**

- (a) In consideration of the transfer of each Scheme Share to Rank BidCo and/or its nominee(s), Rank BidCo shall, subject to the remaining provisions of this Scheme, pay or procure that there shall be paid to or for the account of each Scheme Shareholder (as appearing in the register of members of the Company at the Scheme Record Time) 151 pence in cash per Scheme Share held at the Scheme Record Time.
- (b) If, after 31 May 2019 and prior to the Effective Date, any dividend and/or other distribution and/or other return of capital is announced, declared, made or paid in respect of the Stride Shares, Rank BidCo reserves its right to reduce the offer consideration for the Stride Shares by an amount equal to the amount of such dividend and/or distribution and/or return of capital so announced, declared, made or paid, in which case any reference in this Scheme to the offer consideration for the Stride Shares will be deemed to be a reference to such offer consideration as so reduced. If Rank BidCo exercises such right to reduce the offer consideration in accordance with this paragraph, the relevant eligible Stride Shareholders will be entitled to receive and retain such dividend and/or distribution and/or return of capital. To the extent that any such dividend and/or distribution and/or return of capital is announced, declared, made or paid and it is: (i) transferred pursuant to the Offer on a basis which entitles Rank BidCo to receive the dividend and/or distribution and/or return of capital and to retain it; or (ii) cancelled, the offer consideration will not be subject to change in accordance with this paragraph. Any exercise by Rank BidCo of its rights referred to in this clause 2.1(b) shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Scheme.

## 3. **Settlement**

- (a) Settlement shall be effected as follows:
  - (i) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, settlement of any cash consideration to which the Scheme Shareholder is entitled shall be settled by or on behalf of Rank BidCo by cheque. Rank BidCo shall despatch or procure the despatch of cheques as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date; and
  - (ii) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, settlement of any cash consideration to which the Scheme Shareholder is entitled shall be paid by means of CREST by Rank BidCo or its agents procuring that Euroclear is instructed to create an assured payment obligation in favour of the Scheme Shareholder's payment bank in respect of the cash consideration due to them in pounds sterling as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date, in accordance with the CREST assured payment arrangements, provided that Rank BidCo reserve the right to make such payment by cheque as set out in paragraph 3(a)(i) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this clause 3(a)(ii).

- (b) As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares will be removed from CREST in due course.
- (c) All deliveries of notices, certificates, statements of entitlement and/or cheques required to be made under this Scheme shall be made by sending the same by first class post or by international standard post, if overseas (or by such other method as may be approved by the Panel), addressed to the person entitled thereto, to the address appearing in the register of members of the Company at the Scheme Record Time or, in the case of joint holders, to the address of the holder whose name stands first in such register in respect of the joint holding concerned at such time.
- (d) All cheques shall be in pounds sterling and drawn on a United Kingdom or Jersey clearing bank and shall be made payable to the Scheme Shareholder concerned or, in the case of joint holders, to that joint holder whose name stands first in the register of members of the Company in respect of such joint holding at the Scheme Record Time and the encashment of any such cheque as is referred to in clause 3(a)(i) shall be a complete discharge to Rank BidCo for the moneys represented thereby.
- (e) None of the Company, Rank BidCo or their respective agents or nominees shall be responsible for any loss or delay in the transmission of the statements of entitlement or cheques sent to Scheme Shareholders in accordance with this clause 3, which shall be posted at the risk of the Scheme Shareholder concerned.
- (f) In respect of payments made through CREST, Rank BidCo shall ensure that an assured payment obligation is created in accordance with the CREST assured payment arrangements. The creation of such an assured payment obligation as is referred to in clause 3(a)(ii) shall be a complete discharge of Rank BidCo's obligation under this Scheme with reference to the payments made through CREST.

#### 4. **Certificates in respect of Scheme Shares and cancellation of CREST entitlements**

With effect from and including the Effective Date:

- (a) all certificates representing Scheme Shares shall cease to be valid as documents of title to the shares represented thereby and every holder thereof shall be bound at the request of the Company to deliver up such certificates(s) to the Company or to destroy the same;
- (b) Euroclear shall be instructed to cancel or transfer the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form;
- (c) following the cancellation of the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form, Link Asset Services shall be authorised to rematerialise entitlements to such Scheme Shares; and
- (d) as regards certificated Scheme Shares, appropriate entries will be made in the register of members of the Company to reflect the transfer.

#### 5. **Mandates**

All mandates relating to the payment of dividends on any Scheme Shares and other instructions (including communications preferences) given to the Company by Scheme Shareholders in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, cease to be valid.

#### 6. **Effective time**

- (a) This Scheme shall become effective as soon as the Court Order shall have been delivered to the Registrar of Companies in Jersey for registration.

- (b) Unless this Scheme has become effective on or before 11.59 p.m. 30 November 2019 or such later date, if any, as the Company and Rank BidCo may agree (with the Panel's consent) and the Court may allow, this Scheme shall never become effective.

7. **Modification**

The Company and Rank BidCo may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may approve or impose.

8. **Governing Law**

This Scheme is governed by Jersey law and is subject to the exclusive jurisdiction of the Jersey courts. The rules of the Code apply to this Scheme.

28 June 2019

## Part V

### FINANCIAL INFORMATION

#### Financial Information relating to Stride

The following sets out financial information in respect of Stride as required by Rule 24.3 of the Code. The documents referred to below (or parts thereof) are incorporated by reference into this document:

<i>Document</i>	<i>Section</i>	<i>Page numbers in such document</i>
Interim Results for the six months ended 28 February 2019	Condensed Consolidated Statement of Comprehensive Income	7
	Condensed Consolidated Statement of Financial Position	8
	Condensed Consolidated Statement of Cash Flows	9
	Condensed Consolidated Statement of Changes in Equity	10-11
	Notes to the Condensed Consolidated Financial Statements	12-19
2018 Annual Report and Financial Statements	Consolidated Statement of Profit or Loss	46
	Consolidated Statement of Financial Position	47
	Consolidated Statement of Cash Flows	48
	Consolidated Statement of Changes in Equity	49
	Notes to the Consolidated Financial Statements	50-79
Interim Results for the six months ended 28 February 2018	Condensed Consolidated Statement of Comprehensive Income	10
	Condensed Consolidated Statement of Financial Position	11-12
	Condensed Consolidated Statement of Cash Flows	15
	Condensed Consolidated Statement of Changes in Equity	13-14
	Notes to the Condensed Consolidated Financial Statements	16-26

<i>Document</i>	<i>Section</i>	<i>Page numbers in such document</i>
2017 Annual Report and Financial Statements	Consolidated statement of profit or loss	34
	Consolidated Statement of Other Comprehensive Income	34
	Consolidated Statement of Financial Position	35
	Consolidated Statement of Cash Flows	36
	Consolidated Statement of Changes in Equity	37-38
	Notes to the Consolidated Financial Statements	39-65

in each case as available from Stride's website at [www.stridegaming.com](http://www.stridegaming.com).

Stride is not rated by any credit rating agency.

### **Financial Information relating to Rank**

The following sets out financial information in respect of Rank as required by Rule 24.3 of the Code. The documents referred to below (or parts thereof) are incorporated by reference into this document:

<i>Document</i>	<i>Section</i>	<i>Page numbers in such document</i>
Interim Results for the six months ended 31 December 2018	Consolidated Income Statement	19
	Consolidated Balance Sheets	22
	Notes to the Financial Statements	24-32
2018 Annual Report and Financial Statements	Group Income Statement	110
	Balance Sheets	112
	Notes to the Financial Statements	115-156
Half Year Results for the six months ended 31 December 2017	Group Income Statement	18
	Group Balance Sheet	21
	Notes to the Financial Statements	23-31

in each case as available from Rank's website at [www.rank.com](http://www.rank.com).

Rank BidCo is a private limited company incorporated in England and Wales on 3 March 2017 with company number 10650039. The principal activity of Rank BidCo is an investment holding company for the digital operations of the Rank Group.

Neither Rank nor Rank BidCo are rated by any credit rating agency.

### **No incorporation of website information**

Save as expressly referred to herein, the content of the above websites (or any websites accessible from such websites) is not incorporated into and does not form part of this document.

## Part VI

### TAXATION

#### 1. UNITED KINGDOM

The following is a summary of certain limited aspects of the UK taxation treatment of Scheme Shareholders under the Scheme and does not purport to be a complete analysis of all tax considerations relating to the Scheme. It is based on current UK legislation and what is understood to be current HM Revenue and Customs (“HMRC”) practice, both of which are subject to change, possibly with retrospective effect.

The summary is intended as a general guide and does not deal with certain categories of Scheme Shareholders such as charities, dealers in securities, persons who have or could be treated for tax purposes as having acquired their Scheme Shares by reason of their employment or as holding their Scheme Shares as carried interest, collective investment schemes, persons subject to UK tax on the remittance basis and insurance companies.

References below to “**UK Holders**” are to Scheme Shareholders who are resident and, in the case of individuals, domiciled or deemed domiciled for the relevant period, solely in the UK for UK tax purposes, who hold their Scheme Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owners of their Scheme Shares.

**IF YOU ARE IN ANY DOUBT ABOUT YOUR TAX POSITION, AND IN PARTICULAR IF YOU ARE SUBJECT TO TAXATION IN ANY JURISDICTION OTHER THAN THE UNITED KINGDOM, YOU SHOULD CONSULT AN APPROPRIATELY QUALIFIED INDEPENDENT PROFESSIONAL ADVISER IMMEDIATELY.**

#### ***UK taxation of chargeable gains***

The transfer of Scheme Shares under the Scheme in return for cash should be treated as a disposal of the UK Holder’s Scheme Shares for the purposes of capital gains tax (“**CGT**”) or corporation tax on chargeable gains (as applicable) and therefore may, depending on the UK Holder’s particular circumstances (including the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK tax on chargeable gains or, alternatively, a capital loss.

#### *Individual Scheme Shareholders*

Subject to available reliefs or allowances, gains arising on a disposal of Scheme Shares by an individual UK Holder will be subject to CGT at the rate of 10 per cent. except to the extent that the gain, when it is added to the UK Holder’s other taxable income and gains in the relevant tax year, takes the individual UK Holder’s aggregate income and gains over the higher rate threshold (£50,000 for the 2019/20 tax year), in which case it will be taxed at the rate of 20 per cent.

The CGT annual exemption (£12,000 for the 2019/20 tax year) may be available to individual UK Holders to offset against chargeable gains realised on the disposal of their Scheme Shares.

#### *Corporate Scheme Shareholders*

Subject to available reliefs or allowances, gains arising on a disposal of Scheme Shares by a UK Holder within the charge to UK corporation tax will be taxed at the main rate of UK corporation tax, which is 19 per cent. for the 2019/20 tax year.

For UK Holders within the charge to UK corporation tax (but which do not qualify for the substantial shareholding exemption in respect of their Scheme Shares), indexation allowance may be available to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the disposal of their Scheme Shares. However, the Finance Act 2018 limits the availability of indexation allowance for disposals on and after 1 January 2018 to any indexation allowance calculated up to 31 December 2017.

The substantial shareholding exemption may apply to exempt from corporation tax any chargeable gain (or disallow any loss) arising to UK Holders within the charge to UK corporation tax where a number of

conditions are satisfied, including (save in respect of certain institutional investors) that the corporate UK Holder has held not less than 10 per cent. of the issued ordinary share capital of Stride for a period of at least one year before the date of disposal.

***UK stamp duty and stamp duty reserve tax (SDRT)***

No UK stamp duty or SDRT should be payable by Scheme Shareholders on the transfer of their Scheme Shares under the Scheme.

**2. JERSEY**

**The following is a summary of the anticipated tax treatment in Jersey of the holders of the Scheme Shares who are not resident in Jersey and is based on Jersey taxation law as it is understood to apply at the date of this document. It does not constitute legal or tax advice. Scheme Shareholders should consult their professional advisers on the implications of the Scheme under the laws of, including those resident in Jersey, the jurisdictions(s) in which they may be liable to taxation. Scheme Shareholders should also be aware that tax laws, rules and practice and their interpretation may change.**

No taxation or stamp duty will be payable in Jersey by holders of the Scheme Shares (other than holders of the Scheme Shares resident in Jersey who may be subject to Jersey tax depending on their circumstances) as a result of the transfer of the Scheme Shares to Rank BidCo or the implementation of the Scheme.

## Part VII

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1 The Stride Directors, whose names are set out in paragraph 2.1 of this Part VII, and Stride accept responsibility for the information (including expressions of opinion) contained in this document other than the information (and expressions of opinion) contained in this document for which responsibility is taken by the Rank Directors. To the best of the knowledge and belief of the Stride Directors (who have taken all reasonable care to ensure that such is the case), the information (including expressions of opinion) contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Rank Directors, whose names are set out in paragraph 2.2 of this Part VII, and Rank accept responsibility for the information (including expressions of opinion) contained in this document relating to Rank, Rank BidCo, the Rank Group, the Rank Directors and members of their immediate families, related trusts and persons connected with them including, without limitation, information relating to Rank and Rank BidCo's strategy and future intentions for Stride. To the best of the knowledge and belief of the Rank Directors (who have taken all reasonable care to ensure that such is the case), the information (including expressions of opinion) contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors and responsible persons

- 2.1 The Stride Directors and their respective positions are as follows:

<i>Director</i>	<i>Position</i>
Nigel Payne	Non-executive Chairman
Eitan Boyd	Chief Executive Officer
Darren Sims	Chief Operating Officer
Ronen Kannor	Chief Financial Officer
John Le Poidevin	Non-Executive Director
Adam Batty	Non-Executive Director

Stride's registered office is at: 12 Castle Street, St Helier, Jersey, JE2 3RT.

The Company Secretary of Stride is Ronen Kannor whose business address is Unit 450, Highgate Studios, 53-79 Highgate Road London NW5 1TL.

- 2.2 The Rank Directors and their respective positions are as follows:

<i>Director</i>	<i>Position</i>
Ian Burke	Non Executive Chairman
John O'Reilly	Chief Executive Officer
William Floyd	Chief Financial Officer
Alan Morgan	Managing Director – Retail
Christopher Bell	Non Executive Director
Steven Esom	Non Executive Director
Susan Hooper	Non Executive Director
Tang Hong Cheong	Non-Executive Director
Alexander Thursby	Non Executive Director

Rank's registered office is at: TOR, Saint-Cloud Way, Maidenhead, Berkshire, United Kingdom, SL6 8BN.

Rank's company secretary is Luisa Wright of TOR, Saint-Cloud Way, Maidenhead, Berkshire, United Kingdom SL6 8BN.

2.3 The Rank BidCo Directors and their respective positions are as follows:

<i>Director</i>	<i>Position</i>
John O'Reilly	Chief Executive Officer
William Floyd	Chief Financial Officer

Rank BidCo's registered office is at: TOR, Saint-Cloud Way, Maidenhead, Berkshire, United Kingdom, SL6 8BN.

Rank BidCo's company secretary is Luisa Wright of TOR, Saint-Cloud Way, Maidenhead, Berkshire, United Kingdom SL6 8BN.

### **3. Persons acting in concert**

3.1 In addition to Stride Group companies and the Stride Directors and their close relatives, for the purposes of the City Code, the following persons and persons affiliated with them are deemed to be acting in concert with Stride in respect of the Offer:

<i>Name</i>	<i>Type of company</i>	<i>Registered office</i>	<i>Relationship with Stride</i>
Investec	Financial services	30 Gresham St, London EC2V 7QP	Nominated adviser, financial adviser and corporate broker

3.2 In addition to members of the Rank Group, the Rank Directors and their close relatives and the Rank BidCo Directors and their close relatives, for the purposes of the City Code, the following persons and persons affiliated with them are deemed to be acting in concert with Rank BidCo in respect of the Offer:

<i>Name</i>	<i>Business type</i>	<i>Registered office</i>	<i>Relationship with Rank BidCo</i>
Evercore	Financial advisory services	15 Stanhope Gate London W1K 1LN	Financial adviser
Peel Hunt LLP	Financial services	Moor House 120 London Wall London EC2Y 5ET	Corporate broker
Goodbody Stockbrokers UC	Financial services	49 Grosvenor Street Mayfair London W1K 3HP	Corporate broker
Hong Leong Company (Malaysia) Berhad and each of its subsidiary undertakings	Holding company	Level 10 Wisma Hong Leong 18 Jalan Perak 50450 Kuala Lumpur Malaysia	Ultimate parent company of Rank BidCo

### **4. Market quotations**

4.1 The following table shows the Closing Price for Stride Shares on AIM on:

- 8 February 2019 (being the last Business Day prior to the commencement of the Offer Period);
- the first Business Day of each of the six months immediately preceding the date of this document; and
- the Latest Practicable Date.

<i>Date</i>	<i>Stride Share Closing Price (p)</i>
2 January 2019	124
1 February 2019	104
8 February 2019	103.50
1 March 2019	115
1 April 2019	128.50
1 May 2019	117.50
3 June 2019	147
27 June 2019	147.50

## 5. Disclosure of interests and dealings

### 5.1 Definitions and references

For the purposes of this paragraph 5:

**“acting in concert”** with Stride or Rank BidCo, as the case may be, means any such person acting or deemed to be acting in concert with Stride or Rank BidCo, as the case may be, for the purposes of the City Code;

**“arrangement”** includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities of Stride which may be an inducement to deal or refrain from dealing;

**“connected adviser”** includes an organisation which (A) is advising Rank BidCo or (as the case may be) Stride in relation to the Offer, (B) is a corporate broker to Rank BidCo or (as the case may be) Stride, (C) is advising a person acting in concert with Rank BidCo or (as the case may be) Stride in relation to the Offer or in relation to the matter which is the reason for that person being a member of the concert party, in each case, excluding any “exempt principal traders” and any “exempt fund managers”;

**“connected person”** means, in relation to any person who is a director of a company, any other person whose interests in shares the director is taken to be interested in pursuant to Part 22 of the Companies Act 2006 and related regulations;

ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and **“control”** means an interest or interests in shares carrying in aggregate 30 per cent. or more of the **“voting rights”** of a company, irrespective of whether the holding or holdings gives *de facto* control;

**“dealing”** or **“dealt”** means:

- acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or of general control of relevant securities;
- taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;
- subscribing or agreeing to subscribe for relevant securities;
- exercising or converting, whether in respect of any new or existing securities, or any relevant securities carrying conversion or subscription rights;
- acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
- entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
- any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

**“derivative”** includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;

**“disclosure date”** means the close of business on the Latest Practicable Date;

“**disclosure period**” means the period which began on 11 February 2018 (the date 12 months prior to the commencement of the Offer Period) and ended on the disclosure date;

“**relevant securities**” has such meaning as set out in the City Code in relation to Stride and, where appropriate, Rank;

“**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;

“**voting rights**” means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting of that company. Except for treasury shares, any shares which are subject to:

- a restriction on the exercise of voting rights:
  - in an undertaking or agreement by or between a shareholder and the company or a third party; or
  - arising by law or regulation; or
- a suspension of voting rights implemented by means of the company’s articles of association or otherwise,

will normally be regarded as having voting rights which are currently exercisable at a general meeting;

a person has an “**interest**” or is “**interested**” in relevant securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities (but not if he only has a short position in such securities) and in particular if:

- he owns them;
- he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- by virtue of any agreement to purchase, option or derivative he:
  - has the right or option to acquire them or call for their delivery; or
  - is under an obligation to take delivery of them,

whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

- he is party to any derivative:
  - whose value is determined by reference to their price; and
  - which results, or may result, in his having a long position in them; and

“**close relatives**”, “**exempt principal trader**”, “**exempt fund manager**” and “**securities**” have the meanings given to them by the City Code.

## 5.2 **Interests, rights to subscribe, short positions and dealings in relevant securities of Stride** *Stride Directors*

As at the disclosure date, the Stride Directors were interested in the following number of Stride Shares:

<i>Name</i>	<i>Number of Stride Shares</i>
Eitan Boyd <sup>1</sup>	2,611,151
Darren Sims <sup>2</sup>	1,160,984
Ronen Kannor	39,273
John Le Poidevin	44,546
Nigel Payne	13,889
Adam Batty	22,727

<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.

As at the disclosure date, the following options with performance conditions in respect of Stride Shares had been granted to the following Stride Directors and their close relatives and related trusts and remained outstanding under the Stride Share Schemes:

<i>Name</i>	<i>Potential number of Stride Shares under option</i>	<i>Scheme</i>	<i>Exercise price per Stride Share (p)</i>	<i>Earliest vesting date</i>	<i>Expiry date</i>
Eitan Boyd	111,111	LTIP	Nil	31 August 2018	31 August 2028
Eitan Boyd	113,333	LTIP	Nil	31 August 2019	31 August 2029
Darren Sims	111,111	LTIP	Nil	31 August 2018	31 August 2028
Darren Sims	113,333	LTIP	Nil	31 August 2019	31 August 2029
Ronen Kannor	66,667	LTIP	Nil	31 August 2018	31 August 2028
Ronen Kannor	77,778	LTIP	Nil	31 August 2019	31 August 2029

As at the disclosure date, the following options in respect of Stride Shares had been granted to the following Stride Directors and their close relatives and related trusts and had vested (but had not been exercised) under the Stride Share Schemes:

<i>Name</i>	<i>Potential number of Stride Shares under option</i>	<i>Scheme</i>	<i>Exercise price per Stride Share (p)</i>	<i>Earliest vesting date</i>	<i>Expiry date</i>
Eitan Boyd	189,393	EMI – EMI Options	£1.32	18 May 2018	18 May 2028
	560,607	EMI – Non- Qualifying Options	£1.32	18 May 2018	18 May 2028
Darren Sims	189,393	EMI – EMI Options	£1.32	18 May 2018	18 May 2028
	560,607	EMI – Non- Qualifying Options	£1.32	18 May 2018	18 May 2028
Ronen Kannor	189,393	EMI – EMI Options	£1.32	18 May 2018	18 May 2028
	310,607	EMI – Non- Qualifying Options	£1.32	18 May 2018	18 May 2028

### 5.3 **General**

Save as disclosed in this paragraph 5, as at the end of the disclosure period:

- 5.3.1 neither Rank, Rank BidCo, the Rank Directors nor (in the case of the Rank BidCo and Rank Directors) any of their close relatives, related trusts or connected persons, nor any other person acting in concert with Rank BidCo or Rank, nor any person with whom Rank BidCo or Rank, or any person acting in concert with Rank BidCo or Rank had an arrangement, was interested in, had any right to subscribe for, or had any short position in relation to, any relevant securities of Stride nor had any such person dealt in any relevant securities of Stride during the disclosure period;
- 5.3.2 neither Stride, nor any of the Stride Directors, nor (in the case of the Stride Directors) any of their close relatives, related trusts or connected persons, nor any person acting in concert with Stride, nor any person with whom Stride or any person acting in concert with Stride had an arrangement, was interested in, had any right to subscribe for, or had any short position in relation to, any relevant securities of Stride and nor had any such person dealt in any relevant securities of Stride in the period commencing on the first day of the Offer Period and ending on the last day of the disclosure period;
- 5.3.3 neither Stride, nor any of the Stride Directors, nor (in the case of the Stride Directors) any of their close relatives, related trusts or connected persons, was interested in, had any right to subscribe for, or had any short position in relation to, any relevant securities of Rank and nor had any such person dealt in any relevant securities of Rank in the period commencing on the first day of the Offer Period and ending on the last day of the disclosure period;
- 5.3.4 neither Stride, Rank BidCo, Rank, nor any person acting in concert with Stride, Rank BidCo or Rank had borrowed or lent (including for these purposes any financial collateral

arrangements of a kind referred to in Note 4 on Rule 4.6 of the City Code) any relevant securities in Stride (save for any borrowed shares which have been either on-lent or sold); and

5.3.5 save for the irrevocable undertakings described in paragraph 6 of this Part VII, there is no arrangement relating to relevant securities in Stride which exists between Rank BidCo, Rank or any person acting in concert with Rank BidCo or Rank and any other person, nor between Stride or any person acting in concert with Stride and any other person.

## 6. Irrevocable undertakings

### 6.1 *Stride Directors*

Rank BidCo and Stride have received irrevocable undertakings from each of the Stride Directors who hold Stride 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 the Latest Practicable Date as follows:

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

Eitan Boyd and Darren Sims have both given irrevocable undertakings to 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.

### 6.2 *Stride Shareholders*

The following Stride Shareholders have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting in relation to the following Stride Shares:

<i>Name</i>	<i>Number of Stride Shares</i>	<i>% of Stride Shares in issue</i>
Gal Holdings Limited	18,778,388	24.77%
Poppy Investments Limited	8,821,273	11.645%
Ocorian Trustees (Jersey) Limited (as trustees of Blue Rock Trust)	7,764,173	10.24%
Hydaco Holdings Pty Ltd and Hydaco Pty Ltd	4,057,794	5.35%
Ocorian Trustees (Jersey) Limited (as trustees of the Eagle Eye Trust)	2,800,467	3.69%
<b>TOTAL</b>	<b>42,222,095</b>	<b>55.70%</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.

- 6.3 The undertakings listed in paragraphs 6.1 and 6.2 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).

## **7. Service Contracts and Letters of Appointment of the Stride Directors**

### **7.1 Executive Directors**

The following agreements have been entered into between the executive directors and the Company:

7.1.1 Eitan Boyd (Chief Executive Officer) has entered into a service agreement with the Company dated 11 May 2015. Mr Boyd is entitled to receive an annual salary of £290,000. Mr Boyd's employment is terminable by six months' notice from either party. The Company may, at its discretion, terminate Mr Boyd's employment immediately by making a payment to him *in lieu* of his basic salary only. Mr Boyd is entitled to participate in a discretionary bonus scheme and share option scheme. Mr Boyd is entitled to a pension contribution of up to 10 per cent. of his salary in the form of a defined contribution to a pension plan and/or as a cash supplement. Mr Boyd is also entitled to life assurance, group income protection insurance and private medical insurance for himself and dental insurance for himself and one family member. The service agreement includes standard summary termination provisions and post termination restrictive covenants which apply for a period of six months following the termination of Mr Boyd's employment.

7.1.2 Darren Sims (Chief Operating Officer) has entered into a service agreement with the Company dated 11 May 2015. Mr Sims is entitled to receive an annual salary of £290,000. Mr Sims' employment is terminable by six months' notice from either party. The Company may, at its discretion, terminate Mr Sims' employment immediately by making a payment to him *in lieu* of his basic salary only. Mr Sims is entitled to participate in a discretionary bonus scheme and share option scheme. Mr Sims is entitled to a pension contribution of up to 10 per cent. of his salary in the form of a defined contribution to a pension plan and/or as a cash supplement. Mr Sims is also entitled to life assurance, group income protection insurance and private medical insurance for himself and dental insurance for himself and one family member. The service agreement includes standard summary termination provisions and post termination restrictive covenants which apply for a period of six months following the termination of Mr Sims' employment.

7.1.3 Ronen Kannor (Chief Financial Officer) has entered into a service agreement with the Company dated 11 May 2015. Mr Kannor is entitled to receive an annual salary of £185,000. Mr Kannor's employment is terminable by six months' notice from either party, such notice to be given after a 12 month lock-in period from Admission. The Company may, at its discretion, terminate

Mr Kannor's employment immediately by making a payment to him *in lieu* of his basic salary only. Mr Kannor is entitled to participate in a discretionary bonus scheme and share option scheme. Mr Kannor is entitled to a pension contribution of up to 10 per cent. of his salary in the form of a defined contribution to a pension plan and/or as a cash supplement. Mr Kannor is also entitled to life assurance, group income protection insurance and private medical insurance for himself and dental insurance for himself and one family member. The service agreement includes standard summary termination provisions and post termination restrictive covenants which apply for a period of six months following the termination of Mr Kannor's employment.

## 7.2 **Non-Executive Directors**

The following agreements have been entered into between the non-executive Directors and the Company:

7.2.1 Nigel Payne is engaged as a non-executive director (and as Chairman of Stride) pursuant to a letter of appointment made between him, Merlin Consultancy Limited (a personal services company) and Stride dated 11 May 2015. Nigel Payne is entitled to an annual fee of £60,000 gross, paid monthly in arrears and subject to periodic review by the Stride Board. Nigel Payne is required to spend three days per month on Company business. The notice period for either the Company or Nigel Payne to terminate the appointment is three months.

7.2.2 Adam Batty is engaged as a non-executive director pursuant to a letter of appointment made between him and Stride dated 11 May 2015. Adam Batty is entitled to an annual fee of £47,000 gross, paid monthly in arrears and subject to periodic review by the Stride Board. Adam Batty is required to spend three days per month on Company business. The notice period for either the Company or Adam Batty to terminate the appointment is three months.

7.2.3 John Le Poidevin is engaged as a non-executive director pursuant to a letter of appointment made between him and Stride dated 11 May 2015. John Le Poidevin is entitled to an annual fee of £47,000 gross, paid monthly in arrears and subject to periodic review by the Stride Board. John Le Poidevin is required to spend three days per month on Company business. The notice period for either the Company or John Le Poidevin to terminate the appointment is three months.

7.3 Stride has customary directors' and officers' indemnity insurance in place in respect of the Stride Directors.

## 7.4 **Other letters of appointment and service contracts**

Save as disclosed above, there are no service contracts or letters of appointment between any Stride Director or proposed director of Stride and any member of the Stride Group and no such contract or letter of appointment has been entered into or amended within the six months preceding the date of this document.

## 8. **Material contracts**

### 8.1 **Stride material contracts**

Save as set out in this paragraph, Stride and its subsidiaries have not entered into any material contracts, other than contracts entered into in the ordinary course of business, during the period beginning on 11 February 2017 (being the date that is two years before the commencement of the Offer Period) and ending on the Latest Practicable Date.

#### 8.1.1 *Disposal of interest in QSB Gaming Limited*

On 22 May 2018, Daub Alderney Limited (a wholly owned subsidiary of Stride) ("**Daub**") entered into a share purchase agreement, with amongst others, Rank BidCo for the disposal of its interest in QSB Gaming Limited ("**QSB**"), an operator of online casino and bingo gaming sites in the Spanish market ("**QSB Acquisition Agreement**").

The initial consideration payable under the QSB Acquisition Agreement was €21 million, with further consideration payable subject to the future performance of QSB, with an overall cap on consideration set at €52 million.

Daub received £4.4 million in respect of the initial consideration payment and has subsequently received further consideration of £5.67 million.

The QSB Acquisition Agreement includes customary warranties for a transaction of this nature from Daub, and the other shareholders of QSB, in favour of Rank BidCo which are limited in terms of amount and time.

#### 8.1.2 *Joint Venture with Aspers Group Limited*

On 26 May 2017, the Company entered into a joint venture agreement (the “**JVA**”) with Aspers Group Limited (“**AGL**”) and Aspers Online Limited (“**Aspers Online**”) pursuant to which Stride and AGL agreed to each subscribe for 50 per cent. of the shares in Aspers Online in order to establish and operate an online casino gaming platform.

The overall management and control of Aspers Online is vested in its board of directors. The business of Aspers Online is to be operated in accordance with an operating budget agreed from time to time by its board of directors. Each shareholder is entitled to appoint an equal number of directors at any time and from time to time. The chair of Aspers Online rotates between the shareholders on an annual basis and has no second or casting vote.

Aspers Online is intended to be self-financing; however each of Stride and AGL have entered into loan agreements with Aspers Online pursuant to the terms of which Stride and AGL have each agreed to provide a loan of up to £500,000 to Aspers Online. In addition, Stride and AGL have agreed that should Aspers Online require additional funding this will be provided by them in proportion to their shareholding by way of subscription for shares or by way of shareholder loans, to be determined by the board of Aspers Online from time to time. If either Stride or AGL fails to provide the necessary financing, this will constitute an event of default under the JVA thereby giving the non-defaulting party the right to require the defaulting party to sell to it all (but not some only) of the shares held or beneficially owned by the defaulting shareholder in Aspers Online.

The articles of association of Aspers Online contain customary pre-emption provisions on transfer of shares which allow one shareholder the opportunity to acquire the shares of the other shareholder (“**proposed seller**”) in the event that the proposed seller wishes to dispose of its interests to a *bona fide* third party as well as tag-along rights that would operate in similar circumstances.

In connection with the JVA, Stride Together Limited (a wholly-owned subsidiary of Stride) agreed to provide certain marketing services to Aspers Online under a separate arms’ length media services supply agreement, Daub agreed to provide certain platform services to Aspers Online under a separate arms’ length online casino agreement and AGL agreed to grant Aspers Online a licence use the Aspers brand for the purposes of the Aspers Online operations under a separate arms’ length brand licence and services agreement.

The JVA contains restrictive covenants from Stride and AGL to protect the interests of Aspers Online.

## 8.2 **Rank material contracts**

Save as set out in this paragraph, no member of the Rank Group has entered into any material contracts, other than contracts entered into in the ordinary course of business, during the period beginning on 11 February 2017 (being the date that is two years before the commencement of the Offer Period) and ending on the Latest Practicable Date.

### 8.2.1 Facility Agreement

On 31 May 2019, Rank Group Finance (as borrower), Rank, and other members of the Rank Group (as guarantors) entered into the Facility Agreement to finance the Offer.

Under the terms of the Facility Agreement, the original lenders thereunder agreed to make available to Rank Group Finance term loans in the aggregate principal amounts and currencies described in paragraph 5 of Part II above (the “**Acquisition Loans**”). The proceeds of the Acquisition Loans are to be applied, among other things, towards financing the aggregate consideration payable by Rank BidCo pursuant to the Offer and/or refinancing existing indebtedness of the Stride Group.

The proceeds of the Acquisition Loans would be on-lent from Rank Group Finance to Rank BidCo under a further intercompany loan. The intercompany loan agreement was executed on 31 May 2019 (the “**Intercompany Loan Agreement**”) and under this Rank Group Finance has provided Rank BidCo with a certain funds commitment equal to the amount that Rank Group Finance receives from the lenders under the Facility Agreement (net of any fees or deductions). The final repayment date of the intercompany loan is the date falling 60 months after the date of the Intercompany Loan Agreement and Rank BidCo has the right to prepay the intercompany loan at par at any time and without penalty or premium. The interest rate is to be set annually as agreed between Rank Group Finance and Rank BidCo.

The Acquisition Loans are available to be drawn, subject to satisfaction of the conditions precedent set out in the Facility Agreement, from the date of the Facility Agreement to and including the later of: (i) the date falling on the last day of the Certain Funds Period (as defined in the Facility Agreement and summarised below) and; (ii) 14 December 2019.

Under the Facility Agreement, “**Certain Funds Period**” is defined as the period from the date of the Facility Agreement until (and including) the earliest to occur of:

- (a) the later of: (i) 14 December 2019; and (ii) if the Scheme has become Effective or the Takeover Offer has become unconditional less than 14 days before 14 December 2019, the date which is 14 days after the date on which the Scheme has become Effective or the Takeover Offer has become unconditional (or, in each case, such later date as the Agent (acting on the instructions of all lenders) may agree with Rank);
- (b) the date on which the Offer lapses or is withdrawn (unless, within 10 business days, a new, revised or replacement Offer (including an Offer which has been converted from a Scheme into a takeover offer) has been announced with (if required) the consent of the Panel);
- (c) (in the case of the Offer being made by means of the Scheme), the date falling 14 days after the date on which the relevant act of the court sanctioning the Scheme is duly delivered on behalf of Stride to the Registrar of Companies (in Jersey) in accordance with Article 125(3) of the Companies Law or, if later, the date immediately following any extension of the period for settlement of consideration provided by the Panel pursuant to paragraph 10 of Appendix 7 of the City Code; and
- (d) (in the case of a proposed or actual acquisition pursuant to an Offer made by means of a Takeover Offer), if Rank BidCo has sent compulsory acquisition notices pursuant to and in accordance with the ‘squeeze-out’ procedure set out in Article 117 of the Companies Law to the non-accepting shareholders of Stride (the “**Compulsory Acquisition Procedure**”), the last day of such period as is necessary to enable the Rank BidCo to acquire the remaining shares in Stride pursuant to the Compulsory Acquisition Procedure provided that, if the application of the Compulsory Acquisition Procedure is challenged by any Stride Shareholder in court proceedings, such period shall run to (and including) the date on which consideration is payable to the shareholders of Stride after such proceedings are resolved,

provided that, for the avoidance of doubt, any conversion of the Offer from a Scheme to a Takeover Offer (or, any amendments to the terms or conditions of a Scheme or a Takeover Offer) shall not constitute a lapse, termination or withdrawal for the purposes of this definition.

The final maturity date of each of the Acquisition Loans is the date falling 60 months from the date of the Facility Agreement. Rank BidCo may also voluntarily cancel and prepay the Acquisition Loans at any time on three business days' notice. The Facility Agreement contains customary representations and warranties, affirmative and negative covenants (including covenants in respect of compliance with laws, security and quasi-security, priority borrowings, insurance, maintenance of status and business, disposals, acquisitions, change of business, material subsidiaries/guarantors, gambling, use of proceeds, and conduct of the Offer), indemnities and events of default, each with appropriate carve-outs and materiality thresholds.

The Acquisition Loans will bear interest at a rate equal to LIBOR plus the Applicable Margin, which may vary between 1.80 per cent. per annum and 2.80 per cent. per annum depending on the most recently certified ratio of consolidated net borrowers to consolidated EBITDA. The Applicable Margin as at the date of the Facility Agreement is 1.80 per cent. per annum. Under customary syndication terms the Applicable Margin may be increased by up to 0.25 per cent. per annum under certain circumstances.

Under the Facility Agreement, Rank has agreed that it will not amend or waive a material term of certain documents related to the Offer save to the extent required by applicable law, the Panel or Court where the failure to fulfil such a material offer term would result in Rank BidCo being entitled to lapse the Offer under Rule 13.5(a) of the Takeover Code.

#### 8.2.2 *Acquisition of interest in QSB Gaming Limited*

On 22 May 2018 Rank BidCo entered into an agreement with (amongst others) Daub to acquire QSB. Details of this agreement are included in paragraph 8.1.1 above.

### **9. Offer related arrangements**

#### **9.1 *Stride offer related arrangements***

##### *Confidentiality Agreement*

On 6 April 2019, Rank and Stride entered into the Confidentiality Agreement in relation to the Offer, 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 Offer.

#### **9.2 *Rank offer related arrangements***

##### *Confidentiality Agreement*

On 6 April 2019, Rank and Stride entered into the Confidentiality Agreement in relation to the Offer, 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 Offer.

### **10. Cash confirmation**

The cash consideration payable pursuant to the Offer will be financed as set out in paragraph 4 of Part II of this document. 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 in respect of the Scheme.

### **11. Significant change**

There has been no significant change in the financial or trading position of the Stride Group since 28 February 2019, being the date to which the latest unaudited consolidated financial statements for the Stride Group were prepared.

## 12. Sources and bases of selected financial information

Unless otherwise stated in this document, or the context otherwise requires, the following sources of information and bases of calculation have been used:

- 12.1 Any reference to the fully diluted share capital of Stride is based on:
- (a) the 75,805,536 existing issued Stride Shares as of 27 June 2019, being the Latest Practicable Date; and
  - (b) 1,122,758 Stride Shares which may be issued on or after the date of this document 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.
- 12.2 The value placed by the Offer on the fully diluted share capital of Stride is based on 76,334,961 fully diluted Stride Shares as referred to in paragraph 12.1.
- 12.3 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.
- 12.4 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.
- 12.5 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.
- 12.6 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 12.5(b).
- 12.7 Any reference to market share data is based on information provided by Regulus Partners LLP.
- 12.8 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).
- 12.9 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.
- 12.10 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.
- 12.11 The synergy estimates are unaudited and are based on Rank's internal analysis.

### 13. Offer-related fees and expenses

#### 13.1 *Stride fees and expenses*

The aggregate fees and expenses which are expected to be incurred by the Stride Group in connection with the Offer (excluding any applicable VAT or similar taxes) are expected to be approximately £3.4 million (exclusive of any applicable VAT and other taxes)<sup>(1)</sup>. This aggregate number consists of the following categories:

<i>Category</i>	<i>Amount – £m<sup>(1)</sup></i>
Financial and corporate broking advice	2.9
Legal advice <sup>(2)</sup>	0.4
Accounting advice	nil
Public relations advice	0.0
Other professional services	0.1
Other costs and expenses <sup>(3)</sup>	0.0
<b>Total</b>	<b>3.4</b>

(1) Amounts have been subjected to rounding adjustments.

(2) These costs are based, in part, on hourly rates. In relation to these elements, the figures included are based on the costs incurred prior to the Latest Practicable Date, together with an estimate of the further fees to be incurred.

(3) These services are charged, in part, based on the service volumes provided. The figures included reflect an estimate of the expected service volumes required.

These fees and expenses shall be paid by Stride.

#### 13.2 *Rank Group fees and expenses*

The aggregate fees and expenses which are expected to be incurred by the Rank Group in connection with the Offer are estimated to amount to approximately £6.3 million (exclusive of any applicable VAT and other taxes)<sup>(3)</sup>. This aggregate number consists of the following categories:

<i>Category</i>	<i>Amount – £m<sup>(3)</sup></i>
Financing arrangements	2.8
Financial and corporate broking advice	1.7
Legal advice <sup>(1)</sup>	1.1
Accounting advice <sup>(1)</sup>	0.5
Public relations advice <sup>(2)</sup>	0.1
Other professional services	0.1
Other costs and expenses <sup>(3)</sup>	nil
<b>Total</b>	<b>6.3</b>

(1) These services are charged primarily by reference to hourly or daily rates. Amounts included here reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required.

(2) These services may vary based on the service volumes and types of services provided. Amounts included here reflect an estimate of the expected services required.

(3) Amounts have been subjected to rounding adjustments.

### 14. Incorporation by reference

14.1 Parts of other documents are incorporated by reference in, and form part of, this document.

14.2 Part V (*Financial Information*) of this document sets out which sections of such documents are incorporated into this document.

### 15. Other information

15.1 Each of Evercore and Investec has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

- 15.2 Save as disclosed in this document, there is no agreement, arrangement or understanding (including any compensation arrangement) between Rank BidCo or any person acting in concert with it and any of their directors, recent directors, shareholders or recent shareholders of Stride, or any person interested or recently interested in Stride Shares, having any connection with or dependence on or which is conditional upon the outcome of the Offer.
- 15.3 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Stride Shares to be acquired by Rank BidCo will be transferred to any other person, save that Rank BidCo reserves the right to transfer any such shares to any other member of the Rank Group.
- 15.4 Settlement of the consideration to which each Scheme Shareholder (holding Scheme Shares at the Scheme Record Time) is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien or right of set-off, counterclaim or other analogous right to which Rank BidCo may otherwise be, or claim to be, entitled against any such Scheme Shareholder.
- 15.5 Save as disclosed in this document, the emoluments of the Stride Directors will not be affected by the Offer or any other associated transaction.
- 15.6 Save as disclosed in this document, there is no agreement or arrangement to which Rank BidCo is a party which relates to the circumstances in which it may or may not invoke a condition to the Scheme.

## **16. Documents available for inspection**

- 16.1 Until and including the Effective Date (or the date on which the Scheme lapses or is withdrawn, if earlier) copies of the following documents will be available, free of charge, on the Stride and Rank's website at [www.stridegaming.com](http://www.stridegaming.com) and [www.rank.com](http://www.rank.com) respectively:
- (a) the Rule 2.7 Announcement;
  - (b) this document and the Forms of Proxy;
  - (c) the Articles;
  - (d) a draft of the Articles as proposed to be amended at the General Meeting;
  - (e) Rank's articles of association and Rank BidCo's articles of association;
  - (f) copies of the letters of irrevocable undertaking referred to at paragraph 6 of this Part VII;
  - (g) the letters of consent referred to at paragraph 15.1 of this Part VII;
  - (h) a copy of the Confidentiality Agreement;
  - (i) a copy of the Facility Agreement;
  - (j) the audited consolidated accounts of Stride for the financial years ended 31 August 2017 and 31 August 2018;
  - (k) the interim results of Stride for the six months ended 28 February 2019;
  - (l) the audited consolidated accounts of Rank for the financial years ended 30 June 2017 and 30 June 2018; and
  - (m) the interim results of Rank for the six months ended 31 December 2018

## PART VIII

### DEFINITIONS

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

<b>“Agent”</b>	means National Westminster Bank plc acting as agent of the finance parties under the Facility Agreement;
<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>“Applicable Margin”</b>	has the meaning given to it in the Facility Agreement;
<b>“Articles”</b>	the articles of association of Stride, as amended from time to time;
<b>“Authorisations”</b>	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals;
<b>“Business Day”</b>	any day (excluding any Saturday or Sunday or public or bank holiday) on which banks are open for business in the City of London and Jersey (and being a working day for the purposes of the Uncertificated Securities Order);
<b>“certificated or in certificated form”</b>	not in uncertificated form (that is, not in CREST);
<b>“City Code” or “Code”</b>	the City Code on Takeovers and Mergers, as amended from time to time;
<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, as amended;
<b>“Competition and Markets Authority” or “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 set out in Part III ( <i>Conditions and certain further terms of the Scheme and the Offer</i> ) of this document and a <b>“Condition”</b> shall mean any one of them;
<b>“Confidentiality Agreement”</b>	a confidentiality agreement dated 6 April 2019 entered into between Stride and Rank;
<b>“Court” or “Jersey Court”</b>	the Royal Court of Jersey;
<b>“Court Hearing”</b>	the final hearing by the Court (any and adjournment thereof) to sanction the Scheme pursuant to Article 125 of the Companies Law;

<b>“Court Meeting”</b>	the meeting of Scheme Shareholders as at the Voting Record Time to be convened with the permission of the Court pursuant to Article 125 of the Companies Law, (notice of which is set out in Part IX ( <i>Notice of Court Meeting</i> ) of this 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 the 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 <b>“Regulations”</b> ) 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>“CREST Manual”</b>	the CREST Manual published by Euroclear, as amended from time to time;
<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 of the Rule 2.7 Announcement 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 of the Rule 2.7 Announcement or (iii) in the annual report and audited financial statements of Stride for the year ended 31 August 2018 or (iv) in the Rule 2.7 Announcement;
<b>“Effective”</b>	in the context of the Offer: <ul style="list-style-type: none"> <li>(a) if the Offer is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or</li> <li>(b) if the Offer is implemented by way of the Takeover Offer, the Takeover Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Code;</li> </ul>
<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: <ul style="list-style-type: none"> <li>(a) beneficially owned by Rank or any other member of the Rank Group; and/or</li> <li>(b) held in treasury by Stride;</li> </ul>
<b>“Explanatory Statement”</b>	the explanatory statement set out in Part II ( <i>Explanatory Statement</i> ) of this document;

<b>“Facility Agreement”</b>	the £128,125,000 facility agreement entered into by, among others, Rank Group Finance (as borrower), Rank and certain members of the Rank Group (as guarantors) with National Westminster Bank plc (as mandated lead arranger), NatWest Markets plc (as bookrunner), NatWest Markets plc and National Westminster Bank plc (as original lenders), National Westminster Bank plc (as agent of the finance parties, the Agent) dated 31 May 2019;
<b>“FCA” or “Financial Conduct Authority”</b>	the United Kingdom’s Financial Conduct Authority;
<b>“Form(s) of Proxy”</b>	the BLUE Form of Proxy for use at the Court Meeting and the YELLOW Form of Proxy for use at the General Meeting (or either of them as the context may require), which are being sent to Stride Shareholders and accompany this document;
<b>“Gambling Act”</b>	the United Kingdom Gambling Act 2005;
<b>“General Meeting”</b>	the extraordinary general meeting of Stride (or any adjournment thereof) notice of which is set out in Part X of this document ( <i>Notice of General Meeting</i> ) and which has been convened for the purpose of considering and, if thought fit, passing the Special Resolution;
<b>“holder”</b>	a registered holder (including any person(s) entitled by transmission);
<b>“IFRS”</b>	International Financial Reporting Standards;
<b>“Investec”</b>	Investec Bank Plc;
<b>“Jersey Court” or “Court”</b>	the Royal Court of Jersey;
<b>“Latest Practicable Date”</b>	6.00 p.m. on 27 June 2019, being the latest practicable date before the publication of this document;
<b>“Link Asset Services”</b>	Link Market Services (Jersey) Limited, the Company’s registrar and Link Market Services Limited whose trading name is Link Asset Services;
<b>“London Stock Exchange”</b>	the London Stock Exchange plc, together with any successor thereto;
<b>“Long Stop Date”</b>	11.59 p.m. on 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>“Meeting(s)”</b>	the Court Meeting and/or the General Meeting, as the case may be including any adjournment(s) thereof;
<b>“Offer”</b>	the proposed Offer by Rank BidCo for 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) which commenced on 11 February 2019;
<b>“Offer Price”</b>	151 pence for each Scheme Share;

<b>“Opening Position Disclosure”</b>	has the same meaning as in Rule 8 of the Code;
<b>“Overseas Shareholders”</b>	Stride Shareholders who are resident outside the United Kingdom or Jersey or who are citizens or residents of countries other than 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>“PRA”</b>	the United Kingdom’s Prudential Regulatory Authority;
<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 as at the date of this document or, where the context so requires, the directors of Rank BidCo from time to time;
<b>“Rank Directors”</b>	the board of directors of Rank as at the date of this document or, where the context so requires, the directors of Rank BidCo from time to time;
<b>“Rank Group”</b>	Rank and its subsidiary undertakings and, where the context permits, each of them;
<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>“Registrar of Companies”</b>	the Registrar of Companies in Jersey;
<b>“Regulations”</b>	has the meaning given to it in the definition of “ <b>CREST</b> ” in this Part;
<b>“Regulatory Information Service”</b>	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Stride Shareholders in that jurisdiction and which shall in all circumstances include the United States and any state or jurisdiction in the United States;
<b>“Rule 2.7 Announcement”</b>	the joint announcement made, pursuant to Rule 2.7 of the Code, by the Stride Directors and the Rank Directors on 31 May 2019;

<b>“Scheme” or “Scheme of Arrangement”</b>	the proposed scheme of arrangement to be made under Article 125 of the Companies Law between Stride and the Scheme Shareholders set out in Part IV ( <i>The Scheme of Arrangement</i> ) of this document in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed in writing by Stride and Rank;
<b>“Scheme Document” or “this document”</b>	this document dated 28 June 2019;
<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day following the Court Hearing, or such later time as Stride and Rank BidCo may agree;
<b>“Scheme Shareholder”</b>	a holder of Scheme Shares appearing on the register of members of Stride at any relevant time;
<b>“Scheme Shares”</b>	<p>the Stride Shares:</p> <ul style="list-style-type: none"> <li>(i) in issue at the date of the Scheme Document;</li> <li>(ii) (if any) issued after the date of the Scheme Document and prior to the Voting Record Time; and</li> <li>(iii) (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 any subsequent holders shall be, or shall have agreed in writing by such time to be, bound by this 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>“SEC”</b>	the US Securities and Exchange Commission;
<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” or “Company”</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 as at the date of this document or, where the context so requires, the directors of Stride from time to time;
<b>“Stride Group”</b>	Stride and its subsidiary undertakings and, where the context permits, each of them;
<b>“Stride Share(s)”</b>	ordinary shares of one pence each in the capital of Stride;
<b>“Stride Shareholders”</b>	the registered holders of Stride Shares;

<b>“Stride Share Plans”</b>	means:  (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  (ii) the Stride Long Term Incentive Plan;
<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 way of a “takeover offer” as defined in Article 116(1) of the Companies Law, any offer made by or on behalf of Rank BidCo to acquire the entire 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>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UK Companies Act”</b>	the UK Companies Act 2006, as amended;
<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 States of America”, “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 US Securities Exchange Act of 1934, as amended;
<b>“US Shareholder”</b>	a Stride Shareholder who is a US person as defined in the US Internal Revenue Code;
<b>“VAT”</b>	means:  (a) within the European Union, any tax imposed by any Member State in conformity with the Directive of the Council of the European Union on the common system of value added tax (2006/112/EC); and  (b) outside the European Union, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (a) of this definition;
<b>“Voting Record Time”</b>	6.00 p.m. on the day which is two Business Days prior to the date of the Court Meeting or any adjournment thereof (as the case may be);
<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

**“Wider Stride Group”**

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 document are London times unless otherwise stated. References to the singular include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender. A reference to a “**working day**” shall be construed in accordance with the Uncertificated Securities Order. A reference to “**includes**” shall mean “includes without limitation”, and references to “**including**” and any other similar term shall be interpreted accordingly. All references to 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.

**PART IX**  
**NOTICE OF COURT MEETING**

IN THE ROYAL COURT OF JERSEY  
SAMEDI DIVISION

File No. 2019/163

**IN THE MATTER OF STRIDE GAMING PLC**

and

**IN THE MATTER OF THE COMPANIES (JERSEY) LAW 1991, as amended**

**NOTICE IS HEREBY GIVEN** that, by an Act of Court dated 26 June 2019 made in the above matter, the Court has directed a meeting (the “**Court Meeting**”) to be convened of the holders of Scheme Shares as at the Voting Record Time (each as defined in the Scheme of Arrangement, as defined below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made pursuant to Article 125 of the Companies (Jersey) Law 1991, as amended (the “**Companies Law**”) between Stride Gaming plc (the “**Company**”), and the holders of the Scheme Shares (the “**Scheme of Arrangement**”), and that the Court Meeting will be held on 24 July 2019 at Hudson Sandler LLP, 25 Charterhouse Square, London EC1M 6AE at 9.30 a.m., at which place and time all holders of Scheme Shares are requested to attend, either in person or by proxy.

Copies of the Scheme of Arrangement and of the Explanatory Statement required to be published pursuant to Article 126 of the Companies Law are incorporated in the document of which this notice forms part.

Voting on the resolution to approve the Scheme will be by poll, which shall be conducted as the Chairman of the Court Meeting may determine.

By the said Act of Court, the Court has appointed any director of the Company to act as Chairman of the Court Meeting and has directed the Chairman to report the result thereof to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 28 June 2019

Carey Olsen Jersey LLP  
47 Esplanade  
St. Helier  
Jersey JE1 0BD

*Advocates for the Company*

**Notes**

- 1 A member entitled to attend and vote at the Court Meeting is entitled to appoint one or more proxies to exercise all or any of his rights to attend and vote at the Court Meeting and any adjournment(s) thereof. A member may appoint more than one proxy in relation to the Court Meeting, provided that each proxy is appointed to exercise the rights attaching to a different share or shares held by him. A proxy need not be a member of the Company.
- 2 The appointment of a proxy does not preclude a member from subsequently attending and voting at the Court Meeting, or any adjournment thereof, in person if he so wishes and is entitled to do so.
- 3 A **BLUE** Form of Proxy and a reply paid envelope for use by Scheme Shareholders is enclosed. Please read carefully the instructions on how to complete the form. To be valid, a duly completed **BLUE Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority, must be received by Link Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, not later than 9.30 a.m. on 22 July 2019 or, if the Court Meeting is adjourned, not less than 48 hours (excluding non-working days) before the time fixed for the adjourned meeting.** If the BLUE Form of Proxy is not returned in time, the BLUE Form of Proxy may be handed by you or on your behalf to a representative of Link Asset Services, or behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of the meeting.

- 4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as specified in the CREST Manual (available via <http://www.euroclear.com/CREST>). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) not later than the time stated in Note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change in instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. Reference should be made to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction as set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

- 5 To change your proxy instructions simply submit a new proxy appointment using the methods described herein. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard copy proxy form and you would like to change the instructions using another hard copy proxy form, please contact Link Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. When two or more valid but differing appointments of proxy are delivered or received for the same Scheme Share for use at the Court Meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is not able to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.
- 6 Only those Scheme Shareholders registered in the register of members of the Company as at 6.00 p.m. on 22 July 2019 or, in the event that the Court Meeting is adjourned, in such register at 6.00 p.m. on the date which is two Business Days before the date set for the adjourned meeting, shall be entitled to attend or vote at the Court Meeting in respect of the number of Scheme Shares registered in their names at the relevant time. Changes to entries after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- 7 In the case of joint holders of Scheme Shares, any one such joint holder may tender a vote, whether in person or by proxy, at the Court Meeting, but if more than one such joint holder shall tender a vote the vote of the person named first in the register of members of the Company shall be accepted to the exclusion of the other joint holder(s).
- 8 Any corporation which is a member can appoint a corporate representative who may exercise on its behalf all of its powers as a member.

## PART X

### NOTICE OF GENERAL MEETING

#### NOTICE OF GENERAL MEETING OF STRIDE GAMING PLC

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Stride Gaming plc (the “**Company**”) will be held on 24 July 2019 at Hudson Sandler LLP, 25 Charterhouse Square, London EC1M 6AE at 9.45 a.m. (or as soon thereafter as the Court Meeting (as defined in the scheme document dated 28 June 2019 of which this notice of the extraordinary general meeting forms part (the “**Scheme Document**”)) shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution as a special resolution of the Company:

#### SPECIAL RESOLUTION

**THAT:**

- (a) for the purpose of giving effect to the scheme of arrangement dated 28 June 2019 (the “**Scheme**”) between the Company and the holders of the Scheme Shares (as defined in the Scheme), a print of which has been produced to this meeting and for the purpose of identification signed by the chairman hereof, in its original form in the circular sent to shareholders of the Company dated 28 June 2019 or subject to any modification, addition or condition agreed between the Company, Rank Digital Holdings Limited and approved or imposed by the Royal Court of Jersey (the “**Court**”), the directors of the Company (or a duly authorised committee thereof) be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
- (b) with effect from the passing of this resolution, the articles of association of the Company be and are altered amended by the adoption and inclusion of the following new Article 45 after the existing Article 44:

#### “45. SCHEME OF ARRANGEMENT

45.1 For the purposes of this article:

45.1.1 “**Scheme**” means the scheme of arrangement dated 28 June 2019 under Article 125 of the Law between the Company and the Scheme Shareholders (as defined therein), in its original form in the circular sent to shareholders of the Company dated 28 June 2019 or with or subject to any modification, addition or condition agreed between the Company and Rank Digital Holdings Limited (“**Rank BidCo**”) and approved or imposed by the Royal Court of Jersey; and

45.1.2 expressions defined in the Scheme shall have the same meanings in this Article.

45.2 Notwithstanding any other provision of these Articles or the terms of any resolution passed by the Company in general meeting, if the Company issues any shares (other than to Rank BidCo or any nominee(s) of Rank BidCo) at any time on or after the Voting Record Time and on or prior to the Scheme Record Time, such shares shall be issued subject to the terms of the Scheme and shall be Scheme Shares for the purpose thereof and the holders of such shares shall be bound by the Scheme accordingly.

45.3 Notwithstanding any other provision of these Articles, subject to the Scheme becoming effective, any shares issued or transferred to any Person (other than to Rank BidCo or any nominee(s) of Rank BidCo) after the Scheme Record Time (a “**New Member**”) (each a “**Post-Scheme Security**”) shall be issued on terms that they shall (on the Effective Date or, if later, on issue), be immediately transferred, free from encumbrances to Rank BidCo or such other person as Rank BidCo may direct (the “**Purchaser**”), who shall be obliged to acquire each Post-Scheme Security in consideration of and conditional upon the payment by or on behalf of Rank BidCo to the New Member of an amount in cash for each Post-

Scheme Security equal to the consideration to which a New Member would have been entitled had such Post-Scheme Security been a Scheme Share.

- 45.4 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation), the value of the consideration per Post-Scheme Security to be paid under article 45.3 shall be adjusted by the Directors in such manner as the auditors of the Company or an independent investment bank selected by the Directors may determine to be fair and reasonable to the New Member to reflect such reorganisation or alteration.
- 45.5 To give effect to any transfer of a Post-Scheme Security required pursuant to Article 45.3, the Company may appoint (and each New member hereby accepts the appointment of) any person as the Company may determine as attorney (under the Powers of Attorney (Jersey) Law 1995 and any such appointment shall be irrevocable for a period of one year from the date upon which such New Member is issued the relevant Post-Scheme Security for that New Member) and/or agent for the New Member to transfer the Post-Scheme Security to the Purchaser and/or its nominees and do all such other things and execute and deliver all such documents or deeds as may in the opinion of such attorney or agent be necessary or desirable to vest the Post-Scheme Security in the Purchaser and pending such vesting to exercise all such rights attaching to the Post-Scheme Security as the Purchaser may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Post-Scheme Security unless so agreed in writing by the Purchaser. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder) in favour of the Purchaser and the Company may give a good receipt for the consideration for the Post-Scheme Security and may register the Purchaser as holder thereof and issue to it certificate(s) for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Security. The Purchaser shall settle the consideration due to the New Member pursuant to Article 45.3 above by sending a cheque drawn on a United Kingdom clearing bank in favour of the New Member (or any subsequent holder) for the purchase price of such Post-Scheme Security as soon as practicable and in any event no later than 14 days after the date on which the Post-Scheme Security are issued to the New Member.
- 45.6 If the Scheme shall not have become effective by the applicable date referred to in (or otherwise set in accordance with) paragraph 6 of the Scheme, this Article shall cease to be of any effect.
- 45.7 Notwithstanding any other provision of these Articles, both the Company and the board shall refuse to register the transfer of any Stride Shares effected between the Scheme Record Time and the Effective Date other than to Rank BidCo and/or its nominees pursuant to the Scheme or this Article.
- 45.8 Notwithstanding any other provision of these Articles, both the Company and the board may refuse to register the transfer of any shares other than pursuant to the Scheme or as provided by this Article 45 but neither the Company nor the board may refuse to register the transfer of any shares pursuant to the Scheme or as provided by this Article 45.”

By order of the Board of Directors of Stride Gaming plc

**Ronen Kannor, Company Secretary**

28 June 2019

Registered Office: 12 Castle Street, St Helier, Jersey, JE2 3RT  
Registered in Jersey No. 117876

## Notes

1. A member entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to exercise all or any of his rights to attend and vote at the General Meeting and any adjournment(s) thereof. A member may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attaching to a different share or shares held by him. A proxy need not be a member of the Company.
2. The appointment of a proxy does not preclude a member from subsequently attending and voting at the General Meeting, or any adjournment thereof, in person if he so wishes and is entitled to do so.
3. A **YELLOW** Form of Proxy and a reply paid envelope for use by shareholders is enclosed. Please read carefully the instructions on how to complete the form. **To be valid, a duly completed YELLOW Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority, must be received by Link Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, not later than 9.45 a.m. on 22 July 2019 or, if the General Meeting is adjourned, not less than 48 hours (excluding non-working days) before the time fixed for the adjourned meeting. If the YELLOW Form of Proxy is not returned in time, it will be invalid.**
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as specified in the CREST Manual (available via <http://www.euroclear.com/CREST>). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) not later than the time stated in Note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change in instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. Reference should be made to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Uncertificated Securities Order.

5. To change your proxy instructions simply submit a new proxy appointment using the methods described herein. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard copy proxy form and you would like to change the instructions using another hard copy proxy form, please contact Link Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. When two or more valid but differing appointments of proxy are delivered or received for the same share for use at the General Meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is not able to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.
6. An abstention option has been included on the proxy form. The legal effect of choosing the abstention option on any resolution is that the member concerned will be treated not to have voted on the relevant resolution. The number of votes in respect of which there are abstentions will however be counted and recorded, but disregarded in calculating the votes for or against a resolution.
7. Copies of the Company's existing articles of association and copies of the articles of association as proposed to be amended by the special resolution set out in the notice of General Meeting are available for inspection at the Company's business address at Unit 901, Highgate Studios, 53 – 79 Highgate Road, London NW5 1TL until opening of business on the day on which the General Meeting is held and will also be available for inspection at the place of the General Meeting for at least 15 minutes prior to the General Meeting.
8. Only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 22 July 2019 or, in the event that the General Meeting is adjourned, in such register at 6.00 p.m. on the date which is two Business Days before the date set for the adjourned meeting, shall be entitled to attend or vote at the General Meeting in respect of the number of ordinary shares registered in their names at the relevant time. Changes to entries after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
9. In the case of joint holders of ordinary shares, any one such joint holder may tender a vote, whether in person or by proxy, at the General Meeting, but if more than one such joint holder shall tender a vote the vote of the person named first in the register of members of the Company shall be accepted to the exclusion of the other joint holder(s).

10. As at the Latest Practicable Date, the Company's issued ordinary share capital consists of 75,805,536 ordinary shares of one pence carrying one vote each. Therefore, the total voting rights in the Company as at the Latest Practicable Date are 75,805,536.
11. Any corporation which is a member can appoint a corporate representative who may exercise on its behalf all of its powers as a member.

