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If you have sold or otherwise transferred all of your GAME Shares (other than pursuant to the Mandatory Offer), please send this document at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee. However, this document should not be forwarded, distributed or transmitted in, into or from any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you sell or have sold or otherwise transferred only part of your holding of GAME Shares, you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and, therefore, persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not, nor is it intended to, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Mandatory Offer or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This document is not a prospectus.

A copy of this document will be published on GAME's website (www.gamedigitalplc.com) by no later than 12:00 noon on the Business Day following the publication of this document, and will continue to be made available on such website during the Offer Period.

GAME

RECOMMENDED MANDATORY CASH OFFER

FOR

GAME DIGITAL PLC

by

SPORTS DIRECT INTERNATIONAL PLC

This document sets out certain details of the Mandatory Offer. This document should be read as a whole, together with the information incorporated into it by reference and together with the Offer Document and the Form of Acceptance. Your attention is drawn, in particular, to the letter from the Chairman of GAME in Part 1 (*Letter from the Chairman of GAME*) of this document, which contains the unanimous recommendation of the GAME Directors that you accept the Mandatory Offer.

Certain terms used in this document are defined in Part 6 (*Definitions*) of this document.

ACTION TO BE TAKEN

If you are a GAME Shareholder, by now you should have received the Offer Document and, if you hold your GAME Shares in certificated form, the Form of Acceptance from Sports Direct, which contain details of the Mandatory Offer. Please refer to the Offer Document (in particular the section headed "Action to be taken to accept the Offer" on page 4 of the Offer Document) and, if you hold your GAME Shares in certificated form, the Form of Acceptance for information on how to accept the Mandatory Offer.

IMPORTANT NOTICES

The release, publication or distribution of this document, in whole or in part, in, into or from jurisdictions other than the United Kingdom may be restricted by law. Any persons who receive or are able to access this document who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, all such restrictions. In particular, the ability of persons who are not resident in the United Kingdom to accept the Mandatory Offer may be affected by the laws of the relevant jurisdiction in which they are located. Any person (including, without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this document to any jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of such jurisdiction. To the fullest extent permitted by applicable law, the companies and other persons involved in the Mandatory Offer disclaim any responsibility and liability for the violation of such restrictions by any person or any other failure to satisfy any applicable laws, regulations or requirements.

This document does not constitute an offer or invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

No person has been authorised to make any representation(s) on behalf of GAME concerning the Mandatory Offer or any related matter which is or are inconsistent with the statements contained in this document (or any of them).

GAME Shareholders should not construe anything contained in this document as legal, financial or tax advice and should consult their own professional advisers for any such advice.

The statements contained in this document are made as at the date of this document, unless some other date is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of the GAME Group, except where otherwise stated.

Canaccord Genuity, which is authorised and regulated in the UK by the FCA, is acting as Rule 3 adviser and joint corporate broker exclusively for GAME and for no one else in connection with the Mandatory Offer and will not regard any other person as its client in relation to the matters referred to in this document and will not be responsible to anyone other than GAME for providing the protections afforded to clients of Canaccord Genuity, nor for providing advice in relation to the Mandatory Offer or any other matter referred to in this document.

Liberum, which is authorised and regulated in the UK by the FCA, is acting as joint corporate broker exclusively for GAME and for no one else in connection with the Mandatory Offer and will not regard any other person as its client in relation to the matters referred to in this document and will not be responsible to anyone other than GAME for providing the protections afforded to clients of Liberum, nor for providing advice in relation to the Mandatory Offer or any other matter referred to in this document.

Restricted Jurisdictions

This document will not be made available, directly or indirectly, in or into, or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and no person may accept the Mandatory Offer by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Copies of this document and the formal documentation relating to the Mandatory Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded or distributed in, into or from a Restricted Jurisdiction. Persons receiving this document (including custodians, nominees and trustees) must not distribute or send it, in whole or in part, in, into or from a Restricted Jurisdiction.

Each GAME Shareholder is urged to consult his or her own professional advisers immediately regarding the legal and tax consequences of the Mandatory Offer applicable to him or her.

Forward-looking statements

This document contains certain forward-looking statements with respect to GAME. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as, without limitation, “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “aim”, “will”, “may”, “hope”, “continue”, “would”, “could” or “should” or other words of similar meaning or the negative thereof. Forward-looking statements include, but are not limited to, statements relating to the following: (i) future capital expenditures, expenses, revenues, economic performance, financial conditions, dividend policy, losses and future prospects, (ii) business and management strategies and the expansion and growth of the operations of GAME and (iii) the effects of government regulation on the business of GAME. There are many factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among such factors are changes in global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Except as expressly provided in this document, neither they nor any other statements have been reviewed by the auditors of GAME. By their nature, these forward-looking statements involve known and unknown risks, and uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this document may cause the actual results, performance or achievements of any such person, or industry results and developments, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that such expectations will prove to have been correct and persons reading this document are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. Neither GAME, nor its members, directors, officers, employees, advisers or any person acting on behalf of one or more of them, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur.

Neither GAME, nor its members, directors, officers, employees, advisers or any person acting on behalf of one or more of them, has any intention or accepts any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. All subsequent oral or written forward-looking statements attributable to GAME or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above.

Neither GAME, nor its members, directors, officers, employees, advisers or any person acting on behalf of one or more of them, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur.

No profit forecasts or estimates

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

Electronic communications

Addresses, electronic addresses and certain other information provided by GAME Shareholders, persons with information rights and other relevant persons for the receipt of communications from GAME may be provided to Sports Direct during the Offer Period as required under Section 4 of Appendix 4 to the Code.

Dealing disclosure requirements under the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3 (a) applies must be made by no later than 3:30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3:30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3:30 p.m. (London time) on the business day following the date of the relevant dealing.

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

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

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

Publication on website and availability of hard copies

In accordance with Rule 26.1 of the Code, a copy of this document will be made available (subject to certain restrictions relating to persons resident in Restricted Jurisdictions), free of charge, on GAME's website (www.gamedigitalplc.com) by no later than 12:00 noon on the Business Day following the date of publication of this document. Save as expressly referred to in this document, the contents of that website are not incorporated into, and do not form part of, this document.

If you have received this document electronically, you may (in accordance with Rule 30.3 of the Code) request a hard copy of this document, free of charge, by either calling GAME's registrar, Computershare Investor Services PLC, on 0345 002 1125 (from within the UK) or +44 (0) 345 002 1125 (from outside the UK), or by writing to Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol BS13 8AE. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5:30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. For persons who receive a copy of this document in electronic form or via a website notification, a hard copy of this document will not be sent unless so requested. In accordance with Rule 30.3 of the Code, a person so entitled may also request that all future documents,

announcements and information to be sent to them in relation to the Mandatory Offer should be in hard copy form.

Rounding

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

Time

All times shown in this document are London times, unless otherwise stated.

Date of publication

This document is dated 4 July 2019.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Mandatory Offer	5 June 2019
Publication and posting of Offer Document	20 June 2019
Publication of this document	4 July 2019
First closing date of the Mandatory Offer	1.00 p.m. on 11 July 2019
Payment of cash consideration to GAME Shareholders that have accepted the Mandatory Offer (subject to the Mandatory Offer becoming unconditional and there being no extension of the closing date)	No later than 25 July 2019

Future dates are indicative only and may be subject to change. If any of the dates and/or times do change, the revised times and/or dates will be announced via a Regulatory Information Service.

PART 1

LETTER FROM THE CHAIRMAN OF GAME DIGITAL PLC

GAME

(incorporated in England and Wales with registered number 09040213)

GAME Directors

John Jackson (*Chairman and Chair of the Nomination Committee*)
Martyn Gibbs (*Chief Executive Officer*)
Ray Kavanagh (*Chief Financial Officer*)
Dimitri Goulandris (*Senior Independent Director and Chair of the Remuneration Committee*)
Clare Urmston (*Non-Executive Director and Chair of the Audit and Risk Committee*)

GAME Digital plc

Unity House
Telford Road
Hampshire
RG21 6YJ

4 July 2019

To the holders of GAME Shares and, for information only, to holders of options under the GAME Share Plans and persons with information rights

Dear GAME Shareholder

RECOMMENDED MANDATORY CASH OFFER FOR GAME DIGITAL PLC BY SPORTS DIRECT INTERNATIONAL PLC

1 Introduction

On 5 June 2019, Sports Direct agreed to acquire 14,869,666 GAME Shares from Marlborough UK Micro-Cap Growth Fund, bringing its holding in GAME to 66,569,666 GAME Shares in aggregate, representing approximately 38.49% of the existing issued share capital and voting rights of GAME. As a result of this acquisition, and pursuant to Rule 9 of the Code, Sports Direct was required to announce a firm intention to make an offer for all the GAME Shares not already owned by it or by persons acting in concert with it, which it did on 5 June 2019.

Following the publication of the Offer Document by Sports Direct on 20 June 2019, it was announced on 21 June 2019 that the GAME Directors unanimously intended to recommend the Mandatory Offer.

The purpose of this letter is to explain why the GAME Directors, following advice from Canaccord Genuity as to the financial terms of the Mandatory Offer, consider the terms of the Mandatory Offer to be fair and reasonable and why they unanimously recommend that GAME Shareholders accept the Mandatory Offer in respect of all of their GAME Shares, as those GAME Directors who hold GAME Shares intend to do in respect of their own beneficial holdings of 1,459,911 GAME Shares, representing, in aggregate, approximately 0.84% of the issued ordinary share capital of GAME as at the Latest Practicable Date. Canaccord Genuity is providing independent financial advice to the GAME Directors for the purposes of Rule 3 of the Code.

2 Summary of the terms of the Mandatory Offer

Under the terms of the Mandatory Offer, which is subject to the terms and conditions set out in the Offer Document, each GAME Shareholder will receive:

for each GAME Share

30 pence in cash

The Mandatory Offer values the entire issued and to be issued share capital of GAME (not taking into account the exercise of any outstanding options which may have vested under the GAME PSP) at approximately £51.88 million and represents a premium of approximately 27.4% to the Closing Price of a GAME Share of 23.55 pence on 4 June 2019 (being the last Business Day before the commencement of the Offer Period).

3 **Background to and reasons for the GAME Directors' recommendation**

Following the publication of the Rule 2.7 Announcement by Sports Direct on 5 June 2019, the GAME Board considered the merits of the Mandatory Offer and consulted with its major shareholders and advisers, whilst also actively engaging in discussions with Sports Direct and its advisers.

Following a period of detailed deliberation, the GAME Directors have unanimously concluded, having been so advised by Canaccord Genuity as to the financial terms of the Mandatory Offer, that the terms of the Mandatory Offer are fair and reasonable and they therefore unanimously recommend that GAME Shareholders accept the Mandatory Offer, as those GAME Directors who hold GAME Shares intend to do in respect of their own beneficial holdings of 1,459,911 GAME Shares, representing, in aggregate, approximately 0.84% of the issued ordinary share capital of GAME as at the Latest Practicable Date.

In coming to this recommendation, the GAME Directors have considered the growing size of Sports Direct's shareholding in GAME and the reliance GAME has on Sports Direct for supporting its future growth prospects (especially the future rollout of BELONG and GAME venues under the Collaboration Agreement, a summary of which is set out in paragraph 6.1 of Part 4 (*Additional Information*) of this document), combined with the ongoing industry headwinds, current negative retail market outlook and the likely elongated current console lifecycle which are expected to impact the future financial performance of the GAME Group.

The GAME Board acknowledges Sports Direct's intention, as set out in paragraph 7 of Part 1 (*Letter from Sports Direct International PLC*) of the Offer Document, to work with the GAME team as part of its ongoing review of the business and to accelerate the evolution of the BELONG business. GAME continues to see significant opportunity with its transformation strategy and rollout of BELONG. The GAME Board is therefore disappointed that it is not able to execute this strategy on a standalone basis. Nevertheless, the GAME Board believes that the Mandatory Offer has the potential to deliver a number of strategic benefits to GAME's business, including the opportunity to benefit from Sports Direct's increased financial and operating support.

The GAME Directors also note that the terms of the Mandatory Offer represent a premium of approximately 27.4% to the Closing Price of a GAME Share of 23.55 pence on 4 June 2019 (being the last Business Day before the commencement of the Offer Period), which represents an opportunity for GAME Shareholders to crystallise certain value from their investment in GAME at an attractive premium.

4 **Intentions of Sports Direct**

Sports Direct's intentions for GAME are set out in paragraph 7 of Part 1 (*Letter from Sports Direct International PLC*) of the Offer Document, the key parts of which are repeated below:

"In addition to its general intention to secure the future of GAME and navigate the challenging conditions GAME faces by providing financial support and the wider benefit of Sport Direct's operating and other experience, Sports Direct intends to work with the GAME management team to develop and review GAME's existing strategic programme of repositioning and right sizing GAME's retail business (including via its store optimisation programme), whilst investing in, and expanding, BELONG. Sports Direct's aim is to ensure GAME's long-term sustainability and to escalate the evolution of the BELONG business to accelerate the next stage of GAME's development.

The review will cover areas including the location, size and lease terms of GAME's sites, its headquarters and distribution centre, its product and services mix, and other key aspects of GAME's business and operations. In particular, the review will focus on whether the existing GAME sites should be consolidated with others in the Sports Direct Group, re-purposed or closed, including by looking to consolidate GAME sites into Sports Direct's and open BELONG stations and arenas within Sports Direct, House of Fraser or other Sports Direct Group locations, focussing on the customer experience and experiential retail offering.

The review is expected to be ongoing for the first year after completion and to result in cost savings associated with GAME no longer being a public company. The review could result in consolidation or closure of GAME sites and a consequent reduction or relocation in the employment of GAME's employees and management (and those of its subsidiaries) and a

change in the balance of skills and functions. The review may also result in changes to the headquarters, headquarters functions and distribution centre and to the general operations of GAME.

Sports Direct has no intention of changing the research and development functions of GAME, of making any material change to the conditions of employment or making any changes to employer contributions into GAME's pension schemes, the accrual of benefits for existing members and the admission of new members, nor the redeployment of the fixed assets of GAME."

5 Views of the GAME Board on the Mandatory Offer

In considering the merits of the Mandatory Offer, the GAME Directors' core focus was on securing the long-term future of GAME, including positioning GAME to best navigate the challenging market conditions and headwinds that are currently faced by the industry as a whole, whilst at the same time continuing to support its greatly valued employees, suppliers and other stakeholders. Whilst the GAME Directors were disappointed by Sports Direct unilaterally publishing the Offer Document, the GAME Directors are pleased that Sports Direct shares their core focus of wanting to secure the long-term sustainability of GAME, in addition to providing financial support to GAME and escalating the evolution of the BELONG business, which will be key to the success of GAME's business going forward.

Sports Direct has been a longstanding significant shareholder in GAME and has, since February 2018, been GAME's partner in relation to BELONG under the Collaboration Agreement. Whilst the pace of the BELONG site rollout has been slow since the Collaboration Agreement was entered into, the GAME Directors believe that GAME becoming part of the Sports Direct Group will enable Sports Direct to devote greater focus to, and invest more capital into, expanding the BELONG roll out strategy, including potentially integrating BELONG arenas into Sports Direct's existing business interests, such as Sports Direct and House of Fraser locations and other of its properties.

GAME's supplier partners are critical to the content programmes and intellectual property rights approvals needed by the BELONG business and the GAME Directors believe that agreeing a programme to increase the number of BELONG venues and stations with Sports Direct would provide assurance to GAME's partners on the future rollout benefits.

Whilst the GAME Directors agree that the retail and gaming sectors remain fast-moving and are currently subject to challenging operating conditions, the GAME Directors also believe that being part of the Sports Direct Group has the potential to secure the financial viability of the business and allow GAME to prosper in this environment.

Recent market forecasts have indicated that the new Microsoft and Sony console cycle will commence in the peak 2020 trading period and the new Xbox, Project Scarlett, was announced to be launching before the end of 2020 only days after Sports Direct released the Rule 2.7 Announcement on 5 June 2019. Contrary to Sports Direct's suggestion in the Offer Document, the GAME Directors do not believe that the next generation of games consoles will likely be without physical software, as both Microsoft and Sony have announced that their new consoles will not abandon discs and that they will support a combination of physical and digital games and downloadable content in order to maximise player engagement and fulfilment (which remains a vital pillar of GAME's retail offering). Whilst the move towards a greater level of digitalised gaming content continues, the current global infrastructure to support fully digitalised gaming requires further material evolutions. These infrastructure challenges, combined with continued consumer appetite for physical games, lead the GAME Directors to believe that it will be some time before physical software is expected to be no longer available. The GAME Directors believe that GAME remains a core part of the distribution supply chain for many of the leading global game publishers, who continue to see GAME as a key retail partner in supporting the distribution of key gaming content within the UK and Spain for the foreseeable future. Furthermore, the GAME Directors believe that GAME's strategy of moving from being a seller of physical and digital products to positioning itself as a provider of gaming experiences and services allows the business to thrive regardless of the method by which games are distributed, through growth in esports activities and, especially, in the BELONG business.

The GAME Directors believe that the intended review of GAME's business by Sports Direct following the Mandatory Offer is an important step in continuing to ensure that GAME's business remains best placed to react and adapt to the evolving market place, which should support in future-proofing the business going forward. Sports Direct has stated that this review will cover areas such as the location, size and lease terms of GAME's sites, its headquarters and distribution centre, its product and services mix, and other key aspects of GAME's business and operations and that this review will focus in particular on whether existing GAME sites should be consolidated with others in the Sports Direct Group, re-purposed or closed (including by looking to consolidate GAME sites into Sports Direct's and opening BELONG stations and arenas within Sports Direct, House of Fraser or other Sports Direct Group locations).

The GAME Directors considered management's implementation of significant cost savings over the past two years and the work that was progressing on further efficiencies. Although additional cost savings through a programme of store rationalisation could be achieved over time by GAME as a standalone business, the GAME Directors recognise that Sports Direct has the ability to support and accelerate the unlocking of such further cost savings.

The GAME Directors are pleased that Sports Direct has confirmed that it has no intentions of changing the existing research and developments functions of GAME. The GAME Directors are also pleased that Sports Direct is not proposing any material changes to the employment conditions of GAME employees or to its employer contributions into GAME's pension schemes, the accrual of benefits for existing members or the admission of new members, nor the redeployment of the fixed assets of GAME. Whilst Sports Direct's review process will not commence until after completion of the Mandatory Offer, the GAME Directors believe the outcome of this review, in combination with being fully strategically integrated into and aligned with Sports Direct, will be an important factor to the future success of GAME.

The GAME Directors note that the full effects of the Mandatory Offer on GAME's business may not be known until one year after completion of the Mandatory Offer. However, Sports Direct has stated in the Offer Document that it expects its review of GAME's business to result in cost savings associated with GAME no longer being a public company and that its review could, in addition, also result in (i) the consolidation or closure of GAME sites and a consequent reduction or relocation in the employment of GAME's employees and management (and those of GAME's subsidiaries), (ii) a change in the balance of skills and functions of the GAME Group's employees and (iii) changes to the headquarter, headquarter functions and distribution centre, as well as to the general operations of GAME.

Given the lack of detailed information in the Offer Document regarding Sports Direct's intentions for GAME, there is insufficient information for the GAME Directors to comment further on the likely impact of the Mandatory Offer on GAME's business. However, the GAME Directors intend to seek to ensure that any disruption caused by the Mandatory Offer on GAME's business is kept to a minimum, where possible. The GAME Directors are confident that GAME's employees and management possess skills that could be highly valuable to the business under Sports Direct's ownership.

The GAME Directors would like to take this opportunity to thank GAME's management, employees and supplier partners, who all remain at the heart of the business, for their tireless work to date.

6 GAME Shares to which the Mandatory Offer relates

The Mandatory Offer extends to the GAME Shares not already owned by Sports Direct or any person acting in concert with it, which represented approximately 61.51% of GAME's existing issued ordinary share capital as at 20 June 2019, being the date on which the Offer Document was published.

In addition, the Mandatory Offer extends to any GAME Shares which are unconditionally allotted or issued and fully paid (or credited as fully paid) on or before the date on which the Mandatory Offer closes as to acceptances (or such earlier date as Sports Direct may, subject to the Code, decide), including any such GAME Shares allotted or issued pursuant to the GAME Share Plans before the date on which the Mandatory Offer closes.

7 GAME Share Plans

The Mandatory Offer will result in the accelerated vesting of GAME PSP options and GAME LTIP awards to the extent determined by the Remuneration Committee, having taken into account GAME's performance and the conditions applicable to those options and awards.

Participants in the GAME PSP will shortly be sent letters containing details of the proposals to be made to them in accordance with Rule 15 of the Code.

GAME Shares obtained by participants in the GAME SIP under the terms of the GAME SIP are already included in the GAME Shares to which the Mandatory Offer relates. Participants in the GAME SIP may instruct the GAME SIP Trustee to accept the Mandatory Offer in respect of the GAME Shares it holds on their behalf and GAME will shortly be writing to participants in the GAME SIP to inform them of their options with regards to the Mandatory Offer.

8 Cancellation of GAME Shares, compulsory acquisition and re-registration

If the Mandatory Offer becomes, or is declared, unconditional in all respects and Sports Direct receives valid acceptances in respect of GAME Shares which, together with the GAME Shares owned, or agreed to be acquired, before or during the Mandatory Offer by Sports Direct and its concert parties, represent not less than 75% of the voting rights attaching to the GAME Shares, Sports Direct intends to procure that GAME will make an application for the cancellation of the admission of GAME Shares to the Official List and to cancel trading in GAME Shares on the Main Market.

If such an application is made, it is expected that cancellation of admission to trading on the Main Market will take effect no earlier than 20 Business Days after the date on which Sports Direct has, by virtue of its shareholdings and acceptances of the Mandatory Offer, acquired, or agreed to acquire, 75% of the voting rights attaching to the GAME Shares. Sports Direct will request that GAME makes a regulatory announcement when the necessary 75% threshold has been reached confirming that the notice period has commenced and the anticipated date of cancellation.

Cancellation of the admission to trading on the Main Market is likely to reduce significantly the liquidity and marketability of any GAME Shares in respect of which the Mandatory Offer has not at such time been accepted. Any remaining GAME Shareholders would become minority shareholders in a majority controlled private limited company and may therefore be unable to sell their GAME Shares. There can be no certainty that GAME would pay any further dividends or other distributions or that such minority GAME Shareholders would again be offered an opportunity to sell their GAME Shares on terms which are equivalent to or no less advantageous than those under the Mandatory Offer.

If the Mandatory Offer becomes, or is declared, unconditional in all respects and Sports Direct receives acceptances of the Mandatory Offer in respect of, and/or otherwise acquires (together with those acting in concert with it), 90% or more of the GAME Shares to which the Mandatory Offer relates and 90% or more of the voting rights attaching to such shares, Sports Direct intends to exercise its rights pursuant to sections 974 to 991 of the Companies Act to acquire compulsorily, on the same terms as the Mandatory Offer, the remaining GAME Shares in respect of which the Mandatory Offer has not at such time been accepted.

Sports Direct also intends that, if the Mandatory Offer becomes, or is declared, unconditional in all respects, and Sports Direct receives valid acceptances in respect of GAME Shares which, together with the GAME Shares acquired, or agreed to be acquired, before or during the Mandatory Offer by Sports Direct, represent not less than 75% of the voting rights attaching to the GAME Shares, Sports Direct will seek to re-register GAME as a private limited company.

9 Current trading of the GAME Group

At the time of announcing its interim results for the 26 week period ended 26 January 2019 on 21 March 2019, the Company noted the following:

“The retail sector is facing further challenges over the coming months with considerable economic uncertainty and weakening consumer confidence. Our retail performance is also impacted by the console cycle which has entered its sixth year and is likely to lead to a decline in low margin console sales, however, physical software sales have held up well. For the 6 weeks ended 9 March 2019, the mint market in the UK was down 5.9% and in Spain it was down 3.8% (down 2.3% on a constant currency basis).”

The current market analyst expectations are for a new Xbox console to launch before the end of 2020 and for a new PlayStation console to launch in 2021, whilst the potential evolution of Nintendo Switch is currently unclear. Alongside this, GAME is managing the low point of the cycle through its cost savings programme, focus on PC accessories and licensed merchandise and investment and growth in BELONG.

The GAME Directors note that gaming continues to change and the development of ways for more players to access games has been evolving rapidly. Apex Legends launched in February 2019 and was initially a disrupter in this ever-changing market. However, as GAME demonstrated with Fortnite, it has the opportunity to monetise such games through digital currency, high-end accessories and licensed merchandise.

GAME's focus remains on its transformational strategy to move from a seller of physical products to providing gaming experiences and services. As more consumer focus and spend moves to experiences, GAME is well advanced in delivering unique gaming at both local and national level.

Since 21 March 2019, whilst GAME's operating environment has faced further challenges due to the ongoing industry headwinds, current negative retail market outlook and the likely elongated current console lifecycle which is expected to impact the future financial performance of the GAME Group, GAME continues to trade broadly in line with the expectations of the GAME Directors.

10 UK taxation

Your attention is drawn to Part 3 (*UK Taxation*) of this document, which sets out a summary of certain UK tax consequences of acceptance of the Mandatory Offer, based on current legislation and practice.

That summary is generic, does not constitute tax advice and does not purport to be a complete analysis of all potential UK consequences of acceptance of the Mandatory Offer. Although this document contains certain tax related information, if you are in any doubt about your own tax position or if you are subject to taxation or resident for tax purposes in any jurisdiction other than the UK, you are strongly advised to consult an appropriately qualified professional financial or tax adviser immediately.

11 Recommendation

The GAME Directors, who have been so advised by Canaccord Genuity as to the financial terms of the Mandatory Offer, consider the terms of the Mandatory Offer to be fair and reasonable. In providing its advice to the GAME Directors, Canaccord Genuity has taken into account the commercial assessments of the GAME Directors. Canaccord Genuity is providing independent financial advice to the GAME Directors for the purposes of Rule 3 of the Code.

Accordingly, the GAME Directors unanimously recommend that GAME Shareholders accept the Mandatory Offer, as those GAME Directors who hold GAME Shares intend to do in respect of their own beneficial holdings of 1,459,911 GAME Shares, representing, in aggregate, approximately 0.84% of the issued ordinary share capital of GAME as at the Latest Practicable Date.

12 **Further information**

The terms and conditions of the Mandatory Offer are set out in full in the Offer Document (in particular in Appendix I (*Condition of the Offer, certain further terms of the Offer, Form of Acceptance and Electronic Acceptances*) of the Offer Document) and, if you hold your GAME Shares in certificated form, in the Form of Acceptance.

Your attention is drawn to the further information in the remainder of this document. You should read the whole of this document, together with the information incorporated into it by reference and together with the Offer Document and the Form of Acceptance, and should not rely solely on the summary information contained in this letter.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'John Jackson', written over a horizontal line.

John Jackson
Chairman
GAME Digital plc

PART 2

FINANCIAL INFORMATION

Financial Information relating to GAME

The following table sets out certain financial information in respect of GAME. The documents referred to below (or parts thereof), the contents of which have previously been announced through a Regulatory Information Service, are available free of charge on GAME's website (www.gamedigitalplc.com), and are incorporated into this document by reference pursuant to Rule 24.15 of the Code:

Information incorporated by reference into this document	Hyperlink	Page numbers in reference document
Interim results of GAME for the 26 weeks to 26 January 2019	http://otp.investis.com/clients/uk/game_digital_plc/rns/regulatory-story.aspx?cid=860&newsid=1241714	Pages 6 to 21 (inclusive)
Audited consolidated accounts of GAME for the financial year ended 28 July 2018	http://www.gamedigitalplc.com/~/_/media/Files/G/Game-Corp-V2/documents/results-reports-presentations/2018/20-11-2018-game-ar2018-website.pdf	Pages 74 to 117 (inclusive)
Audited consolidated accounts of GAME for the financial year ended 29 July 2017	http://www.gamedigitalplc.com/~/_/media/Files/G/Game-Corp-V2/documents/results-reports-presentations/2017/game-ar2017.pdf	Pages 112 to 167 (inclusive)

The information above is available free of charge in "read only", printable format from the hyperlinks set out above.

Availability of hard copies

A person who has received this document may request a hard copy of any documents or information incorporated by reference into this document. A copy of any such documents or information incorporated by reference into this document will not be provided unless requested by either calling GAME's registrar, Computershare Investor Services PLC, on 0345 002 1125 (from within the UK) or +44 (0)345 002 1125 (from outside the UK), or by writing to Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol BS13 8AE. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5:30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

No incorporation of website information

Save as expressly referred to herein, neither the content of GAME's website, nor the content of any website accessible from hyperlinks on GAME's website, is incorporated into or forms part of this document.

Ratings

No ratings agency has publicly accorded any current credit rating or outlook to GAME.

PART 3

UK TAXATION

This Part, which is intended as a general guide only, is based on current UK tax law and the published practice of HM Revenue & Customs, both of which are subject to change at any time, possibly with retrospective effect.

It summarises certain limited aspects of the UK tax treatment of the Mandatory Offer, but does not constitute tax advice and does not purport to be a complete analysis of all tax considerations relating to the Mandatory Offer.

This Part relates only to those GAME Shareholders who are beneficial owners of their GAME Shares, who hold their GAME Shares as an investment, who are resident for tax purposes in (and only in) the UK at all relevant times and, in the case of individuals, to whom “split year” treatment does not apply. The tax treatment may be different for GAME Shareholders who acquired (or were treated as having acquired) their GAME Shares by reason of office or employment.

Special tax provisions may apply to GAME Shareholders who have acquired or who acquire their GAME Shares pursuant to the exercise of options under the GAME Share Plans. The UK tax treatment of such GAME Shareholders will be summarised in separate communications to such GAME Shareholders.

If you are in any doubt as to your tax position or if you are subject to tax in any jurisdiction other than the UK, you should consult an appropriate professional adviser immediately.

United Kingdom taxation of chargeable gains

The receipt by a GAME Shareholder of cash consideration payable under the terms of the Mandatory Offer will, for the purposes of UK taxation on chargeable gains, constitute a disposal of their GAME Shares which may, depending on the relevant GAME Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to UK taxation of chargeable gains or an allowable loss.

(i) Individual GAME Shareholders

For individual GAME Shareholders, the principal factors that will determine the UK capital gains tax position are the extent to which the individual GAME Shareholder realises any other capital gains in the UK tax year in which the disposal is made, the extent to which the individual GAME Shareholder has incurred capital losses in that or earlier UK tax years, the income tax band into which the individual GAME Shareholder falls, and the level of the annual allowance of tax-free gains in that UK tax year.

The capital gains tax annual exemption (£12,000 for the 2019/20 tax year) (the “**Annual Exemption**”) may be available to individual GAME Shareholders to offset against chargeable gains realised on the disposal of their GAME Shares.

Subject to available reliefs or exemptions (including the Annual Exemption), gains arising on a disposal of GAME Shares by an individual GAME Shareholder will be taxed at the rate of 10% to the extent that the gain, when it is added to the GAME Shareholder's other taxable income and gains in the relevant tax year, falls within the income tax basic rate band (taking the chargeable gain as the highest part of the aggregate). To the extent any amount of the gain exceeds the basic rate band, it will be taxed at the rate of 20%. Generally, an individual GAME Shareholder who ceases to be resident in the UK for tax purposes and then reacquires UK tax residence before five complete tax years have elapsed and who disposes of their GAME Shares during that period of non-residence may also be liable on their return to the UK to tax on any capital gain realised, subject to any available exemptions or reliefs.

No indexation allowance will be available to an individual GAME Shareholder in respect of a disposal of GAME Shares.

(ii) Corporate GAME Shareholders

GAME Shareholders within the charge to UK corporation tax will be subject to UK corporation tax (at 19% for the tax year commencing 1 April 2019) on any chargeable gain arising on the disposal

of GAME Shares (subject to any applicable exemptions and reliefs, including the substantial shareholding exemption). Indexation allowance may be available to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the disposal of their GAME Shares. Indexation allowance was frozen with effect from 1 January 2018. This means that any indexation allowance that is applied to determine a gain arising on or after 1 January 2018 will be calculated using the indexation allowance up to December 2017.

Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax will be payable by GAME Shareholders as a result of accepting the Mandatory Offer.

PART 4

ADDITIONAL INFORMATION

1 Responsibility

The GAME Directors, whose names are set out in paragraph 2 below, accept responsibility for the information contained in this document (including any expressions of opinion), except that the only responsibility accepted by them in respect of the information contained in this document relating to the Sports Direct Group (including the intentions of Sports Direct with regard to the GAME Group), which has been copied from the Offer Document, is to ensure that such information has been correctly and fairly reproduced or presented. Subject to the foregoing, to the best of the knowledge and belief of the GAME Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 Directors

The GAME Directors and their respective positions are:

John Jackson	<i>Non-Executive Chairman and Chair of the Nomination Committee</i>
Martyn Gibbs	<i>Chief Executive Officer</i>
Ray Kavanagh	<i>Chief Financial Officer</i>
Dimitri Goulandris	<i>Senior Independent Director and Chair of the Remuneration Committee</i>
Clare Urmston	<i>Non-Executive Director and Chair of the Audit and Risk Committee</i>

The Company's registered office is at Unity House, Telford Road, Basingstoke, Hampshire, RG21 6YJ.

The company secretary of the Company is Ruth Cartwright.

3 Market quotations

The following table shows the Closing Price for one GAME Share on:

- 3.1 the first Business Day of each of the six months immediately prior to the date of this document;
- 3.2 4 June 2019, being the last Business Day prior to the commencement of the Offer Period; and
- 3.3 3 July 2019, being the latest practicable date prior to the date of this document.

Date	Price per GAME Share (pence)
2 January 2019	22.40
1 February 2019	25.00
1 March 2019	28.05
1 April 2019	26.45
1 May 2019	28.50
3 June 2019	24.00
4 June 2019	23.55
3 July 2019	29.85

4 Interests and dealings in relevant securities

4.1 For the purposes of this paragraph 4:

4.1.1 "acting in concert" has the meaning given to it in the Code;

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

- 4.1.3 “**control**” means an interest, or interests, in shares carrying in aggregate 30% or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest(s) give(s) *de facto* control;
- 4.1.4 “**dealing**” has the meaning given to it in the Code and “**dealt**” has a corresponding meaning;
- 4.1.5 “**derivative**” has the meaning given to it in the Code;
- 4.1.6 “**Disclosure Date**” means the Latest Practicable Date;
- 4.1.7 “**interest**” or “**interests**” in relevant securities shall have the meaning given to it in the Code;
- 4.1.8 “**Offer Disclosure Period**” means the period commencing on 5 June 2019 and ending on the Disclosure Date;
- 4.1.9 “**relevant GAME securities**” mean relevant securities (such term having the meaning given to it in the Code in relation to an offeree) of GAME, including equity share capital of GAME (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- 4.1.10 “**relevant Sports Direct securities**” mean relevant securities (such term having the meaning given to it in the Code in relation to an offeror) of Sports Direct, including equity share capital of Sports Direct (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof; and
- 4.1.11 “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

4.2 Interests in relevant GAME securities

GAME Directors

As at the Disclosure Date, the GAME Directors had interests in relevant GAME securities as set out below:

Director	Number of GAME Shares beneficially owned ⁽¹⁾	Percentage of existing GAME Share capital ⁽²⁾
Martyn Gibbs	1,459,911	0.84%

(1) Excludes shares which may in future be issued or transferred pursuant to the exercise of options under the GAME Share Plans (see below).

(2) GAME’s issued share capital as at the Disclosure Date was 172,938,108 GAME Shares. The interests in GAME Shares set out in this table are expressed as percentages, and calculated on the basis, of this figure.

As at the Disclosure Date, the GAME Directors had interests in relevant GAME securities as a result of options granted under the GAME Share Plans as set out below:

Name / Plan	Date of grant	Vesting date	Expiration date	Exercise price	Number
Martyn Gibbs					
GAME PSP	20.10.2016	20.10.2019	20.10.2022	Nil	830,871
GAME PSP	22.11.2017	22.11.2020	22.11.2023	Nil	1,125,000
GAME PSP	15.11.2018	15.11.2021	15.11.2024	Nil	2,009,646
Total					3,965,517
Ray Kavanagh					
GAME PSP	15.11.2018	15.11.2021	15.11.2024	Nil	884,244
Total					884,244

4.3 Interests and dealings – general

Save as disclosed in this paragraph 4, as at the Disclosure Date:

- 4.3.1 no member of the GAME Group had any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of, relevant GAME securities or relevant Sports Direct securities, nor has any member of the GAME Group dealt in any relevant GAME securities or relevant Sports Direct securities during the Offer Disclosure Period;
- 4.3.2 none of the GAME Directors had any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of, relevant GAME securities or relevant Sports Direct securities, nor has any such person dealt in any relevant GAME securities or any relevant Sports Direct securities during the Offer Disclosure Period;
- 4.3.3 no person deemed to be acting in concert with GAME had any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of, relevant GAME securities, nor has any such person dealt in any relevant GAME securities during the Offer Disclosure Period;
- 4.3.4 no person who has an arrangement with GAME had any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of, relevant GAME securities, nor has any such person dealt in any relevant GAME securities during the Offer Disclosure Period; and
- 4.3.5 neither GAME, nor any person acting in concert with GAME, has borrowed or lent any relevant GAME securities, save for any borrowed shares which have been either on-lent or sold.
- 4.4 Save as disclosed herein, none of GAME or any person acting in concert with GAME has any arrangement in relation to relevant GAME securities or relevant Sports Direct securities.
- 4.5 No relevant GAME securities have been redeemed or purchased by GAME during the Disclosure Period.

5 Persons acting in concert

- 5.1 The persons who, for the purposes of the Code, are acting in concert with GAME include:
- 5.1.1 the GAME Directors and their close relatives and the related trusts of any of them, other members of the GAME Group and associated companies of members of the GAME Group;

- 5.1.2 Canaccord Genuity Limited, whose registered office is at 88 Wood Street, London, EC2V 7QR, which is acting as Rule 3 adviser and joint corporate broker to GAME; and
- 5.1.3 Liberum Capital Limited, whose registered office is at Ropemaker Place Level 12, 25 Ropemaker Street, London, EC2Y 9LY, which is acting as joint corporate broker to GAME.

6 Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the GAME Group since 5 June 2017 (being the date two years prior to the commencement of the Offer Period) and are either offer-related arrangements for the purposes of the Code or may be material:

6.1 *Collaboration Agreement*

On 12 February 2018, GAME, GAME's wholly owned subsidiary Game Retail Limited ("**GRL**") and Sportsdirect.com Retail Limited ("**SPDRL**"), a subsidiary of Sports Direct, entered into a collaboration agreement (the "**Collaboration Agreement**").

The Collaboration Agreement covers the opening of different venue formats, being (i) standalone BELONG arenas, (ii) BELONG arenas located in or next to GRL stores, (iii) BELONG arenas located in SPDRL stores, (iv) GRL stores located in SPDRL stores and (v) BELONG arenas and GRL stores located in SPDRL stores (each a "**Venue**"). The GAME Group's existing arenas are treated as Venues under the Collaboration Agreement, but it does not apply to standalone GRL stores (except insofar as they are proposed as a new Venue). Profits from Venues are shared between GRL and SPDRL, with GRL receiving at least a 50% share. GRL and SPDRL share responsibility for funding the opening of new Venues and the GAME Group has access to facilities pursuant to the SPD Facilities Agreement (as defined and described more fully in paragraph 6.2 below).

As part of the Collaboration Agreement, SPDRL acquired a 50% interest in the intellectual property rights relating to the BELONG concept and brand for cash consideration of £3.2 million.

The Collaboration Agreement includes provisions regarding the transfer of the business and assets of the BELONG arena business to a new corporate entity in which both the GAME Group and the Sports Direct Group would be equal shareholders, subject to obtaining the necessary approvals or regulatory clearances at such time.

The initial term of the Collaboration Agreement is five years but it may, in certain circumstances, continue for up to 10 years.

6.2 *SPD Facilities Agreement and GSIL Guarantee and Indemnity*

On 12 February 2018, GAME Spain Holdings Limited ("**GSHL**") and GRL entered into a loan agreement with SPDRL (the "**SPD Facilities Agreement**").

Under the terms of the SPD Facilities Agreement, SPDRL made available (i) a £20,000,000 term loan facility for the purpose of enabling GSHL to provide funds to GRL in order for it to acquire stock, settle outstanding obligations to GRL's suppliers of stock and for GRL's general corporate purposes ("**SPD Facility A**") and (ii) a £35,000,000 term loan facility for the purpose of providing funds to GRL to help with fit out costs and other reasonable costs in respect of each Venue, as well as capital expenditure in relation to the BELONG platform, website and similar related digital investment ("**SPD Facility B**").

SPD Facility A was available for drawing until one month prior to its maturity, which was 31 January 2019. Each loan under SPD Facility A had to be repaid by no later than ten business days after the date on which it had been drawn (or such later date as agreed by the parties), subject to full repayment on maturity. SPD Facility A was never utilised and was not extended following its maturity on 31 January 2019.

SPD Facility B is available for drawing until 31 January 2023 (unless SPDRL assigns its rights under the Collaboration Agreement, in which case no further loans can be drawn under this facility). Each loan under SPD Facility B must be repaid in five equal annual instalments on 1 February, 1 May, 1 August or 1 November (each a "**SPD Facility Quarter Date**"), as

applicable, starting from the SPD Facility Quarter Date which falls 24 months after the SPD Facility Quarter Date immediately prior to the drawdown date for that loan. Any loan under SPD Facility B is repayable immediately upon (i) GRL assigning any of its rights in accordance with the Collaboration Agreement, (ii) a change of control of GSHL or GRL occurring or (iii) certain exit provisions in the Collaboration Agreement being triggered which, broadly, allow GAME to buy SPDRL's part of the BELONG business or serve notice on SPDRL to exit the Collaboration Agreement. GAME has been unable to draw against SPD Facility B during the period since inception.

Interest is charged on loans under the SPD Facilities Agreement at a rate of 2.5% above the base rate of Barclays Bank PLC from time to time, subject to a floor on the base rate of 0.5%.

Loans under the SPD Facilities Agreement are unsecured, but do benefit from a guarantee and indemnity granted by GAME Spain Investments Limited ("**GSIL**") in favour of SPDRL on 12 February 2018 (the "**GSIL Guarantee and Indemnity**"). The terms of the GSIL Guarantee and Indemnity provide that, if GSHL fails to make any payment under the SPD Facilities Agreement in full when due, GSIL guarantees that it will pay the unpaid sum to SPDRL upon written demand. In addition, GSIL must indemnify SPDRL against, amongst other things, all and any losses, costs, claims and liabilities suffered or incurred by SPDRL as a result of the monies, debts and liabilities owing by GSHL to SPDRL under the SPD Facilities Agreement not being recoverable or GSHL failing to discharge any of its obligations under the SPD Facilities Agreement. Amounts demanded but unpaid under the GSIL Guarantee and Indemnity attract interest at a rate of 1% per annum above the base rate of Barclays Bank PLC from time to time. The GSIL Guarantee and Indemnity also contains customary warranties and representations from GSIL in favour of SPDRL.

6.3 *Spanish refinancing*

GAME's Spanish subsidiary GAME Stores Iberia, S.L.U. ("**GSI**"), as borrower, entered into a €44,000,000 financing framework agreement (the "**Framework Agreement**") on 19 January 2018 with the Spanish banks Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Ibercaja Banco, S.A., Bankia, S.A. and Banco de Sabadell, S.A. (together, the "**Spanish Lenders**") and with Bankia, S.A. acting as agent. The purpose of the financing is to finance the general corporate and working capital needs of GSI. The Framework Agreement provided for three tranches:

- a revolving credit facility for a maximum amount of €16,000,000, available from 15 September of each year until 15 January of the following year ("**Tranche A**");
- a revolving credit facility for a maximum amount of €8,000,000, available throughout the year, subject to one-month clean-down periods in July of each year ("**Tranche B**"); and
- a guarantee line for a maximum amount of €20,000,000, available throughout the year ("**Tranche C**").

The granting of the financing by the Spanish Lenders was implemented through a number of bilateral financing agreements entered into by GSI with each Spanish Lender simultaneously with the execution of the Framework Agreement.

The applicable interest rate to Tranches A and B is 12-month EURIBOR plus a margin of 2.50% per annum. A commitment fee is payable quarterly for both Tranche A and Tranche B at 0.187% of the undrawn amounts during the availability periods and 0.08% during the rest of the year. The interest periods are three months.

The initial issuance fee for the guarantee line issued under Tranche C is 0.15% and the quarterly guarantee maintenance fee is 0.30%.

The initial termination date of the Framework Agreement is 30 January 2020. Subject to certain conditions and the payment of an extension fee, the Spanish Lenders may agree to extend the Framework Agreement for one additional year.

The Framework Agreement includes certain mandatory prepayment provisions, including a change of control of GSI and Pablo Crespo ceasing to be the general manager of GSI.

The Framework Agreement includes customary representations and undertakings in this kind of transaction, including customary financial covenants (to be tested annually) in respect of EBITDA, net worth, net financial debt to EBITDA ratios and net worth to total assets ratios.

The Framework Agreement and the bilateral facilities entered into pursuant to it are secured by a pledge of the shares of GSI, granted by its sole shareholder GSIL. In addition, under the Framework Agreement, GSI undertook to grant a pledge of stock and a pledge of bank accounts in the event that the financial covenants are not complied with on any annual test date.

6.4 *Disposal of Multiplay (UK) Limited*

On 31 October 2017, GAME Esports and Events Limited (“**Esports**”) and Multiplay (UK) Limited (“**Multiplay**”), two wholly-owned subsidiaries of GAME, entered into a business sale agreement (the “**Hive-Up Agreement**”) to transfer the trade and assets relating to Multiplay’s Esports & Events business to Esports. Following the entry into of the Hive-Up Agreement, Esports and Unity Technologies APS (“**Unity**”) entered into a share purchase agreement on 28 November 2017 for the sale and purchase of the entire share capital of Multiplay (the “**Multiplay SPA**”). GAME Digital Holdings Limited (“**GDHL**”), another wholly-owned subsidiary of GAME, acted as guarantor of Esports’ obligations under both the Hive-Up Agreement and the Multiplay SPA. The Multiplay SPA included warranties, representations and indemnities from Esports and GDHL, including in relation to the Hive-Up Agreement.

The consideration payable by Unity under the Multiplay SPA was £19.0 million, £17.1 million of which was paid in cash on completion and £1.9 million of which was held in escrow for 19 months.

7 **GAME Directors’ service contracts and letters of appointment**

7.1 **GAME Executive Directors – service contracts**

Details of the employment arrangements of the GAME Executive Directors are as follows:

	<u>Commencement Date</u>	<u>Date of service contract</u>	<u>Notice period from Company (months)</u>	<u>Notice period from Director (months)</u>	<u>Base salary</u>
Martyn Gibbs	6 June 2014	23 May 2014	12	12	£500,000
Ray Kavanagh	11 October 2018	11 October 2018	6	6	£275,000

Each GAME Executive Director is entitled to participate in a life assurance scheme and directors’ and officers’ insurance coverage. Ray Kavanagh receives a salary supplement of £2,000 per annum in lieu of participating in a private healthcare scheme and is entitled to an annual pension contribution by GAME of 10% of his annual salary to the group personal pension plan operated by GAME. Martyn Gibbs participates in a private healthcare scheme and is entitled to an annual pension contribution of 15% of his annual salary.

Martyn Gibbs is provided with a car allowance of £14,000 per annum and Ray Kavanagh is provided with a car allowance of £10,000 per annum, both of which are paid in equal monthly instalments.

The GAME Executive Directors are entitled to participate in such discretionary bonus arrangements as the GAME Board may specify from time to time. GAME operates an annual bonus scheme which pays sums based on the Company meeting certain performance targets. The GAME Executive Directors also participate in the GAME PSP. Further details of their entitlements under the GAME PSP are set out in paragraph 4.2 above.

GAME may terminate each GAME Executive Director’s employment by providing the number of months’ notice set out in the table above. Alternatively, GAME may terminate the employment of either GAME Executive Director immediately or on short notice by paying them an amount equal to their base salary in lieu of their notice period or the balance of it. In the event of such immediate termination or short notice termination, GAME may also, in its sole discretion, pay an additional sum in respect of pension contributions, car allowance, and the cost of providing other benefits. GAME may elect to make these payments either as a lump sum or in equal monthly instalments over a period equal to the notice period. When a GAME

Executive Director commences alternative employment while monthly instalments remain payable, GAME may reduce each remaining instalment by 1/12th of the equivalent sums received in any alternative employment.

7.2 GAME Non-Executive Directors: letters of appointment

Details of the engagement arrangements of the GAME Non-Executive Directors are as follows:

	<u>Commencement Date</u>	<u>Date of letter of appointment</u>	<u>Notice period from Company (months)</u>	<u>Notice period from Director (months)</u>	<u>Director fee</u>
John Jackson	18 January 2017	17 November 2016	3	N/A	£165,000
Dimitri Goulandris	18 December 2017	15 December 2017	3	N/A	£80,000
Clare Urmston	26 July 2018	25 July 2018	3	N/A	£45,000, plus a fee of £8,000 for duties as chair of the Audit and Risk Committee

Each of the GAME Non-Executive Directors were appointed for an initial term of three years. Their appointments are subject to annual re-election by shareholders but may also be terminated by GAME providing the number of months' notice set out in the table above. The GAME Non-Executive Directors may be invited to serve for a second three-year term (and subsequent periods thereafter) subject to board review. The fees of the GAME Non-Executive Directors are set annually and are paid in 12 equal instalments during the year.

The GAME Non-Executive Directors are not eligible to participate in the GAME Share Plans, bonus or pension schemes or other benefit in kind arrangements of GAME or the GAME Group (except travel insurance when travelling on GAME business).

The GAME Non-Executive Directors are not required to provide any notice of termination of the engagement, but are requested to discuss any intentions of resigning or not standing for re-election with GAME at least six months in advance.

No compensation is payable to the GAME Non-Executive Directors for loss of office itself on termination of the appointment.

7.3 Other service contracts

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

8 Sources of information and bases of calculation

- 8.1 References to the existing issued share capital of the Company are, and the value placed on the Mandatory Offer is, calculated by reference to the number of GAME Shares in issue as at the Latest Practicable Date, which was 172,938,108 GAME Shares.
- 8.2 The value attributed to the entire issued ordinary share capital of the Company is based upon the consideration of 30 pence for each GAME Share, multiplied by the number of GAME Shares in issue as at the Latest Practicable Date, as set out in paragraph 8.1 above.
- 8.3 Unless otherwise stated, all prices quoted for GAME Shares are Closing Prices.
- 8.4 The premium calculations to the price for each GAME Share have been calculated by reference to the Closing Price of 23.55 pence for each GAME Share on 4 June 2019 (being the last Business Day before the commencement of the Offer Period).
- 8.5 Unless otherwise stated, the financial information relating to GAME has been extracted from GAME's annual report and accounts for the year ended 28 July 2018.
- 8.6 The international securities identification number for the GAME Shares is GB00BMP36W19.

9 General

9.1 Consents

Canaccord Genuity and Liberum have given and not withdrawn their written consent to the issue of this document with the inclusion herein of references to their names in the form and context in which they are included.

9.2 No significant change

Whilst GAME's operating environment has faced further challenges due to the ongoing industry headwinds, current negative retail market outlook and the likely elongated current console lifecycle which is expected to impact the future financial performance of the GAME Group, the GAME Directors are not aware of any material change in the financial or trading position of the Company since 26 January 2019, being the date to which the latest interim financial information for GAME was prepared.

9.3 GAME fees and expenses

The aggregate fees and expenses which are expected to be incurred by the Company in connection with the Mandatory Offer are estimated to be approximately £1,353,000 (excluding applicable VAT). The aggregate number consists of the following categories:

9.3.1 financial and corporate broking advice: approximately £795,000;

9.3.2 legal advice: approximately £450,000 (provided that, because certain aspects of the legal advice services to be provided to the Company in connection with the Mandatory Offer are charged by reference to hourly rates, this amount reflects the time incurred in respect of such services up to the Latest Practicable Date plus an estimate of further time required);

9.3.3 public relations advice: approximately £75,000; and

9.3.4 other costs and expenses (including registrar/receiving agent fees and printing costs): approximately £33,000.

10 Documents available for inspection

Copies of the following documents will be available for viewing on the Company's website (www.gamedigitalplc.com) by no later than 12:00 noon on the Business Day following the date of publication of this document (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions) up to and including the earlier of (i) the date on which the Mandatory Offer becomes or is declared unconditional in all respects in accordance with the requirements of the Code and (ii) the date on which the Mandatory Offer lapses or is withdrawn:

10.1 this document;

10.2 the memorandum and articles of association of GAME;

10.3 the interim financial results for GAME for the 26 weeks ended 26 January 2019 and the consolidated audited report and accounts of GAME for the financial years ended 28 July 2018 and 29 July 2017;

10.4 the written consents referred to in paragraph 9.1 above; and

10.5 the Rule 2.7 Announcement.

PART 5

PROFIT FORECASTS

1 Introduction

On 21 March 2019, Edison Investment Research Limited (“**Edison**”), an investment research and advisory company unconnected to the Company, published a research report in relation to the Company entitled “Game Digital – Good performance in a challenging market” (the “**Edison Report**”), which had been paid for by the Company.

The Edison Report contained certain financial forecasts and projections regarding the Company, including (amongst other performance measures) in relation to revenue, EBITDA, PBT and EPS, for the Company’s financial years ending 27 July 2019, 25 July 2020 and 31 July 2021 (together, the “**Edison Financial Projections**”).

As a result of the Edison Report having been made available by the Company on its website between 21 March 2019 and 7 June 2019, the Panel has determined that the Edison Financial Projections should be treated as profit forecasts endorsed by the Company for the purposes of Rule 28 of the Code.

2 Update to Edison Financial Projections

For the reasons set out below, the GAME Directors are of the opinion that the Edison Financial Projections are no longer valid as at the date of publication of this document.

The ongoing industry headwinds, current negative retail market outlook and the likely elongated current console lifecycle, as noted in the announcement entitled “Response to mandatory cash offer by Sports Direct International PLC” released by the Company on 21 June 2019, are all expected to affect the financial performance of the Group. In addition, the Edison Financial Projections do not take account of any circumstances or events that have occurred after the date of their publication, including the making of the Mandatory Offer (and, in particular, the changes to the strategic initiatives of the GAME Group which are likely to occur if the Mandatory Offer becomes wholly unconditional, as indicated by Sports Direct’s intentions for the GAME Group set out in the Offer Document).

In view of the above factors, the GAME Directors are of the opinion that the Edison Financial Projections are no longer valid as at the date of publication of this document, and should not be relied upon by any person.

PART 6

DEFINITIONS

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

“£” or “pence”	the lawful currency of the UK;
“€”	the lawful currency of the member states of the European Union that adopt the single currency from time to time;
“Annual Exemption”	has the meaning given to it in Part 3 (<i>UK Taxation</i>) of this document;
“BELONG”	GAME’s “BELONG” branded competitive gaming and esports experience business;
“Business Day”	a day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in the City of London;
“Canaccord Genuity”	Canaccord Genuity Limited;
“certificated” or “in certificated form”	not in uncertificated form (that is, not in CREST);
“Closing Price”	the closing middle market price of a GAME Share on a particular trading day as derived from the Daily Official List;
“Code”	the City Code on Takeovers and Mergers, as issued and as amended from time to time by the Panel;
“Collaboration Agreement”	has the meaning given to it in paragraph 6.1 of Part 4 (<i>Additional Information</i>) of this document;
“Companies Act”	the Companies Act 2006, as amended from time to time;
“Computershare”	Computershare Investor Services PLC, GAME’s registrar;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with securities may be held and transferred in uncertificated form;
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended from time to time;
“Daily Official List”	the Daily Official List published by the London Stock Exchange;
“Dealing Disclosure”	an announcement pursuant to Rule 8 of the Code containing details of dealings in relevant securities of a party to an offer;
“EBITDA”	earnings before interest, tax, depreciation and amortisation;
“Edison”	has the meaning given to it in paragraph 1 of Part 5 (<i>Profit Forecasts</i>) of this document;
“Edison Financial Projections”	has the meaning given to it in paragraph 1 of Part 5 (<i>Profit Forecasts</i>) of this document;
“Edison Report”	has the meaning given to it in paragraph 1 of Part 5 (<i>Profit Forecasts</i>) of this document;
“EPS”	earnings per share;
“Esports”	has the meaning given to it in paragraph 6.4 of Part 4 (<i>Additional Information</i>) of this document;
“EURIBOR”	the euro interbank offered rate administered by the European Money Markets Institute;

“Euroclear”	Euroclear UK & Ireland Limited, incorporated in England and Wales with registered number 02878738;
“FCA”	the Financial Conduct Authority or its successor from time to time;
“Form of Acceptance”	the form of acceptance from Sports Direct containing details of the Mandatory Offer and dispatched to GAME Shareholders holding GAME Shares in certificated form;
“Framework Agreement”	has the meaning given to it in paragraph 6.3 of Part 4 (<i>Additional Information</i>) of this document;
“FSMA”	the Financial Services and Markets Act 2000 (as amended from time to time);
“GAME” or the “Company”	GAME Digital plc, a public limited company incorporated in England and Wales with company number 09040213;
“GAME Board”	the board of directors of GAME;
“GAME Directors”	the persons whose names are set out in paragraph 2 of Part 4 (<i>Additional Information</i>) of this document or, where the context so requires, the directors of the Company from time to time;
“GAME Executive Directors”	Martyn Gibbs and Ray Kavanagh;
“GAME Group”	GAME and its subsidiary undertakings from time to time and, where the context permits, each of them;
“GAME LTIP”	the GAME Digital plc Long Term Incentive Plan;
“GAME Non-Executive Directors”	John Jackson, Dimitri Goulandris and Claire Urmston;
“GAME PSP”	the GAME Digital plc Performance Share Plan adopted by GAME on 5 June 2014, amended on 13 January 2016 and subsequently amended on 17 January 2019;
“GAME Shareholder”	a holder of GAME Shares;
“GAME Shares”	the ordinary shares of £0.01 each in the capital of the Company;
“GAME Share Plans”	the GAME PSP and the GAME SIP;
“GAME SIP”	the GAME Digital plc Share Incentive Plan adopted by GAME on 5 June 2014 and amended on 17 January 2017;
“GAME SIP Trustee”	Computershare Trustees Limited;
“GDHL”	has the meaning given to it in paragraph 6.4 of Part 4 (<i>Additional Information</i>) of this document;
“GRL”	has the meaning given to it in paragraph 6.1 of Part 4 (<i>Additional Information</i>) of this document;
“GSHL”	has the meaning given to it in paragraph 6.2 of Part 4 (<i>Additional Information</i>) of this document;
“GSI”	has the meaning given to it in paragraph 6.3 of Part 4 (<i>Additional Information</i>) of this document;
“GSIL”	has the meaning given to it in paragraph 6.2 of Part 4 (<i>Additional Information</i>) of this document;
“GSIL Guarantee and Indemnity”	has the meaning given to it in paragraph 6.2 of Part 4 (<i>Additional Information</i>) of this document;
“Hive-Up Agreement”	has the meaning given to it in paragraph 6.4 of Part 4 (<i>Additional Information</i>) of this document;
“Latest Practicable Date”	6:00 p.m. on 3 July 2019, being the latest practicable Business Day before the date of this document;

“Liberum”	Liberum Capital Limited;
“Main Market”	the London Stock Exchange’s Main Market for listed securities;
“Mandatory Offer”	the mandatory offer made by Sports Direct on 20 June 2019 to acquire the whole of the issued and to be issued share capital of GAME not otherwise held by Sports Direct (or any person acting in concert with it) on the terms set out in the Offer Document and, in the case of GAME Shares held in certificated form, the Form of Acceptance, including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer;
“Multiplay”	has the meaning given to it in paragraph 6.4 of Part 4 (<i>Additional Information</i>) of this document;
“Multiplay SPA”	has the meaning given to it in paragraph 6.4 of Part 4 (<i>Additional Information</i>) of this document;
“Offer Document”	the offer document published by Sports Direct on 20 June 2019 in connection with the Mandatory Offer containing, <i>inter alia</i> , the terms and conditions of the Mandatory Offer;
“Offer Period”	the period which commenced on 5 June 2019 and ending on the later of (i) 1:00 p.m. on 11 July 2019, (ii) the date on which the Mandatory Offer has become or has been declared unconditional as to acceptances and (iii) the date on which the Mandatory Offer lapses or is withdrawn (or such other date as the Panel may decide);
“Official List”	the official list maintained by the FCA pursuant to Part VI of FSMA;
“Opening Position Disclosure”	an announcement pursuant to Rule 8 of the Code containing details on interests or short positions in, or rights to subscribe for, any relevant securities of a party to an offer;
“Panel”	The Panel on Takeovers and Mergers;
“PBT”	profit before tax;
“Regulatory Information Service”	an information service authorised from time to time by the FCA for the purposes of disseminating regulatory announcements;
“relevant securities”	shall be construed in accordance with the Code;
“Remuneration Committee”	the remuneration committee of the GAME Board;
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Mandatory Offer is sent or made available to GAME Shareholders in that jurisdiction;
“Rule 2.7 Announcement”	the announcement dated 5 June 2019 in respect of Sports Direct’s firm intention to make an offer to acquire all GAME Shares not already owned by it or persons acting in concert with it and any further GAME Shares which are unconditionally allotted or issued and fully paid before the expiry of the Offer Period;
“Spanish Lenders”	has the meaning given to it in paragraph 6.3 of Part 4 (<i>Additional Information</i>) of this document;
“SPD Facility A”	has the meaning given to it in paragraph 6.2 of Part 4 (<i>Additional Information</i>) of this document;
“SPD Facility B”	has the meaning given to it in paragraph 6.2 of Part 4 (<i>Additional Information</i>) of this document;
“SPD Facilities Agreement”	has the meaning given to it in paragraph 6.2 of Part 4 (<i>Additional Information</i>) of this document;

“SPD Facility Quarter Date”	has the meaning given to it in paragraph 6.2 of Part 4 (<i>Additional Information</i>) of this document;
“SPDRL”	has the meaning given to it in paragraph 6.1 of Part 4 (<i>Additional Information</i>) of this document;
“Sports Direct”	Sports Direct International PLC, a public limited company incorporated in England and Wales with company number 06035106;
“Sports Direct Group”	Sports Direct and its subsidiary undertakings from time to time and, where the context permits, each of them;
“Tranche A”	has the meaning given to it in paragraph 6.2 of Part 4 (<i>Additional Information</i>) of this document;
“Tranche B”	has the meaning given to it in paragraph 6.2 of Part 4 (<i>Additional Information</i>) of this document;
“Tranche C”	has the meaning given to it in paragraph 6.2 of Part 4 (<i>Additional Information</i>) of this document;
“uncertificated” or “in uncertificated form”	recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“Unity”	has the meaning given to it in paragraph 6.4 of Part 4 (<i>Additional Information</i>) of this document;
“US” or “United States”	the United States of America; and
“Venue”	has the meaning given to it in paragraph 6.1 of Part 4 (<i>Additional Information</i>) of this document.

References in this document to **“associated”**, **“subsidiary”**, **“subsidiary undertaking”** and **“undertaking”** have the meanings given to such terms by the Companies Act.

References in this document to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this document.

All references to time in this document are to London time unless otherwise stated.

