

ANNEX 1: Draft Remedy Form

Section A: Description of the Remedy Proposal and how it will address the provisional SLC

1. Provide

a. General description of the remedy proposal

Spreadex Limited ('Spreadex') proposes the divestment of the purchased Sporting Index Limited ('Sporting Index') statutory entity and the associated assets it acquired from Sporting Group Limited ('Sporting Group').

As part of this divestment Spreadex is willing to support the potential bidders with a Transitional Services Arrangement ('TSA') equivalent to that available to the alternative bidders at the time of the divestment – see below for further details.

Spreadex would also be prepared to develop a [X] (as defined in Spreadex's response to the remedies notices ('RN') dated 25 July 2024¹) and in Annex 2.

b. Details of any conditions for the implementation of the Remedy Proposal.

No conditions are envisaged on the remedy proposal other than the determination of the TSA scope and length. The duration should be no longer than is required for a purchaser to get the business up and running. It would not be appropriate for the purchaser to be dependent on Spreadex for anything more than a short period.

2. Describe how the Remedy Proposal provides a comprehensive solution to the provisional SLC(s) identified by the CMA or any adverse effect which has resulted, or may be expected to result, from it. Provide your response with reference to the following dimensions of a remedy's effectiveness as set out in the CMA's guidance on merger remedies:

- a. impact on the SLC(s) and resulting adverse effects, bearing in mind the CMA's duty to 'in particular, have regard to the need to achieve as comprehensive a solution as is reasonable and practicable to the SLC and any adverse effects resulting from it',

¹ Unless otherwise specified, defined terms have the meaning provided for them in the response to the RN and or the CMA's provisional findings report ('PFs'), dated 25 July 2024.

It is the CMA's view (outlined in the PFs) that the Acquired Assets could equally have been acquired and operated by one of the Alternative Bidders (and other interested parties) with the benefit of a TSA to allow the purchaser to operate the business whilst it builds up its own capabilities and functions.

Spreadex therefore proposes to create a divestiture package that will enable a suitable purchaser to purchase and operate the same assets that FDJ made available for sale and will enhance the package by offering an appropriate and proportionate TSA to facilitate the transition and [X] to ensure that any dependence on Spreadex is limited in time and scope.

This will restore the pre-Merger market conditions.

b. appropriate duration and timing;

The remedy will be permanent and so will address the SLC identified comprehensively. It should be possible to implement this quickly subject to agreeing terms with the buyer.

c. practicality in terms of its effective implementation, monitoring and enforcement; and

Spreadex does not believe that any ongoing monitoring and enforcement would be required following the completion of the divestment as the divestiture package would be operable from completion.

d. acceptable risk profile.

(Assuming that the CMA's findings in the PFs are correct) the remedy should enable a broad category of potential buyers to acquire the business to be divested. The TSA should ensure continuity for Sporting Index's customers and regulatory compliance, whilst the business transitions to new ownership. In this way, the remedy should have a very high chance of being successful and addressing the SLC.

3. Provide a non-confidential summary of the nature and scope of the Remedy Proposal. This non-confidential summary should summarise the information set out in sections B to E below. The CMA will use this non-confidential summary in order to consult on the Remedy Proposal with third parties (including, if necessary, potential purchasers).

Spreadex proposes the sale (via a disposal of shares) of the acquired Sporting Index Limited entity (Company number: 02636842, FCA FRN: 150404) and all acquired assets, staff members and regulatory licences as listed below, so as to ensure the market is returned to the pre-merger conditions.

- 5 Staff members,
- Regulatory licences with the GC (licence number 27343) and FCA (licence number 150404),
- Sporting Index Brand,

- Sporting Index customer lists,
- Sporting Index Limited balance sheet, including:
 - Debtors, prepayments, accruals, creditors; and
 - Cash and Client Money.

In addition to this, Spreadex recognises that the technological assets acquired from Sporting Group in November 2023 were not capable of being operated in their own right, given their dependency on technology that remained in the Sporting Group. As such, Spreadex proposes standing up the [X] (as described in the response to the RN) that will be available at the acquisition date to enable any purchaser to operate independently from acquisition date.

Furthermore, Spreadex will negotiate in good faith a TSA on fair and reasonable terms whereby Spreadex will offer at market rate, services of no greater scope and duration than that implied is necessary by the CMA's finding on the counterfactual.

Section B: Where a divestment remedy is proposed – Information on the business to be divested

4. Describe the business to be divested generally, including:

a. the entity(ies) belonging to it (and which form a part of the divestment);

Sporting Index Limited (Company number: 02636842, FCA FRN: 150404), including the assets listed at (3) above and 7(f)-(k) below.

b. its registered place of business and head office;

Sporting Index Limited
Churchill House
St Albans
AL1 3UU

c. its other locations for production or provisions of services;

N/A

d. how, in broad terms, it operates and is managed;

Due to the absence of any significant number of employees and any management layer, Sporting Index limited is currently run by Spreadex staff on Spreadex systems. Following the divestment, the business would be operated and managed by the new owner.

e. an overview of its organisational structure; and

N/A Sporting Index Limited has no subsidiaries. It will comprise the assets listed in 7f-k.

- f. the revenues of the business being divested compared to the consolidated revenues of the divesting merger party.

Turnover for the period end 31st May 2024 is as below;

- Spreadex Limited - year ended 31 May 2024: [REDACTED]²
- Sporting Index Limited - for the 17-month period ending 31 May 2024 [REDACTED]³.

5. List and describe the products or services supplied by the business to be divested and any new products or services planned.

Sports spread betting regulated by the FCA.

No new products or services are envisioned, as part of the divestiture.

6. Describe the proposed transaction structure, including whether a disposal of shares or assets is proposed. If applicable, describe whether assets will need to be carved out from an existing business (or businesses).

The transaction would involve a disposal of the shares in Sporting Index. All assets are included within the Sporting Index entity and the assets Spreadex would propose creating are also included in the Sporting Index entity.

It is not expected that any carve out would be required as the entity is relatively 'clean' following the carve out that took place in advance of the sale to Spreadex.

7. Provide details of the key assets and liabilities of the business to be divested including:
- a. staff, including those employees who are critical for the operation of the business to be divested, describing their functions

- 5 Staff members
 - 1x Client relations manager – [REDACTED]
 - 2x Customer Services Executives
 - 2x Marketing Content Assistants

² This includes turnover from all Spreadex Limited services, including those that are not part of the relevant market i.e. fixed odds and casino turnover and financial leveraged trading turnover. Given Sporting Index Limited is a wholly owned subsidiary of Spreadex Limited, it also includes Sporting Index turnover since acquisition in November 2023.

³ For the year ended 31 May 2024, the equivalent figure was [REDACTED]million.

- b. key sites and facilities, including, if applicable, headquarters, production facilities, research and development and/or product development or testing facilities;

N/A

- c. key intellectual property rights and licences, including third-party software licences;

Regulatory licences with the GC (licence number 27343) and FCA (licence number 150404).

- d. key intangible assets, including brands;

Sporting Index Brand

- e. leases and freehold property (for leasehold properties, provide the annual leasing costs, the term remaining on the lease and the details of any change of ownership clauses);

N/A

- f. proprietary IT software and systems;

Key assets that will be owned by Sporting Index as part of the divestiture are:

- [REDACTED].
- [REDACTED].
- [REDACTED].
- [REDACTED].

Spreadex will also create the [REDACTED] to ensure that the above assets are capable of operating on a standalone basis, given the assets Spreadex acquired were not.

- g. working capital and other such assets or liabilities;

Debtors, prepayments, accruals, creditors.

- h. cash;

Office cash and client money accounts

- i. debt and other financial liabilities;

N/A

- j. any debt or leasing obligations that will pass with the business to be divested; and

N/A

- k. other liabilities not covered above (for example, pensions, environmental liabilities)

N/A

8. Provide a customer list for the business to be divested with revenue (in GBP) generated in the most recent financial year and describe when any key customer contracts are due for renewal.

All Sporting Index customers.

9. List and describe key supplier contracts, including setting out when they are due for renewal.

Sporting Index key supplier relationships are limited to [REDACTED].

The key affiliate suppliers are presented below;

- [REDACTED].
- [REDACTED].
- [REDACTED].

11. Provide summary (and if necessary, pro forma) financial statements for the business to be divested at profit and loss level for each of the two most recent financial years, the current financial year and a forecast period of two financial years. The table below provides a guide to how you may wish to present the information. For the current financial year, you should, as necessary, split the information between actual and forecast information. Where the provisional SLC (or SLCs) relates to more than one product type or market, you should also provide a breakdown by product type/market.

	Year to Dec 22	17 Month period to May 24	Year to May 25	Year to May 26
Revenue	[X]	[X]	[X]	[X]
Gross Profit	[X]	[X]	[X]	[X]
EBITDA	[X]	[X]	[X]	[X]
EBIT	[X]	[X]	[X]	[X]

The above figures are presented on an 'expected' basis for a third party i.e. Spreadex are currently incurring negligible additional cost for running Sporting Index given the near 100% staff and technology synergies Spreadex enjoys that are not available to a 3rd party, so in line with the presentations at the hearing Spreadex has maintained a likely cost of [X] (with [X]) for the forecast years. The actual costs will depend on the successful bidder.

Section C: Where a divestment remedy is proposed – Assets excluded from the business to be divested and continuing links to the merger parties.

12. Where relevant, describe any of the operational or management functions which are not proposed to form part of the business to be divested but which are currently necessary for the functioning of the business. This description should include such functions as:

- a. research and development;
- b. production;
- c. marketing and sales;
- d. logistics;
- e. after-sales activities;
- f. relations with customers;
- g. relations with suppliers; and
- h. the maintenance and provision of IT systems and various support functions (for example, payroll, general finance, accounting and regulatory compliance).

Please note any material changes in such arrangements in the last two years.

Spreadex are proposing divesting the same assets and functions that were put up for sale by FDJ with the [REDACTED].

Marketing and sales would not be included within the proposed divestiture package beyond the individuals from Sporting Index that transferred from Sporting Group.

Neither the IT staff, nor the required technology to operate the Sporting Index technology platform independently as a viable ongoing concern were available for sale from FDJ.

In relation to staffing, each potential bidder will have different staffing requirements depending on their existing business. They will also want to take any hiring decisions for themselves. It would therefore just hamstring a potential purchaser to include particular staff.

Spreadex are however proposing standing up a [REDACTED]. To support this Spreadex will also offer a short TSA, to ensure that any dependence on Spreadex is limited in time and scope, to provide the requisite IT support whilst the acquirer stands up their own technology team / gains an understanding of the technology platform provided.

Certain support functions, such as back office, accounting and HR / payroll, were never available for sale from FDJ and will not be included in any divestiture package.

Compliance staff were initially included within the FDJ transaction perimeter, however, are not proposed to be included within the divestiture package as the bidder is expected to want to hire their own staff given the importance of regulatory compliance in sports spread betting. A short, time limited TSA will be offered at market rate to facilitate the handover.

13. Set out what transitional service arrangements (and if applicable, reverse transitional service arrangements) you would include as part of the divestment with regard to the functions referred to in Question 12 in the event they are required by the purchaser. Please specify your proposed key terms and duration of any such arrangements.

Spreadex would propose offering a limited short term TSA (recommended for up to [REDACTED] months) following the acquisition at market rate.

Spreadex would envisage this would be limited to the TSA required to operate Sporting Index at the pre-Merger level.

Where traders would have been available for sale as part of the original transaction perimeter e.g. UK horse racing – these services will be included in the TSA with prices supplied for [REDACTED] months [REDACTED].

Spreadex would provide the ability for a suitable purchaser to feed in their own prices via an application programming interface ('API') during the TSA period. Prices would initially be fed

in by Spreadex under a TSA, however Spreadex would not expect this to last long as it would be inconsistent with the CMA's independence requirement.

A TSA for any required support functions would also be available if required, however Spreadex would expect this to be of a shorter duration, given the likelihood that the potential acquirers will already have this infrastructure in place and would want to rely on their own staff.

14. Where relevant, describe in detail (including terms and duration) any continuing links between the business to be divested and other businesses controlled by the merger parties, such as:

- a. supply, production, distribution, service or other contracts;
- b. shared tangible or intangible assets;
- c. shared or seconded personnel;
- d. shared IT systems or other systems;
- e. shared customers;
- f. shared suppliers; and
- g. administrative and other support functions.

No such links are expected to exist, beyond the TSA period.

15. For each of the links referred to in Question 14 describe any changes envisaged under the Remedy Proposal and the expected timing of these changes.

N/A

16. Describe the customers or groups of customers which will not form a part of the proposed business to be divested but which are currently customers of the business to be divested. Provide the total turnover generated by these customers (in GBP and as a percentage of the total turnover of the business to be divested).

None.

17. Describe any other areas where the business to be divested differs from the nature and scope of the business as currently operated.

None of note.

18. Where carve-out arrangements are likely to impact on the operation of the business to be divested, describe any arrangements envisaged for carving out or reconfiguring the business to be divested from its existing form.

None of note.

Section D: Where a divestment remedy is proposed – Divestiture process and purchasers

19. Provide a proposed timetable for divestment setting out key milestones until legal completion of the transaction envisaged under the Remedy Proposal, including preparation and implementation of any separation process; preparation of documentation; and filtering of potential purchasers.

Relevant steps include

The relevant technological timeline is detailed in Annex 2 and the regulatory timeline is detailed in question 20 below.

The transactional aspects of any divestment would be shorter than the technological timeline and could run concurrently.

Our expectations are that this would involve;

- Canvassing the market for potential buyers,
- Preparing and sending the required information,
- Due diligence,
- Contract negotiation,
- Signing,
- Regulatory approval,
- Completion.

20. State whether there are likely to be significant due diligence, statutory or regulatory issues that may delay the divestment process. Set out the expected timeframes for resolving each of the following (to the extent applicable): any third-party rights, obligations, consents (including the transfer of leases), licences and regulatory approvals.

Regulatory approval would be required from the GC via the change in control process (this process is generally initiated following completion of the transaction and was not for example a condition precedent in the Spreadex acquisition of Sporting Index from Sporting Group).

The FCA have 60 working days to approve a change in control application (which as Spreadex understand it can only be commenced once the deal has been agreed and the SPA signed).

During this timeframe the FCA would also need to approve the Personal Management Licence holders.

- SMF 1 – CEO
- SMF 3 – Directors
- SMF 16 – Head of Regulatory Compliance
- SMF 17 – Head of MLRO

21. Set out whether you consider the appointment of a monitoring trustee would be appropriate in this case. If you do not consider that a monitoring trustee is required in this case, please provide reasons for this.

Spreadex already have a monitoring trustee in place and would expect that to continue.

22. Provide details of the measures which will be put in place to preserve the viability and competitive capabilities of the business being divested for the duration of the divestiture process, e.g. proposals for the retention of key staff.

The measures already in place since acquisition remain appropriate and sufficient, given:

- the performance of the Sporting Index business has [REDACTED] since acquisition, and it continues to [REDACTED] and
- the ongoing monitoring from the monitoring trustee.

The CMA has designated [REDACTED] as key staff. Spreadex are in the process of [REDACTED].

23. Suitable purchasers. Please answer either part (a) or (b):

- a. If you have already identified a potential purchaser, explain why you consider this buyer would meet the CMA's purchaser suitability criteria.

Spreadex has identified two initial potential purchasers, [REDACTED]. It is implicit from the CMA's PFs on the counterfactual that these Alternative Bidders meet the suitability criteria.

- b. If you have not yet identified a potential purchaser:

- i. Explain the reasons why, in your view, the business will be acquired by a suitable purchaser in the timeframe proposed in Question 19.
- ii. Provide a list of likely purchasers for the business to be divested highlighting those potential purchasers whom you have already approached with a view to a sale and summarising the strength of their interest and their capability to complete a transaction within the timescale proposed.

- iii. Where you have already approached potential purchasers, submit any expressions of interest, informal or formal offers or any draft heads of terms.

N/A

24. When considering the suitability of potential purchasers, are there any other criteria which the CMA should have regard to in addition to the CMA's normal purchaser suitability criteria set out in CMA87?

None that Spreadex is aware of.

Sporting Index operates in a niche area; therefore the pool of potential purchasers is not very large. In light of that, Spreadex submits that any purchaser who is willing to acquire the business should be considered suitable.

25. In instances of multiple businesses to be divested, state whether and why these are intended to be sold to several buyers or to one. If to several, explain whether you intend to 'package' some of the businesses to be divested together in order to achieve a sale.

N/A

Section E: Relevant Customer Benefits

26. Describe any relevant customer benefits (RCBs), within the meaning of the Enterprise Act 2002, which you consider will be preserved by the Remedy Proposal.

N/A

27. If you consider that the RCBs would not be preserved by an alternative remedy, please explain why.

As previously referenced Spreadex and Sporting Index customers have received significant additional protections from both brands being joined (given the requirement to look at account activity/vulnerability and other triggers across brands within the same corporate group) which would be lost upon separation.

28. The costs of a remedy may arise in various forms. Are there any relevant costs the CMA should have regard to in considering possible remedies?

The remedy described in this form entails considerable cost to be incurred by Spreadex. Spreadex considers that the CMA should have regard to those costs in assessing the viability and

appropriateness of the proposed divestment package. Spreadex does not consider that the CMA need to have regard to other relevant costs in relation to the remedy described in this form. Insofar as the CMA were to propose alternative remedies or alternative elements to the present remedy, Spreadex reserves the right to make submissions on the proportionality or otherwise of relevant costs.