

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.

Unless the context otherwise requires, the definitions contained in the accompanying Scheme Document also apply to this Letter.

ACTION TO BE TAKEN

To subscribe for your Net Settlement Shares and accept the Options Proposal contained in this Letter, you should complete the accompanying Instruction Form and return it, duly completed, signed and witnessed to Ronen Kannor at Stride, to be received **by no later than 5.00 p.m. on 24 July 2019.**

To participants in the Stride Gaming plc Enterprise Management Incentive Scheme (the "**Plan**")

[REDACTED]

Dear Participant

Recommended cash acquisition of Stride Gaming plc ("Stride") by Rank Digital Holdings Limited ("BidCo"), a company wholly owned by The Rank Group Plc.

The purpose of this letter ("**Letter**") is to explain the effect of the recommended offer by BidCo as described below on share options granted under the Plan ("**Options**") and to set out the proposal being made to you in relation to your Options.

This Letter does not apply to any Stride Shares you already own (either as a result of exercising share awards, share options or otherwise). If you are a UK resident employee holding an 'enterprise management incentive' option under the Plan, you will receive a separate letter in relation to that Option.

1. **BACKGROUND**

On 31 May 2019, the Stride Directors and the Rank Directors announced that they had reached agreement on the terms of a recommended all cash offer by Bidco for the entire issued ordinary share capital of Stride (the "**Acquisition**").

The Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement between Stride and Scheme Shareholders under Article 125 of the Companies Law ("**Scheme**"). Under the terms of the Scheme, Scheme Shareholders will receive

151 pence in cash for each Stride Share ("Offer Price")

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

Service as to the final date and time of the Court Hearing. If the Court sanctions the Scheme, it is expected to become effective two Business Days later (the "**Effective Date**"). The Scheme is described in more detail in the circular dated 28 June 2019 which has been sent to Stride Shareholders ("**Scheme Document**"), and a copy of which is enclosed with this Letter for information only.

This Letter contains a summary of the key terms of the Scheme as it affects your Options, and must be read in conjunction with the Scheme Document containing full details of the Scheme. A copy of this Letter and a copy of the Scheme Document are available, subject to certain restrictions, on the investor relations section of Stride's website (<https://www.stridegaming.com>).

The full expected timetable of principal events in connection with the Scheme is set out at page 10 of the Scheme Document.

2. **EFFECT ON YOUR "UNDERWATER" OPTIONS**

Options with an exercise price of more than 151 pence per Stride Share are exercisable at a **higher** Share price than the Offer Price ("**Underwater Options**"). This means that the cost to you to exercise Underwater Options would be higher than the price you would receive on the sale of the Stride Shares acquired on the exercise of your Options pursuant to participating in the Scheme. If you exercise Underwater Options at a price of more than 151p per Stride Share, you will effectively lose money if the Scheme proceeds.

Subject to the comments set out above, you could still choose to exercise your Underwater Options and sell the Stride Shares acquired on exercise of your Underwater Options as part of the Scheme. If you think you may wish to do so you should contact Ronen Kannor on 020 7284 6098 without delay.

If you do not exercise your Underwater Options, they will lapse 90 (ninety) days after the Court sanctions the Scheme.

3. **PROPOSAL IN RELATION TO YOUR "IN THE MONEY" OPTIONS**

To the extent your Options are not already exercisable, they will become exercisable in full as a result of the Acquisition and may be exercised in accordance with their terms. This section sets out a proposal for your Options in connection with the Acquisition. This proposal only relates to your Options with an exercise price of 151 pence per Stride Share or less ("**In the Money Options**") (if any) and does not apply to your Underwater Options (see section 2 above) (if any).

In connection with the Scheme, our proposal to you (the "**Options Proposal**") is that by signing the attached Instruction Form you agree to settle your In the Money Options using the net settlement procedure (outlined below) such that you acquire Stride Shares following the Court Sanction but before the Effective Date. The Stride Shares that you acquire will then be transferred to BidCo as part of the Acquisition as further set out below.

Net Settlement

Your In the Money Options are granted with an exercise price of between £1.32 and £1.49 per Stride Share under your Options (the "**Exercise Price**"). In connection with the Scheme, the Options Proposal is that rather than you having to pay this amount upfront, following the Court Sanction you will undertake to subscribe (at nominal value of £0.01 per Stride Share for such number of Stride Shares as have a value (in excess of their nominal value) equal to the amount of the 'Options gain' (being the number of Stride Shares under your In the Money Options multiplied by the amount by which the Offer Price exceeds the Exercise Price, the "**Net Settlement Shares**").

You will direct that the aggregate nominal value of the Net Settlement Shares (the "**Aggregate Nominal Value**") be deducted from the Offer Price payable on acquisition of your Net Settlement Shares by BidCo and paid directly to Stride in satisfaction of your undertaking.

This "net settlement" process is proposed for administrative ease, and in accepting the Options Proposal you will be agreeing to this process. In accepting the Options Proposal you will surrender your Options which will lapse and cease to be exercisable on subscription of your Net Settlement Shares.

Economically, and subject to rounding, the Offer Price that you receive for your Net Settlement Shares (after deducting the Aggregate Nominal Value) is principally the same as you would have received for the Stride Shares under your In the Money Options (after deducting the aggregate Exercise Price).

What will I become entitled to on subscription for my Net Settlement Shares?

If you subscribe for the Net Settlement Shares in accordance with the Options Proposal then subject to the approval of the Scheme by the Stride Shareholders and the Court Sanction, your Net Settlement Shares will be transferred to BidCo pursuant to the Scheme.

Participation in the Scheme

When your Net Settlement Shares are issued to you they will be "Scheme Shares" for the purposes of the Scheme and therefore, on the Effective Date, your Net Settlement Shares will be acquired by BidCo and you will be entitled to receive the Offer Price in respect of your Net Settlement Shares. As part of the Options Proposal (and by signing the attached Instruction Form), you will agree that the Offer Price for your Net Settlement Shares will be paid to you having deducted:

- an amount equal to the Aggregate Nominal Value in relation to the acquisition of your Net Settlement Shares; and
- an amount equal to any income tax or social security (or equivalent taxes) arising on the exercise of your Options and/or acquisition of your Net Settlement Shares which Stride is obliged to account for on your behalf ("**Tax Liability**").

Aside from being conditional on approval of the Scheme by shareholders and Court Sanction, the Options Proposal is not conditional on any particular level of acceptances or approval from the holders of Options.

If you wish to subscribe for the Net Settlement Shares and participate in the Scheme in accordance with the Options Proposal set out above, you may do so using the Instruction Form attached to this Letter, and subscription for your Net Settlement Shares will take effect immediately following the Court Sanction in accordance with the Options Proposal.

When will I receive payment?

The Offer Price will be paid within 14 days following the Effective Date. If you choose to subscribe for the Net Settlement Shares in accordance with the Options Proposal and, as noted above, your Offer Price for the Net Settlement Shares will be paid to you, less deductions for the Aggregate Nominal Value and the Tax Liability.

Leavers

The terms of this Letter assume that you remain in employment (or, if applicable, as a consultant) with the Stride Group up until the date of the Court Sanction. If you leave prior to that date, the leaver provisions under the Plan will apply in the normal way and your Options will generally lapse unless you are a "good leaver".

What happens if the Scheme is not approved by Stride shareholders or the Court does not sanction the Scheme?

Subscription for the Net Settlement Shares in accordance with the Options Proposal will be conditional upon the Court Sanction. If the Court does not approve the Scheme, then your Options will not be surrendered and will continue as normal in accordance with their terms.

4. WHAT HAPPENS IF I DO NOT WANT TO ACCEPT THE OPTIONS PROPOSAL?

If your Options are already exercisable under the terms of the Plan and your option agreement, you may choose to exercise your Options and acquire Stride Shares (at a nominal value of £0.01 per Stride Share)

the "**Option Shares**" at an earlier time than the date of the Court Sanction, in accordance with the rules of the Plan.

If you exercise your Options unconditionally in advance of the Court Sanction, you may then sell the Option Shares (subject to any dealing restrictions, and assuming there remains a market for the Option Shares in the run up to the Scheme) or you may retain them and participate in the Scheme.

If you choose to exercise your Options (whether already exercisable or which become exercisable as a result of the Acquisition) otherwise than by accepting the Options Proposal by signing the enclosed Instruction Form before your Options lapse (see section 6 below, *What happens if I do nothing?*) the "net settlement" mechanism will not be available to you and you will be required to fund your own aggregate exercise price and Tax Liability in accordance with the rules of the Plan. If you exercise your Options before the Scheme Record Time, the Option Shares you acquire will form part of the Scheme and will be acquired by BidCo. If you exercise your Options after this time (but before they lapse), your Option Shares will in any event be automatically acquired under an amendment to be made to the articles of association of Stride and you will receive the Offer Price per Option Share. It will not be possible for you to receive and retain your Option Shares if the Scheme becomes effective.

If you wish to proceed other than in accordance with the Options Proposal, you should contact Ronen Kannor on 020 7284 6098 as soon as possible.

5. **WHAT SHOULD I DO NEXT?**

To confirm that you accept the Options Proposal **you should return the attached Instruction Form on or before 5.00 p.m. on 24 July 2019**. This date has been set to occur before the intended date of the Court Sanction and to allow time for the formalities in connection with the issue and allotment of the Net Settlement Shares to you to be undertaken.

If you want to take any action in respect of your Options, other than in accordance with the Options Proposal as set out in this letter, please contact Ronen Kannor on 020 7284 6098.

6. **WHAT HAPPENS IF I DO NOTHING?**

If you do not accept the Options Proposal and you otherwise take no action to exercise your Options, your Options will lapse 90 (ninety) days after the Court Sanction.

As set out above, you may choose to subscribe for your Net Settlement Shares by accepting the Options Proposal using the Instruction Form attached. If you wish to proceed other than in accordance with the Options Proposal, please contact Ronen Kannor on 020 7284 6098.

7. **TAXATION CONSEQUENCES**

As explained in section 3 above, any Tax Liability that Stride is obliged to pay on your behalf will be withheld from the Offer Price to be paid to you on sale of the Net Settlement Shares.

Any tax liability will depend on your own particular circumstances. If you have any queries in relation to your tax position, we strongly recommend that you obtain your own tax advice before subscribing for your Net Settlement Shares (or, as appropriate, exercising your Options).

8. **FURTHER INFORMATION**

If you have any queries in relation to this Letter, you should contact Ronen Kannor on 020 7284 6098 without delay. However, please note that neither Ronen Kannor nor Stride will be able to provide you with any legal, financial, tax planning or investment advice.

Nothing in this Letter shall be construed as investment advice or any investment recommendation given by or on behalf of Stride or any other person.

9. RECOMMENDATION FROM THE STRIDE DIRECTORS

The Stride Directors, who have been so advised by Investec Bank plc, consider the Options Proposal as described in this Letter to be fair and reasonable in the context of the Acquisition. Investec Bank plc is providing independent financial advice to the Stride Directors for the purposes of Rule 3 of the Code. In providing advice to the Stride Directors, Investec Bank plc has taken into account the commercial assessments of the Stride Directors.

The Stride Directors recommend that you accept the Options Proposal.

Yours faithfully

Nigel Payne
Chairman
Stride Gaming plc

John O'Reilly
Chief Executive Officer
Rank Digital Holdings Limited

NOTES

1. The Stride Directors whose names are set out in paragraph 1.1 of Part VII of the Scheme Document accept responsibility for the information contained in this Letter (including any expressions of opinion) other than the information for which responsibility is taken by others pursuant to paragraph 1.2 of Part VII of the Scheme Document. To the best of the knowledge and belief of the Stride Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of that information.
2. The Rank Directors whose names are set out in paragraph 1.2 of Part VII of the Scheme Document accept responsibility for the information contained in this Letter (including any expressions of opinion) relating to Rank, Rank BidCo, the Rank Group and the Rank Directors and their respective immediate families and the related trusts of and persons connected with the Rank Directors, and persons deemed to be acting in concert with BidCo. To the best of the knowledge and belief of the Rank Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of that information.
3. This Letter is governed by and should be construed in accordance with English law.
4. Words and expressions defined in the Scheme Document will, unless the context requires otherwise, have the same meaning in this Letter. Your Options are governed by the rules of the Plan and the applicable legislation. If there is any inconsistency between those rules and the applicable legislation and this Letter, the rules and such legislation will prevail.
5. Accidental omission to despatch this Letter, or any failure to receive the same by, any person to whom the Options Proposal is made or should be made, will not invalidate the Options Proposal in this Letter in any way. Receipt of documents will not be acknowledged and documents will be despatched at your own risk by post.
6. Investec Bank plc, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively for Stride as financial adviser and broker in relation to the matters referred to in this Letter and for no one else. Investec will not be responsible to anyone other than Stride for providing the protections afforded to its clients or for providing advice in relation to

the contents of this Letter or any arrangement referred to herein. Neither Investec, nor any of its affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Investec in connection with this Letter, any statement contained herein or otherwise. Investec has given, and not withdrawn, its consent to the inclusion in this Letter of the references to its name and the advice it has given to Stride in the form and context in which they appear.

7. A copy of this Letter will be available to view on the investor relations section of Stride's website at <https://www.stridegaming.com> (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions) and on Rank's website at <http://www.rank.com/en/index.html> (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions).

THIS FORM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, or the content of this document, you are recommended to seek your own personal legal and tax advice from a solicitor and/or financial advice immediately from your stockbroker, bank manager, accountant, or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.

This instruction form ("**Instruction Form**") should be read in conjunction with the accompanying letter from Stride (pursuant to Rule 15 of the City Code on Takeovers and Mergers) ("**Letter**") dated 28 June 2019 and the Scheme Document dated 28 June 2019.

INSTRUCTION FORM

If you wish to accept the proposal set out in the Letter in relation to your Options (the "Options Proposal"), please:

- sign this Instruction Form as a Deed where indicated below; and
- return it to Ronen Kannor at Stride no later than 5.00pm on 24 July 2019.

IF YOU DO NOTHING, your Options will lapse 90 (ninety) days after the date of the Court Sanction and no compensation will be payable to you.

If you wish to take any other action in relation to your Options or have any questions that relate to your Options or this Instruction Form, please contact Ronen Kannor as soon as possible and in any event, no later than 5.00pm on 24 July 2019.

To: The Directors, Stride Gaming plc (company number: 117876 in Jersey);

From: *Please insert your full name and address in the boxes below.*

Name	
Address	

.....

1. I refer to the rules of the Stride Gaming plc Enterprise Management Incentive Scheme adopted on 18 May 2015 ("**Plan**") and the options granted to me to acquire ordinary shares in the capital of Stride ("**Stride Shares**") pursuant to the Plan ("**Options**").
2. Words and expressions defined in the Letter and the Scheme Document shall have the same meaning in this Instruction Form unless the context otherwise requires.
3. By completing, executing and returning this Instruction Form, I hereby:
 - 3.1 confirm that I have received and read the Scheme Document dated 28 June 2019, the Letter from Stride and BidCo dated 28 June 2019 and this Instruction Form and have understood them;
 - 3.2 subject to Court Sanction, I hereby (a) agree to subscribe (at £0.01 per Stride Share) for such number of Stride Shares as have a value (in excess of £0.01 per Stride Share) equal to the amount of the "Options gain" (being the number of Stride Shares under my in the Money Options multiplied by the amount by which the Offer Price exceeds the Exercise Price, the "**Net Settlement Shares**"), (b) irrevocably undertake to pay the aggregate nominal value of the Net Settlement Shares (the "**Aggregate Nominal Value**"), and (c) request the issue and allotment to me of the Net Settlement Shares in accordance with the articles of association of Stride;
 - 3.3 direct that the Net Settlement Shares are allotted and issued into my name;
 - 3.4 subject to Court Sanction, surrender my Options which will lapse and cease to be exercisable on subscription of my Net Settlement Shares;
 - 3.5 acknowledge and confirm that the Net Settlement Shares acquired by me under the Options Proposal will be acquired by BidCo on the terms of the Acquisition at the Offer Price;
 - 3.6 indemnify Stride, my employer (or, where relevant, former employer) and BidCo against any Tax Liability;
 - 3.7 subject to the Scheme becoming effective, authorise the Receiving Agent to pay to me my total Offer Price having withheld from that total Offer Price an amount sufficient to discharge (a) the Aggregate Nominal Value, in satisfaction of my undertaking at clause 3.2 above; and (b) the Tax Liability (before paying the balance to me);
 - 3.8 acknowledge and undertake to Stride to pay any balance of any Tax Liability not discharged pursuant to clause 3.7;
 - 3.9 confirm that the decisions which I have made on the Instruction Form are irrevocable and cannot be withdrawn or altered except with the agreement of Stride and BidCo and that I have signed the Instruction Form as a deed;
 - 3.10 agree that this Instruction Form will be of no effect unless it is (i) duly completed and (ii) received by **no later than 5.00 pm on 24 July 2019**. However, I understand that Stride and BidCo reserve the right, at their discretion, to accept an Instruction Form which is incorrectly completed and/or received after this time;
 - 3.11 accept that documents or payments sent by, to or from me in connection with my Options will be sent at my own risk to the address shown on the Instruction Form;
 - 3.12 acknowledge that neither Stride nor BidCo will be responsible for any consequential loss in the event that the Instruction Form is incorrectly completed or where it has not been possible to obtain clarification of my instructions or where the Instruction Form is delayed or fails to arrive;
 - 3.13 acknowledge that if the Court does not sanction the Scheme, this Instruction Form will have no effect and I acknowledge that my Options will continue in accordance with the rules of the Plan;
 - 3.14 subject to the foregoing clauses, confirm that I have no further entitlement to the Options, Net Settlement Shares and /or Stride Shares pursuant to the rules of the Plan or otherwise and I hereby waive all rights and / or claims I have (current, present or future) in respect of the Options (other than the rights pursuant to this notice);

- 3.15 acknowledge that the Acquisition is subject to, inter alia, the Conditions to the Acquisition set out in Part 3 of the Scheme Document which form part of the terms set out in this Instruction Form;
 - 3.16 undertake that (other than pursuant to the Acquisition) I will not sell, transfer, charge, mortgage or grant any third-party interest over my Net Settlement Shares;
 - 3.17 understand that if I do not subscribe for the Net Settlement Shares then, to the extent any of my Options are not exercised within 90 (ninety) days of the date of the Court Sanction, they will lapse and cease to be of any value. Options may lapse at such earlier date as set out in the Plan;
 - 3.18 understand and acknowledge that if any of my Options have lapsed, completion of this Instruction Form will be of no effect in respect of such lapsed Options; and
 - 3.19 hereby appoint Stride or any person nominated by Stride as my attorney ("**Attorney**") with authority in my name and on my behalf to sign and execute any and all agreements, instruments, deeds or other papers and documents and do all things in my name as the Attorney may in its absolute discretion consider necessary or desirable in order to give effect to my instructions and authorities in this Instruction Form and to facilitate the subscription for my Net Settlement Shares and payment of the Offer Price, less any amounts deducted under clause 3.7, as a result of the subscription for my Net Settlement Shares in accordance with the terms set out in this Instruction Form, the Letter and the Scheme Document and I hereby undertake to ratify everything which the Attorney shall do or purport to do by virtue of this power of attorney and declare that this power of attorney having been given by me to the Attorney to secure my undertakings to it in connection with the Options and this Instruction Form, shall be irrevocable in accordance with section 4 of the Powers of Attorney Act 1971 (or, to the extent that the Power of Attorney (Jersey) Law 1991 applies to this power of attorney, this power of attorney shall be irrevocable for a period of one year from the date it is granted).
4. This notice shall be governed by and construed under English law and each of the parties hereto agrees to submit to the exclusive jurisdiction of the courts of England and Wales as regards any claim or matter arising hereunder (including non-contractual claims or disputes).

EXECUTED AND DELIVERED AS A DEED by _____)
 _____)

(please print your name)
 in the presence of:

Witness signature

 Witness name

 Witness address

 Witness occupation

Date: 2019

PLEASE NOTE THAT YOUR SIGNATURE MUST BE WITNESSED BY SOMEONE **OTHER THAN YOUR SPOUSE/CIVIL PARTNER OR A MEMBER OF YOUR IMMEDIATE FAMILY.** THIS PERSON MUST BE OVER THE AGE OF 18.

General Notes

Signing and returning this Instruction Form is your confirmation that you want to accept the Options Proposal and agree to the terms of the Letter and this Instruction Form. It is important that you read these documents carefully. **If you do not take any action, your Options will lapse 90 (ninety) days following the Court Sanction.**

IF YOU WISH TO ACCEPT THE OPTIONS PROPOSAL, YOU MUST NOW SEND THIS INSTRUCTION FORM DULY COMPLETED TO RONEN KANNOR AT STRIDE GAMING PLC, UNIT 901 HIGHGATE STUDIOS, 53-79 HIGHGATE ROAD, LONDON NW5 1TL AS SOON AS POSSIBLE AND IN ANY EVENT SO AS TO BE RECEIVED BY NO LATER THAN 5.00 P.M. ON 24 JULY 2019.