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IMAGINATION TECHNOLOGIES GROUP PLC

(Incorporated in England & Wales under the Companies Act 1985, registered number 02920061)

Registered Office:

Imagination House
Home Park Estate
Kings Langley
Hertfordshire
WD4 8LZ

Directors:

David Anderson
Andrew Heath
Peter Hill
Guy Millward
Baroness Kate Rock
Nigel Toon

22nd September 2017

Dear Colleague

As you may have seen today, CBFI Investment Limited, a newly incorporated company ("CBFI"), directly owned by Canyon Bridge Fund I, LP and Imagination Technologies Group plc (the "**Company**") announced they had agreed the terms of a recommended cash offer (the "**Offer**") by CBFI for the entire issued and to be issued share capital of the Company (the "**Announcement**"). A copy of the Announcement setting out the terms of the Offer will be made available on the Company's website at:

<https://www.imgtec.com/salesprocess/>.

This notification is not a summary of the Announcement and should not be a substitute for reading the Announcement in full.

The Company wishes to inform you that employee representatives have the right, under Rule 25.9(a) of the City Code on Takeovers and Mergers (the "**Takeover Code**"), to have a separate opinion on the effects of the Offer on employment appended to the Company's scheme document when published in accordance with Rule 25.1 of the Takeover Code. The Company will be responsible for the costs of publishing any such opinion and the costs reasonably incurred by the employee representative(s) in obtaining advice required for the verification of the information contained in any such opinion.

Although this notification may appear formal it is a necessary requirement of the Takeover Code that the Company must comply with. As I emphasised in my earlier letter of 22 June 2017, when the Company first announced the formal sale process, employees should be assured that we will work with you and the Engagement Representatives, to ensure that you, and our employees fully understand the impact and process that we must go through over the coming weeks. We will also ensure compliance with the Takeover Code and will work collaboratively with you to ensure employees' views, questions and comments are captured and reflected accordingly.

A copy of this letter will be available on the Company's website at:

<https://www.imgtec.com/salesprocess/>.

by no later than 12 noon on the business day following the date of this letter.

Please be aware that addresses, electronic addresses and certain other information provided by you for the receipt of communications from the Company may be provided to CBFI during the offer period as required by the Takeover Code to allow CBFI to contact you directly in connection with the Offer.

If you would like to request a hard copy of the Announcement or this letter contact the Registrars, Equiniti, at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or on 0871 384 2784 (or if calling from outside the UK +44 (0) 121 415 0158).

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Heath".

Andrew Heath
CEO

This notification is being given in accordance with Rule 2.11(d) of the Takeover Code.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover 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 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (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 Takeover 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 pm (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.