

## **Stockcube buys 34.4% of Sportcal**

### **The investment**

Stockcube plc, the financial analysis and software development group, has taken a 32.4% shareholding in Sportcal Global Communications Limited ('Sportcal'), will purchase a further 2.0% in May, 2004 and has entered into option arrangements that could lead to the acquisition of 50.0% of Sportcal over the next three and a half years.

Widely recognised as the leading business-to-business site for sport events, Sportcal provides services for the sports industry, including news, research, consultancy, data and statistics, sports information for media and business sponsors, website building and technical development. Sportcal has built and hosts a comprehensive online sporting events calendar available on [www.sportcal.com](http://www.sportcal.com) covering over 30,000 events per year up to the year 2012, for over 140 sports from more than 170 countries, with start and finish dates, venues and organisers and daily news.

### **Terms and Sportcal finances**

In the current purchase and in May, 2004 Stockcube is investing a total of approximately £399,000 in Sportcal. Of this sum £352,000 will be invested in new shares amounting to 30.4% of the enlarged share capital of Sportcal and applied to repaying loans from directors (£169,000) and bank and other third party debt (£52,000) and to provide working capital for future development of its business (£131,000). The balance of approximately £47,000 will be applied to purchase existing shares, 2% now and 2% in May, 2004, from the founders of the business, Mike Laflin and Theresa Laflin.

Sportcal incurred trading losses of £36,000 in the year ended 30 April, 2003 and the balance sheet at that date showed a deficit of £451,000 on shareholders' funds. Following a review of unprofitable business and related costs during 2003, Sportcal is now trading at just over breakeven and is expected to generate its first profit in the year to 30 April, 2004.

Commenting on the investment, Julian Burney, Stockcube's CEO said:

*"We are very pleased to make this investment in Sportcal not only because we see an opportunity to participate in the growth in sports-related activities over the years but more especially as a major application for the web-building and internet publishing capabilities of our software business conducted through Ecube."*

Mike Laflin, founder and managing director of Sportcal said:

*"We are delighted to welcome Stockcube on board as our new investors and strategic partners. We believe there is a strong synergy between the two organisations and the combination of our respective technological resources matched with the platform we*

*have created in the sports market will produce some very exciting results in the future."*

### **Fit within the Stockcube group**

Sportcal is mainly a subscription business and shares many of the characteristics of Stockcube's wider markets financial analysis subscription businesses – data capture and management, content analysis, editorial and client management. Of particular relevance is the marriage of Sportcal's information systems and specialist expertise in the sports world with Ecube's web-building, online publishing and data handling capabilities and their joint application to local, regional and national sports clubs, affiliated with Olympic sports bodies. Accordingly, there is considerable potential for sales of complete sports packages.

Rusty Ashman, Stockcube's commercial director, Nigel Burney, Stockcube's sales and marketing director and Theresa Laflin will join the board of Sportcal in a non-executive capacity and will receive no remuneration from Sportcal. In addition, a new director's service contract has been entered into between Sportcal and Mike Laflin.

Sportcal has entered into an agreement for the provision of financial management services by Stockcube for £20,000 per year.

### **The option arrangements**

The major shareholder in Sportcal, Mike Laflin, and his wife, Theresa Laflin, have granted call options over Sportcal shares owned by them to Stockcube, exercisable in three approximately equal tranches in respect of the three years ending 30 April, 2005, 30 April, 2006 and 30 April, 2007 that could lead to Stockcube owning 50% of Sportcal. The exercise price will be calculated on a multiple of 7 times operating profit for the years then ended subject to an agreed minimum that values the entire share capital of Sportcal at £1,173,000. The purchase consideration relating to the call options may be satisfied in cash or Stockcube ordinary shares at the vendors' choice.

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