

**This document is important and requires your immediate attention.** If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional adviser.

If you have sold or otherwise transferred all of your shares in Sportech PLC, please pass this document together with the accompanying documents (excluding any personalised proxy form) to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

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# Sportech PLC

**Sportech PLC**

(incorporated and registered in Scotland under number SC069140)

**Annual General Meeting 2017**

and

**General Meeting**

to approve a revised Directors' Remuneration Policy and the Sportech PLC Value Creation Plan

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Notice of the Annual General Meeting of Sportech PLC to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF ("CMS") at 10.00 a.m. on 24 May 2017 is set out in Part IV of this document.

Notice of the General Meeting of Sportech PLC to be held at CMS' offices at 10.30 a.m. on 24 May 2017 (or as soon thereafter as the Annual General Meeting has finished) is set out in Part V of this document.

Whether or not you propose to attend the Annual General Meeting and/or the General Meeting, please complete and submit a proxy form either in hard copy or by electronic means in accordance with the instructions printed on the enclosed form as soon as possible but in any event so as to be received by no later than 10.00 a.m. on 22 May 2017. If you hold your shares in Sportech PLC in CREST, you may also appoint a proxy using CREST by following the instructions set out in Part VI of this document.

## Index

Part I	Letter from the Chairman of the Board	01
Part II	Explanatory notes relating to the business to be conducted at the Annual General Meeting	03
Part III	Explanatory notes relating to the business to be conducted at the General Meeting	06
Part IV	Notice of Annual General Meeting 2017	08
Part V	Notice of General Meeting	11
Part VI	Notes to the Notices of the Annual General Meeting and the General Meeting	12
Appendix 1	Directors' Remuneration Policy	16
Appendix 2	Value Creation Plan principal features	24

## Part I – Letter from the Chairman of the Board

### Sportech PLC

(incorporated and registered in Scotland under number SC069140)  
(the “Company”)

**Head Office:**

Sportech PLC  
101 Wigmore Street  
London W1U 1QU

**Registered Office:**

Sportech PLC  
Collins House  
Rutland Square  
Edinburgh  
Midlothian  
Scotland EH1 2AA

24 April 2017

To the shareholders of the Company and, for information only, to holders of awards under the Company’s Performance Share Plan.

## Notice of Annual General Meeting 2017 and General Meeting

Dear Shareholder

I am pleased to be writing to you with details of our Annual General Meeting for 2017 which we are holding at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF at 10.00 a.m. on 24 May 2017. This will be followed by a General Meeting to consider a revised Directors’ Remuneration Policy and approve the adoption of the Sportech PLC Value Creation Plan (the “VCP”) as described below.

Again this year, and in line with applicable UK legislation, our Directors’ Remuneration Report is split into three sections, the annual letter from the Chairman of the Remuneration Committee, the Directors’ Remuneration Policy and the Annual Report on Remuneration. We are proposing to replace the Directors’ Remuneration Policy that was approved at the 2014 Annual General Meeting with a revised Directors’ Remuneration Policy at the General Meeting. This also replaces the Directors’ Remuneration Policy presented in the Company’s 2016 Annual Report and Accounts. Details of the new Directors’ Remuneration Policy are set out in Appendix 1 of this document. Subject to the revised Directors’ Remuneration Policy being approved and further to shareholder consultation, we are also proposing to introduce the VCP, which is summarised in Appendix 2 of this document. The remainder of the Directors’ Remuneration Report will be subject to the usual annual advisory vote at the Annual General Meeting (Resolution 2).

The formal notice of the Annual General Meeting is set out in Part IV of this document and that for the General Meeting is set out in Part V of this document. Details of the items of business to be proposed at the Annual General Meeting and the General Meeting are set out in Parts II and III of this document respectively.

**Actions to be taken**

If you would like to vote on the resolutions to be proposed but cannot come to the Annual General Meeting and/or the General Meeting, please complete the proxy forms enclosed with this document and return them to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible. Alternative methods by which shareholders may appoint proxies are set out in Part VI of this document. All proxy instructions, whether in hard copy or by electronic means, must be received by Capita Asset Services no later than 10.00 a.m. on 22 May 2017.

## Part I – Letter from the Chairman of the Board *continued*

### **Recommendation**

The Board considers that each of the resolutions to be put to the Annual General Meeting and the General Meeting is in the best interests of the Company and its shareholders as a whole. Accordingly, the Board unanimously recommends shareholders to vote in favour of each of the resolutions to be put to the Annual General Meeting and the General Meeting, as they intend to do in respect of their own beneficial shareholdings in the Company.

### **Inspection of documents**

The following documents will be available for inspection at the Company's UK Head Office, 101 Wigmore Street, London W1U 1QU during normal business hours and also at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF from the date of this document until the conclusion of the Annual General Meeting and the General Meeting:

- copies of the Executive Directors' service contracts;
- copies of letters of appointment of the Non-executive Directors;
- a copy of the Company's Articles of Association; and
- a copy of the rules of the Sportech PLC Value Creation Plan.

Yours sincerely



### **Roger Withers**

Non-executive Chairman  
24 April 2017

## Part II – Explanatory notes relating to the business to be conducted at the Annual General Meeting

### **Approval of the Report and Accounts (Resolution 1)**

This resolution deals with the receipt and adoption of the accounts of the Company and the reports of the Directors and the auditors of the Company for the year ended 31 December 2016 (the “Annual Report”).

### **Approval of the Directors’ Remuneration Report (Resolution 2)**

Resolution 2 invites shareholders to approve the Directors’ Remuneration Report, excluding the Directors’ Remuneration Policy, for the financial period ended 31 December 2016. The Directors’ Remuneration Report is set out on pages 37 to 46 of the 2016 Annual Report and Accounts. This resolution is advisory in nature and no individual Director’s remuneration is dependent on it.

### **Re-election of Directors (Resolutions 3 to 7)**

In accordance with the Company’s Articles of Association, Ian Penrose and Maneck Kalifa (familiar name Mickey) are retiring as Directors by rotation and, being eligible, are offering themselves for re-election to the Board of Directors of the Company (the “Board”). Resolutions 3 and 4 deal with their proposed reappointments.

In addition, Richard McGuire, Andrew Gaughan and Richard Cooper have each been appointed to the Board by the Directors since the Company’s last Annual General Meeting and, in accordance with the Company’s Articles of Association, they are retiring and offering themselves for reappointment to the Board by shareholders. Resolutions 5, 6 and 7 deal with their proposed reappointments.

Biographical details of the Directors can be found on page 20 of the 2016 Annual Report and Accounts and on the Company’s website [www.sportechplc.com](http://www.sportechplc.com).

The Board is satisfied that each Director continues to show the necessary commitment and continues to be an effective member of the Board due to his skills, expertise and business acumen.

### **Reappointment of the auditors and their remuneration (Resolutions 8 and 9)**

Resolution 8 deals with the reappointment of PricewaterhouseCoopers LLP as the auditors of the Company until the conclusion of the next Annual General Meeting.

Resolution 9 authorises the Directors to settle the remuneration of the auditors of the Company.

### **Authority of Directors to allot shares (Resolution 10)**

Paragraph (a)(i) of Resolution 10 will give the Directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company (“Rights”) up to an aggregate nominal value of £30,935,707.50. This represents approximately one-third of the share capital of the Company in issue at the date of this Notice.

In line with the Share Capital Management Guidelines issued by the Investment Association, paragraph (a)(ii) of Resolution 10 will give the Directors the authority to allot shares in the Company and grant Rights up to a further aggregate nominal value of £30,935,707.50 in connection with a rights issue. This amount represents approximately one-third of the share capital of the Company in issue at the date of this Notice.

In relation to the authority granted by Resolution 10, in the event that the Reduction of Capital (as defined below) is completed pursuant to the authority granted by Resolution 13 and the nominal value of each ordinary share of £0.50 each in the capital of the Company is reduced accordingly, for the purposes of calculating the extent to which the authority granted by Resolution 10 has been utilised by the Company, any ordinary shares which are allotted or rights which are granted to subscribe for or convert any security into ordinary shares after completion of the Reduction of Capital shall be deemed to have been allotted as or granted over ordinary shares with a nominal value of £0.50 per share.

This authority will expire 15 months from the date of the resolution or, if earlier, at the conclusion of the next Annual General Meeting. The Directors have no present intention of making use of this authority. However, the Board may consider issuing new shares if it believes it would be appropriate to do so to enable the Company to take advantage of business opportunities that may arise consistent with the Company’s strategic objectives.

### **Disapplication of statutory pre-emption rights (Resolution 11)**

Under company law, when new shares or other equity securities are allotted or treasury shares are sold for cash, they must generally first be offered to existing shareholders pro rata to their holdings. Resolution 11 will allow the Directors to make allotments of shares and equity securities and sell treasury shares in certain circumstances without first making such an offer to existing shareholders.

## Part II – Explanatory notes relating to the business to be conducted at the Annual General Meeting *continued*

Resolution 11 will allow the Directors to allot shares and other equity securities of the Company under the authority given by Resolution 10, and to sell shares held in treasury, for cash: (a) in connection with a rights issue or other pre-emptive offer; and (b) otherwise on a non-pre-emptive basis up to an aggregate nominal value of £4,640,356.50 (representing approximately 5% of the total ordinary share capital of the Company in issue as at the date of this Notice) in each case without first making a pre-emptive offer to existing shareholders under company law.

The pre-emption disapplication authority in Resolution 11 is in line with institutional shareholder guidance and in particular with the Pre-Emption Group's Statement of Principles (the "Pre-Emption Principles"). The Directors confirm that, in accordance with the Pre-Emption Principles, they do not intend to issue shares or other equity securities for cash representing more than 7.5% of the Company's ordinary share capital (excluding treasury shares) in any rolling three-year period, without prior consultation with and explanation to shareholders, other than in connection with an acquisition or specified capital investment as described in the Pre-Emption Principles or to existing shareholders on a pre-emptive basis.

In relation to the authority granted by Resolution 11, in the event that the Reduction of Capital is completed pursuant to the authority granted by Resolution 13 and the nominal value of each ordinary share of £0.50 each in the capital of the Company is reduced accordingly, for the purposes of calculating the extent to which the authority granted by Resolution 11 has been utilised by the Company, any equity securities which are allotted or ordinary shares held in treasury which are sold for cash after completion of the Reduction of Capital shall be deemed to have been allotted or sold with a nominal value of £0.50 per share.

The authority contained in Resolution 11 will expire 15 months from the date of the resolution or, if earlier, at the conclusion of the next Annual General Meeting.

The Directors have no present intention of exercising the authority in Resolution 11 but consider it appropriate to obtain the flexibility that the authority provides.

### **Authority for market purchases of own shares (Resolution 12)**

Resolution 12 renews the Company's current authority to make limited market purchases of the Company's ordinary shares. The authority is limited to a maximum aggregate number of 18,561,425 ordinary shares (representing approximately 10% of the Company's share capital in issue as at the date of this Notice) and this resolution sets out the minimum and maximum prices that can be paid, exclusive of expenses. The authority conferred by this resolution will expire 15 months from the date of the resolution or, if earlier, at the conclusion of the next Annual General Meeting. Any purchases of ordinary shares would be made by means of market purchases through the London Stock Exchange.

Subject to the passing of Resolution 13 the Directors are considering making market purchases of ordinary shares pursuant to the authority granted by Resolution 12 as described in the notes to Resolution 13 below. The Directors would only purchase ordinary shares if, in their opinion, the expected effect would be to result in an increase in earnings per ordinary share and would benefit shareholders generally.

### **Share capital reduction (Resolution 13)**

As a result of the improving financial position of the Sportech group, the Company recently undertook a return of approximately £21 million of cash to shareholders, completion of which occurred on 28 March 2017, pursuant to which the Company purchased from shareholders and subsequently cancelled 20,623,804 ordinary shares of £0.50 each in the Company via a tender offer, details of which were provided in a circular issued by the Company on 10 March 2017 (the "Tender Offer").

The Board believes the Company may have further surplus funds which could be distributed to shareholders (whether by way of dividends or market purchases of the Company's ordinary shares) following the disposal of the Football Pools business, which was announced on 2 March 2017 and is expected to complete by the end of May 2017. However, the Company does not have sufficient profits available for distribution following the Tender Offer to do this. Accordingly, it is proposed that the Company should create distributable reserves through a Court-approved reduction of capital ("Reduction of Capital") to reduce its share capital through the cancellation of £0.30 of the capital paid up on each ordinary share of £0.50 each in the capital of the Company. If £0.30 of the capital paid up on each ordinary share is cancelled (thereby reducing the nominal value of each such share to £0.20), the distributable reserves will be increased by, and the share capital of the Company reduced by, approximately £55.7 million.

Shareholder approval is required for any such cancellation, and that approval is being sought by Resolution 13. If shareholders approve this cancellation, the Company intends to apply to the Court of Session in Edinburgh (the "Court") for confirmation of it. In seeking the Court's confirmation of the Reduction of Capital, the Court will need to be satisfied that the interests of the Company's creditors (including contingent creditors), whose debts remain outstanding on the date the Court Order is registered will not be prejudiced by the Reduction of Capital. Subject to the Court's confirmation, the amount of the cancelled share capital of the Company will be counted as realised profit, creating an amount of distributable reserves (the exact amount of distributable reserves immediately following the cancellation will depend on whether the Company has any profit and loss reserve deficit at the time of the cancellation).

Shareholders should note that: (a) following the implementation of the Reduction of Capital, there will be no change in the number of ordinary shares in issue; (b) if, for any reason, the Court declines to confirm the Reduction of Capital, the Reduction of Capital will not take place; (c) the proposed Reduction of Capital will not of itself involve any distribution or repayment of capital by the Company to shareholders and will not of itself reduce the Company's net assets; and (d) for the avoidance of doubt, no decision on, or as to the form, quantum or timing of, any distribution or repayment of capital by the Company to shareholders has yet been made by the Board.

#### **Notice of general meetings (Resolution 14)**

Resolution 14 seeks to renew an authority granted at last year's Annual General Meeting to allow the Company to call general meetings (other than an Annual General Meeting) on not less than 14 clear days' notice. Under the Companies Act 2006, the Company must give shareholders 21 days' notice of any general meeting, unless (for meetings other than Annual General Meetings):

- (a) the shareholders have approved a shorter notice period (which cannot, however, be less than 14 clear days) by passing a special resolution at the most recent Annual General Meeting (or at a general meeting held since that Annual General Meeting); and
- (b) the Company offers the facility for shareholders to vote by electronic means at the meeting.

This resolution seeks such approval. The Company does not intend to use this authority as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought by the Directors at the relevant time to be to the advantage of shareholders as a whole. If granted, the approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. Annual General Meetings will continue to be held on at least 21 clear days' notice.

## Part III – Explanatory notes relating to the business to be conducted at the General Meeting

### **Approval of the Directors' Remuneration Policy (Resolution 1)**

Resolution 1 invites shareholders to approve a revised Directors' Remuneration Policy as set out in Appendix 1 to this document. The Directors' Remuneration Policy sets out the Company's forward-looking policy on Directors' remuneration, including payments to Directors for loss of office.

The shareholders last approved the Directors' Remuneration Policy at the 2014 Annual General Meeting. The Directors now seek approval of a revised Directors' Remuneration Policy in accordance with the Companies Act 2006. This also replaces the Directors' Remuneration Policy presented in the Company's 2016 Annual Report and Accounts. The vote will be binding and, if the Directors' Remuneration Policy set out in this document is approved, it will come into effect at the end of the General Meeting.

If the Directors' Remuneration Policy set out in this document is approved and remains unchanged, it will be valid for three years without further shareholder approval. If the Company wishes to change the Directors' Remuneration Policy, it will need to put the revised policy to a vote again before it can implement the new policy. If the Directors' Remuneration Policy is not approved, the Company will, if and to the extent permitted by the Companies Act 2006, continue to make payments to Directors in accordance with existing arrangements approved by the shareholders at the 2014 Annual General Meeting, and will seek shareholder approval for a revised policy as soon as is practicable.

### **Revised Directors' Remuneration Policy**

Sportech has recorded significant achievements recently: the successful VAT repayment claim on the "Spot the Ball" game resulted in the subsequent substantial reduction in net debt; and the recent sale of the Football Pools business, while still to complete, will further strengthen the Company's balance sheet. Following the delivery of these and other strategic objectives over the past year, the Board and the Company's executive management team are resolute in their mission to deliver real value and enhance an entrepreneurial culture across the Company.

In this business context, the Committee has sought to simplify and redesign the Company's incentive arrangements with the aim of ensuring that senior management are motivated to use shareholder capital effectively within the business and to create tangible value and material returns to shareholders going forward. As a result, shareholders will be asked to approve a revised Directors' Remuneration Policy, as presented in Appendix 1 to this document, in a binding vote (which replaces the Directors' Remuneration Policy presented in the Company's 2016 Annual Report and Accounts).

The primary proposed change to the current remuneration arrangements is the replacement of the annual LTIP award with a VCP, which is proposed to operate over a five-year performance period from 1 January 2017 to 31 December 2021.

The VCP will provide participants with a pool of shares with a value equal to 20% of any cumulative shareholder value created above a compound hurdle rate of 8% per annum. However, in the event of a change of control that results in accelerated vesting in 2017 or 2018, or in the case of an Executive Director being deemed a "Good Leaver" (as defined in the VCP rules) in 2017 or 2018, the compound hurdle rates for vesting will be 12% and 10% respectively. The VCP pool will be shared between the Executive Directors and other senior managers who will be instrumental in the delivery of business strategy.

The Board firmly believes that the VCP is the optimum arrangement with which to remunerate the senior management team over the next five years and align pay outcomes with tangible increased shareholder value.

The LTIP awards made in March 2015 and November 2016 will continue to progress subject to the original performance conditions that were set. However, participation in the new VCP will be conditional on the lapsing of the LTIP awards made in March 2017.



A summary of the main proposed amendments to the current Directors' Remuneration Policy from the existing policy are as follows:

Component	Current policy	Amendment to policy	Reasons for change
<b>Base salary, benefits and allowances</b>	- No significant changes	- No significant changes	- N/A
<b>Pension</b>	- No significant changes	- No significant changes	- N/A
<b>Annual bonus plan</b>	- No significant changes	- No significant changes	- N/A
<b>Long-term incentive</b>	<ul style="list-style-type: none"> <li>- Annual awards of performance share awards which vest after three years subject to performance against a combination of relative TSR and other financial measures over a three-year period.</li> <li>- The maximum annual opportunity is 100% of base salary for each Executive Director, with up to 200% of salary used in exceptional circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>- A Value Creation Plan operating over a five-year performance period which will provide participants with a pool of shares with a value equal to 20% of any cumulative shareholder value created above a compound hurdle rate of 8% per annum. However, in the event of a change of control that results in accelerated vesting in 2017 or 2018, or in the case of an Executive Director being deemed a "Good Leaver" (as defined in the VCP rules) in 2017 or 2018, the compound hurdle rates for vesting will be 12% and 10% respectively.</li> <li>- The award will be settled in shares, however, the Committee will have the discretion to settle up to 50% of the award in cash.</li> </ul>	<ul style="list-style-type: none"> <li>- A bespoke long-term incentive more aligned with Sportech's growth strategy – share price is the best indicator of how the market values the efficiency with which the management team uses the available capital, so it implicitly recognises only those activities that are value-enhancing.</li> <li>- Stronger alignment between Executives and shareholders, since the participants will share more directly in the growth of the Company, albeit only for meeting stretching targets.</li> <li>- A simple and transparent incentive focused on the achievement of high levels of growth in shareholder value.</li> <li>- A five-year performance period with a single measurement at the end is genuinely long term and ensures performance is sustained.</li> </ul>
<b>Executive share ownership</b>	- 100% for all Executive Directors	<ul style="list-style-type: none"> <li>- Chief Executive: 200% of salary</li> <li>- Other Executive Directors: 150% of salary</li> </ul>	- The increased shareholding reflects the desire to encourage Executive Directors to build meaningful shareholdings and aligns with best practice.
<b>Non-executive Directors' fees</b>	- No significant changes	- No significant changes	- N/A

### Approval of the Value Creation Plan rules (Resolution 2)

Subject to shareholders approving Resolution 1, Resolution 2 invites shareholders to approve the rules of the VCP (the principal features of which are summarised in Appendix 2 to this document).

## Part IV – Notice of Annual General Meeting 2017

Notice is hereby given that the Annual General Meeting for 2017 of Sportech PLC (the “Company”) will be held at 10.00 a.m. on 24 May 2017 at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF for the transaction of the following business.

Resolutions 1 to 10 will be proposed as ordinary resolutions and Resolutions 11 to 14 will be proposed as special resolutions:

1. To receive and adopt the accounts of the Company and the reports of the Directors and the Auditors of the Company for the year ended 31 December 2016 (“Resolution 1”).
2. To receive and approve the Directors’ Remuneration Report (as that term is used in Section 439 of the Companies Act 2006), other than the part containing the Directors’ Remuneration Policy, for the year ended 31 December 2016 (“Resolution 2”).
3. To reappoint Ian Penrose, who is retiring by rotation in accordance with the Articles of Association, as a Director of the Company (“Resolution 3”).
4. To reappoint Maneck Kalifa (familiar name Mickey), who is retiring by rotation in accordance with the Articles of Association, as a Director of the Company (“Resolution 4”).
5. To reappoint Andrew Gaughan, appointed by the Directors in the previous twelve months and who is retiring in accordance with the Articles of Association and standing for reappointment by the shareholders of the Company, as a Director of the Company (“Resolution 5”).
6. To reappoint Richard McGuire, appointed by the Directors in the previous twelve months and who is retiring in accordance with the Articles of Association and standing for reappointment by the shareholders of the Company, as a Director of the Company (“Resolution 6”).
7. To reappoint Richard Cooper, appointed by the Directors in the previous twelve months and who is retiring in accordance with the Articles of Association and standing for reappointment by the shareholders of the Company, as a Director of the Company (“Resolution 7”).
8. To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next General Meeting of the Company at which accounts are laid (“Resolution 8”).
9. To authorise the Directors to settle the remuneration of the auditors of the Company (“Resolution 9”).
10. THAT:
  - (a) the Directors be generally and unconditionally authorised under Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for, or to convert any security into, shares in the Company (“Rights”):
    - (i) up to an aggregate nominal amount of £30,935,707.50; and
    - (ii) comprising equity securities (as defined in Section 560(1) of the Companies Act 2006) up to a further aggregate nominal amount of £30,935,707.50 in connection with an offer by way of a rights issue to:
      - I. ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and
      - II. holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,but subject to such exclusions and other arrangements as the Directors may consider necessary or appropriate in relation to fractional entitlements, record dates, treasury shares or any legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter.

In the event that the nominal value of each ordinary share of £0.50 each in the capital of the Company is reduced following the passing of Resolution 13 then, solely for the purpose of calculating the extent to which the authority granted by (a)(i) and (a)(ii) has been utilised by the Company after that time, all ordinary shares which are issued and rights which are granted to subscribe for, or to convert any security into, ordinary shares by the Company shall be deemed for such purpose to have been issued as or granted over ordinary shares with a nominal value of £0.50; and

- (b) such authority shall expire (unless previously revoked by the Company) on the earlier of 24 August 2017 and the conclusion of the next Annual General Meeting of the Company and in each case during this period the Company may make an offer or agreement which would or might require shares to be allotted or rights to be granted after the authority has expired and the Directors may allot shares or grant Rights in pursuance of any such offer or agreement notwithstanding that this authority has expired; and
- (c) all previous authorities to allot shares or grant Rights, to the extent unused, shall be revoked ("Resolution 10").

11. THAT:

- (a) subject to the passing of Resolution 10 above, the Directors shall have the power to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash under the authority given by Resolution 10 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited to:
  - (i) the allotment of equity securities and/or sale of treasury shares in connection with an offer or issue of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (a)(ii) of Resolution 10, by way of a rights issue only) to or in favour of:
    - I. ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and
    - II. holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

but subject to such exclusions and other arrangements as the Directors may consider necessary or appropriate in relation to fractional entitlements, record dates, treasury shares or any legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter; and

- (ii) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (i) of this Resolution) up to an aggregate nominal amount of £4,640,356.50.

In the event that the nominal value of each ordinary share of £0.50 each in the capital of the Company is reduced following the passing of Resolution 13 then, solely for the purpose of calculating the extent to which the authority granted by this Resolution 11 has been utilised by the Company after that time, all equity securities which are allotted by the Company and all ordinary shares held as treasury shares which are sold by the Company for cash shall be deemed for such purpose to have been allotted or sold with a nominal value of £0.50; and

- (b) this power shall cease to have effect when the authority given by Resolution 10 is revoked or expires, but during this period the Company may make an offer or agreement which would or might require equity securities to be allotted and/or treasury shares to be sold after this authority expires and the Directors may allot equity securities and/or sell treasury shares in pursuance of that offer or agreement notwithstanding that the authority has expired ("Resolution 11").

12. THAT the Company be, and it is hereby, generally and unconditionally authorised for the purpose of Sections 693 and 701 of the Companies Act 2006, to make one or more market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares in the capital of the Company upon such terms and in such manner as the Directors of the Company shall determine, provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased is 18,561,425;
- (b) the minimum price which may be paid for such ordinary shares is an amount equal to the nominal value of a share (exclusive of expenses);

## Part IV – Notice of Annual General Meeting 2017 *continued*

- (c) the maximum price (exclusive of expenses) which may be paid for an ordinary share cannot be more than an amount equal to the higher of:
    - (i) 105% of the average of the closing middle market price for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the day the purchase is made; and
    - (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue or venues where the market purchases by the Company pursuant to the authority conferred by this Resolution 12 will be carried out;
  - (d) such authority shall expire (unless previously revoked by the Company) on the earlier of 24 August 2017 and the conclusion of the next Annual General Meeting of the Company; and
  - (e) the Company may make a contract or contracts to purchase ordinary shares under this authority prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts (“Resolution 12”).
13. THAT, subject to the confirmation of the Court of Session in Edinburgh, the Company’s share capital be reduced from 185,614,244 ordinary shares of £0.50 each to 185,614,244 ordinary shares of £0.20 each by cancelling £0.30 of the capital paid up on each ordinary share of £0.50 (“Resolution 13”).
14. THAT a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days’ notice (“Resolution 14”).

By Order of the Board

**Luisa Wright**

Company Secretary

24 April 2017

## Part V – Notice of General Meeting

Notice is hereby given that a General Meeting of Sportech PLC will be held at 10.30 a.m. on 24 May 2017 (or as soon thereafter as the Annual General Meeting has finished) at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF for the transaction of the following business.

The following resolutions will each be proposed as an ordinary resolution:

1. To receive and approve the Directors' Remuneration Policy (as that term is used in Section 439A of the Companies Act 2006) as set out in Appendix 1 of this document, which (subject to being approved) will take effect immediately after the end of this General Meeting on 24 May 2017.
2. That, subject to the passing of Resolution 1 above:
  - (a) the rules of the Sportech PLC Value Creation Plan (the "VCP") (the principal features of which are summarised in Appendix 2 of this document and a copy of which is produced in draft to the meeting, initialled by the Chairman of the meeting for the purposes of identification) be and are hereby approved, and the Directors of the Company be and are hereby authorised to do all such things in accordance with applicable law as may be necessary or desirable to carry the VCP into effect, including making such modifications as the Directors consider appropriate to take account of the requirements of the Financial Conduct Authority, HM Revenue and Customs and best practice; and
  - (b) the Directors be authorised to adopt further schemes for the benefit of employees outside the UK based on the VCP but modified to take account of local tax, exchange control or securities law in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the VCP.

By Order of the Board

**Luisa Wright**

Company Secretary  
24 April 2017

## Part VI – Notes to the Notices of the Annual General Meeting and the General Meeting

1. The Company specifies that only those shareholders entered in the register of members of the Company as at close of business on 22 May 2017 or, in the event that the Annual General Meeting and/or the General Meeting is adjourned, in the register of members of the Company 48 hours before the time of the adjourned Annual General Meeting and/or General Meeting (disregarding any portion of such period which is not a business day in accordance with the Company's Articles of Association) will be entitled to attend or vote at the Annual General Meeting and the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after close of business on 22 May 2017 or, in the event that the Annual General Meeting and/or the General Meeting is adjourned, in the register of members of the Company 48 hours before the time of the adjourned Annual General Meeting and/or General Meeting (disregarding any portion of such period which is not a business day in accordance with the Company's Articles of Association) will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting and/or the General Meeting (as appropriate).
2. A member of the Company entitled to attend, speak and vote at the Annual General Meeting and/or the General Meeting is entitled to appoint a proxy or proxies to exercise all or any of his or her rights to attend and to speak and vote instead of him or her in any of the following ways: (a) by completing and returning the enclosed proxy forms; (b) by completing such forms online at [www.capitashareportal.com](http://www.capitashareportal.com) (the "Website") by following the on-screen instructions (to submit such forms you will need to identify yourself with your personal investor code ("IVC")); or (c) through the CREST electronic proxy appointment service (if the member of the Company is a user of CREST, including CREST personal members). Members who have lodged Forms of Proxy, or who have appointed a proxy through the Website or through CREST, are not thereby prevented from attending the Annual General Meeting or the General Meeting and voting in person if they so wish. A proxy need not be a member of the Company but must attend the Annual General Meeting and/or the General Meeting to represent you. If you wish your proxy to speak on your behalf at the Annual General Meeting and/or General Meeting, you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy forms are set out in the notes to the proxy forms. If you wish to appoint a proxy in this way, you must follow the procedures set out in these notes and the notes to the proxy forms.
4. If submitted in hard copy, to be effective the completed and signed proxy form (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority) must be lodged at the offices of Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 10.00 a.m. on 22 May 2017 or, in the event that the Annual General Meeting and/or General Meeting is adjourned, by no later than 48 hours before the time of any adjourned Annual General Meeting and/or General Meeting (disregarding any portion of such period which is not a business day in accordance with the Company's Articles of Association) or, in the case of a poll taken otherwise than at or on the same day as the Annual General Meeting, General Meeting or adjourned Annual General Meeting and/or General Meeting, for the taking of the poll at which it is to be used. Alternatively, you may send any document or information relating to proxies to the electronic address indicated on the proxy forms.
5. Details of how to appoint a proxy through the Website are set out on the Website. If you wish to appoint a proxy through the Website, you must follow the instructions set out on the Website. In order for a proxy appointment through the Website to be valid, your appointment must be received by no later than 10.00 a.m. on 22 May 2017. You can do this via the shareholder portal at [www.capitashareportal.com](http://www.capitashareportal.com) by logging in and selecting the "Proxy Voting" link. To vote online you will need to login using your username and password. However, if you have not previously registered to use the Shareholder Portal, you will need to do so first. To register, you will need your IVC which can be found on the proxy cards or on your share certificate. Electronic communication facilities are open to all members and those who use them will not be advantaged or disadvantaged.

6. CREST members who wish to appoint and/or give instructions to a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and/or the General Meeting and any adjournment(s) thereof 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(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (the CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications 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 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 Capita Asset Services (CREST participant RA10) by no later than 10.00 a.m. on 22 May 2017. 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 Capita 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.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) or the Uncertificated Securities Regulations 2001.
9. A member may appoint more than one proxy in relation to the Annual General Meeting and/or the General Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by a member. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
10. In the case of joint holders, the signature of only one of the joint holders is required on the proxy form. Where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the more senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the more senior).
11. The statement of the rights of shareholders in relation to the appointment of proxies under the procedures set out in these notes does not apply to Nominated Persons as defined below. The rights described in these notes can only be exercised by shareholders.
12. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to every other matter which is put before the Annual General Meeting and/or the General Meeting.
13. To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. 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.

## Part VI – Notes to the Notices of the Annual General Meeting and the General Meeting *continued*

14. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Capita Asset Services' helpline on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls 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. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Asset Services cannot provide advice on the merits of the proposed resolutions nor give any financial, legal or tax advice.
15. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
16. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or a duly appointed attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Asset Services no later than 10.00 a.m. on 22 May 2017. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
17. Appointment of a proxy does not preclude you from attending the Annual General Meeting or the General Meeting and voting in person. If you have appointed a proxy and vote at the Annual General Meeting and/or the General Meeting in person in respect of shares for which you have appointed a proxy, your proxy appointment in respect of those shares will automatically be terminated.
18. At 24 April 2017 (being the date of this Notice of Annual General Meeting and General Meeting), the Company's issued share capital consists of 185,614,244 ordinary shares, each carrying the right to one vote at a general meeting of the Company. As at the date of this document, the Company does not hold any ordinary shares in treasury. Therefore, the total number of voting rights in the Company as at 24 April 2017 was 185,614,244.
19. If you are a person who has been nominated under Section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"):
  - (a) you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting and/or the General Meeting;
  - (b) if you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights; and
  - (c) your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them, not the Company, regarding any changes or queries relating to your personal details and your interest in the Company, including any administrative matters. The only exception to this is where the Company expressly requests a response from you.



20. If you wish to attend the Annual General Meeting and/or the General Meeting in person, you may be required to sign a register of entry upon arrival at CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF.
21. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that Section have the right to require the Company to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which Annual Accounts and Reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
22. Pursuant to Section 319A of the Companies Act 2006, any shareholder attending the Annual General Meeting and/or the General Meeting has the right to ask questions relating to the business being dealt with at the Annual General Meeting and/or the General Meeting. In certain circumstances prescribed by Section 319A, the Company need not answer the questions.
23. A copy of this Notice of Annual General Meeting and General Meeting and other information required by Section 311A of the Companies Act 2006 is available at [www.sportechplc.com](http://www.sportechplc.com).
24. Except as provided above, members who wish to communicate with the Company in relation to the Annual General Meeting and/or the General Meeting should do so by writing to Capita Asset Services, Shareholder Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. No other methods of communication will be accepted. In particular, you may not use any electronic address provided either in this Notice of Annual General Meeting and General Meeting or in any related documents, including in the Chairman's letter and the proxy forms, to communicate with the Company for any purposes other than those expressly stated.

## Appendix 1 – Directors’ Remuneration Policy

We present in this Appendix 1 the revised Directors’ Remuneration Policy for Sportech PLC and its subsidiaries (the “Group”) which will be put to shareholders for approval in a binding vote at the General Meeting on 24 May 2017. The effective date of the revised policy will be 24 May 2017.

The primary objective of the remuneration policy is to promote the long-term success of the Company. In working towards the fulfilment of this objective the Committee aims to: (i) establish a competitive remuneration policy for the Executive Directors; and (ii) align senior Executives’ remuneration with the interests of shareholders and other stakeholders, including customers and employees. In connection with this, the Committee aims to ensure that the remuneration packages offered to Executive Directors and senior Executives:

- are competitive and attract, retain and motivate Executives of the right calibre;
- reflect their responsibility and experience within the business;
- incorporate a significant element of performance-related pay linked to the achievement of challenging performance criteria that are aligned with the Group’s strategy and with increasing shareholder value, but remain appropriate given the Group’s risk profile;
- provide a total remuneration offering at “target” levels of performance that is competitive in the relevant market;
- incentivise performance beyond “target” levels, to be achieved by offering a significant proportion of remuneration to be delivered through incentive-related pay;
- create a strong alignment between the interests of senior management and the sustained delivery of shareholder value;
- take due account of the principles set out in the UK Corporate Governance Code 2014 (the “Code”);
- take due account of pay and employment conditions elsewhere in the Group;
- provide the foundation for overall reward and remuneration structures at senior management levels; and
- provide an appropriate balance between non-performance-related and performance-related pay.

The Committee reviews the remuneration policy, and in particular performance-related pay scheme structures, on an annual basis to ensure that it continues to operate within the agreed risk framework of the Group.

The Committee ensures that an effective system of control and risk management is in place with regards to remuneration, which includes access to the Audit Committee to discuss matters of operational and financial risk. The Committee is satisfied that the policy does not encourage, or reward for, undue risk taking.

The Committee ensures that performance-related pay structures will not raise environmental, social or governance (‘ESG’) risks by inadvertently motivating irresponsible behaviour. More generally, regarding the overall remuneration structure, there is no restriction on the Committee which prevents it from taking into account corporate governance on ESG matters.

### **Changes to the remuneration policy approved by shareholders at the 2014 AGM**

The Committee has undertaken a review of the existing remuneration policy taking account of the Group’s strategic objectives and developments in the executive pay environment. The Committee believes that the current overarching remuneration policy continues to be effective in the main, other than in respect of the Performance Share Plan and Executive share ownership, and that no other significant changes are required. Some minor amendments have been proposed to ensure that the policy is sufficiently flexible to operate effectively over the policy period (for example, the Committee has built in some additional flexibility regarding the specific measures which will be used for the bonus to ensure that targets are fully aligned with the strategic imperatives prevailing at the time they are set).

The Committee proposes to replace the current Performance Share Plan with a Value Creation Plan, and increase the recommended guidelines in respect of Executive share ownership, as outlined below.

Component	Current policy	Amendment to policy	Reasons for change
<b>Base salary, benefits and allowances</b>	- No significant changes	- No significant changes	- N/A
<b>Pension</b>	- No significant changes	- No significant changes	- N/A
<b>Annual bonus plan</b>	- No significant changes	- No significant changes	- N/A
<b>Long-term incentive</b>	<ul style="list-style-type: none"> <li>- Annual awards of performance share awards which vest after three years subject to performance against a combination of relative TSR and other financial measures over a three-year period.</li> <li>- The maximum annual opportunity is 100% of base salary for each Executive Director, with up to 200% of salary used in exceptional circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>- A Value Creation Plan operating over a five-year performance period which will provide participants with a pool of shares with a value equal to 20% of any cumulative shareholder value created above a compound hurdle rate of 8% per annum. However, in the event of a change of control that results in accelerated vesting in 2017 or 2018, or in the case of an Executive Director being deemed a "Good Leaver" (as defined in the VCP rules) in 2017 or 2018, the compound hurdle rates for vesting will be 12% and 10% respectively.</li> <li>- The award will be settled in shares, however, the Committee will have the discretion to settle up to 50% of award in cash.</li> </ul>	<ul style="list-style-type: none"> <li>- A bespoke long-term incentive more aligned with Sportech's growth strategy – share price is the best indicator of how the market values the efficiency with which the management team uses the available capital, so it implicitly recognises only those activities that are value-enhancing.</li> <li>- Stronger alignment between Executives and shareholders, since the participants will share more directly in the growth of the Company, albeit only for meeting stretching targets.</li> <li>- A simple and transparent incentive focused on the achievement of high levels of growth in shareholder value.</li> <li>- A five-year performance period with a single measurement at the end is genuinely long term and ensures performance is sustained.</li> </ul>
<b>Executive share ownership</b>	- 100% for all Executive Directors	<ul style="list-style-type: none"> <li>- Chief Executive: 200% of salary</li> <li>- Other Executive Directors: 150% of salary</li> </ul>	- The increased shareholding reflects the desire to encourage Executive Directors to build meaningful shareholdings and aligns with best practice.
<b>Non-executive Directors' fees</b>	- No significant changes	- No significant changes	- N/A

### Remuneration for Executive Directors

The main component parts of the remuneration packages for Executive Directors are detailed in the table below, which should be read in conjunction with the policy of Executive Director recruitments/promotions.

## Appendix 1 – Directors’ Remuneration Policy *continued*

### Policy table

Remuneration element and purpose	Operation	Opportunity	Performance metrics
<p><b>Base salary</b> To attract and retain key individuals.</p> <p>Reflects the relevant skills and experience in role.</p>	<ul style="list-style-type: none"> <li>- Salaries are normally set on 1 January each year and typically reviewed annually taking account of performance, experience, responsibilities, relevant market information, internal reference points and the level of workforce pay increases.</li> </ul>	<ul style="list-style-type: none"> <li>- The current salaries are set out in the Annual Report on Remuneration on page 37.</li> <li>- Annual increases will typically be commensurate with those of the wider workforce (in percentage of salary terms).</li> <li>- If there are significant changes in responsibility or a change in scope, increases may exceed this level.</li> <li>- New joiners, where pay is initially set below market levels, may experience larger increases as their salary is progressed towards the market rate, based on their development in the role and subject to satisfactory performance.</li> </ul>	<p>A broad-based assessment of individual and Company performance is considered as part of any salary review.</p>
<p><b>Pension</b> To provide cost-effective, yet market competitive, retirement benefits.</p>	<ul style="list-style-type: none"> <li>- Contribution to a personal pension arrangement or cash in lieu of pension by way of a salary supplement.</li> </ul>	<ul style="list-style-type: none"> <li>- Up to 8% of salary for UK Executive Directors. Only basic annual salary is pensionable.</li> </ul>	<p>Not applicable.</p>
<p><b>Benefits</b> To provide cost-effective, yet market competitive, benefits.</p>	<p>Benefits may include a combination of the following:</p> <ul style="list-style-type: none"> <li>- Car or car allowance;</li> <li>- Family cover private health insurance;</li> <li>- Life insurance cover.</li> </ul> <p>Benefits such as relocation allowances may also be offered if considered appropriate and reasonable by the Committee.</p> <p>Executive Directors will be eligible for any other benefits which are introduced for the wider workforce on broadly similar terms and where Executive Directors are recruited from overseas, benefits more tailored to their geographical location may be provided.</p> <p>Executive Directors are also eligible to participate in any all-employee share schemes operated by the Company, in line with prevailing HMRC guidelines (where relevant), on the same basis as for other eligible employees.</p> <p>Any reasonable business-related expenses can be reimbursed.</p>	<p>There is no maximum limit but the Committee reviews the cost of the benefits provision on a regular basis to ensure that it remains appropriate.</p> <p>Participation in the all-employee share plans is subject to the limits set out by HMRC.</p>	<p>Not applicable.</p>

## Policy table continued

Remuneration element and purpose	Operation	Opportunity	Performance metrics
<p><b>Annual bonus plan</b> To motivate Executive Directors and incentivise the achievement of key financial and strategic goals and targets over the financial year.</p>	<ul style="list-style-type: none"> <li>- Bonus is typically paid in cash.</li> <li>- Based on the achievement of performance metrics with a sliding scale from a threshold to maximum level of performance.</li> <li>- Levels of award are determined by the Committee after the year end based on performance against the targets set.</li> <li>- Recovery provisions may be applied in the event of material misconduct and/or an error in the calculation of the bonus payable.</li> </ul>	<ul style="list-style-type: none"> <li>- Maximum bonus potential is up to 100% of salary for the Chief Executive and up to 75% of salary for other Directors. The Committee, in its discretion, acting fairly and reasonably, may alter the bonus outcome (upwards or downwards) if it feels that the payout is inconsistent with the Company's overall performance and events taking place during the year along with any other factors it considers relevant. The Committee will consult with the Company's major shareholders before any exercise of its discretion to increase the bonus outcome and will explain the use of any such discretion in the relevant Annual report on remuneration.</li> </ul>	<p>The majority of the bonus will be based on financial measures such as profit-based targeted performance of the Group (and operating divisions as appropriate), which takes into account market forecasts, and a minority of the bonus will be based on Group strategic objectives and/or personal objectives tailored to the achievement of the Group strategic goals.</p> <p>The proportion of the maximum bonus that may become payable at the threshold performance level where financial targets are set will be 0% of that part of the bonus. Bonuses above this level are earned on a graduated basis to the maximum performance level. Where strategic targets are set, it is not always practicable to operate targets that can be assessed using a graduated scale.</p>
<p><b>Value Creation Plan</b> To motivate Executive Directors and incentivise delivery of performance over the long term.</p> <p>To encourage greater shareholder alignment and to facilitate share ownership.</p>	<ul style="list-style-type: none"> <li>- One-off awards will be made in 2017.</li> <li>- The Value Creation Plan will provide participants with a share in a pool of shares with a value equal to 20% of any cumulative shareholder value created above an annual hurdle.</li> </ul>	<ul style="list-style-type: none"> <li>- The CEO will be entitled to 25% of the pool.</li> <li>- The CFO and President Sportech Racing and Digital will each be entitled to 12.5% of the pool.</li> <li>- The remainder of the pool will be distributed between other participants and reserved for allocation to new joiners.</li> <li>- To the extent that the element of the pool that is reserved for new joiners is not allocated, this may be shared amongst current participants as determined by the Committee.</li> </ul>	<ul style="list-style-type: none"> <li>- Performance will be measured once at the end of a five-year period, unless there has been a change of control before the end of the performance period or at the Committee's discretion where an Executive Director is deemed a "Good Leaver" (as defined in the Rules of the Value Creation Plan).</li> <li>- Performance will be measured from a base share price of 95 pence, being the base level of the 2017 LTIP award, as at the start of the performance period.</li> <li>- Awards are subject to a TSR performance condition.</li> <li>- No award will vest for TSR performance below the compound hurdle rate of 8% per annum. However, in the event of a change of control that results in accelerated vesting in 2017 or 2018, or in the case of an Executive Director being deemed a "Good Leaver" (as defined in the Rules of the Value Creation Plan) in 2017 or 2018, the compound hurdle rates for vesting will be 12% and 10% respectively.</li> <li>- 20% of any cumulative shareholder value created above the hurdle rate will be distributed between participants.</li> </ul>
<p><b>Executive share ownership</b> To align Executive Directors' and shareholders' interests.</p>	<ul style="list-style-type: none"> <li>- The Chief Executive is expected to hold an investment of at least 200% of base salary in the Company, other Executive Directors are expected to hold 150% of base salary in the Company.</li> </ul>	<ul style="list-style-type: none"> <li>- 200% of salary for the Chief Executive and 150% of salary for all Executive Directors.</li> </ul>	<p>Not applicable.</p>

## Appendix 1 – Directors’ Remuneration Policy *continued*

### Policy table continued

Remuneration element and purpose	Operation	Opportunity	Performance metrics
<p><b>Non-executive Director fees</b></p> <p>To attract and retain high-calibre Non-executive Directors.</p> <p>To set remuneration by reference to the responsibilities and time commitment undertaken by each Non-executive Director.</p>	<ul style="list-style-type: none"> <li>- Fee levels are reviewed on a regular basis and are set based on expected time commitments, responsibilities and in the context of the fee levels in companies of a comparable size and complexity, and reflecting the onerous obligations of international racing regimes.</li> <li>- Any increase in fees will also take account of increases in salaries across the workforce.</li> <li>- Fees are normally paid monthly in cash.</li> <li>- Any reasonable business-related expenses can be reimbursed.</li> </ul>	<ul style="list-style-type: none"> <li>- The Non-executive Chairman’s fee and Non-executive Directors’ fees are set out in the Annual Report on Remuneration on page 38.</li> <li>- There is no prescribed maximum fee or fee increase. Any increase will be guided by changes in market rates, time commitments and responsibility levels.</li> <li>- Any increase in fees may be above those of the wider workforce (in percentage terms) in any particular year, reflecting the periodic nature of any review and changes to time commitments and/or responsibilities.</li> </ul>	Not applicable.

### Policy table for legacy incentive awards

Remuneration element and purpose	Operation	Opportunity	Performance metrics
<p><b>Legacy long-term incentive plan</b></p> <p>To motivate Executive Directors and incentivise delivery of performance over the long term.</p> <p>To encourage greater shareholder alignment and to facilitate share ownership.</p>	<ul style="list-style-type: none"> <li>- Awards of performance shares are normally made annually.</li> <li>- The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures.</li> <li>- Directors may be entitled to dividends which accrue on vested awards.</li> </ul>	<ul style="list-style-type: none"> <li>- Performance share awards of up to 100% of salary can be granted for a normal annual grant, with up to 200% of salary used in exceptional circumstances.</li> <li>- Awards granted as set out in the 2016 Annual Report and Accounts.</li> </ul>	<p>Performance is normally measured over three years.</p> <p>Awards are currently granted subject to performance based on a combination of relative TSR and financial measures (such as EPS). The Committee will review the appropriateness of the performance conditions on an annual basis and may make changes to the weightings or use different measures which are aligned to the Company’s strategic priorities at that time.</p> <p>A minority (no more than 25%) of the award will vest for threshold levels of performance, rising on a straight-line basis to full vesting for outperformance.</p>

### Choice of performance measures

The choice of the performance metrics applicable to the annual bonus scheme reflects the Committee’s belief that any incentive compensation should be appropriately challenging and tied to both the delivery of targets relating to key financial measures that support the Company’s strategic objectives and individual and/or strategic performance measures intended to ensure that Executive Directors are incentivised to deliver across a range of objectives for which they are accountable. The Committee has retained some flexibility on the specific measures which will be used to ensure that any measures are fully aligned with the strategic imperatives prevailing at the time they are set.

The performance condition applicable to the VCP award has been selected by the Committee on the basis that share price is the best indicator of how the market values the efficiency with which the management team uses the available capital, so it implicitly recognises only those activities that are value-enhancing. In addition, the Committee considers the Plan provides:

- stronger alignment between Executives and shareholders, since the participants will share directly in the growth of the Company, albeit only for meeting stretching targets;
- a simple and transparent incentive focused on the achievement of high levels of growth in shareholder value; and
- a genuinely long term (five-year performance period) single measurement which ensures performance is sustained.

The Committee operates the annual bonus plan and long-term incentive plans per their respective rules and consistent with normal market practice, the Listing Rules and HMRC rules where relevant, including flexibility in a number of regards. These include:

- timing of awards and payments;
- the size of an award (within the limits noted in the Policy Table), and when and how much should vest;
- who receives an award or payment;
- dealing with a change of control or restructuring of the Group;
- determining whether a participant is a good/bad leaver for incentive plan purposes and whether and what proportion of awards vest;
- any adjustments required to awards in certain circumstances (for example rights issues, corporate restructuring, events and special dividends); and
- the weightings, measures and targets for the annual bonus plan and LTIP from year to year.

The Committee retains the discretion to adjust the targets and/or set different measures and alter weightings for the annual bonus plan and to adjust targets for the LTIP if events occur (e.g. a major acquisition or disposal) which cause it to determine that the conditions are unable to fulfil their original intended purpose and the change would not be materially less difficult to satisfy.

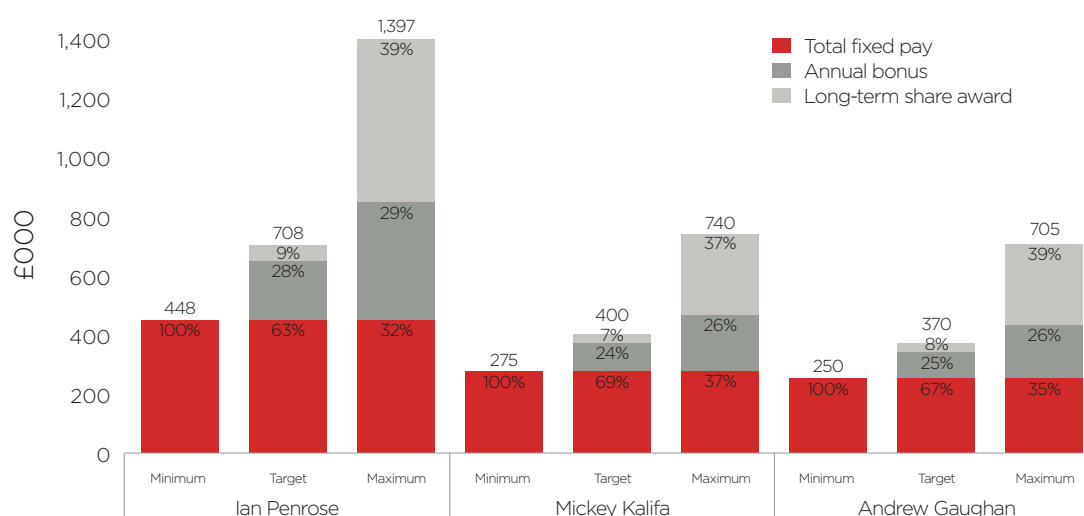
### Existing awards

The Committee intends to honour any commitments, including outstanding LTIP awards other than the awards granted in March 2017 which will lapse as a condition of participation in the VCP during 2017, on the terms applicable at the time each such commitment was made. The relevant outstanding awards are described in more detail on pages 40 to 42 of the Annual Report and Accounts 2016.

### Reward scenarios

The relative proportions of fixed and performance-related remuneration for the Executive Directors, based on the remuneration policy, is shown below based on three performance scenarios: minimum, target and maximum.

#### Illustration of policy application



1. Minimum = fixed pay only (base salary, benefits and pension).
2. Target = 50% of annual bonus and 50% compound TSR over five years for the VCP vesting (annualised amount).
3. Maximum = 100% of annual bonus payable and 75% compound TSR over five years for the VCP vesting (annualised amount).
4. Salary levels are based on those applying on 1 January 2017. An exchange rate of 1.6576 has been used to translate Andrew Gaughan's salary, benefits and pension from Canadian Dollars to Sterling, being the rate per the Bank of England as at 31 December 2016.
5. The value of taxable benefits is the estimated cost of supplying those benefits (using the cost for the year ended 31 December 2016 as a proxy). Benefits for Andrew Gaughan are an estimate based on what is expected to be received.
6. The pension value is based on an 8% of salary contribution/supplement for Ian Penrose and Mickey Kalifa and 3% for Andrew Gaughan.
7. Amounts have been rounded to the nearest £1,000.

## Appendix 1 – Directors' Remuneration Policy *continued*

### **Policy on contracts of service**

It is the Committee's policy for the notice periods of Executive Directors to be twelve months or less.

In the event of termination, the Committee's policy is that payments on termination should reflect the specific circumstances prevailing. In general, it would be the Committee's policy to make a payment in lieu of notice where necessary, limited to base salary and benefits. To the extent that an individual might otherwise seek to bring a claim against the Company in relation to the termination of their employment (e.g. for breach of contract or unfair dismissal), the Committee retains the right to make an appropriate payment in settlement of such potential or actual claims. Payments in connection with any statutory entitlements (for example, in relation to redundancy) may be made as required. In connection with the foregoing, the Committee reserves the right to award to an Executive Director a bonus in respect of the period of the year in which notice of termination had not been served (and, in certain exceptional circumstances, in respect of any period following receipt of notice of resignation) that the individual remained in employment, subject to the appropriate performance measures being achieved. The determination of any share incentive vesting would be subject to the rules of the relevant plan, but in general where an individual is a good leaver (e.g. death, injury or disability, retirement, redundancy, transfer of business outside of the Group and any other reason the Committee decides) their awards would vest on the cessation date, unless the Committee decides the award should continue to the original vesting date and remain subject to the appropriate performance measures being achieved and time pro rating (unless the Committee decides it is inappropriate to apply time pro rating).

The Committee would intend to apply the above policy for any new appointment, which may include the ability to make phased payments with mitigation.

Copies of the Executive Directors' service contracts are available for inspection on request to the Company Secretary.

The Non-executive Directors have letters of appointment which provide for notice by either party giving to the other not less than three months' notice in writing. The Company may also terminate by making a payment in lieu of notice.

None of the employment contracts of the Directors contain special contractual termination provisions.

### **Policy on external appointments**

Sportech PLC recognises that its Directors are likely to be invited to become Non-executive Directors of other companies and that such exposure can broaden experience and knowledge, which will benefit the Company. Executive Directors are therefore allowed to accept Non-executive appointments and retain any fees earned, with the Board's prior permission, if these are not likely to lead to conflicts of interest.

### **Other employees' pay**

The Committee does not consult with employees directly on matters of Executive remuneration. However, the Committee is aware of the disconnect which can be created if Executive Director remuneration is set in isolation. The Committee therefore regularly interacts with the senior operational executives and monitors pay trends and conditions across the workforce. In particular, the Committee is made aware of general salary increases, general benefit provision and the proposed level of annual bonuses. Salary increases will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. The Committee is also responsible for reviewing the participants of the LTIPs and participation levels in the all-employee plans.

### **Remuneration policy across the Group**

The remuneration policy described in this Report is broadly consistent with the policy used for other senior Executives of the Company. A significant proportion of remuneration remains performance related, although lower quantum will operate below the Board level. Over a quarter of full-time employees currently benefit from being part of an annual incentive plan to drive exceptional performance and long-term growth across the business.

Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's strategic direction, earnings growth and share price performance.

The Committee is aware of the support expressed by some investors for the harmonisation of Executive pension allowances to bring them into line with percentages for the wider workforce. Current allowances for Sportech's Executive Directors are up to 8% of base salary, which is below mid-market practice; however, the Committee will continue to closely monitor how market practice and investor views about this topic develop.



### Policy on Executive Director recruitments/promotions

In relation to an external executive recruitment or an internal promotion the Committee will follow the principles outlined in the table below:

Element of remuneration	Policy
<b>Base salary</b>	<p>Salary levels will be set based on:</p> <ul style="list-style-type: none"> <li>- the particular experience, knowledge and skill of the individual;</li> <li>- market rates for comparable positions in companies of a similar size and complexity; and</li> <li>- internal Company relativities.</li> </ul> <p>Where considered appropriate, the Committee may wish to set the initial salary below the market rate but with the view to make a series of planned phased increases, potentially above those of the wider workforce as a percentage of salary, to achieve the desired market positioning over time. Any increases would be subject to the individual's continued development and performance in the role.</p>
<b>Benefits</b>	<p>A new appointment would be offered the same benefits package (or equivalent in line with local market practice) as that provided to current Executive Directors.</p> <p>Where considered necessary, the Committee may be required to pay certain relocation expenses, legal fees and other costs incurred by the individual in relation to their appointment.</p>
<b>Pension</b>	<p>A defined contribution or cash supplement (or equivalent in line with local market practice) at up to the level provided to current Executive Directors may be provided.</p>
<b>Annual bonus</b>	<p>The Committee would envisage the annual bonus for any new appointment operating as set out in the Policy Table for current Executive Directors.</p> <p>However, the Committee may consider it necessary (depending on timing and the nature of the appointment) to set different tailored performance measures for the initial bonus year.</p>
<b>Long-term incentives</b>	<p>A new Executive Director may be entitled to participate in the VCP, albeit potentially with different performance awards and depending on the timing of the appointment. If applicable, the maximum ongoing award will be no higher than that of the current Chief Executive. An award may be made shortly after an appointment.</p> <p>For internal promotions, existing awards will continue over their original vesting period and remain subject to their terms as at the date of grant.</p>
<b>Buy-out awards</b>	<p>To facilitate an external recruitment, it may be necessary to buy out remuneration which would be forfeited on the appointee leaving their previous employer. When determining the quantum and structure of any buy-out awards the Committee will, where possible, use a consistent basis, taking into account the form of remuneration (cash or shares), timing horizons and the application of any performance criteria. Any buy-out awards will be in addition to the limits set out above.</p> <p>Buy-out awards, if used, will be granted using the Company's existing share plans to the extent possible, although awards may also be granted outside of these schemes if necessary and as permitted under the Listing Rules.</p>

The fee structure and quantum for Non-executive Director appointments will be based on the prevailing Non-executive Director fee policy.

### Shareholder engagement

The Committee is mindful of the concerns of shareholders and stakeholders and considers an open and constructive dialogue with investors to be vitally important to establishing a successful remuneration policy which is considered fair by both Executives and shareholders.

The Committee will consult with major investors whenever material changes to the policy are proposed. The Committee also welcomes investor feedback and will consider views raised at the Annual General Meeting and during regular meetings throughout the year and this, plus any additional feedback received from time to time, is considered as part of the Committee's annual review of remuneration policy. The Committee also closely monitors developments in institutional investors' best practice expectations.

## Appendix 2 – Value Creation Plan principal features

Set out below is a summary of the principal features of the Sportech PLC Value Creation Plan (the “VCP”) (Resolution 2 of the General Meeting):

### 1.1 Overview

The VCP is a discretionary share plan. Under the VCP, the remuneration committee of the board of directors of the Company (the “Committee”) may, within certain limits and subject to any applicable performance conditions, grant to eligible employees (i) conditional awards (i.e. a conditional right to acquire ordinary shares) (“Conditional Awards”) and/or (ii) options over ordinary shares (“Options”) and/or (iii) restricted share awards (“RSAs”) which will allow the participant to acquire ordinary shares in Sportech PLC subject to the relevant performance conditions being met (together, the “Awards”).

### 1.2 Eligibility

Participation in the VCP is only available to employees of the Company and its subsidiaries (“Participants” and the “Group”).

### 1.3 Grant of Awards

Subject to shareholder approval at the General Meeting of the VCP and the revised Directors’ Remuneration Policy, Participants will be granted an Award giving them a future right to earn ordinary shares in the Company based on the cumulative total shareholder return generated over the VCP performance period. The initial VCP performance period comprises the five years commencing on 1 January 2017 (“Performance Period”). At present, it is envisaged that only one grant will be made under the VCP.

### 1.4 Structure of Awards

The VCP will provide Participants with a pool of ordinary shares with a value equal to 20% of any cumulative shareholder value created above a compound hurdle rate of 8% per annum. However, in the event of a change of control that results in accelerated vesting in 2017 or 2018, or in the case of an Executive Director being deemed a “Good Leaver” (as defined in the VCP rules) in 2017 or 2018, the compound hurdle rates for vesting will be 12% and 10% respectively. The Chief Executive, Chief Financial Officer and President Sportech Racing and Digital will share 50% of this pool. This will be measured from a base ordinary share price of 95 pence, being the base level of the 2017 LTIP award, as at the start of the Performance Period.

### 1.5 Performance and other conditions

Under the VCP rules, the Committee may impose performance conditions on the vesting of Awards. Where performance conditions are specified for Awards, the underlying measurement period for such conditions will ordinarily be five years.

As noted, the current intention is to make one set of awards based on the cumulative total shareholder return set at the start of the Performance Period. These conditions are expected to be applied to all Awards made to the Directors.

Any performance conditions applying to Awards may be varied or substituted if the Committee considers it appropriate, provided the Committee considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions.

The Committee may also impose other conditions on the vesting of Awards.

### 1.6 Malus

The Committee may decide, at any time prior to the vesting of Awards, that the number of ordinary shares subject to an Award shall be reduced (including to nil) on such basis that the Committee in its discretion considers to be fair and reasonable, where the Committee determines that one or more of the following trigger events have occurred:

- (a) the discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group company; and/or
- (b) action or conduct of a Participant which, in the reasonable opinion of the Committee, amounts to fraud or gross misconduct.

### 1.7 Clawback

The Committee may require a Participant to transfer to the Company all or some of the ordinary shares acquired, or pay certain amounts to the Company, in the period of two years following the vesting of an Award or the exercise of an Option in the same circumstances as apply to malus (see section 1.6 above).

### 1.8 Vesting and exercise

Awards will normally vest, and Options will normally become exercisable, on the fifth anniversary of the date of grant of the Award to the extent that any applicable performance conditions have been satisfied. It is intended that the Committee will have the discretion to settle up to 50% of Awards in cash. Options will normally remain exercisable for a period determined by the Committee at grant, which shall not exceed 10 years from grant.

### **1.9 Cessation of employment**

Except in certain circumstances, set out below, an Award will lapse immediately upon a Participant ceasing to be employed by or holding office with the Group.

If a Participant so ceases because of his death, ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the Participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Committee (each a "Good Leaver Reason"), his Award will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or Director (or such earlier date as the Committee determines), subject to: (i) the satisfaction of any applicable performance conditions measured over the original performance period (or such shorter period as is applicable); and (ii) pro rating to reflect the reduced period of time between grant and the Participant's cessation of employment as a proportion of the normal vesting period. In addition, the Board has overall discretion to determine the final treatment including the ability to accelerate this to the date of leaving subject to time pro rating.

To the extent that Options vest for a Good Leaver Reason, they may be exercised for a period of three months following vesting (or such longer period as the Committee determines) and will otherwise lapse at the end of that period.

### **1.10 Corporate events**

In the event of a takeover, scheme of arrangement, demerger or winding-up of the Company, Awards will vest in full and Options will become immediately exercisable on the date of the corporate event, subject to the total shareholder return being achieved over the period to the change of control. Alternatively, Participants may be allowed to exchange their Awards and/or Options for options over shares in the acquiring company.

### **1.11 Awards not transferable**

Awards granted under the VCP are not transferable other than to the Participant's personal representatives in the event of his death provided that Awards and Ordinary Shares may be held by the trustees of an employee as nominee for the Award holders.

### **1.12 Limits**

The VCP may operate over new issue ordinary shares, treasury ordinary shares or ordinary shares purchased in the market.

### **1.13 Variation of capital**

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Committee may make such adjustments to Awards granted under the VCP, including the number of Ordinary Shares subject to Awards and the Option exercise price (if any), as it considers to be fair and reasonable except to the extent that such variation is material, in which case shareholder approval must be obtained.

### **1.14 Dividends**

No dividends or dividend equivalents shall be paid on accrued or vested Options.

### **1.15 Rights attaching to shares**

Ordinary shares issued and/or transferred under the VCP will not confer any rights on any Participant until the relevant Award has vested or the relevant Option has been exercised and the Participant in question has received the underlying ordinary shares. Any ordinary shares allotted when an Option is exercised or an Award vests will rank equally with ordinary shares then in issue (except for rights arising by reference to a record date prior to their issue).

### **1.16 Amendments**

The Committee may amend the provisions of the VCP in any respect. Shareholder approval must be obtained in the case of any amendment to the advantage of Participants which is made to the provisions relating to eligibility, individual or overall limits, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval. The Company may make minor amendments to benefit the administration of the VCP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants, the Company and/or its other Group companies. Amendments may not adversely affect the rights of Participants except where Participants are notified of such amendment and the majority of Participants approve such amendment.

### **1.17 Benefits not pensionable**

The benefits received under the VCP are not pensionable.

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**Sportech PLC**

101 Wigmore Street  
London W1U 1QU

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