

This document (the “**Prospectus**”) constitutes a Prospectus relating to Jackpotjoy plc (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “**FCA**”), acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended (“**Prospectus Rules**” and the “**FSMA**”, respectively) and has been prepared in connection with Admission (as defined below). This Prospectus has been approved by the FCA in accordance with section 87A of FSMA and has been made available to the public in accordance with Section 3.2 of the Prospectus Rules. In connection with Admission, The Intertain Group Limited (“**Intertain**”) is undertaking a corporate reorganisation pursuant to a court supervised plan of arrangement (the “**Plan of Arrangement**”) under the Business Corporations Act (Ontario) (the “**OBCA**”) (a process similar to a scheme of arrangement under the Companies Act 2006). **This Prospectus has been prepared on the assumption that the Plan of Arrangement will become effective in accordance with its current terms. A summary of the Plan of Arrangement is set out in Part 2, Section A.**

Application will be made to the UK Listing Authority (“**UKLA**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) respectively for admission of all of the ordinary shares in the capital of the Company issued and to be issued (the “**Shares**”): (i) to the standard listing segment of the Official List of the FCA (the “**Official List**” and “**Admission to Listing**”, respectively); and (ii) to the London Stock Exchange’s main market for listed securities (“**Admission to Trading**” and, together with Admission to Listing, “**Admission**”), subject in each case to the Plan of Arrangement becoming effective. If the Plan of Arrangement proceeds as currently envisaged, it is expected that Admission will become effective and that dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 25 January 2017. Whilst an application has been made to list the Exchangeable Shares (as defined below) on the Toronto Stock Exchange, no application has been, or is currently intended to be, made for the Shares to be admitted to listing or trading on any stock exchange other than the London Stock Exchange.

This Prospectus has been prepared solely in respect of Admission, and no Shares or other securities are being offered for subscription or sale pursuant to this Prospectus.

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## JACKPOTJOY PLC

*(Incorporated under the Companies Act 2006 and registered under the laws of England and Wales  
with registered no. 10303804)*



Admission of up to 77,224,090 ordinary shares to the standard listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange

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This Prospectus is being made publicly available for information purposes only and does not require any action to be taken by shareholders of the Company or Intertain. This Prospectus does not constitute an offer or invitation to any person to subscribe for or purchase any securities in the Company or any other entity.

The Company and the directors of the Company (together, the “**Directors**”), whose names appear in the section of this Prospectus headed *Directors, Company Secretary, Registered Office and Advisers*, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

**You should read this Prospectus in its entirety and, in particular, the section of this Prospectus headed “**Risk Factors**”.** Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if certain of the risks described in this Prospectus occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

### **Notice to overseas investors**

The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**” or the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States. The Shares issued in connection with the Plan of Arrangement will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof and exemptions from registration and qualification provided under the securities laws of each state of the United States in which the Company’s Shareholders reside.

THE SHARES HAVE NOT BEEN RECOMMENDED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, INCLUDING THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “SEC”). FURTHERMORE, SUCH AUTHORITIES, INCLUDING THE SEC, HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF ADMISSION AND HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

**This Prospectus does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, any Shares to any person in any jurisdiction.**

The distribution of this Prospectus in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company to permit a public offering of the Shares or to permit the possession, issue or distribution of this Prospectus in any jurisdiction where action for that purpose may be required. Accordingly, neither this Prospectus nor any advertisement nor any offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In particular, no actions have been taken to allow a public offering of the Shares under the applicable securities laws of any jurisdiction, including Australia, Canada or Japan. Subject to certain exceptions, the Shares may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen of any jurisdiction, including Australia, Canada or Japan.

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## SUMMARY INFORMATION

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A-E (A.1—E.7).

This summary contains all the Elements required to be included in a summary for these types of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings		
Element		
A.1	Introduction	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Consent to use of Prospectus for subsequent resale	Not applicable. The Company is not engaging any financial intermediaries for any resale or final placement of securities after the publication of this Prospectus.
Section B – Issuer		
Element		
B.1	Legal and commercial name	Jackpotjoy plc (the “Company”).
B.2	Domicile / legal form / legislation / country of incorporation	The Company is a public limited company, incorporated on 29 July 2016 in England and Wales with registered number 10303804 with its registered office situated in England and Wales. The Company operates under the Companies Act 2006.
B.3	Current operations / principal activities and markets	<p>The Company was incorporated in connection with the Plan of Arrangement and will be, as of the completion of the Plan of Arrangement, the holding company of the Group, an online gaming group that provides wagering-focused entertainment to a global consumer base. The Group currently offers bingo and casino games to its customers through the Jackpotjoy, Starspins, Botemania, Vera&amp;John, Costa Bingo, InterCasino and other brands.</p> <p>For the purposes of this Prospectus, the term “Group” means (1) Intertain and its subsidiary undertakings prior to the date that Intertain (which will become AmalCo as a result of the Amalgamation) becomes an indirect subsidiary of the Company pursuant to the Plan of Arrangement and (2) upon the Plan of Arrangement taking effect on Admission, the Company and its subsidiary undertakings.</p>

		<p>The Group segments its operations as follows: (i) the Jackpotjoy segment (consisting of the real money and social gaming online bingo and online casino operating results of the Jackpotjoy, Star spins and Botemania brands), (ii) the Vera&amp;John segment (consisting of the real money online casino operating results of various brands operated by Dumarca and Cryptologic Operations, including Vera&amp;John, Vera&amp;Juan and InterCasino and revenues earned from the revenue guarantee (the “<b>Amaya Revenue Guarantee</b>”) with Amaya Inc. (“<b>Amaya</b>”), which expired during the first quarter of 2016), and (iii) the Mandalay segment (consisting of the real money operating results of various online bingo websites operated by Mandalay Media, Jet Management and Jet Media (collectively, the “<b>Mandalay Group</b>”), including Costa Bingo, and the operating results of affiliate portal businesses (each an “<b>affiliate</b>”)).</p> <p>The Jackpotjoy Brands, when combined with the services provided by Gamesys Limited (“<b>Gamesys</b>”) and Gamesys (Gibraltar) Limited (“<b>Gamesys Gibraltar</b>”) under the Operating Agreements, are referred to in this Prospectus as the “<b>Jackpotjoy Business</b>”.</p> <p>The Jackpotjoy Business operates through proprietary software owned by Gamesys and its subsidiaries (together with Gamesys, the “<b>Gamesys Group</b>”), the Jackpotjoy Business’ business-to-business software and support provider. The Vera&amp;John segment operates through the plain gaming platform, which is proprietary software owned by a subsidiary of the Group (the “<b>Plain Gaming Platform</b>”). The Mandalay segment’s bingo offerings operate through the Dragonfish platform, a software service provided by 888 Holdings plc (“<b>888</b>”) and its subsidiaries (together with 888, the “<b>888 Group</b>”). The Group also receives fees for marketing services provided by its affiliate portal business operated through the Mandalay segment.</p> <p>The Group’s operations are primarily focused on, and the majority of its revenues are derived from, the UK and Northern Europe, in particular Sweden.</p>
<b>B.4.a</b>	<b>Significant recent trends affecting the Group and the industry in which it operates</b>	<p><b>Industry</b></p> <p>Growth is expected to continue in the online betting and gaming market, which is projected by H2 Gambling Capital to grow at a compound annual growth rate of 10.51 per cent. from 2015 to 2018, reaching €43.58 billion in gross gaming revenue by 2018. The key drivers for this growth include increased broadband penetration and faster broadband speeds, use of interactive television, continued product innovation, increasing levels of live sports coverage, increasing customer acceptance and trust in transacting over the internet and increasing social interactivity online.</p> <p>In addition, the proliferation of mobile internet access and the widespread use of smart phones is transforming the online betting and gaming market from being a concerted activity that is played at home over a longer period of time into a more popular form of instantaneous and casual diversion.</p> <p>A key innovation which leverages the global reach of the internet is the ability for large numbers of customers to enjoy peer-to-peer gaming and social interaction. Unlike offline gaming, online operators are able to take advantage of scale and technology to provide gaming and a social platform to large networks of players. For online bingo, these large networks create what is known as “liquidity” or the value cycle created by an increased number of players and wagers, which in turn increases the number and frequency of games, the size of jackpots, and therefore the attractiveness of the platform to prospective players. Liquidity is an important driver of customer retention, new customer acquisition and therefore long-term success. Under the bingo-led business model, cross-selling between online verticals (e.g. attracting casino players from an existing bingo player base) is commonplace and a strong presence in one vertical is a significant advantage to generating player activity in other verticals.</p> <p><b>The Group</b></p> <p>In response to the prevailing trends in the online gaming market, the Group’s business model has been structured to focus on the high-growth online bingo market segment in the UK and Northern Europe. The Group’s focus on online real-money bingo aims</p>

		<p>to leverage the Group's scale and gaming platforms to provide customers with a large network of sociable, community games. For online bingo, this is intended to create a high degree of liquidity. This liquidity is expected to increase the attractiveness of gaming platforms and is viewed by the Group as an important driver of customer demand and retention, serving also to generate new customer acquisitions.</p> <p>Given the transition in player engagement from desktop to mobile devices in the online gaming market, the Group's gaming platforms have been developed across devices. The Group aims to continue to develop its mobile base to enhance customer value and satisfaction.</p> <p>The Group's organic growth rates in each of its business segments have been largely driven by growth in the online gaming sector, particularly in the core market of the UK, and also by the introduction of new multi-platform products. The Directors believe the Group benefits from a variable cost structure, which lessens the impact on earnings from unforeseen downturns in revenue.</p> <p>On 14 November 2016, Intertain published its interim management's discussion and analysis on its third quarter results, stating that (i) it had a strong third quarter, with constant currency growth across all metrics from the same period last year, and (ii) it continues to realise significant gains from organic growth, with revenues increasing 10 per cent. from the third quarter of 2015 on a constant currency basis. Intertain also made a substantial investment in marketing in order to drive growth over future quarters.</p>
<b>B.5</b>	<b>Description of issuer's group</b>	<p>The Company is a newly incorporated English company and UK tax-resident that will indirectly hold all of the common shares in the capital of AmalCo following the completion of a corporate reorganisation pursuant to a Plan of Arrangement, described further below.</p> <p>Intertain is a company existing under the laws of Ontario and the common shares (the "<b>Intertain Shares</b>") in the capital of Intertain are currently listed on the Toronto Stock Exchange ("<b>TSX</b>"). Intertain is an online gaming holding company that provides wagering-focused entertainment to a global customer base. Since completing its "qualifying transaction" (being the first acquisition by the capital pool company) with the acquisition of the InterCasino segment and with subsequent acquisitions, Intertain has, according to Gambling Compliance Research Services, grown to become one of the top ten online gaming operators globally by revenue and is the world's leading online bingo-led provider by revenue.</p> <p>In connection with Admission, Intertain will undertake a corporate reorganisation pursuant to a court supervised plan of arrangement (the "<b>Plan of Arrangement</b>") under the <i>Business Corporations Act</i> (Ontario) (the "<b>OBCA</b>") (a process similar to a scheme of arrangement under the Companies Act 2006 (the "<b>Companies Act</b>"). Pursuant to the Plan of Arrangement, Intertain, the Company, Intertain Holdings (an indirect subsidiary of the Company) and Intertain ExchangeCo Limited ("<b>ExchangeCo</b>") (incorporated under the OBCA) will undertake a share-for-share exchange and Intertain, Intertain Holdings Inc. ("<b>Intertain Holdings</b>") and ExchangeCo will amalgamate to form AmalCo (as defined in "<i>Part 11: Definitions and Glossary</i>", and of which Intertain will be a predecessor company), which will become an indirect subsidiary of the Company, with the Company being entitled to exercise 100 per cent. of the voting rights in AmalCo.</p> <p>Pursuant to the Plan of Arrangement, Intertain's existing shareholders will receive Shares on a one for one basis. In addition, in order for Intertain's eligible Canadian resident shareholders to have the ability to defer Canadian capital gains taxes in connection with the disposal of their Intertain Shares pursuant to the Plan of Arrangement, these eligible Canadian resident shareholders have been offered an option to elect to receive either Shares in the Company or non-voting Class C exchangeable shares in the capital of AmalCo having substantially the rights, privileges, restrictions and conditions set out herein and in Exhibit B to the Arrangement Agreement (the "<b>Exchangeable Shares</b>") issued by AmalCo on a one-</p>



		for-one basis. The Exchangeable Shares will entitle the holder to exchange its Exchangeable Shares for the applicable Exchangeable Share Transfer Price.														
B.6	Shareholders	<p>In so far as is known to the Company, immediately prior to and immediately following Admission, the Company’s shareholders directly or indirectly interested in three per cent. or more of the Company’s issued share capital are expected to be:</p> <table><thead><tr><th rowspan="2">Name</th><th colspan="2">Immediately prior to Admission</th><th colspan="2">Immediately following Admission</th></tr><tr><th>Number of Shares</th><th>per cent. of voting rights in respect of the issued share capital</th><th>Number of Shares</th><th>per cent. of voting rights in respect of the issued share capital<sup>(1)</sup></th></tr></thead><tbody><tr><td>Noel Hayden .....</td><td>Nil</td><td>-</td><td>2,427,708</td><td>3.3</td></tr></tbody></table> <p><sup>(1)</sup> Percentage of voting rights calculated based on the Minimum Number of Shares being issued.</p> <p>The Company also expects Intertain JerseyCo Ltd (“<b>JerseyCo</b>”) to become a significant shareholder following Admission, as a result of its holding of Shares pursuant to the Exchangeable Share structure. As at 19 January 2017 (being the latest practicable date prior to the date of this Prospectus), the ultimate level of take-up of Exchangeable Shares is not known, but the Company expects that JerseyCo will hold in excess of 12,768,637 Shares, or 17.3 per cent. of voting rights in respect of its issued share capital, following Admission (such numbers reflecting the elections for Exchangeable Shares received on or prior to 19 January 2017).</p> <p>None of the Shareholders referred to in the table set forth above has or will have voting rights which differ from those of any other Shareholder in respect of any Shares held by them.</p> <p>In so far as is known to the Company, there is no person who will or could, directly or indirectly, jointly or severally, exercise control over the Company.</p> <p>None of the Company’s shareholders has or will have, immediately following Admission, different voting rights with respect to the Shares that they hold in the Company, except in relation to JerseyCo.</p>	Name	Immediately prior to Admission		Immediately following Admission		Number of Shares	per cent. of voting rights in respect of the issued share capital	Number of Shares	per cent. of voting rights in respect of the issued share capital <sup>(1)</sup>	Noel Hayden .....	Nil	-	2,427,708	3.3
Name	Immediately prior to Admission			Immediately following Admission												
	Number of Shares	per cent. of voting rights in respect of the issued share capital	Number of Shares	per cent. of voting rights in respect of the issued share capital <sup>(1)</sup>												
Noel Hayden .....	Nil	-	2,427,708	3.3												
B.7	Selected historical key financial information	<p>The historical financial information in “<i>Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group</i>” and “<i>Part 7: Historical Financial Information – Section H: Unaudited Interim Condensed Consolidated Financial Statements of the Group for the nine months ended 30 September 2016</i>” (the “<b>Group Historical Financial Information</b>”) and “<i>Part 7: Historical Financial Information – Section F: Historical Financial Information of the Company for the period ended 15 August 2016</i>” has been prepared in accordance with the requirements of the Prospectus Directive Regulation (as defined in “<i>Part 11: Definitions and Glossary</i>”), the Listing Rules and IFRS (as defined in “<i>Part 11: Definitions and Glossary</i>”). The Group Historical Financial Information presented in this Prospectus are those of Intertain pre-Plan of Arrangement. The Group Historical Financial Information comprises the years ended and as at 31 December 2013, 2014 and 2015, the six months ended 30 June 2015 and 2016 and as at 30 June 2016 and the nine months ended 30 September 2015 and 2016 and as at 30 September 2016.</p> <p>On 8 April 2015, Intertain completed the Jackpotjoy Acquisition (as defined below). In light of the significance of the Jackpotjoy Acquisition for the Group, the Directors believe that the Jackpotjoy historical financial information is relevant to prospective investors and is included in “<i>Part 7: Historical Financial Information – Section D: Historical Financial Information of the Jackpotjoy, Starspins and Botemania business unit of Gamesys Limited for the three years ended 31 March 2015</i>” (the “<b>Jackpotjoy Historical Financial Information</b>”) for the years ended and as at 31 March 2013, 2014 and 2015. No standalone historical financial information is presented for the period from 1 April 2015 (the first day following the period covered by the Jackpotjoy Historical Financial Information) to 8 April 2015 (the Jackpotjoy Acquisition date) due to the immateriality of the results of the Jackpotjoy Business for this short period to the results of the Group for the year.</p>														

The historical financial information for the Jackpotjoy, Starspins and Botemania Business Unit of Gamesys Limited pre-acquisition by Intertain included in “*Part 5: Operating and Financial Review - Historical financial information for Jackpotjoy for the three years ended 31 March 2015*” is derived from the Jackpotjoy Historical Financial Information, which has been extracted from the accounting records of the Gamesys Group and audited by BDO.

The historical financial information relating to the Jackpotjoy Business included in the key “Pre-Acquisition”, financial measures presented in this Prospectus has been derived from the accounting records of the Gamesys Group.

Unless otherwise stated in this Prospectus, financial information in relation to the Group referred to in this Prospectus has been extracted without material adjustment from the Group Historical Financial Information and financial information in relation to the Jackpotjoy Business has been extracted from the Group’s or Gamesys’ accounting records. The Jackpotjoy Historical Financial Information has been extracted from the accounting records of the Gamesys Group and as audited by BDO. Carve-out financial information is generally not precise, since it includes certain amounts based on estimates and judgements. When alternative methods of calculating figures exist, those methods have been chosen which are deemed most appropriate in the circumstances, in order to ensure that the carveout financial information is presented fairly, in all material respects.

Investors should ensure that they read the whole of this Prospectus and not only rely on the key information or information summarised within it.

### **Historical Key Financial Information for the Group**

Consolidated Balance Sheets (extracts)	As at 31 December			As at 30 June	As at 30 September
(CAD)	2013	2014	2015	2016	2016
					(Unaudited)
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Total current assets .....	62,401	50,424	130,328	185,272	205,710
Total non-current assets .....	-	287,985	1,376,026	1,127,774	1,099,950
Total current liabilities .....	3,782	63,780	110,763	246,408	280,235
Total non-current liabilities .....	13,914	90,990	805,762	595,669	581,293
Total equity .....	44,705	183,639	589,829	470,969	444,132

Consolidated Statements of Comprehensive Income (extracts)	Year ended 31 December			Six months ended 30 June		Nine months ended 30 September		Twelve months ended 30 September <sup>(1)</sup>
(CAD)	2013	2014	2015	2015	2016	2015	2016	2016
				(Unaudited)		(Unaudited)	(Unaudited)	(Unaudited)
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Revenue and other income .....	-	40,776	384,465	130,292	247,333	252,508	360,980	492,937
Total costs and expenses .....	922	58,525	446,393	182,707	231,590	300,902	346,681	492,172
Financing expenses ....	82	7,937	164,291	22,820	32,855	44,233	63,620	183,678
Net loss for the period before taxes .....	(1,004)	(25,686)	(225,789)	(74,805)	(17,112)	(92,197)	(49,321)	(182,913)
Net loss for the period .....	(1,004)	(26,068)	(226,873)	(74,977)	(17,526)	(92,475)	(49,340)	(183,738)
Total other comprehensive income (loss) for the period .....	-	(264)	66,950	54,116	(102,986)	70,476	(108,647)	(112,173)
Total comprehensive loss for the period ...	(1,004)	(26,332)	(159,923)	(20,861)	(120,512)	(21,999)	(157,987)	(295,911)

<sup>(1)</sup> The unaudited consolidated financial information for the twelve months ended 30 September 2016 was calculated by adding the consolidated statement of comprehensive income for the nine months ended 30 September 2016 (as shown in the historical financial information in Section H of Part 7 of this document), and the consolidated statement of comprehensive income for the year ended 31 December 2015 (as shown in the historical financial information in Section H of Part 7 of this document), and subtracting the unaudited consolidated statement of comprehensive income for the nine months ended 30 September 2015 (as shown in the historical financial information in Section H of Part 7 of this document).



Consolidated Statements of Cash Flows (extracts)	Year ended 31 December			Six months ended 30 June		Nine months ended 30 September		Twelve months ended 30 September <sup>(1)</sup>
(CAD)	2013	2014	2015	2015	2016	2015	2016	2016
	(\$000's)	(\$000's)	(\$000's)	(Unaudited) (\$000's)	(Unaudited) (\$000's)	(Unaudited) (\$000's)	(Unaudited) (\$000's)	(Unaudited) (\$000's)
Total cash provided by (used in) operating activities .....	2,813	4,417	48,265	(35,952)	86,496	5,198	118,252	161,319
Total cash provided by (used in) financing activities .....	(1,532)	206,686	684,984	783,270	(54,581)	750,079	(66,555)	(131,650)
Total cash used in investing activities .....	-	(181,132)	(699,685)	(688,067)	(1,605)	(692,584)	(3,214)	(10,315)
Net increase in cash during the period .....	1,281	29,971	33,564	59,251	30,310	62,693	48,483	19,354
Cash, beginning of period .....	-	1,281	31,252	31,252	64,816	31,252	64,816	94,502
Exchange gains on cash ...	-	-	-	171	(6,299)	557	(9,421)	(9,978)
Cash, end of period .....	1,281	31,252	64,816	90,674	88,827	94,502	103,878	103,878

<sup>(1)</sup> The unaudited consolidated financial information for the twelve months ended 30 September 2016 was calculated by adding the consolidated statement of cash flows for the nine months ended 30 September 2016 (as shown in the historical financial information in Section H of Part 7 of this document), and the consolidated statement of cash flows for the year ended 31 December 2015 (as shown in the historical financial information in Section H of Part 7 of this document), and subtracting the unaudited consolidated statement of cash flows for the nine months ended 30 September 2015 (as shown in the historical financial information in Section H of Part 7 of this document).

### Historical Key Financial Information for Jackpotjoy

	Year ended 31 March		
Carve-out statements of comprehensive income	2013	2014	2015
	£'000s	£'000s	£'000s
Revenue .....	128,858	130,944	143,090
Cost of sales .....	-	-	7,410
Gross profit .....	128,858	130,944	135,680
Distribution expenses .....	37,689	40,735	38,710
Administration expenses .....	25,985	26,953	29,809
Profit from operations and before taxation .....	65,184	63,256	67,161
Taxation .....	15,644	11,239	11,439
Profit after taxation for the year and total comprehensive income attributable to the equity owners of Gamesys Limited .....	49,540	52,017	55,722
	As at 31 March		
Carve-out statements of financial position	2013	2014	2015
	£'000s	£'000s	£'000s
Assets .....			
Current assets .....			
Trade and other receivables .....	13,799	13,367	18,602
	13,799	13,367	18,602
Liabilities .....			
Current liabilities .....			
Trade and other payables .....	24,484	23,445	31,721
	24,484	23,445	31,721
Net liabilities .....	(10,685)	(10,078)	(13,119)
Business Unit deficit .....	(10,685)	(10,078)	(13,119)
	Year ended 31 March		
Carve-out statements of changes in Business Unit deficit	2013	2014	2015
	£'000s	£'000s	£'000s
Business Unit deficit brought forward .....	-	(10,685)	(10,078)
Total comprehensive income for the year .....	49,540	52,017	55,722
Net distributions .....	(60,225)	(51,410)	(58,763)
Business Unit deficit carried forward .....	(10,685)	(10,078)	(13,119)

		Year ended 31 March		
Carve-out statements of cashflow		2013	2014	2015
		£'000s	£'000s	£'000s
Profit before tax .....		65,184	63,256	67,161
Increase in trade and other receivables .....		(66,857)	(62,217)	(75,436)
Increase/(decrease) in trade and other payables .....		1,673	(1,039)	8,275
<b>Net cash from operating activities and cash and cash equivalents .....</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Historical Key Financial Information for the Company</b>				
Statement of comprehensive income		Period ended 15 August 2016		
		£'000s		
<b>Result before taxation .....</b>				-
Taxation .....				-
<b>Result before the financial period .....</b>				-
<b>Total comprehensive income for the period .....</b>				=
<b>Balance sheet</b>		<b>As at 15 August 2016</b>		
		£'000s		
<b>Current assets</b>				
Receivables: unpaid share capital .....				50,000
Creditors: amount falling due within one year .....				-
<b>Net current assets .....</b>				<b>50,000</b>
<b>Capital and reserves</b>				
<b>Called up share capital .....</b>				<b>50,000</b>
<b>Statement of changes in equity</b>		<b>Share capital and reserves</b>		
		£'000s		
<b>Period ended 15 August 2016:</b>				
Result and total comprehensive income for the period .....				-
Issue of share capital .....				50,000
<b>Balance at 15 August 2016 .....</b>				<b>50,000</b>
<b>Statement of Cash Flows</b>				
The Company did not enter into any transactions involving cash or cash equivalents in the period ended 15 August 2016.				
<i>InterCasino Acquisition</i>				
On 11 February 2014, in accordance with the rules of the TSXV, the Group completed its “qualifying transaction” (being the first acquisition by the capital pool company) with the acquisition of Goldstar Acquisitionco Inc. (“ <b>Goldstar</b> ”) through an amalgamation between Goldstar and a wholly-owned subsidiary of Intertain (the “ <b>Goldstar Amalgamation</b> ”) to form an entity that was renamed “Intertain Holdings Inc.” (“ <b>Intertain Holdings</b> ”) and the acquisition of the entire issued share capital of WagerLogic Malta Holding Limited (“ <b>WagerLogic</b> ”) which indirectly holds the InterCasino brand, amongst others, from a subsidiary of Amaya for an initial purchase price of \$70.0 million (less working capital adjustments) (the “ <b>InterCasino Acquisition</b> ”). The Group incurred \$1.7 million and \$0.3 million, respectively, in acquisition costs related to the InterCasino Acquisition in the years ended 31 December 2013 and 31 December 2014, including consulting advisory fees.				
<i>Mandalay Media Acquisition</i>				
Pursuant to the Mandalay Media Agreement, on 14 July 2014, the Group acquired the entire issued share capital of Mandalay Media for an initial payment of £45.0 million in cash (the “ <b>Mandalay Media Acquisition</b> ”). The purchase price was subject to				

	<p>certain net cash and working capital adjustments. In addition, up to £15.0 million in further cash consideration was payable pursuant to an earn-out calculated based on the annualised consolidated earnings of the Mandalay Group as well as various affiliate websites (the “<b>Mandalay Media Earn-Out</b>”). In 2015, in accordance with the Mandalay Media Agreement, Intertain paid \$25.7 million in respect of the required Mandalay Media Earn-Out and no further earn-out payments or finder’s fees are pending or required. The Group incurred \$7.8 million in acquisition-related costs (including management compensation, consulting advisory fees and finder’s fees) related to the Mandalay Media Acquisition in the year ended 31 December 2014.</p> <p><i>Vera&amp;John Acquisition</i></p> <p>On 23 December 2014, the Group acquired the entire issued share capital of Dumarca, which indirectly holds the Vera&amp;John and Vera&amp;Juan brands, amongst others. As consideration, the Group made an initial payment of €44.5 million in cash (exclusive of working capital adjustments) and issued an aggregate of 5,024,869 Intertain Shares. In addition, the Group paid further cash consideration in June 2016 pursuant to an earn-out of €8.1 million. In addition to the purchase price, a finder’s fee of 1 per cent. of the initial payment and a finder’s fee of 1 per cent. of the Vera&amp;John earn-out were paid by Intertain. No further earn-out payments or finder’s fees related to the Vera&amp;John acquisition are pending or required. The Group incurred \$6.6 million and \$1.4 million in acquisition costs (including management compensation and finder’s fees) related to the Vera&amp;John acquisition in the years ended 31 December 2014 and 31 December 2015.</p> <p><i>Jackpotjoy Acquisition</i></p> <p>On 8 April 2015, Intertain completed the acquisition (the “<b>Jackpotjoy Acquisition</b>”) of the entire issued share capital of Fifty States Limited (“<b>Fifty States</b>”), the then direct and indirect holder of the Jackpotjoy, Star spins and Botemania brands, together with associated rights in or ownership of real money and social gaming player data related to such brands, trademarks, domain names and certain other related intellectual property rights (collectively, the “<b>Jackpotjoy Brands</b>”).</p> <p>As consideration, Intertain paid an initial purchase price of approximately £436.2 million, comprising a mixture of cash and Intertain Shares. In addition, Intertain may be required to pay further cash consideration pursuant to earn-outs based on the financial performance of the Jackpotjoy Business in various periods during the five year period following completion of the Jackpotjoy Acquisition (the “<b>Jackpotjoy Earn-Out Payments</b>”). The discounted projected Jackpotjoy Earn-Out Payments are, as at 30 September 2016, estimated at \$426.5 million (probability-weighted). The projected Jackpotjoy Earn-Out Payments are based on several management assumptions and estimates, including measuring the fair value of the assets acquired, equity instrument issued, liabilities, contingent considerations incurred or assumed and impairment of goodwill and intangible assets, as well as the recognition of deferred tax assets and liabilities. The Jackpotjoy Earn-Out Payments are measured at fair value, which impacts results period on period. During the year ended 31 December 2015, Intertain re-assessed the contingent considerations related to Jackpotjoy Earn-Out Payments and recognised additional liabilities of \$114.3 million as a result of the strong performance of the business.</p> <p>In addition to the initial purchase price and the Jackpotjoy Earn-Out Payments, a finder’s fee of 0.5 per cent. of the portion of the initial purchase price was paid by Intertain during the year ended 31 December 2015, and a finder’s fee of 0.5 per cent. of the Jackpotjoy Earn-Out Payments is payable when the relevant Jackpotjoy Earn Out Payments are finally determined pursuant to the Jackpotjoy SPA (as amended by the applicable Jackpotjoy Amending Agreement described below).</p> <p>The Group incurred \$53.1 million in acquisition-related costs related to the Jackpotjoy Acquisition in the year ended 31 December 2015, including management compensation, consulting advisory fees and finder’s fees.</p>
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		<p>On 5 September 2016, the Jackpotjoy Amending Agreements were entered into. The Jackpotjoy Amending Agreements amended the Jackpotjoy SPA to permit Intertain to pre-pay to Gamesys, in advance of the date on which the Jackpotjoy and Starspins Earn-Out falls due and payable, some or all of the Jackpotjoy and Starspins Earn-Out (such pre-payment a “<b>Jackpotjoy and Starspins Pre-Payment</b>”). On 16 December 2016, following the receipt of the required consents under the Credit Agreement, the Group made a Jackpotjoy and Starspins Pre-Payment of £150 million with the net proceeds from the Debt Raising (as defined below), which constituted a Qualifying Finance Arrangement (as defined in “<i>Part 11: Definitions and Glossary</i>”) entered into on 16 December 2016. The Group expects that the Jackpotjoy and Starspins Earn-Out will exceed £150 million. To the extent that the Jackpotjoy and Starspins Earn-Out exceeds any Jackpotjoy and Starspins Pre-Payment, the remaining balance will be paid in due course in accordance with the original terms of the Jackpotjoy SPA. Following the satisfaction of certain requirements contained in the Jackpotjoy Amending Agreements, including that a Jackpotjoy and Starspins Pre-Payment of at least £150 million be made on or before 28 February 2017, the aggregate amount of the Jackpotjoy Earn-Out Payments for which the Group is liable became subject to a cap of £375 million (excluding any interest thereon).</p> <p>In connection with the Jackpotjoy Acquisition, Intertain entered into a credit agreement with, among others, Macquarie Capital (USA) Inc. on 8 April 2015 (as amended and restated from time to time, including on 27 October 2016 to, among other things, permit the Plan of Arrangement) (the “<b>Credit Agreement</b>”), in respect of certain credit facilities (the “<b>Credit Facilities</b>”) consisting of (i) a seven-year U.S.\$335.0 million first-lien term loan credit facility (the “<b>Term Facility</b>”) and (ii) a five-year senior secured U.S.\$17.5 million revolving credit facility (the “<b>Revolving Facility</b>”) to be used for working capital and general corporate purposes. On 16 December 2016, the Credit Agreement was further amended and restated to, among other things, establish an additional £53,276,000 incremental first lien term loan facility and a €20 million first lien term loan facility (together the “<b>Incremental First Lien Facility</b>”), permit the incurrence of a £90 million second lien term loan facility (the “<b>Second Lien Facility</b>”) pursuant to a second lien credit agreement between, among others, Intertain and Macquarie Capital (Europe) Ltd as sole bookrunner and sole lead arranger and Cortland Capital Markets Services LLC as administrative agent and collateral agent (the “<b>Second Lien Credit Agreement</b>”) (the raising of indebtedness under the Incremental First Lien Facility and the Second Lien Facility together the “<b>Debt Raising</b>”) and permit the Jackpotjoy and Starspins Pre-Payment of £150 million.</p> <p>Save as set out above, there has been no significant change in the financial condition and operating results of the Group in the financial years ended 31 December 2013, 2014 or 2015, the six months ended 30 June 2016 the nine months ended 30 September 2016 or the period subsequent to 30 September 2016, being the last period end date of the historical financial information in respect of the Group set out in “<i>Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group</i>” and “<i>Part 7: Historical Financial Information – Section H: Unaudited Interim Condensed Consolidated Financial Statements of the Group for the nine months ended 30 September 2016</i>”.</p> <p>There has been no significant change in the financial condition and operating results of the Company in the period from its incorporation to 15 August 2016 or the period subsequent to 15 August 2016, being the period end date of the historical financial information in respect of the Company set out in “<i>Part 7: Historical Financial Information – Section F: Historical Financial Information of the Company for the period ended 15 August 2016</i>”.</p>
<b>B.8</b>	<b>Pro forma financial information</b>	<p>The unaudited <i>pro forma</i> financial information for the Group set out below has been prepared to illustrate the impact of the Jackpotjoy Acquisition on key line items of the income statement of the Group for the year ended 31 December 2015 as if it had taken place on 1 January 2015, and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group’s actual financial position or results.</p> <p>The unaudited <i>pro forma</i> financial information set out below has been prepared on a basis consistent with the accounting policies to be used by the Group in preparing its consolidated financial statements for the period ended 31 December 2016 and in accordance with Annex II to the Prospectus Directive Regulation.</p>

		<p>The unaudited <i>pro forma</i> income statement set out below is prepared on the basis of the consolidated statement of comprehensive income of the Group for the year ended 31 December 2015 as set out in “<i>Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group</i>”.</p> <table><tr><th></th><th colspan="3">Adjustment<sup>(1)(2)</sup></th></tr><tr><th>(CAD)</th><th>Year ended 31 December 2015<sup>(3)</sup></th><th>Jackpotjoy for the period 1 January 2015 to 8 April 2015<sup>(4)</sup></th><th>Pro forma year ended 31 December 2015</th></tr><tr><td></td><td>(\$000's)</td><td>(\$000's)</td><td>(\$000's)</td></tr><tr><td>Total revenue and other income .....</td><td>384,465</td><td>75,617</td><td>460,082</td></tr><tr><td>Total costs and expenses .....</td><td>446,393</td><td>68,937</td><td>515,330</td></tr><tr><td>Total financing expenses .....</td><td>164,291</td><td>—</td><td>164,291</td></tr><tr><td>Net loss for the period before taxes .....</td><td>(225,789)</td><td>6,680</td><td>219,109</td></tr><tr><td>Net loss for the period .....</td><td>(226,873)</td><td>6,680</td><td>220,193</td></tr></table> <p>1. None of the adjustments set out above will have a recurring effect on the Group.</p> <p>2. No account has been taken of the financial or trading performance of the Group subsequent to 31 December 2015 nor of any other event, save as disclosed above.</p> <p>3. The financial information has been extracted, without material adjustment, from the historical financial information of the Group for the year ended 31 December 2015 as set out in Section B of “<i>Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group</i>”.</p> <p>4. The adjustment reflects the results for Jackpotjoy for the period from 1 January 2015 to the date of its acquisition by the Group on 8 April 2015. This information has been extracted from the accounting records of Jackpotjoy, with an adjustment made to reflect amortisation of acquisition related purchase price intangibles.</p>		Adjustment <sup>(1)(2)</sup>			(CAD)	Year ended 31 December 2015 <sup>(3)</sup>	Jackpotjoy for the period 1 January 2015 to 8 April 2015 <sup>(4)</sup>	Pro forma year ended 31 December 2015		(\$000's)	(\$000's)	(\$000's)	Total revenue and other income .....	384,465	75,617	460,082	Total costs and expenses .....	446,393	68,937	515,330	Total financing expenses .....	164,291	—	164,291	Net loss for the period before taxes .....	(225,789)	6,680	219,109	Net loss for the period .....	(226,873)	6,680	220,193
	Adjustment <sup>(1)(2)</sup>																																	
(CAD)	Year ended 31 December 2015 <sup>(3)</sup>	Jackpotjoy for the period 1 January 2015 to 8 April 2015 <sup>(4)</sup>	Pro forma year ended 31 December 2015																															
	(\$000's)	(\$000's)	(\$000's)																															
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Net loss for the period before taxes .....	(225,789)	6,680	219,109																															
Net loss for the period .....	(226,873)	6,680	220,193																															
B.9	Profit estimate	<p>The Directors estimate that on the basis of preparation set out below:</p> <ul style="list-style-type: none"><li>• Total Adjusted EBITDA of the Group for the year ended 31 December 2016 will be \$175 million to \$195 million;</li><li>• Total Adjusted Net Income of the Group for the year ended 31 December 2016 will be \$140 million to \$160 million; and</li><li>• Diluted Adjusted Net Income Per Share of the Group for the year ended 31 December 2016 will be \$1.87 to \$2.13</li></ul> <p>(together, the “<b>Profit Estimate</b>”).</p> <p>The Profit Estimate is presented in line with previous guidance on Total Adjusted EBITDA, Total Adjusted Net Income and Diluted Adjusted Net Income Per Share (each of which is a non-IFRS measure) issued by the directors of Intertain with respect to the Group prior to the Plan of Arrangement in previous Canadian public market announcements. Such guidance included forecasts for the year ended 31 December 2016, which are required to be repeated or updated in this document. The Profit Estimate included in this prospectus is presented using Total Adjusted EBITDA, Total Adjusted Net Income and Diluted Adjusted Net Income Per Share which are measures which are consistent with the financial measures historically used in the guidance previously published by Intertain, rather than providing an estimate of profit/loss before tax. The Directors continue to believe that these measures provide useful information regarding ongoing operating and financial performance, as elaborated below.</p> <p>Total Adjusted EBITDA, as defined by Jackpotjoy, is income before interest expense (net of interest income), income taxes, depreciation, amortisation, share-based compensation, severance costs, Independent Committee related expenses, gain/loss on Cross-Currency Swap, fair value adjustments on contingent consideration, transaction related costs and foreign exchange. The exclusion of amortisation and share-based compensation eliminates the non-cash impact of these items and the exclusion of gain/loss on Cross-Currency Swap, fair value adjustments on contingent consideration, transaction related costs, Independent Committee related expenses and foreign exchange eliminates items which the Directors believe are non-operational. The Directors believe that Total Adjusted EBITDA is an important indicator of the Group’s ability to generate liquidity through operating cash flow to service outstanding debt and fund acquisition earn-out payments and uses this metric for such purpose.</p>																																



		<p>Total Adjusted Net Income, as defined by Jackpotjoy, means net income plus or minus items of note that management may reasonably quantify and believes will provide investors with a better understanding of the Group's underlying business performance. Total Adjusted Net Income is calculated by adjusting net income for share-based compensation, Independent Committee related expenses, amortisation on acquisition related purchase price intangibles, transaction related costs, foreign exchange, interest accretion, gain/loss on Cross-Currency Swap, and fair value adjustments on contingent consideration relating to earn-out payments. The exclusion of share-based compensation and accretion eliminates the non-cash impact and the exclusion amortisation of acquisition related purchase price intangibles, severance costs, Independent Committee related expenses, gain/loss on Cross-Currency Swap, fair value adjustments on contingent consideration, transaction related costs, and foreign exchange eliminates items which the Directors believe are non-operational. The Directors believe that Total Adjusted Net Income is another important indicator of the Group's ability to generate liquidity through operating cash flow to fund acquisition earn-out payments and uses this metric for such purpose. Total Adjusted Net Income is also considered by some investors and analysts for the purpose of assisting in valuing a company.</p> <p>Diluted Adjusted Net Income per share, as defined by Jackpotjoy, means Total Adjusted Net Income divided by the diluted weighted average number of shares outstanding, calculated using the IFRS treasury method, for the applicable period. The Directors believe that Diluted Adjusted Net Income per share assists with the Group's ability to analyse Total Adjusted Net Income on a diluted weighted average basis.</p> <p>In its guidance, the Company provides forecasts on adjusted measures rather than statutory reported measures in order to remove the impact on the underlying operating performance of the business of non-operational expenses which are included in statutory measures. In addition, due to the Group's large amount of acquisition activity, non-operational items, such as amortisation of acquisition related purchase price intangibles, transaction related costs, and fair value adjustments on contingent consideration, significantly impact statutory measures, which are not therefore considered necessarily indicative of future performance.</p> <p>The Profit Estimate has been prepared using the accounting policies adopted by the Group in preparing its consolidated financial information for the six months ended 30 June 2016.</p> <p>The Profit Estimate is based on (a) the audited consolidated financial results of the Group for the six months ended 30 June 2016; (b) the unaudited interim accounts of the Group for the three months ended 30 September 2016; (c) the unaudited management accounts of the Group for the two months ended 30 November; and (d) the Directors' estimate for the month of December 2016.</p> <p>The disclosures of Total Adjusted EBITDA, Total Adjusted Net Income and Diluted Adjusted Net Income Per Share (each of which is a non-IFRS measure) are consistent with the disclosures of these measures set out within the Operating and Financial Review in Part 5 of this document.</p>
<b>B.10</b>	<b>Audit report – qualifications</b>	Not applicable. There are no qualifications included in the reporting accountant's report on the Group Historical Financial Information included in this Prospectus.
<b>B.11</b>	<b>Working capital insufficiency</b>	Not applicable. In the opinion of the Company, taking into account facilities available to the Group, the Company and the Group have sufficient working capital for their present requirements, that is for at least the next 12 months following the date of this Prospectus.

Section C – Securities		
Element		
C.1	Type and class of securities	When admitted to trading, the Shares will be registered with ISIN number GB00BZ14BX56 and SEDOL number BZ14BX5.
C.2	Currency of issue	British pound sterling (“GBP” or “£”).
C.3	Issued share capital	<p>As at the date of this Prospectus, the Company has an issued share capital of 50,001 divided into one Share with a nominal value of £0.10 and 50,000 redeemable shares with a nominal value of £1.00 each. At Admission, the Company is expected to have an issued share capital of £7,370,231.70 divided into 73,702,317 Shares<sup>(1)</sup> with a nominal value of £0.10 each and 50,000 redeemable shares with a nominal value of £1.00 each.</p> <p>All Shares in issue on Admission will be fully paid.</p> <p><sup>(1)</sup> Share capital and number of Shares calculated on the basis of the Minimum Number of Shares being issued.</p>
C.4	Rights attaching to the Shares	<p>The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes, including:</p> <ul style="list-style-type: none"> <li>the Shares rank equally for voting purposes. On a show of hands each Shareholder has one vote and on a poll each Shareholder has one vote per Share held;</li> <li>each Share ranks equally for any dividend declared;</li> <li>each Share ranks equally for any distributions made on a winding up; and</li> <li>each Share ranks equally in the right to receive a relative proportion of shares in case of a capitalisation of reserves.</li> </ul> <p>The Exchangeable Shares (together with the ancillary rights) will ultimately have economic entitlements that are substantially economically equivalent (subject to certain differences in respect of Distributions) to those that a holder of Intertain Shares (an “<b>Intertain Shareholder</b>”) would have received if such Intertain Shareholder had elected to receive Shares. See “<i>Business Overview — Information on the Group — Summary of the Plan of Arrangement and the Exchangeable Shares — Exchangeable Share Structure — Distribution Rights</i>”. Holders of Exchangeable Shares will also be entitled, through the mechanics provided for in the Voting and Exchange Trust Agreement, to direct the Voting Trustee as to the exercise of the votes attaching to one Share for each Exchangeable Share held by the Exchangeable Shareholder on the same basis and in the same circumstances as if the holder held one Share.</p>
C.5	Restrictions on transfer	Subject to the Articles and selling restrictions dictated by applicable laws, the Shares will be issued fully paid and free from all liens and from any restrictions on transfer (except as may result from failure to comply with a notice from the Company requiring information about interests in its Shares).
C.6	Admission to trading	<p>Application will be made to the UKLA for all of the Shares issued and to be issued in the Company to be admitted to the standard listing segment of the Official List of the FCA and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities.</p> <p>Whilst the TSX has conditionally approved the listing of the Exchangeable Shares in substitution for the currently listed Intertain Shares effective as of the Effective Date (as defined in “<i>Part 11: Definitions and Glossary</i>”), no application has been, or is</p>

		currently intended to be made for the Shares to be admitted to trading on any exchange other than the London Stock Exchange.
<b>C.7</b>	<b>Dividend policy</b>	<p>The Company's aim is to generate long term value for its stakeholders and design a shareholder distribution policy that reflects the growth prospects and profitability of the Company while maintaining appropriate levels of operational liquidity. Subject to ensuring sufficient cash remains in the business, including to meet forecast working capital requirements, contingent and financial liabilities (including with respect to the Jackpotjoy Earn-Out Payments) and other capital requirements, the Board intends to target an annual total dividend of 50 per cent. of the Group's adjusted net income (a non-IFRS measure), as defined and calculated from time to time by the Company. The Board intends to introduce such a policy once the Group's leverage has reduced to levels commensurate with its UK-listed peers. When implemented, it is envisaged that interim dividends would be paid in November of each financial year, and that final dividends would be paid in May of the next financial year. It is intended that the interim and final payments would represent approximately one third and two thirds of the total annual dividend, respectively.</p> <p>The Board will continue to reassess the Company's shareholder distribution policy from time to time. The introduction and payment of dividends by the Company will be subject to its ongoing assessment of its ability to satisfy its contingent liability payments (including with respect to the Jackpotjoy Earn-Out Payments), financial liabilities and operational working capital needs, as well as various additional factors, including those outside of the direct control of the Group. There can therefore be no assurance that the Company will introduce a dividend or, if one is paid, that it will be of the quantum or on the timelines outlined above.</p> <p>It is not expected that Exchangeable Shareholders will receive Distributions from AmalCo. To maintain substantial economic equivalence with the Shareholders, Exchangeable Shareholders will, however, be entitled to receive the Economic Equivalence Payment upon the retraction, redemption or purchase, as the case may be, of their Exchangeable Shares.</p> <p>Pursuant to the Voting and Exchange Trust Agreement, JerseyCo will irrevocably waive its rights to receive Distributions attaching to its Underlying Shares from time to time for as long as it holds such Underlying Shares and, as such, will not receive any dividends paid by the Company.</p>
<b>Section D – Risks</b>		
<b>Element</b>		
<b>D.1</b>	<b>Key information on the key risks specific to the Company or its industry</b>	<p>The Group operates in a constantly evolving online gaming and gambling regulatory environment. Changes to the nature and scope of existing gambling regulations (and applicable laws and regulations more generally), or the introduction of new regulations, in the territories in which the Group's subsidiaries operate or may operate could have a material adverse effect on the Group's business, revenues, operating results and financial condition.</p> <p>The Group is subject to taxation regimes in various jurisdictions which can lead to uncertainty with regards to the tax liabilities of the Group. Adverse changes to the taxation of online betting and gaming or the imposition of, or adverse changes to, statutory levies or other duties or charges could materially adversely affect the Group's business, revenues, operating results and financial condition.</p> <p>The Group faces the risk of revocation or non-renewal of its betting and gaming licences and approvals which may materially adversely affect the operations, financial performance and prospects of the Group. In addition, the occurrence of any of these events could result in reputational damage to the Group, may cause their other licences to be subject to review or revocation and could materially adversely affect their operations, financial performance and prospects. Moreover, renewal of any</p>

	<p>licences may be on terms that are less favourable to the Group, which could have a material adverse effect on their business, revenues, operating results and financial condition. In addition, gaming licences held by the Group, or licences held by the Gamesys Group or the 888 Group, on which the Group relies, may not be renewed or may be revoked for a variety of reasons, including the failure by the Group's subsidiaries directors, officers or senior management or significant shareholders or other investors to adequately comply with the suitability, information reporting or other requirements of licensing and regulatory authorities.</p> <p>The Group operates in an online gaming market industry that has been and continues to be a volatile industry and which is sensitive to economic conditions and regulatory developments. When economic conditions are prosperous, gaming industry revenues tend to increase. Conversely, when economic conditions are unfavourable, gaming industry revenues tend to decline. The Group may be affected by economic conditions in the UK in particular, given the large percentage of its revenue derived from the UK.</p> <p>Customer acquisition and retention, and therefore the Group's business, prospects, revenues, operating results and financial condition, depend upon the effectiveness of marketing activities. The Group relies on the know-how and resources of third-party service providers, such as the Gamesys Group, with respect to the Jackpotjoy Business for its marketing and branding activities and cannot assure that any marketing activities will be successful or cost-effective. To the extent that the Group is unable to successfully renew or negotiate agreements with marketing partners or affiliates, or develop its own successful marketing strategy, or offer products that encourage relationships with marketing partners or affiliate referrals, the Group's business, prospects, revenues, operating results and financial condition may be materially adversely affected.</p> <p>The referendum in the UK on the withdrawal from the European Union has created significant uncertainty about the future relationship between the UK and the European Union, and has given rise to calls by certain countries within the UK to preserve their place in the European Union by separating from the UK as well as for the governments of other European Union member states to consider withdrawal.</p> <p>The Group is highly dependent on the Gamesys Group to continue providing platform services and gaming content for the Jackpotjoy Business pursuant to the Operating Agreements. Pursuant to the Operating Agreements, the Group is also dependent on the Gamesys Group for, among other operational aspects, licences held by the Gamesys Group for the operation of the Jackpotjoy Business, on financial information prepared by Gamesys for the preparation of the Group's financial statements and on regulatory compliance by the Gamesys Group. The Gamesys Group has substantial control over the Jackpotjoy Business during the Jackpotjoy Earn-Out Period, such as control over the strategic plan and budget for the Jackpotjoy Business. The Operating Agreements contemplate the provision of services by the Gamesys Group for a fixed duration and the Group may not be able to continue to operate the Jackpotjoy Business upon termination of the Operating Agreements or to maximise the value of the Jackpotjoy assets after the end of the Jackpotjoy Earn-Out Period. Failure by the Gamesys Group to meet its obligations under the Operating Agreements or the termination of its services could materially and adversely affect the Group's business, revenues, operating results and financial condition and any disputes with respect to the fees payable pursuant to the Operating Agreements may have a negative effect on the Group's relationship with the Gamesys Group.</p> <p>The Group has significant future earn-out liabilities relating to its purchase of the Jackpotjoy Brands. The Jackpotjoy Earn-Out Payments are currently expected to fall due from June 2017 to June 2020, and the period during which the earn-out payments are calculated ends in March 2017 for the Jackpotjoy and Star spins Earn-Out, in March 2017 and March 2018 for the Botemania Earn-Out and March 2018, March 2019 and March 2020 for the Additional Earn-Out. Following the Jackpotjoy and Star spins Pre-Payment of £150 million made on 16 December 2016, the aggregate amount of the Jackpotjoy Earn-Out Payments for which the Group is liable became subject to a cap of £375 million (excluding any interest thereon).</p>
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		<p>If the Group's ability to draw on the credit facilities is adversely affected for any reason, the Group's ability to fund any Jackpotjoy Earn-Out Payments over the longer term will be delayed or jeopardised. Delays by the Group in paying the Jackpotjoy Earn-Out when due may lead to punitive interest rates being charged and the Group's relationship with the Gamesys Group may suffer, which could have a material effect on the Group's business, revenues, operating results and financial condition.</p> <p>The Group has acquired a number of businesses in a relatively short period. As a result, the Group has a complex financial history which may limit the comparability of the financial statements contained in this Prospectus and such historical financial information should not be used to project trends. Additionally, there can be no assurance that the Group will be able to fully realise the expected benefits of its recent acquisitions, including from a margin, accretion and cash flow perspective. The ability to realise the anticipated benefits of such acquisitions will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the ability to realise the anticipated growth, cross-selling opportunities and potential synergies from integrating the acquired businesses within the Group's existing business.</p> <p>The Group may fail to realise the anticipated benefits of the Plan of Arrangement and the UK Strategic Initiatives. In particular, a failure to realise increased earnings, cost savings and enhanced growth opportunities could have a material adverse effect on the Group's operating results.</p>
<b>D.3</b>	<b>Key information on the key risks relating to the Shares</b>	<p>The Company is applying for a standard listing and accordingly, will not be required to comply with the protections for investors applicable to a premium listing under the Listing Rules.</p> <p>The value of an investment in the Shares may decrease or increase abruptly and such volatility may bear little or no relation to the Group's performance. This volatility may affect the ability of holders of Shares to sell these at an advantageous price.</p> <p>Prior to Admission, there has been no public trading market for the Shares on the London Stock Exchange. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.</p> <p>Any future determination to pay dividends will be at the discretion of the board of directors of the Company (the "<b>Board</b>") and will depend upon many factors, including the Company's results of operations, financial position, capital requirements, distributable reserves, credit terms, general economic conditions and other factors as the Board may deem relevant from time to time. Consequently, investors may not receive any return on investment unless they sell their Shares for a price greater than that which they paid for them.</p> <p>The rights of Shareholders will be governed by the articles and constitutional documents of the Company and English law. The rights of shareholders under English law may differ from the rights of shareholders under Canadian law and the enforcement of such rights may involve different considerations and may be more difficult than would be the case if the Company had been incorporated in Canada.</p> <p>If the Shareholders sell substantial amounts of the Shares in the public market, the market price of the Shares could fall. The perception among investors that these sales will occur could also produce this effect.</p>
<b>Section E – Offer</b>		
<b>Element</b>		
<b>E.1</b>	<b>Net proceeds / expenses</b>	Not applicable. There is no offer of the Company's securities.



<b>E.2a</b>	<b>Reasons for the offer / use of proceeds</b>	Not applicable. There is no offer of the Company's securities.
<b>E.3</b>	<b>Terms and conditions of the offer</b>	Not applicable. There is no offer of the Company's securities.
<b>E.4</b>	<b>Material interests</b>	Not applicable.
<b>E.5</b>	<b>Selling Shareholders and lock-up arrangements</b>	Not applicable. There is no offer of the Company's securities and there are no selling shareholders.
<b>E.6</b>	<b>Dilution</b>	Not applicable. There is no offer of the Company's securities.
<b>E.7</b>	<b>Estimated expenses charged to investors</b>	Not applicable. There are no commissions, fees or expenses to be charged to investors by the Company in connection with Admission.

## RISK FACTORS

*Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should carefully consider risk factors associated with any investment in the Shares, the Group's business and the industry in which it operates together with all other information contained in this Prospectus, including, in particular the risk factors described below.*

*Prospective investors should note that the risks relating to the Group, its industry, the reorganisation pursuant to the Plan of Arrangement and the Shares summarised in Part D (Risks) of Summary Information are the risks that the Directors believe to be the most relevant to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in Part D (Risks) of Summary Information but also, among other things, the risks and uncertainties described below.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, prospects, results of operations and/or financial position and, if any such risk should occur, the price of the Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.*

### **1. RISKS RELATING TO THE REGULATORY ENVIRONMENT IN WHICH THE GROUP OPERATES**

#### **1.1 The Group operates in a constantly evolving online gaming and gambling regulatory environment.**

Online gaming and gambling is a highly regulated industry. The Group is subject to applicable laws in the jurisdictions in which certain of their assets, infrastructure and employees are located. Changes to the nature and scope of existing gaming and gambling regulations (and applicable laws and regulations more generally), or introduction of new regulations, in the territories in which the Group operates or may operate or in jurisdictions where its customers are located could have a material adverse effect on the Group and its business. In particular, existing regulated jurisdictions may retrench or increase their regulation, (see Risk Factor “*The Group operates in regulated jurisdictions in which existing online gaming and gambling regulations may retrench or increase*”, currently unregulated jurisdictions may introduce regulation, such as is likely to happen in Sweden in the next few years, (see Risk Factor “*Offshore gaming and gambling activities in Sweden are subject to Swedish regulatory scrutiny*”) and regulated jurisdictions may adapt the scope of regulation in the future. The changing regulatory landscape within jurisdictions in which the Group operates or may seek to operate (or from where the Group derives or may seek to derive revenue), as well as the differences in regulation from jurisdiction to jurisdiction, may result in significant uncertainty and increased competition, impact business in current markets and prospects in new markets and have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

#### **1.2 The Group operates in regulated jurisdictions in which existing online gaming and gambling regulations may retrench or increase.**

Some countries from which the online gambling industry has historically derived revenue have introduced regulations attempting to restrict or prohibit online gaming and gambling, while other jurisdictions have taken the position that online gaming and gambling should be regulated and have adopted or are in the process of considering legislation to enable that regulation. The introduction of new gambling regulations or changes to the nature and scope of existing gaming and gambling regulations (and applicable laws and regulations more generally) in the territories in which the Group operates or may operate or from where the Group derives or may derive revenue could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

While certain European countries such as Malta and Gibraltar have adopted “point-of-supply” regimes which generally permit their licensees to accept wagers from any jurisdiction that does not expressly prohibit the supply of online gaming from outside such jurisdiction, other countries, including the UK, Spain and Denmark have, or are in the process of, implementing “point-of-consumption” regimes which

only permit the targeting of the domestic market, provided the appropriate local licence is obtained and local taxes accounted for (regardless of where the operator's assets, infrastructure and employees may be located). Such licensing regimes can apply onerous compliance requirements and/or introduce product restrictions or marketing restrictions that could have an adverse effect on the Group's operations (and correspondingly on its financial performance).

Operators within the remote gambling industry, including the Group, traditionally have based their own risk rationales on a remoteness of supply, adopting a "country of origin" approach that justifies supplying gambling services into a jurisdiction unless there was something within the laws of that jurisdiction that explicitly outlawed such provision.

Other European territories continue to defend limited licensing regimes that protect monopoly providers or favour local incumbents and, in certain jurisdictions, have combined this with an attempt to prohibit or otherwise restrict operators established and licensed in other countries from offering gaming or gambling products into the territory entirely. See paragraph 6 (Regulation) of "*Part 2: Business Overview—Section B: Information on Intertain*".

The U.S. Unlawful Internet Gambling Enforcement Act of 2006 ("**UIGEA**"), which is designed to prohibit payments relating to illegal online gaming and gambling was enacted on 13 October 2006, which effectively bans online betting including casino, poker and bingo in the U.S., and subsequently online gaming has been determined to be illegal. Similar legislation may be adopted in other jurisdictions.

A number of jurisdictions do not agree with this justification but have historically been unable to prevent inward remote supply due to a lack of enforceability of their laws. As a result, a number of jurisdictions have sought to regulate online gambling whilst a number of other jurisdictions have sought to expand their existing legislation to explicitly prohibit it. Some jurisdictions include wording in their legislation which seeks to apply it extra territorially, thereby challenging the aforementioned country-of-origin approach. Conflict of law arguments do continue to arise, however, notably in the European Union where Member States remain subject to the Treaty for the Functioning of the European Union and jurisprudence in the European Court of Justice has applied EU freedom principles to the online gambling industry and eroded any protectionism where identified.

Future legislative and court decisions may have a material impact on the Group's operations and financial results. There is a risk that governmental authorities may view the Group as having violated their local gaming regulations and laws if they fail to comply with local rules and requirements, including those relating to the licences they hold. There is also a risk that civil and criminal proceedings, including class actions brought by or on behalf of prosecutors or public entities, incumbent monopoly providers, or private individuals, could be initiated against the Group and its internet service providers, credit card processors, advertisers and others involved in the online gaming and gambling industry. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed on the Group or its business partners, and may divert the attention of key executives of the Group. Such proceedings could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition as well as its reputation.

There can be no assurance that prohibitive legislation will not be proposed and passed in jurisdictions relevant or potentially relevant to the Group's business to regulate various aspects of the internet or the online gaming and gambling industry (or that existing laws in those jurisdictions will not be interpreted negatively). Compliance with any such legislation may have a material adverse effect on the Group's business, financial condition and results of operations, either as a result of determining that a jurisdiction should be blocked, or because a local licence may be costly to obtain and/or such licences may contain other commercially undesirable conditions.

In addition, certain countries in which laws currently prohibit or restrict online gaming or the marketing of those services, or protect monopoly providers of gaming or gambling services, may implement changes to open their markets through the adoption of competitive licensing and regulatory frameworks. While these changes may provide growth opportunities for the Group, a new licensing and regulatory regime adopted in any such country may not grant a licence to the Group or may impose onerous conditions such as a requirement to locate significant technical infrastructure within the relevant territory or establish and maintain real-time data interfaces with the regulator, together with enforcement sanctions for breach thereof, taxation liabilities that make the market unattractive to the Group, or impose restrictions that limit its ability to offer certain of its key products or to market its products in the way it would wish to do

so. Moreover, licensing regimes may require licencees to ring-fence player liquidity, as has happened in the development of the Italian and French licensing regimes, and limitations on player liquidity could have a detrimental effect on the Group's wider business. There is also an associated cost with creating specific bespoke, localised platforms.

If regulation is liberalised or clarified in some jurisdictions, then the Group may face increased competition from other providers. The opening of new markets, and the clarification of restrictions surrounding online gaming and gambling in other markets where the legal position is currently unclear, may encourage new entrants to the online gaming sector or strengthen the position of competing operators. A significant increase in competition may have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

### 1.3 **The Group derives revenues from unregulated jurisdictions.**

In certain jurisdictions, online gaming and gambling is either not regulated at all, is subject to very limited regulation, or its legality is unclear. These jurisdictions are referred to as "**unregulated jurisdictions**". Approximately 22 per cent. of the Group's revenue was derived from unregulated markets in the nine months ended 30 September 2016. Certain of the Group's products are made available to players in unregulated jurisdictions. There is a risk that such jurisdictions may enact regulations relating to online real money or social gaming and that the Group may be required to register its activities or obtain licences (or obtain further registrations or licences, as applicable), pay taxes, royalties or fees, or that the operation of online gaming and gambling businesses in such jurisdictions may be prohibited entirely. The implementation of additional regulatory requirements or payments in such jurisdictions may have an adverse effect on the viability of the Group's operations, business, or financial performance. Where the Group or its partners fail to obtain the necessary registrations or licences, make the necessary payments, or operate in a jurisdiction where online gaming and gambling is deemed to be or becomes prohibited, the Group or its partners may be subject to investigation, penalties or sanctions, or be forced to discontinue operations entirely, which may negatively impact the Group's business, prospects, revenues, operating results and financial condition.

Certain of the Group's technology providers, payment processing partners, or other suppliers of content or services (collectively, "**Infrastructure Services**") may cease to provide, or limit the availability of, such Infrastructure Services to the extent the Group derives revenue from, or makes such Infrastructure Services available to customers in, unregulated jurisdictions. Were the Group's access to such Infrastructure Services to become unavailable or limited as a result of operations servicing customers located in unregulated jurisdictions, the Group's business, prospects, revenues, operating results and financial condition may be adversely affected. There is also a risk that they may not be able to source suitable or economical replacements if such Infrastructure Services becomes unavailable.

Unregulated jurisdictions may lack or have diminished regulations relating to, among other things, consumer protection, the prevention of money-laundering, game fairness and technology or data security which may be detrimental to customers. There is a risk that unscrupulous online gaming and gambling operators that actually operate from within unregulated jurisdictions may fail to maintain effective policies, procedures and safeguards in the aforementioned areas and that the actions or omissions of such unscrupulous operators may damage the reputation of all online gaming and gambling businesses operating in unregulated jurisdictions or lead to the adoption of new regulations. This may negatively impact the Group's business, prospects, revenues, operating results and financial condition. For further information on the Group's compliance with the various regulatory schemes affecting its business see paragraphs 6 (Regulation) and 8.5 (Management Information Systems) of "*Part 2: Business Overview—Section B: Information on Intertain*".

### 1.4 **The Group is subject to taxation regimes in various jurisdictions which can lead to uncertainty with regards to the tax liabilities of the Group. The Group is also exposed to adverse changes to the taxation of its activities or the imposition of additional duties and charges.**

The Group is subject to income and other taxes in a number of jurisdictions, including Canada, Malta and the UK. The income tax obligations of the Group are based in part on its corporate operating structure and intercompany arrangements, including the manner in which it develops, values and uses its intellectual property and the valuations of its intercompany transactions, as well as its operations in online gaming. The Group's tax calculations involve estimates in several areas including, but not limited to, transfer pricing. The tax laws applicable to the Group's business are subject to interpretation and certain

jurisdictions are aggressively interpreting their laws in new ways in an effort to raise additional tax revenue from companies. The taxing authorities of the jurisdictions in which the Group operates may challenge its estimates and methodologies for determining applicable gaming tax and duties and for valuing developed technology or intercompany arrangements, all of which could increase its worldwide effective tax rate and harm its financial position and results of operations. In addition, the Group's effective tax rate in the future could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in tax treaties, changes in the location of key management through departures or otherwise and changes in tax laws as well as changes as a consequence of the Plan of Arrangement. The Group is subject to regular review and audit by domestic and foreign tax authorities. Tax authorities may disagree with certain positions the Group has taken and any adverse outcome of such a review or audit could have a negative effect on its financial position and results of operations. In addition, the determination of the Group's worldwide provision for income taxes and other tax liabilities requires significant judgment by management and there are many transactions where the ultimate tax determination is uncertain. Although the Group believes that its estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in its financial statements and may materially affect its financial results in the period or periods for which such determination is made. In addition, the Group's future income taxes could be adversely affected by earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of the Group's deferred tax assets and liabilities, or by changes in tax laws, regulations, or accounting principles, or as a result of taxes in new jurisdictions where it does not currently operate but may in the future as a result of licences, regulatory approvals or otherwise. In particular, tax changes relating to "place of service" and "point of consumption" regimes in online industries could adversely affect the Group's future income tax rates.

The jurisdictions in which the Group holds licences or operates also impose taxes and duties on licenced activities. Adverse changes to the taxation of online betting and gaming or the imposition of, or adverse changes to, statutory levies or other duties or charges could materially adversely affect the Group's business, prospects, revenues, operating results and financial condition.

Effective 1 December 2014, a new tax regime was introduced in the UK which taxes betting and gaming revenues derived from UK customers. From that date, all gaming revenues derived from a person who usually lives in the UK are subject to a 15 per cent. remote gaming duty tax ("RGD") payable by the licence holder on the 'gaming provider's profits' (essentially stakes received for pooled prize and ordinary gaming, less winnings with other adjustments). At present, the definition of 'winnings' includes both prizes paid to players for pooled prizes and ordinary gaming, and also the crediting to a player's account by way of bonuses other than as prizes. However, the UK government announced in its March 2016 budget that, with effect from 1 August 2017, there will be a change in the taxation of bonuses, such that the tax base for RGD will be expanded to include the full value of freeplays given to UK customers. In addition to significant tax costs arising from the UK's tax regime and the pending changes to that tax regime, the Group may also face substantial dual or additional regulation, compliance and licensing costs. There is a risk that new taxation schemes (or changes to existing taxation schemes) may materially adversely impact affect the Group's ability to market its offerings, profitability, financial condition and results of operations. For further information on the Group's compliance with the various taxation regimes affecting its business see paragraphs 12 and 13 of "*Part 10: Additional Information*".

#### **1.5 The Group and its subsidiaries face the risk of revocation or non-renewal of its betting and gaming licences and approvals.**

Where jurisdictions regulate online gambling, the application process and ongoing compliance obligations require licensees to demonstrate the suitability, responsibility, character and financial stability of gaming or gambling operators in addition to their officers, directors, major shareholders and other key personnel. Regulated jurisdictions can have different regulations and regulatory processes for gaming and gambling. This finding of suitability process may be expensive and time-consuming. The Group's delay or failure to obtain these licences and approvals in any jurisdiction may prevent it from operating and generating revenues in those jurisdictions. A gaming regulatory body may refuse to issue or renew a registration if, for example, the Group, or one of its directors, officers, employees or associates: (i) is considered to be a detriment to the integrity or lawful conduct or management of gaming; (ii) no longer meets a registration requirement; (iii) has breached or is in breach of a condition of registration or an operational agreement with a lottery company; (iv) has made a material misrepresentation, omission or misstatement in an application for registration or in reply to an enquiry by a person conducting an audit, investigation or inspection under the gaming control legislation; (v) has been refused a similar registration



in another jurisdiction; (vi) has held a similar registration, or licence in that province or another jurisdiction which has been suspended or cancelled; or (vii) has been convicted of an offence that calls into question the Group's honesty or integrity or the honesty or integrity of one of its directors, officers, employees or associates.

In addition, gaming licences held by the Group, or licences held by the Gamesys Group or the 888 Group, on which the Group relies, may not be renewed or may be revoked for a variety of reasons, including the failure by the Group's subsidiaries directors, officers or senior management or significant shareholders or other investors to adequately comply with the suitability, information reporting or other requirements of licensing and regulatory authorities. Such revocation or non-renewal may materially adversely affect the operations, financial performance and prospects of the Group. In addition, the revocation or non-renewal of these gaming licences or any other licence which may become material to the Group may lead to adverse publicity and could adversely impact the Group's ability to successfully maintain current licences, apply for future licences in jurisdictions where they currently have a licence or jurisdictions in which they may seek licences in the future. Additionally, in the event the Operating Agreements or the 888 Agreement are terminated, or the Group internalises certain operating functions, the Group may not be able to obtain its own licences or may need to go through a separate approval process in order to replace the licenses it relies on which are held by the Gamesys Group or the 888 Group, as applicable. The occurrence of any of these events could result in increased costs, reputational damage to the Group, may cause their other licences to be subject to review or revocation and could materially adversely affect their operations, financial performance and prospects. Moreover, renewal or replacement of any licences may be on terms that are less favourable to the Group, which could have a material adverse effect on their business, prospects, revenues, operating results and financial condition.

**1.6 The Group may incur substantial tax liabilities in connection with the reorganisations of its subsidiaries upon their acquisition from Gamesys.**

The reorganisation carried out by Gamesys prior to completion of the Jackpotjoy Acquisition included, among other things, the transfer of the Jackpotjoy Brands to its subsidiary, Fifty States Limited ("**Fifty States**") and Fifty States (Gibraltar) Limited ("**Fifty States Gibraltar**") and together with Fifty States, the "**Fifty States Group**"). The subsequent acquisition of Fifty States by the Group resulted in Fifty States leaving the Gamesys Group, thereby triggering a potential tax charge in Fifty States with respect to certain of its assets. The parties to the transaction consider that there is an exemption that should prevent any such tax charge crystallising. There is a risk that Her Majesty's Revenue & Customs ("**HMRC**") may challenge this treatment.

Although Gamesys and the Group have entered into tax cost sharing arrangements in respect of these tax charges, Fifty States may not be able to pay any de-grouping charges for which it may be liable, and, to the extent that the liability is within the Fifty States Group, the Group may not be able to collect any amounts due to it from Gamesys under the tax cost sharing arrangements. To the extent Fifty States is not able to satisfy its tax obligations pursuant to any assessed tax liabilities, or the Group is not able to satisfy its obligations under the tax sharing arrangements with Gamesys, or Gamesys is unable or unwilling to satisfy its obligations under the tax sharing arrangements, such inability could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**1.7 The regulatory environment regarding the internet and electronic commerce is continually evolving and the application of existing laws can be uncertain.**

In addition to regulations pertaining specifically to online gaming and gambling, the Group may become subject to any number of laws and regulations that may be adopted with respect to the internet and electronic commerce generally. New laws and regulations that address issues such as user privacy, pricing, online content regulation, taxation, advertising, intellectual property, information security and the characteristics and quality of online products and services may be enacted. As well, current laws, which predate or are incompatible with the internet and electronic commerce, may be applied and enforced in a manner that restricts the electronic commerce market. The application of such pre-existing laws regulating communications or commerce in the context of the internet and electronic commerce is fluid and uncertain. Moreover, it may take years to determine the extent to which existing laws relating to issues such as intellectual property ownership and infringement, libel and personal privacy are actually applicable to the remote supply of online gambling content and products. The adoption of new laws or regulations relating to the internet, or particular applications or interpretations of existing laws, could decrease the growth in the use of the internet for gaming and gambling to the extent it would indirectly

impact such activities, and result in a decrease in the demand for the Group's products and services, increase its cost of doing business or could otherwise have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**1.8 Offshore gaming and gambling activities in Sweden are subject to Swedish regulatory scrutiny.**

In 2015, the Group derived approximately 9 per cent. of its revenues from Sweden, a jurisdiction subject to significant regulatory uncertainty. Swedish laws relating to online gaming and gambling prohibit private commercial entities from obtaining the necessary licences to offer online gaming and gambling products to Swedish customers. These laws do not, however, prohibit Swedish customers from participating in online gaming and gambling over the internet offered from a jurisdiction outside of Sweden ("**Offshore Gambling**"). There is a risk that existing Swedish laws relating to online gaming and gambling could either change, or be interpreted by Swedish courts, regulators or enforcement authorities in such a manner as to prohibit Swedish customers from participating in Offshore Gambling. In late 2013, Sweden received a warning from the EC urging it to undertake certain regulatory reforms in the area of online gaming and gambling, and, following inaction, on 16 October 2014, the EC announced its decision to refer Sweden to the European Court of Justice for lack of compliance with EU law. It is likely that legislative changes may be enacted in response, as in November 2015, the Swedish government appointed the head of the Gambling Board to review Swedish gaming and gambling law and put forward proposals for a licensing system. Changes to or interpretations of Swedish law which would prohibit Offshore Gambling, or require the Group to obtain additional licences and registrations, or pay taxes or royalties, may result in a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

Swedish authorities have also, in certain instances, instigated proceedings against Swedish media companies that advertise online Offshore Gambling. The legality of such local market advertising activities under Swedish law is currently unclear and such enforcement actions are currently being challenged in Swedish courts. An inability by the Group to effectively market its products in Sweden may have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**1.9 Non-compliance by the Group with restrictions arising in connection with restricted markets may result in investigation, fines, penalties or sanctions.**

In light of the applicable regulatory framework with respect to online gambling and betting with which the Group is required to comply, the Group follows certain restricted territories guidance and procedures to ensure that registrations, deposits and game play emanating from certain jurisdictions are restricted. While the Group seeks to ensure the effectiveness of such procedures, certain end-users in restricted markets may seek to undermine the Group's safeguards through the use of unauthorised applications, such as virtual private networks, Internet Protocol proxy servers and other technology and software. Similarly, various "Know Your Customer" due diligence procedures are followed for all new accounts to ensure that only players from authorised locations can access the web application, such as requiring copies of identification documents to verify the identity and address of an end-user. There is a risk that end-users in restricted markets may circumvent the safeguards and restrictive measures put in place by the Group and gain access to its products. Should the policies, procedures and safeguards in respect of preventing access from restricted markets be found to be deficient by a government or regulatory authority, the Group may be subject to investigation, fines, penalties or sanction which may have a negative effect on the Group's reputation, business, prospects, revenues, operating results and financial condition, or jeopardise its existing gaming licences.

One of the Group's subsidiaries, Dumarca Holdings Limited ("**Dumarca**", which is the operator of the Vera&John segment) also provides certain business-to-business ("**B2B**") services. The Group cannot be certain that B2B customers of Dumarca will not provide interactive services to end-users in jurisdictions which prohibit online gaming and gambling. The Group cannot guarantee that Dumarca's B2B customers will comply with such restrictions or that Dumarca will be able to identify a B2B customer's operations in restricted jurisdictions in a timely manner. There is a risk that a regulatory body in a restricted jurisdiction in which a B2B customer operates may view the Group and Dumarca as having infringed the laws or regulations of that jurisdiction on the basis that they aided the B2B customer's infringement by providing products or services to that customer. In such a case, the Group and Dumarca may face investigation, fines, penalties or sanctions that may have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition. There is a risk such regulatory

action may jeopardise the Group's existing gambling licences by virtue of its association with, or provision of products or services to, such B2B customer.

In addition, the Jackpotjoy Business and Mandalay segment are reliant on third-party providers, including the Gamesys Group (see Risk Factor "*The operations and financial performance of the Jackpotjoy Business is dependent on the relationship with the Gamesys Group.*") and the 888 Group (see Risk Factor "*The Mandalay segment is reliant on the 888 Group for software and licences.*"), for monitoring and enforcement of the requirements of the regulatory framework in existence in the jurisdictions in which they offer their products.

The failure by Dumarca or any third-party providers to maintain effective safeguards to prevent access from restricted markets may have a material adverse effect on the Group's regulatory authorisations or licences, business, prospects, revenues, operating results and financial condition.

**1.10 The Group, or certain third parties that it relies on, may fail to maintain effective and compliant anti-money laundering, anti-bribery, fraud detection, regulatory compliance and risk management processes.**

The Group, through its subsidiary Dumarca, holds the ultimate responsibility for anti-money laundering ("AML"), anti-bribery, fraud detection, regulatory compliance and risk management processes with respect to the Vera&John segment. Dumarca's AML, fraud detection and risk management processes rely heavily on trained staff to monitor and investigate suspicious transactions, gaming activity or behaviour, and to conduct due diligence investigations. Manual processes are augmented by automatic checks and flagging of risk factors, where appropriate. Were the number of monthly Active Customers of the Vera&John products or instances requiring manual review to increase substantially, there is a risk that Dumarca may be unable to train or hire an adequate number of qualified staff to effectively administer its AML, fraud detection and risk management policies and procedures.

There is also a risk that Dumarca may be unable to source further automated solutions in a timely or cost-effective manner, or that it may fail to effectively integrate such solutions into its existing risk management processes.

The AML, anti-bribery, fraud detection, regulatory compliance and risk management processes with respect to the Jackpotjoy Business and Mandalay segment are carried out, monitored and enforced by third-party providers, including the Gamesys Group (see Risk Factor "*The operations and financial performance of the Jackpotjoy Business is dependent on the relationship with the Gamesys Group.*") and the 888 Group (see Risk Factor "*The Mandalay segment is reliant on the 888 Group for software and licences.*"), for monitoring and enforcement.

The failure by Dumarca or any third-party providers to maintain effective and compliant AML, anti-bribery, fraud detection, regulatory compliance and risk management processes may have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**2. RISKS RELATING TO THE GROUP'S INDUSTRY AND BUSINESS**

**2.1 The Group operates in a volatile online gaming market industry which is sensitive to economic conditions.**

The online gaming market industry has been and continues to be a volatile industry, which is sensitive to economic conditions. When economic conditions are prosperous, gaming industry revenues tend to increase. Conversely, when economic conditions are unfavourable, gaming industry revenues tend to decline. The Group may be affected by economic conditions in the UK in particular, given the large percentage of its revenue derived from the UK. Historic and current performance of the Group may not be indicative of success in future periods. The future performance of the Group may be influenced by, among other factors, economic downturns, technological and regulatory changes and other factors beyond the control of the Group. The operations and financial performance of the Group may be negatively affected as a result of any one or more of these factors or as a result of a significant decline in general corporate conditions or the economy that affect consumer spending, which could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**2.2 The results of the United Kingdom’s referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and the Group’s business, prospects, revenues, operating results and financial condition.**

Following completion of the Plan of Arrangement, the Company will be a multinational group headquartered in London whose shares will be listed on the London Stock Exchange with worldwide operations, including material revenues derived from in the UK and Europe. In June 2016, a majority of voters in the UK elected to withdraw from the European Union in a national referendum. The referendum was advisory and the terms of any withdrawal are subject to a negotiation period that could last up to two years after the government of the UK formally initiates a withdrawal process. In October 2016, the UK Prime Minister announced a March 2017 deadline for initiating the withdrawal process and the anticipated introduction of a parliamentary bill which would repeal the European Communities Act 1972 and restate in UK law all enactments previously in force under EU law. This bill is expected to be introduced in the Queen’s Speech in 2017 and enacted before or during the withdrawal negotiations, with it not coming into force until the date of the UK’s exit from the EU. The referendum has created significant uncertainty about the future relationship between the UK and the EU, and has given rise to calls by certain countries within the UK to preserve their place in the EU by separating from the UK as well as for the governments of other EU member states to consider withdrawal.

These developments and the prevailing uncertainty relating to these developments, have had and may continue to have a material adverse effect on global economic conditions, and economic conditions in the UK in particular, and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. Lack of clarity about future UK laws and regulations as the UK determines which European Union laws to replace or replicate, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws and employment laws, could decrease foreign direct investment in the UK, increase costs, depress economic activity and restrict the Group’s access to capital and impact revenues. In particular, because a significant proportion of the regulatory regime in the UK and forthcoming regulatory reform is derived from EU directives and regulations, the results of the referendum could lead to material changes to the regulatory regimes that would be applicable to the Group’s operations in the UK in the future, in particular with respect to the Jackpotjoy Business. This could increase compliance and operating costs for the Group and have a material adverse effect on the Group’s business, prospects, revenues, operating results and financial condition. In addition, the Group’s activities in Gibraltar, could be affected by uncertainty relating to renewed border tensions between the UK and Spain. If the UK and the European Union are unable to negotiate acceptable withdrawal terms or if other European Union member states pursue withdrawal, barrier-free access between the UK and other European Union member states or among the European Economic Area overall could be diminished or eliminated. Any of these factors could have a material adverse effect on the Group’s business, prospects, revenues, operating results and financial condition.

**2.3 The Group, present in the online gambling and social gaming markets, operates in a highly competitive environment.**

The online gambling and social gaming industries are highly competitive and the Group expects more competitors to enter the sector. With over 2,000 online gaming sites accessible to potential customers around the world with little product differentiation, there is arguably an excess of suppliers. Online and offline advertising is widespread, with operators competing for affiliates and customers who are attracted by sign-up bonuses and other incentives.

While the Operating Agreement between Gamesys and Intertain, as amended by the applicable Jackpotjoy Amending Agreement, imposes restrictive covenants on the Gamesys Group which restrict its ability to compete with the Jackpotjoy and Starspin and Botemania brands until the later of the end of the Jackpotjoy Earn-Out Period or 8 April 2019, there is a risk that the Gamesys Group may, when its non-compete obligations cease to apply, launch products or services that compete with the Jackpotjoy Brands. Such competition may have a material adverse effect on the Group’s business, prospects, revenues, operating results and financial condition.

Existing and new competitors may also increase marketing spending, including to unprofitable levels, in an attempt to distort the online gambling or social gaming market to build market share quickly. A wider



range of new social games may also be introduced in the future. Online game developers and distributors that do not currently develop social games, including high-profile companies with significant online presences (such as Facebook, Apple Inc., Google Inc. and Microsoft Company), may decide to develop social games of a nature that constitute a significant competitive threat to the Group's social gaming operations. Some of the Group's competitors have significantly greater financial, technical, marketing and sales resources and may be able to respond more quickly to changes in customer needs. Additionally, these competitors may be able to devote a greater number of resources to the enhancement, promotion and sale of their games and gaming systems. The Group's future success is dependent upon its ability to retain its current customers and to acquire new customers. Failure to do so could result in a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

In addition to its known current competitors, traditional land-based casino operators and other entities, many of whom have significant financial resources, an entrenched position in markets and name-brand recognition may enter the online gambling and social gaming markets in the future and thereby become new competitors for the Group.

Players also face a vast array of entertainment choices. Other forms of entertainment, such as offline, traditional online, personal computer and console games, television, movies, sports and the internet are much larger and more well-established markets and may be perceived by the players of the Group's online games to offer greater variety, affordability, interactivity and enjoyment. These other forms of entertainment compete for the discretionary time and income of the Group's player base. If the Group is unable to sustain sufficient interest in its games in comparison to other forms of entertainment, its business model may no longer be viable.

#### **2.4 The Group's substantial activities in foreign jurisdictions may be affected by factors outside of the Group's control.**

A significant portion of the Group's operations are conducted in foreign jurisdictions. As such, its operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within their control, including, but not limited to, renegotiation or nullification of existing contracts or licences, changes in gaming policies, regulatory requirements or the personnel administering them, currency fluctuations and devaluations, exchange controls, economic sanctions, tax increases, retroactive tax claims, changes in taxation policies, risk of terrorist activities, revolution, border disputes, implementation of tariffs and other trade barriers and protectionist practices, volatility of financial markets and fluctuations in foreign exchange rates, difficulties in the protection of intellectual property, labour disputes and other risks arising out of foreign governmental sovereignty over the areas in which operations are conducted. The Group's operations may also be adversely affected by laws and policies of such foreign jurisdictions affecting foreign trade, taxation and investment. Accordingly, the Group's activities in foreign jurisdictions could be substantially affected by factors beyond the Group's control, any of which could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

In the event of a dispute arising in connection with operations in a foreign jurisdiction where the Group conducts its business, the Group may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of the UK or enforcing UK judgments in such other jurisdictions. The Group may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity.

Doing business in the gaming industry often requires compliance with numerous and extensive procedures and formalities in the jurisdictions in which the Group operates. For further information on these risks and their potential effect on the Group, see "*Risks relating to the regulatory environment in which the Group operates*".

The Group may also enter into agreements and conduct activities outside of the jurisdictions in which it currently carries on business, which expansion may present challenges and risks as a result of the factors described above that it has not faced in the past, any of which could materially adversely affect the Group's business, prospects, revenues, operating results and financial condition.



**2.5 The Group's business, financial condition and results of operations are reliant on effective marketing and on the maintenance of its brand awareness, including by third parties and its endorsement relationships.**

Customer acquisition and retention, and therefore the Group's business, prospects, revenues, operating results and financial condition, depend upon the effectiveness of marketing activities. The Group relies on the know-how and resources of third-party service providers, such as the Gamesys Group with respect to the Jackpotjoy Business, for its marketing and branding activities and cannot assure that such marketing and branding activities will be successful or cost-effective. To the extent that the Group is unable to successfully renew or negotiate agreements with marketing partners or affiliates, or develop its own successful marketing strategy, or offer products that encourage relationships with marketing partners or affiliate referrals, the Group's business, prospects, revenues, operating results and financial condition may be materially adversely affected. Ineffective and/or inefficient marketing activities undertaken by the Group or by third parties, including, in particular, any wasted costs and/or missed opportunities associated therewith, may also have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition. In addition, existing or future competitors may have access to greater resources to invest in their respective marketing campaigns and industry- or market-wide trends towards higher marketing costs and expenditures may impact net income and profit margins.

UK marketing campaigns of the Jackpotjoy Business have made use of celebrity endorsements to raise brand awareness and attract players. English actress Barbara Windsor has been a central feature of the Gamesys Group's award-winning "Queen of Bingo" advertising campaign. Ms. Windsor's current contract with Intertain expires in 2017, with an option to extend for another year. Were Ms. Windsor's services to become unavailable, or unavailable on substantially the same terms, the Group may experience a disruption in the effectiveness of its brand awareness and marketing efforts. There is a further risk that any replacement spokesperson or substitute advertising campaign may fail to replicate the prior success of the "Queen of Bingo" campaign, which may result in ineffective or inefficient marketing activity, and associated wasted costs or missed opportunities.

In addition to Ms. Windsor, the Group may seek the services of other spokespersons for use in the Group's marketing, advertising or brand development efforts. Actions taken by spokespersons that harm their individual reputations may also harm the Group's brand image with customers and could, among other things, have an adverse effect on the Group's reputation, business, prospects, revenues, operating results and financial condition.

**2.6 The business and profitability of the Group depends on its ability to maintain or expand its user base.**

The Group's efforts to maintain and expand its user base may not be successful. The Group generally intends to expand its player base by, among other things, increasing the number of geographic markets into which it markets its products. However, the Group also continues to assess the scope and size of its product offering with a view to maximising shareholder value, which may affect the geographical scope and breadth of its player base. The Group will also seek alternative geographic markets in the event that the operating environment of an existing or intended geographic market becomes unattractive to the Group, thereby changing the geographical scope and breadth of its markets and player base. A new or existing geographic market may be unattractive by reason of a number of factors including, but not limited to, regulatory restrictions and taxation, unavailability of payment methods, failure or restrictions on marketing and branding strategy, local competitors or slow attraction of members due to lack of cultural acceptance of gaming or limited internet access. The Group's efforts to expand its user base, either in existing or new markets, may result in increased expenditure in the future. If the Group fails to maintain or expand its player base, then this could have a material adverse effect on its business, prospects, revenues, operating results and financial condition.

**2.7 The Mandalay segment is reliant on the 888 Group for software and licences.**

The bingo operations of the Mandalay segment, other than Casino Choice and Ignite, operate through the Dragonfish platform, a software service provided by the 888 Group. All of the bingo websites are operated pursuant to the agreement between Brigend Limited and Jet Management Limited dated 11 September 2008 and the amendments and addendums thereto (the "**888 Agreement**"), whereby the 888 Group provides software, operational and management services to the Mandalay Group and, in effect, is responsible for all non-marketing aspects of the provision and operation of the gaming offered to the

Mandalay Group's customers. The 888 Group has also granted to the Mandalay Group a worldwide, non-exclusive, non-transferrable licence to use its bingo software. Although the Mandalay Group believes that alternatives to these services and software are generally available, any significant interruption in the supply of such third-party services and software, or the eventual obsolescence, incompatibility or failure to maintain such third-party software and licences, could have a material adverse effect on its business, unless and until the Mandalay Group can replace the services and software.

In addition, the Mandalay Group is dependent upon the 888 Group's abilities to enhance their current products and to respond to emerging industry standards and other technological changes. Delays in the release of new and upgraded versions of such products could have a material adverse effect on the Group's financial condition and results of operations.

## **2.8 The Group is reliant on third-party suppliers.**

The Group depends on third-party suppliers such as payment processing, telecommunications, advertising, technology, banking and other service providers. The Jackpotjoy and Mandalay segments are also dependent on the provision of services by the Gamesys Group and the 888 Group, respectively, for their operations. See Risk Factor "*The Mandalay segment is reliant on the 888 Group for software and licences.*" and Risk Factor "*The operations and financial performance of the Jackpotjoy Business is dependent on the relationship with the Gamesys Group.*" The willingness of such providers to provide their services to the Group may be affected by their own assessment of the legality of their provision of services to these companies, of their business or of the online gaming sector, competitive considerations or other regulatory or policy developments. Adverse changes in laws or regulations in any jurisdiction may make the provision of key services to the Group unlawful in such jurisdictions. To the extent that third-party suppliers are unwilling or unable to provide services to the Group, this may have an adverse impact on the Group's operations, financial performance and prospects.

## **2.9 The Group is reliant on effective payment processing services from a limited number of providers in each of the markets in which it operates.**

The provision of convenient, trusted, fast and effective payment processing services to the Group's customers and potential customers is critical to their business. If there is any deterioration in the quality of the payment processing services provided to these customers or any interruption to those services (including with respect to system intrusions, unauthorised access or manipulation), or if such services are only available at an increased cost to the Group or their customers or are terminated and no timely and comparable replacement services are found, the Group's customers and potential customers may be deterred from using the Group's products. In addition, the Group's inability to secure payment processing services in markets into which the Group intends to expand may seriously impair its growth opportunities and strategies. Any of these occurrences may have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

Furthermore, a limited number of banks and credit card companies process online gambling and gaming related payments as a matter of internal policy and any capacity to accept such payments may be limited by the regulatory regime of a given jurisdiction. The introduction of legislation or regulations restricting financial transactions with online gaming operators, other prohibitions or restrictions on the use of credit cards and other banking instruments for online gaming transactions may restrict the Group's abilities to accept payment from its customers. These restrictions may be imposed as a result of concerns related to fraud, payment processing, AML or other issues related to the provision of online gaming services. A number of issuing banks or credit card companies may from time to time reject payments to the Group's that are attempted to be made by their customers. Should such restrictions and rejections become more prevalent, or any other restriction on payment processing be introduced, gaming activity by the Group's customers could be adversely affected, which in turn could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

## **2.10 The Group is dependent on key management personnel, some of whom have only recently been appointed.**

The Group's success is largely dependent upon the performance of its key management and marketing personnel, as well as key marketing personnel of the Gamesys Group during the Jackpotjoy Earn-Out Period. As competition for highly skilled management and marketing personnel is intense, any inability to retain employees, including the Chairman, the CEO, the CFO, or other key members of executive

management, and to attract and retain additional key employees who have the necessary skills may have a material adverse effect upon the Group's growth, business, prospects, revenues, operating results and financial condition.

In addition, the Chairman of the Board and CEO of the Company have only recently been appointed and although they individually have a wide depth of industry experience and technical expertise, there is a limited track record for the senior management team of Jackpotjoy plc as a whole.

Discussions are ongoing between the Group and Keith Laslop, the CFO of the Company, with a view to agreeing a new executive employment agreement with the Company on terms consistent with market practice for executive compensation in UK listed companies. No assurance can be given that an agreement will be reached. For more details, see paragraph 7 (*Director's Service Agreements and Letters of Appointment*) of "Part 10: Additional Information".

**2.11 The Group has non-compete clauses in certain of its employment contracts which may not be enforceable.**

Non-compete clauses in employment agreements are difficult to enforce in many jurisdictions, especially with respect to management employees. The Group currently has non-compete clauses in employment contracts with certain of its employees. The provisions of such clauses prohibit such employees, if they cease working for the Group, from directly competing with the Group or working for its competitors typically for a six-month period. However, in the event that any such employees (especially with respect to management employees) chooses to work for one of its competitors, the Group may be unable to enforce non-compete clauses which are intended to prevent such employment.

**2.12 The Group is reliant on continued market growth.**

The online gaming market has experienced historical growth, however, there can be no assurance that the market for the Group's gaming offering will continue to grow, that customers will continue to adopt its solutions, or that the Group will be successful in offering its products in new and existing markets. With the Jackpotjoy Business in particular being heavily reliant on the UK market as a source of revenue, if the markets in which the Group's products compete fail to grow or expand, or grows or expands more slowly than anticipated, the Group's business, prospects, revenues, operating results and financial condition may be materially adversely affected.

**2.13 The Group is reliant on the maintenance, development and enhancement of its brands.**

As the online gaming industry becomes increasingly competitive; the success of the Group depends on the maintenance, development and enhancement of its brands, either by the Group directly or by third parties including the Gamesys Group for the Jackpotjoy Brands. If the Group or third parties are unable to maintain, develop and enhance the brands, the Group's ability to attract new customers or retain existing customers and to implement their strategic goals may be adversely affected. In addition, increased competition may require more management time and resource and greater levels of expenditure to maintain, develop and enhance the Group's brands, which may have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**2.14 The Group may face claims relating to product liability and website content.**

As a distributor of internet enabling content, the Group, the Gamesys Group and the 888 Group face potential liability for negligence, copyright, patent and trade-mark infringement, defamation, disparagement and other such claims based on the nature and content of the materials that they transmit. Such claims have been brought and sometimes successfully pursued against internet content distributors. Additionally, the Group, the Gamesys Group and the 888 Group face risk of exposure to product liability claims in the event that its products contain errors, "bugs" or other defects. The Group does not possess product liability insurance and there can be no assurance that such coverage will be available in the future on commercially reasonable terms, or at all. Any imposition of liability that is not covered by insurance, or is in excess of insurance coverage, if available, or not covered by an indemnification in favour of the Group could have a material adverse effect on the Group's business, revenues, results of operations and financial condition. Additionally, if a claim in the nature described above were successful against the Gamesys Group or the 888 Group, the Gamesys Group or the 888 Group could be unable to provide all or a portion of the content and services to be provided under the Operating Agreements or the 888 Agreement, respectively, which could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**2.15 Declining popularity of games and changes in device preferences of players could have a negative effect on the Group's business.**

Bookings and revenue from online games tend to decline over time after reaching a peak of popularity and player usage. The speed of this decline is referred to as the decay rate of a game. As a result of this natural decline in the life cycle of the Group's products, the Group's business depends on its ability and the ability of third-parties to consistently and timely launch new games across multiple platforms and devices that achieve significant popularity. The ability of the Group or third-parties (including the Gamesys Group and the 888 Group with respect to the Jackpotjoy and Mandalay brands) to successfully launch, sustain and expand games as applicable, largely will depend on their ability to, among other things: (i) anticipate and effectively respond to changing game player interests and preferences; (ii) anticipate or respond to changes in the competitive landscape; (iii) develop, sustain and expand games that are fun, interesting and compelling to play; (iv) minimise launch delays and cost overruns on new games; (v) minimise downtime and other technical difficulties; and (vi) acquire leading technology and high quality personnel. There is a risk that the Group or its third-party partners may not launch any new games according to schedule, or that those games do not attract and retain a significant number of players, which could have a negative effect on the Group's business, prospects, revenues, operating results and financial condition.

Furthermore, more individuals are using non-PC devices to access the internet and versions of the Group's technology developed for these devices may not be widely adopted by users of such devices. The number of people who access the internet through devices other than personal computers, including mobile telephones, hand-held calendaring and email assistants, and television set-top devices, has increased recently. The lower resolution, functionality and memory associated with alternative devices make the use of the Group's products and services through such devices difficult. If the Group is unable to attract and retain a substantial number of alternative device users to its gaming services or if the Group is slow to develop products and technologies that are more compatible with non-PC communications devices relative to its competitors, the Group may fail to capture a significant share of an increasingly important portion of the market for online gaming services.

In addition to offering popular new games, the Group must extend the life of its existing games, in particular its most successful games. While it is difficult to predict when bookings from one of its games will begin to decline or the decay rate for any particular game, for a game to remain popular, the Group or its third-party partners must constantly enhance, expand or upgrade the game with new features that players find attractive. There is a risk that they may not be successful in enhancing, expanding or upgrading its current games or any new games in the future. Additionally, if decay rates are higher than expected in a particular quarter and/or the Group experiences delays in the launch of new games that it expects to offset these declines, the Group may not meet its expectations or the expectations of securities analysts or investors for a given quarter. Should the Group not succeed in sufficiently offsetting the effects of declining popularity in its offered games it may have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**2.16 Underage and compulsive gambling could give rise to claims against the Group and could adversely affect its brands.**

Underage gambling is an inherent risk associated with the online gaming industry and while the Group and its third-party partners implement procedures to verify a player's age and identity, there is a concern that underage players could circumvent these measures and access the Group's real money online gambling products. Publicity regarding such concerns could harm the Group's brands. If the perception develops that the online gaming industry is failing to adequately protect vulnerable and underage players, the industry may face increased regulation, which could adversely impact the Group's business, prospects, revenues, operating results and financial condition.

There are examples of individuals bringing a class action against a gaming company as a result of their becoming pathological gamblers. Although the Group would resist any such claim against it, if any such claim were brought against the Group or the Directors, whether successful or not, the Group may incur considerable legal and other costs, management's time and resources may be diverted, and the resulting dispute, or any other negative publicity for the Group relating to pathological gambling, may damage the Group's reputation and brand image and have a material adverse effect on its business, prospects, revenues, operating results and financial condition.



2.17 **The Group may be exposed to reputational damage, liability or other potential material adverse effects if allegations of misconduct were to arise in the future.**

On 17 December 2015, Intertain was targeted by the Report published by a self-described short-seller, Spruce Point Capital Management. The Report made various allegations regarding Intertain, including with respect to its prior acquisitions and the prospects of its acquired businesses, including, in particular, the Jackpotjoy Brands, accounting, financial presentation and financial disclosure concerns, Intertain's governance, various links between members of the Intertain board and senior management and related parties, and Intertain's then-current management incentive plan (the "**Management Incentive Plan**").

Following the publication of the Report, the board of directors of Intertain (the "**Intertain Board**") appointed an independent committee composed of non-management directors David Danziger, Stan Dunford and Mark Redmond (the "**Independent Committee**"), to investigate the allegations made in the Report in conjunction with the Independent Committee's independent advisors.

These allegations were thoroughly reviewed by the Independent Committee and its independent advisors and Intertain announced the results of the Independent Committee's investigations and certain other matters in press releases dated 8 February 2016 and 22 February 2016. The Independent Committee concluded that the allegations and suggestions made in the Report in relation to the quality and financial performance of the underlying businesses of the Group were grossly erroneous and the Report's claims in respect of the quality and performance of the Group's underlying businesses were wrong in every material respect.

In addition, following the Independent Committee's consideration of the principal accounting allegations raised in the Report, which included a review of those allegations with Intertain's independent auditor, BDO LLP, the Independent Committee was satisfied that no changes to Intertain's previously disclosed financial statements were required in relation to these matters.

Following the conclusion of the Independent Committee's review, and as a result of further review by the Intertain Board, Intertain also announced that Keith Laslop, Intertain's Chief Financial Officer, would be relocating to a new senior operational management position at Intertain Bahamas and that a suitably experienced interim Chief Financial Officer would be appointed thereafter. Following further review, on 1 September 2016 the Intertain Board determined that Mr. Laslop would remain as the Chief Financial Officer of Intertain and become the Chief Financial Officer and a director of the Company. Intertain also announced on 22 February 2016 that Mr. John Kennedy FitzGerald, Intertain's then-current President and Chief Executive Officer, had advised the Intertain Board of his view that the central role of the President and Chief Executive Officer would be changing from asset acquisition to operations. The Intertain Board agreed with Mr. FitzGerald's view and commenced the process of recruiting a new operationally-focused President and Chief Executive Officer that ultimately resulted in the appointment of Mr. McIver as President and Chief Executive Officer and as a director of Intertain. Intertain also announced in February 2016 that it would seek to bring one or two new experienced and qualified directors onto the Intertain Board as part of a board-renewal process, together with the permanent cancellation of its Management Incentive Plan. As part of that cancellation, Messrs. FitzGerald and Laslop voluntarily agreed to relinquish any right to any future payments under the Management Incentive Plan, including those related to the prior acquisitions completed by Intertain, and agreed to reduce their severance entitlements, including in connection with any change of control, by 25 per cent.

Intertain also announced that it would be taking measures to improve certain aspects of its corporate processes and controls and approvals processes, including requirements for additional board information and approvals in respect of certain payments previously made by Intertain that were recorded and fully expensed by it as transaction expenses in connection with its prior acquisitions (including advisory and finder's fees paid to third parties). The Independent Committee identified three such payments, collectively aggregating approximately CAD \$7.8 million, made to nominee corporations understood to be controlled by Darren Rennick, the current president of Intertain Bahamas, with such monies being held for the benefit of the third parties having provided such services. All parties to these arrangements advised that the monies were held exclusively for the benefit of such third parties.

Although the allegations made in the Report were thoroughly investigated by the Independent Committee and the recommendations of the Independent Committee have been, or are in the process of being, implemented, along with a number of additional improvements to the Group's internal controls and processes, finance function and governance oversight as described in paragraph 2 (*Rationale for UK*



*Strategic Initiatives and Plan of Arrangement*) of “Part 2: Business Overview – Section A: Information on the Group” and paragraph 9 (*Internal Controls and Procedures*) of “Part 2: Business Overview – Section B: Information on Intertain”, any allegations of misconduct by directors, officers or employees of the Group in respect of historic conduct, regardless of the veracity of such allegations, could have a material adverse effect on the Group’s reputation, results of operations and financial position.

**2.18 There is a risk that the activity of certain marketing affiliates could damage the Group’s brands.**

In common with other operators within the online gaming industry, the Group seeks to benefit from the marketing capabilities of a large number of websites, webmasters, website owners and other persons by entering into arrangements for marketing services provided by a marketing affiliate with such persons. The terms and conditions of such arrangements restrict such marketing affiliates from marketing the Group’s products through any medium which is libellous, discriminatory, obscene, unlawful, sexually explicit, pornographic or violent and may be terminated by the Group, at its discretion. There can be no assurance that the activities of any such affiliates will not damage the Group’s brands due to the Group’s association with them. In addition, affiliates and other third parties may take actions that could impair the value of the Group’s business and brands, for example, through the distribution of excessive, inappropriate or indiscriminate marketing material (or ‘spamming’), and the Group’s relationship with its affiliates may be adversely impacted by any such actions.

**2.19 The Group is subject to high exposure to credit card chargebacks, which may result in possible penalties.**

The Group is subject to high exposure to credit card chargebacks, which may also result in possible penalties. A chargeback is a credit card originated deposit transaction to a player account with an operator that is later reversed or repudiated. Revenue is recognised by the Group upon the first loss of the player on amounts tendered, and any credit card chargebacks are then deducted from its revenues. Even though security measures are in place, high rates of credit card chargebacks could have a material adverse effect on the Group’s business, prospects, revenues, operating results and financial condition.

**2.20 The Group may fail to realise the anticipated benefits of its historical acquisitions.**

The Group was formed as a capital pool company and has made four significant acquisitions in the past three years. There can be no assurance that the Group will be able to fully realise the expected benefits of its recent acquisitions, including from a margin, accretion and cash flow perspective. The ability to realise the anticipated benefits of such acquisitions will depend in part on the ability to realise the anticipated growth, cross-selling opportunities and potential synergies from integrating certain functions of the acquired businesses within the Group’s existing business. This integration will require the dedication of substantial management effort, time and resources which may divert management’s focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Group’s ability to achieve the anticipated benefits of its recent acquisitions.

In particular, the Jackpotjoy Acquisition represented a significant increase in the size and scope of the Group’s operations. Following the later of the end of the Jackpotjoy Earn-Out Period or 8 April 2019, Intertain may assume more direct control over the Jackpotjoy Brands (see Risk Factor “*The operations and financial performance of the Jackpotjoy Business is dependent on the relationship with the Gamesys Group*”), at which time there is no assurance that the Group will be able to effectively realise its value or manage its business as a result of any of, but not limited to, increased management responsibilities, increased costs of doing business, increased regulatory oversight, operating in additional jurisdictions and managing additional partner or supplier relationships and its ability to develop and enhance the value of the Jackpotjoy Brands. There is a risk that some or all of the expected benefits will fail to materialise, or may not occur within the time periods anticipated by the Group. The realisation of such benefits may be affected by a number of factors, many of which are beyond the control of the Group.

**2.21 The Group may face potential undisclosed liabilities from its recent acquisitions for which it may not be indemnified.**

The Group has acquired a number of businesses in a relatively short period. Although the Group has conducted what it believes to be a prudent and thorough level of investigation in connection with its recent acquisitions, an unavoidable level of risk exists that there may be liabilities and contingencies that management did not discover in its due diligence, and the Group may not be indemnified for some or all

of these liabilities and contingencies. While the Group has no reason to believe that the information provided by the relevant vendors in response to the Group's due diligence investigations is misleading, untrue or incomplete, it cannot guarantee the accuracy or completeness of such information or the failure by the relevant vendors to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the Group. The discovery of any material liabilities or contingencies or the future litigation or disputes related to such liabilities or contingencies, in particular to the extent they are not indemnifiable, could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**2.22 The Group may fail to realise the anticipated benefits of future acquisitions or divestments.**

Although the Group does not have current plans for pursuing an acquisition strategy in the future, should the Group eventually pursue such a strategy there can be no assurance that the Group will be able to fully realise the expected benefits of any such future acquisitions. In addition, as part of any potential future strategies for expansion of its business, the Group may not be able to identify and acquire suitable targets and, upon the acquisition of a suitable target, the Group may not be able to assimilate the operations, personnel, technologies and products of the acquired target. The identification and acquisition of targets could also divert management attention from other business concerns. The integration of a newly acquired target could be difficult due to different business cultures. If the Group cannot successfully identify, acquire, integrate and develop targets for expansion of its business, it could impact the Group's ability to establish itself in new markets and/or to expand its product offerings and could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

Conversely, the Group continues to assess its businesses with a view to maximising shareholder value, and may decide to divest of all or part of a business, including as a result of changes in regulation or tax law, such as the forthcoming change in the taxation of bonuses in the UK announced in the March 2016 budget (see Risk Factor "*The Group is subject to taxation regimes in various jurisdictions which can lead to uncertainty with regards to the tax liabilities of the Group. The Group is exposed to adverse changes to the taxation of its activities or the imposition of additional duties and charges.*"). If such divestments are made at a price which ultimately does not reflect the value of all or part of the business, it may have a material adverse effect on the Group's business, financial condition and results of operations.

**2.23 The financial information presented in this Prospectus may not be comparable and may not be a reliable indicator of the Group's future results.**

The Group has acquired a number of businesses in a relatively short period (see paragraph 2.1 (*Acquisitions*) of "*Part 2: Business Overview—Section B: Information on Intertain*"). As a result, the Group has a complex financial history which limits the comparability of the financial statements contained in this Prospectus and should not be used to project trends. Due to these acquisitions, the comparability of the financial information for the fiscal years ended 31 December 2013, 31 December 2014 and 31 December 2015, the six months ended 30 June 2015 and 30 June 2016 and the nine months ended 30 September 2015 and 30 September 2016 is limited with respect to one another and may not be indicative of the financial position, results of operations or cash flows that the Group will achieve in the future. A *pro forma* income statement for the year ended 31 December 2015 has been provided in this Prospectus in order to illustrate the Group's results had Jackpotjoy been acquired on 1 January 2015. The Group has made a number of material assumptions and estimates in preparing this financial information, and such assumptions and estimates may be materially different to what the financial results of the Group would have been had those acquisitions been made as at 1 January 2015 or their contribution to the Group's actual performance going forward. This Prospectus also includes a discussion of certain "Pre-Acquisition" selected measures for each segment, relating to the periods prior to their acquisition by the Group. Such information has been derived from third-party financial records for the periods prior to the acquisition of each business by the Group. Such financial information may have been prepared on a different reporting or accounting basis to that which has been applied to the results of each of the businesses once acquired by the Group. Such information is included solely for illustrative purposes and may not be indicative of the financial position, results of operations or cash flows that the Group will achieve in the future.

**2.24 The Group could be adversely affected by changes in the terms of its relationships with social media platforms or on the market position of such social media platforms.**

The Group currently makes use of social media platforms, such as Facebook, among others, to distribute, market, promote and operate as a payment platform, for social games. Generally, the Group is subject to

the relevant social media platform's standard terms and conditions governing the promotion and distribution of the Jackpotjoy and Vera&John social gaming operations on the social media platform. These standard terms and conditions are subject to change in the social media platform operator's discretion at any time. If any such change is detrimental to the Group's social gaming operations, the business of the Group would be harmed and its operating results would be adversely affected.

In addition to unfavourable changes to a social media platform's terms and conditions, the Group's business may be harmed if, among other things and subject to contractual arrangements in place between the Group and the social media platform, the social media platform operator: (i) discontinues or limits the Group's access to or use of the platform; (ii) terminates or seeks to terminate a contractual relationship relating to the social gaming operations; (iii) changes how the personal information of platform users is made available to application developers or how it is shared by platform users themselves; (iv) establishes more favourable relationships with one or more of the Group's competitors; or (v) develops its own competitive offerings in the social gaming market.

If such social media platforms lose their market position or otherwise fall out of favour with internet users or other factors cause the platform's user base to either stop growing or to shrink, the Group would need to identify alternative channels for marketing, promotion and distribution with respect to the social gaming operations, which would consume substantial resources and may not be effective or available at all.

**2.25 The operations of the social gaming platforms used by the Group may be affected by unauthorised or fraudulent virtual goods and "cheating" programs and the operations of real money gaming platforms used by the Group may be effected by collusion and fraudulent programs and activities.**

The virtual goods available in the social gaming operations have no monetary value outside of such games. Nonetheless, some of the players of the social gaming operations may make sales and/or purchases of these virtual goods through unauthorised third-party sellers in exchange for real currency. These unauthorised or fraudulent transactions are usually arranged on a third-party website and the virtual goods offered may have been obtained through vulnerabilities in the social gaming operations, credit card fraud, or from defrauding the players of the social gaming operations with fake offers, virtual goods or other game benefits. Additionally, unrelated third-parties have developed and may continue to develop "cheating" programs that enable players to exploit vulnerabilities in the social gaming operations, play them in an automated way, or obtain unfair advantages over other players who play fairly. These programs harm the experience of players who play fairly and may disrupt the virtual economies of the social gaming operations. This may lead to lost revenue from paying players, increased cost of developing technological measures to combat these programs and activities, legal claims relating to the diminution in value of the social gaming operations' virtual goods, and increased customer service costs needed to respond to dissatisfied players.

With respect to real-money activities, the Group is also aware that certain customers seek to increase their gaming returns by collusion and fraud. Collusion between players and the use of sophisticated computer programmes that play real-money games, including bingo, slots and casino games, automatically ("bots") are known methods of online gaming fraud. The Group has implemented detection and prevention controls to minimise the opportunities for fraudulent play, but must continually monitor and develop their effectiveness to counter innovative techniques. If the Group fails to detect collusion, bots and other fraud, the Group could lose the confidence of its customers, thereby causing its business to suffer. The Group continuously monitors collusion and bots and regularly closes accounts and blocks access to offenders. If collusion, bots and other forms of fraud are not detected, the affected players may experience increased losses. This could lead to customers becoming dissatisfied with the Group's sites, which could have a material adverse effect on its business, prospects, revenues, operating results and financial condition.

**2.26 The Group is reliant on the good management of its virtual economies within its social gaming operations.**

Paying players purchase virtual goods in the social gaming operations because of the perceived value of these goods, with such value being largely dependent upon the relative ease of securing an equivalent good via non-paid means within the game. The perceived value of these virtual goods can be impacted by a social media platform through which the social gaming operations are distributed offering free or discounted credits, local currency-based payments and/or other incentives to the social gaming operations' players or by various actions that the Group takes in the social gaming operations, including offering discounts and promotional giveaways of virtual goods or providing easier non-paid means of

securing these goods. If the Group fails to manage its virtual economies properly, players may be less likely to purchase virtual goods and the Group's business may suffer.

**2.27 The Group is reliant on a small portion of paying players in its social gaming operations.**

Compared to all players who play games in the social gaming operations in any period, only a small portion are paying players. The Group loses players, including paying players, in the ordinary course of business and therefore, in order to sustain revenue levels, the Group must attract and retain the number of paying players or more effectively monetise existing players. If the Group fails to grow its paying player base, or if the rate at which the social gaming operations help attract and retain paying players declines or if the average amount paid by such players declines, the business of the Group may not grow and its financial results will suffer.

**2.28 The profitability of certain of the Group's subsidiaries is dependent on return to players.**

The revenue from certain of the Group's subsidiaries' gaming products depends on the outcome of random number generators built into the gaming software. Return to player is measured by dividing the amount of real money won by players by the total real money wagers over a particular period. An increasing return to player negatively affects gross win (monies received from players paying to play games at a particular site, less winnings and incentive payments to such players) as it represents a larger amount of money being won by players. Return to player is driven by the overall random number generator outcome, the mechanics of different games and jackpot winnings. Each game has its own random number generating engine; however, generally the return to player fluctuates in the short-term based on large wins or jackpots, or a large share of wagers made for higher-payout games. To the extent the Group subsidiaries are unable to set favourable return to player in their gaming software which maximises gross win it could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**2.29 The Group's subsidiaries may experience varied growth which will need to be carefully managed.**

The Group's three segments operate in different jurisdictions with markets in varying stages of maturity and are at different stages of growth. As a result of these varied stages of maturity and growth, each of the Group's operating segments may require a business strategy independent of the other and a failure to handle future growth successfully may prevent each such segment from executing its business strategy. A failure to manage these segments in an efficient manner could cause expenses to increase and revenues to decline or grow more slowly than expected, and could otherwise have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**2.30 The evolving nature of the social gaming industry makes it difficult to predict future operational results.**

Given the rapidly evolving technological and competitive environment of the social gaming industry in which it operates, the Group's historical operating results may not be indicative of future operating results as the growth of the social gaming industry and the level of demand and market acceptance of the social gaming operations are subject to a high degree of uncertainty. In addition to factors affecting online gaming in general, the future operating results of the Group will depend on certain factors specific to the social gaming industry, many of which are beyond their control, including the continued worldwide growth in the adoption and use of social networks and the ability of the Group to effectively monetise games on mobile devices and across multiple platforms and devices. Should the level of demand or market acceptance of social gaming diminish in the future it could have a negative effect on the Group's business, prospects, revenues, operating results and financial condition.

**2.31 The Group's insurance coverage may not be adequate.**

While the Group maintains insurance at a level it believes is appropriate against risks commonly insured in the industry, the Group does not maintain cyber insurance or full coverage under its insurance policies to cover all losses or damages in respect of the Group's business, facilities, equipment or personnel. In addition, certain types of risks may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by the Group's insurance policies and there can be no guarantee that the Group will be able to obtain the desired levels of insurance coverage on acceptable terms in the future. Any of the foregoing could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.



### 3. RISKS RELATING TO THE JACKPOTJOY BUSINESS

#### 3.1 **The operations and financial performance of the Jackpotjoy Business are dependent on the relationship with the Gamesys Group.**

The Group is highly dependent on the Gamesys Group which provides platform services and gaming content to Intertain Bahamas Ltd (“**Intertain Bahamas**”) with respect to the Jackpotjoy Business pursuant to the Operating Agreements. Pursuant to the Operating Agreements, the Group is also dependent on the Gamesys Group for, among other operational aspects, licences held by the Gamesys Group for the operations of the Jackpotjoy Business, on financial information provided by Gamesys for the preparation of the Group’s financial statements and on regulatory compliance by the Gamesys Group. The Gamesys Group has substantial control over the Jackpotjoy Business during the Jackpotjoy Earn-Out Period, such as control over the strategic plan and budget for the Jackpotjoy Business. The ongoing relationship with the Gamesys Group may present geographical or other barriers to expanding the Group’s business, or limit growth in other ways.

Following the expiration on the later of the end of the Jackpotjoy Earn-Out Period or 8 April 2019 of certain restrictive covenants on the Gamesys Group’s ability to compete with the Jackpotjoy Business, the Group could lose customers to the Gamesys Group. The Gamesys Group may also reduce its investment in the development of platform technology and new content for the Jackpotjoy Business, either as a result of focussing on other business-to-consumer (“**B2C**”) customers or mobile content development to the detriment of the Group, or for lack of sufficient incentives after achieving its performance targets for the purposes of the majority of the Jackpotjoy Earn-Out Payments, in which case the results of the Jackpotjoy Business may not meet the Group’s expectations.

The Operating Agreements contemplate the provision of services by the Gamesys Group for a fixed duration although each of the parties to the Operating Agreements may terminate the Operating Agreements in certain circumstances. The Group may not be able to continue to operate the Jackpotjoy Business upon termination of the Operating Agreements or to maximise the value of the Jackpotjoy Brands after the later of the end of Jackpotjoy Earn-Out Period or 8 April 2019 (see Risk Factor “*The Group has significant future earn-out liabilities relating to its purchase of the Jackpotjoy Brands.*”). If the Group decides, after the end of the Jackpotjoy Earn-Out Period or 8 April 2019, or pursuant to termination of the Operating Agreements or failure by the Gamesys Group to meet its obligations under the Operating Agreements, to transfer the Jackpotjoy Brands to another platform, there is no assurance players would follow onto a new platform, or such migration may pose operational or logistical difficulties that make it impractical or unappealing for players to follow the business onto a new platform or may increase the Group’s operating costs. Any such impact, among others, could materially and adversely affect the Group’s business, prospects, revenues, operating results and financial condition.

The services pursuant to the Operating Agreements are to be provided “at cost” during the first five years of the Operating Agreements for the Jackpotjoy and Star spins brands and during the first three years of the Real Money Gaming Operating Agreement (as defined in herein) for the Botemania brand, and at cost plus a 25 per cent. uplift on certain costs and fees thereafter. The determination by the Gamesys Group of cost allocation is made pursuant to a formula set out in the Operating Agreements, but may be disputed, which may lead to significant costs for auditing the costs of services and ensuring indirect costs are properly allocated as between the Jackpotjoy Business and the Gamesys Group. Disputes with respect to the fees payable pursuant to the Operating Agreements may have a negative effect on the Group’s relationship with the Gamesys Group.

In addition, if, during the term of the Operating Agreements, the Gamesys Group fails to maintain an effective system of internal controls, the Group may not be able to accurately report its financial results or prevent fraud in relation to the Jackpotjoy Business. If the Gamesys Group cannot provide reliable financial reports or prevent fraud, the Group’s brand, revenue and financial position could be harmed.

#### 3.2 **The Group has significant future earn-out liabilities relating to its purchase of the Jackpotjoy Brands.**

The Jackpotjoy Brands purchase price was funded by payments on the Jackpotjoy Closing Date and future Jackpotjoy Earn-Out Payments that are to be calculated by reference to the financial performance of the Jackpotjoy Business. The Jackpotjoy Earn-Out Payments are recorded at fair value and therefore changes in valuation of the Jackpotjoy Earn-Out Payments have impacted and may continue to impact the Group’s results from period to period.



On 5 September 2016, the Jackpotjoy Amending Agreements were entered into. The applicable Jackpotjoy Amending Agreement amends the Jackpotjoy SPA to permit the Group to make a Jackpotjoy and Starpins Pre-Payment to Gamesys. Following the Jackpotjoy and Starpins Pre-Payment of £150 million made on 16 December 2016, the Jackpotjoy Amending Agreements cap the aggregate amount of the Jackpotjoy Earn-Out Payments for which the Group is liable to £375 million (excluding any interest thereon), along with certain other amendments to the Jackpotjoy SPA and to the Operating Agreements. For further information, see paragraph 18.2 (*Jackpotjoy SPA*) of “*Part 10: Additional Information*”.

The Jackpotjoy Earn-Out Payments are currently expected to fall due from June 2017 to June 2020, as more particularly described in paragraph 18.2 (*Jackpotjoy SPA*) of “*Part 10: Additional Information*”, and the period during which the earn-out payments are calculated ends in March 2017 for the Jackpotjoy and Starpins Earn-Out, in March 2017 and March 2018 for the Botemania Earn-Out and March 2018, March 2019 and March 2020 for the Additional Earn-Out. In addition to the Jackpotjoy and Starpins Earn-Out Pre-payment of £150 million already made on 16 December 2016, the Group currently expects to fund a portion of those Jackpotjoy Earn-Out Payments with external capital sources, including through the net proceeds of the Debt Raising, and it has the ability to fund the remaining portion of those Jackpotjoy Earn-Out Payments with operating cash.

The Group’s ability to fund any earn-out payments is also subject to certain restrictive covenants under the Credit Agreement. The Group obtained consents on 16 December 2016 to amend the Credit Agreement to permit, among other things, the Jackpotjoy and Starpins Pre-Payment of £150 million and the incurrence of indebtedness (and the grant of liens in respect thereof) pursuant to the Debt Raising. If the Group’s ability to utilise external capital resources is adversely affected for any reason the Group’s ability to fund a future Jackpotjoy and Starpins Pre-Payment and/or any Jackpotjoy Earn-Out Payments over the longer term will be delayed or jeopardised. Delays by the Group in making the Jackpotjoy Earn-Out Payments when due may result in high interest rates being charged by Gamesys pursuant to the terms of the Jackpotjoy SPA (see 18.2 (*Jackpotjoy SPA*) of “*Part 10: Additional Information*”). If the Group is not able to meet its Jackpotjoy Earn-Out Payment obligations, the Group’s relationship with the Gamesys Group would likely suffer, which could affect the services provided by the Gamesys Group and have a material effect on the Group’s business, prospects, revenues, operating results and financial condition.

The earn-out provisions of the Jackpotjoy SPA also require that initially 65 per cent. of the Group’s cash flows (subject to the terms of the Credit Agreement) are restricted from use other than satisfying the Jackpotjoy Earn-Out Payment, which may be increased to as much as 90 per cent. in certain circumstances, such as a funding shortfall. This segregated cash cannot be used for general corporate purposes, such as the payment of dividends.

The Gamesys Group has substantial control over the Jackpotjoy Business during the Jackpotjoy Earn-Out Period and has an interest in maximising its potential earnings under the earn-out structure. Although the Jackpotjoy SPA and the Operating Agreements were agreed in good faith, there is a risk that the Gamesys Group may deliver the services contemplated in the Operating Agreements in such a way that maximising the Gamesys Group’s earn-out potential will be detrimental to the Group’s business, which could have a material adverse effect on the Group’s business, prospects, revenues, operating results and financial condition.

### **3.3 The Gamesys Group may fail to comply with certain software escrow obligations in the Operating Agreements, or such escrowed code may be corrupted, stolen or destroyed.**

Pursuant to the Operating Agreements, the Gamesys Group will, within two years from the Jackpotjoy Closing Date (8 April 2015) or, in the event of the Gamesys Group’s free cash balances fall below £20 million or any auditor’s report relating to Gamesys being issued subject to a qualification, be required to deposit the source code and executable code of the software owned by the Gamesys Group necessary for the operation of the primary branded site for each of Jackpotjoy (UK), Jackpotjoy (Sweden), Starpins (UK) and Botemania (Spain) and the primary branded applications for Jackpotjoy Social and Starpins Social, together with relevant associated installation and user documentation, with a neutral third-party in escrow to be released to the Group in the event that Gamesys is placed into liquidation or has an administrator appointed to it. The purpose of the escrow is to ensure the continuation of the Jackpotjoy Business in the event that Gamesys is placed into liquidation or has an administrator appointed to it. The failure of the Gamesys Group to deposit such information on a timely basis or at all, the deposit of inaccurate or incomplete information into escrow by the Gamesys Group, or the corruption, theft or

destruction of the escrowed code may have a material adverse effect on the business, operations and financial performance of the Group, and the future viability of the Jackpotjoy Business.

**3.4 With limited exception, no portion of the initial consideration for the Jackpotjoy Brands was held back or otherwise segregated as a reserve to satisfy contractual claims made by the Group against the Gamesys Group.**

Other than 10 per cent. of the initial consideration for the Jackpotjoy Brands that was escrowed by the Gamesys Group (96.66 per cent. of which was released in 2016, with the remainder expected to be released in July 2017), no portion of the initial consideration for the Jackpotjoy Brands was held back, sequestered in a retention account, placed in escrow, or otherwise segregated as a reserve to satisfy potential warranty or other contractual claims made by the Group against the Gamesys Group. There is a risk that the Gamesys Group could dispose of all or substantially all of the initial consideration or its assets, or shield the initial consideration or its assets from efforts by the Group to recover against them for damages. There is no assurance that the Gamesys Group will have sufficient assets available in the future to compensate the Group for damages it may incur in connection with a breach of contractual warranties or undertakings by the Gamesys Group in the Jackpotjoy SPA, the Operating Agreements, or any other agreement entered into in connection with the Jackpotjoy Acquisition. While the Group has a limited right of set-off against the Jackpotjoy Earn-Out Payments under the Jackpotjoy SPA, the Group cannot rely on this right as an avenue for recourse until the Gamesys Group has received Jackpotjoy Earn-Out Payments under the terms of the Jackpotjoy SPA. There is no guarantee that, nor can the Group predict whether, the Gamesys Group will achieve Jackpotjoy Earn-Out Payments under the Jackpotjoy SPA in the future or be in a position to timely disclose claims allowing for set-off before the end of certain prescription periods. An inability of the Gamesys Group to compensate or indemnify the Group for damages it may incur in connection with a breach of contractual warranties or undertakings by the Gamesys Group in connection with the Jackpotjoy Acquisition could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**3.5 The Jackpotjoy Business may be adversely affected by a failure to effectively transition certain operating functions if the Group decides to assume them following the later of the end of the Jackpotjoy Earn-Out Period or April 2019 and the Group may be unable to develop or outsource a successful substitute operating platform in the future.**

The Gamesys Group remains in possession or control of certain assets, relationships, content, technologies, business infrastructure and controls over financial reporting necessary for the successful and profitable operation of the Jackpotjoy Business, including player databases, partner contracts, and advertising assets and relationships (the "**Jackpotjoy Operations**"). The Operating Agreements contemplate that a detailed exit plan will be developed by the parties to enable the Jackpotjoy Operations to be transitioned to the Group in an orderly manner (the "**Transition Plan**"). There is a risk that the parties will fail to agree to a Transition Plan that is satisfactory to both parties, or that the Transition Plan agreed to will not transfer the Jackpotjoy Operations to the Group in an effective manner. There is also a risk that the parties may fail to properly implement the Transition Plan, or that the Transition Plan may not be implemented in a timely or cost-effective manner. The risk of failing to negotiate or implement a Transition Plan will be increased where a material dispute arises between the Gamesys Group and the Group, or where the Gamesys Group becomes subject to bankruptcy or insolvency proceedings, or similar forms of creditor protection. The failure to effectively negotiate and implement a Transition Plan may have a material adverse effect on the business, prospects, revenues, operating results, financial condition and the future viability of the Jackpotjoy Business.

Furthermore, the Gamesys Group retains certain operating assets, such as marketing algorithms, game platforms and certain underlying technology infrastructure in connection with the Jackpotjoy Brands (the "**Jackpotjoy Operating Platform**"). The Group may decide in the future to develop and build its own operating platform or outsource an operating platform to replace the Jackpotjoy Operating Platform, all in accordance with the terms of the Operating Agreements. There is a risk that the Group may be unsuccessful in developing or outsourcing an adequate replacement operating platform, may fail to develop or outsource a replacement operating platform in a timely and cost-effective manner, or that the replacement operating platform developed or outsourced by the Group may be inferior to the Jackpotjoy Operating Platform. The failure by the Group to develop or outsource an effective substitute operating platform may have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition, and the future viability of the Jackpotjoy Business.

**3.6 Any disruption in the exercise of the Spanish Purchase Option could have a material adverse effect on the operations, business or financial performance of the Group.**

Pursuant to the Jackpotjoy Acquisition, the Group was granted an option by Gamesys (Gibraltar) Limited (“**Gamesys Gibraltar**”) to purchase the entire issued share capital of Gamesys Spain PLC (“**Gamesys Spain**”), which is a subsidiary of Gamesys Gibraltar, and would be responsible for operating the Spanish-facing Botemania brand (the “**Spanish Purchase Option**”). It is intended that this option would only be exercisable in the event that the Gamesys Group were to cease conducting the real money operations in respect of the Botemania brand. The Spanish Purchase Option cannot be exercised by the Group until the end of the Jackpotjoy Earn-Out Period, except in limited circumstances. The Group believes that exercising the Spanish Purchase Option in those circumstances would minimise any disruption in the provision of gaming and gambling services to the Botemania player base, and facilitate the process by which responsibility for those gaming and gambling services would be transitioned from the Gamesys Group to the Group. Both the Group and Gamesys Gibraltar are required to negotiate in good faith the terms upon which the Spanish Purchase Option will be exercised and effected; however, there is a risk that the parties will be unable to successfully negotiate mutually agreeable terms or that the terms of exercise agreed upon may fail to reflect the original intentions of the parties. There exists a further risk that changes to Spanish laws, regulations, taxation policy or rules, or business or operating conditions, may frustrate the purpose or effect of the Spanish Purchase Option intended by the parties. If there is any disruption in the process by which the Botemania player base is transitioned from the operational control of the Gamesys Group to the operational control of the Group, then this may have a material adverse effect on the business, prospects, revenues, operating results and financial condition of the Group.

**4. FINANCIAL AND REPORTING RISKS**

**4.1 The Group’s high leverage and debt service obligations could adversely affect its business.**

At Admission, the Group will remain highly leveraged and will have significant debt service obligations. As of 30 September 2016, the principal amount of the Group’s indebtedness was \$365.8 million. As of the same date, the Group had approximately \$17.5 million available for borrowing under its Credit Facilities. See paragraph 18.1 (*Credit Facilities and Second Lien Facility*) of “*Part 10: Additional Information*”. The Group’s high leverage could lead to certain adverse effects, including, but not limited to:

- making it more difficult for the Group to satisfy its debt obligations over the longer term;
- increasing the Group’s vulnerability to a downturn in its business or economic and industry conditions;
- limiting the Group’s ability to obtain additional financing to contribute to future working capital requirements, capital expenditures, contingent liabilities, including earn-out payments, business opportunities and other corporate requirements, in each case over the longer term;
- placing the Group at a competitive disadvantage compared to its competitors that have less debt in relation to cash flow;
- requiring the Group to dedicate a substantial portion of its cash flow from operations to the payment of principal of, and interest on, its indebtedness, reducing the availability of cash flow to fund its operations and for other corporate purposes or pay dividends to its shareholders;
- limiting the Group’s flexibility in planning for, or reacting to, changes in its business, competitive environment and industry; and
- restricting the Group from investing in customer acquisitions, developing its brands, growing its business, and exploiting certain business opportunities.

Over the longer term, the Group’s ability to service its indebtedness will depend on its future performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Many of these factors are beyond the Group’s control. If over the longer term the Group cannot service its indebtedness and meet its other obligations and commitments, the Group might be required to refinance its debt or to dispose of assets to obtain funds for such purpose. There is no assurance that refinancing or asset dispositions could be effected on a timely basis or on satisfactory

terms, if at all, or would be permitted by the terms of its financing arrangements or debt instruments. Depending on the debt market conditions at the time, it is possible that a restructuring or refinancing could lead to a significant increase in debt service costs, interest expenses or other fees, costs and expenses and/or result in additional restrictions being placed on the Group's operations.

The Group may also be able to incur substantial additional indebtedness in the future, further increasing the risks associated with its substantial leverage. See paragraph 18 (*Material Contracts*) of "*Part 10: Additional Information*". If the Group incurs additional indebtedness, the related risks that it currently faces, as described above and elsewhere in these "*Risk Factors*", could intensify.

**4.2 The loans under the Credit Facilities bear interest at floating rates that could rise significantly, increasing the Group's costs and reducing its cash flow.**

The loans under the Credit Facilities bear, at Intertain's election, an annual interest rate of either (i) the LIBOR Rate plus a margin of 6.50 per cent., if the LIBOR Rate is elected based on current market conditions; or (ii) the Base Rate plus a margin of 5.50 per cent., if the Base Rate is elected based on current market conditions. The Second Lien Facility bears an interest rate of the LIBOR Rate (adjusted to reflect mandatory statutory reserves) plus a margin of 9 per cent. per annum. These interest rates could rise significantly in the future. Although the Group is permitted to enter into interest rate hedging arrangements in order to mitigate some of the risk associated with fluctuations in these rates, there can be no assurance that hedging will be available on commercially reasonable terms at the relevant time. Under these interest rate agreements, the Group would be exposed to credit risk in respect of its counterparties. If one or more of the Group's counterparties falls into bankruptcy, insolvency or liquidation, claims the Group has under the swap agreements may become worthless. In addition, in the event that the Group refinances its debt or otherwise terminates hedging agreements, the Group may be required to make termination payments, which would result in a loss. To the extent that interest rates were to increase significantly, the Group's interest expense would correspondingly increase, reducing its cash flow.

**4.3 The Group is exposed to exchange rate risks.**

The Group generates revenues in a number of different currencies and, at the time of Admission, prepares its financial statements in Canadian dollars ("CAD" or "\$"). Revenues from subsidiaries denominated in foreign currency are translated into CAD in the Group's consolidated results with differences arising on the retranslation of those revenues recorded in the Group's income statement, which affect operating results from period to period. In addition, the Credit Facilities are denominated in U.S. dollars ("USD" or "U.S.\$"). Foreign exchange risk may also arise where revenues and expenses are paid in currencies other than CAD, EUR, GBP or USD. The Group may be subject to foreign exchange risk as a result of fluctuations in the value of any of these currencies relative to each other, which may arise as a result of actions by central banks and governmental policies, economic growth, inflation, foreign trade, employment outlook or political and military crises. The Group manages some of its foreign exchange settlement risk using appropriate hedging activities where circumstances dictate, such as with a currency swap relating to the Credit Facilities. However, these procedures may not be adequate and do not address the impact that any changes in currency values may have on the Group's financial reporting in CAD and the possibility that such changes may have an adverse impact on the Group's business and financial condition.

**4.4 The Group has a number of operating and financial covenants in its financing documentation. Failure to comply with these operating and financial covenants over the longer term could entail a number of adverse scenarios, which would materially adversely affect the Group's operating results and financial condition.**

The Group has a number of operating and financial covenants in its financing documentation. In particular, the terms of the Credit Agreement and the Second Lien Credit Agreement contain operating and financial covenants with which Intertain must comply (and with which Intertain must ensure that, subject to certain exceptions, its subsidiaries comply), including restrictions on Intertain's ability to, among other things, incur additional debt, pay dividends and make restricted payments, make earn-out payments, encumber its assets, sell assets, and enter into certain merger or consolidation transactions, in the case of the Second Lien Credit Agreement maintaining a maximum ratio of consolidated debt to consolidated EBITDA (earnings before interest, taxes, depreciation and amortisation) (such maximum ratio covenant being for the benefit of the lenders under the Revolving Facility), and the Jackpotjoy



Amending Agreements also restrict the Group's debt financing arrangements, including, in certain circumstances, debt financing arrangements not meeting the definition of a Qualifying Finance Arrangement (see paragraph 18.2 (*Jackpotjoy SPA*) of "*Part 10: Additional Information*"). If, over the longer term, Intertain or any of the other Credit Parties were to fail to comply with the covenants contained in the Credit Agreement, the Second Lien Credit Agreement or the Jackpotjoy Amending Agreements, this could result in an event of default which could materially and adversely affect the Group's business, prospects, revenues, operating results and financial condition.

## **5. RISKS RELATING TO THE GROUP'S INTELLECTUAL PROPERTY AND TECHNOLOGY**

### **5.1 The Group is reliant upon its intellectual property rights being adequately protected and may face claims alleging infringement of intellectual property rights held by others.**

The Group relies on a combination of laws and contractual provisions to establish and protect its rights in their software, trade-marks, copyrights, trade secrets, proprietary technology and domain names. Their ability to protect their intellectual property is crucial to the success of its business. The Group currently possesses a number of trade-mark applications and registrations and their strategy is to continue to selectively file intellectual property applications in Europe and other applicable jurisdictions. There can be no assurance that the steps taken to protect proprietary rights will be adequate to deter misappropriation of technology. Any such misappropriation or resulting litigation to enforce proprietary rights could have a material adverse effect on the Group's business, revenues, results of operations and financial condition. Similarly, given the nature of the business environment in which the Group operate, other parties may threaten to issue legal proceedings against them based on alleged infringement of intellectual property rights. There can be no assurance that such threats would never materialise into actual litigation or that the Group would prevail in such litigation. An adverse determination in legal proceedings, a costly litigation process or a costly settlement could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

### **5.2 The Group is reliant on the reliability and viability of the internet infrastructure, which is out of its control.**

The growth of internet usage has caused interruptions and delays in processing and transmitting data over the internet. There can be no assurance that the internet infrastructure or the Group's own network systems will continue to be able to support the demands placed on them by the continued growth of the internet, the overall online gaming industry or that of their customers.

The internet's viability could be affected by delays in the development or adoption of new standards and protocols to handle increased levels of internet activity or by increased government regulation. The introduction of legislation or regulations requiring internet service providers in any jurisdiction to block access to the Group's websites and products may restrict the ability of their customers to access products and services offered by them. Such restrictions, should they be imposed, could have a material adverse effect on the business, prospects, revenues, operating results and financial condition of the Group.

If critical issues concerning the commercial use of the internet are not favourably resolved (including security, reliability, cost, ease of use, accessibility and quality of service), if the necessary infrastructure is not sufficient, or if other technologies and technological devices eclipse the internet as a viable channel, this may negatively affect internet usage, and the Group's business, prospects, revenues, operating results and financial condition will be materially adversely affected.

End-users of the online gaming offerings depend on ISPs and system infrastructure for access to the sites operated by the Group'. These services have experienced service outages in the past and could experience service outages, delays and other difficulties due to system failures, instability and interruption. The Group may lose customers as a result of delays or interruption in service, including delays or interruptions relating to high volumes of traffic or technological problems. As a result, the Group may not be able to provide their products and services to its customers during substantial periods of time, which could have a material adverse effect on the business, prospects, revenues, operating results and financial condition of the Group.

Additionally, the increasing presence of viruses and cyber-attacks may affect the viability and infrastructure of the internet and could materially adversely affect the business, prospects, revenues, operating results and financial condition of the Group.



**5.3 The gaming platforms used by the Group are reliant on technologies and network systems, which may be vulnerable to cyber attacks that negatively affect the customer experience or which could result in breach of privacy laws and misuse of customer data that could lead to the Group facing liability or losing customer goodwill.**

The gaming platforms used by the Group are reliant on technologies and network systems to securely handle transactions and user information over the internet, which may be vulnerable to system intrusions, unauthorised access or manipulation. As users become increasingly sophisticated and devise new ways to commit fraud, the security and network systems may be tested and subject to attack. Two of the more common security issues affecting the online gaming industry are Denial of Service and Trojan Horse attacks. While the Group employs intrusion detection and prevention measures, there is no assurance that such intrusions or attacks or other unauthorised access or manipulation of the software will or can be prevented in the future and any occurrences may cause a delay in or an interruption of operations of the Group. Intrusions and interference in technology services often occur without warning, resulting in a negative experience that its customers may associate with the Group. If its efforts to combat these Denial of Service and Trojan Horse attacks and other forms of cyber crime are unsuccessful, the Group's reputation may be harmed and its communications with certain customers could be impaired. This could result in a decline in user traffic and associated revenues, which would have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

Furthermore, the Group processes customer data about users of its online games, including personal information about such customers and the customers' game play history, which comprises information, the storage, use or disclosure of which is regulated by data protection and privacy laws in the jurisdictions in which they operate. The Group is exposed to the risk that such regulated personal data could be wrongfully appropriated, lost or misused in breach of applicable laws as a result of cyber attacks and deficiencies in the security measures of the Group's technology. In addition, the Group may from time to time provide limited information about its customers to third-parties based on the scope of services to be provided and such third-parties may fail to adopt or adhere to adequate data and information security practices. Any appropriation, loss or misuse of customer data or violation of applicable privacy laws could result in the Group facing liability or in the loss of goodwill with customers.

**5.4 The systems and controls of the Group to restrict access to its products may not be adequate.**

The Group uses multiple technological methods to block customers from certain jurisdictions. These systems and controls are intended to ensure that no bets are accepted from customers located in those jurisdictions where the Group is prevented from or has made a decision not to offer all or certain of its products and services. These systems and controls could fail, be subject to manipulation, or otherwise be found to be inadequate, either currently or as a result of future technological developments. This may result in violations of applicable laws or regulations. Any claims in respect of any such violations could have cost, resource, and, in particular if successful, reputational implications, as well as implications on the ability of the Group to retain, renew or expand its portfolio of licences in other jurisdictions, and so have a material adverse effect on the business, prospects, revenues, operating results and financial condition of the Group.

**6. RISKS RELATING TO THE PLAN OF ARRANGEMENT**

**6.1 The Plan of Arrangement is conditional and the conditions may not be satisfied.**

Completion of the Plan of Arrangement is conditional, among other things, upon the receipt of approvals and the satisfaction of other conditions, including the approval of the UKLA, the London Stock Exchange and the TSX. Although the Group is diligently applying its efforts to take, or cause to be taken, all actions to do, or cause to be done, all things necessary, proper or advisable to obtain the requisite approvals, there can be no assurance that these conditions will be fulfilled or that the Plan of Arrangement will be completed.

**6.3 The Group may fail to realise the perceived benefits of its UK Strategic Initiatives and the Plan of Arrangement.**

The Group has pursued a comprehensive set of UK-centred strategic initiatives to enhance shareholder value (the "UK Strategic Initiatives"), which will be facilitated by the Plan of Arrangement, because it believes that these initiatives will be beneficial to the Group's business and operations, the Group's

Shareholders and other stakeholders. The success of these initiatives will depend, in part, on the ability of the Group to realise the anticipated benefits associated with the UK Strategic Initiatives and associated reorganisation of the Group's corporate structure.

The success of the UK Strategic Initiatives will depend largely on the success of current and post-Plan of Arrangement management of the Group in successfully completing the Admission and transitioning oversight and management of Intertain's successors, subsidiaries and affiliates, together with its capital-raising activities, to the UK in an effective and efficient manner following the completion of the Plan of Arrangement. The failure to successfully transition the oversight, management and capital raising functions to the UK, or to otherwise realise any of the anticipated benefits of the UK Strategic Initiatives could impair the operating results, profitability and financial results of the Group. In particular, a failure to realise increased earnings, cost savings and enhanced growth opportunities could have a material adverse effect on the Group's operating results.

Key potential difficulties with the transition include:

- successfully introducing the Group to investors which operate primarily in the UK and European markets;
- consolidating corporate and administrative infrastructures and managing tax costs or inefficiencies associated with the Group and the Plan of Arrangement;
- co-ordinating the Group's transition to the UK's regulatory regime;
- disruption to each Group company's ongoing business;
- failure to get analyst coverage or investor attention as anticipated; and
- failure to enhance liquidity of the Shares on the London Stock Exchange in the near-term, including if and/or while a substantial number of Exchangeable Shares remain outstanding.

It is possible that completion of the Plan of Arrangement, or the post-closing integration, may be delayed, challenged by parties opposing the Plan of Arrangement or not be possible at all. Furthermore, the Group may not realise the expected benefits from its UK Strategic Initiatives, or may encounter difficulties or higher costs in achieving these anticipated benefits. This could affect the Group's businesses and operations and could have a material adverse impact on relationships with customers, regulators, employees, suppliers and other market participants.

The failure to successfully complete the Admission and transition of the Group's primary capital-raising activities to the UK could impair the prospects, expansion strategy, operating results, profitability and financial results of the Group.

#### **6.4 The Group will incur significant costs related to the UK Strategic Initiatives and the Plan of Arrangement.**

The Group expects to incur a number of non-recurring costs associated with the UK Strategic Initiatives and the Plan of Arrangement, including redomiciliation of management structures and the completion of Admission. There can be no assurance that the actual costs of this integration process will not exceed those estimated, and the actual integration process may result in additional and unforeseen expenses. In addition, the Group will incur legal, accounting and other professional services fees and other costs related to the UK Strategic Initiatives and the Plan of Arrangement. While it is expected that increased access to capital, cost savings and other benefits of the UK Strategic Initiatives achieved by the Group will offset these transaction costs over time, this net benefit may not be achieved in the short-term. In addition, the Group may incur increased compliance costs arising from complying with both the UK and Canadian ongoing reporting and disclosure regimes and increased costs arising from the issue of, and ongoing reporting obligations in relation to, the Exchangeable Shares. These combined factors could adversely affect the business, operating profit and overall financial condition of the Group.

#### **6.5 Following the completion of the Plan of Arrangement the Group will be required to maintain regulatory and reporting compliance in both Canada and the UK.**

As a public company, the Company incurs a high level of legal, accounting, financial compliance, reporting and other expenses, to comply with rules and regulations applicable to listed companies.

Furthermore, upon the completion of the Plan of Arrangement and Admission, the Group will need to maintain compliance with both Canadian and UK rules and regulations applicable to listed companies. This could result in an increase in or diversion of resources or management capacity to ensure proper compliance, which could have a material adverse effect on the Group's business, prospects, revenues, operating results and financial condition.

**6.6 Management distraction or overstretch in connection with the UK Strategic Initiatives could have an adverse effect on the business of the Group.**

Management of Intertain anticipates that benefits will result from the completion of the UK Strategic Initiatives. However, Intertain and its management have devoted and will continue to be required to devote significant attention and resources to effecting the completion of the Plan of Arrangement, Admission and the Capital Reduction (as defined below) and related and incidental activities. There is a risk that the challenges associated with managing these various initiatives will result in management distraction or overstretch and that consequently the underlying businesses will not perform in line with expectations.

**6.7 The rights of shareholders under Canadian law may differ from the rights of shareholders under English law.**

Upon Admission and the completion of the Plan of Arrangement, Intertain Shareholders will become Shareholders (a) upon the Effective Date in the case of holders who receive Shares and (b) as and when their Exchangeable Shares are retracted, redeemed or purchased in accordance with the Exchangeable Share Provisions, the Plan of Arrangement and the ancillary rights attached to the Exchangeable Shares (see Paragraph 3.6(l)(ii) (*Redemption of Exchangeable Shares*) of "Part 2: Business Overview – Section A: Information on the Group" for further details). The rights of Shareholders will be governed by the Articles and constitutional documents of the Company and English law. The rights of shareholders under English law may differ from the rights of shareholders under Canadian law and the enforcement of such rights may involve different considerations and may be more difficult than would be the case if the Company had been incorporated in Canada.

**7. RISKS RELATING TO THE SHARES**

**7.1 The market price of the Shares may be subject to volatility.**

The market price of the Shares may be volatile. The value of an investment in the Shares may decrease or increase abruptly and such volatility may bear little or no relation to the Group's performance. The price of the Shares may fall in response to market appraisal of the Group's strategy or if the Group's results of operations and/or prospects are below the expectations of market analysts or shareholders. In addition, stock markets have, from time to time, experienced significant price and volume fluctuations that have affected the market price of securities, and may, in the future, experience similar fluctuations which may be unrelated to the Group's operating performance and prospects but nevertheless affect the price of the Shares. This volatility may affect the ability of holders of Shares to sell these at an advantageous price. The Shares could be subject to wide fluctuations due to a number of factors, including, without limitation:

- actual or anticipated fluctuations in the Group's results of operations;
- changes in estimates of the Group's future results of operations by the Group or securities analysts;
- speculation, whether or not well-founded, regarding the intentions of the Group's major Shareholders or significant sales of Shares by any such Shareholders or short selling of the Shares;
- speculation, whether or not well-founded, about significant issues of Shares by the Company;
- speculation, whether or not well-founded, regarding possible changes in the Company's management team;
- the publication of research reports by analysts;
- announcements of technological innovations or new solutions by the Group or its competitors;

- strategic actions by the Group or its competitors, such as mergers, acquisitions, divestitures, partnerships and restructurings;
- speculation, whether or not well-founded, about the Group's business, about mergers or acquisitions involving the Group and/or major divestments by the Group in the press, media or investment community;
- changes affecting the gaming and gambling industry, including changes to regulatory or tax regimes;
- changes in laws, rules and regulations applicable to the Group, its operations and the operations in which the Group has interests, and involvement in actual or threatened litigation;
- general economic and political conditions, including in the regions in which the Group operates;
- dilution caused by the exercise of outstanding debentures, warrants and options; or
- other events or factors.

Broad market fluctuations, as well as economic conditions generally and in the gaming industry specifically, may adversely affect the market price of the Shares.

**7.2 There has been no prior public trading for the Shares on the London Stock Exchange.**

Although Intertain Shares have historically been listed on the TSX, prior to Admission, there has been no public trading market for the Shares on the London Stock Exchange. Following Admission, there can be no assurance that an active trading market for the Shares will develop, or if developed, can be sustained following Admission. In particular, trading volumes in Shares on the day of their admission to trading on the London Stock Exchange, and potentially in the subsequent two trading days, is expected to be extremely limited. This is due to a large proportion of Intertain's share register being comprised of holdings through CDS & Co., and the fact that CREST accounts of Intertain Shareholders holding through CDS & Co. are only expected to be credited, provided the relevant documentation is delivered to Computershare, at 8:00 a.m. (London time) on the third business day following the Effective Date in order to accommodate the Canadian settlement cycle and customary CDS & Co. procedures for confirming the relevant holders of record. Furthermore, because the TSX has conditionally approved the listing of the Exchangeable Shares issued pursuant to the Plan of Arrangement in substitution for the currently listed Intertain Shares as of the effective date of the Plan of Arrangement, there is a risk that liquidity in the Shares could be affected in the near-term if a large portion or all of the eligible Canadian resident shareholders elect to receive the Exchangeable Shares (together with the ancillary rights) in lieu of the Shares. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.

**7.3 The Company's ability to pay dividends in the future is not guaranteed.**

Any future determination to pay dividends will be at the discretion of the Board and will depend upon many factors, including the Company's results of operations, financial position, capital requirements, distributable reserves, credit terms, general economic conditions and other factors as the Board may deem relevant from time to time. In particular, certain provisions of the Jackpotjoy SPA, the Credit Agreement and the Second Lien Credit Agreement may restrict the Group's ability to pay dividends. Consequently, investors may not receive any return on investment unless they sell their Shares for a price greater than that which they paid for them.

**7.4 The Company is a holding company with substantially all of its operations conducted through its subsidiaries. Its ability to pay dividends on the Shares depends on its ability to obtain cash dividends and other cash payments or obtain loans from the Group's subsidiaries.**

The Company is a holding company and will not conduct business of its own. Because the Company has no direct operations or significant assets other than the capital stock of its subsidiaries, it relies on those entities for cash dividends, investment income, financing proceeds and other cash flows to pay dividends, if any, on the Shares and, in the long-term, to pay other obligations at the holding company level that may arise from time to time. The ability of the Company's subsidiaries to make payments to the Company depends largely on their financial condition and ability to generate profits. In addition, because the Company's subsidiaries are separate and distinct legal entities, they will have no obligation to pay

dividends or to lend or advance the Company funds. The Company cannot guarantee that its subsidiaries will generate sufficient profits and cash flows to pay dividends or lend or advance to the Company sufficient funds to enable it to meet its obligations and pay interest, expenses and dividends, if any, on the Shares. Consequently, holders of the Shares may not receive any return on their investment unless they sell their Shares for a price greater than that which they paid for them.

**7.5 The possibility of future sales by existing shareholders could negatively impact the market price of the Shares.**

If the Company's shareholders sell substantial amounts of the Shares in the public market, the market price of the Shares could fall. The perception among investors that these sales will occur could also produce this effect.

**7.6 Pre-emptive rights may be unavailable for U.S. and other non-EU holders of Shares.**

In the case of certain increases in the Company's issued share capital, existing holders of Shares are generally entitled to pre-emption rights to subscribe for such Shares, unless shareholders waive such rights by a resolution at a shareholders' meeting, or in certain other circumstances as stated in the Articles. U.S. and other non-EU holders of Shares are customarily excluded from exercising any such pre-emption rights they may have, unless exemptions from any overseas securities law requirements are available. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable U.S. or other non-EU holders to exercise such pre-emption rights or, if available, that the Company will utilise any such exemption.

**7.7 An investment in Shares by an investor whose principal currency is not British pound sterling exposes the investor to foreign currency exchange rate risk.**

The Shares are, and any dividends to be paid in respect of them will be, denominated in British pound sterling. An investment in Shares by an investor whose principal currency is not British pound sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms, and any appreciation of the British pound sterling will increase the value in foreign currency terms.

Certain cash Distributions (as defined in "*Part 11: Definitions and Glossary*") on Shares, which are used to determine the value of the payments to be made in respect of Exchangeable Shares upon their retraction, redemption or purchase (as applicable), may be denominated in British pound sterling and converted to the Canadian Dollar Equivalent (as defined in "*Part 11: Definitions and Glossary*") as of the date on which such cash Distributions are paid on the Shares. Fluctuations in the value of the British pound sterling as against the Canadian dollar may be subject to foreign currency exchange rate risk and result in commensurate volatility in the value of payments in respect of the Exchangeable Shares due from the Company.

**7.8 The issuance of additional Shares in the Company in connection with future acquisitions or growth opportunities, any share incentive or share option plan or otherwise, or the conversion of Intertain Debentures into Shares, may dilute all other shareholdings.**

The Group may seek to raise financing to fund future growth opportunities. In certain circumstances, the Company may, for these and other purposes, including pursuant to any share incentive or share option plan, issue additional equity or convertible equity securities. In addition, holders of Intertain's Debentures will be entitled to convert their Debentures into Shares following the completion of the Plan of Arrangement at the same exchange ratio as they can currently convert into Intertain Shares. As a result, existing holders of Shares may suffer dilution in their percentage ownership, or the market price of the Shares may be adversely affected.

**7.9 The Company is applying for a standard listing and accordingly the Company will not be required to comply with those protections applicable to a premium listing.**

The Company is applying for a standard listing on the Official List under Chapter 14 of the Listing Rules on the basis of the Prospectus Directive (as defined in "*Part 11: Definitions and Glossary*") requirements. Although the Company intends to, among other things, voluntarily comply with the premium listing principles as set out in Chapter 7 of the Listing Rules, the significant transaction requirements in Chapter



10 of the Listing Rules and, except in relation to transactions with JerseyCo arising from or in connection with the Exchangeable Share Structure (as defined below), the related party transaction requirements in Chapter 11 of the Listing Rules, the additional on-going requirements and protections applicable to a premium listing under the Listing Rules will not apply to the Company. In particular, the provisions of Chapters 6 to 13 of the Listing Rules (listing principles applicable to companies with a premium listing, sponsors, continuing obligations, significant transactions, dealing in own securities and treasury shares and contents of circulars), being additional requirements for a premium listing of equity securities, will not apply to the Group. Neither the FCA nor the London Stock Exchange will have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules or those aspects of the Disclosure Guidance and Transparency Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

**7.10 No assurance can be given that the Company will obtain a premium listing in due course.**

Whilst the Company intends to migrate to the premium listing segment of the Official List in due course, its ability to obtain a premium listing is dependent, among other things, on meeting the eligibility criteria principally detailed in Chapter 6 of the Listing Rules. However, no assurance can be given that the Company will obtain a premium listing on the timeline anticipated or at all.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### General

Investors should only rely on the information in this Prospectus. No person has been authorised to give any information or to make any representations in connection with Admission, other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or the Directors.

Without prejudice to any obligation of the Company to publish a supplementary Prospectus pursuant to section 87G of FSMA and paragraph 3.4 of the Prospectus Rules, the delivery of this Prospectus will not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or the Group since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date.

The Company will update information provided in this Prospectus by means of a supplement hereto if a significant new factor occurs prior to Admission or if this Prospectus contains a material mistake or inaccuracy. Any supplement to this Prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its, his or her own lawyer, financial adviser, tax adviser or other advisers for legal, financial, business or other related advice. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company, including the merits and risks involved.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company or the Directors or any of their representatives that any recipient of this Prospectus should purchase Shares. Prior to making any investment decision regarding the Shares, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this Prospectus, including the risks involved.

### *Definition of the Group and Segments*

For the purposes of this Prospectus, the term “**Group**” means (1) Intertain and its subsidiary undertakings prior to the date that Intertain (which will become AmalCo as a result of the Amalgamation) becomes an indirect subsidiary of the Company pursuant to the Plan of Arrangement and (2) upon the Plan of Arrangement taking effect on Admission, the Company and its subsidiary undertakings.

The Group segments its operations as follows: (i) the “**Jackpotjoy segment**” (consisting of the real money and social gaming online bingo and online casino operating results of the Jackpotjoy, Star spins and Botemania brands), (ii) the “**Vera&John segment**” (consisting of the real money online casino operating results of various brands operated by Dumarca and Cryptologic Operations, including Vera&John, Vera&Juan and InterCasino, and revenues earned from the Amaya Revenue Guarantee, which expired during the first quarter of 2016), and (iii) the “**Mandalay segment**” (consisting of the real money operating results of various online bingo websites operated by the Mandalay Group, including Costa Bingo, and the operating results of affiliates).

The Jackpotjoy Brands, when combined with the services provided by Gamesys and Gamesys Gibraltar under the Operating Agreements, are referred to in this Prospectus as the “**Jackpotjoy Business**”.

### Presentation of Financial Information

#### *Historical financial information*

The historical financial information in the Group Historical Financial Information and “*Part 7: Historical Financial Information – Section F: Historical Financial Information of the Company for the period ended 15 August 2016*” has been prepared in accordance with the requirements of the Prospectus Directive Regulation (as defined in “*Part 11: Definitions and Glossary*”), the Listing Rules and IFRS (as defined in “*Part 11: Definitions and Glossary*”). The Group Historical Financial Information comprises the years ended and as at 31 December 2013, 2014 and 2015, the six months ended 30 June 2015 and 2016 and as at 30 June 2016 and the nine months ended 30 September 2015 and 2016 and as at 30 September 2016.

As detailed in *Part 2: “Business Overview – Section A: Information on the Group”* the Company was incorporated on 29 July 2016 and has no historical operations of its own. The Group Historical Financial Information presented in this Prospectus are those of Intertain pre-Plan of Arrangement. The Group Historical Financial Information comprises the years ended and as at 31 December 2013, 2014 and 2015, the six months ended 30 June 2015 and 2016 and as at 30 June 2016 and the nine months ended and as at 30 September 2015 and 2016 and as at 30 September 2016.

On 8 April 2015, Intertain completed the Jackpotjoy Acquisition (as defined below). In light of the significance of the Jackpotjoy Acquisition for the Group, the Directors believe that the Jackpotjoy historical financial information is relevant to prospective investors and is included in the Jackpotjoy Historical Financial Information for the years ended and as at 31 March 2013, 2014 and 2015. No standalone historical financial information is presented for the period from 1 April 2015 (the first day following the period covered by the Jackpotjoy Historical Financial Information) to 8 April 2015 (the Jackpotjoy Acquisition date) due to the immateriality of the results of the Jackpotjoy Business for this short period to the results of the Group for the year.

The historical financial information for the Jackpotjoy, Starspins and Botemania Business Unit of Gamesys Limited pre-acquisition by Intertain included in *“Part 5: Operating and Financial Review—Historical financial information for Jackpotjoy for the three years ended 31 March 2015”* is derived from the Jackpotjoy Historical Financial Information, which has been extracted from the accounting records of the Gamesys Group and audited by BDO.

The historical financial information relating to the Jackpotjoy business included in the key “Pre-Acquisition” financial measures presented in this Prospectus has been derived from the accounting records of the Gamesys Group.

This Prospectus also includes certain unaudited financial information for the twelve months ended 30 September 2016 (the **“twelve months ended 30 September 2016”** or **“LTM”**). The unaudited consolidated financial information for the twelve months ended 30 September 2016 was calculated by adding the Group’s consolidated statement of comprehensive income for the nine months ended 30 September 2016 (as shown in the Group Historical Financial Information) and the Group’s consolidated statement of comprehensive income for the year ended 31 December 2015 (as shown in the Group Historical Financial Information), and subtracting the Group’s unaudited consolidated statement of comprehensive income for the nine months ended 30 September 2015 (as shown in the Group Historical Financial Information).

This LTM data has been prepared solely for the purpose of this Prospectus, has not been prepared in the ordinary course of the Group’s financial reporting and has not been audited or reviewed. The financial information for the twelve months ended 30 September 2016 is not necessarily indicative of the results that may be expected for the year ended 31 December 2015, and should not be used as the basis for or prediction of an annualised calculation.

The financial information presented in this Prospectus was not prepared in accordance with U.S. Generally Accepted Accounting Principles (**“U.S. GAAP”**) or audited in accordance with U.S. Generally Accepted Auditing Standards (**“U.S. GAAS”**) or the auditing standards of the Public Company Accounting Oversight Board (**“PCAOB Standards”**). No opinion or any other assurance with regard to any financial information was expressed under U.S. GAAP, U.S. GAAS or PCAOB Standards and the financial information is not intended to comply with the U.S. Securities and Exchange Commission reporting requirements. Compliance with such requirements would require modification, reformulation or exclusion of certain financial measures. In addition, changes would be required in the presentation of certain other information. In particular, no reconciliation to U.S. GAAP is provided.

#### ***Unaudited pro forma financial information***

In this Prospectus, any reference to *“pro forma”* financial information is to information which has been extracted without material adjustment from the unaudited *pro forma* financial information contained in *“Part 8: Unaudited Pro Forma Financial Information of the Group – Section B: Unaudited Pro Forma Income Statement of the Group for the year ended 31 December 2015”*. The unaudited *pro forma* financial information in *“Part 8: Unaudited Pro Forma Financial Information of the Group – Section B: Unaudited Pro Forma Income Statement of the Group for the year ended 31 December 2015”* has been prepared to illustrate the impact of the acquisition of Jackpotjoy as if it had occurred on 1 January 2015. The unaudited *pro forma* income statement of the Group is based on the consolidated income statement of the Group for the year ended 31 December 2015 as set out in *“Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group”*.

The unaudited *pro forma* income statement has been prepared on a basis consistent with the accounting policies to be used by the Group in preparing its consolidated financial statements for the period ended 31 December

2016, and in accordance with Annex II to the Prospectus Directive Regulation. It should be read in conjunction with the notes therein.

Due to its nature, the unaudited *pro forma* financial information addresses a hypothetical situation and involves a number of assumptions and estimates. Such assumptions may be materially different to the Group's actual experience going forward and therefore the unaudited *pro forma* financial information does not represent the Group's actual financial position or results of the Group. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The unaudited *pro forma* financial information has been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Directive and should be read in conjunction with the notes set out in "Part 8: Unaudited Pro Forma Financial Information – Section B: Unaudited Pro Forma Income Statement of the Group for the year ended 31 December 2015". Future results of operations may differ materially from those presented in the audited *pro forma* information due to various factors.

### ***Pre-Acquisition Financial Information***

This Prospectus also contains reference to "Pre-Acquisition" financial information which are to financial information of each of the Group's acquired businesses extracted from the full-year financial information of such businesses prior to their acquisition by the Group, i.e. 1 January 2015 to 8 April 2015 and the years ended 31 December 2014 and 2013 for the Jackpotjoy Acquisition (which was completed on 8 April 2015), 1 January 2014 to 11 February 2014 and the year ended 31 December 2013 for the acquisition of the Intercasino segment (which was completed on 11 February 2014), 1 January 2014 to 23 December 2014 and the year ended 31 December 2013 for the acquisition of the Vera & John segment (which was completed on 23 December 2014) and 1 January 2014 to 14 July 2014 and the year ended 31 December 2013 for the acquisition of the Mandalay segment (which was completed on 14 July 2014), as described above under "Acquisitions". The Directors believe that such measures are useful in order to provide an illustrative comparable basis for the performance of these business segments against prior periods. Information used by management to compile such "Pre-Acquisition" measures has been derived from third-party financial records for the periods prior to the acquisition of each business by the Group.

### ***Constant Currency and Functional Currency Presentation***

Where results in the Prospectus are described as applying constant exchange rates, this means the financial results for prior periods have been adjusted using reported results for the period multiplied at a constant exchange rate set at the average exchange rate for the relevant currencies against CAD for the first nine months of 2016.

These are non-IFRS financial measures that exclude the impact of fluctuations in foreign currency exchange rates on period-on-period results. The Directors believe that providing constant currency information provides valuable supplemental information regarding the Group's results of operations and better comparability between reporting periods consistent with how management evaluates the Group's performance. The Directors believe the constant currency presentation better reflects underlying financial performance and aids in evaluating trends over time, particularly in periods when exchange rates are volatile. The calculation of constant currency results used in this Prospectus may differ from similarly titled measures used by other companies and, accordingly, the constant currency presentation is not meant to be a substitution for recorded amounts presented in conformity with IFRS nor should such amounts be considered in isolation. Moreover, constant currency presentations are not necessarily indicative of historical or future results of operations. Currency fluctuations affect general economic and business conditions, including, for example, a country's inflation and international trade competitiveness and, as a result, a company's performance cannot be evaluated solely on the basis of a constant currency presentation.

In addition, for the discussion of segment results in "Part 5: Operating and Financial Review", reported results are also presented in the functional currency of each segment to provide a better comparability of results between periods.

### ***Operating information and non-IFRS financial information***

This Prospectus contains certain financial data that are not defined or recognised under IFRS and certain operating measures and key performance indicators that the Group uses to assess the performance of its business. Explanations of these measures and a reconciliation to the closest IFRS comparable reported measure are set out in paragraph 2.5 (*Non-IFRS Financial Measures*) of "Part 5: Operating and Financial Review". The Group uses financial data such as Adjusted Net Income (as defined below), Adjusted EBITDA (as defined below) and

Diluted Adjusted Net Income per share (as defined below) in its business operations to, among other things, evaluate the performance of its operations, develop budgets and measure its performance against those budgets. The Group finds financial data such as Adjusted Net Income, Adjusted EBITDA and Diluted Adjusted Net Income per share to be useful supplemental tools to assist in evaluating operating performance because they eliminate items related to capital structure, depreciation, amortisation and exceptional items. As there are no generally accepted accounting principles governing the calculation of non-IFRS measures, other companies may calculate such financial data or operating measures differently or may use such financial data and operating measures for different purposes than the Group does, and such financial data and operating measures should therefore not be used to compare the Group against another company. Prospective investors should not consider such financial data or operating measures in isolation, as a substitute for or superior to financial information prepared in accordance with IFRS or as an indication of operating performance.

This Prospectus also contains certain operating measures and key performance indicators computed by the Group's management. The financial data, operating measures and key performance indicators described in paragraph 2.6 (*Key Performance Indicators*) of "Part 5: Operating and Financial Review" need to be considered in the context of the Group's financial commitments and may not be indicative of the Group's historical operating results or predictive of the Group's potential future results. In addition, the Group's key performance indicators may not be comparable to similar key performance indicators used by peers. Moreover, in some instances, the data underlying the Group's key performance indicators is provided by third parties, including Gamesys in the case of the Jackpotjoy Business.

### Currency Presentation and Exchange Rate Information

For reporting purposes, the Group Historical Financial Information has been prepared in CAD. Unless otherwise indicated, all dollar ("\$") amounts in the Operating and Financial Review are expressed in CAD. References to "€" are to euros, references to "£" are to pounds sterling and references to "U.S.\$" are to U.S. dollars.

The following tables set forth, for the periods indicated, the period end, period average, high and low London Composite Rate expressed in CAD per £1.00. The London Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The London Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The London Composite Rate of CAD on 30 December 2016 was \$1.4185 per €1.00.

	<u>Period End</u>	<u>Average</u>	<u>High</u>	<u>Low</u>
<b>Year</b>				
2011 .....	1.5768	1.5859	1.6331	1.5305
2012 .....	1.6161	1.5840	1.6166	1.5491
2013 .....	1.7607	1.6122	1.7627	1.5292
2014 .....	1.8098	1.8187	1.8578	1.7428
2015 .....	2.0373	1.9547	2.0915	1.7862
2016 .....	1.6604	1.7961	2.0730	1.6017
<b>Month</b>				
April 2016 .....	1.8365	1.8356	1.8656	1.8159
May 2016 .....	1.9013	1.8815	1.9211	1.8383
June 2016 .....	1.7221	1.8320	1.8934	1.7221
July 2016 .....	1.7290	1.7141	1.7357	1.6767
August 2016 .....	1.7248	1.7027	1.7488	1.6633
September 2016 .....	1.7013	1.7223	1.7416	1.7013
October 2016 .....	1.6392	1.6342	1.6858	1.6017
November 2016 .....	1.6758	1.6721	1.7012	1.6376
December 2016 .....	1.6604	1.6650	1.6852	1.6518

The above rates differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Prospectus. These exchange rates have been provided solely for the convenience of potential investors. The inclusion of the exchange rates is not meant to suggest that the pound sterling amounts actually represent CAD dollar amounts or that these amounts could have been converted into CAD dollars at any particular rate, if at all.

### Roundings

Certain data in this Prospectus, including financial, statistical and operating information, has been rounded. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.



## **Market, Economic and Industry Data**

This Prospectus contains historical market data and forecasts which have been obtained from industry publications, market research and other publicly available information. Certain information regarding market size, market share, market position, growth rates and other industry data pertaining to the Group and its business contained in this Prospectus consists of estimates based on data compiled by professional organisations and on data from other external sources. Industry publications and market research generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions.

The Group does not intend, and does not assume any obligation, to update industry or market data set forth in this Prospectus. Because market behaviour, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this Prospectus and estimates based on any data therein may not be reliable indicators of future market performance or the Group's future results of operations.

The Company confirms that all such data contained in this Prospectus has been accurately reproduced from the referenced sources and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the information so reproduced inaccurate or misleading.

Where third-party information has been used in this Prospectus, the source of such information has been identified.

## **Trademarks and Trade Names**

The Group owns or has rights to certain trademarks or trade names that it uses in conjunction with the operation of its businesses. Each trademark, trade name or service mark of any other company appearing in this Prospectus belongs to its holder.

## **Service of Process and Enforcement of Civil Liabilities**

The Company has been incorporated under the laws of England and Wales. Service of process upon Directors and officers of the Company, all of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, since most directly owned assets of the Company are outside the United States, any judgment obtained in the United States against it may not be collectible within the United States. There is doubt as to the enforceability of certain civil liabilities under U.S. federal securities laws in original actions in English courts and, subject to certain exceptions and time limitations, English courts will treat a final and conclusive judgment of a U.S. court for a liquidated amount as a debt enforceable by fresh proceedings in the English courts.

## **No incorporation of Website Information**

The contents of the Company's website or Intertain's filings on SEDAR do not form part of this Prospectus and prospective investors should not rely on such information.

## **Definitions and Glossary**

Certain terms used in this Prospectus, including all capitalised terms and certain technical and other items, are defined and explained in "*Part 11: Definitions and Glossary*".

## **Information not contained in this Prospectus**

No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date hereof.

## **Information regarding Forward-Looking Statements**

This Prospectus includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on

the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates", or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Group and the industry in which it operates. In particular, the statements under the headings "*Summary Information*", "*Risk Factors*", "*Part 2: Business Overview*" and "*Part 5: Operating and Financial Review*" regarding the Company's strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Important factors that could cause the Group's actual results to so vary include, but are not limited to, those described in "*Risk Factors*" in this Prospectus.

Forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. The Company and the Directors expressly disclaim any obligation or undertaking to update the forward-looking statements contained in this Prospectus to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable laws, the Prospectus Rules, the Listing Rules or the Disclosure Guidance and Transparency Rules of the FCA. No statement contained in this section entitled "*Information regarding Forward-Looking Statements*" should be taken as qualifying the statements made as to sufficiency of working capital in paragraph 15 (*Working Capital*) of *Part 10: Additional Information*.

## CONSEQUENCES OF A STANDARD LISTING

APPLICATION HAS BEEN MADE FOR THE SHARES TO BE ADMITTED TO THE STANDARD LISTING SEGMENT OF THE OFFICIAL LIST. A STANDARD LISTING AFFORDS SUBSCRIBERS AND PURCHASERS OF SHARES WITH A LOWER LEVEL OF REGULATORY PROTECTION THAN THAT AFFORDED TO INVESTORS IN COMPANIES WHOSE SECURITIES ARE ADMITTED TO THE PREMIUM LISTING SEGMENT OF THE OFFICIAL LIST, WHICH ARE SUBJECT TO ADDITIONAL OBLIGATIONS UNDER THE LISTING RULES. IT SHOULD BE NOTED THAT NEITHER THE FCA NOR THE LONDON STOCK EXCHANGE WILL HAVE THE AUTHORITY TO (AND WILL NOT) MONITOR THE COMPANY'S COMPLIANCE WITH ANY OF THE LISTING RULES OR THOSE ASPECTS OF THE DISCLOSURE GUIDANCE AND TRANSPARENCY RULES WHICH THE COMPANY HAS INDICATED HEREIN THAT IT INTENDS TO COMPLY WITH ON A VOLUNTARY BASIS, NOR TO IMPOSE SANCTIONS IN RESPECT OF ANY FAILURE BY THE COMPANY TO SO COMPLY.

The Shares will be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for standard listings. The Company will comply with listing principles 1 and 2 as set out in Chapter 7 of the Listing Rules, as required by the UK Listing Authority, and intends to voluntarily comply with the premium listing principles as set out in Chapter 7 of the Listing Rules notwithstanding that they only apply to companies which obtain a premium listing on the Official List.

The Company also intends to, *inter alia*, voluntarily comply with the significant transaction requirements in Chapter 10 of the Listing Rules and, except in relation to transactions with JerseyCo (as defined in "*Part 2: Business Overview — Section A: Information on the Group*") arising from or in connection with the Exchangeable Share Structure (as defined in "*Part 2: Business Overview — Section A: Information on the Group*"), the related party transaction requirements in Chapter 11 of the Listing Rules notwithstanding that they only apply to companies which obtain a premium listing on the Official List. The Company is not, however, formally subject to the premium listing principles and such significant transaction and related party transaction requirements and will not be required to comply with them by the UKLA.

An applicant that is applying for a standard listing of equity securities must comply with all the requirements listed in Chapter 2 of the Listing Rules, which specifies the requirements for listing for all securities and there are a number of continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company.

These include requirements as to:

- forwarding of circulars and other documentation to the FCA for publication through the national storage mechanism, and related notification to a regulatory information service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure Guidance and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- regulatory information service notification obligations in relation to a range of debt and equity capital issues; and
- compliance with, in particular, Chapters 4, 5 (if applicable) and 6 of the Disclosure Guidance and Transparency Rules.

While the Company has a standard listing, it will not be required to comply with the provisions of, among other things:

- Chapter 6 of the Listing Rules containing additional requirements for the listing of equity securities, which are only applicable for companies with a premium listing;
- Chapter 7 of the Listing Rules, to the extent they refer to the premium listing principles. However, the Company intends to voluntarily comply with the premium listing principles in Chapter 7 of the Listing Rules notwithstanding that they only apply to companies which obtain a premium listing on the Official List;

- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. In particular, the Company is not required to appoint a sponsor in relation to the publication of this Prospectus or Admission;
- Chapter 9 of the Listing Rules containing provisions relating to transactions, including, among other things, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10 per cent. of market value, notifications and contents of financial information;
- Chapter 10 of the Listing Rules relating to significant transactions which requires Shareholder consent for certain acquisitions. However, the Company intends to voluntarily comply with the significant transactions requirements in Chapter 10 of the Listing Rules notwithstanding that they only apply to companies which obtain a premium listing on the Official List;
- Chapter 11 of the Listing Rules regarding related party transactions. Except as described below, the Company intends to voluntarily comply with the related party transaction requirements in Chapter 11 of the Listing Rules notwithstanding that they only apply to companies which obtain a premium listing on the Official List. The Company does not intend to apply these requirements in relation to transactions with JerseyCo (as defined in “*Part 2: Business Overview — Section A: Information on the Group*”) arising from or in connection with the Exchangeable Share Structure (as defined in “*Part 2: Business Overview — Section A: Information on the Group*”). For more information on the role of JerseyCo see paragraph 3.6 (*Exchangeable Share Structure*) of “*Part 2: Business Overview — Section A: Information on the Group*”;
- Chapter 12 of the Listing Rules regarding dealings by the Company in its own securities and treasury shares. However, the Company intends to voluntarily comply with the requirements in Chapter 12 of the Listing Rules notwithstanding that they only apply to companies which obtain a premium listing on the Official List; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

A company with a standard listing is not currently eligible for inclusion in any of the FTSE indices (i.e. FTSE100, FTSE250, FSTE All-Share etc.). This may mean that certain institutional investors are unable to invest in the Shares.

The Company intends to migrate to the premium listing segment of the Official List in due course. The Company’s ability to obtain a premium listing is dependent, among other things, on meeting the eligibility criteria principally detailed in Chapter 6 of the UK Listing Rules. If the Company were to migrate to a premium listing, the various UK Listing Rules highlighted above as rules with which the Company is not required to comply would then immediately apply to the Company. As at the date of this Prospectus, the Company has not yet entered into any discussions with the UKLA regarding a premium listing. There can be no assurance that the Company will satisfy such additional eligibility criteria.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates is subject to change without further notice. References to a time of day are to London time (unless stated otherwise).

Publication of this Prospectus .....	20 January 2017
Plan of Arrangement becomes effective and the Company becomes the ultimate holding company of the Group .....	8:00 a.m. on the Effective Date
Admission and dealings in Shares commence on the London Stock Exchange .....	8:00 a.m. on the Effective Date
CREST accounts of non-CDS holders credited <sup>(1)</sup> .....	Effective Date
Intertain Shares delisted from the TSX and trading of Exchangeable Shares expected to commence on the TSX .....	Effective Date
CREST accounts of CDS holders credited <sup>(2)</sup> .....	Third business day following the Effective Date
Despatch of definitive share certificates (where applicable) <sup>(3)</sup> .....	Fifth business day following the Effective Date

<sup>(1)</sup> To the extent certificate(s) representing Intertain Shares are surrendered by 24 January 2017, together with a duly completed Letter of Transmittal, and the necessary information to set up and credit a CREST account was provided to Computershare, the CREST accounts of Intertain Shareholders not holding Intertain Shares through The Canadian Depository for Securities (“CDS”) are expected to be credited by 8:00 a.m. (London Time).

<sup>(2)</sup> A large proportion of Intertain’s share register is comprised of holdings through CDS. To the extent that brokers and/or intermediaries have correctly provided Computershare with the CREST participant and holdings information for the Intertain Shareholders through CDS, such holders are expected to have their CREST accounts credited prior to 8:00 a.m. (London Time) on the third business day following the Effective Date. As such it is expected that in the period from Admission at 8:00 a.m. (London Time) on the Effective Date to 8:00 a.m. (London Time) on the third business day following the Effective Date trading in the Shares on the London Stock Exchange may be limited.

<sup>(3)</sup> To the extent certificates representing Intertain Shares have been surrendered.



## **DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS**

<b>Directors</b> .....	Neil Goulden (Chairman) Andrew McIver (Chief Executive Officer and Director) Keith Laslop (Chief Financial Officer and Director) Nigel Brewster (Independent Non-Executive Director) David Danziger (Independent Non-Executive Director) Jörgen Nordlund (Non-Executive Director) Paul Pathak (Independent Non-Executive Director) Jim Ryan (Independent Non-Executive Director) Colin Sturgeon (Independent Non-Executive Director)
<b>Company Secretary</b> .....	Elia Corporate Services (UK) Limited
<b>Registered Office and telephone number</b> .....	35 Great St. Helen's London EC3A 6AP United Kingdom  Tel: +44 207 160 5000
<b>Legal Advisers to the Company as to English and U.S. law</b> .....	Clifford Chance LLP 10 Upper Bank Street London E14 5JJ United Kingdom
<b>Reporting Accountant and Auditor</b> .....	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
<b>Registrar</b> .....	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE United Kingdom

## PART 1: INDUSTRY OVERVIEW

*The information in the following section has been provided for background purposes. The information has been extracted from a variety of sources released by public and private organisations. The industry information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

### 1. THE GLOBAL BETTING AND GAMING MARKET

The gaming industry is a large and growing global market with a variety of segments, including online and land-based casinos, bingo halls, betting shops, track-side betting, lotteries and poker clubs. With the emergence of the internet in the early 1990s, a number of operators began to explore ways of offering gaming services online, as the medium provided online operators with a number of potential advantages over traditional offline competitors, including global reach (with the ability for large numbers of customers to enjoy peer-to-peer and house banked gaming, including bingo, poker and casino-style slots and table games), additional mobility, 24/7/365 access, greater levels of player liquidity (as described below), enhanced innovation with engaging games, and a reduced cost base as a result of the elimination of overheads relating to land-based premises.

#### 1.1 *Factors contributing to the growth of online betting and gaming*

H2 Gambling Capital estimates that in 2015 the global online betting and gaming market had reached €35.3 billion in gross gaming revenue, representing 10.0 per cent. of the global betting and gaming market and growth of 9.2 per cent. from 2008 to 2015. Growth is expected to continue; the online betting and gaming market is forecast by H2 Gambling Capital to grow at a compound annual growth rate of 10.4 per cent. from 2015 to 2018, reaching €47.5 billion in gross gaming revenue by 2018. The key drivers for this growth include increased broadband penetration and faster broadband speeds, use of interactive television, continued product innovation, increasing levels of live sports coverage, increasing customer acceptance and trust in transacting over the internet and increasing social interactivity online.

In addition, the proliferation of mobile internet access and the widespread use of smart phones is transforming the online betting and gaming market from being an activity that is played at home over a longer period of time into a more popular form of instantaneous and casual diversion.

The table below shows an analysis of the global betting and gaming market measured by gross gaming revenue (in € billions) for the periods indicated below.

	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	CAGR 08-15	CAGR 15-18
	(€ billions)												
Offline .....	266.9	269.6	283.4	304.2	315.8	321.8	328.8	317.3	318.7	326.0	333.0	2.5%	1.6%
Online (Internet, mobile, interactive TV) .....	19.0	21.1	23.3	24.1	26.5	29.3	32.6	35.3	38.5	43.3	47.5	9.2%	10.4%
<b>Total (Online and Offline) .....</b>	<b>285.9</b>	<b>290.7</b>	<b>306.6</b>	<b>328.3</b>	<b>342.4</b>	<b>351.1</b>	<b>361.4</b>	<b>352.6</b>	<b>357.2</b>	<b>369.3</b>	<b>380.5</b>	<b>3.0%</b>	<b>2.6%</b>
Percentage Online .....	6.7%	7.7%	7.6%	7.3%	7.7%	8.4%	9.0%	10.0%	8.0%	11.7%	12.5%		

Source: H2 Gambling Capital (7 July 2016). Excludes online state lotteries.

\*Estimate

#### 1.2 *The online bingo and casino market segments*

Online real-money bingo and casino gaming acts as a virtual equivalent of traditional offline casino or bingo hall venues.

A key innovation which leverages the global reach of the internet is the ability for large numbers of customers to enjoy peer-to-peer gaming and social interaction. Unlike offline gaming, online operators are able to take advantage of scale and technology to provide gaming and a social platform to large networks of players. For online bingo, these large networks create what is known as “liquidity” or the value cycle created by an increased number of players and wagers, which in turn increases the number and frequency of games, the size of jackpots, and therefore the attractiveness of the platform to prospective players. Liquidity is an important driver of customer retention, new customer acquisition and therefore long-term success. Under the bingo-led business model, cross-selling between online verticals

(e.g. attracting casino players from an existing bingo player base) is commonplace and strong presence in one vertical is a significant advantage to generating player activity in other verticals.

### 1.3 Online product analysis

The key product segments of the online betting and gaming market are, broadly: betting (horserace and sports) and real-money games (casino, bingo, poker and skill games). H2 Gambling Capital estimates that for 2015, real-money gaming captured €14.7 billion (41.7 per cent. of the global online betting and gaming market). Key growth drivers in the global online real-money gaming markets include the proliferation of mobile gaming and the trend towards increased regulation.

The table below shows an analysis of the global online betting and gaming market by product segment measured by gross gaming revenue (in € billions) for the periods indicated below.

	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	CAGR 08-15	CAGR 15-18
	(€ billions)												
<b>Betting</b> .....	<b>9.4</b>	<b>9.9</b>	<b>10.9</b>	<b>11.7</b>	<b>12.9</b>	<b>14.2</b>	<b>15.8</b>	<b>17.1</b>	<b>18.8</b>	<b>20.0</b>	<b>21.9</b>	<b>8.9%</b>	<b>8.8%</b>
<b>Real Money Gaming</b> .....	<b>8.4</b>	<b>9.7</b>	<b>10.8</b>	<b>10.7</b>	<b>11.6</b>	<b>12.8</b>	<b>13.9</b>	<b>14.7</b>	<b>15.8</b>	<b>18.5</b>	<b>20.2</b>	<b>8.4%</b>	<b>11.1%</b>
Casino .....	3.8	4.2	4.6	4.9	5.6	6.5	7.2	7.8	8.6	9.9	10.9	11.0%	11.7%
Poker .....	2.9	3.5	3.9	3.1	3.1	3.1	3.1	3.0	3.1	4.2	4.5	0.4%	14.4%
Bingo .....	0.8	0.9	1.1	1.3	1.4	1.6	1.8	1.9	2.1	2.3	2.4	13.5%	8.2%
Skill .....	0.8	1.0	1.1	1.3	1.5	1.6	1.8	1.9	2.0	2.2	2.3	12.8%	6.0%
<b>Total (Betting and Gaming)</b> .....	<b>17.7</b>	<b>19.6</b>	<b>21.7</b>	<b>22.4</b>	<b>24.5</b>	<b>27.0</b>	<b>29.6</b>	<b>31.8</b>	<b>34.6</b>	<b>38.5</b>	<b>42.1</b>	<b>9.2%</b>	<b>10.4%</b>
Percentage Gaming .....	47%	49%	50%	48%	47%	48%	47%	46%	46%	48%	48%		

Source: H2 Gambling Capital (7 July 2016). Excludes online state lotteries.

\*Estimate

#### (a) Online Bingo

The global online real-money bingo market segment generated an estimated €1.9 billion of gross gaming revenue in 2015 and is forecasted by H2 Gambling Capital to reach €2.4 billion of gross gaming revenue by 2018, representing a three year compound annual growth rate of 8.1 per cent.

The online bingo vertical is subject to less strict regulation than other verticals as it is categorised as ‘soft gaming’. The key differentiating factor between rival operators in this market segment is branding. The level of brand awareness and recognition amongst consumers tends to have a positive impact on the number of new customers and player retention and, as a consequence, on platform liquidity. Higher liquidity serves as a key differentiating factor among online bingo operators and acts as a barrier to entry for other operators.

Across the various formats of online bingo, players typically buy “tickets” that show a set of randomly generated numbers (the amount of different numbers is fixed and dependent on the format of the game). Numbers are then randomly ‘called’ by the operator, and the winner is the first player to match all the numbers called with the numbers on their online ticket. The number of players is important to an online bingo operator’s success, as the more players that ‘buy in’, the bigger the potential prizes available, which in turn attracts more customers. As with traditional bingo halls, online bingo rooms aim to offer a sense of community by providing various chatrooms for players to engage and communicate with one another. In addition to revenues generated from the purchase of bingo tickets, online bingo operators also generate significant revenue from side games, such as online slots and jackpot slots, that players enjoy playing in between, and during, bingo games.

#### (b) Online Casino

The global online real-money casino market segment generated an estimated €7.8 billion of gross gaming revenue in 2015 and is forecasted by H2 Gambling Capital to reach €10.9 billion of gross gaming revenue by 2018, representing a three year compound annual growth rate of 11.7 percent.

Online casino products involve customers betting through bespoke interfaces against the outcome of a random number generator. These products predominantly take the form of online versions of bingo and traditional casino games, such as roulette, blackjack and slot machines. The service

provider acts as the principal in these transactions although the residual risk to the house is relatively small. As the probabilities are in the house's favour, over time, and especially with a high volume of placed bets, the operator's return should trend towards a fixed margin of returns.

(c) *Social gaming*

Another segment of online gaming is social casino gaming, which typically operates on a "freemium" model whereby the game is free to play at an entry level, but additional buy-ins or game upgrades require fees. The games are accessed through social media platforms such as Facebook, or through mobile apps.

#### 1.4 *Online geographic analysis*

Markets in online gaming are defined by the location of the relevant customer. The UK represents 11.7 per cent. of the global online betting and gaming market, with gross gaming revenue of €4.11 billion in 2015 and is the largest licenced market in the world. This compares with the rest of Europe at €9.0 billion (25.5 per cent.), Asia and the Middle East at €10.6 billion (30.0 per cent.) and the United States at €1.2 billion (3.4 per cent.).

The table below shows an analysis of the global online betting and gaming market by geography measured by estimated gross gaming revenue (in € billions) in 2015.

	UK	Spain	Sweden	Rest of Europe	Asia & Middle East	Rest of World	Total
	(€ billions)						
<b>Betting .....</b>	<b>1.71</b>	<b>0.25</b>	<b>0.46</b>	<b>3.65</b>	<b>7.86</b>	<b>3.13</b>	<b>17.05</b>
<b>Real Money Gaming .....</b>	<b>2.40</b>	<b>0.24</b>	<b>0.29</b>	<b>5.34</b>	<b>2.73</b>	<b>3.73</b>	<b>14.72</b>
Casino .....	1.37	0.14	0.17	2.57	1.75	1.84	7.84
Poker .....	0.49	0.08	0.06	1.24	0.53	0.63	3.03
Bingo .....	0.55	0.02	0.06	0.68	0.20	0.43	1.94
Skill .....	-	-	-	0.84	0.25	0.82	1.91
<b>Total (Betting and Gaming) .....</b>	<b>4.11</b>	<b>0.49</b>	<b>0.75</b>	<b>8.98</b>	<b>10.59</b>	<b>6.86</b>	<b>31.77</b>

Source: H2 Gambling Capital (7 July 2016). Excludes online state lotteries.

(a) *Global online real-money bingo and casino market segments*

The global online real-money bingo and casino market segments generated an estimated €9.8 billion of gross gaming revenue in 2015 and are forecasted to reach €13.4 billion of gross gaming revenue by 2018, representing a three year compound annual growth rate of 11.0 per cent. Key growth drivers in the global online real-money gaming markets include increasing accessibility of the internet in emerging markets, the proliferation of mobile phones and the trend towards increased gaming regulation across the globe.

(b) *UK online real-money bingo and casino market segments*

The UK is the world's largest online real-money bingo market segment, generating an estimated €546.3 million of gross gaming revenue in 2015, representing approximately 28 per cent. of the global online bingo market segment, and is forecasted by H2 Gambling Capital to reach €709.7 million of gross gaming revenue by 2018, representing a three year compound annual growth rate of 9.1 per cent. The UK online real-money casino market segment generated an estimated €1,366.9 million of gross gaming revenue in 2015, representing approximately 17 per cent. of the global online casino market segment, and is forecasted by H2 Gambling Capital to reach €1,993.2 million of gross gaming revenue by 2018, representing a three year compound annual growth rate of 13.4 per cent. The table below shows an analysis of the UK real-money

gaming market by product segment measured by gross gaming revenue (in € millions) for the periods indicated below.

	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	CAGR 08-15	CAGR 15-18
	(€ millions)												
<b>Betting .....</b>	<b>600.5</b>	<b>659.9</b>	<b>706.1</b>	<b>851.0</b>	<b>1,042.2</b>	<b>1,254.7</b>	<b>1,518.0</b>	<b>1,709.8</b>	<b>2,029.4</b>	<b>2,233.9</b>	<b>2,757.6</b>	<b>16.1%</b>	<b>17.3%</b>
<b>Real Money</b>													
<b>Gaming .....</b>	<b>935.8</b>	<b>1,144.9</b>	<b>1,292.1</b>	<b>1,431.9</b>	<b>1,662.7</b>	<b>1,820.3</b>	<b>2,093.8</b>	<b>2,403.9</b>	<b>2,660.8</b>	<b>2,935.4</b>	<b>3,187.7</b>	<b>14.4%</b>	<b>9.9%</b>
Casino .....	430.5	536.7	626.8	662.7	804.3	887.4	1,112.3	1,366.9	1,567.2	1,785.9	1,993.2	17.9%	13.4%
Poker .....	360.1	405.9	418.6	438.1	462.4	479.1	486.5	490.8	488.3	486.2	484.8	4.5%	(0.4)%
Bingo .....	145.2	202.2	246.8	331.1	396.1	453.8	495.1	546.3	605.3	663.3	709.7	20.8%	9.1%
Skill .....													
<b>Total (Betting and Gaming) .....</b>	<b>1,536.3</b>	<b>1,804.8</b>	<b>1,998.3</b>	<b>2,283.0</b>	<b>2,704.9</b>	<b>3,074.9</b>	<b>3,611.7</b>	<b>4,113.7</b>	<b>4,690.2</b>	<b>5,169.3</b>	<b>5,945.3</b>	<b>15.1%</b>	<b>13.1%</b>
<b>Percentage Bingo &amp; Casino .....</b>	<b>37.5%</b>	<b>40.9%</b>	<b>43.7%</b>	<b>43.5%</b>	<b>44.4%</b>	<b>43.6%</b>	<b>44.5%</b>	<b>46.5%</b>	<b>46.3%</b>	<b>47.4%</b>	<b>45.5%</b>		

Source: H2 Gambling Capital (8 September 2015). Excludes online state lotteries.

\*Estimate

(c) *Swedish online real-money bingo and casino market segments*

The Swedish online real-money bingo market segment generated an estimated €56.3 million of gross gaming revenue in 2015, and is forecasted by H2 Gambling Capital to reach €62.7 million of gross gaming revenue by 2018, representing a three year compound annual growth rate of 3.6 per cent. The Swedish online real-money casino market segment generated an estimated €170.2 million of gross gaming revenue in 2015, and is forecasted to reach €207.5 million of gross gaming revenue by 2018, representing a three year compound annual growth rate of 6.8 per cent. The table below shows an analysis of the Swedish real-money gaming market by product segment measured by gross gaming revenue (in € millions) for the periods indicated below.

	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	CAGR 08-15	CAGR 15-18
	(€ millions)												
<b>Betting .....</b>	<b>247.0</b>	<b>271.3</b>	<b>304.3</b>	<b>322.6</b>	<b>351.6</b>	<b>390.8</b>	<b>432.1</b>	<b>456.5</b>	<b>504.6</b>	<b>521.5</b>	<b>564.2</b>	<b>9.2%</b>	<b>7.3%</b>
<b>Real Money Gaming .....</b>	<b>197.8</b>	<b>208.1</b>	<b>209.2</b>	<b>219.6</b>	<b>236.6</b>	<b>249.4</b>	<b>262.2</b>	<b>289.2</b>	<b>306.8</b>	<b>321.9</b>	<b>334.7</b>	<b>5.6%</b>	<b>5.0%</b>
Casino .....	52.0	64.8	77.5	88.5	111.5	124.9	148.1	170.2	184.3	196.6	207.5	18.4%	6.8%
Poker .....	102.1	98.1	89.1	89.3	85.4	82.8	65.5	62.7	63.4	64.0	64.6	(6.7)%	1.0%
Bingo .....	43.6	45.2	42.6	41.8	39.6	41.7	48.6	56.3	59.1	61.2	62.7	3.7%	3.6%
Skill .....													
<b>Total (Betting and Gaming) ..</b>	<b>444.8</b>	<b>479.4</b>	<b>513.5</b>	<b>542.2</b>	<b>588.1</b>	<b>640.2</b>	<b>694.3</b>	<b>745.7</b>	<b>811.5</b>	<b>843.4</b>	<b>899.0</b>	<b>7.7%</b>	<b>6.4%</b>
<b>Percentage Bingo &amp; Casino ....</b>	<b>21.5%</b>	<b>22.9%</b>	<b>23.4%</b>	<b>24.0%</b>	<b>25.7%</b>	<b>26.0%</b>	<b>28.3%</b>	<b>30.4%</b>	<b>30.0%</b>	<b>30.6%</b>	<b>30.1%</b>		

Source: H2 Gambling Capital (7 July 2015). Excludes online state lotteries.

\*Estimate

(d) *Spanish online real-money bingo and casino market segments*

The Spanish online real-money bingo market segment generated an estimated €16 million of gross gaming revenue in 2015, and is forecasted to reach €13.1 million of gross gaming revenue by 2018, representing a three year compound annual rate of decline of 6.5 per cent. The Spanish online real-money casino market segment generated an estimated €141.6 million of gross gaming revenue in 2015, and is forecasted by H2 Gambling Capital to reach €148.0 million of gross gaming revenue by 2018, representing a three year compound annual growth rate of 1.5 per cent. The table below shows an analysis of the Spanish real-money gaming market by product segment measured by gross gaming revenue (in € millions) for the periods indicated below.

	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	CAGR 08-15	CAGR 15-18
	(€ millions)												
<b>Betting .....</b>	<b>80.3</b>	<b>99.7</b>	<b>134.2</b>	<b>156.2</b>	<b>185.0</b>	<b>218.0</b>	<b>240.3</b>	<b>254.9</b>	<b>269.9</b>	<b>280.3</b>	<b>289.7</b>	<b>17.9%</b>	<b>4.4%</b>
<b>Real Money Gaming .....</b>	<b>211.4</b>	<b>227.8</b>	<b>249.3</b>	<b>268.2</b>	<b>272.7</b>	<b>270.2</b>	<b>266.4</b>	<b>235.5</b>	<b>223.1</b>	<b>218.5</b>	<b>216.6</b>	<b>1.6%</b>	<b>(2.8)%</b>
Casino .....	94.6	99.1	113.7	127.5	137.2	155.5	162.1	141.6	145.1	146.7	148.0	5.9%	1.5%
Poker .....	81.8	86.7	87.9	90.5	92.9	87.3	86.6	77.8	62.8	57.6	55.5	(0.7)%	(10.7)%
Bingo .....	35.0	42.0	47.7	50.2	42.6	27.4	17.6	16.0	15.2	14.1	13.1	(10.6)%	(6.5)%
Skill .....													
<b>Total (Betting and Gaming) ..</b>	<b>291.7</b>	<b>327.6</b>	<b>383.5</b>	<b>424.4</b>	<b>457.7</b>	<b>488.2</b>	<b>506.7</b>	<b>490.4</b>	<b>493.0</b>	<b>498.7</b>	<b>506.3</b>	<b>7.7%</b>	<b>1.1%</b>
<b>Percentage Bingo &amp; Casino ....</b>	<b>44.4%</b>	<b>43.1%</b>	<b>42.1%</b>	<b>41.9%</b>	<b>39.3%</b>	<b>37.5%</b>	<b>35.5%</b>	<b>32.1%</b>	<b>32.5%</b>	<b>32.2%</b>	<b>31.8%</b>		

Source: H2 Gambling Capital (7 July 2016). Excludes online state lotteries.

\*Estimate



## PART 2: BUSINESS OVERVIEW

### SECTION A: INFORMATION ON THE GROUP

#### 1. INTRODUCTION

The Company is a newly incorporated English company and UK tax-resident entity that will, directly or indirectly, acquire all of the Intertain Shares pursuant to the Plan of Arrangement and will become the parent company of the Group. For the purposes of this Prospectus, the term “**Group**” means (1) Intertain and its subsidiary undertakings prior to the date that Intertain (which will become AmalCo as a result of the Amalgamation) becomes an indirect subsidiary of the Company pursuant to the Plan of Arrangement and (2) upon the Plan of Arrangement taking effect on Admission, the Company and its subsidiary undertakings.

In connection with Admission, Intertain will undertake the Plan of Arrangement under the OBCA (a process similar to a scheme of arrangement under the Companies Act). Pursuant to the Plan of Arrangement, the Company, Intertain Holdings (an indirect wholly-owned subsidiary of the Company) and ExchangeCo (incorporated under the OBCA) will undertake a share-for-share exchange and Intertain, Intertain Holdings and ExchangeCo will amalgamate, to form AmalCo (as defined in “*Part 11: Definitions and Glossary*”, and of which Intertain will be a predecessor company) which will become an indirect subsidiary of the Company, with the Company being entitled to exercise 100 per cent. of the voting rights in AmalCo.

Pursuant to the Plan of Arrangement, Intertain’s existing shareholders will receive Shares on a one for one basis. In addition, in order for Intertain’s eligible Canadian resident shareholders to have the ability to defer Canadian capital gains taxes in connection with the disposal of their Intertain Shares, pursuant to the Plan of Arrangement, these eligible Canadian resident shareholders have been offered an option to elect to receive either Shares in the Company or Exchangeable Shares issued by AmalCo on a one-for-one basis. The Exchangeable Shares will entitle the holder to exchange its Exchangeable Shares for the Exchangeable Share Purchase Price, the Exchangeable Share Redemption/Liquidation Price or the Exchangeable Share Retraction Price, as applicable (each as defined in “*Part 11: Definitions and Glossary*” and the applicable such price, the “**Exchangeable Share Transfer Price**”).

#### 2. RATIONALE FOR UK STRATEGIC INITIATIVES AND PLAN OF ARRANGEMENT

As announced on 26 July 2016, following an extensive strategic review that included consideration of a broad range of potential value-enhancing proposals for Intertain by a special committee of the Intertain Board comprised of three independent directors, David Danziger, John Fielding and Paul Pathak (the “**Special Committee**”), Intertain determined to pursue a comprehensive set of UK-centred strategic initiatives to enhance shareholder value (the “**UK Strategic Initiatives**”), facilitated by the Plan of Arrangement and including Admission. In reaching this determination, a range of factors were considered, including Intertain’s recent financial and operating performance, the views expressed by significant Intertain Shareholders and operating partners of Intertain during the course of the strategic review and the outcome of the sale process which was explored as part of that process. On 8 August 2016, after careful consideration of, among other things, the recommendation of the Special Committee, the advice of its legal advisors and such other matters as it considered relevant, the Intertain Board determined that the Plan of Arrangement was fair and in the best interests of Intertain, and it resolved to recommend that Intertain Shareholders vote in favour of the resolution approving the Plan of Arrangement at the annual and special meeting of Intertain Shareholders held on 23 September 2016 (at which the Intertain Shareholders approved the Plan of Arrangement).

Intertain appointed Neil Goulden as its new Chairman of the Intertain Board and Andrew McIver as its new President and Chief Executive Officer and as a director, both of whom are based in the United Kingdom and bring significant board- and senior management-level experience in the gaming and online gaming industries to the Group. Mr. Goulden has also been appointed as Chairman of the Company and Mr. McIver has also been appointed as Chief Executive Officer and as a Director of the Company. In addition, two experienced and UK-based independent non-executive directors, Colin Sturgeon and Nigel Brewster, have agreed to join the Board on Admission.

Following Admission, the Company intends to voluntarily comply with, amongst other things, the premium listing principles as set out in Chapter 7 of the Listing Rules applicable to companies with a premium listing on the Official List, the significant transaction requirements in Chapter 10 of the Listing Rules, and, except in relation to transactions with JerseyCo arising from or in connection with the Exchangeable Share Structure, the related party transaction requirements in Chapter 11 of the Listing Rules.

In addition, in anticipation of Admission, the Intertain Board has implemented additional improvements to its governance processes in order to bring the Group's corporate governance practices in line with best practices for UK listed companies upon Admission. In particular, the Intertain Board and the Board have carried out a review of existing governance arrangements at Board level and within the Group, and implemented, or are in the process of implementing, a number of improvements, including with respect to matters reserved to the Board and board composition of Group members (including Intertain Bahamas), and it is expected that the Chief Executive Officer will take up board positions at these subsidiaries.

As part of its medium-term strategy, where it is determined appropriate, the Company intends to appoint additional UK based senior members of management in order to add further expertise with respect to public company financial reporting and controls and expects in the longer term to appoint further UK based directors to the Board as the Company's shareholder register transitions to being more UK and European centric.

In reaching its conclusion that the Plan of Arrangement was in the best interests of Intertain, the Special Committee considered a number of factors, procedural safeguards and other considerations, including the following:

- (a) **Comprehensive Strategic Review:** The determination to proceed with the UK Strategic Initiatives was reached as part of a strategic review that included consideration of a broad range of alternative value-enhancing proposals for Intertain, Intertain Shareholders and other stakeholders, including a comprehensive canvass by Canaccord Genuity Corp. of potential interested strategic and financial parties regarding a transaction involving an acquisition of all of the Intertain Shares or material business units of Intertain;
- (b) **Potential for Long-Term Value:** The Special Committee determined that there is significant potential long-term value for Intertain and the Intertain Shareholders and other stakeholders in continuing to operate as a standalone business and pursuing the UK Strategic Initiatives, including Admission, under the strong new leadership of Messrs. Gouliden and McIver. The Special Committee also believed that none of the other alternatives considered in connection with the strategic review fully valued the Group's business or met important stakeholder expectations after considering factors including the price and terms of the proposals received, Intertain's recent operating and financial performance and the views expressed by significant Intertain Shareholders and operating partners of Intertain, together with the potential rewards, risks and uncertainties associated with the alternatives available to Intertain;
- (c) **Strong New Leadership Team:** It is expected that Messrs. Gouliden and McIver will continue to apply their strong executive leadership and demonstrated operational excellence in the gaming industry to leading the implementation of the UK Strategic Initiatives and Intertain's business strategy to enhance the value of its core business assets following completion of Admission;
- (d) **Potential for Appropriate Valuation:** The Admission is expected to provide the Group with a number of advantages, including:
  - (i) access to a large, liquid and international market that is home to a significant number of Intertain's global gaming industry peers and a majority of its online gaming peers;
  - (ii) greater exposure to a large analyst community with significant sector experience; and
  - (iii) an increase in Intertain's profile and status among UK- and European-based investors, who also have extensive sector knowledge and familiarity,

all of which is anticipated to result in a broader and deeper market for the Shares, contributing over time to a fuller and more appropriate valuation of Intertain's business. The Special Committee also believed that these key advantages are not expected to be significantly affected by the outcome of the UK's referendum vote to cease membership in the European Union;

- (e) **Jackpotjoy Share Price and Revenue Currency Alignment:** The London Stock Exchange listing would result in the trading price of the Shares being quoted in the same currency as the majority of the Group's revenue, facilitating a more direct comparison between Intertain's financial performance and its share price;

- (f) **Exchangeable Shares:** The ability for eligible Canadian resident shareholders to elect to receive Exchangeable Shares (together with the ancillary rights) will provide an opportunity for the deferral of any gain on the disposition of Intertain Shares under the Plan of Arrangement for a period of up to five years (subject to earlier redemption of the Exchangeable Shares) for the Group's significant number of eligible Canadian resident shareholders, and an opportunity for its Canadian institutional shareholders to continue to hold a Canadian security should they wish to do so;
- (g) **Continued Canadian Listing:** The anticipated listing of the Exchangeable Shares on the TSX will provide Intertain's Canadian resident shareholders with ongoing liquidity opportunities in the domestic market for up to five years following the implementation of the Plan of Arrangement and the UK Strategic Initiatives, subject to earlier redemption of Exchangeable Shares;
- (h) **London Headquarters and Redomiciliation:** The transfer of the Group's headquarters to the UK will result in increased proximity of the Group's executive management team to the Group's primary markets;
- (i) **Approval of Shareholders and Determination of Fairness by Court:** The Plan of Arrangement was subject to approval by not less than 66⅔ per cent. of the votes cast on the Plan of Arrangement resolution by Intertain Shareholders represented at the meeting in person or by proxy and by a simple majority of the votes cast on the Plan of Arrangement resolution by Intertain Shareholders represented at the meeting in person or by proxy other than votes cast by the interested shareholder. The Plan of Arrangement was also subject to receipt of the Final Order of the Ontario Court, which considered, among other things, the fairness of the Plan of Arrangement. Both of these shareholder approvals and the Final Order have now been obtained;
- (j) **Flexibility in Implementing the Plan of Arrangement:** The Arrangement Agreement provides that the board of directors of Intertain has the ability to elect not to proceed with the Plan of Arrangement for any reason, including in the event of an alternative transaction being proposed that the board of directors of Intertain determines represents better long-term value for Intertain and its shareholders and other stakeholders;
- (k) **Dissent Rights Provided:** Registered Intertain Shareholders had the ability to exercise dissent rights in respect of the Plan of Arrangement and to be paid the fair value of their Intertain Shares. No such dissent rights were exercised; and
- (l) **Treatment of Holders of Intertain Convertible Debentures:** The holders of Intertain's Debentures will be entitled to convert their Debentures into Shares following the completion of the Plan of Arrangement at the same exchange ratio as they can currently convert into Intertain Shares. The Debentures will also continue to be listed on the TSX following the implementation of the Plan of Arrangement.

The Special Committee also considered a number of uncertainties, risks and other potential negative factors associated with the UK Strategic Initiatives, including the following:

- (a) the fees, costs and expenses incurred by Intertain in pursuing the UK Strategic Initiatives;
- (b) the diversion of management's attention away from conducting Intertain's business in the ordinary course and the potential impact on Intertain's current business relationships (including with employees and business partners);
- (c) the risk that the UKLA and/or the London Stock Exchange may not grant the approvals required for the London Stock Exchange listing;
- (d) the risk that the TSX may not approve the listing of the Exchangeable Shares in substitution for the currently listed Intertain Shares;
- (e) the risk that Intertain Shareholders may not approve the Plan of Arrangement;
- (f) the potential longer-term implications of the UK's referendum vote to cease membership in the European Union and the potential for the UK to leave the European Union, including the potential implications on the UK as the location of Intertain's new headquarters and the benefits anticipated to be received from the London Stock Exchange listing;

- (g) the risks that the benefits of the UK Strategic Initiatives will not be fully or partially realised, recognising that many of the potential benefits of the UK Strategic Initiatives are uncertain and that there are many potential business, market and other risks that may prevent some or all of these benefits from being realised; and
- (h) the other risks associated with the UK Strategic Initiatives, including those relating to the Plan of Arrangement, the Exchangeable Shares and the business of the Company in the future, described under “*Risk Factors*”.

### 3. SUMMARY OF THE PLAN OF ARRANGEMENT AND THE EXCHANGEABLE SHARES

The Plan of Arrangement is a court approved corporate reorganisation that will be completed in accordance with the legislation governing Intertain, the OBCA. The Plan of Arrangement was approved by Intertain Shareholders at the annual and special meeting of Intertain Shareholders held on 23 September 2016 and was then approved by the Ontario Court, which issued the Final Order on 27 September 2016. The Plan of Arrangement will be implemented by filing the articles of arrangement under the OBCA on 25 January 2017 (the “**Effective Date**”), the date that is concurrent with Admission.

#### 3.1 The Arrangement Agreement

The Plan of Arrangement will be implemented in accordance with the terms of the arrangement agreement dated 17 August 2016, as amended and as may be further amended prior to the Effective Date (the “**Arrangement Agreement**”), which was entered into by the parties involved in the Plan of Arrangement, namely the Company, Intertain, ExchangeCo, Intertain CallCo ULC (“**CallCo**”), Intertain JerseyCo Ltd (“**JerseyCo**”) and Intertain Holdings.

Prior to the execution of the Arrangement Agreement, the Company was formed under the laws of England and Wales and then incorporated CallCo under the Laws of the Province of Nova Scotia as a wholly-owned subsidiary and CallCo incorporated ExchangeCo under the OBCA as a wholly-owned subsidiary. JerseyCo was incorporated by MO Nominees Jersey (One) Limited acting in its capacity as trustee of Intertain JerseyCo Charitable Trust, in order to hold the Underlying Shares (as defined in “*Part 11: Definitions and Glossary*”) and to facilitate the exercise of voting rights in the Company by the holders of Exchangeable Shares (the “**Exchangeable Shareholders**”).

#### 3.2 The Plan of Arrangement

The Plan of Arrangement consists of a series of transactions that occur in an uninterrupted sequence. Pursuant to the Plan of Arrangement, Intertain Shareholders will exchange all of the issued and outstanding Intertain Shares for Shares or Exchangeable Shares and holders of Intertain options will receive replacement options.

The Plan of Arrangement also includes an amalgamation (the “**Amalgamation**”) of Intertain, Intertain Holdings and ExchangeCo, which will continue as one corporation (referred to as “**AmalCo**”) and which will issue the Exchangeable Shares under the Plan of Arrangement.

#### 3.3 The Exchangeable Shares

Following the implementation of the Plan of Arrangement, the capital of AmalCo will include classes of shares including: (a) a class of common shares (all of which will be held by CallCo); and (b) the Exchangeable Shares. The terms of the Exchangeable Shares are set out in Exhibit A to the Plan of Arrangement and, as described in more detail below, each Exchangeable Share will entitle the holder to receive the applicable Exchangeable Share Transfer Price upon the redemption, retraction or purchase of such holder’s Exchangeable Shares. Additionally, the Exchangeable Shares (together with the ancillary rights) will ultimately have economic entitlements that are substantially economically equivalent (subject to certain differences in respect of a dividend or other distribution (including a return of capital) on a share (“**Distributions**”) as discussed in “*Exchangeable Share Structure—Distribution Rights*”) to the Shares, including the ability to direct the voting rights attaching to one Share for each Exchangeable Share held by that holder at any meeting of Shareholders.

Exchangeable Shares will only be issued to those Intertain Shareholders who are eligible Canadian residents and have validly elected to receive Exchangeable Shares.

Through the combination of the provisions of the Exchangeable Shares, the voting and exchange trust agreement (which will be executed by the Company, AmalCo, JerseyCo and the Voting Trustee (as defined below) and will be effective as part of the Plan of Arrangement) (the “**Voting and Exchange Trust Agreement**”), the Exchangeable Share Support Agreement (which will be executed by the Company, CallCo and AmalCo and will be effective as part of the Plan of Arrangement) and the Call Rights Agreement (which will be executed by the Company, CallCo and AmalCo and will be effective as part of the Plan of Arrangement), the Exchangeable Shareholders will have the following rights including, amongst others:

- (a) the right to exchange their Exchangeable Shares at any time before the Redemption Date for the Exchangeable Share Retraction Price (as defined in “*Part 11: Definitions and Glossary*”), subject to CallCo’s Retraction Call Right (as defined herein);
- (b) the right to vote at meetings of Shareholders (either in person, having been appointed as the Voting Trustee’s proxy in respect of the relevant number of Shares, or by way of a direction given to the Voting Trustee) on the basis of one vote for each Exchangeable Share outstanding; and
- (c) the right to participate in a liquidation or insolvency event of the Company on a pro rata basis with the holders of Shares through the Automatic Exchange Right on Liquidation (as defined herein).

### 3.4 **Convertible Debentures**

Intertain currently has outstanding Convertible Debentures in an aggregate principal amount of approximately \$5.9 million. The Convertible Debentures are convertible into Intertain Shares at \$6.00 per share at any time and may be redeemed by Intertain for 102.5 per cent. of the principal amount thereof, plus accrued and unpaid interest. In connection with the Plan of Arrangement, the Company and AmalCo will execute a supplemental indenture and such other instruments as contemplated and required by the Convertible Debenture Indenture, in order to amend and restate the Convertible Debenture Indenture to provide for the assumption by the Company, pursuant to and in accordance with Sections 4.1(d) and 8.1 of the Convertible Debenture Indenture, of obligations to issue Shares upon conversion of the Convertible Debentures.

For the avoidance of doubt, the Company is not required to and will not assume any of Intertain’s other material obligations under the Convertible Debenture Indenture. The conversion price in respect of the Convertible Debentures will continue to be \$6.00 (unless adjusted in accordance with the terms of the Convertible Debenture Indenture), such that approximately 166.67 Shares will be issued for each \$1,000 principal amount of Convertible Debentures so converted, and rounded down to the nearest whole number of Shares. The Convertible Debentures will also continue to be listed on the TSX following the Effective Date.

### 3.5 **Approvals**

#### (a) ***Shareholder Approval***

Approval of the Plan of Arrangement and a confirmatory approval of the Capital Reduction was obtained from the Intertain Shareholders on 23 September 2016.

#### (b) ***TSX Approval***

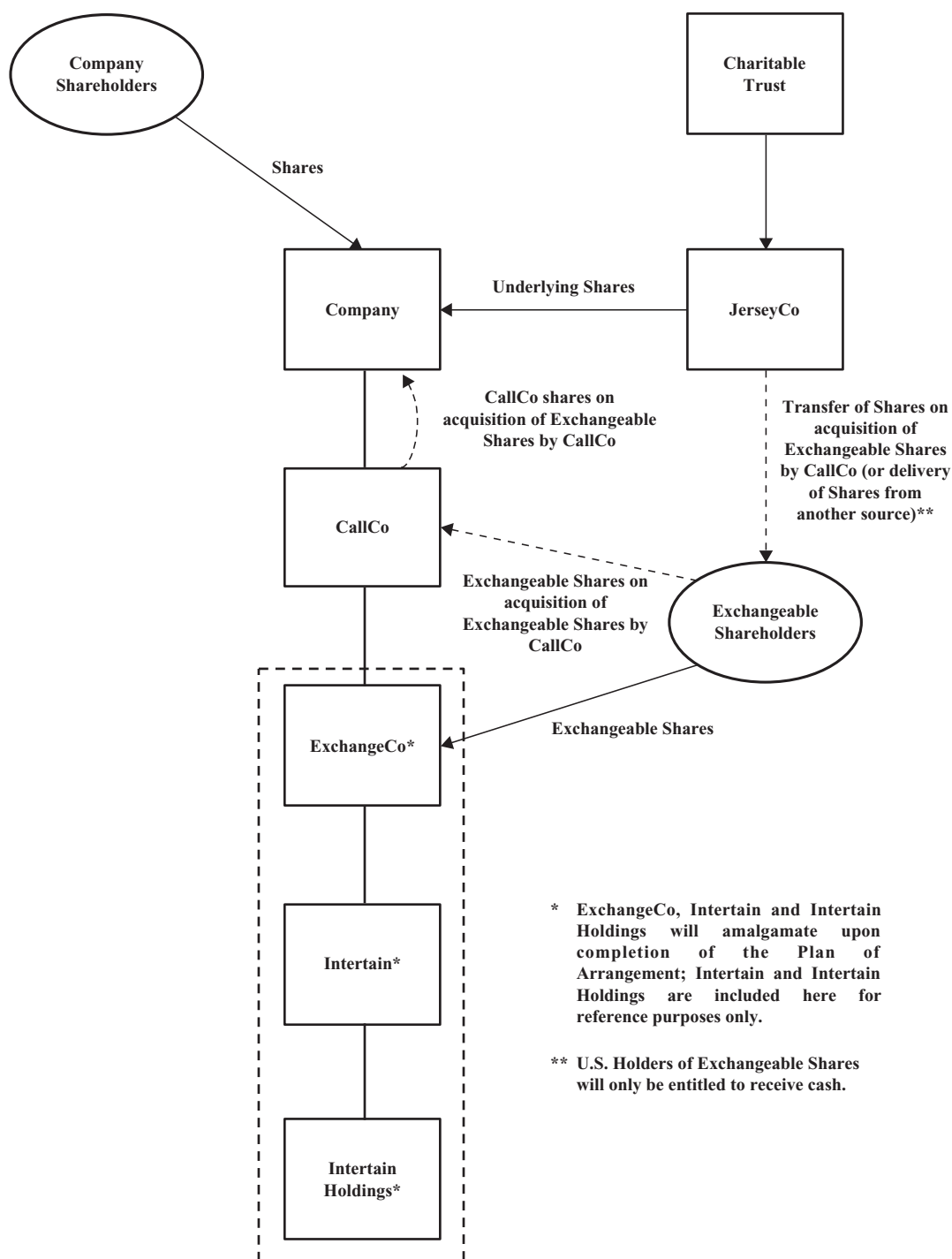
The TSX has conditionally approved the listing of the Exchangeable Shares in substitution for the currently listed Intertain Shares effective as of the Effective Date, provided the Plan of Arrangement is completed and subject to the receipt by the TSX of certain documentation as prescribed by the TSX in connection with its conditional approval.

### 3.6 **Exchangeable Share Structure**

As described above, the Exchangeable Shares will be issued by AmalCo. The Exchangeable Share structure (the “**Exchangeable Share Structure**”) will be implemented by the Company through its subsidiaries including CallCo and ExchangeCo (prior to the Amalgamation) and AmalCo (following the Amalgamation). Intertain has also arranged for the establishment of JerseyCo to hold the Underlying Shares issued to JerseyCo on the Effective Date.



The following diagram illustrates an overview of the principal mechanisms by which the Shares and/or Exchangeable Shares will be issued to Intertain Shareholders.



### Issue Mechanism

The Shares and Exchangeable Shares will be issued on the Effective Date in accordance with the mechanisms set out in the Plan of Arrangement.

The Shares will generally be delivered to holders of Exchangeable Shares after the Effective Date in accordance with the mechanisms set out below:

#### Step 1

- Either an Exchangeable Shareholder provides notice of its intention to retract its Exchangeable Shares or AmalCo provides notice to the Exchangeable Shareholder of its intention to redeem the Exchangeable Shares on the Redemption Date.

## Step 2

- CallCo exercises its overriding Retraction Call Right or Redemption Call Right to acquire the Exchangeable Shares that would otherwise be retracted/redeemed. To give effect to this step, the following transactions occur:
  - (a) Exchangeable Shareholders transfer their Exchangeable Shares to CallCo;
  - (b) as consideration for the receipt of the Exchangeable Shares, CallCo procures the delivery of the Exchangeable Share Purchase Price from the Company, including by issuing CallCo Shares to the Company;
  - (c) as consideration for the receipt of such CallCo Shares, the Company delivers or causes to be delivered to the (former) Exchangeable Shareholder the Exchangeable Share Purchase Price. If Shares are to be delivered to the (former) Exchangeable Shareholder in full or partial satisfaction of the applicable Exchangeable Share Purchase Price, it is currently expected that the Company will direct JerseyCo to transfer the relevant number of Shares to the (former) Exchangeable Shareholder.

Further information with respect to the entities involved in the Exchangeable Share Structure is given below.

### (a) *Entities Involved*

This section describes the various entities involved in the establishment and administration of the Exchangeable Share Structure.

#### (i) *AmalCo*

AmalCo is the entity that will result from the Amalgamation of ExchangeCo, Intertain and Intertain Holdings as one of the steps of the Plan of Arrangement. ExchangeCo is a company incorporated under the OBCA on 16 August 2016 for the purpose of implementing the Plan of Arrangement. It is a direct subsidiary of CallCo. To date, ExchangeCo has not carried on any business, except in connection with its role as a party to the Arrangement (as defined in the “*Glossary*”). AmalCo will continue to be a subsidiary of CallCo following the implementation of the Plan of Arrangement.

The Company will agree in the Exchangeable Share Support Agreement that, without the prior approval of AmalCo and the holders of Exchangeable Shares, as long as any outstanding Exchangeable Shares are owned by a person other than the Company or any of its affiliates, the Company will be and will remain the direct and/or indirect beneficial owner of all of the issued and outstanding voting shares in the capital of AmalCo.

Subject to the provisions of the OBCA, upon completion of the Plan of Arrangement, it is expected that the directors of AmalCo (the “**AmalCo Board**”) will be Messrs. Goulden, McIver, Laslop, Danziger, Pathak and Ryan and that Messrs. McIver and Laslop will continue to serve as the President & CEO and CFO, respectively, of AmalCo. Additionally, it is expected that Mr. Brewster will be appointed as a director of AmalCo following completion of the Plan of Arrangement.

Following the implementation of the Exchangeable Share Structure, AmalCo’s share capital will initially include AmalCo Class A Shares (all of which will be held by CallCo and, therefore, indirectly by the Company) together with the Exchangeable Shares. Holders of AmalCo’s Class A Shares will be entitled to receive notice of and to attend and vote at all meetings of the shareholders of AmalCo and will be entitled to one vote for each share held on all matters submitted to a vote of holders of AmalCo Class A Shares. Exchangeable Shareholders are not entitled to receive notice of or to attend and vote at any meeting of the shareholders of AmalCo, except in certain limited circumstances.

The holders of AmalCo Class A Shares are also entitled to receive such Distributions as and when declared by the AmalCo Board out of assets of AmalCo properly applicable to the payment of dividends. However, these rights are expressly subject to the prior rights of

the Exchangeable Shareholders with respect to priority in the payment of Distributions to the extent that any Distributions have been declared and not paid on the Exchangeable Shares. See paragraph 3.6(e) (“*Distribution Rights*”) of “*Part 2: Business Overview Section A: Information on the Group*” below for a discussion of Distributions on the Exchangeable Shares.

Upon any liquidation, dissolution or winding-up of AmalCo, holders of AmalCo Class A Shares are entitled to receive the remaining property and assets of AmalCo. Again, these rights are expressly subject to the prior rights of the Exchangeable Shareholders with respect to priority in the distribution of property and assets on a liquidation, dissolution or winding-up.

(ii) *CallCo*

CallCo is an unlimited liability company incorporated under the Companies Act (Nova Scotia) (the “**NSCA**”) on 16 August 2016 for the purpose of implementing the Plan of Arrangement. CallCo will hold certain call rights related to the Exchangeable Shares, as described in more detail below. To date, CallCo has not carried on and, following the Effective Date, will not carry on, any business, except in connection with its role as a party to the Arrangement. CallCo is a wholly-owned subsidiary of the Company and its registered office address is Suite 900, 1959 Upper Water Street, Halifax, Nova Scotia, Canada B3J 3N2.

The Company will agree in the Exchangeable Share Support Agreement that, without the prior approval of AmalCo and the holders of Exchangeable Shares, as long as any outstanding Exchangeable Shares are owned by a person other than the Company or any of its affiliates, the Company will be and remain the direct and/or indirect beneficial owner of all of the issued and outstanding voting shares in the capital of CallCo.

Subject to the provisions of the NSCA, the directors and officers of CallCo upon the Effective Date will be chosen from the directors and officers of the Company.

(iii) *JerseyCo*

JerseyCo is a company incorporated under the Laws of Jersey on 15 August 2016 for the purpose of implementing the Plan of Arrangement. To date, JerseyCo has not carried on and, following the Effective Date, will not carry on, any business except in connection with its role as a party to the Arrangement and the Voting and Exchange Trust Agreement. The entire issued and outstanding share capital of JerseyCo is held by MO Nominees Jersey (One) Limited, acting in its capacity as trustee of Intertain JerseyCo Charitable Trust. JerseyCo’s registered office address is 22 Grenville Street, St Helier, Jersey, JE4 8PX.

The directors of JerseyCo upon the Effective Date are expected to be Ed Fletcher, Michael Lynam and Stephen McGrath, all of whom are resident for tax purposes in Jersey. JerseyCo is expected to be solely resident in Jersey for tax purposes.

The Underlying Shares will be issued to JerseyCo on the Effective Date, with the number of Underlying Shares corresponding to the number of Exchangeable Shares issued pursuant to the Plan of Arrangement. As described more particularly below, it is the voting rights attaching to the Underlying Shares held by JerseyCo that holders of Exchangeable Shares are entitled to direct the exercise of either in person (having been appointed as proxy for the Voting Trustee in respect of the relevant number of the Shares held by JerseyCo) or by a direction given to the Voting Trustee. Under the Voting and Exchange Trust Agreement, JerseyCo will irrevocably waive its rights to receive Distributions attaching to the Underlying Shares from time to time for as long as it holds such shares. JerseyCo’s liability under the Voting and Exchange Trust Agreement will be limited to the value of the Underlying Shares from time to time and to other limitations.

(iv) *Voting Trustee*

The Voting Trustee under the Voting and Exchange Trust Agreement is expected to be Computershare Trust Company of Canada at its offices in Toronto, Ontario, Canada (the “**Voting Trustee**”).

(v) *Transfer Agent*

The transfer agent and registrar for the Exchangeable Shares will be Computershare Investor Services Inc. at its offices in Toronto, Ontario, Canada.

(b) *Security Package*

JerseyCo will agree with the Company in the Voting and Exchange Trust Agreement to irrevocably waive its rights to Distributions on the Underlying Shares held by it from time to time for as long as it holds such shares. JerseyCo will also agree with the Company, the Voting Trustee and AmalCo that it will not sell or transfer the Underlying Shares except as permitted and/or directed pursuant to the Voting and Exchange Trust Agreement.

Further, as security for the obligations of JerseyCo under the Voting and Exchange Trust Agreement, and to ensure that the Underlying Shares held by JerseyCo remain available for the purposes for which they are intended, JerseyCo has provided the following additional protections in the Voting and Exchange Trust Agreement:

- (i) a covenant in favour of the Company that for so long as it holds any interest in an Underlying Share, it shall not (a) carry on any business or activity, enter into any arrangement, agreement or transaction, incur any obligation or acquire or dispose of any assets other than to comply with its obligations under the Voting and Exchange Trust Agreement or the Security Agreement (as defined in “*Part 11: Definitions and Glossary*”); or (b) create or permit to subsist any security interest in or over any of its assets (other than pursuant to a Security Agreement); and
- (ii) an undertaking in favour of the Company that it shall (a) not exercise on its own behalf the voting rights attaching to the Underlying Shares it holds, (b) for so long as it holds any interest in an Underlying Share, on each anniversary of the date of the Voting and Exchange Trust Agreement execute such further documentation and do all such other acts or things as may be necessary or desirable to grant a power of attorney to the Voting Trustee to exercise the voting rights attaching to the Underlying Shares it holds, and
- (iii) on the occurrence of an event of default (as such term is defined in the Security Agreement), (a) notify all other parties to that agreement of the occurrence of such event and (b) transfer all of the Shares then held by it to such entity as the Company directs.

(c) *Key Documentation*

The key documentation which underpins the Exchangeable Share Structure is as follows:

(i) *Plan of Arrangement*

The court-approved Plan of Arrangement, which will become effective at 3:00 a.m. (Toronto Time) on the Effective Date, or such other time on the Effective Date as the parties may agree to in writing prior to the Effective Date (the “**Effective Time**”), will be binding on, among others, Intertain, the Company, CallCo, ExchangeCo, AmalCo, JerseyCo, Intertain Holdings, the Voting Trustee and all holders and beneficial owners of Intertain Shares. It is also binding on all holders and beneficial owners of Shares and/or Exchangeable Shares received in exchange for Intertain Shares.

It is the Plan of Arrangement which contains the fundamental terms of the Plan of Arrangement and makes the Plan of Arrangement binding on all Intertain Shareholders. The Plan of Arrangement also includes the Exchangeable Share provisions (the “**Exchangeable Share Provisions**”) (containing the rights attaching to the Exchangeable Shares), which form an exhibit to the Plan of Arrangement and also grants certain call rights in respect of the Exchangeable Shares to CallCo which are described more fully in the remainder of this section.

(ii) *Exchangeable Share Provisions*

The Exchangeable Share Provisions contain the share rights, and other terms, of the Exchangeable Shares, including the rights of the Exchangeable Shareholders, to exchange their Exchangeable Shares for Shares and their rights on a liquidation, dissolution or winding-up of AmalCo.

(iii) *Voting and Exchange Trust Agreement*

The parties to the Voting and Exchange Trust Agreement, which will be effective as part of the Plan of Arrangement, will be the Company, AmalCo, JerseyCo and the Voting Trustee.

The Voting and Exchange Trust Agreement contains provisions under which JerseyCo and the Voting Trustee will be granted specified rights and will agree to specified obligations in relation to the voting rights attaching to the Underlying Shares, including those described below, for the benefit of the Exchangeable Shareholders from time to time. It is under this agreement that JerseyCo grants a power of attorney in favour of the Voting Trustee over the voting rights attaching to the Underlying Shares it holds, with the Voting Trustee's interest in those voting rights and the power of attorney to be held in trust for the benefit of holders (other than the Company and its affiliates) of Exchangeable Shares from time to time (the "**Beneficiaries**"). The Voting and Exchange Trust Agreement also contains the mechanics by which Beneficiaries can direct the exercise of these voting rights.

(iv) *Exchangeable Share Support Agreement*

The parties to the Exchangeable Share Support Agreement, which will be effective as part of the Plan of Arrangement, will be the Company, CallCo and AmalCo.

The Exchangeable Share Support Agreement contains provisions under which the Company will agree to specified obligations, including those described below, to support the obligations of AmalCo and CallCo with respect to the Exchangeable Shares.

The Exchangeable Share Support Agreement is described more fully in "Exiting the Exchangeable Share Structure" and "Exchangeable Share Support Agreement".

(v) *Call Rights Agreement*

As part of the Plan of Arrangement, the Company, AmalCo and CallCo will enter into the "**Call Rights Agreement**" under which CallCo will agree to exercise its overriding Retraction Call Right, Redemption Call Right and/or Liquidation Call Right (each as defined below) whenever it is possible for it to do so. Accordingly (save where the Exchangeable Shares have been acquired by the Company or CallCo under the Automatic Exchange Right or the Automatic Exchange Right on Liquidation (as defined below)) on a redemption or retraction of Exchangeable Shares or on a liquidation, dissolution or winding-up of AmalCo or other distribution of the assets of AmalCo among its shareholders for the purpose of winding-up its affairs, the purchase of the Exchangeable Shares should always occur pursuant to CallCo exercising its overriding Retraction Call Right, Redemption Call Right and/or Liquidation Call Right and CallCo (not AmalCo) would then acquire the Exchangeable Shares.

(d) *Further Information on the Exchangeable Shares*

As described above, the Exchangeable Shares will be issued by AmalCo. The Exchangeable Shares (together with the ancillary rights) will ultimately have economic entitlements that are substantially economically equivalent (subject to certain differences in respect of Distributions) to those that an Intertain Shareholder would have received if such Intertain Shareholder had elected to receive Shares. Holders of Exchangeable Shares will also be entitled, through the mechanics provided for in the Voting and Exchange Trust Agreement, to direct the Voting Trustee as to the exercise of the votes attaching to one Share for each Exchangeable Share held by the Exchangeable Shareholder on the same basis and in the same circumstances as if the holder held one Share.

Further information on the rights attaching to the Exchangeable Shares (arising under the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement and the Plan of Arrangement) is set out below.



### *Exchange*

At its option, a holder of Exchangeable Shares will be able to exchange its Exchangeable Shares at any time before the Redemption Date for the Exchangeable Share Retraction Price, subject to CallCo's Retraction Call Right.

(e) ***Distribution Rights***

There is no current intention for Distributions to be paid on the Exchangeable Shares.

Any Distributions on the Exchangeable Shares will be at the discretion of the AmalCo Board. The Exchangeable Share Provisions do not specifically provide for the declaration and payment of Distributions to Exchangeable Shareholders in circumstances where Distributions are declared and paid on the Shares.

To maintain substantial economic equivalence of the Exchangeable Shares with the Shares, Exchangeable Shareholders will be entitled to receive the Economic Equivalence Payment (defined below) (which relates to the Distributions declared and paid on the Shares) in respect of each Exchangeable Share held by such holder upon the redemption, retraction or purchase of such holder's Exchangeable Shares.

(f) ***Voting Rights***

#### *Voting Rights with respect to AmalCo*

Except as required by applicable law and under the Exchangeable Share Provisions, Exchangeable Shareholders are not entitled to receive notice of or to attend any meeting of the shareholders of AmalCo or to vote at any such meeting, including but not limited to class votes. Holders of Exchangeable Shares do, however, have certain rights as regards amendments to the Exchangeable Share Provisions. See paragraph 3.6(k) (*Amendment and Approval*) of "Part 2: Business Overview—Section A: Information on the Group" Amendment and Approval for further details.

#### *Voting Rights with respect to the Company*

Under the Voting and Exchange Trust Agreement, the Company will issue such number of Underlying Shares to JerseyCo as is equal to the number of Exchangeable Shares issued pursuant to the Plan of Arrangement. Also under that agreement, JerseyCo will grant an irrevocable power of attorney in respect of the voting rights attaching to the Underlying Shares held by it (including the power to grant proxy rights to a Beneficiary or his, her or its designee) to the Voting Trustee. The Beneficiaries will, in the aggregate, be entitled to direct the Voting Trustee as to the voting of a number of Underlying Shares equal to the then outstanding number of Exchangeable Shares held by all Beneficiaries. The Voting Trustee will exercise (either by proxy or in person) the vote attached to each Underlying Share only as directed by the relevant Beneficiary and, in the absence of instructions from a Beneficiary as to voting, will not exercise that vote.

Each Beneficiary holding Exchangeable Shares on the record date for any meeting at which Shareholders are entitled to vote will be entitled to instruct the Voting Trustee to exercise the vote attached to one Underlying Share for each Exchangeable Share held by such Beneficiary.

A Beneficiary may, upon instructing the Voting Trustee, obtain a proxy from the Voting Trustee entitling the Beneficiary to attend, speak and exercise the votes to which such Beneficiary is entitled at the relevant meeting.

#### *Shareholder Materials*

The Voting Trustee will use reasonable efforts to forward to the Beneficiaries (on the same day as the Company mails or otherwise sends the notice and materials to the other Shareholders) the notice of each meeting at which Shareholders are entitled to vote, together with the related meeting materials and a statement as to the manner in which the Beneficiaries may instruct the Voting Trustee to exercise the votes attaching to the Underlying Shares held by JerseyCo. The Voting Trustee will also send to the Beneficiaries copies of all information statements, interim and

annual financial statements, reports and other materials sent by the Company to Shareholders at the same time as the materials are sent to the Shareholders. The Voting Trustee will also send to the Beneficiaries all materials sent by third parties to the Shareholders (if such receipt is known by the Company), including dissident proxy circulars and tender and exchange offer circulars, as soon as reasonably practicable after the materials are delivered to the Voting Trustee. The Company will agree to deliver all such meeting and other materials to the Voting Trustee in sufficient time to permit the Voting Trustee to send all materials to each Beneficiary at the same time as such materials are sent to Shareholders.

Pursuant to the Voting and Exchange Trust Agreement, JerseyCo, as the registered holder of the Underlying Shares, will agree to promptly deliver to the Voting Trustee all other materials and communications with respect to the Underlying Shares received by JerseyCo.

(g) ***Liquidation Rights***

*Liquidation Rights with respect to AmalCo*

In the event of the liquidation, dissolution or winding-up of AmalCo or other distribution of the assets of AmalCo among its shareholders for the purpose of winding-up its affairs, holders of Exchangeable Shares will have, subject to applicable law, the right pursuant to the Exchangeable Share Provisions to receive the Exchangeable Share Redemption/Liquidation Price for each Exchangeable Share held. These rights of holders of Exchangeable Shares rank in preference to the rights of the holders of AmalCo Class A Shares or other shares ranking junior to the Exchangeable Shares issued by AmalCo.

In these circumstances, pursuant to the Plan of Arrangement, CallCo will have an overriding right (the “**Liquidation Call Right**”) to purchase all of the outstanding Exchangeable Shares (other than Exchangeable Shares held by the Company and its affiliates) from the holders thereof on the liquidation date for the Exchangeable Share Purchase Price, except where the Exchangeable Shares have been acquired by the Company or CallCo under the Automatic Exchange Right provided for in the Voting and Exchange Trust Agreement.

*Insolvency Event of AmalCo*

Upon the occurrence of an “insolvency event” (as defined below) and notwithstanding the liquidation rights with respect to AmalCo described above, the Voting and Exchange Trust Agreement provides that the Company (or CallCo, should the Company so designate) shall automatically purchase from each holder of Exchangeable Shares (other than the Company and its affiliates) all of the Exchangeable Shares held by each such holder.

The purchase price payable by the Company (or CallCo) will be equal to the Exchangeable Share Purchase Price.

An “**insolvency event**” means:

- (i) the winding-up of AmalCo, or the institution by AmalCo of any proceeding to be adjudicated as bankrupt or insolvent or to be wound up, or the consent of AmalCo to the institution of bankruptcy, insolvency or winding-up proceedings against it;
- (ii) the filing of an application, petition, answer or consent seeking dissolution, reorganisation, or winding-up under any bankruptcy, insolvency or analogous laws, including the Companies Creditors’ Arrangement Act (Canada) and the Bankruptcy and Insolvency Act (Canada), and AmalCo’s failure to contest in good faith the proceedings commenced in respect of AmalCo within 30 days of becoming aware of the proceedings or the consent by AmalCo to the filing of the petition or to the appointment of a receiver;
- (iii) the making by AmalCo of a general assignment for the benefit of creditors, or the admission in writing by AmalCo of its inability to pay its debts generally as they come due; or
- (iv) AmalCo not being permitted, under solvency requirements of applicable law, to redeem any retracted Exchangeable Shares under the Exchangeable Share Provisions.

### *Rights with respect to the Company Liquidation*

In order for the holders of Exchangeable Shares (other than the Company and its affiliates) to participate on a pro rata basis with Shareholders in the event of a Company liquidation event (being a specified event relating to the voluntary or involuntary liquidation, dissolution, winding-up or other distribution of the assets of the Company among its Shareholders for the purpose of winding-up its affairs), on the effective date of such a Company liquidation event, the Voting and Exchange Trust Agreement provides that each Exchangeable Share (other than those held by the Company and its affiliates) will automatically be purchased from each holder for the Exchangeable Share Purchase Price (the “**Automatic Exchange Right on Liquidation**”).

### *Ranking*

The Exchangeable Shares will rank ahead of AmalCo Class A Shares and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of AmalCo, whether voluntary or involuntary, or any other distribution of the assets of AmalCo, among its shareholders for the purpose of winding-up its affairs.

#### (h) *Restrictions on AmalCo*

Without the approval of the Exchangeable Shareholders (see paragraph 3.6(k) of “*Part 2: Business Overview—Section A: Information on the Group*” for further details), so long as any of the Exchangeable Shares are outstanding, AmalCo will not:

- (i) pay any Distributions on the common shares of AmalCo or any other shares ranking junior to the Exchangeable Shares, other than stock dividends payable in common shares of AmalCo or any such other shares ranking junior to the Exchangeable Shares, as the case may be;
- (ii) redeem or purchase or make any capital distribution in respect of common shares of AmalCo, or any other shares ranking junior to the Exchangeable Shares;
- (iii) redeem or purchase any other shares of AmalCo ranking equally with the Exchangeable Shares with respect to the payment of dividends or on any liquidating distribution; or
- (iv) issue any Exchangeable Shares or any other shares of AmalCo ranking equally with, or superior to, the Exchangeable Shares other than by way of stock dividends to Exchangeable Shareholders or pursuant to a shareholders rights plan adopted by AmalCo.

These restrictions will only apply at any time when any Distributions on the outstanding Exchangeable Shares (of which none are currently contemplated) have been declared but not paid on the Exchangeable Shares.

#### (i) *Withholding and Other Matters*

The Company, AmalCo, CallCo, the Voting Trustee, the transfer agent for the Exchangeable Shares and the depositary under the Plan of Arrangement (the “**Depositary**”) will be entitled to deduct and withhold from any Distributions, purchase price or other consideration payable to any holder of Exchangeable Shares (including upon an exchange or transfer of Exchangeable Shares for Shares, whether upon a redemption, an optional retraction at the request of a holder, the insolvency, dissolution or winding-up of AmalCo or the Company or the exercise by CallCo of any of its overriding call rights, whether such withholdings relate to the Exchangeable Shares or the Shares) any amount that it is required or permitted to deduct or withhold pursuant to applicable laws relating to taxation.

If the amount required or permitted to be deducted or withheld exceeds the cash portion of the Distribution, purchase price or other consideration that is otherwise payable to the holder of Exchangeable Shares, the Company, AmalCo, CallCo, the Voting Trustee, the transfer agent for the Exchangeable Shares and the Depositary are authorised to sell the portion of the Distributions, purchase price or other consideration necessary to provide the cash to comply with the deduction or withholding requirement. In such event, the Company, AmalCo, CallCo, the Voting Trustee, the transfer agent for the Exchangeable Shares or the Depositary shall remit to such holder of Exchangeable Shares any unapplied balance of the net proceeds of such sale.

If the necessary payments in respect of stamp taxes (if any) are not deposited by a (former) Exchangeable Shareholder in connection with an applicable retraction, redemption, or purchase of such holder's Exchangeable Shares, the consideration paid to such (former) Exchangeable Shareholder may be reduced by the amount of such stamp taxes, either by withholding of all or the relevant part of the aggregate Economic Equivalence Payment to be paid to such (former) Exchangeable Shareholder or by the sale of that number of Underlying Shares as is necessary to satisfy any remaining stamp taxes payable.

(j) ***Listing of the Exchangeable Shares***

The TSX has conditionally approved the listing of the Exchangeable Shares in substitution for the currently listed Intertain Shares effective as of the Effective Date.

(k) ***Amendment and Approval***

The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be added to, changed or removed only with the approval of the holders of Exchangeable Shares.

Any approval given by the holders of Exchangeable Shares requires a resolution to be passed by not less than two-thirds of the votes cast on that resolution at a meeting of the holders of Exchangeable Shares duly called and held at which two holders holding at least 10 per cent. of the outstanding Exchangeable Shares at that time are present or represented by proxy.

If no such quorum is present at the meeting within one-half hour after the appointed time, the meeting will be adjourned to the place and time (not less than five business days later) as may be designated by the chairman of the meeting. At that adjourned meeting, the holders of Exchangeable Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed at the meeting by not less than two-thirds of the votes cast on the resolution will constitute the approval or consent of Exchangeable Shareholders.

(l) ***Exiting the Exchangeable Share Structure***

(i) ***Optional Retraction of Exchangeable Shares***

***Optional Retraction by the Holder***

The retraction of a share is a well understood concept in Canada and equates to a right of a shareholder to require the company in which it holds shares to redeem its shares.

Pursuant to the Exchangeable Share Provisions, at its option, a holder of Exchangeable Shares may exchange its Exchangeable Shares at any time before the Redemption Date for the Exchangeable Share Retraction Price, subject to CallCo's Retraction Call Right.

In order to exercise this right, a holder of Exchangeable Shares must deliver to AmalCo at its registered office or at an office of the transfer agent specified by AmalCo, among other things, a written retraction request and the certificate(s) (or DRS registration, as applicable) or other evidence of ownership representing the Exchangeable Shares to be redeemed, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the by-laws of AmalCo, together with such additional documents, instruments and payments (including any applicable stamp taxes) as the transfer agent for the Exchangeable Shares and AmalCo may reasonably require.

The holder must state in the retraction request the business day on which the holder desires AmalCo to redeem all or any number of Exchangeable Shares that holder owns, which date must be five to ten business days after the date on which the request is received by AmalCo. If the holder fails to specify a business day in the request, the retraction date will be the 10th business day after the date on which the request is received by AmalCo.

***CallCo's Retraction Call Right***

In the event that a holder of Exchangeable Shares exercises this retraction right to require that AmalCo redeem any of its Exchangeable Shares, CallCo will have an overriding right

(the “**Retraction Call Right**”) pursuant to the Exchangeable Share Provisions to purchase all but not less than all of those Exchangeable Shares for a price per Exchangeable Share equal to the Exchangeable Share Purchase Price.

Upon receipt of a retraction request, AmalCo will immediately notify CallCo, or cause CallCo to be notified, which must then advise AmalCo within two business days as to whether it will exercise its Retraction Call Right. CallCo, AmalCo and the Company have agreed under the Call Rights Agreement that CallCo will exercise its Retraction Call Right each time a holder of Exchangeable Shares exercises its retraction right. CallCo must then advise AmalCo that CallCo will exercise its Retraction Call Right within two business days after AmalCo notified it. On exercise of the Retraction Call Right by CallCo, the retraction request will be considered only to be an offer by the holder to sell to CallCo the Exchangeable Shares identified in the retraction request.

#### *Revocation of Retraction*

A holder of Exchangeable Shares may revoke its retraction request by notice, in writing, at any time prior to the close of business on the business day immediately preceding the retraction date, in which case, the Exchangeable Shares identified in the retraction request will not be purchased by CallCo (or redeemed by AmalCo, as the case may be). Unless the holder revokes the retraction request, the Exchangeable Shares identified in the retraction request will be purchased by CallCo (or redeemed by AmalCo, as the case may be) and CallCo (or AmalCo, as the case may be) will deliver or cause to be delivered to such holder the Exchangeable Share Purchase Price (or the Exchangeable Share Retraction Price, as the case may be).

#### *Automatic Exchange*

If, as a result of solvency requirements of applicable laws, AmalCo is not permitted to redeem all Exchangeable Shares tendered by a retracting holder, and CallCo is prevented from exercising its Retraction Call Right to acquire such shares, the Voting and Exchange Trust Agreement provides that AmalCo will be obligated to redeem only those Exchangeable Shares tendered by the holder (rounded down to a whole number of shares) as would not be contrary to such applicable laws. In such event, the Company (or CallCo, should the Company so designate) will be required to purchase all of the Exchangeable Shares (other than Exchangeable Shares held by the Company and its affiliates) pursuant to the Automatic Exchange Right for the Exchangeable Share Purchase Price.

#### (ii) *Redemption of Exchangeable Shares*

On the Redemption Date, as described below, AmalCo will, subject to CallCo’s Redemption Call Right, redeem all, but not less than all, of the then outstanding Exchangeable Shares for a price per Exchangeable Share equal to the Exchangeable Share Redemption/Liquidation Price.

#### *Redemption Date*

The “**Redemption Date**” for the Exchangeable Shares means the date, if any, established by the AmalCo Board for the redemption by AmalCo of all, but not less than all, of the outstanding Exchangeable Shares. The Redemption Date shall not be earlier than the fifth anniversary of the Effective Date, unless:

- (a) the number of outstanding Exchangeable Shares (excluding Exchangeable Shares held by the Company and its affiliates) is fewer than 10 per cent. of the Exchangeable Shares issued on the Effective Date (subject to any adjustment deemed appropriate by the AmalCo Board to give effect to any subdivision or consolidation of, or stock dividend on, the Exchangeable Shares or other specified events), in which case, the AmalCo Board may accelerate such Redemption Date to such date prior to the fifth anniversary of the Effective Date as it may determine to be reasonably practicable in such circumstances;
- (b) each of the following occurs: (1) a matter arises on which the holders of Exchangeable Shares are entitled to vote as shareholders of AmalCo (other than a



matter described in (c) below, and excluding any matter in respect of which holders of Exchangeable Shares are entitled to vote in their capacity as Beneficiaries under the Voting and Exchange Trust Agreement) (an “**Exchangeable Share Voting Event**”); (2) the AmalCo Board has determined, in good faith and in its sole discretion, that it is not reasonably practicable to accomplish the business purpose intended by the matter (which business purpose must be *bona fide* and not for the primary purpose of causing the occurrence of the Redemption Date) in any other commercially reasonable manner that does not result in the occurrence of an Exchangeable Share Voting Event; and (3) the holders of Exchangeable Shares fail to take the necessary action at a meeting or other vote of the holders of Exchangeable Shares to approve or disapprove, as applicable, the Exchangeable Share Voting Event, in which case the Redemption Date will be the business day following the day on which the holders of Exchangeable Shares failed to take such action or such other date as the AmalCo Board may reasonably determine;

- (c) each of the following occurs: (1) a matter arises on which the holders of Exchangeable Shares are entitled to vote as shareholders of AmalCo in order to approve any change to, or in the rights of the holders of, the Exchangeable Shares; (2) the change is necessary to maintain the substantial economic equivalence of the Exchangeable Shares and the Shares; and (3) the holders of Exchangeable Shares fail to take the necessary action at a meeting or other vote of the holders of Exchangeable Shares to approve or disapprove, as applicable, the change, in which case, the Redemption Date will be the business day following the day on which the holders of Exchangeable Shares failed to take the necessary action or such other date as the AmalCo Board may reasonably determine;
- (d) a Company Control Transaction (as defined below) occurs, provided that the AmalCo Board determines, in good faith and in its sole discretion, that it is not practicable to substantially replicate the terms and conditions of the Exchangeable Shares in connection with the Company Control Transaction or that the redemption of all, but not less than all, of the outstanding Exchangeable Shares (other than those held by the Company and its affiliates) is necessary to enable the completion of the Company Control Transaction in accordance with its terms, in which case, the AmalCo Board may accelerate the Redemption Date to an earlier date as it may determine upon such number of days’ prior written notice to Exchangeable Shareholders and the Voting Trustee as the AmalCo Board determines to be reasonably practicable in such circumstances; or
- (e) following a determination of the Board, the Company advises AmalCo in writing that it intends to migrate from the standard listing segment to the premium listing segment of the Official List (a “**Premium Listing Migration**”) and requests that, in connection with the Premium Listing Migration, AmalCo accelerate the redemption date for the remaining outstanding Exchangeable Shares to a date to be specified in such notice, provided that: (1) such request must be *bona fide* and not for the primary purpose of causing a Redemption Date); (2) if the AmalCo Board determines that it is not reasonably practicable to complete the redemption on the date specified in such notice, the Redemption Date shall be the date fixed by the AmalCo Board; and (3) no such accelerated redemption date shall in any case be set prior to 1 January 2019.

#### *Notice of Redemption*

AmalCo must notify the holders of Exchangeable Shares in writing at least 30 days before the proposed Redemption Date, if occurring on the fifth anniversary of the Effective Date or as described in (a) above. In the case of a redemption described in (b), (c), (d) or (e) above, AmalCo must give written notice on or before the Redemption Date on as many days’ notice as the AmalCo Board determines to be reasonably practicable in the circumstances. However, the accidental failure or omission to give notice of a redemption described under (a), (b), (c), (d) or (e) above, will not invalidate the redemption.

### *CallCo's Redemption Call Right*

On the Redemption Date, pursuant to the Plan of Arrangement, CallCo will have an overriding right to purchase (the “**Redemption Call Right**”) all, but not less than all, of the outstanding Exchangeable Shares (other than those held by the Company and its affiliates) for a price per Exchangeable Share equal to the Exchangeable Share Purchase Price.

CallCo, AmalCo and the Company will agree under the Call Rights Agreement that CallCo will exercise its Redemption Call Right on the Redemption Date. Upon the exercise of the Redemption Call Right by CallCo, each holder of Exchangeable Shares (other than the Company and its affiliates) will be obligated to sell to CallCo, on the Redemption Date, all of the Exchangeable Shares held by such holder on payment of the purchase price therefore, and AmalCo will have no obligation to redeem such shares so purchased by CallCo.

### *AmalCo Purchase for Cancellation*

AmalCo may also, at any time and from time to time, purchase for cancellation all or any part of the Exchangeable Shares then outstanding at any price by tender to all the holders of outstanding Exchangeable Shares or through any stock exchange on which the Exchangeable Shares are listed or quoted at any price per share.

## **(m) Exchangeable Share Support Agreement**

As part of the Plan of Arrangement, the Company, CallCo and AmalCo will enter into the “**Exchangeable Share Support Agreement**”. The Exchangeable Share Support Agreement effectively underpins the obligations of AmalCo and CallCo as towards the holders of Exchangeable Shares by imposing obligations on the Company to provide support to AmalCo and/or CallCo of their respective obligations.

### **(i) Summary of Key Obligations**

Pursuant to the Exchangeable Share Support Agreement, for so long as any Exchangeable Shares (other than Exchangeable Shares owned by the Company or its affiliates) remain outstanding:

In respect of a liquidation of AmalCo, a retraction request or a redemption,

- (a) the Company will take all actions and do all things reasonably necessary or desirable to enable and permit AmalCo, in accordance with applicable laws, to pay and otherwise perform its obligations arising upon the liquidation, dissolution or winding-up or any other distribution of the assets of AmalCo among its shareholders for the purpose of winding-up its affairs or in the event of a retraction request by a holder of Exchangeable Shares or a redemption of Exchangeable Shares, as the case may be, including all actions and things that are necessary or desirable to enable and permit AmalCo to cause to be delivered Shares to the holders of Exchangeable Shares together with a payment in cash for any amount in respect of an Economic Equivalence Payment or declared and unpaid Distributions where obligated to do so;
- (b) the Company will take all actions and do all things reasonably necessary or desirable to enable and permit CallCo, in accordance with applicable laws, to pay or otherwise perform its obligations arising upon the exercise by it of its overriding call rights, including all actions and things as are necessary or desirable to enable and permit CallCo to deliver or cause to be delivered Shares to the holders of Exchangeable Shares, together with a payment in cash for any amount in respect of an Economic Equivalence Payment or declared and unpaid Distributions where obligated to do so; and
- (c) the Company will ensure that CallCo (or its affiliates) does not exercise its vote as a shareholder to initiate the voluntary liquidation, dissolution or winding-up of AmalCo nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding-up of AmalCo.

In respect of the Voting Trustee's exercise of the voting rights with respect to the Shares owned by JerseyCo, the Company will take all actions and do all things reasonably necessary or desirable to enable and permit the Voting Trustee, in accordance with applicable laws, to perform its obligations under the Voting and Exchange Trust Agreement, including all actions and things as are necessary or desirable to enable the Voting Trustee to exercise such number of votes with respect to the Shares held by JerseyCo as is equal to the aggregate number of Exchangeable Shares outstanding (and not held by the Company and its affiliates) at the relevant time.

The Company will also agree to notify AmalCo of any Distributions declared and paid on the Shares in order to permit the AmalCo Board to make the determinations with respect to the economic equivalent of such Distributions for inclusion in the Economic Equivalence Payment that will be made on the exchange of the Exchangeable Shares and to support the making of certain other issuances and distributions by AmalCo in certain circumstances.

*Shares to be Delivered on an Exchange of Exchangeable Shares*

The Company agrees to make available such number of Shares, without duplication, (a) as is equal to the sum of (1) the number of Exchangeable Shares issued and outstanding from time to time and (2) the number of Exchangeable Shares issuable upon the exercise of all rights to acquire Exchangeable Shares outstanding from time to time and (b) in addition to those in (a) above, as are required to enable and permit the Company, CallCo and AmalCo to meet their respective obligations under the Plan of Arrangement, the Exchangeable Share Provisions, the Exchangeable Share Support Agreement and the Voting and Exchange Trust Agreement. Underlying Shares held by JerseyCo may be used for this purpose.

*Company Dividends etc. and Economic Equivalence*

The Exchangeable Share Support Agreement will also provide that, so long as any Exchangeable Shares (other than those held by the Company or its affiliates) are outstanding, in the event of any issuance or distribution by the Company to all or substantially all the Shareholders (excluding JerseyCo) of:

- (a) Shares (or securities exchangeable for or convertible into or carrying rights to acquire Shares) by way of a stock or share dividend or other distribution (other than to Shareholders who exercise an option to receive those securities in lieu of receiving a cash dividend or pursuant to a dividend reinvestment plan or similar arrangement);
- (b) rights, options or warrants to subscribe for or purchase Shares (or securities exchangeable for or convertible into or carrying rights to acquire Shares);
- (c) other securities, rights options or warrants of the Company;
- (d) evidences of indebtedness of the Company; or
- (e) other assets of the Company,

then AmalCo shall include an economically equivalent cash amount (in Canadian currency) in the Economic Equivalence Payment (as defined in paragraph 3.6(n) (*Economic Equivalence Payment*) of this “Part 2: Business Overview—Section A: Information on the Group”) unless: (a) the prior approval of AmalCo and the prior approval of the Exchangeable Shareholders given in accordance with the Exchangeable Share Provisions has been obtained; or (b) in the case of an issuance or distribution of the type contemplated above, (1) the economic equivalent of such issuance or distribution is issued or distributed or otherwise provided to the holders of Exchangeable Shares or such holders are otherwise able to participate directly or indirectly in such issuance or distribution in a manner, that the AmalCo Board determines is economically equivalent to the issuance or distribution provided to the holders of all or substantially all of the Shares (as the case may be), having regard to the relevant factors contained in Section 5.3 of the Exchangeable Share Provisions, or (2) the AmalCo Board otherwise determines that any

such issuance or distribution does not materially alter the current substantial economic equivalence of the Exchangeable Shares to the holders thereof relative to the Shares, then, in each such case, no amount will be required to be included in the Economic Equivalence Payment in respect of such issuance or distribution.

In addition, the Exchangeable Share Support Agreement provides that, so long as any Exchangeable Shares (other than those held by the Company or its affiliates) are outstanding, the Company will not, without the prior approval of AmalCo and the Exchangeable Shareholders:

- (a) subdivide, re-divide, reduce, combine, consolidate or otherwise change the then outstanding Shares into a different number of Shares; or
- (b) reclassify or otherwise change the Shares or effect an amalgamation, merger, reorganisation or other transaction affecting Shares,

unless the same or an economically equivalent change to, or in the rights of the holders of, the Exchangeable Shares is made simultaneously. The Company will ensure that the record date for any of the foregoing events (or the effective date if there is no record date) is not less than five business days after the date that the Company announces or declares the event (with contemporaneous notification thereof to AmalCo).

The AmalCo Board will determine, in good faith and in its sole discretion, “economic equivalence” for these purposes. Its determination, which will be based upon a number of factors, will be conclusive and binding on AmalCo and the holders of Exchangeable Shares and not subject to challenge. See paragraph 3.6(n) (*Economic Equivalence Payment*) of this “Part 2: Business Overview—Section A: Information on the Group”.

*Acquisition of the Company (by way of takeover offer or otherwise)*

In the event of any proposed tender offer, scheme of arrangement, merger, share exchange offer, issuer bid, take-over bid or similar transaction with respect to Shares which is recommended by the Board (a “**Company Control Transaction**”) and in connection with which the Exchangeable Shares are not purchased by CallCo pursuant to its overriding Redemption Call Right (or redeemed by AmalCo), the Company will use its reasonable efforts in good faith to take all actions and do all things necessary or desirable to enable and permit holders of Exchangeable Shares (other than the Company and its affiliates) to participate in such transaction to the same extent and on an economically equivalent basis as the Shareholders, without discrimination.

The Company will further use its reasonable efforts in good faith to ensure that holders of Exchangeable Shares may participate in such transaction without being required to retract their Exchangeable Shares as against AmalCo (or if so required, to ensure that any such retraction will be effective only upon, and be conditional upon, the closing of such transaction and only to the extent necessary to tender or deposit to the transaction). This will not affect the rights of AmalCo to redeem (or CallCo to purchase pursuant to its overriding Redemption Call Right) Exchangeable Shares in the event of a Company Control Transaction.

In addition, subject to limited exceptions, the Company will not consummate any transaction (whether by way of reconstruction, recapitalisation, reorganisation, consolidation, arrangement, merger, amalgamation, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other person or, in the case of a merger, of the continuing corporation unless the rights of the holders of Exchangeable Shares are substantially preserved and not impaired in any material respect.

*Notices*

In order to assist the Company to comply with its obligations under the Exchangeable Share Support Agreement and to permit CallCo to exercise its overriding call rights, AmalCo is required to notify the Company and CallCo of the occurrence of certain events,

such as the liquidation, dissolution or winding-up of AmalCo, AmalCo's receipt of a retraction request from a holder of Exchangeable Shares, the determination of a Redemption Date of the Exchangeable Shares and the issuance by AmalCo of any Exchangeable Shares (or rights to acquire Exchangeable Shares).

*Restrictions on Voting Exchangeable Shares Held by the Company and its Affiliates*

Under the Exchangeable Share Support Agreement, the Company has agreed not to exercise any voting rights attached to the Exchangeable Shares owned by it or any of its affiliates on any matter considered at meetings of holders of Exchangeable Shares.

*Amendment of the Exchangeable Share Support Agreement*

With the exception of administrative changes for the purpose of adding covenants, making certain necessary or desirable amendments or curing ambiguities or clerical errors (in each case **provided that** the Board, the AmalCo Board and board of directors of CallCo are of the opinion that the amendments are not prejudicial in any material respect to the rights or interests of the holders of Exchangeable Shares as a whole), the Exchangeable Share Support Agreement may not be amended without the approval of the holders of Exchangeable Shares as set forth in paragraph 3.6(k) (*Amendment and Approval*) of this "Part 2: Business Overview—Section A: Information on the Group".

(n) ***Economic Equivalence Payment***

In connection with the retraction, redemption or purchase of Exchangeable Shares pursuant to the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement and the Plan of Arrangement, as the case may be, and as described above, the "**Economic Equivalence Payment**" in respect of each such Exchangeable Share shall be the aggregate of the following (without duplication), as of the date specified in the applicable provision of the Exchangeable Share Provisions or as specified in connection with the Automatic Exchange Right or Automatic Exchange Right on Liquidation, as applicable:

- (i) in the case of each cash Distribution declared and paid on the Shares, an amount in cash equal to the Canadian Dollar Equivalent (calculated on the date on which such cash Distribution is paid on the Shares) of the cash Distribution paid as a Distribution on each Share on the relevant Distribution Payment Date; plus
- (ii) in the case of a stock or share Distribution declared on the Shares paid in Shares, an amount in cash (in Canadian currency calculated using the Canadian Dollar Equivalent as of the Distribution Payment Date if applicable) as is economically equivalent (as at the Distribution Payment Date as determined by the AmalCo Board reasonably contemporaneously with such date) to the number of Shares paid as a Distribution on each Share on the relevant Distribution Payment Date; plus
- (iii) in the case of a Distribution declared on the Shares in property other than cash or Shares, an amount in cash (in Canadian currency calculated using the Canadian Dollar Equivalent as of the Distribution Payment Date if applicable) as is economically equivalent (as at the Distribution Payment Date and as determined by the AmalCo Board reasonably contemporaneously with such date) to the type and amount of property paid as a Distribution on each Share on the relevant Distribution Payment Date; plus
- (iv) the cash amount (in Canadian currency calculated using the Canadian Dollar Equivalent as of the relevant date) determined to be paid in the event of certain other distributions paid by the Company on the Shares (together with (i) to (iii) inclusive, the "**Company Distribution Equivalence Amount**"); less
- (v) the aggregate amount of the Company Distribution Equivalence Amounts (if any) that have been previously been paid by AmalCo on such Exchangeable Share, or which constitute Distribution Amounts or unpaid Distributions (as the case may be) in respect of such Exchangeable Share as of the date on which the applicable Economic Equivalence Payment is calculated.



In the event of any Distribution that has been declared on the Shares but (i) (a) has a record date prior to; and (b) has not been paid on or prior to the date on which the applicable Economic Equivalence Payment is to be calculated; or (ii) has a record date on or after the date on which the applicable Economic Equivalence Payment is to be calculated but prior to the date on which the (former) Exchangeable Shareholder becomes eligible to receive such Distribution as a holder of Shares, then an incremental Economic Equivalence Payment (determined on the basis described above and below) will be paid in respect of any such unpaid Distribution reasonably promptly following the relevant Distribution Payment Date, unless the (former) Exchangeable Shareholder has or will be entitled to receive such Distribution on the Shares following the relevant retraction, redemption or purchase of Exchangeable Shares.

The AmalCo Board will determine, in good faith and in its sole discretion, “economic equivalence” for purposes of the Economic Equivalence Payment. Its determination will be binding on the holders of Exchangeable Shares and on AmalCo and the AmalCo Board shall, without excluding other factors determined by the AmalCo Board to be relevant, consider the following factors:

- (i) in the case of a stock or share dividend payable in Shares, the number of Shares issued as a result of such stock or share dividend in proportion to the number of Shares previously outstanding;
  - (ii) in the case of the issuance or distribution of any rights, options or warrants relating to Shares (or securities exchangeable for or convertible into or carrying rights to acquire Shares), the relationship between the exercise price of each such right, option or warrant, the number of such rights, options or warrants to be issued or distributed in respect of each Share and the Current Market Price (as defined in “*Part 11: Definitions and Glossary*”) of a Share (which may be paid in British pound sterling if the AmalCo Board determines appropriate);
  - (iii) in the case of the issuance or distribution of any other form of property (including any evidences of indebtedness of the Company or any non-cash assets of the Company), the relationship between the fair market value (as determined by the AmalCo Board) of such property to be issued or distributed with respect to each outstanding Share and the Current Market Price of a Share;
  - (iv) in the case of any subdivision, redivision or change of Shares into a greater number of Shares or the reduction, combination, consolidation or change of Shares into a lesser number of Shares or any amalgamation, merger, reorganisation or other transaction affecting Shares, the effect thereof on the then outstanding Shares; and
  - (v) in all such cases, the general taxation consequences of the relevant event to AmalCo and to the beneficial owners of Exchangeable Shares to the extent that such consequences may differ from the taxation consequences to such owners determined as if they had held Shares at the relevant time as a result of differing tax treatment under the laws of Canada and the UK (except for any differing consequences arising as a result of differing marginal taxation rates and without regard to the individual circumstances of beneficial owners of any Exchangeable Shares).
- (o) ***Treatment of U.S. Holders of Exchangeable Shares***

Notwithstanding any of the rights of holders of Exchangeable Shares described above, none of the Company, AmalCo or CallCo shall issue or deliver any Shares to a U.S. Holder of Exchangeable Shares. The Company, AmalCo or CallCo, as the case may be, will arrange to satisfy the Share Consideration for U.S. Holders by a payment in cash.

### 3.7 Ongoing Reporting Obligations

#### (a) ***The Company***

Following completion of the Plan of Arrangement, the Company will become a reporting issuer in each of the provinces that Intertain is currently a reporting issuer (being British Columbia, Alberta, Ontario, Québec and New Brunswick). As such, the Company will be required to prepare and file annual financial and other continuous disclosure documents required by Canadian Securities Laws.

Since more than 10 per cent. of the Shares, on a fully diluted basis, are expected to be held by Canadian shareholders (including for these purposes Exchangeable Shareholders), the Company will be required to comply with the continuous and other timely disclosure requirements and securities rules under relevant Canadian Securities Laws in addition to complying with the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Rules and Articles 17-19 of the Market Abuse Regulation. In the future, depending upon the number of Shares held by Canadian resident shareholders after the Plan of Arrangement is completed, the Company may apply to the Canadian Securities Regulators for relief, exempting it from most continuous disclosure requirements under Canadian Securities Laws, as well as certain other requirements, including insider reporting and early warning reporting, provided the Company complies with the continuous disclosure requirements of the UK. However, if significantly more than 10 per cent. of the Shares, on a fully diluted basis, are held by Canadian shareholders (including for these purposes Exchangeable Shareholders), Intertain may not apply for such relief and, in any event, there can be no assurance that such relief, if sought, will be granted.

Additionally, for so long as more than 10 per cent. of the Shares on a fully-diluted basis are held by Canadian resident shareholders (including for these purposes Exchangeable Shareholders) or until the Company obtains the relief of the type outline above, the Company will be required to comply with the requirements of MI 61-101 *Protection of Minority Shareholders in Special Transactions* (“**MI 61-101**”). MI 61-101 imposes various requirements in the context of insider bids, issuer bids, business combinations and related party transactions, with a particular focus on addressing the conflicts of interest inherent in these transactions and providing safeguards to minority shareholders in respect of these conflicts. MI 61-101 requires enhanced disclosure in connection with these transactions and, depending on the nature of the transaction, may also require a formal valuation to be prepared by a qualified independent valuator and approval of the transaction by a majority of minority (disinterested) security holders.

Under the Disclosure Guidance and Transparency Rules, there are requirements, subject to certain exemptions, that holders and persons interested, directly or indirectly, in voting rights in an issuer disclose their interests in shares or related qualifying financial instruments. These rules will apply in relation to all Shares. The rules will also apply to persons interested in the Exchangeable Shares.

The Disclosure Guidance and Transparency Rules require Shareholders and Exchangeable Shareholders (or those with rights to acquire Shares or Exchangeable Shares) to inform the Company of changes in major holdings in voting rights of Shares (for which purposes interests in Exchangeable Shares will be treated as interests in the Company’s voting rights by virtue of the voting mechanics described in paragraph 3.6 (*Exchangeable Share Structure*) of “*Part 2: Business Overview—Section A: Information on the Group*”). The Company then has an obligation to disseminate this information to the wider market (by the end of the trading day following receipt of the information). This notification requirement will be triggered by direct or indirect Shareholders or Exchangeable Shareholders if:

- (i) they have a notifiable interest (including by way of certain financial instruments) in holdings of 3 per cent. or above of the Company’s total voting rights (for which purposes interests in Exchangeable Shares will be treated as interests in the Company’s voting rights by virtue of the voting mechanism described in paragraph 3.6 (*Exchangeable Share Structure*) of “*Part 2: Business Overview—Section A: Information on the Group*”); and
- (ii) their voting rights reach, exceed or fall below 3, 4, 5, 6, 7, 8, 9, 10 per cent., and each 1 per cent. thereafter.

To assist holders in calculating their percentage holdings, the Company is required to disclose, at the end of each calendar month during which an increase or decrease in the total number of voting rights and capital structure has occurred, the total number of voting rights and capital for its ordinary shares and the total number of voting rights for its ordinary shares held in treasury.

The Company may issue a Part 22 Notice pursuant to Section 793 of the Companies Act (a “**Part 22 Notice**”) whereby it requires a Person that the Company knows is, or has reasonable cause to believe is or was during the preceding three years, interested in its Shares (or Exchangeable Shares) to confirm whether or not that is correct. If that Person does or did hold an

interest in Shares or Exchangeable Shares, the Company may request in the Part 22 Notice that the Person provide certain information as set out in the Companies Act.

The Takeover Code also contains disclosure requirements with regard to dealings in the securities of an offeree company (and in certain instances securities of the offeror company) on all parties to a takeover and to their respective associates during the course of an offer period regardless of the number of securities held. Disclosure of the dealing needs to be made to a RIS by noon UK time the next business day. Disclosures are also required by any person holding 1 per cent. or more of any class of securities of an offeree company (and in certain instances securities of the offeror company) during the course of the offer period. Disclosure of the dealing needs to be made to a RIS by 3:30 p.m. UK time the next business day. These requirements would apply to both Shareholders and Exchangeable Shareholders.

Shareholders and Exchangeable Shareholders requiring guidance on the requirements set out above should seek their own legal advice.

Intertain Shareholders should note that the rules under the Disclosure Guidance and Transparency Rules and Takeover Code regarding disclosure of shareholdings, as described above, are more onerous than the Canadian shareholder disclosure rules, referred to as the “early warning regime”. Under the Canadian early warning regime, every person who acquires beneficial ownership of, or the power to exercise control or direction over, voting or equity securities of any class of a reporting issuer that, together with the securities of that class already owned by such person or company, would constitute 10 per cent. or more of the outstanding securities of the class must disclose the acquisition. The disclosure includes the prompt filing of a news release and an early warning report within two business days of reaching the 10 per cent. threshold. After the initial report, such person or company must make further disclosure of every increase or decrease of 2 per cent. or more in its holdings or a change in any material fact in the information contained in a previously filed report.

**(b) *AmalCo***

Following completion of the Plan of Arrangement, AmalCo will become a reporting issuer in each of the provinces that Intertain is currently a reporting issuer (being British Columbia, Alberta, Ontario, Québec and New Brunswick). As such, AmalCo will also be required to prepare and file all financial and other continuous disclosure documents required by Canadian Securities Laws.

AmalCo will not be able to rely on the exemption provided in Section 13.3 of NI 51-102 which would allow it to discharge its continuous disclosure obligations by providing holders of Exchangeable Shares with the Company’s financial statements and other continuous disclosure documents. AmalCo intends to apply to the applicable Canadian Securities Regulators for exemptive relief that will allow it to satisfy its continuous disclosure obligations by filing the Company’s financial and other continuous disclosure documents. There can be no assurance that AmalCo will obtain such relief.

**(c) *Stock Exchange Listings***

The Intertain Shares are currently listed on the TSX under the symbol “IT”. The Company is seeking the admission of the Shares to listing on the standard listing segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange, which admission will be subject to the satisfaction of their customary requirements. In addition, the TSX has conditionally approved the listing of the Exchangeable Shares in substitution for the currently listed Intertain Shares effective as of the Effective Date, provided that the Plan of Arrangement is completed and subject to the receipt by the TSX of certain documentation as prescribed by the TSX in connection with its conditional approval.

**4. CAPITAL REDUCTION**

Following Admission, it is proposed that the share capital of the Company will be reduced to create distributable reserves on the balance sheet of the Company which will provide the Company with flexibility to pay dividends in the future if appropriate, and to cancel certain shares of the Company issued in connection with the incorporation of the Company.

The proposed cancellation of the share premium account of the Company and the cancellation of 50,000 redeemable shares of £1.00 and one ordinary share of £0.10 in the capital of the Company to occur shortly after Admission (the “**Capital Reduction**”) was approved by Intertain ListCo Holdings Ltd., as sole shareholder of the Company, by way of special resolution passed on 19 August 2016. If the Plan of Arrangement becomes effective, the Intertain Shareholders will become shareholders of the Company or shareholders of ExchangeCo with the ability to direct voting rights of certain Shares through the Exchangeable Shares and so, confirmatory approval by the Intertain Shareholders in relation to the Capital Reduction was sought and obtained on 23 September 2016.

The implementation of the Capital Reduction is conditional upon:

- (a) the Plan of Arrangement becoming effective; and
- (b) the Shares being issued in connection with the Plan of Arrangement.

The hearing by the High Court of Justice in England and Wales (the “**UK Court**”) to confirm the Capital Reduction under section 648 of the Companies Act at which the court order confirming the Capital Reduction will be sought (the “**UK Court Hearing**”) is expected to occur in February 2017 at the Rolls Building, Fetter Lane, London, EC4A 1NL, United Kingdom.

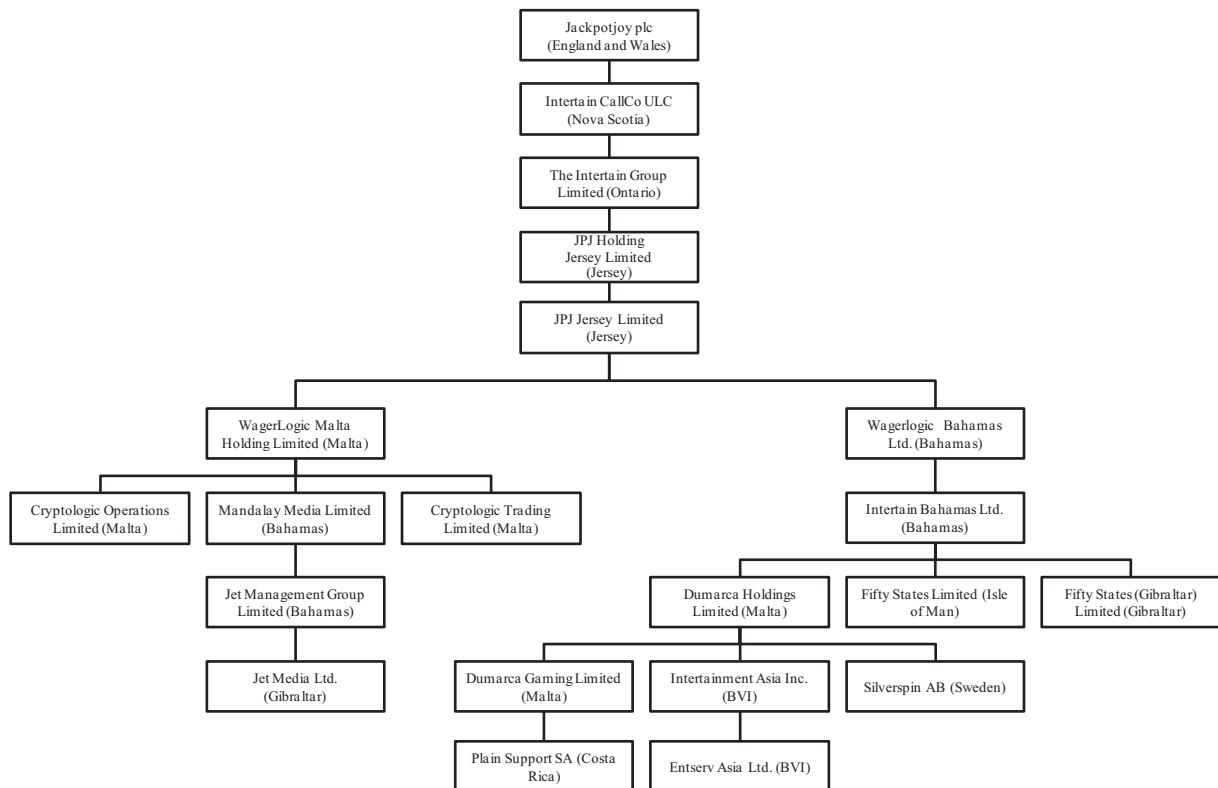
The Capital Reduction will become effective as soon as an office copy of the court order (including a copy of the related Company statement of capital) has been duly delivered for registration to, and registered by, the registrar of companies incorporated in England and Wales (the “**Registrar of Companies**”). This is expected to occur in February 2017.

## 5. U.S. HOLDERS

The Shares and Exchangeable Shares issuable in connection with the Plan of Arrangement have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Shares and Exchangeable Shares issued in connection with the Plan of Arrangement will be issued in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act and exemptions from registration and qualification provided under the securities laws of each state of the United States in which the Company’s Shareholders reside. Section 3(a)(10) of the U.S. Securities Act exempts securities issued in exchange for one or more *bona fide* outstanding securities from the registration requirement where the terms and conditions of the issuance and exchange of the securities have been approved by a court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear. The Ontario Court has conducted a hearing to determine the fairness of the terms and conditions of the Plan of Arrangement, including the proposed issuance of shares in exchange for the outstanding Intertain Shares. The Final Order of the Ontario Court constitutes a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the Shares and Exchangeable Shares issued in connection with the Plan of Arrangement.

## 6. POST PLAN OF ARRANGEMENT GROUP STRUCTURE

The organisational chart set out below illustrates the expected inter-corporate relationship between the Company and its principal subsidiaries following the completion of the Plan of Arrangement (and excludes in particular, those entities formed solely for the purposes of facilitating the implementation and operation of the Exchangeable Share Structure (as defined below)).<sup>1</sup>



## 7. OVERVIEW OF THE GROUP

For a summary of the business and activities of the Group please see “*Part 2: Business Overview—Section B: Information on Intertain*”.

<sup>1</sup> Following the implementation of the Plan of Arrangement, the Company will indirectly hold all of the voting securities of AmalCo (which will continue to be named The Intertain Group Limited). However, because AmalCo will issue Exchangeable Shares (which are not entitled to vote in AmalCo except in certain limited circumstances) pursuant to the Plan of Arrangement, AmalCo will not, following the Amalgamation, technically be wholly-owned by the Company.



## SECTION B: INFORMATION ON INTERTAIN

### 1. INTRODUCTION

Intertain is an online gaming holding company that provides wagering-focused entertainment to a global customer base. Since completing its “qualifying transaction” (being the first acquisition by the capital pool company) with the acquisition of InterCasino and with subsequent acquisitions, Intertain has, according to Gambling Compliance Research Services, grown to become one of the top ten online gaming operators globally by revenue, and is the world’s leading online bingo-led provider by revenue.

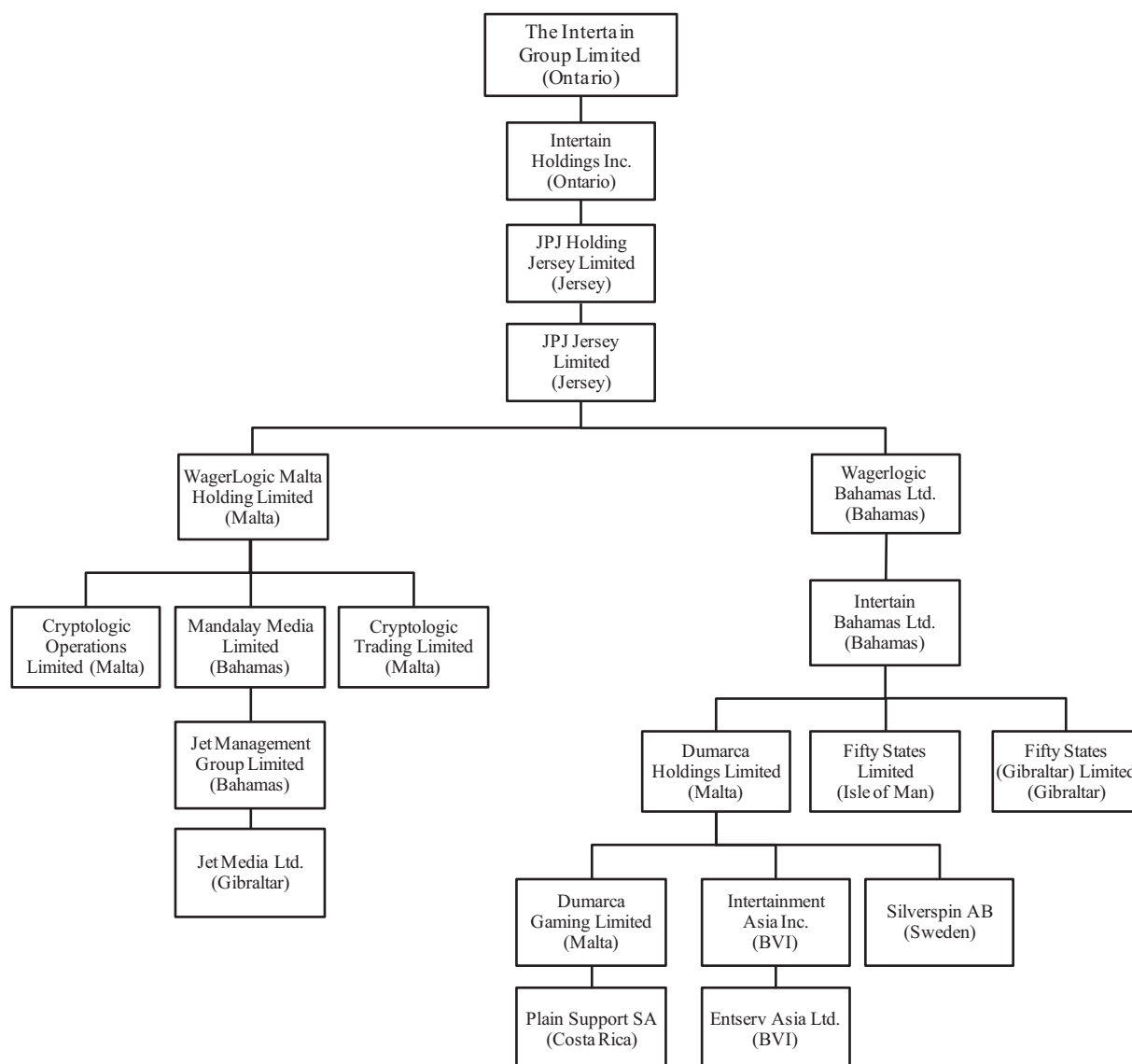
The Group historically segmented its operations as follows: the Jackpotjoy segment (consisting of the real money and social gaming online bingo and online casino operating results of the Jackpotjoy, Star spins and Botemania brands), the Vera&John segment (consisting of the real money online casino operating results of various brands, including Vera&John and Vera&Juan), the Mandalay segment (consisting of the real money operating results of various online bingo websites including Costa Bingo, and the operating results of affiliate portal websites) and the InterCasino segment (consisting of the real money online casino operating results of the InterCasino brand and revenues earned from the Amaya Revenue Guarantee, which expired during the first quarter of 2016). Following the migration of InterCasino to the Vera&John platform in the second quarter of 2016, Intertain has consolidated its operations into three segments: Jackpotjoy, Vera&John and Mandalay.

The Jackpotjoy Brands operate through proprietary software owned by the Gamesys Group, Intertain’s B2B software and support provider. The Vera&John, Vera&Juan and InterCasino brands operate through proprietary software owned by the Group. The Mandalay segment’s bingo offerings (consisting of various online bingo websites, including Costa Bingo) operate through the Dragonfish platform, a software service provided by the 888 Group.

The Group’s principal revenue stream comes from the Jackpotjoy segment, which relates to the Jackpotjoy Brands acquired on 8 April 2015. For the twelve months and the nine months ended 30 September 2016, the Jackpotjoy segment generated total revenues of \$340.5 million and \$249.6 million (or 69 per cent. and 69 per cent. of total Group revenues), respectively, the Vera&John segment generated total revenues of \$110.2 million and \$80.9 million (or 22 per cent. and 22 per cent. of total Group revenues), respectively, and the Mandalay segment generated total revenues of \$42.3 million and \$30.6 million (or 9 per cent. and 9 per cent. of total Group revenues), respectively.

The Group’s operations are primarily focused on, and in 2015 over 75 per cent. of the Group’s revenues were derived from, the UK and Northern Europe, in particular Sweden. Currently, the Group’s international operations are licensed or operate through the licences of third-party service providers in Malta, Gibraltar, the UK, Spain and Denmark. Malta and Gibraltar are both key interactive gaming jurisdictions with comprehensive interactive gaming policies and regulatory frameworks. As a result, Gibraltar and Malta host and licence many of the industry’s largest operators.

The organisational chart below illustrates the inter-corporate relationships of the Group prior to the Plan of Arrangement described in “*Part 2: Business Overview—Section A: Information on the Group*”. The subsidiary structure of Intertain is not expected to be impacted by the Plan of Arrangement, which will only result in the incorporation of the new parent entities of Intertain (see paragraph 3 (*Summary of the Plan of Arrangement and the Exchangeable Shares*) of “*Part 2: Business Overview—Section A: Information on the Group*”). All subsidiaries of Intertain are wholly-owned, directly or indirectly, by Intertain.



## 2. HISTORY OF INTERTAIN

Intertain was incorporated in Ontario, Canada, pursuant to the provisions of the OBCA, on 26 November 2010 as Aumento Capital II Corporation. Intertain (then, Aumento Capital II Corporation) completed its initial public offering of 2,605,000 common shares as a capital pool company (i.e. a special purpose acquisition company) on the TSX Venture Exchange (“TSXV”) on 6 October 2011, with the common shares listed and posted for trading on 12 October 2011 under the trading symbol “AQT.P”. On 10 February 2014, Intertain changed its name to “The Intertain Group Limited”.

As a capital pool company, Intertain did not conduct commercial operations other than to enter into discussions for the purpose of identifying potential acquisition targets and did not own any assets other than cash prior to completion of the InterCasino Acquisition (as defined below), which formed part of Intertain’s qualifying transaction. Following completion of the InterCasino Acquisition, on 18 February 2014, Intertain’s outstanding common shares were listed and posted for trading on the TSX under the trading symbol “IT”.

### 2.1 Acquisitions

The Group has completed four significant transactions to date as follows:

#### (a) *InterCasino Acquisition*

On 11 February 2014, in accordance with the rules of the TSXV, the Group completed its “qualifying transaction” (being the first acquisition by the capital pool company) with the

acquisition of Goldstar through the Goldstar Amalgamation to form Intertain Holdings and the InterCasino Acquisition, whereby the Group acquired of the entire issued share capital of WagerLogic which indirectly holds the InterCasino brand, amongst others, from a subsidiary of Amaya for an initial purchase price of \$70.0 million (less working capital adjustments). The Group incurred \$0.3 million and \$1.7 million, respectively, in acquisition costs related to the InterCasino Acquisition in the years ended 31 December 2013 and 31 December 2014, including consulting advisory fees.

Pursuant to the Goldstar Amalgamation, each Goldstar share, Goldstar warrant and Goldstar debenture was exchanged for one common share, one Replacement Warrant (as defined herein) and one Convertible Debenture, respectively. In connection with the InterCasino Acquisition, the Amaya Revenue Guarantee was entered into. See paragraph 18.8 (*QT Transactions*) of “*Part 10: Additional Information*”. The Amaya Revenue Guarantee expired in accordance with its terms in February 2016.

(b) ***Mandalay Media Acquisition***

Pursuant to the Mandalay Media Agreement, on 14 July 2014, the Group acquired the entire issued share capital of Mandalay Media for an initial payment of £45.0 million in cash. The purchase price was subject to certain net cash and working capital adjustments. In addition, up to £15.0 million in further cash consideration was payable pursuant to the Mandalay Media Earn-Out. In 2015, in accordance with the Mandalay Media Agreement, Intertain paid \$25.7 million in respect of the required Mandalay Media Earn-Out and no further earn-out payments or finder’s fees are pending or required. The Group incurred \$7.8 million in acquisition-related costs (including management compensation, consulting advisory fees and finder’s fees) related to the Mandalay Media Acquisition in the year ended 31 December 2014.

(c) ***Vera&John Acquisition***

On 23 December 2014, the Group acquired the entire issued share capital of Dumarca, which indirectly holds the Vera&John and Vera&Juan brands, amongst others. As consideration, the Group made an initial payment of €44.5 million in cash (exclusive of working capital adjustments) and issued an aggregate of 5,024,869 Intertain Shares. In addition, the Group paid further cash consideration in June 2016 pursuant to an earn-out of €8.1 million. In addition to the purchase price, a finder’s fee of 1 per cent. of the initial payment and a finder’s fee of 1 per cent. of the Vera&John earn-out were paid by Intertain. No further earn-out payments or finder’s fees related to the Vera&John acquisition are pending or required. The Group incurred \$6.6 million and \$1.4 million in acquisition costs (including management compensation and finder’s fees) related to the Vera&John acquisition in the years ended 31 December 2014 and 31 December 2015.

For a summary of the Dumarca Agreements, see paragraph 18.4 (*Dumarca Agreement (Vera & John)*) of “*Part 10: Additional Information*”.

(d) ***Jackpotjoy Acquisition***

On 8 April 2015, Intertain completed the Jackpotjoy Acquisition, thereby acquiring the Jackpotjoy Brands.

Pursuant to the Jackpotjoy SPA, the Group paid an initial purchase price of £436.2 million, comprising a mixture of cash and Intertain Shares. In addition, the Group may be required to pay further cash consideration pursuant to the Jackpotjoy Earn-Out Payments based on the financial performance of the Jackpotjoy Business in various periods during the five year period following completion of the Jackpotjoy Acquisition (see paragraph 1.1 (*Acquisitions*) of “*Part 5: Operating and Financial Review*”).

In addition to the initial purchase price and the Jackpotjoy Earn-Out Payments, a finder’s fee of 0.5 per cent. of the portion of the initial purchase price was paid by Intertain during the year ended 31 December 2015, and a finder’s fee of 0.5 per cent. of the Jackpotjoy Earn-Out Payments is payable when the relevant Jackpotjoy Earn Out Payments are finally determined pursuant to the Jackpotjoy SPA (as amended by the applicable Jackpotjoy Amending Agreement described below).

The Group incurred \$53.1 million in acquisition-related costs related to the Jackpotjoy Acquisition in the year ended 31 December 2015, including management compensation, consulting advisory fees and finder's fees.

On 5 September 2016, the Jackpotjoy Amending Agreements were entered into. The applicable Jackpotjoy Amending Agreement amends the Jackpotjoy SPA to permit Intertain to make a Jackpotjoy and Starpins Pre-Payment to Gamesys. On 16 December 2016, following the receipt of the required consents under the Credit Agreement described below, the Group made a Jackpotjoy and Starpins Pre-Payment of £150 million, which was funded through the net proceeds of the Debt Raising, which constituted a Qualifying Finance Arrangement (as defined in "*Part 11: Definitions and Glossary*"), entered into on 16 December 2016. The Group expects that the Jackpotjoy and Starpins Earn-Out will exceed £150 million. To the extent the Jackpotjoy and Starpins Earn-Out exceeds any Jackpotjoy and Starpins Pre-Payment, the remaining balance will be paid in due course in accordance with the original terms of the Jackpotjoy SPA. Following the satisfaction of certain requirements contained in the Jackpotjoy Amending Agreements, including that a Jackpotjoy and Starpins Pre-Payment of at least £150 million be made on or before 28 February 2017, the aggregate amount of the Jackpotjoy Earn-Out Payments for which the Group is liable became subject to a cap of £375 million (excluding any interest thereon) (see paragraph 18.2 (*Jackpotjoy SPA*) of "*Part 10: Additional Information*").

For a summary of the Jackpotjoy SPA and the Operating Agreements, see paragraph 18.2 (*Jackpotjoy SPA*) and 18.3 (*Operating Agreements*) of "*Part 10: Additional Information*".

In connection with the Jackpotjoy Acquisition, Intertain entered into the Credit Agreement with, among others, Macquarie Capital (USA) Inc. on 8 April 2015 (as amended and restated from time to time, including on 27 October 2016) in respect of the Credit Facilities consisting of the Term Facility and the Revolving Facility to be used for working capital and general corporate purposes. On 16 December 2016, the Credit Agreement was further amended and restated to, among other things, permit the Jackpotjoy and Starpins Pre-Payment of £150 million and the incurrence of indebtedness (and the grant of liens in respect thereof) pursuant to the Debt Raising. See 18.1 (*Credit Facilities*) of "*Part 10: Additional Information*".

### 3. INTERTAIN'S KEY STRENGTHS

The Directors believe that the Group possesses a number of competitive strengths that will be applied to facilitate the successful implementation of its strategy within its chosen markets. These strengths include:

#### 3.1 #1 bingo-led operator globally, with the deepest liquidity in the growing online bingo market

The Group's business model is focused on the high-growth online bingo market segment in the UK and Northern Europe. Through the acquisition and operation of well-recognised online bingo brands (including Jackpotjoy, Costa Bingo and Botemania), the Group provide a communal bingo gaming experience to its growing customer base. In addition, through its online casino focused brands (including Jackpotjoy Slots, Vera&John and Starpins), the Group offers a diverse range of gaming experiences to its players.

Unlike traditional gaming, the Group's focus on online real-money bingo aims to leverage the Group's scale and gaming platforms to provide customers with a large network of sociable, community games. For online bingo, this is intended to create a high degree of "liquidity", or the value cycle created by an increased number of players and wagers, which in turn increases the number and frequency of games, the size of jackpots, and therefore the attractiveness of the platform to prospective players. This liquidity is expected to increase the attractiveness of gaming platforms and is viewed by the Group as an important driver of customer demand and retention, serving also to generate new customer acquisitions.

At the core of the Group's operations is a strategy to maintain its market leadership, which is intimately linked to the liquidity levels that the Group can offer to its customers. The Group is the market leader of the UK online bingo market segment with the Group having a 27 per cent. market share of UK bingo led gross wins in the first half of 2015 according to Gambling Compliance Research Services. The Directors

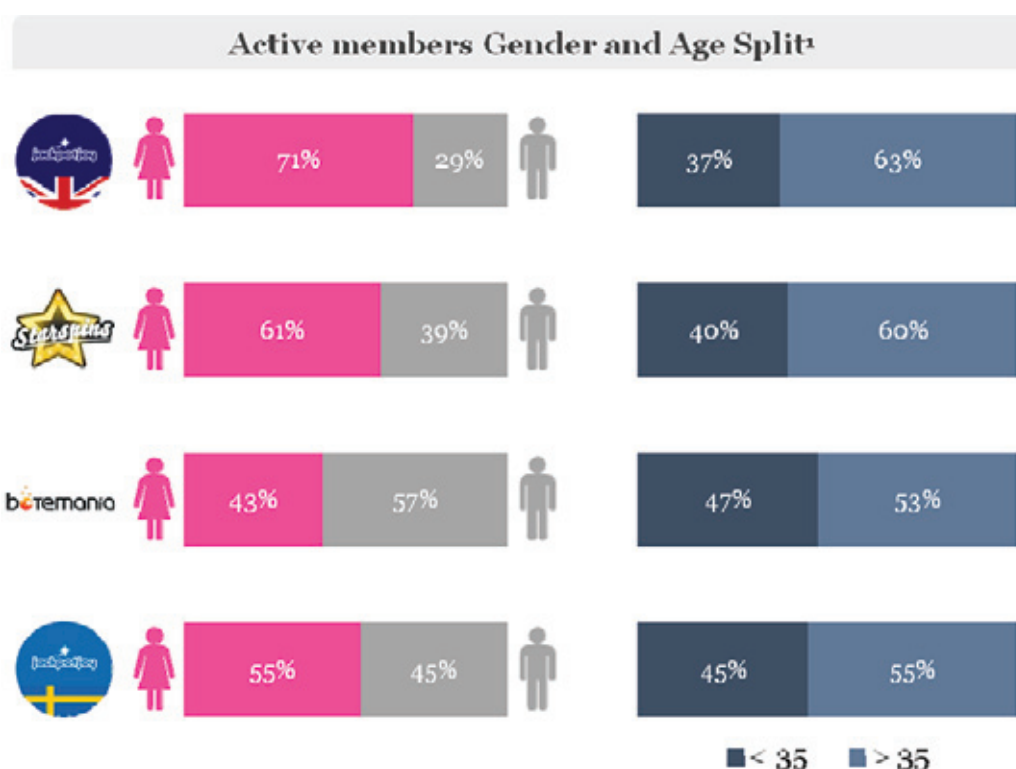
believes a self-reinforcing relationship exists between high liquidity, customer retention and market share. As a result, maintaining volume of players, games and jackpots forms the core of the Group's strategy. Further, maintaining a high degree of liquidity serves as a significant barrier to entry within the online bingo market segment and creates a competitive advantage for the Group, relative to its peers.

Among the Group's core bingo brands, Jackpotjoy is the number one brand in the UK bingo market segment, with approximately £23 billion of wagering since 2009 and a 23 per cent. market share of UK bingo led gross wins according to estimates by Gambling Compliance Research Services. Liquidity within the Jackpotjoy Business is significantly strengthened by pooling the platform's operations with Jackpotjoy (Sweden) and Starspins (UK), which provide the Group with further cross marketing opportunities.

### 3.2 Attractive demographic primarily focused on the female audience

Online bingo is a growing market, according to H2 Gambling Capital, and the Group is uniquely positioned in the world's online bingo marketplace. The UK is the world's largest online real-money bingo market segment, in 2015 representing approximately 28 per cent. of the global online bingo market segment in terms of gross wins according to H2 Gambling Capital. Within this market, bingo continues to be a largely female-oriented form of online entertainment and the Group is highly focused on this key demographic.

The following table sets forth gender split and age breakdown of the monthly average active members for the Group's brands from January to May 2016:



The Directors believe that the Group's business model, which targets 35 to 50 year old female players who are attracted to the communal nature of online bingo, is a successful contributor to its high liquidity, maintained market share and customer loyalty. This target demographic positions the Group uniquely among other large UK online gaming companies, which focus more on the male, sports-betting demographic.

### 3.3 Distinctive brands deliver customer loyalty and sustainable revenue

The Directors believe that the Group's core brands have historically demonstrated significant customer retention, meaning that players stay loyal to its online platforms for longer and that new players are highly likely to return. The Group's flagship brands, including Jackpotjoy, Costa Bingo and Botemania,



are well recognised among key target demographics, largely as a result of regular high-profile marketing campaigns. The Group has previously promoted its brands to targeted customers with the help of Barbara Windsor, in the case of Jackpotjoy, and Mel B “Scary Spice” and Johnny Vegas, in the case of Costa Bingo.

The Group has a high-quality multi-brand offering with clear differentiation between each brand to target different categories of players. The Group aims to create a breadth of product offerings such that players feel that they know and recognise the different elements of each bingo brand and can decide which platform to use. This multi-brand strategy is intended to improve retention and also to enable the Group to offer players a bespoke proposition depending on the frequency with which they play, as well as to provide the Group with cross-marketing opportunities to improve the ultimate value derived from players.

The Directors believe that players join the Group’s bingo communities and remain loyal customers in part due to their highly sociable environments. In 2015, 89 per cent. of Jackpotjoy revenue was attributable to players that became customers for the first time in 2014 or earlier (based on Gamesys data). This high retention is core to the Group’s strategy and to the maintenance of a large market share.

The Group’s player base values its trusted reputation and community experience. The Jackpotjoy-branded site has won multiple-awards including: *Bingo Site of the Year*, *Bingo Marketing Campaign of the Year*, *Innovation of the Year*, *Customer Service Operator of the Year*, *Best Game of the Year*.

### **3.4 78 per cent. of revenue generated from regulated markets**

Approximately 78 per cent. of the Group’s revenue was derived from regulated markets (markets with an established online gaming regulatory regime) in the twelve months ended 30 September 2016. This revenue split compares favourably with other online gaming peers.

The Directors believe that generating a large proportion of revenue from regulated markets provides a substantial benefit to the Group, as cash flows are consequently less vulnerable to the risk of new market regulations being introduced. Operating in these regulated jurisdictions may also act as a barrier to entry for competitors less well adapted to regulated environments due to the increased costs of compliance.

The UK, from which the Group derived approximately 66 per cent. of its revenue for the nine months ended 30 September 2016, has been regulated since the introduction of the “point-of-consumption” tax regime in December 2014. This tax on net gaming revenue makes it harder for new entrants, who may already be disadvantaged by lower levels of liquidity, to enter the market and generate sustainable returns.

### **3.5 High growth, high margins and low capital intensity resulting in significant cash generation and solid financial profile**

Revenue has grown materially following the Jackpotjoy Acquisition in the second quarter of 2015. During the nine months ended 30 September 2016 compared to the nine months ended 30 September 2015, Group revenue increased by 43 per cent., net loss decreased by 47 per cent. and Adjusted EBITDA increased by 65 per cent.<sup>2</sup>

The Group’s robust organic growth rates in each of its business segments have been underpinned by structural growth in the online gaming sector, particularly in the core market of the UK, and also by the introduction of new multi-platform products. These have included, for example, the introduction of casino gaming as a complement to the Group’s core bingo offering to its Spanish customer base.

Furthermore, the Group benefits from a predominantly variable cost structure: the costs associated with the use of third-party platform providers the Gamesys Group and the 888 Group are generally linked to revenue (through the incurrence of fees) and therefore constitute a natural protection for the Group industry-leading margins. For the nine months ended 30 September 2016, the Group achieved an Adjusted EBITDA margin of 39 per cent.<sup>3</sup>

<sup>2</sup> For further information on Adjusted EBITDA see “Presentation of Financial and Other Information—Non-IFRS Financial Measures”.

<sup>3</sup> For further information on Adjusted EBITDA see “Presentation of Financial and Other Information—Non-IFRS Financial Measures”. Net loss as a percentage of total revenues was 14 per cent. for the nine months ended 30 September 2016.

The Group's operations also benefit from low capital intensity, as maintenance and development capital expenditure are focused almost solely on the proprietary Vera&John platform: during the nine months ended 30 September 2016, capital expenditure for the Group was 2.3 per cent. of Adjusted EBITDA.<sup>4</sup>

As a result, the Directors believe that the Group's continued organic growth and solid financial profile lessen the potential impact on earnings and cash flows from unforeseen downturns in revenue.

#### 4. **INTERTAIN'S STRATEGY**

With a leading market position and diverse customer base (both geographically and demographically), the Group sees a number of opportunities to deliver further growth. The Directors have identified the following strategic priorities to capitalise on these opportunities:

##### 4.1 **Drive market share of the core businesses in existing markets**

The Group operates in stable and growing markets, generating 85 per cent. of revenue from European gaming markets, predominantly the UK, Spain and the Nordics (Finland, Sweden and Norway) in 2015. The Directors believe the robustness of core bingo-led markets and the importance of liquidity means that there continues to be opportunity for continued growth in existing markets. With a strong market share and high customer retention rate, the Group is well placed to take advantage of these market dynamics. The leading position of the Jackpotjoy brand for example, with 23 per cent. of total UK bingo-led gross wins in the first half of 2015 according to Gambling Compliance Research Services, positions the wider Group well to take advantage of growing national demand for online bingo entertainment.

The Group is now focused on organic growth within its leading brand portfolio, with no current plans for further business acquisitions. The Directors believe that the growth of the Group's business in the UK is best achieved through a continued focus on organic game launches and marketing campaigns.

The Directors believe there is also significant opportunity to increase penetration of the Botemania business in the nascent Spanish market, where it is the number one bingo site.

In addition to maintaining high liquidity to drive customer retention, the Group aims to attract new customers through innovative gaming initiatives (e.g. community jackpots) and new marketing campaigns. Targeted demographics have been receptive to these activities in the past, and the Group aims to continue to consolidate and expand its player base through this model (see "*Targeted marketing, aimed at core demographics*" below).

##### 4.2 **Product development, notably mobile device offerings**

In recent years, the online gaming market has witnessed a transition in player engagement from desktop to mobile devices. This migration is expected to continue such that mobile devices become a leading arena for online gaming.

The Group's gaming platforms have been developed across devices, either directly by the Group in the case of the Vera&John segment or indirectly through its platform operators. At the core of the Group's strategy is an objective to continue to develop its mobile base to enhance customer value and satisfaction.

The Group is continuing to develop its mobile offerings through platform enhancements across each of the individual operating segments: Jackpotjoy; Vera&John; and Mandalay, working with the Group's platform providers as relevant.

##### 4.3 **Development of new markets; leveraging existing strengths in newly regulated markets**

Future regulatory changes in certain jurisdictions potentially provide an opportunity to the Group for new market development. The Directors believe the high liquidity of the Group's bingo brands means that the Group is well positioned to gain market share quickly in new markets. The Group monitors regulatory changes on an ongoing basis to assess which markets may provide the greatest potential future growth opportunities.

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<sup>4</sup> For further information on Adjusted EBITDA see "*Presentation of Financial and Other Information—Non-IFRS Financial Measures*". Capital expenditure as a percentage of total revenues was 0.9 per cent. for the nine months ended 30 September 2016.

At present, the Group is assessing a number of opportunities in markets that are either undergoing a regulatory implementation process or that have recently become regulated. Further, the Directors are currently exploring geographical expansion of the Vera&John business.

Historically, the Group has expanded into new geographic locations and entered new markets through the acquisition and assimilation of its brands. Their natural scalability and the Group's liquidity have allowed the Group to quickly enter and service new markets, thereby growing market share rapidly and at minimal incremental cost.

#### **4.4 Targeted marketing, aimed at core demographics**

The Group has run several high-profile marketing campaigns across its key brands, which have driven strong brand recognition. To date, the Group has been an effective procurer of both offline and online media in its core markets, including employing well known celebrity personalities to endorse key brands. Since 2010, the Jackpotjoy-branded site has utilised the British-television soap actress Barbara Windsor (marketed under the "Queen of Bingo" character), whilst Mel B "Scary Spice" and Johnny Vegas have promoted the Costa Bingo brands.

The Group's core female audience has a proven retention rate and has demonstrated a high level of responsiveness to targeted marketing campaigns. Given strong demand, the Group aims to continue campaigns targeted at its majority female player base, which continues to be under-served, in order to increase active player numbers and drive revenue. With its strong market awareness, the Group strives to employ an efficient approach to marketing activities using targeted reactivation and new customer acquisition campaigns, which are designed to maximise returns on investment and lifetime value of marketing spend. Campaigns to "reactivate" inactive customers are being pursued on Jackpotjoy-branded sites and a new marketing campaign has been launched for Mandalay's Costa Bingo brand, voiced by Johnny Vegas, in 2016.

#### **4.5 Cross-selling opportunities across different games and platforms**

The Group's player base has increasingly shown a propensity to engage with multiple platforms. For example, bingo-focused players also often choose to play casino-based games. The share of users accessing games on both mobile and platform has risen substantially since 2014.

Within the Jackpotjoy Business, customers playing on both mobile and desktop yielded over 2.5x the revenue earned from desktop-only players in the year ended 31 December 2015. In the second quarter of 2016, the Mandalay segment saw a ratio of 2.8x on the same measure.

The Group intends to benefit from this trend by promoting cross-selling across core platforms while maintaining high levels of customer retention.

### **5. OVERVIEW OF INTERTAIN**

#### **5.1 Principal Activities**

The Group offers bingo, slots, casino games and other wagering-focused entertainment to a global customer base. The Jackpotjoy and Mandalay segments focus on real money online bingo-led entertainment. The Jackpotjoy segment also offers social gaming entertainment and the Mandalay segment includes the operating results of affiliate portal websites. The Vera&John segment focuses on real money online casino entertainment and also consists of the real money online casino operating results of the InterCasino brand and revenues earned from the Amaya Revenue Guarantee, which expired during the first quarter of 2016.

In the Group's real money offerings, players bet real money and realise real money wins and losses. In contrast, its social gaming platforms typically involve players playing virtual gambling-like games for free, with the option to purchase additional credits to extend playing time or obtain other benefits for real money. There is also often a social media component to the game, such as chat functions, awards, leaderboards and competitions. Unlike the real money gambling market, social games are not currently subject to gambling licensing and regulation in major markets and accordingly are offered on an almost global basis. In the nine months ended 30 September 2016, the Group averaged approximately 226,000 real money gaming active players per month and approximately 832,000 social gaming active players per month across all sites.

## *Bingo*

By revenue, the Group is the world's leading online bingo provider and the largest online bingo-led gaming operator in the UK, the world's largest online bingo market segment according to Gambling Compliance Research Services. In the nine months to 30 September 2016, 71 per cent. of the Group's revenue was derived from bingo-led operations, including slots (see below). The Group offers real money bingo-led online gambling through several brands in the UK, including Jackpotjoy, Costa Bingo and Sing Bingo. Jackpotjoy (UK) is the number one online bingo-led site in the UK with a 23 per cent. market share based on gross wins according to Gambling Compliance Research Services, and approximately 481,000 unique individuals have deposited on Mandalay sites since 2009. The Group also operates real money bingo-led online gambling in Sweden and Spain through the Jackpotjoy and Botemania brands, respectively. Jackpotjoy (Sweden) was launched in 2012 and Botemania was launched in Spain in 2007 and enjoyed a 25 per cent. market share in the fourth quarter of 2015 in terms of bingo led gross wins.

The Group's bingo-led sites give customers access to a variety of bingo games, chatroom features and a selection of side games, typically slots. In 2014, the Group launched its "skin strategy", which sees new "skins" (brands) frequently launched on the Dragonfish platform. Liquidity is shared across these games, but each has a unique theme. The Mandalay business now has launched 13 "bingo skins" since January 2015. Increased traffic is generated via internal cross-sell and affiliates.

This shared liquidity generates significant economies of scale for the Group (e.g. site support, customer support and chat hosts) that drives up profitability and supports reinvestment in the Group's bingo platforms. In 2015 the Jackpotjoy (UK) mobile platform was upgraded and the Jackpotjoy (Sweden) platform was upgraded in August 2016.

## *Slots*

The Group offers real money slots games in the UK, Sweden and Spain through both slots-only sites and bingo-led sites. Star spins was launched in the UK in 2013 as a slots-only gambling offering in order to capture more of the online pure-slots market. Star spins currently offers 105 distinct slot titles, with 30 new titles launched in 2016 alone, and the sharing of liquidity with other slots offerings in the Group has generated jackpots as high as £191,000. Star spins has been an innovator in the sector, launching unique customer propositions such as "community jackpots" where jackpots can be shared with fellow players. The Group also offers slots-only sites through Mandalay, including Costa Games, Slot Crazy and Fantastic Spins.

Slots are also an important component of the Group's bingo-led games and are currently the most popular offering on Jackpotjoy in the UK and Sweden. By way of example, on the Jackpotjoy site the bingo "main room" games run in six minute cycles with slot games available to players whilst they watch the bingo game progress.

## *Casino games*

The Group offers real money casino games in the UK, Sweden, Spain and Asia through several brands, principally Vera&John and affiliate brands. Vera&John was launched in 2011 and now operates in 13 countries, principally the Nordic markets where it has strong brand recognition. The Group also provides online casino games including jackpots, table games and instant games, through InterCasino which migrated to the Vera&John platform in April 2016. InterCasino is one of the first ever online casinos, having been established in 1996, and offers over 150 casino games in three currencies and nine languages. The main game offerings on these sites include traditional casino games such as blackjack, roulette, craps, baccarat and slots games at a variety of stakes, which service casual to VIP players.

In the nine months ended 30 September 2016, the Vera&John segment had averaged approximately 29,000 active players per month.

## *Social gaming*

The Group also offers virtual-currency gaming on social media platforms through brands such as Jackpotjoy Social and Star spins Slots which reaches an international online player base through Facebook, iTunes, Amazon and Android. Many of the Group's real money online gambling games have social gaming features which allow players to play outside of a real money environment, on a "freemium" basis, wherein basic services are provided free of charge with the option to purchase more advanced premium features.

In the nine months ended 30 September 2016, the Group's social gaming platforms averaged approximately 832,000 active players per month. However, the nature of the social gaming business model means that these players represented only 7 per cent. of the Group's revenue during this period.

#### *Affiliate websites*

The Group receives fees for marketing services provided by one of its affiliate portal business, Casino Choice, which is part of the Mandalay segment. Casino Choice is the UK's first casino comparison website and was launched in 2001. It provides online gaming reviews of trusted internet-based casinos, which gives customers details about bonuses and promotions, casino games and software, support services, deposit and withdrawal options, and contact details. This information is offered so that customers can be fully informed before they choose where to play.

Ignite Bingo is an affiliate marketing network. It provides a single interface combining all brands and affiliates are paid based on tiering levels. Ignite Bingo has more than 1,000 registered affiliates.

#### *New products and services*

The Group works to develop new product offerings and gaming platforms across multiple devices, either directly in the case of the Vera&John segment or indirectly through its third-party platform partners, including the Gamesys Group and the 888 Group.

## 5.2 Operating Segments

The Group's operations were historically divided amongst four operating segments: Jackpotjoy, Vera&John, Mandalay and InterCasino. Following the migration of InterCasino to the Vera&John platform, The Group has consolidated into three segments: Jackpotjoy, Vera&John and Mandalay. The following table sets forth the consolidated revenues and percentage of total consolidated revenue for each of the three operating segments for the twelve months and the nine months ended 30 September 2016:

	Nine months ended 30 September 2016		Twelve months ended 30 September 2016	
	(\$ thousands, except percentages)			
	(unaudited)			
Jackpotjoy .....	249,556	69.1%	340,453	69.1%
Vera&John <sup>(1)</sup> .....	80,865 <sup>(2)</sup>	22.4%	110,217 <sup>(3)</sup>	22.4%
Mandalay .....	30,559	8.5%	42,267	8.5%
<b>Total (Group) .....</b>	<b>360,980</b>	<b>—</b>	<b>492,937</b>	<b>—</b>

<sup>(1)</sup> Vera&John segment results have been restated to include InterCasino results, including \$5.9 million for the nine months ended 30 September 2016 following migration from the software platform operated by the Licensors for the delivery of the online games to end-users (the "AGO Platform").

<sup>(2)</sup> Includes \$2.3 million of income earned from the Amaya Revenue Guarantee and 1.7 million of platform migration revenue for the InterCasino business which expired in February 2016. See paragraph 18.6 (*The Mandalay Media Acquisition and related financings*) of "Part 10: Additional Information".

<sup>(3)</sup> Includes \$5.4 million of income earned from the Amaya Revenue Guarantee and 1.7 million of platform migration revenue for the InterCasino business which expired in February 2016. See paragraph 18.8 (*QT Transactions*) of "Part 10: Additional Information".

#### *Jackpotjoy*

Jackpotjoy is a multi-award winning bingo website. Previous awards include: Bingo Site of the Year, Bingo Marketing Campaign of the Year, Innovation of the Year, Customer Service Operator of the Year and Best Game of the Year. Intertain Bahamas operates the Jackpotjoy Brands which are comprised of the Jackpotjoy, Star spins and Botemania brands, together with associated rights in, or ownership of, real money and social gaming player data related to such brands, trademarks, domain names, goodwill and certain other related intellectual property rights. As part of a reorganisation (the "JPJ Reorganisation") carried out by Gamesys prior to completion of the Jackpotjoy Acquisition pursuant to which, among other things, the Jackpotjoy Brands were transferred to the Fifty States Group and prior to completion of the Jackpotjoy Acquisition, Fifty States entered into the Social Gaming Operating Agreement with Gamesys and Fifty States Gibraltar (as novated by Fifty States Gibraltar to Intertain Bahamas on 17 April 2015) entered into the Real Money Gaming Operating Agreement with Gamesys Gibraltar (as novated by Fifty States Gibraltar to Intertain Bahamas on 17 April 2015). See paragraph 5.4 (*Operations*) of this "Part 2: Business Overview—Section B: Information on the Group"



The real money offering of Jackpotjoy is currently operated by the following three Gibraltar subsidiaries of Gamesys Gibraltar: Profitable Play is the operator of Jackpotjoy (UK) and Starspins (UK); Leisure Spin is the operator of Jackpotjoy (Sweden); and Gamesys Spain is the operator of Botemania (Spain) pursuant to the terms of the Real Money Gaming Operating Agreement. See paragraph 18.3 (*Operating Agreements*) of “*Part 10: Additional Information*”.

Gamesys also currently operates the social gaming offering of Jackpotjoy pursuant to the terms of the Social Gaming Operating Agreement. See paragraph 18.3 (*Operating Agreements*) of “*Part 10: Additional Information*”.

The Jackpotjoy Brands are described in further detail below:

(i) *Real Money Bingo-led Brands*

- (A) *Jackpotjoy (UK)*: Jackpotjoy (UK) was launched in early 2002 and, prior to the Jackpotjoy Acquisition, it represented the Gamesys Group’s predominant real money gambling brand, comprising bingo, slots and casino offerings in the UK market. Jackpotjoy (UK) was the Gamesys Group’s most mature and established brand and is the leading brand in the UK bingo market segment, with a market share of approximately 23 per cent. in terms of bingo-led gross wins in 2015 Jackpotjoy (UK) has hosted over £23 billion of wagering since 2009 and in the twelve months ended 30 September 2016 it received approximately £362 million of deposits and held over 2.3 million registered players on its database. As is not uncommon with a bingo-led offering, slots games are currently the most popular secondary offering on Jackpotjoy (UK) in terms of revenue, with approximately 3.2 billion spins in the twelve months ended 30 June 2016. An upgraded mobile platform was rolled out in the UK in December 2015.
- (B) *Jackpotjoy (Sweden)*: Jackpotjoy (Sweden) was launched in 2012 and offers bingo, slots and casino games in the Swedish market. Slots games are currently the most popular offering on Jackpotjoy (Sweden). An upgraded mobile platform is aimed to be rolled out in Sweden in the third quarter of 2016.
- (C) *Botemania (Spain)*: Botemania (Spain) was launched in March 2007, and provides bingo-led online gambling to the Spanish market. Botemania (Spain) currently offers a selection of 81 slots, bingo and casino games to the Spanish market. As a result of certain legislative changes in June 2012, slots games were no longer licensable in Spain, at which time Botemania (Spain) only offered bingo and casino games. As a result of recent regulatory changes in Spain, online slots games were re-introduced in June 2015 upon the grant of a licence to Botemania (Spain) for the operation of slots games in Spain. Botemania (Spain) is the leading site in the Spanish bingo-led market segment, with a market share of approximately 25 per cent. in terms of bingo-led gross gaming revenue in the fourth quarter of 2015. A mobile platform was rolled out in the Spain in the second quarter of 2016.

(ii) *Real Money Slots Only Brands*

*Starspins (UK)*: Starspins (UK) is a leading slots-only gambling offering launched in 2013 for the UK market. Starspins (UK) was launched as a complement to the Jackpotjoy (UK) brand to capture more of the online pure-slots market. Starspins (UK) currently hosts 105 slots titles and the Group aims to add up to an additional 30 titles by the end of 2016.

(iii) *Social Gaming Brands*

Jackpotjoy Social and Starspins Social make up Jackpotjoy’s social gaming brands and consist of over 100 slots products. The majority of the social gaming brands’ revenues are generated in the United States.

- (A) *Jackpotjoy Social*: Jackpotjoy Social was launched in 2011 and offers virtual-currency gaming to a worldwide online player base through the following third-party platforms: Facebook, iTunes, Amazon and Android. The Jackpotjoy Social offering is characterised by a large player base but only a small percentage of paying players.

- (B) *Star spins Social*: Star spins Social is a new slots-only social gaming offering developed by Gamesys and launched in March 2015. Star spins Social operates on a similar model to Jackpotjoy Social.

(a) ***Vera&John***

Dumarca, a wholly-owned subsidiary of Intertain, operates the Vera&John group which consists of various online casino businesses, including the Vera&John and Vera&Juan online gambling and social gaming brands (collectively referred to as “**Vera&John**”, unless otherwise indicated). References to Dumarca also include the Vera&John group, unless the context dictates otherwise.

Dumarca is a fully integrated global online casino operator that operates on its own proprietary platform. The Vera&John group’s products include, but are not limited to, Vera&John and Vera&Juan, which are Dumarca’s core online gambling brands offering jackpots, slots, video slots, table games and instant games.

Many of Vera&John’s real money online gambling games also have social gaming features which allow players to play outside of a real money environment on a “freemium” basis.

Dumarca operates in over ten countries across Europe and Asia, with the bulk of its revenues being derived from Northern European countries, notably Sweden.

The Vera&John segment also includes the InterCasino brand, which migrated to the proprietary plain gaming platform owned by the Group (the “**Plain Gaming Platform**”) in the first half of 2016 following the expiry of the Amaya Revenue Guarantee. InterCasino’s main game offerings include traditional casino games such as blackjack, roulette, craps, baccarat and slots games at a variety of stakes, which service a range client from casual up to VIP players.

Historically, InterCasino operated off the third-party AGO Platform, which was licenced to Intertain and managed by Amaya and the other Licensors (as defined in “*Part 11: Definitions and Glossary*”). The InterCasino brand now operates off of the Group’s proprietary Plain Gaming Platform, following the successful migration and relaunch of InterCasino in April 2016.

(b) ***Mandalay***

The Mandalay Group operates online bingo-led gaming through several brands in the UK, including Costa Bingo and Sing Bingo. The Mandalay Group also operates the bingo affiliate marketing sites Casino Choice and Ignite. The Mandalay Group has collected approximately £208 million in deposits and attracted 481,000 first-time depositors since 2009.

Mandalay’s bingo offerings, other than Casino Choice and Ignite, operate through the Dragonfish platform, a software service provided by the 888 Group.

(i) ***Bingo and slots websites***

- (A) *Costa Bingo*: This is Mandalay’s flagship brand and represented 55.8 per cent. of Mandalay revenue in the second quarter of 2016. Users of the Costa Bingo website are able to play a large range of free and pay-per-play online bingo games. Costa Bingo also offers other online games such as online slots and online chat.

- (B) *Sing Bingo*: This is a musical-themed brand that creates higher site engagement and generally requires less promotional spend thanks to its customer base that is less prone to turnover.

- (C) *New Bingo Brands (Skins)*: In April 2014, the Group began an expansion through its ‘skin strategy’. New brands are launched on the Dragonfish platform and games are shared across brands, but each has a unique theme. The Mandalay Group has launched 13 new ‘bingo skins’ since January 2015, including brands such as Treasure Bingo, Frozen Bingo, City Bingo, Rio Bingo, Wish Bingo, Monkey Bingo, Sparkly Bingo and Crocodile Bingo. Traffic is generated via internal cross-sell and affiliates.

- (D) *Slots brands*: In 2015, the Mandalay Group launched two slots only brands, Costa Games and Slot Crazy. These sites only offer online slots and casino games, without the traditional bingo offering.

In total, the Mandalay Group currently operates 20 bingo and slots brands.

(ii) *Affiliate sites*

- (A) *Casino Choice*: One of the UK's first casino comparison websites, which launched in 2001. Casino Choice provides high quality online gaming reviews of trusted internet-based casinos and gives customers details about bonuses and promotions, casino games and software, support services, deposit and withdrawal options and contact details. This information is offered so that customers can be informed before they choose where to play.
- (B) *Ignite*: Ignite Bingo is Mandalay Media's affiliate marketing network. It provides a single interface combining all brands, with affiliates being paid in increments proportional to the amount of player traffic they provide. Ignite has more than 1,000 registered affiliates.

### 5.3 Principal Markets

Real money gambling operations, online or otherwise, are typically subject to stringent regulations and accordingly, product offerings are typically limited to a particular national jurisdiction. European countries are the principal markets in which the Group actively markets its online offerings.

The Group as a whole derived approximately two thirds (66 per cent.) of its revenues from the regulated UK market in the twelve months ended 30 September 2016. A further 22 per cent. was earned from quasi-regulated markets, such as Sweden, or unregulated markets in the rest of Europe, in particular the Nordics (14 per cent.), and the remaining 13 per cent. being derived from markets outside Europe<sup>5</sup>.

The InterCasino brand and the Mandalay segment generate the majority (and in the case of the Mandalay Group, almost all) of their revenues in the UK. The Vera&John brands generate the majority of their revenues in the Nordic region. The Jackpotjoy Business generated approximately 80 per cent. of its 2015 revenues in the UK, 5 per cent. in Sweden (through Jackpotjoy (Sweden)), 4 per cent. in Spain (through Botemania (Spain)), 7 per cent. in the United States (through the social gaming offerings) and a further 4 per cent. from other jurisdictions. The social gaming brands are available to players in most major markets, subject to applicable consumer laws and restrictions imposed by third-party platform operators (for example, and without limitation, Facebook) from time to time, although the majority of revenues are earned in the United States.

### 5.4 Operations

(a) *Jackpotjoy*

The principal assets owned by Intertain Bahamas with respect to the Jackpotjoy Business are the Jackpotjoy Brands. Additional elements which are important for the operation of the Jackpotjoy Business are the Real Money Gaming Operating Agreement and the Social Gaming Operating Agreement. For a summary of the Operating Agreements see paragraph 18.3 (*Operating Agreements*) of "Part 10: Additional Information".

*Operating Agreements*

As a result of the Jackpotjoy Acquisition, Intertain acquired the Jackpotjoy Brands. In connection with the acquisition, (i) Fifty States Gibraltar entered into a real money gaming operating agreement (the "**Real Money Gaming Operating Agreement**") on 24 March 2015 with Gamesys Gibraltar pursuant to which Gamesys Gibraltar (as novated by Fifty States Gibraltar to Intertain Bahamas on 17 April 2015), provides to the Group certain operational, financial, marketing, player services and support services for the real money gambling activities carried out by Gamesys Gibraltar and certain of its subsidiaries by exploiting certain of the assets comprised within the Jackpotjoy Brands (the "**Real Money Operation**") for up to ten years; and (ii) Fifty

<sup>5</sup> Approximately 7 per cent. of the Group's revenues were derived from customers in Japan accessing the Group's offshore websites for the twelve months ended 30 September 2016.

States (now a subsidiary of Intertain Bahamas) entered into a social gaming operating agreement (the “**Social Gaming Operating Agreement**” and together with the Real Money Gaming Operating Agreement, the “**Operating Agreements**”) on 26 March 2015 with Gamesys (as novated by Fifty States Gibraltar to Intertain Bahamas on 17 April 2015), pursuant to which Gamesys provides to the Group certain online free-to-play and virtual currency social slots gaming services under the Jackpotjoy and Starspins brands for up to ten years. Under the Operating Agreements, the Gamesys Group is responsible for developing and implementing new content for and changes to the Jackpotjoy Brands following approval of such content by the Group. Following the Jackpotjoy and Starspins Pre-Payment of £150 million made on 16 December 2016, additional amendments to the Operating Agreements have come into effect, pursuant to the Jackpotjoy Amending Agreements including (i) a two-year additional non-competition covenant from the Gamesys Group (to April 2019, with previous restrictive covenants expiring in April 2017, and subject to a payment to the Gamesys Group of £24 million in the aggregate over a 36 month period) and (ii) five-year extension of terms of the operating agreements (to April 2030; previously expiring in 2025), with a corresponding extension of the term of the content licensing agreement (to April 2040). The additional amendments to the Operating Agreements are further described in paragraph 18.3 (*Operating Agreements*) of “*Part 10: Additional Information*”.

For a summary of the Operating Agreements and the amendments thereto, see paragraph 18.3 (*Operating Agreements*) of “*Part 10: Additional Information*”.

#### *Services and Payments*

Under the Real Money Gaming Operating Agreement, Gamesys Gibraltar hosts and makes each branded site available in the agreed territories for the relevant branded site; includes games on each branded site; and provides support services, such as platform and network operations, financial and operational reporting, player services and customer support to the Group. Until the end of the Jackpotjoy Earn-Out Period, the Gamesys Group is responsible for formulating the strategy and budget for the Jackpotjoy real-money brands subject to the governance structure provided for under the Real Money Gaming Operating Agreement.

Under the Social Gaming Operating Agreement, Gamesys makes available the Jackpotjoy Social and Starspins Social branded applications (including games) via applicable third-party platforms on a worldwide basis, subject to any technical and legal restrictions applicable to making such branded applications and games available in specific territories. Gamesys also provides support services in respect of the branded apps to the Group, including platform and network operations, financial and operational reporting, player services and customer support.

The Group is reliant on Gamesys Gibraltar to continue providing platform services and gaming content to the Group during the Jackpotjoy Earn-Out Period and the Gamesys Group retains substantial control over the Jackpotjoy Business. This ongoing relationship with the Gamesys Group may present barriers to expanding the Group’s business. For further information see “*Risk Factor—The operations and financial performance of the Jackpotjoy Business is dependent on the relationship with the Gamesys Group*”.

#### *Termination and Exit*

Each of the Operating Agreements may be terminated before 23 March 2030 in certain circumstances and subject to certain conditions. The Operating Agreements provide for an exit period which commences upon the expiry of a notice to terminate the relevant Operating Agreement and is generally expected to continue for six months.

Certain restrictive covenants on the Gamesys Group’s ability to compete with the Jackpotjoy Brands will expire on the later of the end of the Jackpotjoy Earn-Out Period or 8 April 2019. Additionally, the Gamesys Group remains in possession or control of certain assets, relationships, content, technologies, business infrastructure and controls over financial reporting necessary for the successful and profitable operation of the Jackpotjoy Business, including player databases, partner contracts, and advertising assets and relationships. The Operating Agreements contemplate that a detailed exit plan will be developed by the parties to enable the Jackpotjoy Operations to be transitioned to the Group in an orderly manner. However, there is a risk that the parties will fail to

agree to a Transition Plan that is satisfactory to both parties, or that the Transition Plan agreed to will not transfer the Jackpotjoy Operations to the Group in an effective manner. For further information see “*Risk Factor—The operations and financial performance of the Jackpotjoy Business is dependent on the relationship with the Gamesys Group*”.

Furthermore, under the terms of the Jackpotjoy Acquisition, the Gamesys Group retained ownership of certain key operating assets, such as marketing algorithms, game platforms and certain underlying technology infrastructure. Upon termination of the Operating Agreements, the Group would need to develop suitable substitutes for such assets, or obtain them from third parties. For further information see “*Risk Factor—The Jackpotjoy Business may be adversely affected by a failure to effectively transition certain operating functions if the Group decides to assume them following the later of the end of the Jackpotjoy Earn-Out Period or April 2019 and the Group may be unable to develop or outsource a successful substitute operating platform in the future*”.

(b) ***Vera&John***

Dumarca operates a number of online casino websites and is actively working to create online casinos that offer customers a differentiated online casino experience. Dumarca and Cryptologic Operations currently operate the Vera&John and InterCasino brands. The interface for the websites is user friendly and tailored to suit customers who play less often as well as more frequent players. The websites operate through the Plain Gaming Platform. The proprietary platform has been designed to allow for scalability for both high transaction volumes as well as the ability to host multiple sites/brands. Several third-party content and payment solution providers, hosted individually by each provider, are integrated into the platform. The hardware to host Dumarca’s services is located in state of the art hosting centres with redundant internet service providers to ensure minimum disruption in service as well as full redundancy for disaster recovery.

(c) ***Mandalay***

The principal assets owned by the Mandalay Group are trademarks and the names and registrations of the end-user customers. An additional element which is important for the operation of the business is the 888 Agreement. Pursuant to the 888 Agreement, the Mandalay Group’s bingo business, other than Casino Choice and Ignite, operate through the Dragonfish platform, a software service provided by the 888 Group. All of the Mandalay bingo websites are operated pursuant to the 888 Agreement, whereby the 888 Group provides software, operational and management services to the Mandalay Group and, in effect, is responsible for all non-marketing aspects of the provision and operation of the games offered to the Mandalay Group’s customers. The 888 Group has granted to the Mandalay Group a worldwide, non-exclusive, non-transferrable licence to use its bingo software. In addition, the 888 Group supplies services to the Mandalay Group pursuant to the remote gambling licences issued to Cassava Enterprises (Gibraltar) Limited (an 888 Group subsidiary).

The Mandalay Group is also dependent upon the 888 Group’s abilities to enhance their current products, to develop new products on a timely and cost-effective basis and to respond to emerging industry standards and other technological changes.

## 5.5 **Branding and marketing**

(a) ***Branding***

The Directors believe that the creation and maintenance of the Group’s brands is a key element of the Group’s success. The Group’s brands form a core aspect of its marketing strategy based upon the following:

- *differentiation*: in a competitive industry, strong branding is critical in differentiating the Group and its products from its competitors. The absence of established global brands would be a barrier to entry for the Group’s actual and potential competitors;
- *trust*: maintaining a recognisable brand builds trust, which is a key consideration affecting members’ choice of an online gaming provider;



- *loyalty*: a brand that represents industry leading products and services which in turn builds member loyalty and increases member spend; and
- *cross-selling*: a strong brand can be leveraged to maximise cross-selling opportunities between existing and new product offerings, contribute to the success of new product launches and would enable the Group to enter into new markets and expand its product offering across new platforms (for example, mobile telephony and interactive television).

The Group's strategy for strengthening the awareness and reputation of its brands includes:

- enhancing its visibility and awareness of its brands with creative campaigns on a variety of media channels;
- repeated and consistent use of its brands in all forms of communication to existing members and potential new members; and
- association with public events such as sponsorship of celebrities.

The development of its brands and brand content is carried out in part by the Group and in part by its third-party partners.

(b) ***Marketing***

The Directors believe that effective marketing is important in building and maintaining the Group's business. The Group directly manages the marketing of the Vera&John segment and Mandalay segments while the marketing for the Jackpotjoy segment is currently managed by the Gamesys Group. In addition to present marketing efforts in the UK, Sweden, Spain and several other European markets, the Group's management intends to continue to invest in its marketing to maximise player retention and acquire new customers. The Group has previously promoted its branded platforms to targeted customers with the help of Barbara Windsor, in the case of Jackpotjoy, and previously also with Mel B "Scary Spice" and currently with Johnny Vegas, in the case of Costa Bingo. The Group's websites are consistently ranked among the most visited sites in the online gaming sector in many geographical markets including the UK, Sweden, and Spain.

(c) ***Online marketing channels***

The Group uses numerous online and offline marketing channels with the aim of creating and maintaining the critical mass of popularity that enables it to acquire new members and retain its existing ones. The Group's online marketing activities involve a combination of mass online advertising directed at the online public in general and the use of more specific marketing techniques that are directed at particular sections of the online public. Such activities include online advertising, search engine advertising and marketing through affiliates. The Group's offline marketing activities include mass media advertising, direct mail, sponsorships and public relations activities.

The Group is active in online and offline marketing in a variety of geographic markets, always taking into account any applicable legal restrictions and/or regulatory requirements. Amongst others the Group uses TV advertisement, sponsorship, paid listings on search engines, the placement of advertising space on portals and content sites and the placement of banners on various websites. The Group uses a dedicated team of experts for its marketing efforts and an in-house design team for internal and external content. The Group's Business Intelligence team actively analyses marketing campaigns in order to optimise the returns on marketing investment.

(d) ***Affiliates***

Affiliates are a key part of the Group's online marketing strategy. Affiliates are third-party marketing agents that direct internet users to the websites of service providers. Affiliates can operate either in online or offline environments. The Group has a marketing programme (the "**Affiliate Programme**") in which marketing affiliates are paid to recruit new members to the Group's brands, enabling the Group to extend its marketing reach and presence on a variable cost basis either through:

- a “cost per acquisition” (“CPA”) scheme: a scheme under which affiliates receive a fixed fee when a new member deposits funds with one of the Group’s brands; or
- a “revenue share” scheme: a scheme under which affiliates receive a commission based on the revenue generated by the members recruited.

## 6. REGULATION

The gaming industry is highly regulated. Gaming is generally authorised in limited circumstances under licence, with gaming authorities generating revenue from licence fees and taxation. Some jurisdictions prohibit gaming in all or certain forms. The Group’s subsidiaries do not market their gaming offerings in jurisdictions where there are prohibitions that clearly apply to the activities of such subsidiaries and the business models they have adopted.

The Group’s subsidiaries and the Group’s commercial partners, the Gamesys Group and the 888 Group, operate in a complex environment, with jurisdictions adopting inconsistent approaches to regulation. In keeping with the industry, generally, the Group’s subsidiaries and the Group’s commercial partners have established their core operational presence within the licensing jurisdictions of Gibraltar and Malta, as detailed below. They will then derive revenue from players who are located in a variety of jurisdictions, having established first the extent to which such jurisdictions’ laws and regulations apply and/or are enforceable and while also ensuring that their deriving such revenue is consistent with their ongoing compliance with the applicable laws in the licensing jurisdictions themselves.

While a number of European jurisdictions have enacted legislation that specifically criminalises the activity of an unlicensed online gambling operator and have done so through legislation that is no longer subject to any challenge through any subsequent due process (for example, such a challenge could be brought where a piece of legislation has been enacted in contravention of previously issued advice from the European Commission), not all jurisdictions approach the industry in this way.

In certain territories, legislation has been enacted that may be subject to potential future challenge as to its validity (such as an aforementioned EU-law challenge). Furthermore, there may be arguments that taking business from players located in a particular unregulated jurisdiction would not necessarily contravene local laws, for example, on the basis that laws have not been updated to embrace remote supply and/or may not operate in such a way to be applied extra-territorially.

Currently, the significant international operations undertaken by the Group’s subsidiaries are licenced, directly or through third-parties, in Malta, Gibraltar, Denmark and the UK. Malta and Gibraltar are both key interactive gaming jurisdictions with comprehensive interactive gaming policies and regulatory frameworks. As a result, Gibraltar and Malta host and licence many of the industry’s largest operators.

Pursuant to the Real Money Gaming Operating Agreement, the provision of services by the Gamesys Group to the Group in connection with the Jackpotjoy Brands is conducted under the gambling approvals held by Gamesys Gibraltar. Similarly, services are provided to the Group by the Gamesys Group under its UK and Spanish gaming licences.

Dumarca holds five Class I licences in Malta in respect of the Vera&John and InterCasino operations.

Each of the Gamesys Group, Dumarca, the 888 Group and InterCasino operations derive revenue from the British market through licences issued by the Gambling Commission of Great Britain.

The following table sets forth a summary of the jurisdictional licences held directly by the Group’s and its subsidiaries and the jurisdictional licences held by third-party entities that provide services to the Group as at 30 September 2016:

	<u>As at 30 September 2016</u>
<b>The Group and subsidiaries</b>	
Vera&John .....	Malta, UK, Denmark
<b>Third-party partners</b>	
888 Group (with respect to Mandalay) <sup>(1)</sup> .....	Gibraltar, UK
Gamesys Group (with respect to Jackpotjoy) <sup>(2)</sup> .....	Gibraltar, UK, Spain

<sup>(1)</sup> Services provided to Mandalay Media by 888 Group under its Gibraltar and UK gaming licences.

<sup>(2)</sup> Services provided to Intertain Bahamas (Jackpotjoy) by the Gamesys Group under its Gibraltar, UK and Spanish gaming licences.

## Malta

The Malta Gaming Authority (“MGA”) is the regulatory body that is responsible for the governance of all gaming activities in Malta. The MGA issues licences for the operation of online casino games, games of chance, online sports betting and general games that utilise a random number generator. Pursuant to the remote gaming laws and regulations, any person who operates, promotes, sells, supplies or manages interactive gaming in or from Malta must obtain the appropriate licence from the MGA. To qualify for a licence, an applicant must be a body corporate registered and incorporated in Malta.

Applicants must provide information, including, but not limited to:

- personal financial background information;
- interest in other commercial activities;
- criminal record information;
- information concerning all pecuniary and/or equity interests; and
- any other information that the MGA requires, for every director and key official of the applicant and for every shareholder with 5 per cent. or more ownership of, or controlling interest, in the applicant. The MGA may, at its sole discretion, require that all beneficial owners of shares in the applicant’s company provide such information.

Remote gambling operators are required to pay a gambling tax to the Maltese authorities. The amount of this tax varies depending on the type of licence issued and maintained by the operator or software/services supplier.

A remote gaming licence is to be renewed every five years from the date of issue of the licence. The MGA requires that the licensee commence the renewal process at least 60 days from the date of expiry of the licence. The renewal application should be accompanied by a fee of €1,500. Subject to the licensee following the proper renewal process, which include the licensee successfully completing a compliance audit, and there being no material outstanding non-compliance issues, on the date of expiry of the licence, a new licence is issued and the annual fee of €8,500 is payable.

## Gibraltar

The Mandalay Group has entered into a contractual relationship with 888 Group which, in turn, provides gambling facilities to players under the Mandalay Group brands through the Gibraltarian remote gambling casino licence granted to 888 Group under the provisions of the Gibraltar Gambling Act 2005 (the “**Gibraltar Act**”).

The Gamesys Group operates through two Gibraltarian remote gambling licences, a remote gambling casino licence (RGL No. 046), granted to Gamesys Gibraltar under the provisions of the Gibraltar Act which was originally obtained on 1 July 2010 and renewed on 24 March 2015 for a further five year term subject to annual renewal, and a remote gambling fixed odds betting licence (RGL No. 095) granted to Gamesys Gibraltar on 8 June 2016. The renewed Gamesys casino licence was granted following the Jackpotjoy Acquisition and takes into account the post-acquisition arrangements. In addition, the Gamesys Gibraltar fixed odds betting licence extends to Jackpotjoy Lotto as an approved brand.

The Gibraltar Gambling Commissioner exercises regulatory oversight of the industry and is required, under section 6(4) of the Gibraltar Act, to ensure that licence holders act in accordance with the provisions of the Gibraltar Act, the terms of their licence agreements (and the provisions of the schedules to such licence agreements) and in a manner which maintains the good reputation of Gibraltar.

With regard to remote gambling, the authorities will consider applications from reputable operators with proven experience in the provision of gambling services. The licensees’ operations also need to be effectively controlled and managed from Gibraltar. In this regard, key personnel involved in an applicant’s business need to be vetted and approved by the authorities. To determine whether such an individual or business is fit and proper, the Licensing Authority will take into consideration (as provided for in Schedule 1, section 3(4) of the Gibraltar Act):

- the person’s character, honesty and integrity;

- business reputation, current financial position and financial background;
- business plan;
- experience in conducting gambling activities related to the application;
- the conduct under any similar licence granted in a comparable jurisdiction outside Gibraltar;
- the ownership structure of the business;
- technical infrastructure to conduct gambling activities applied for;
- the ability to maintain a minimum required reserve to ensure winnings/prizes are paid;
- the proposed control measures to ensure any website operated by the licence holder would not contain obscene or indecent content or links to such content;
- the proposed control measures in respect of compulsive gamblers and minors; and
- the proposed control measures and procedures to seek to identify money-laundering and other suspicious transactions.

The Gibraltar Act is currently being reviewed and is expected to be updated to provide a modern and all-encompassing regulatory framework. In particular, it is envisaged that a new class of licence for software content providers will be explicitly referred to in the revised legislation (some such businesses are already licensed in the jurisdiction under the current framework).

### **Great Britain**

As of 1 November 2014, operators who know, or should know, that their facilities for gambling are being used by players located in Great Britain must be licensed by the Gambling Commission in Great Britain (“**GBGC**”) in order to avoid committing an offence under the 2005 Act (as amended by the Gambling (Licensing and Advertising) Act 2014) (the “**GB Gambling Act**”).

In carrying out its functions, the GBGC is under a statutory duty to pursue and have regard to the licensing objectives set out in the GB Gambling Act:

- preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime;
- ensuring that gambling is conducted in a fair and open way; and
- protecting children and other vulnerable people from being harmed or exploited by gambling.

The type of remote operating licence required depends on the type of gambling activity offered. A licence can cover more than one type of activity. Certain of Intertain’s subsidiaries and certain of its commercial partners (the Gamesys Group and the 888 Group) require one of (or a combination of) remote bingo, remote casino (including poker) and gambling software operating licences.

In addition to the operator’s remote operating licence, any individual responsible for a key management function (which includes overall strategy and delivery of gambling operations, financial planning, control and budgeting, marketing and commercial development, regulatory compliance and gambling-related IT provision and security) must apply for a Personal Management Licence (“**PML**”). The GBGC may identify other individuals within management who it will also require to hold a PML.

Attached to licences are general licence conditions imposed by the GBGC under powers granted to it by the GB Gambling Act together with any licence conditions specific to operators or to a class of operator. Also attached to the licence are codes of practice which cover the manner in which facilities for gambling are provided. Together, the licence conditions and codes of practice are known as the License Conditions and Codes of Practice (the “**LCCP**”). They are written and administered by the GBGC. GBGC-licensed operators will also need to ensure that their software meets the technical requirements set out in the Remote Gambling and Software Technical Standards.

## Spain

The Government of Spain has issued Gamesys Spain PLC a licence under the provisions of State Act no. 13/2011 dated 27 May 2011 on the Regulation of Gambling Activities (“**RGA**”). This licence was retained by the Gamesys Group following the Jackpotjoy Acquisition.

Under the Spanish legislation, gambling activities are regulated at two levels:

- gambling activities that are offered at a national level (i.e. the same gambling product may be accessed to or from any location within the Spanish territory) are regulated by the RGA; and
- gambling activities, the scope of which is limited just to the territory of a given region (i.e. traditional brick-and-mortar gambling activities) are regulated by the regulations set forth by the corresponding regional authorities.

Under this system, online gambling activities and national lotteries are usually governed by the RGA, while traditional gambling activities are regulated at a regional level.

Article 9 of the RGA states that operators offering their gambling activities in Spain shall be required to obtain the licences defined by law in order to operate this type of activity. From a Spanish regulatory perspective, “gambling” includes betting, poker, casino games and other games such as bingo or supplementary games. Under the same regime, an “operator” is an entity that has its revenue connected with the exploitation of gambling in Spain and the gambling activities offered to Spanish residents operated or commercialised by that entity.

Any licenced operator in Spain must hold two types of licences:

- A general licence that covers abstract and wide categories of games (namely, betting, contests and “other games” (i.e. all other games that may be offered under the Spanish regulations)) and is intended to ensure that the operator holding the licence is fully reliable. In this respect, any operator applying to obtain a general licence must provide evidence that such operator fulfils a number of legal, technical and financial requirements defined by law. General licences may only be applied for following a specific public call for tender by the Spanish authorities. Once a call for tender has been made, interested operators are allowed to file their respective applications within a given timeframe. To date only two calls for applications for general licences have taken place in Spain (in November/December 2011 and November/December 2014). In the absence of any such call for tender, general licences cannot be applied for and, in consequence, operators are not allowed to access the Spanish market or, if already present in the market, expand their offering to new abstract categories of games for which they do not hold general licences.
- A singular licence that covers each specific game to be offered by the operator. At present, under the “betting” general licences the following singular licences are available: (a) sport pool betting; (b) horseracing pool betting; (c) sport fixed-odds betting; (d) horseracing fixed-odds betting; (e) other fixed-odds betting—covering any other event that does not qualify as a sport or horseracing event such as social, political or entertainment events and/or other activities such as hound racing; (f) sport exchange betting; (g) horseracing exchange betting; and (h) other exchange betting. Under the “other games” general licences, operators may apply and operate the singular licences for the following games: (i) poker; (ii) roulette; (iii) black-jack; (iv) baccarat; (v) slot machine games; (vi) bingo; and (vii) supplementary games (e.g. traditional Spanish card games). Finally, under the “contests” general licence operators must obtain a singular licence covering just contests. Singular licences can be applied for at any time by an operator as long as the general licence covering such specific game is in force.

General licences have a 10-year term and are renewable (as long as the operator in question still fulfils the applicable requirements). Singular licences have different terms depending on the games they are related to: three years (in the case of black-jack, roulette, baccarat and horseracing fixed-odds betting) or five years (in regards of the rest of games). As in the case of general licences, singular licences are renewable.

Singular licences can be revoked by the Spanish authorities if the gaming activities covered by them have not been actually exploited during one year.

Licensed operators are required to provide a financial guarantee to cover their obligations derived from the provision of gambling. The guarantee must remain in force during the entire period of validity of an



operator's general licence. Initially the financial guarantee to be filed is of €2.0 million per general licence, an amount that may vary in the following years depending on the actual turnover of the operator in Spain.

All licences are granted on a provisional basis, being conditioned upon the operator filing complete technical certification reports confirming full compliance with the applicable regulatory and technical requirements within a maximum term of four months following the date of provisional grant. If, after reviewing the said reports, the Spanish gambling authority (the “**DGOJ**”—Dirección General de Ordenación del Juego) confirms that the operator is in compliance with the requirements, the corresponding licence will be confirmed as definitive and remain in force for the relevant licence term. Licenced operators are required to offer their games in Spain through “.ES” domain names.

The operation in Spain of online gambling activities without the corresponding licences required by law constitutes a very severe breach of the RGA and may lead to very significant fines (which may amount to up to €50.0 million) as well as to other ancillary sanctions (for example being declared ineligible to make an application for a licence in Spain for a maximum term of four years or blocking of IP addresses or of payments related to the operation of unlicensed online gambling activities in Spain).

At present, Gamesys Spain PLC holds a general licence in Spain for the operation of “other games”, as well as singular licences related to bingo, slot machine games, black-jack and roulette. For further information, see *“Risk factor—Any disruption in the exercise of the Spanish Purchase Option could have a material adverse effect on the operations, business or financial performance of the Group”*.

## **Other Markets**

All the gambling regulators that oversee the operations of the Group's subsidiaries have acknowledged that remote gambling operators are required to assess the applicability and enforceability of any laws and regulations that may impact their activities, including the laws and regulations in the jurisdictions from where the Group and its subsidiaries derive revenue and yet in which no gambling licences are held. The Group's subsidiaries have done so and set out in the section below is the current legal position relating to their material unregulated market, Sweden.

### ***Sweden***

Sweden's Lotteries Act 1994 (Sw: Lotterilagen 1994:1000) (“**Swedish Lotteries Act**”) is the primary legislation for gambling and governs all categories of gambling offered to the public in Sweden. The main principle of the Swedish Lottery Act is that a company or person who wishes to organise a lottery (game of chance) in Sweden is required to obtain a licence. The regulatory authority responsible for the general supervision of lotteries under the Swedish Lotteries Act is the Swedish Gambling Authority. Only public benefit organisations, the horse riding industry and the state's monopoly provider may obtain a licence. Hence, under the current regime it is not possible for a private commercial entity to obtain a licence to provide online gambling services to Swedish customers.

Intertain has been advised that the Swedish Lotteries Act applies only in Sweden; as such, the prohibition against organising gambling without a licence does not apply to gambling lawfully operated abroad. Historic case law in Sweden supports this conclusion and confirms that the prohibition does not apply to gambling offered on the internet from another state to Swedish consumers and there is no prohibition against Swedish consumers participating in gambling organised abroad. As a result of Swedish laws not applying outside the jurisdiction, there have been no enforcement attempts against offshore operators who operate without a local licence. Instead, the authorities have attempted to curb marketing in Sweden by instigating proceedings against local media companies that advertise on behalf of offshore operators. Such activities remain the subject of on-going legal proceedings and, hence, of legal uncertainty. In conclusion, Swedish law does not apply to the supply of gambling services from offshore. There is potential culpability for local media companies that market on behalf of overseas operators but the position is still being challenged through the Swedish courts. As a result, there are coherent arguments to continue to support the Swedish market based on the lack of applicability and enforceability of the legislation.

The position in Sweden may, however, change. Following a warning given towards the end of 2013, in which the European Commission urged Sweden to bring its monopolistic regime into line with its European Treaty obligations, on 16 October 2014 the European Commission then announced its decision

to refer Sweden to the European Court of Justice for lack of compliance with EU law. In reply, the Swedish government launched an investigation in 2015 with the specific instruction to investigate an abolishment of the current Swedish gambling monopoly and the introduction of a Swedish licensing system, wherein non-licensed gambling providers should be effectively prevented from providing unlicensed offshore gambling services. The investigator is scheduled to present his results on 31 March 2017, and the introduction of a licensing regime, wherein private commercial entities are able to obtain licences to provide gambling services to Swedish customers, is expected within a few years after this date.

### *Canada*

Gaming activities are regulated in Canada under the Criminal Code (the “**Canadian Criminal Code**”) as well as various provincial statutes. Part VII of the Canadian Criminal Code addresses “Disorderly Houses, Gaming and Betting”. Various sections within Part VII of the Canadian Criminal Code make the provision of all gambling activities illegal throughout Canada. Part VII also includes a small number of exemptions, the most important of which is Section 207. Section 207 of the Canadian Criminal Code permits a provincial government to “conduct and manage a lottery scheme” within its jurisdiction or in conjunction with other provincial governments. Through Section 207, provincial governments are permitted to provide all types of gambling services (both land-based and online) to its residents.

On the basis of the exemption set out above, provincial governments in Canada have established lottery corporations to provide gambling services to their residents pursuant to special-purpose provincial gaming legislation. Lottery corporations often subcontract the operation of all of the gambling facilities to registered service suppliers in the private sector.

In Canada, provincial lottery corporations, including the British Columbia Lottery Corporation (“**BCLC**”), Loto-Québec and the Atlantic Lottery Corporation, have created authorised online gaming sites to provide online gambling services to their residents. They have also, in some cases, licensed other provinces to use their online gaming sites to provide online gaming to the residents of the licensee province. For example, Manitoba Liquor and Lotteries provides legal online gaming services to the residents of Manitoba using BCLC’s online gaming platform Playnow. As with land-based gambling facilities, the lottery corporations look to private service providers to assist them in the operation of their online gambling operations. Companies such as WagerLogic may be registered in one or more provinces to provide online gambling services to the lottery corporations, and are therefore technically not engaged in online gambling in Canada; rather, the lottery corporations have subcontracted with such companies to provide services on behalf of the provincial governments to the public.

For a company to supply services to the lottery corporations, it must first apply for registration as a gaming service supplier with the Gaming Commissions in a given province. For example, in Ontario, the regulator of all provincial gaming activities is the Alcohol and Gaming Commission of Ontario (“**AGCO**”). The provincial Gaming Commissions work closely together and the regulatory regimes are broadly harmonised.

In Ontario, the AGCO requires that an applicant for registration provide full details of the applicant’s corporate structure, including details concerning any shareholder that holds more than 10 per cent. of any type of security (not just voting shares or equity) in a company. Disclosure must go up to the level of individual shareholders in all cases, although exceptions are made if a company is broadly-held and publicly traded. Every individual shareholder, director and officer of every company for which disclosure is made must submit to a full personal disclosure and security clearance. At the AGCO, this process is conducted by Ontario Provincial Police officers who are seconded to the AGCO for this purpose, and they are assisted by the Royal Canadian Mounted Police in Canada. Any individuals located outside of Canada must submit security clearances run by the security service in their country (e.g. in the United States, reports from Homeland Security and the Federal Bureau of Investigation are usually required). Individuals are typically required to submit their income tax returns for previous years as well as information about any types of investigations, charges or disputes in which they have been involved throughout their lifetime. The AGCO also has the discretion to broaden their investigation to “persons of interest” who are not legally related in any manner to the applicant.

Once the applicant is registered, the nature and level of the reporting required will depend on the type of registration and the particular Gaming Commission. For example, the AGCO has moved away from a “command and control” regulatory approach to a standards-based regulatory model. This means that the

focus in Ontario has shifted from requiring registrants to comply with a specific set of rules or processes towards self-regulation with the onus on the registrants to ensure they are compliant. Other Gaming Commissions maintain the older command and control approach and so will require more administrative reporting. Nevertheless, the level of control over the flow of funds in all Canadian gaming operations is still overseen and tightly controlled by the applicable Gaming Commission as are other mission critical components such as the software used in the games and, in particular, the random number generators.

Online gambling, given its nature, may be operated directly by a lottery corporation with the online gambling company licensing its software to the lottery corporation. For example, most lottery corporations already have payment systems in place on their websites and so would use those for online gaming rather than outsourcing such critical functions to their suppliers. There is therefore less oversight required of registered online gaming companies, given that their role is typically far more limited than that of a casino operator.

The Group has provided the Ontario Securities Commission with an undertaking not to accept registrations or deposits for the online gaming operations of the Group (or any of its subsidiaries) from individuals resident in Canada until such time as the Group has provided evidence reasonably satisfactory to the Ontario Securities Commission that the Group can do so in accordance with the laws of Canada and its provinces.

### **Other Regulatory Regimes and Future Developments**

While certain European countries, such as Malta and Gibraltar, have adopted “point-of-supply” regimes which generally permit their licensees to accept wagers from any jurisdiction that does not expressly prohibit the supply of online gaming from outside such jurisdiction, other countries, including the UK, Italy, France, Spain and Denmark, have implemented, or are in the process of implementing, “point-of-consumption” regimes which only permit the targeting of the domestic market, provided the appropriate local license is obtained and local taxes accounted for (regardless of where the operator’s assets, infrastructure and employees may be located). Such licensing regimes can apply onerous compliance requirements and/or introduce product restrictions or marketing restrictions that could have an adverse effect on the Group’s operations (and correspondingly on its financial performance) were it to obtain and maintain such licences.

Other European territories continue to defend limited licensing regimes that protect monopoly providers and, in certain jurisdictions, have combined this with an attempt to prohibit or otherwise restrict all other supplies into the territory. Restrictive approaches to the regulation of internet gambling may yet be deemed to be in potential conflict (in any specific jurisdiction) with the Treaty for the Functioning of the European Union (“TFEU”) treaty laws (governing the free movement of trade and services throughout the European Union (“EU”)) and case law rendered by the European Court of Justice (the “ECJ”).

A challenge to the validity of any EU jurisdiction’s approach to gambling regulation would focus on restrictions on the freedoms of establishment or the freedom to provide services. Restrictions usually take one of a number of forms, including: (i) granting exclusive rights in certain, or all, gambling activities to one or a few providers; (ii) implementing a blanket exclusion of all gambling activities; (iii) prohibiting, on pain of criminal penalties, the pursuit of activities in the betting and gaming sector without a licence or police authorisation issued by the Relevant Member State (as defined in “*Part 11: Definitions and Glossary*”); (iv) limiting the number of licences available to conduct particular gambling activities; (v) limiting the duration of licences; (vi) unfair or discriminatory procedures for awarding licences; and/or (vii) requirement for local establishment.

A series of recent ECJ decisions have given EU member states wide latitude in regulating the online gambling market. However, a framework within which member states must operate has evolved through such jurisprudence and, once evidence of a restriction has been established, it is necessary to determine if such a restriction can be justified by the member state. As case law developed, the assessment as to whether a restriction on the European market freedoms is justified became divided into four criteria, which must be cumulatively met. Any restriction must be non-discriminatory; for the public interest; suitable (such that it achieves the purposes for which the restriction is introduced); and necessary (i.e., does not go beyond the intended purposes).

As a result of various ECJ decisions over the past several years that clearly indicated a lack of recognition by various member states of their obligations flowing from the TFEU, as highlighted in the

aforementioned jurisprudence, the European Commission (the “EC”) attempted to prompt the introduction of initiatives that would harmonise the regulation of online gambling within the EU, which is in line with the TFEU’s stated objective of encouraging a free and open cross-border market. In early 2011, the EC’s Internal Market Commissioner, Michel Barnier, began an EU-wide consultation and review process to assess the possibility of harmonising the regulation of certain aspects of online gambling regulation. Harmonisation in the area of online gambling, however, has met with substantial opposition in the past, and it is now considered highly unlikely that the harmonisation will occur (not least as the ECJ has also made it clear, within jurisprudence, that provided it enacts legislation that is in line with the four criteria stated in the paragraph immediately above, then it is not obliged to recognise any licences issued to a gambling operator in any other member state).

Contemporaneous with its efforts to harmonise European online gambling laws, the EC has initiated infringement proceedings against various member states in relation to perceived breaches of Article 56 of the TFEU, including the latest such action commenced against Sweden in late 2013, which culminated in October 2014 with a referral of Sweden to the ECJ for lack of compliance with EU law. In other cases, there has not been such action and some have not reached a conclusion. There remains an ongoing risk that any resolution of such cases will result in a regulatory regime unfavorable to the Group or its commercial partners. In the interim period, there remains uncertainty and an unpredictability around how member states may approach the ongoing supply into their jurisdictions by operators based outside the jurisdiction. This uncertainty creates ongoing risk to the business of any operator.

## 7. INTERTAIN’S CUSTOMERS

The Group’s Average Active Customers per Month (the Average Active Customers averaged over a three-month period) has grown steadily, having increased from approximately 208,000 Average Active Customers per Month in the third quarter of 2015 to approximately 231,000 Average Active Customers per Month in the third quarter of 2016. Jackpotjoy (including Jackpotjoy (UK) and Jackpotjoy (Sweden)) had an average of 120,000 Average Active Customers per Month for the nine months ended 30 September 2016. The other brands of the Jackpotjoy Business, Starspins and Botemania, counted respectively 20,000 and 14,000 Average Active Customers per Month for the same period. Overall, the Jackpotjoy Business has recorded 154,000 Average Active Customers (customers who have placed at least one real money bet in a defined period) for the nine months ended 30 September 2016 and 832,000 social customers (customers who do not place money bets but have played free games in a defined period) for the nine months ended 30 September 2016. The Vera&John segment had 29,000 Average Active Customers per Month for the nine months ended 30 September 2016. Finally, the Mandalay segment had 43,000 Average Active Customers per Month from January to September 2016. See (Key Performance Indicators (KPIs)) of “Part 5: Operating and Financial Review”.

The following table sets forth the Average Active Customers per month for each of the three business segments for the nine months ended 30 September 2016:

	Nine months ended 30 September 2016
<b>Jackpotjoy</b>	
Jackpotjoy .....	120,000
Starspins (UK) .....	20,000
Botemania (Spain) .....	14,000
<b>Vera&amp;John</b>	
Vera&John .....	29,000
<b>Mandalay</b> .....	43,000

Following the migration of InterCasino to the Vera&John platform in the second quarter of 2016, the segment has increased its user base (based on Average Active Customers per Month). The new platform is attracting more first time depositors with a 180 per cent. increase (based on the number of unique new players depositing for the first time) and these new players are making bigger deposits with a 96 per cent. increase (based on volume of deposits made by first time depositors) from March to September 2016.

Overall, pre-acquisition customer data also indicates strong levels of customer retention and brand loyalty.

### Demographics

The bingo market segment continues to be a largely female-oriented form of online entertainment and the Group is highly focused on this key demographic. The following table sets forth the gender and age

breakdown amongst Average Active Customers for a selection of the Group's principal brands for the five months ended 31 May 2016:

	Gender		Age	
	Female	Male	<35	>35
Jackpotjoy (UK) .....	71%	29%	37%	63%
Jackpotjoy (Sweden) .....	55%	45%	45%	55%
Starspins (UK) .....	61%	39%	40%	60%
Botemania (Spain) .....	43%	57%	47%	53%
Vera&John <sup>(1)</sup> .....	38%	62%	55%	45%
Costa Bingo .....	68%	32%	36%	64%

<sup>(1)</sup> Excludes InterCasino.

The category of mobile customers has emerged from the transition operated from desktop to mobile devices with the development of platforms across devices. The following table sets forth the average age of players acquired in each of the three business segments by technology used for the six month period ended 30 June 2016:

	Six month period ended 30 June 2016
<b>Jackpotjoy</b> .....	<b>36</b>
Desktop .....	37
Mobile .....	32
Tablet .....	40
<b>Vera&amp;John<sup>(1)</sup></b> .....	<b>34</b>
Desktop .....	34
Mobile .....	33
<b>Mandalay</b> .....	<b>38</b>
Desktop .....	40
Mobile .....	34
Tablet .....	38

<sup>(1)</sup> Includes InterCasino following migration from the AGO Platform.

## 8. OPERATING SECURITY POLICIES

### 8.1 Information technology and security

#### (a) *Jackpotjoy*

As the operator of the Jackpotjoy Brands, the Gamesys Group is responsible for maintaining the technological infrastructure, compliance and security processes and procedures for the Jackpotjoy Brands, subject to the governance arrangements in place pursuant to the Operating Agreements. All of the Gamesys Group's online systems used in connection with the real money gaming elements of the Jackpotjoy Business are compliant with the Payment Card Industry Data Security Standards ("PCI-DSS") and its real money gaming operating companies through its infrastructure management company, Gamesys Network Limited, are certified by the International Organisation for Standardisation ("ISO") information security standard (ISO 27001:2015). The Gamesys Group also undertakes an annual independent audit of such companies' operations in connection with these standards.

The Gamesys Group has implemented the following information technology and security measures for the real money gaming elements of the Jackpotjoy Business:

- a 24/7 network operations centre engaged in continuous monitoring of availability, performance and security;
- multiple firewall systems segregating the various security zones;
- host (file-integrity) and network-based intrusion detection systems;
- a distributed denial of service ("DDoS") protection system;
- a secure sockets layer ("SSL") based data transfer from customer to gaming site;
- secure storage of sensitive data using various forms of encryption and key management;



- annual information security training for the Gamesys Group’s real money gaming operating companies and infrastructure management;
- physical security at all data centres with 24/7 manned hosting environments, intrusion detection, closed circuit television monitoring and authorised/logged entry;
- redundant systems covering equipment, service providers and sites, which together deliver a disaster recovery solution; and
- off-site online backup systems.

(b) ***Vera&John***

The Vera&John brands and, following the successful migration of InterCasino to the Vera&John platform on 14 April 2016, the InterCasino brand operate off of Dumarca’s proprietary software. For a general statement of Vera&John’s and InterCasino’s IT platform see paragraph 5.2 (*Operating Segments*) of “Part 2: Business Overview—Section B: Information on Intertain”.

Dumarca has implemented a multi-layered data security protocol, which includes physical security, the use of ISO 27001-compliant datacentre providers, and other network security measures. Where possible, Dumarca makes use of data encryption technologies, remote-backups, access logs and system integrity monitoring. Dumarca’s staff is trained to follow these procedures. Information technology and security policies are reviewed annually and in anticipation of and in response to significant events such as the opening of a new facility or a breach in security.

(c) ***Mandalay***

Pursuant to the 888 Agreement, the Mandalay Group’s bingo business, other than Casino Choice and Ignite, operate through the Dragonfish platform, a software service provided by the 888 Group.

(d) ***Use of player data***

The Group uses collected player data to provide players with the services they have requested. The Group also uses player data to carry out identity and age verification checks on prospective players, for marketing purposes, to offer or send merchandising to players and to provide customer and transaction services. Player data is also shared with third-party partners and payment processors to ensure that players receive payment of winnings, and certain third-party processors where required to deliver prizes to such players. No player data obtained by the Group is sold to third parties. The Group uses cookie data to optimise the player experience when visiting the Group’s platforms. Collected cookie data only consists of network protocols and IP addresses, personal computer operating platform information, screen resolution settings and language settings.

## **8.2 Customer support**

The Group operates a global business where its customers require continual support. This requires its customer service representatives to be proficient in a number of areas, specifically in assisting with the processing of funds including with respect to the crediting of bonuses.

## **8.3 Payment processing**

The Group’s payment processing system for the brands which it operates is in-house, proprietary software, and connected to over 30 external payment suppliers with the capability to supply global coverage. The Group collaborates with some of the top technology companies in the world and, through a combination of technologies, is able to perform automatic risk assessments of customers on a transactional level, based on customer details, device used and behavioural patterns.

## **8.4 Anti-fraud management and money-laundering procedures and risk management**

While the anti-money laundering, anti-bribery, fraud detection and risk management processes of the Jackpotjoy Business and Mandalay segment are reliant on the Gamesys Group and the 888 Group, respectively, for monitoring and enforcement, the Group holds the ultimate responsibility for such

processes for the Vera&John segment. For further information on the risks related to the effective maintenance of these processes and controls, see *“Risk Factor—The Group, or certain third parties that it relies on, may fail to maintain effective and compliant anti-money laundering, anti-bribery, fraud detection, regulatory compliance and risk management processes”*.

(a) **Jackpotjoy**

Each of the Gamesys Group’s real money gaming operating companies responsible for operating the Jackpotjoy Business have clearly defined policies, procedures and controls which are designed to comply with the requirements of all applicable European AML regulations, and to deter potential criminals from using the Jackpotjoy Business for money-laundering. Such operating companies have implemented an AML policy which encompasses a collection of procedures, technologies and techniques to make a risk-based assessment of all players and financial transactions using the Gamesys Group’s real money gaming services. In particular, such operating companies have developed a know-your-customer protocol which includes account registration procedures, age and identity verification, enhanced due diligence procedures for high-value activities, relevant record keeping requirements and various internal and third-party systems, controls and procedures to monitor and assess ongoing player activity. Regular AML training is provided to relevant employees and procedures are in place for reporting suspicious or confirmed fraudulent activity both internally, and to the relevant law enforcement authorities.

The Gamesys Group has a dedicated Money-Laundering Reporting Officer (“**MLRO**”) and Fraud and Risk Management teams, whose responsibilities include assessing and implementing the Gamesys Group’s real money gaming operating companies’ policies, procedures and controls in accordance with applicable regulatory requirements and industry best practice, as well as reporting to Gamesys Group senior management on the Jackpotjoy Business’ compliance with applicable regulatory requirements. The MLRO ensures that all such operating companies regularly undertake risk assessments of members, products, employees, areas of operation and payment transaction methods. The MLRO also reviews such operating companies’ susceptibility to different types of money-laundering, industry and product risks associated with the real money gaming elements of the Jackpotjoy Business, and develops and implements corresponding AML methodology and policies.

Under applicable gaming regulations, it is illegal for anyone under the age of 18 to gamble on any of the Jackpotjoy Business real money gaming websites. All real money gaming players are required to positively confirm upon registration that they are over the age of 18. The Gamesys Group real money gaming operating companies’ age verification policies are an integral part of their “know-your-customer” processes and use both automated and manual methods to verify a member’s age and identity. In accordance with applicable regulatory requirements, such operating companies suspend all UK, Irish, Isle of Man, Channel Islands and Swedish players who fail to verify their age within 72 hours (28 days in the case of Sweden) of their first attempted deposit. Players using the real money gaming services in Spain and Andorra must be successfully age-verified before they are permitted to play real money gaming games.

(b) **Vera&John**

Dumarca has implemented a risk-based approach to AML and fraud risk assessment, and maintains policies and procedures designed to comply with the UK Proceeds of Crime Act 2002, the Money-Laundering Regulations 2007 and the UK Gambling Commission’s July 2013 guidance for remote and non-remote casinos. Dumarca’s Compliance Officer acts as the Nominated Officer under relevant AML regulations and provides both oversight of Dumarca’s risk management process and accountability to senior management for Dumarca’s compliance in this area. Dumarca also maintains a comprehensive monitoring and reporting system through which it is able to monitor customer activity and assess the effectiveness of its risk management policies. A central feature of Dumarca’s AML and risk management process is the implementation of comprehensive “know-your-customer” controls, which include customer identification (including use of third-party identity validation services and screening), monitoring of suspicious customer activity, manual vetting of first-time withdrawals by trained fraud staff and the exclusion of customers residing in jurisdictions identified by the intergovernmental Financial Action Task Force as non-cooperative. Dumarca provides all compliance and customer service staff with appropriate training in the areas of AML and risk management, and the Nominated Officer

evaluates employee knowledge in this area on an annual basis. Dumarca has also implemented an enhanced due diligence process facilitated by specially-trained staff to scrutinise customers, transactions or activity that, among other things, has been identified as suspicious. Where Dumarca is unable to satisfy itself of a customer's identity or legitimacy through its due diligence processes, Dumarca will not do business with such customer.

(c) ***Mandalay***

All of the Mandalay Group's bingo websites are operated pursuant to the 888 Agreement, whereby the 888 Group provides software, operational and management services to the Mandalay Group and, in effect, is responsible for all non-marketing aspects of the provision and operation of the gaming offered to the Mandalay Group's customers. This includes all AML and anti-fraud procedures as prescribed by applicable laws and regulations, which are implemented by the 888 Group through an experienced fraud and risk management department.

(d) ***Restricted markets***

The Group and third-party partners follow certain restricted territories guidance and procedures relating to the restriction of geographical territories from online gaming. These restrictions relate mainly to corporate risk, jurisdictional regulation and licenced brand restrictions and are updated on a continuous basis. This is achieved by identifying the applicable legal and quasi-legal requirements, assessing the current state of compliance, assessing the risks and potential costs of non-compliance against the projected expenses to achieve compliance, and prioritising, funding and initiating any corrective actions deemed necessary. Corrective actions typically include the blocking of a particular territory, engaging with regulators, applying for relevant licences or monitoring a jurisdiction in flux.

If a decision to block a country because that country is deemed, for example, to be a restricted, regulated or high risk territory, this action is taken by removing the country from the registration drop down menu and possibly implementing any one or more of the following:

- if required, informing all patrons that business from the blocked country is no longer accepted;
- removing the restricted country from newsletter/marketing material;
- blacklisting signup registrations via Globally Unique Identifier, or IP address;
- restricting real money game play via Globally Unique Identifier, or IP address; and
- blacklisting deposits deriving from the restricted territory.

In order to ensure that registrations, deposits and game play emanating from these jurisdictions are restricted, IP address geo-location methods are used. Payment methods are also reviewed to ensure compliance with the imposed restrictions.

Various other "know your customer" due diligence procedures are followed for all new accounts to ensure that only players from authorised locations can access the web application, such as requiring copies of identification documents to verify the identity and address of an end-user. The Group has policies and procedures in place to ensure that registrations or deposits for the online gaming operations of the Group are not accepted from individuals resident in Canada or the United States.

The procedures and technology described above are (i) provided to Intertain Bahamas by Gamesys Gibraltar pursuant to the Real Money Gaming Operating Agreement, (ii) operated and monitored by in-house built technology offered by Dumarca Gaming and (iii) provided to Mandalay Media by 888 pursuant to the 888 Agreement.

## **8.5 Management information systems**

The Group records data on several reporting systems, including the gaming system and the cashier system. The gaming system captures all operational information, including customer sign-ups, active players, rake, customer bonuses and prize pool contributions. The cashier system records all cash-based transactions such as customer pay-ins, withdrawals and chargebacks.

Daily and weekly key performance indicator (“**KPI**”) reports are reviewed by members of the senior management team in addition to detailed monthly management accounts, which are circulated and reviewed by the Board. In addition, each departmental head regularly monitors specific detailed operational KPI. These reports allow the Group’s management to monitor the performance of the business versus budgeted expectations and allow early recognition of developing trends within its operations and markets.

The Group uses Sage, a standard accounting software package, for its general accounting function and for the production of financial statements.

## **8.6 Responsible gaming**

The Group seeks to provide, and ensure that its third-party partners provide a safe, responsible and trusted online gaming environment through compliance with industry best practice. The Group takes responsible gaming seriously and has a Compliance department to prepare and maintain ethical and social policies for the Group.

The Group’s operations have been certified by regulated bodies including [www.responsiblegamblingtrust.org.uk](http://www.responsiblegamblingtrust.org.uk) that seeks to promote a responsible approach to gaming, and meet its code of practice. This code requires operators, amongst other things, to provide customer-led payment limits and controls for session play (for casino games); to provide self exclusion options and responsible gaming content and sources of help for all customers; to verify the age of all sign-ups; and to provide customer service teams with training on problem gambling.

The Group has implemented a policy limiting the amount of money that a member may deposit. These limits ensure that players do not spend uncontrolled amounts in a short period of time. The Group has also implemented a pro-active policy to detect problem gamers. The member support representatives are trained to identify patterns and behaviours that indicate problem gaming and report such activity.

When a member is identified as a potential problem gambler, he will be contacted and his account placed under close review. The member will be requested to agree to lower deposit limits and to confirm that he is comfortable with his level of play. The Group may close the account if the member fails to respond or upon the Group’s conclusion that the member is a problem gambler.

The Group has also implemented a self-exclusion policy, whereby a member may request to be blocked from further play. In such cases the account will be blocked immediately and the member will not be able to re-activate such an account within the self-exclusion period.

The Group also participates in organisations such as ARGO (the Association of Remote Gaming Operators), iGGBA (the Interactive Gaming, Gambling and Betting Association) and IGC (the Interactive Gaming Council), all of which promote probity and responsibility in the conduct of the online gaming industry.

## **9. INTERNAL CONTROLS AND PROCEDURES**

As noted above, Intertain (then, Aumento Capital II Corporation) completed its initial public offering as a capital pool company (i.e. a special purpose acquisition company) on the TSXV on 6 October 2011. On 10 February 2014, Intertain changed its name to “The Intertain Group Limited”.

As a capital pool company, Intertain did not conduct commercial operations other than to enter into discussions for the purpose of identifying potential acquisition targets and did not own any assets other than cash prior to completion of the InterCasino Acquisition on 18 February 2014.

Intertain’s executive management team at that time had limited experience of managing a publicly listed company, including with respect to financial reporting and related internal controls and procedures. As described in paragraph 2 (*Acquisitions*) above, since the first acquisition by the capital pool company in February 2014, the Group has expanded rapidly through a number of acquisitions. During this rapid period of growth, the Group operated under a holding company structure and employed only a limited number of staff, including within its central accounting function, with many accounting functions performed at operating subsidiary level or provided by third parties. As is customary for capital pool companies growing through acquisitions, Intertain also relied on third-party individuals to identify potential acquisition targets and assess their value to the Group. As described in paragraph 2

(Acquisitions) above and “Part 5 – Operating and Financial Review—Material factors affecting results of operations and financial condition - Acquisitions”, various payments were made to third parties as finder’s fees in connection with these acquisitions.

On 17 December 2015, Intertain was targeted by the Report published by a self-described short-seller, Spruce Point Capital Management. The Report made various allegations regarding Intertain, including with respect to its prior acquisitions and the prospects of its acquired businesses, including, in particular, the Jackpotjoy Brands, accounting, financial presentation and financial disclosure concerns, Intertain’s governance, various links between members of the Intertain Board and senior management and related parties, and Intertain’s Management Incentive Plan.

Following the publication of the Report, the Intertain Board appointed the Independent Committee (composed of non-management directors David Danziger, Stan Dunford and Mark Redmond), to investigate the allegations made in the Report in conjunction with the Independent Committee’s independent advisors.

These allegations were thoroughly reviewed by the Independent Committee and its independent advisors and Intertain announced the results of the Independent Committee’s investigations and certain other matters in press releases dated 8 February 2016 and 22 February 2016. The Independent Committee concluded that the allegations and suggestions made in the Report in relation to the quality and financial performance of the underlying businesses of the Group were grossly erroneous and the Report’s claims in respect of the quality and performance of the Group’s underlying businesses were wrong in every material respect.

In addition, following the Independent Committee’s consideration of the principal accounting allegations raised in the Report, which included a review of those allegations with Intertain’s independent auditor, BDO LLP, the Independent Committee was satisfied that no changes to Intertain’s previously disclosed financial statements were required in relation to these matters.

The Independent Committee and its advisors also considered the performance of Intertain’s corporate processes and controls and the financial and governance functions and oversight at Intertain. The Independent Committee made recommendations for changes and improvements in these areas, including to address inadequate board documentation, approvals and record keeping in respect of certain payments previously made by Intertain that were recorded and fully expensed by it as transaction expenses in connection with its prior acquisitions (including advisory and finder’s fees paid to third parties). The Independent Committee identified three such payments, collectively aggregating approximately CAD \$7.8 million, made to nominee corporations understood to be controlled by Darren Rennick, the current president of Intertain Bahamas, with such monies being held for the benefit of the third parties having provided such services. All parties to these arrangements advised that the monies are being held exclusively for the benefit of such third parties. See paragraph 1.1 (*Acquisitions*) “Part 5 – Operating and Financial Review”.

In addition to the above, in the months since February 2016, and in preparation for Admission, the Group has continued to make improvements to its internal procedures and processes and finance function. Such improvements include the proposed appointment of a new third-party to perform internal audit procedures, as well as the introduction of new processes and thresholds relating to delegation of authority and matters reserved to the Board upon Admission, authorisation policies and reporting lines. These measures and the measures set out above have been implemented, or are in the process of being implemented.

## 10. INTERTAIN’S MANAGEMENT AND EMPLOYEES

The breakdown of employees/consultants by the main operating subsidiaries of the Group is set out below:

	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
Intertain (Toronto) .....	8	7	4
Jackpotjoy plc .....	1	—	—
Intertain Bahamas .....	13	9	—
Dumarca .....	196	120	94
Mandalay Media .....	24	18	18
Cryptologic Operations .....	1	7	7



In addition to the above there are approximately 269 other employees and consultants who carry out functions relevant to the Jackpotjoy Business who are employed or engaged (as applicable) by the Gamesys Group. Such functions are outsourced under the Operating Agreements and can be internalised by the Group, at the option of the Group, in the future. Dumarca also makes extensive use of consultants and contractors. In addition, multiple other individuals provide services to Mandalay Media through the 888 Agreement.

Further information on each of the Directors and other key members of the management team is set out in “Part 3: Directors, Senior Managers and Corporate Governance”.

## **11. INTELLECTUAL PROPERTY**

The Group protects its intellectual property in the area of its core business through a combination of trademarks, copyright, trade secret and contractual provisions. The Group’s subsidiaries hold a portfolio of over 80 trademarks relating primarily to their online gaming websites.

The copyright in certain Jackpotjoy Business-specific website content is held by Intertain. The Gamesys Group owns key intangible assets in its software platform and games (including the copyright, trade secrets and other intangible rights in the software code and the proprietary platform used by the Gamesys Group to operate its websites and games).

Dumarca also owns proprietary software which is used for hosting its own B2C online gaming websites and which it also licences to third parties in its B2B business. The source code for the software is protected through trade secrets. The Group recognises, however, that effective protection may not be available in some countries where it may offer its solutions.

The 888 Group has granted to the Mandalay Group a worldwide, non-exclusive, non-transferrable licence to use its bingo software.

Other intangible properties of the Group include gaming licences in Malta, the UK and Denmark, as well as domain names related to the various brand-related websites. The copyright, trademarks, domain names, trade secrets, proprietary technology and other intellectual property of the Group are important for its long-term success.

## **12. PROPERTY**

As at the date of this Prospectus, the Group primarily operates from leased office premises in Toronto, Canada, Sliema, Malta and Nassau, The Bahamas. All of the Groups’ leases are short term. In addition, the Group has recently acquired a lease for its expected office premises in the Greater London area.

## **13. LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no material pending legal proceedings or regulatory actions to which the Group is, or, so far as management of the Group is aware, is likely to be, a party.

## **14. DIVIDEND POLICY**

The Company’s aim is to generate long term value for its stakeholders and design a shareholder distribution policy that reflects the growth prospects and profitability of the Company while maintaining appropriate levels of operational liquidity. Subject to ensuring sufficient cash remains in the business, including to meet forecast working capital requirements, contingent and financial liabilities (including with respect to the Jackpotjoy Earn-Out Payments) and other capital requirements, the Board intends to target an annual total dividend of 50 per cent. of the Group’s Adjusted Net Income (a non-IFRS measure), as defined and calculated from time to time by the Company. The Board intends to introduce such a policy once the Group’s leverage has reduced to levels commensurate with its UK-listed peers. When implemented, it is envisaged that interim dividends would be paid in November of each financial year, and that final dividends would be paid in May of the next financial year. It is intended that the interim and final payments would represent approximately one third and two thirds of the total annual dividend, respectively.

The Board will continue to reassess the Company’s shareholder distribution policy from time to time. The introduction and payment of dividends by the Company will be subject to its ongoing assessment of its

ability to satisfy its contingent liability payments (including with respect to the Jackpotjoy Earn-Out Payments), financial liabilities and operational working capital needs, as well as various additional factors, including those outside of the direct control of the Group. There can therefore be no assurance that the Company will introduce a dividend or, if one is paid, that it will be of the quantum or on the timelines outlined above.

It is not expected that Exchangeable Shareholders will receive Distributions from AmalCo. To maintain substantial economic equivalence with the Shareholders, Exchangeable Shareholders will, however, be entitled to receive the Economic Equivalence Payment upon the retraction, redemption or purchase, as the case may be, of their Exchangeable Shares.

Pursuant to the Voting and Exchange Trust Agreement, JerseyCo will irrevocably waive its rights to receive Distributions attaching to its Underlying Shares from time to time as long as it holds such Underlying Shares and, as such, will not receive any dividends paid by the Company.

## PART 3: DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

### Directors

The Company's Directors are:

Name	Age	Position	Date appointed to Board
Neil Goulden .....	63	Chairman	15 August 2016
Andrew McIver .....	53	Chief Executive Officer and Director	15 August 2016
Keith Laslop .....	45	Chief Financial Officer and Director	5 September 2016
Nigel Brewster .....	54	Independent Non-Executive Director	19 January 2017
David Danziger .....	60	Independent Non-Executive Director	5 September 2016
Jörgen Nordlund .....	51	Non-Executive Director	19 January 2017
Paul Pathak .....	48	Independent Non-Executive Director	17 August 2016
Jim Ryan .....	55	Independent Non-Executive Director	5 September 2016
Colin Sturgeon .....	66	Independent Non-Executive Director	19 January 2017

The business address of each of the Directors is c/o Jackpotjoy plc, 35 Great St. Helen's, London, EC3A 6AP, United Kingdom.

The management expertise and experience of each of the Directors is set out below:

#### *Neil Goulden, Chairman*

Mr. Goulden recently became the Chairman of the Board. Mr. Goulden spent the last 25 years at a board level within a number of leisure businesses, including Ladbrokes, Compass Plc, Allied Leisure Plc and the Gala Coral Group. He was Group Managing Director, CEO, Chairman and Chairman Emeritus of Gala Coral Group from 2001 to 2014. Mr. Goulden currently acts as Senior Independent Director at Marston's PLC, the FTSE 350 pub and brewing company, where he also chairs the Remuneration Committee and previously chaired the Audit Committee. Mr. Goulden is a director of a number of other companies and trustee of a number of charities, and holds and has held a number of ministerial appointments. He was a member of the Low Pay Commission from 2007 to 2015 and advised the government on gambling matters as a member of the Responsible Gambling Strategy Board (2008 to 2011), as Chairman of The Responsible Gambling Trust (2011 to 2016) and currently advises the government as a member of the Horserace Betting Levy Board. Mr. Goulden graduated from the University of Southampton in 1975 with a BSc in Politics and Law and is a Companion of the Chartered Management Institute and a member of the Institute of Hospitality.

#### *Andrew McIver, Chief Executive Officer and Director*

Mr. McIver recently became Intertain's President & CEO. Mr. McIver was previously CEO of online gaming company Sportingbet plc, a role he held for over six years, having previously acted as CFO for almost five years. During his time at Sportingbet, Mr. McIver developed and diversified the business, expanding operations into 26 countries including Australia, Spain, and Greece. In March 2013, he oversaw its sale for £480 million to a joint-bid from bookmaker William Hill and sports betting and gaming group GVC. Prior to Sportingbet, Mr. McIver held senior positions with major brands in retail, telecommunications and betting including Ladbrokes, British Telecom and House of Fraser, having trained as a Chartered Accountant. Mr. McIver graduated from the University of Bristol in 1985 with a BSc in Economics.

#### *Keith Laslop, Chief Financial Officer and Director*

Mr. Laslop is the Company's Chief Financial Officer. Prior to that, Mr. Laslop served as principal of Newcourt Capital, a boutique private equity group. From 2004 to 2008, Mr. Laslop served as the Chief Financial Officer and then President of Prolexic Technologies, Inc., then the world's largest Distributed Denial of Service (DDoS) mitigation provider. From 2001 to 2004, he served as the Chief Financial Officer and Business Development Director of Elixir Studios Ltd. ("Elixir"), a London-based video gaming software developer. Prior to Elixir, Mr. Laslop served in various corporate development, mergers and acquisitions, and gaming consultant roles in London, England and Toronto, Canada. Mr. Laslop currently serves as a Director of Maple Leaf Revolver Fund. In addition, he previously served as a Director and Chief Operating Officer of Taggart Capital Corp. (now PRO Real Estate Investment Trust) until January 2013; a Director of Rineon Group Inc. from May 2009 to January 2010; a Director of Fund.com Inc. from May 2008 to June 2010; and a Director and Chief Operating Officer of Gerova from May 2008 to February 2011 and June 2010 to September 2010, respectively. Mr. Laslop is a Chartered Accountant and holds the Chartered Financial Analyst (CFA) accreditation.

***David Danziger, Independent Non-Executive Director***

Mr. Danziger is a Chartered Accountant and the Senior Vice President of Assurance Services at MNP LLP, Chartered Professional Accountants, a full service audit and accounting firm. He also leads the firm's Public Markets practice. Mr. Danziger is experienced in management consulting and business advisory services. He was CEO and a director of Aumento Capital Corporation (now Annidis Corporation), a capital pool company that completed its qualifying transaction in June 2011, Aumento Capital III Corporation (now Exo U Inc.), a capital pool company that completed its qualifying transaction in June 2013 and Aumento Capital IV Corporation (now GreenSpace Brands Inc.), a capital pool company that completed its qualifying transaction in April 2015. He is currently a director of Eurotin Inc. (TSXV), Euro Sun Mining Inc. (formerly Carpathian Gold Inc.) (CSE), Era Resources Inc. (TSXV) and Poydras Gaming Finance Inc. (TSXV). He graduated with a B.Comm from the University of Toronto in 1978 and was designated a Chartered Accountant in 1983.

***Paul Pathak, Independent Non-Executive Director***

Mr. Pathak has been a partner of Chitiz Pathak LLP since 1996, a Toronto law firm serving clients in the securities and investment industries. Mr. Pathak practices principally in the areas of corporate, securities, mergers, acquisitions and commercial law. Mr. Pathak has acted for issuers in a broad range of securities transactions, including initial public offerings, reverse take-overs, establishment of capital pool companies, going-private transactions and numerous financing structures. Mr. Pathak has served as a member of the board of directors of several private and public companies listed on Canadian stock exchanges including, Aumento Capital Corporation (now Annidis Corporation), a capital pool company that completed its qualifying transaction in June 2011, Aumento Capital III Corporation (now Exo U Inc.), a capital pool company that completed its qualifying transaction in June 2013 and Aumento Capital IV Corporation (now GreenSpace Brands Inc.), a capital pool company that completed its qualifying transaction in April 2015. Mr. Pathak was called to the Ontario Bar in 1994, having completed his LL.B. at Osgoode Hall Law School in 1992.

***Jim Ryan, Independent Non-Executive Director***

Mr. Ryan is currently CEO of Pala Interactive, LLC and brings extensive experience in the online gaming industry, having previously served as Co-CEO of bwin.party digital entertainment plc and as CEO of PartyGaming plc. Mr. Ryan also sits on the boards of Gaming Realms plc, Duke Royalty plc and Fralis International LLC. Mr. Ryan obtained professional qualifications as a Chartered Accountant from the Canadian Institute of Chartered Accountants and a degree in business from the Goodman School of Business at Brock University.

***Colin Sturgeon, Independent Non-Executive Director***

Mr. Sturgeon has extensive experience leading and managing the origination and execution of corporate and government finance. In July 2005 he retired from RBC Capital Markets after over 20 years of service. Throughout his career at RBC he has held various roles of increasing responsibility, including Head of Corporate and Investment Banking for Europe, Middle East and Africa, Deputy Chairman, Royal Bank of Canada Europe Limited and Chairman of the European Banking and Trading Risk Management Committees. Prior to joining RBC in 1981, he worked for ten years at Merrill Lynch International in London where he held roles in money market and foreign exchange trading and investment banking. Following his retirement from RBC he has been involved with Affinity Sutton Group, one of the UK's largest providers of social housing, as a group board member and currently as a member of the shadow board appointed in connection with Affinity Sutton and Circle Housing's planned merger. He has served on the boards of several companies, including those of Krupaco Finance UK Limited, Channel Services Limited and RBC Pension Trustees Limited. He has also acted as a senior advisor to the Financial Services Authority.

***Nigel Brewster, Independent Non-Executive Director***

Mr. Brewster is an experienced finance and management executive who has held senior roles in private-equity backed companies in the leisure industry. Most recently, Mr. Brewster was, from November 2015 until April 2016, CFO of Parkdean Resorts Limited, the leading private equity-owned caravan park operator, where he oversaw the merger of Park Resorts and Parkdean Holidays, a £570 million senior debt raise and various aspects of post-merger integration having previously served as CFO of Park Resorts Limited from April 2012. Mr. Brewster previously served as CFO of ADP Dental Group from April 2010 until October 2011, overseeing the sale to IDH Group. From 2005 to 2009, Mr. Brewster held several senior roles at Gala Coral Group, one of Europe's largest integrated gaming businesses where he served as Group Commercial Director, International

Business Development Director and, latterly, Group Finance Director. At Gala Coral, Mr. Brewster led a cost reduction initiative to reduce 10 per cent. of the company's cost base, oversaw the establishment of the company's international division and was involved with the creation and implementation of an integrated group information technology strategy. Mr. Brewster also served as the UK Finance Director of Apollo Leisure (now SFX Entertainment Inc.), a theatre owner and producer of live events, including bingo, from 1995 until 2001. Mr. Brewster holds a Bachelor of Science and a Chartered Accountant qualification from the Institute of Chartered Accountants of England and Wales having qualified with PriceWaterhouseCoopers.

#### ***Jörgen Nordlund, Non-Executive Director***

Mr. Nordlund was a co-founder of Vera&John Casino and is currently a member of the board of directors of West International AB, a publicly listed company on the NASDAQ First North. Mr. Nordlund founded Maria Bingo and from 2006 to 2007 served as its CEO. From 2003 to 2005, Mr. Nordlund served as CEO and license key representative of Spero Online AB, a licensed regulated gaming operator with a licence from the Swedish Lottery Board. Mr. Nordlund also founded Redcyber AB and from 2000 to 2002 served as its CEO. From 1998 to 2000 he served as Business Director at Ericsson France and Holland, and from 1995 to 1998 he served as Marketing Director at Ericsson China (Shanghai). In addition, Mr. Nordlund has held a senior management position at Unibet Group and worked as a product manager at Volvo. Mr. Nordlund holds a Masters of Science from Luleå University of Technology and an executive Masters of Business Administration from the Thunderbird School of Global Management.

#### ***Senior Managers***

In addition to the executive management on the Board of the Company, the following Senior Managers are considered relevant to establishing that the Company has the appropriate expertise and experience for the management of its business:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Irina Cornides .....	38	Chief Revenue Officer of Intertain Bahamas
Darren Rennick .....	48	President of Intertain Bahamas
Robert Bressler .....	38	Vice-President, Finance and Corporate Controller of Intertain

The business address of each of the Senior Managers is Intertain Bahamas Ltd., South Ocean Boulevard, New Providence, The Bahamas.

The management expertise and experience of each of the Senior Managers is set out below:

#### ***Irina Cornides***

Ms. Cornides is Chief Revenue Officer and a Director of Intertain Bahamas and is responsible for Profit & Loss of the Mandalay Group as well as cross-group projects. Ms. Cornides has been with Mandalay Media since 2011, where she was Managing Director prior to the QT Transactions. With a Bachelor of Science degree in Economics from University College London and a Master of Science degree in Management from the London School of Economics, Ms. Cornides joined the online gaming industry in 2004. She previously worked for PartyGaming (BwinParty), where she held various positions including Retention and VIP Management.

#### ***Darren Rennick***

Mr. Rennick is the President and on the board of directors of Intertain Bahamas, and on the board of directors of Mandalay Media. Mr. Rennick has spent the majority of the last 20 years focusing on both the land based and online gambling industries where he has run both public and private gaming entities, including IQ Ludourum plc and Digital Gaming Solutions. He has supplemented his gaming background with intellectual property management and payment processing experience while at Bermuda Stock Exchange listed M2 Global Ltd. and network security experience when he served as Chief Executive Officer of Prolexic Technologies Inc. Mr. Rennick holds a Bachelor of Arts degree from the University of Toronto and a Master of Business Administration degree from the University of Western Ontario.

#### ***Robert Bressler***

Mr. Bressler is the Vice-President, Finance and Corporate Controller of Intertain. Prior to joining Intertain in 2014, Mr. Bressler held senior auditing positions at Ernst and Young LLP from 2004 to 2013, and has extensive accounting and auditing experience with public international corporations and asset management companies.



Mr. Bressler holds a Bachelor of Arts degree in History from the University of Western Ontario, a Bachelor of Commerce degree in Entrepreneurial Management from Royal Roads University and is a Chartered Accountant.

## **Corporate Governance**

The Board is committed to the highest standards of corporate governance. From Admission, the Board intends to comply with the UK Corporate Governance Code (the “**Corporate Governance Code**”) published in April 2016 by the Financial Reporting Council. The Company intends to voluntarily comply with certain of the requirements for premium listed companies under the Listing Rules and will voluntarily report to its Shareholders on its compliance with the Corporate Governance Code in accordance with the requirements for premium listed companies under the Listing Rules. The Company also intends to report for so long as is required on its compliance with applicable corporate governance requirements and guidelines in accordance with Canadian securities law.

The Corporate Governance Code recommends that at least half of the members of the board of directors (excluding the chairman) of a public limited company incorporated in England and Wales should be independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgement. Similar requirements existing in Canada under National Instrument 58-101 – Disclosure of Corporate Governance Practices (“**NI-58-101**”). Although Mr. Danziger’s service as CEO, CFO and Secretary of Aumento Capital II Corporation prior to Intertain’s completion of its “qualifying transaction” may result in him being deemed not to be independent for the purposes of NI 58-101, the Intertain Board has nonetheless determined in its reasonable judgement that Mr. Danziger is able to exercise the impartial judgement necessary to fulfil his responsibilities and that he is therefor able to rely on an exemption from such technical requirements, particularly as he will, in any event, satisfy the technical independence requirement under NI 58-101 shortly after Admission in February 2017.

The Directors believe that it is appropriate to treat David Danziger as an Independent Non-Executive Director notwithstanding that (i) he was CEO, CFO and Secretary of Aumento Capital II Corporation (the capital pool company prior to its “qualifying transaction”, that is now Intertain), (ii) he received additional compensation for his role as member of the Special Committee (as set out in paragraph 8 (*Directors’ and Senior Managers’ Compensation*) of “*Part 10 – Additional Information*”) and (iii) he is a partner of accounting firm MNP LLP which had previously received professional fees from Intertain as set out in note 25 in “*Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group*”.

The Directors believe that it is appropriate to treat Paul Pathak as an Independent Non-Executive Director notwithstanding that (i) he is currently the corporate secretary of Intertain, (ii) he received additional compensation for his role as member of the Special Committee (as set out in paragraph 8 (*Directors’ and Senior Managers’ Compensation*) of “*Part 10 – Additional Information*”) and (iii) he is a partner of the law firm Chitiz Pathak LLP which had previously received professional fees from Intertain as set out in note 25 in “*Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group*”.

The Board is composed of nine members, consisting of Mr. Goulden (Chairman of the Board), Messrs. McIver and Laslop (the current President & Chief Executive Officer and the Chief Financial Officer of Intertain, respectively), one non-executive director (Mr. Nordlund) and five independent non-executive directors (Messrs. Brewster, Danziger, Pathak, Ryan and Sturgeon). Accordingly, on Admission the Company will comply with the provisions of the Corporate Governance Code that at least half of the Board (excluding the Chairman) should comprise independent non-executive directors.

The Corporate Governance Code also recommends that the Board should appoint one of the Independent Non-Executive Directors as senior independent director and Colin Sturgeon, an Independent Non-Executive Director, has been appointed to fill this role. The senior independent director should be available to Shareholders if they have concerns which contact through the normal channels of the Chairman, the Chief Executive Officer or the Chief Financial Officer has failed to resolve or for which such contact is inappropriate.

The Chairman’s role is to ensure good corporate governance. His responsibilities will include leading the Board, ensuring the effectiveness of the Board in all aspects of its role, ensuring effective communication with shareholders, setting the Board’s agenda and ensuring that all Directors are encouraged to participate fully in the activities and decision making process of the Board.

## **Committees of the Board**

As envisaged by the Corporate Governance Code, the Board has established Nomination, Remuneration and Audit and Risk Committees, each with formally delegated duties and responsibilities with written terms of

references. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises. Committees of the Board have no executive power with regard to their recommendations and do not relieve the Directors of their responsibility for these matters.

#### ***Nomination Committee***

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board. The Nomination Committee is responsible for, amongst other matters, evaluating the balance of skills, experience, independence and knowledge on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and will make appropriate recommendations to the Board on such matters. The Nomination Committee also considers succession planning, taking into account the skills and expertise that will be needed on the board in the future.

The Corporate Governance Code provides that a majority of the members of the Nomination Committee should be independent non-executive directors and the chairperson should be the Chairman or an independent non-executive director, but the Chairman of the Board should not chair the Nomination Committee when it is dealing with the appointment of his or her successor.

The Nomination Committee is composed of three members, two of whom are Independent Non-Executive Directors (namely David Danziger and Colin Sturgeon), and Neil Goulden, the Chairman of the Board. The chairman of the Nomination Committee is Neil Goulden. The Company therefore considers that it complies with the Corporate Governance Code recommendations regarding the composition of the Nomination Committee.

The Nomination Committee will meet formally at least twice a year and otherwise as required.

#### ***Remuneration Committee***

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including, amongst other matters, making recommendations to the Board on the Company's policy on executive remuneration, determining the individual remuneration and benefits package of each of the Executive Directors and recommending and monitoring the remuneration of senior management below Board level.

The Corporate Governance Code provides that the Remuneration Committee should consist of at least three members who are all independent non-executive directors. In addition, the Chairman of the Company may be a member of, but not chair, the Remuneration Committee if he/she was considered independent on appointment as Chairman.

The membership of the Remuneration Committee comprises three Independent Non-Executive Directors (namely Colin Sturgeon, Paul Pathak and Nigel Brewster) with Neil Goulden, the Chairman of the Company, to attend from time to time, as an observer. The chairman of the Remuneration Committee is Colin Sturgeon. The Company therefore considers that it complies with the Corporate Governance Code recommendations regarding the composition of the Remuneration Committee.

The Remuneration Committee will meet formally at least twice a year and otherwise as required.

#### ***Audit and Risk Committee***

The Audit and Risk Committee assists the Board in, amongst other matters, discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing the Company's annual financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment, reappointment, removal and independence of external auditors and reviewing the effectiveness of the Company's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the interim financial statements, including the half-yearly reports, remains with the Board.

The Audit and Risk Committee is also responsible for (i) advising the Board on the Company's risk strategy, risk policies and current risk exposures, (ii) overseeing the implementation and maintenance of the overall risk management framework and systems, (iii) reviewing the Company's risk assessment processes and capability to identify and manage new risks and (iv) establishing, reviewing and maintaining procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Corporate Governance Code recommends that an audit committee should comprise of at least three members who should all be independent non-executive directors, and that at least one member should have recent and relevant financial experience. The Corporate Governance Code also recommends that the audit committee as a whole should have competence relevant to the sector in which the Company operates. Applicable Canadian securities laws require that the Audit and Risk Committee be composed of not less than three independent directors (as defined by applicable Canadian securities laws), each of whom must be “financially literate” within the meaning of applicable Canadian securities laws.

The membership of the Audit and Risk Committee comprises three Independent Non-Executive Directors (namely, David Danziger, Jim Ryan and Nigel Brewster), with Keith Laslop to attend from time to time, as an observer. The chairman of the Audit and Risk Committee is Jim Ryan. Each of the members of the Audit and Risk Committee is considered “independent” and “financially literate”, with the exception of David Danziger, who may be deemed not to be independent by reason of his previous role as CEO and CFO and Secretary of Aumento Capital II Corporation prior to its “qualifying transaction” in February 2014. The Company therefore considers that it complies with the Corporate Governance Code recommendations regarding the composition of the Audit and Risk Committee and with applicable Canadian securities laws, as a result of an exemption from the independence requirements under Section 3.6 of NI 52-110 with respect to Mr. Danziger. Commencing 11 February 2017, Mr. Danziger will be considered to be independent under applicable Canadian securities laws and the Company will no longer be required to rely on this exemption.

The Audit and Risk Committee will meet formally at least four times a year and otherwise as required.

## PART 4: SELECTED FINANCIAL INFORMATION

The following tables present selected financial information of the Group as at the dates and for the periods indicated. The selected financial information in the tables headed combined and consolidated income statement, consolidated statement of financial position and combined and consolidated statement of cash flows below have been extracted without material adjustment from the Historical Financial Information included in “Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group” and “Part 7: Historical Financial Information – Section H: Unaudited Interim Condensed Consolidated Financial Statements of the Group for the nine months ended 30 September 2016”.

### Combined and Consolidated Statement of Comprehensive Income

#### Consolidated Statements of Comprehensive Income (extracts)

(CAD)	Period ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Six months ended 30 June 2015	Six months ended 30 June 2016	Nine months ended 30 September 2015	Nine months ended 30 September 2016	Twelve months ended 30 September 2016
				(\$000's)				
				(unaudited)		(unaudited)	(unaudited)	(unaudited)
Revenue and other income .....	-	40,776	384,465	130,292	247,333	252,508	360,980	492,937
Total costs and expenses .....	922	58,525	446,393	182,707	231,590	300,902	346,681	492,172
Financing expenses .....	82	7,937	164,291	22,820	32,855	44,233	63,620	183,678
Net loss for the period before taxes .....	(1,004)	(25,686)	(225,789)	(74,805)	(17,112)	(92,197)	(49,321)	(182,913)
Net loss for the period ...	(1,004)	(26,068)	(226,873)	(74,977)	(17,526)	(92,475)	(49,340)	(183,738)
Total other comprehensive income (loss) for the period .....	-	(264)	66,950	54,116	(102,986)	70,476	(108,647)	(112,173)
<b>Total comprehensive loss for the period ....</b>	<b>(1,004)</b>	<b>(26,332)</b>	<b>(159,923)</b>	<b>(20,861)</b>	<b>(120,512)</b>	<b>(21,999)</b>	<b>(157,987)</b>	<b>(295,911)</b>

### Consolidated Balance Sheet

#### Consolidated Balance Sheets (extracts)

(CAD)	As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at 30 June 2016	As at 30 September 2016
			(\$000's)		(unaudited)
Total current assets .....	62,401	50,424	130,328	185,272	205,710
Total non-current assets .....	-	287,985	1,376,026	1,127,774	1,099,950
Total current liabilities .....	3,782	63,780	110,763	246,408	280,235
Total non-current liabilities .....	13,914	90,990	805,762	595,669	581,293
<b>Total equity .....</b>	<b>44,705</b>	<b>183,639</b>	<b>589,829</b>	<b>470,969</b>	<b>444,132</b>

### Combined and Consolidated Cash Flow Statement

#### Consolidated Statements of Cash Flows (extracts)

(CAD)	Period ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Six months ended 30 June 2015	Six months ended 30 June 2016	Nine months ended 30 September 2015	Nine months ended 30 September 2016	Twelve months ended 30 September 2016
				(\$000's)				
				(unaudited)		(unaudited)	(unaudited)	(unaudited)
Total cash provided by (used in) operating activities .....	2,813	4,417	48,265	(35,952)	86,496	5,198	118,252	161,319
Total cash provided by (used in) financing activities .....	(1,532)	206,686	684,984	783,270	(54,581)	750,079	(66,555)	(131,650)
Total cash used in investing activities ...	-	(181,132)	(699,685)	(688,067)	(1,605)	(692,584)	(3,214)	(10,315)
Net increase in cash during the period .....	1,281	29,971	33,564	59,251	30,310	62,693	48,483	19,354
Cash, beginning of period .....	-	1,281	31,252	31,252	64,816	31,252	64,816	94,502
Exchange gains on cash .....	-	-	-	171	(6,299)	557	(9,421)	(9,978)
<b>Cash, end of period ....</b>	<b>1,281</b>	<b>31,252</b>	<b>64,816</b>	<b>90,674</b>	<b>88,827</b>	<b>94,502</b>	<b>103,878</b>	<b>103,878</b>

## PART 5: OPERATING AND FINANCIAL REVIEW

*This “Part 5: Operating and Financial Review” should be read in conjunction with “Presentation of Financial and Other Information”, “Part 1: Industry Overview”, “Part 2: Business Overview” and “Part 7: Historical Financial Information”. Prospective investors should read the entire document. The financial information considered in this “Part 5: Operating and Financial Review” is extracted from the financial information set out in “Part 7: Historical Financial Information”.*

*The following discussion of the Group’s results of operations and financial conditions contains forward-looking statements. The Group’s actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly under the sections headed “Risk Factors” and “Presentation of Financial and Other Information—Information Regarding Forward-Looking Statements”. In addition, certain industry issues also affect the Group’s results of operations and are described in “Part 1: Industry Overview”.*

### Overview

The Group is an online gaming holding company that provides wagering-focused entertainment to a global consumer base. Through its operating subsidiaries, the Group currently offers bingo and casino games to its customers through Jackpotjoy, StarSpins, Botemania, Vera&John, Costa Bingo, InterCasino and other brands. The Group has historically segmented its operations as follows: the Jackpotjoy segment (consisting of the real money and social gaming online bingo and online casino operating results of the Jackpotjoy, StarSpins and Botemania brands), the Vera&John segment (consisting of the real money online casino operating results of various brands operated by Dumarca and Cryptologic Operations, including Vera&John and Vera&Juan), the Mandalay segment (consisting of the real money operating results of various online bingo websites operated by the Mandalay Group, including Costa Bingo, and the operating results of affiliates) and the InterCasino segment (consisting of the real money online casino operating results of the InterCasino brand and revenues earned from the Amaya Revenue Guarantee, which expired during the first quarter of 2016). Following the migration of InterCasino to the Vera&John platform in the second quarter of 2016, Intertain has consolidated its operations into three segments: Jackpotjoy, Vera&John and Mandalay.

The Jackpotjoy Brands operate through proprietary software owned by the Gamesys Group, Intertain’s B2B software and support provider. The Vera&John, Vera&Juan and InterCasino brands operate through proprietary software owned by the Group. The Mandalay segment’s bingo offerings (consisting of various online bingo websites, including Costa Bingo) operate through the Dragonfish platform, a software service provided by the 888 Group.

The Group’s principal revenue stream comes from the Jackpotjoy segment, which relates to the Jackpotjoy Brands acquired on 8 April 2015. For the twelve months and the nine months ended 30 September 2016, the Jackpotjoy segment generated total revenues of \$340.5 million and \$249.6 million (or 69% and 69% of total Group revenues), respectively, the Vera&John segment generated total revenues of \$110.2 million and \$80.9 million (or 22% and 22% of total Group revenues), respectively, and the Mandalay segment generated total revenues of \$42.3 million and \$30.6 million (or 9% and 9% of total Group revenues), respectively.

The Group’s operations are primarily focused on, and in 2015 over 75% of the Group’s revenues were derived from, the UK and Northern Europe, in particular Sweden. Currently, the Group’s international operations are licensed or operate through the licences of third-party service providers in Malta, Gibraltar Denmark, Spain and the UK. Malta and Gibraltar are both key interactive gaming jurisdictions with comprehensive interactive gaming policies and regulatory frameworks. As a result, Gibraltar and Malta host and license many of the industry’s largest operators.

### 1. Material factors affecting results of operations and financial condition

#### 1.1 Acquisitions

The Group has acquired a number of businesses in a relatively short period (see paragraph 2.1 (Acquisitions) of “Part 2: Business Overview – Section B: Information on Intertain”). As a result, the Group has a complex financial history which limits the comparability of the financial statements contained in this Prospectus and of the following discussion. As such the financial statements should not be used to project trends. The following is a discussion of the Group’s key acquisitions and certain acquisition related items that have affected the Group’s Historical Financial Information.



### *InterCasino Acquisition*

On 11 February 2014, Intertain acquired the entire issued share capital of WagerLogic, which indirectly holds the InterCasino brand, amongst others, for an initial purchase price of \$70.0 million, less working capital adjustments, which consisted of a cash payment of \$60.0 million and the issuance of a \$10.0 million vendor take back in the form of a promissory note bearing interest of 6 per cent. per annum payable semi-annually in arrears beginning in the second year following its issuance and maturing on the fourth anniversary (payments made thereon were \$6.2 million in the year ended 31 December 2014 and \$3.8 million in the year ended 31 December 2015; the note was fully repaid in 2015). In addition, fees charged by Amaya for services provided under the services and licence agreement related to the InterCasino Acquisition represented 17 per cent., 20 per cent. and 20 per cent. of segment revenue, respectively for the years ended 31 December 2014 and 2015 and for the nine months ending 30 September 2016. In addition, in relation to the InterCasino Acquisition, the Group recognised a one-time goodwill impairment expense of \$36.7 million in the year ended 31 December 2015 (see “—Results of operations and financial conditions for the years ended 31 December 2015 and 2014—Goodwill impairment”), as well as other income from the related Amaya Revenue Guarantee (which expired in February 2016) of \$17.3 million, \$19.0 million and \$2.3 million, respectively, in the years ended 31 December 2014 and 2015 and the nine months ending 30 September 2016. The Group incurred \$1.7 million and \$0.3 million, respectively, in acquisition costs related to the InterCasino Acquisition in the years ended 31 December 2013 and 31 December 2014, including \$0.8 million in consulting advisory fees paid for the benefit of Yoel Altman. On 22 March 2016, Mr. Altman was charged by the Quebec Autorité des marchés financiers with breaches of Quebec insider trading laws. It is the Company’s understanding that Mr. Altman is denying the allegations and defending the charges.

The former InterCasino segment was merged with the Vera&John segment in Q2 2016 and Vera&John figures presented herein include the former InterCasino segment.

### *Mandalay Media Acquisition*

Pursuant to the Mandalay Media Agreement, on 14 July 2014, Intertain acquired the entire issued share capital of Mandalay Media for an initial payment of £45.0 million in cash. The purchase price was subject to certain net cash and working capital adjustments. In addition, up to £15.0 million in further cash consideration was payable pursuant to an earn-out calculated based on the annualised consolidated earnings of the Mandalay Group as well as various affiliate websites. In 2015, in accordance with the Mandalay Media Agreement, Intertain paid \$25.7 million in respect of the required Mandalay Media Earn-Out and no further earn-out payments or finder’s fees are pending or required. The Group incurred \$7.8 million in acquisition-related costs (including management compensation of \$2.9 million, \$0.9 million in consulting advisory fees paid for the benefit of Mr. Altman and \$0.8 million in finder’s fees for the benefit of another arm’s length third-party) related to the Mandalay Media Acquisition in the year ended 31 December 2014.

### *Vera&John Acquisition*

On 23 December 2014, Intertain acquired the entire issued share capital of Dumarca, which indirectly holds the Vera&John and Vera&Juan brands, amongst others. As consideration, Intertain made an initial payment of €44.5 million in cash (exclusive of working capital adjustments) and issued an aggregate of 5,024,869 Intertain Shares. In addition, Intertain paid further cash consideration in June 2016 pursuant to an earn-out of €8.1 million. In addition to the purchase price, a finder’s fee of 1 per cent. of the initial payment and a finder’s fee of 1 per cent. of the Vera&John earn-out was paid by the Group to an arm’s length individual. No further earn-out payments or finder’s fees related to the Vera&John acquisition are pending or required. The Group incurred \$6.6 million and \$1.4 million in acquisition costs (including management compensation of \$2.6 million and \$0.9 million, respectively, in the years ended 31 December 2014 and 31 December 2015 and finder’s fees of \$1.3 million in the year ended 31 December 2015 to the same third-party who assisted with the Mandalay Media Acquisition) related to the Vera&John acquisition in the years ended 31 December 2014 and 31 December 2015.

### *Jackpotjoy Acquisition*

On 8 April 2015, Intertain completed the Jackpotjoy Acquisition.

As consideration, Intertain paid an initial purchase price of £436.2 million, comprising a mixture of cash and Intertain Shares. In addition, the Group may be required to pay further cash consideration pursuant to the Jackpotjoy Earn-Out Payments. The discounted projected Jackpotjoy Earn-Out Payments are, as at

30 September 2016, estimated at \$426.5 million (probability-weighted). The projected Jackpotjoy Earn-Out Payments are based on several management assumptions and estimates, as discussed in note 14 of “*Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group*”. The Jackpotjoy Earn-Out Payments are measured at fair value, which impacts results period on period. During the year ended 31 December 2015, Intertain re-assessed the contingent considerations related to Jackpotjoy Earn-Out Payments and recognised additional liabilities of \$114.3 million as a result of the strong performance of the business.

In addition to the initial purchase price and the Jackpotjoy Earn-Out Payments, a finder’s fee of 0.5 per cent. of the portion of the initial purchase price was paid by Intertain during the year ended 31 December 2015, and a finder’s fee of 0.5 per cent. of the Jackpotjoy Earn-Out Payments is payable when the relevant Jackpotjoy Earn Out Payments are finally determined pursuant to the Jackpotjoy SPA (as amended by the applicable Jackpotjoy Amending Agreement described below), in each case to or for the benefit of a third-party (being the same arm’s length third-party who assisted with the Mandalay Media and Vera&John acquisitions).

The Group incurred \$53.1 million in acquisition-related costs related to the Jackpotjoy Acquisition in the year ended 31 December 2015, including management compensation of \$16.4 million, \$1.3 million in consulting advisory fees for the Jackpotjoy Acquisition paid for the benefit of Mr. Altman (who received an aggregate of \$3.0 million in consulting advisory fees for the InterCasino, Mandalay Media and Jackpotjoy acquisitions) and \$5.2 million in finder’s fees for the Jackpotjoy Acquisition for the benefit of an arm’s length third-party (being the same arm’s length third-party who assisted with the Mandalay Media and Vera&John acquisitions and who received an aggregate of \$7.3 million in finder’s fees for the Vera&John, Mandalay Media and Jackpotjoy acquisitions).

On 5 September 2016, the Jackpotjoy Amending Agreements were entered into. The applicable Jackpotjoy Amending Agreement amends the Jackpotjoy SPA to permit Intertain to make a Jackpotjoy and Starspins Pre-Payment and provide for certain amendments to the Jackpotjoy SPA and Operating Agreements which were conditional upon the Group making such Jackpotjoy and Starspins Pre-Payment of at least £150 million to Gamesys on or before 28 February 2017. On 16 December 2016, following the receipt of the required consents under the Credit Facilities (see paragraph 18.1 (*Credit Facilities and Second Lien Facility*) of “*Part 10: Additional Information*”), the Group made a Jackpotjoy and Starspins Pre-Payment of £150 million, which was funded with the net proceeds from the Debt Raising made on 16 December 2016. The Group expects that the Jackpotjoy and Starspins Earn-Out will exceed £150 million. To the extent that the Jackpotjoy and Starspins Earn-Out exceeds any Jackpotjoy and Starspins Pre-Payment, the remaining balance will be paid in due course in accordance with the original terms of the Jackpotjoy SPA. Following the satisfaction of certain requirements contained in the Jackpotjoy Amending Agreements, including that a Jackpotjoy and Starspins Pre-Payment of at least £150 million be made on or before 28 February 2017, the aggregate amount of the Jackpotjoy Earn-Out Payments for which the Group is liable became subject to a cap of £375 million (excluding any interest thereon). For further information, see paragraph 18.2 (*Jackpotjoy SPA*) of “*Part 10: Additional Information*”.

In connection with the Jackpotjoy Acquisition, Intertain entered into the Credit Agreement (further discussed in paragraph 10 (*Indebtedness*) “*Part 5: Operating and Financial Review*”).

## 1.2 **Foreign Exchange**

The Group generates revenues predominantly in GBP and, to a lesser extent, EUR, and prepares its consolidated financial statements in CAD. Revenues from subsidiaries denominated in foreign currency are translated into CAD in the Group’s consolidated results with differences arising on the retranslation of those revenues recorded in The Group’s income statement, which affect operating results from period to period. In addition, the Credit Facilities are denominated in USD. As a result, currency translation effects impact the Group’s results period on period.

In addition, the Group is subject to foreign exchange risk as a result of fluctuations in the value of any of its operating currencies relative to the Canadian dollar, which may arise as a result of actions by central banks and governmental policies, economic growth, inflation, foreign trade, employment outlook, political and military crises and other macroeconomic factors. The Group has managed some of its foreign exchange settlement risk using appropriate hedging activities where circumstances dictate, such as with a currency swap relating to the Credit Facilities. However, these procedures may not be adequate

and do not address the impact that any changes in currency values may have on the Group's financial reporting in CAD and the possibility that such changes may have an adverse impact on the Group's business and financial condition.

### **1.3 *Regulatory environment***

Online gambling is a highly regulated industry and the extent to which existing regulated jurisdictions may retrench or increase their regulation, directly or indirectly, of online gambling or lightly regulated jurisdictions may increase regulation or unregulated jurisdictions may become subject to regulation in the future, can affect the Group's business, prospects, revenues, operating results and financial condition, either through increased competition or the impact on business in current markets and prospects in new markets. In particular, future changes in regulation may provide the Group with opportunities by providing access to new jurisdictions or new marketing channels or products in existing jurisdictions, although the Group will likely incur additional compliance costs associated with any new revenue stream. Conversely, any further prohibitive regulation would have an adverse impact on the Group's business, financial condition and results of operation by restricting the Group's local marketing activities or requiring the Group to cease accepting customers from such jurisdictions entirely.

In the nine months ended 30 September 2016, 78 per cent. of the Group's revenue was regulated revenue (as defined below under "*Non-IFRS Measures*").

### **1.4 *Tax environment***

The income tax obligations of the Group are based in part on its corporate operating structure and intercompany arrangements, including the manner in which it develops, values and uses its intellectual property and the valuations of its intercompany transactions, as well as its operations in online gaming. The Group's tax calculations involve estimates in several areas including, but not limited to, transfer pricing. In the future the Group's effective tax rate could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in tax treaties and changes in tax laws. In addition, the determination of the Group's worldwide provision for income taxes and other tax liabilities requires significant judgment by management. In addition, the Group's future income taxes could be adversely affected by earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of the Group's deferred tax assets and liabilities, or by changes in tax laws, regulations, or accounting principles, or as a result of taxes in new jurisdictions where it does not currently operate but may in the future as a result of licensure, approval or otherwise. In particular, tax changes relating to "place of service" and "point of consumption" regimes in online industries, such as the point of consumption tax introduced in the UK at the end of 2014, could adversely affect the Group's other gaming tax rates.

### **1.5 *The nature of the online gaming market industry***

The online gaming market industry has been and continues to be a volatile industry, which is sensitive to economic conditions and regulatory developments. When economic conditions are prosperous, gaming industry revenues tend to increase. Conversely, when economic conditions are unfavourable, gaming industry revenues tend to decline. The Group may be affected by economic conditions in the UK in particular, given the large percentage of its revenue derived from the UK.

In addition, the online gambling and social gaming industries are highly competitive and the Group expects more competitors to enter the sector. A wider range of new social games may also be introduced in the future. Online game developers and distributors that do not currently develop social games, including high-profile companies with significant online presences (such as Facebook, Apple Inc., Google Inc. and Microsoft Company), may decide to develop social games of a nature that constitute a significant competitive threat to the Group's social gaming operations. The Group's future success is dependent upon its subsidiaries' ability to retain their current customers and to acquire new customers.

In addition to its known current competitors, traditional land-based casino operators and other entities, many of whom have significant financial resources, an entrenched position in markets and name-brand recognition may enter the internet gambling and social gaming markets in the future and thereby become new competitors for the Group. Players also face a vast array of entertainment choices.

## 1.6 ***Marketing and maintenance of brand awareness***

One significant method of customer acquisition and retention is marketing activities. The Group relies on the talents of third-party service providers, such as the Gamesys Group, when undertaking its marketing and branding activities. In addition, the Group intends to expand its player base by increasing the number of geographic markets into which it markets its products.

In the nine months ended 30 September 2016, the Group incurred \$59.4 million in selling and marketing costs. In the years ended 31 December 2015 and 2014, the Group incurred \$85.7 million and \$11.1 million, respectively, in selling and marketing costs.

## 2. **Financial Information presented in this Prospectus.**

### 2.1 ***Pro Forma Financial Information***

The following discussion contains references to “*pro forma*” financial information for the year ended 31 December 2015, which is to information which has been extracted without material adjustment from the unaudited *pro forma* financial information contained in “*Part 8: Unaudited Pro Forma Financial Information of the Group – Section B: Unaudited Pro Forma Income Statement of the Group for the year ended 31 December 2015*”.

The unaudited *pro forma* financial information for the Group has been prepared to illustrate the impact of the acquisition of Jackpotjoy on key line items of the income statement of the Group as if it had taken place on 1 January 2015, and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group’s actual financial position or results. Due to its nature, the unaudited *pro forma* financial information involves a number of assumptions and estimates. Such assumptions may be materially different to the Group’s actual experience going forward. It may not, therefore, give a true picture of the Group’s financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited *pro forma* income statement has been prepared on a basis consistent with the accounting policies of the Group to be used in preparing its consolidated financial statements for the period ended 31 December 2016 and which are under IFRS and on the basis set out in the notes therein, and in accordance with Annex II to the Prospectus Directive Regulation.

The unaudited *pro forma* income statement is compiled from the consolidated statement of comprehensive income of the Group for the year ended 31 December 2015 as set out in “*Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group*”.

### 2.2 ***Pre-Acquisition Financial Information***

The following discussion also contains references to “Pre-Acquisition” financial information which are to financial information of each of the Group’s acquired businesses extracted from the full-year financial information of such businesses prior to their acquisition by the Group, i.e. 1 January 2015 to 8 April 2015 and the years ended 31 December 2014 and 2013 for the Jackpotjoy Acquisition (which was completed on 8 April 2015), 1 January 2014 to 11 February 2014 and the year ended 31 December 2013 for the acquisition of the InterCasino segment (which was completed on 11 February 2014), 1 January 2014 to 23 December 2014 and the year ended 31 December 2013 for the acquisition of the Vera&John segment (which was completed on 23 December 2014) and 1 January 2014 to 14 July 2014 and the year ended 31 December 2013 for the acquisition of the Mandalay segment (which was completed on 14 July 2014), as described above under “*Acquisitions*”. The Directors believe that such measures are useful in order to provide an illustrative comparable basis for the performance of these business segments against future periods during which they are under control of the Group. Information used to compile such “Pre-Acquisition” measures has been extracted from third-party financial records for the periods prior to the acquisition of each business by the Group. Such financial information may have been prepared on a different reporting or accounting basis to that which has been applied to the results of each of the businesses once acquired by the Group. Such information has been included solely for illustrative purposes and does not purport to project such measures for any future period or the Group’s financial condition at any future date.

### 2.3 ***Functional Currency Presentation***

For the discussion of segment results below, reported results are also presented in the functional currency of each segment to provide a better comparability of results between periods.

## 2.4 Twelve months ended 30 September 2016

Also presented in this discussion is certain unaudited financial information for the twelve months ended 30 September 2016 (the “**twelve months ended 30 September 2016**” or “**LTM**”). The unaudited consolidated financial information for the twelve months ended 30 September 2016 has been computed by adding the Group’s consolidated statement of comprehensive income for the nine months ended 30 September 2016 (as shown in the Group Historical Financial Information), and the Group’s consolidated statement of comprehensive income for the year ended 31 December 2015 (as shown in the Group Historical Financial Information), and subtracting the Group’s unaudited consolidated statement of comprehensive income for the nine months ended 30 September 2015 (as shown in the Group Historical Financial Information).

This LTM data has been prepared solely for the purpose of this Prospectus, has not been prepared in the ordinary course of the Group’s financial reporting and has not been audited or reviewed. The Directors believe that the presentation of the LTM data is helpful for investors as it reflects the performance of the Group for periods subsequent to the Group’s last acquisition and may offer a better view as to the underlying operating performance of its segments during that period. The financial information for the twelve months ended 30 September 2016 is not necessarily indicative of the results that may be expected for the year ended 31 December 2016, and should not be used as the basis for or prediction of an annualized calculation.

The following table summarises unaudited segment results for the twelve months ended 30 September 2016.

	Jackpotjoy		Vera&John		Mandalay		Unallocated corporate costs <sup>1</sup>	Totals
	\$	£	\$	£	\$	£	\$	\$
Revenue and other income .....	340,454	180,134	110,216	74,977	42,267	22,364	-	492,937
<b>Net income (loss) for the period ...</b>	<b>75,944</b>	<b>40,182</b>	<b>(19,104)</b>	<b>(12,996)</b>	<b>4,278</b>	<b>2,263</b>	<b>(244,856)</b>	<b>(183,738)</b>
Interest expense, net .....	-	-	(147)	(100)	17	9	63,368	63,238
Taxes .....	590	312	235	160	-	-	-	825
Amortisation .....	79,697	42,168	16,494	11,221	9,417	4,983	21	105,629
<b>EBITDA .....</b>	<b>156,231</b>	<b>82,662</b>	<b>(2,522)</b>	<b>(1,715)</b>	<b>13,712</b>	<b>7,255</b>	<b>(181,467)</b>	<b>(14,046)</b>
Share-based compensation .....	-	-	-	-	-	-	3,499	3,499
Severance costs .....	-	-	-	-	-	-	10,526	10,526
Fair value adjustments on contingent consideration .....	-	-	-	-	-	-	174,072	174,072
Independent Committee related expenses .....	-	-	-	-	-	-	3,326	3,326
Goodwill impairment .....	-	-	36,670	24,945	-	-	-	36,670
Gain/(loss) on Cross-Currency Swap .....	-	-	-	-	-	-	(53,632)	(53,632)
Acquisition and transaction related costs .....	-	-	1,439	979	-	-	29,308	30,747
Foreign exchange .....	(606)	(321)	1,166	793	(187)	(99)	4,021	4,394
<b>Adjusted EBITDA .....</b>	<b>155,625</b>	<b>82,341</b>	<b>36,753</b>	<b>25,002</b>	<b>13,525</b>	<b>7,156</b>	<b>(10,347)</b>	<b>195,556</b>

<sup>1</sup> Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

<sup>2</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the twelve months ended 30 September 2016 are: £:\$ – 1.89; USD:\$ – 1.33, €:\$ – 1.47.

## 2.5 Non-IFRS Financial Measures

In this Prospectus, certain financial measures are presented that are not recognised by IFRS. The Group believes that such measures provide additional useful information regarding ongoing operating and financial performance. These measures are not recognised measures under IFRS, do not have standardised meanings prescribed by IFRS and should not be considered in isolation or construed to be alternatives to IFRS measures including revenues, net income (loss) and comprehensive income (loss) for the period



determined in accordance with IFRS. The Group's method of calculating these measures may differ from the method used by other entities. Accordingly, certain of the financial performance measures presented in this Prospectus may not be comparable to similarly titled measures used by other entities or in other jurisdictions. Consequently, these measures should not be considered substitutes for the information referred to in "*Part 7: Historical Financial Information*" and should be read in conjunction with the Group Historical Financial Information and Jackpotjoy Historical Financial Information.

In particular, the Group uses the following measures to evaluate the performance of its business:

- Adjusted Net Income, as defined by the Group, means net income plus or minus items of note that management may reasonably quantify and believes will provide investors with a better understanding of the Group's underlying business performance ("**Adjusted Net Income**"). Adjusted Net Income is calculated by adjusting net income for share-based compensation, Independent Committee related expenses (see "*Results of operations of the Group for the nine months ended 30 September 2016—Total costs and expenses*"), amortisation on acquisition related purchase price intangibles, severance pay, transaction related costs, foreign exchange, interest accretion, gain on Cross-Currency Swap, debt settlement expense and fair value adjustments on contingent consideration relating to earn-out payments. The exclusion of amortisation, share-based compensation, accretion and impairment charges eliminates the non-cash impact and the exclusion of debt settlement expense, severance pay, fair value adjustments on contingent consideration, transaction related costs, gain on Cross-Currency Swap, Independent Committee related expenses and foreign exchange eliminates items which the Directors believe are non-operational. The Directors believe that Adjusted Net Income is an important indicator of the Group's ability to generate liquidity through operating cash flow to fund acquisition earn-out payments and uses this metric for monitoring and evaluating payouts. Adjusted Net Income is also considered by some investors and analysts for the purpose of assisting in valuing a company.
- Adjusted EBITDA, as defined by the Group, is net income (loss) adding back interest expense, net (comprising finance expense less finance interest, and excluding Debenture settlement expense, fair value adjustments to contingent consideration and unrealised gain on Cross-Currency Swap), taxes (comprising current tax net of deferred tax recovery) and amortization, plus share-based compensation, Independent Committee related expenses, severance pay, gain on Cross-Currency Swap, debt settlement expense, fair value adjustments on contingent consideration, transaction related costs and foreign exchange ("**Adjusted EBITDA**"). The exclusion of amortisation and share-based compensation eliminates the non-cash impact of these items and the exclusion of debt settlement expense, severance pay, gain on Cross-Currency Swap, fair value adjustments on contingent consideration, transaction related costs, Independent Committee related expenses and foreign exchange eliminates items which the Directors believe are non-operational for the reasons described above. The Directors believe that Adjusted EBITDA is another important indicator of the Group's ability to generate liquidity through operating cash flow to service outstanding debt and fund acquisition earn-out payments and uses this metric for such purpose. The Directors believe Adjusted EBITDA facilitates operating performance comparisons from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (the impact on periods or companies of a change in effective tax rates or net operating losses) and the age and book value of tangible assets (affecting related depreciation expense). The Directors believe Adjusted EBITDA is useful to investors because it (i) provides investors with financial measures on which the Group bases financial, operational, compensation and planning decisions; and (ii) presents a measurement that investors and other interested parties in the Group's industry have indicated to the Group are useful to them in assessing a company and its results of operations. Since Adjusted EBITDA is not determined in accordance with IFRS and thus is susceptible to varying interpretations and calculations, the measure presented by the Group may not necessarily be comparable to similarly-titled measures used by other companies, limiting their usefulness as comparative measures.
- Diluted Adjusted Net Income per share, as defined by the Group, means Adjusted Net Income divided by the diluted weighted average number of shares outstanding, calculated using the IFRS treasury method, for the applicable period ("**Diluted Adjusted Net Income per share**"). The Directors believe that Diluted Adjusted Net Income per share assists with the Group's ability to analyse Adjusted Net Income on a diluted weighted average per share basis.

- In addition to the above, management also uses the following non-IFRS measures to evaluate the performance, liquidity and capital intensity of the business:
  - Cash flow conversion, as defined by the Group, means operating cash flow divided by Adjusted EBITDA.
  - Capital intensity, as defined by the Group, means capital expenditure divided by Adjusted EBITDA.
  - Capital expenditure represents cash paid to purchase tangible and intangible assets and includes capitalised development expenditure.
  - Regulated revenue, as defined by the Group, means revenue derived in markets with an established online gaming regulatory regime.

## 2.6 **Key Performance Indicators**

In addition to the above, the Group uses a number of key performance indicators in managing its business. These include in particular:

- Average Active Customers is a key performance indicator used by management to assess ‘real money’ customer acquisition and ‘real money’ customer retention efforts of each of the Group’s brands. The Group defines Average Active Customers as being ‘real money’ customers who have placed at least one bet in a given month (“**Average Active Customers**”).
- “**Average Active Customers per Month**” is the Average Active Customers per month, averaged over a three-month period. While this measure is not recognised by IFRS, the Directors believe that it is a meaningful indicator of the Company’s ability to acquire and retain customers.
- Real Money Gaming Revenue and Average Real Money Gaming Revenue per month are key performance indicators used by management to assess revenue earned from real money gaming operations of the business. The Group defines Real Money Gaming Revenue as being revenue less revenue earned from the Revenue Guarantee, affiliate websites and social gaming (“**Real Money Gaming Revenue**”). The Group defines Average Real Money Gaming Revenue per month as Real Money Gaming Revenue per month, averaged over a three-month period (“**Average Real Money Gaming Revenue per month**”). While these measures are not recognised by IFRS, the Directors believe that they are meaningful indicators of the Group’s real money gaming operational results.
- Monthly Real Money Gaming Revenue per Average Active Customers is a key performance indicator used by management to assess the Company’s ability to generate Real Money Gaming Revenue on a per customer basis. The Group defines Monthly Real Money Gaming Revenue per Average Active Customer as being Average Real Money Gaming Revenue per month divided by Average Active Customers per Month (“**Monthly Real Money Gaming Revenue per Average Active Customers**”). While this measure is not recognised by IFRS, the Directors believe that it is a meaningful indicator of the Group’s ability to generate Real Money Gaming Revenue.

## 3. **Recent Developments**

On 5 September 2016, the Group entered into the Jackpotjoy Amending Agreements. The applicable Jackpotjoy Amending Agreement amends the Jackpotjoy SPA to permit Intertain to make a Jackpotjoy and Starpins Pre-Payment (see paragraph 18.2 (*Jackpotjoy SPA*) of “*Part 10: Additional Information*”). Following the receipt of the required consents described below, the Group made a Jackpotjoy and Starpins Pre-Payment of £150 million on 16 December 2016, which was funded through the net proceeds of the Debt Raising. The Group currently expects that the Jackpotjoy and Starpins Earn-Out will exceed £150 million. To the extent the Jackpotjoy and Starpins Earn-Out exceeds any Jackpotjoy and Starpins Pre-Payment, the remaining balance will be paid in due course in accordance with the original terms of the Jackpotjoy SPA.

Upon the Group making the Jackpotjoy and Starpins Pre-Payment of £150 million on 16 December 2016, certain amendments to the Operating Agreements came into effect pursuant to the Jackpotjoy

Amending Agreements, including with respect to additional non-compete covenants, liquidity segregation and termination provisions. For a description of the amendments to the Operating Agreements, please see paragraph 18.3 (*Operating Agreements*) of “Part 10: Additional Information”.

On 16 December 2016, the Credit Agreement was further amended and restated to, among other things, provide the Incremental First Lien Facility, permit the incurrence of the Second Lien Facility pursuant to the Second Lien Credit Agreement and permit the Jackpotjoy and Starspins Pre-Payment of £150 million.

#### 4. **Results of operations and financial conditions for the nine months ended 30 September 2016 and 2015.**

##### *Results of operations of the Group for the nine months ended 30 September 2016 and 2015*

The following table summarises selected unaudited results for the nine months ended 30 September 2016 and 2015.

	Nine months ended 30 September 2016	Nine months ended 30 September 2015
	(\$'000's) (unaudited)	
Total revenue and other income .....	360,980	252,508
Gaming revenue .....	356,951	236,573
Other income earned from Amaya Revenue Guarantee <sup>2</sup> and Platform Migration Revenue .....	4,029	15,935
Total costs and expenses .....	346,681	300,902
Gain on sale of intangible assets .....	-	(430)
Financing expenses .....	63,620	44,233
Net loss for the period before taxes .....	(49,321)	(92,197)
Taxes .....	(19)	(278)
Net loss for the period .....	(49,340)	(92,475)
Basic and diluted loss per share .....	\$ (0.70)	\$ (1.59)

The Group's revenue increased by 43 per cent. to \$361.0 million during the nine months ended 30 September 2016 compared to \$252.5 million during the nine months ended 30 September 2015, largely as a result of revenue earned by Jackpotjoy, which was acquired at the beginning of Q2 2015, as well as a result of stronger period over period performance in all segments. These increases were slightly offset by an appreciating Canadian dollar period over period against the British pound, as the average foreign exchange rates used to convert revenue for the nine months ended 30 September, 2016 (£:\$ – 1.84, USD:\$ – 1.32, €:\$ – 1.48) decreased from the average foreign exchange rates used to convert revenue for the nine months ended 30 September, 2015 (£:\$ – 1.93, USD:\$ – 1.26, €:\$ – 1.40) as well as a by a net decrease of \$11.9 million in other income from the Amaya Revenue Guarantee and from contributions for migration and termination costs related to the InterCasino platform migration from Amaya (the “**Platform Migration Revenue**”).

The Group's revenues and other income during the nine months ended 30 September 2016 consisted of:

- \$249.6 million in revenue earned from Jackpotjoy's operational activities.
- \$76.8 million in revenue earned from Vera&John's operational activities, including \$2.4 million from InterCasino operational activities.
- \$30.6 million in revenue earned from Mandalay's operational activities.
- \$2.3 million in income earned from the Amaya Revenue Guarantee
- \$1.7 million in income earned from the Platform Migration Revenue.

The Group's revenues during the nine months ended 30 September 2015 consisted of:

- \$149.9 million in revenue earned from Jackpotjoy's operational activities.

<sup>2</sup> The Amaya Revenue Guarantee expired in February 2016.

- \$56.4 million in revenue earned from Vera&John's operational activities, including \$7.4 million from InterCasino operational activities.
- \$30.3 million in revenue earned from Mandalay's operational activities.
- \$15.9 million in income earned from the Amaya Revenue Guarantee.

#### *Total costs and expenses*

The following table summarises unaudited expenses for the nine months ended 30 September 2016 and 2015.

	<b>Nine months ended 30 September 2016</b>	<b>Nine months ended 30 September 2015</b>
	<i>(\$000's)</i> <i>(unaudited)</i>	
Distribution costs .....	172,321	136,096
Administration costs .....	128,735	106,082
Severance costs .....	10,526	-
Transaction related costs .....	29,377	55,973
Foreign exchange loss/(gain) .....	5,722	2,751
<b>Total costs and expenses .....</b>	<b>346,681</b>	<b>300,902</b>

The Group's expenses increased by 15 per cent. to \$346.7 million during the nine months ended 30 September 2016 compared to \$300.9 million during the nine months ended 30 September 2015, largely as a result of the impact of expenses within the Jackpotjoy Brands, which were acquired at the beginning of Q2 2015.

The following table summarises unaudited distribution costs for the nine months ended 30 September 2016 and 2015.

	<b>Nine months ended 30 September 2016</b>	<b>Nine months ended 30 September 2015</b>
	<i>(\$000's)</i> <i>(unaudited)</i>	
Selling and marketing .....	59,420	62,118
Licensing fees .....	57,363	39,303
Gaming taxes .....	39,567	24,176
Processing fees .....	15,971	10,499
<b>Total distribution costs .....</b>	<b>172,321</b>	<b>136,096</b>

The Group's total distribution costs increased by 27 per cent. to \$172.3 million during the nine months ended 30 September 2016 compared to \$136.1 million during the nine months ended 30 September 2015, largely as a result of the Jackpotjoy Acquisition, as well as higher revenues in all segments, as distributions costs, with the exception of selling and marketing expenses, tend to be variable in relation to revenue.

Selling and marketing expenses consist of payments made to affiliates and general marketing expenses related to each brand. Licensing fees consist of the fees paid to third-party partners for InterCasino (prior to its migration to the Vera&John platform), Mandalay and Jackpotjoy to operate on their respective platforms and other game suppliers' fees paid by Vera&John and Jackpotjoy. Gaming taxes largely consist of Point of Consumption Taxes ("POC"), which is a 15 per cent. tax on Real Money Gaming Revenue introduced in the UK in December 2014. Processing fees consist of costs associated with using payment providers and include payment service provider ("PSP") transaction and handling costs, as well as deposit and withdrawal fees. Increases in the above distribution costs for the nine months ended 30 September 2016 compared to the nine months ended 30 September 2015 primarily relate to the Jackpotjoy Acquisition, as well as higher revenues in all segments.

The following table summarises unaudited administration costs for the nine months ended 30 September 2016 and 2015.

	Nine months ended 30 September 2016	Nine months ended 30 September 2015
	(\$000's) (unaudited)	
Compensation and benefits .....	37,768	27,986
Professional fees .....	6,289	1,774
General and administrative .....	8,315	5,268
Amortisation .....	76,363	71,054
<b>Total administration costs .....</b>	<b>128,735</b>	<b>106,082</b>

The Group's total administration costs increased by 21 per cent to \$128.7 million during the nine months ended 30 September 2016 compared to \$106.1 million during the nine months ended 30 September 2015, largely as a result of the Jackpotjoy Acquisition, as well as slightly higher overheads.

Compensation and benefits costs consist of salaries, wages, bonuses, benefits and share-based compensation expenses. The increase over the same period in 2015 relates to the addition of Jackpotjoy employees'/consultants' salaries and staff additions in other business units, as well as as well as bonuses paid out during the year. This is partially offset by a decrease in share-based compensation in comparison to the same period in 2015.

Professional fees consist of legal fees, audit fees and Independent Committee related expenses. As a result of the Report published in Q4 2015, Intertain's board established the Independent Committee to review the allegations contained within the report. On 22 February 2016, the Independent Committee completed its review and concluded that the allegations and innuendos of the short seller, related to the quality and financial performance of the underlying businesses of Intertain, were grossly erroneous. Costs related to the Independent Committee's review amounted to \$3.3 million and are included in professional fees for the nine months ended 30 September 2016. These costs largely account for the increase in professional fees over the nine months ended 30 September 2016.

General and administrative expenses consist of items, such as rent and occupancy, travel and accommodation, insurance, listing fees, technology and development costs, and other office overhead charges. The increase over the same period in 2015 relates to the addition of the operating activities of the Jackpotjoy Business, as well as slightly higher overheads.

Amortisation consists of depreciation of the Company's tangible and intangible assets over their useful lives. As a result of finite intangible assets recognised from the Jackpotjoy Acquisition, such as brands and customer lists, amortisation expense increased significantly compared to the same period in 2015.

Severance costs relate to John FitzGerald's resignation as Director, President and Chief Executive Officer, which became effective on 28 June 2016, in connection with which he was granted a final severance payment of \$10.5 million under the terms of his employment agreement.

Transaction related costs consist of legal, professional, underwriting, due diligence and other direct costs/fees associated with transactions contemplated or completed by the Group, as well as acquisition related bonuses paid to management. The decrease in transaction related costs in the nine months ending 30 September 2016 in comparison with the same nine month period in 2015 relates to the fact that the Company has not completed any acquisitions in the nine months ending 30 September 2016, while significant acquisition related costs were included in the nine months ending 30 September 2015 for the Jackpotjoy Acquisition.

Transaction related costs included in the nine months ended 30 September 2016 related mostly to the then ongoing strategic review, including consulting advisory fees paid for the benefit of Yoel Altman. During the nine months ended 30 September 2016, the Board of Intertain approved the terms of a services agreement with a corporation controlled by Mr. Altman relating to services provided in respect of, among other things: (a) the identification of highly qualified candidates for potential appointment as Intertain's new Chief Executive Officer, Chairman of the Board and as new directors of Intertain; (b) the identification and assessment of alternative transaction structures involving the listing of Intertain on the LSE (which services resulted in the development of the UK Strategic Initiatives, including Admission);



and (c) providing information and advice with respect to potential investors, capital markets expectations in Canada and the UK and assisting Intertain in identifying a financial advisor in connection with the UK Strategic Initiatives. An initial fee of \$1.5 million was paid in connection with the services described in (a) and (c) above following the appointment of the Company's new Chairman and Chief Executive Officer of the Company and the entering into of Intertain's engagement letter with a UK based financial advisor. A further \$4.5 million is payable pursuant to this agreement on, and subject to, completion of Admission, subject to the satisfaction of certain other conditions. On 22 March 2016, Mr. Altman was charged by the Quebec Autorité des marchés financiers with breaches of Quebec insider trading laws. It is the Company's understanding that Mr. Altman is denying the allegations and defending the charges.

#### *Financing Expenses*

The Group recorded net financing expenses of \$63.6 million during the nine months ended 30 September 2016, compared to \$44.2 million during the nine months ended 30 September 2015. This increase results primarily from the Group's U.S.-denominated debt being outstanding for the full nine months ended 30 September 2016, while it was only outstanding for a third of the nine months ended 30 September 2015. The Group's also recorded a charge of \$60.1 million in respect of a change in the fair value of contingent consideration, which was mostly offset by a \$44 million unrealised gain on its Cross-Currency Swap.

#### *Net income/(loss)*

The Group's net loss decreased to \$49.3 million during the nine months ended 30 September 2016 compared to \$92.5 million during the nine months ended 30 September 2015, largely as a result of the factors described above.

For a further discussion of period-on-period trends in revenue, expenses and net income on a segment basis, please refer to the information under "Summary of Results by Segment" of this "Part 5: Operating and Financial Review".

#### ***Net income, diluted net income per share, Adjusted EBITDA, Adjusted Net Income and Diluted Adjusted Net Income per share for the nine and twelve months ended 30 September 2016 and nine months ended 30 September 2015***

The following table presents unaudited EBITDA and Adjusted EBITDA for the twelve months ended 30 September 2016 and the nine months ended 30 September 2016 and 2015 and a reconciliation of these measures to the Group's reported net income (loss).

	<b>Twelve months ended 30 September 2016</b>	<b>Nine months ended 30 September 2016</b>	<b>Nine months ended 30 September 2015</b>
		<i>(\$000's) (unaudited)</i>	
<b>Net income (loss) for the period</b> .....	<b>(183,738)</b>	<b>(49,340)</b>	<b>(92,475)</b>
Interest expense, net .....	63,238	47,456	31,699
Taxes .....	825	19	278
Amortisation .....	105,629	76,363	71,054
<b>EBITDA</b> .....	<b>(14,046)</b>	<b>74,498</b>	<b>10,556</b>
Share-based compensation .....	3,499	2,683	4,808
Severance costs .....	10,526	10,526	—
Debt settlement expense & Gain on sale of intangibles .....	—	—	5,262
Fair value adjustment on contingent consideration .....	174,072	60,135	6,842
Goodwill Impairment .....	36,670	—	—
Independent Committee related expenses .....	3,326	3,326	—
Gain on Cross-Currency Swap .....	(53,632)	(43,971)	—
Transaction related costs .....	30,747	29,377	55,973
Foreign Exchange .....	4,394	5,722	2,751
<b>Adjusted EBITDA</b> .....	<b>195,556</b>	<b>142,296</b>	<b>86,192</b>

The following table presents unaudited Adjusted Net Income and Diluted Adjusted Net Income per Share for the twelve months ended 30 September 2016 and the nine months ended 30 September 2016 and 2015 and a reconciliation of these measures to the Group's reported net income and diluted net income per share.

	Twelve months ended 30 September 2016	Nine months ended 30 September 2016	Nine months ended 30 September 2015
		(\$000's) (unaudited)	
<b>Net income (loss) for the period</b> .....	<b>(183,738)</b>	<b>(49,340)</b>	<b>(92,475)</b>
Share-based compensation .....	3,499	2,683	4,808
Severance costs .....	10,526	10,526	—
Debt settlement expense & Gain on sale of intangibles .....	—	—	5,262
Fair value adjustment on contingent consideration .....	174,072	60,135	6,842
Goodwill Impairment .....	36,670	—	—
Independent Committee related expenses .....	3,326	3,326	—
Gain on Cross-Currency Swap .....	(53,632)	(43,971)	—
Transaction related costs .....	30,747	29,377	55,973
Foreign exchange .....	4,394	5,722	2,751
Amortisation of acquisition related purchase price intangibles .....	104,727	75,643	70,890
Accretion of interest charge on financial liabilities .....	30,296	23,580	14,307
<b>Adjusted Net Income</b> .....	<b>160,887</b>	<b>117,681</b>	<b>68,358</b>
<b>Diluted net income/(loss) per share</b> .....	<b>\$ (2.60)</b>	<b>\$ (0.70)</b>	<b>\$ (1.59)</b>
<b>Diluted Adjusted Net Income per share</b> .....	<b>\$ 2.17</b>	<b>\$ 1.59</b>	<b>\$ 1.10</b>

### Summary of Results by Segment<sup>3</sup>

The following table summarises unaudited segment results for the nine months ended 30 September 2016.

	Jackpotjoy		Vera&John		Mandalay		Unallocated corporate costs <sup>(1)</sup>	Totals
	(000's) (unaudited)		(000's) (unaudited)		(000's) (unaudited)		(000's) (unaudited)	(000's) (unaudited)
	\$	£	\$	€	\$	£	\$	\$
Total revenue and other income ....	249,556	135,628	80,865	54,639	30,559	16,608	—	360,980
<b>Net income (loss) for the period</b> .....	<b>59,422</b>	<b>32,295</b>	<b>11,860</b>	<b>8,014</b>	<b>1,477</b>	<b>803</b>	<b>(122,099)</b>	<b>(49,340)</b>
Interest expense, net .....	—	—	(91)	(61)	9	5	47,538	47,456
Taxes .....	—	—	19	13	—	—	—	19
Amortisation .....	56,892	30,920	11,531	7,791	7,919	4,304	21	76,363
<b>EBITDA</b> .....	<b>116,314</b>	<b>63,215</b>	<b>23,319</b>	<b>15,757</b>	<b>9,405</b>	<b>5,112</b>	<b>(74,540)</b>	<b>74,498</b>
Share-based compensation .....	—	—	—	—	—	—	2,683	2,683
Severance costs .....	—	—	—	—	—	—	10,526	10,526
Debt settlement expense & Gain on sale of intangibles .....	—	—	—	—	—	—	—	—
Fair value adjustment on contingent consideration .....	—	—	—	—	—	—	60,135	60,135
Independent Committee related expenses .....	—	—	—	—	—	—	3,326	3,326
Gain on Cross-Currency Swap .....	—	—	—	—	—	—	(43,971)	(43,971)
Acquisition and transaction related costs .....	—	—	1,169	790	—	—	28,208	29,377
Foreign Exchange .....	(539)	(293)	1,168	789	(187)	(102)	5,280	5,722
<b>Adjusted EBITDA</b> .....	<b>115,775</b>	<b>62,922</b>	<b>25,656</b>	<b>17,336</b>	<b>9,218</b>	<b>5,010</b>	<b>(8,353)</b>	<b>142,296</b>

<sup>(1)</sup> Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

<sup>3</sup> The former InterCasino segment was merged with the Vera&John segment in Q2 2016 and Vera&John figures presented herein include the InterCasino segment. InterCasino other income arising from the Amaya Revenue Guarantee and platform migration fees was \$4.0 million for period ending 30 September 2016 and \$15.9 million for period ending 30 September 2015.

The following table summarises unaudited segment results for the nine months ended 30 September 2015.<sup>4</sup>

	<b>Jackpotjoy</b>		<b>Vera&amp;John</b>		<b>Mandalay</b>		<b>Unallocated corporate costs<sup>(1)</sup></b>	<b>Totals</b>
	<i>(000's)</i>		<i>(000's)</i>		<i>(000's)</i>		<i>(000's)</i>	<i>(000's)</i>
	<i>(unaudited)</i>		<i>(unaudited)</i>		<i>(unaudited)</i>		<i>(unaudited)</i>	<i>(unaudited)</i>
	\$	£	\$	€	\$	£	\$	\$
Total revenue and other income .....	149,851	77,643	72,319	51,656	30,338	15,719	—	252,508
<b>Net income (loss) for the period .....</b>	<b>9,548</b>	<b>4,947</b>	<b>7,014</b>	<b>5,010</b>	<b>1,239</b>	<b>642</b>	<b>(110,276)</b>	<b>(92,475)</b>
Interest expense, net .....	—	—	(2)	(1)	16	8	31,685	31,699
Taxes .....	—	—	278	199	—	—	—	278
Amortisation .....	46,356	24,019	13,510	9,650	11,167	5,786	21	71,054
<b>EBITDA .....</b>	<b>55,904</b>	<b>28,966</b>	<b>20,800</b>	<b>14,858</b>	<b>12,422</b>	<b>6,436</b>	<b>(78,570)</b>	<b>10,556</b>
Share-based compensation .....	—	—	—	—	—	—	4,808	4,808
Debt settlement expense & Gain on sale of intangibles .....	—	—	(430)	(307)	—	—	5,692	5,262
Fair value adjustments on contingent consideration .....	—	—	—	—	—	—	6,842	6,842
Independent Committee related expenses ..	—	—	—	—	—	—	—	—
Gain on Cross-Currency Swap .....	—	—	—	—	—	—	—	—
Acquisition and transaction related costs ...	671	348	507	362	—	—	54,795	55,973
Foreign Exchange .....	(562)	(291)	153	109	—	—	3,160	2,751
<b>Adjusted EBITDA .....</b>	<b>56,013</b>	<b>29,023</b>	<b>21,030</b>	<b>15,022</b>	<b>12,422</b>	<b>6,436</b>	<b>(3,273)</b>	<b>86,192</b>

<sup>(1)</sup> Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

The following table summarises Pre-Acquisition segment results for the nine months ended 30 September 2015.<sup>5</sup>

	<b>Jackpotjoy</b>		<b>Vera&amp;John</b>		<b>Mandalay</b>		<b>Unallocated corporate costs<sup>(1)</sup></b>	<b>Totals</b>
	\$	£	\$	€	<i>(000's)</i>	£	\$	\$
Total revenue and other income .....	75,617	40,223	—	—	—	—	—	75,617
<b>Net income (loss) for the .....</b>	<b>28,564</b>	<b>15,194</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>28,564</b>
Interest expense, net .....	—	—	—	—	—	—	—	—
Taxes .....	—	—	—	—	—	—	—	—
Amortisation .....	—	—	—	—	—	—	—	—
<b>EBITDA .....</b>	<b>28,564</b>	<b>15,194</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>28,564</b>
Share-based compensation .....	—	—	—	—	—	—	—	—
Severance costs .....	—	—	—	—	—	—	—	—
Fair value adjustments on contingent consideration .....	—	—	—	—	—	—	—	—
Independent Committee related expenses .....	—	—	—	—	—	—	—	—
Gain on Cross-Currency Swap .....	—	—	—	—	—	—	—	—
Acquisition and transaction related costs .....	—	—	—	—	—	—	—	—
Foreign exchange .....	45	24	—	—	—	—	—	45
<b>Adjusted EBITDA .....</b>	<b>28,609</b>	<b>15,218</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>28,609</b>

<sup>4</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the nine months ended 30 September 2016 are: £:\$ – 1.84, USD:\$ – 1.32, €:\$ – 1.48 (30 September 2015: £:\$ – 1.93, USD:\$ – 1.26, €:\$ – 1.40).

<sup>5</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the three months ended 31 March 2015 are £:\$—1.88

### Jackpotjoy Segment Results

The following table summarises Jackpotjoy unaudited segment results for the nine months ended 30 September 2016 and 2015.

	<b>Nine months ended 30 September 2016</b>	<b>Nine months ended 30 September 2015</b>
	<i>\$000's (unaudited)</i>	
Total revenue and other income .....	249,556	149,851
Distribution costs .....	112,621	80,179
Administration costs .....	78,052	60,015
Foreign exchange loss/(gain) .....	(539)	(562)
<b>Net income</b> .....	<b>59,422</b>	<b>9,548</b>
<b>EBITDA</b> .....	<b>116,314</b>	<b>55,904</b>
<b>Adjusted EBITDA</b> .....	<b>115,775</b>	<b>56,013</b>

The following table summarises Pre-Acquisition Jackpotjoy segment results for the nine months ended 30 September 2015.

	<b>Nine months ended 30 September 2015</b>
	<i>\$ (millions)</i>
Total revenue and other income .....	75.6
Distribution costs .....	39.9
Administration costs .....	7.2
<b>Net income</b> .....	<b>28.5</b>
<b>EBITDA</b> .....	<b>28.5</b>
<b>Adjusted EBITDA</b> .....	<b>28.6</b>

Revenue in the Jackpotjoy segment increased to \$249.6 million during the nine months ended 30 September 2016, from \$149.9 million during the nine months ending 30 September 2015, largely as the result of the acquisition of Jackpotjoy and, to a lesser extent, organic revenue growth in all brands. The Jackpotjoy segment's UK Real Money Gaming Revenue, which accounted for over 71 per cent of the segment revenue in the nine months ended 30 September 2016, as well as significant growth year over year in both the Starspins and Botemania brands, which collectively accounted for 14 per cent. of this segment's revenue in the nine months ended 30 September 2016. The sharp increase in revenue in the Starspins and Botemania brands is a result of Starspins' mobile launches in Q3 2015 and Botemania's slots launch in Q2 2016. Distribution cost increased largely as the result of the acquisition of Jackpotjoy, and, to a lesser extent, an increase in gaming taxes and platform fees, which increase as revenue increases. Marketing expenses included in distribution costs stayed relatively consistent year over year.

### Vera&John Segment Results<sup>6</sup>

The following table summarises Vera&John unaudited segment results for the nine months ended 30 September 2016 and 2015.

	<b>Nine months ended 30 September 2016</b>	<b>Nine months ended 30 September 2015</b>
	<i>\$000's (unaudited)</i>	
Total revenue and other income .....	80,865	72,319
Gaming revenue .....	76,836	56,384
Other income earned from revenue guarantee and platform migration .....	4,029	15,935
Distribution costs .....	39,455	39,194
Administration costs .....	27,285	25,605
<b>Net income</b> .....	<b>11,860</b>	<b>7,014</b>
<b>EBITDA</b> .....	<b>23,319</b>	<b>20,800</b>
<b>Adjusted EBITDA</b> .....	<b>25,656</b>	<b>21,030</b>

<sup>6</sup> The former InterCasino segment was merged with the Vera&John segment in Q2 2016 and Vera&John figures presented herein include the InterCasino segment. InterCasino revenues were \$9.9 million (including revenue from the Amaya Revenue Guarantee and the platform migration fees) for period ending 30 September 2016 and \$23.4 million for period ending 30 September 2015.

Gaming revenue in the Vera&John segment increased by 36 per cent. to \$76.8 million during the nine months ended 30 September 2016 from \$56.4 million during the nine months ended 30 September 2015, largely as the result of continued organic growth in existing markets in which Vera&John's brands operate, which was partially offset by the appreciating Canadian dollar. The latter is evidenced by a 7 per cent. increase in Average Active Customers per Month from the nine months ended 30 September 2015 to the nine months ended 30 September 2016. The introduction of flexible deposit limits and steady growth in customer acquisition, mainly through affiliate marketing spend (which increased 32% year over year), has been a key acquisition tool driving this growth and increased significantly. The variance in income earned from the Revenue Guarantee year over year relates to the revenue guarantee that ended on 11 February 2016. Other distribution costs, such as game suppliers and payment providers' costs, generally increased proportionally with revenue growth, with the exception of marketing, which decreased by 22 per cent. year over year mainly due to significant UK marketing spending occurring in the prior periods. Increases in administration costs year over year were mainly driven by the InterCasino brand migration to Vera&John as well as increases in personnel and office related costs as the segment continues to grow.

#### *Mandalay Segment Results*

The following table summarises Mandalay unaudited segment results for the nine months ended 30 September 2016 and 2015.

	<b>Nine months ended 30 September 2016</b>	<b>Nine months ended 30 September 2015</b>
	<i>(\$000's) (unaudited)</i>	
Total revenue and other income .....	30,559	30,338
Distribution costs .....	19,818	16,546
Administration costs .....	9,442	12,537
Foreign exchange loss/(gain) .....	(187)	—
Finance expenses .....	9	16
<b>Net income</b> .....	<b>1,477</b>	<b>1,239</b>
<b>EBITDA</b> .....	<b>9,405</b>	<b>12,422</b>
<b>Adjusted EBITDA</b> .....	<b>9,218</b>	<b>12,422</b>

Revenue in the Mandalay segment increased by 1 per cent. to \$30.6 million during the nine months ended 30 September 2016 from \$30.3 million during the nine months ended 30 September 2015, largely as the result of the addition of new slot and bingo skins as well as enhanced performance of the flagship Costa Bingo brand, which was partially offset by the appreciating Canadian dollar. The increase in distribution costs year over year relates to greater marketing spending, the continuation of the Costa Bingo brand television campaign, which was launched in Q2 2016, increases in royalties paid to 888 as a result of the increase in revenues, as well as POC taxes which increase proportionally to revenue.

#### *Unallocated Corporate Costs*

Adjusted net loss for the nine months ended 30 September 2016 was 56 per cent. lower than the same period in 2015, decreasing from \$20.7 million to \$32.3 million period over period. Adjusted EBITDA for the nine months ended 30 September 2016 was lower than the same period in 2015, decreasing from \$(3.3) million to \$(8.4) million period over period. The variance in net loss and Adjusted EBITDA mainly relates to a \$6.6 million increase in interest costs (primarily related to debt obtained to fund the Jackpotjoy Acquisition), a \$3.1 million increase in compensation and benefits, a \$1.0 million increase in professional fees, and a \$0.8 million increase in general and administrative costs.

#### *Key Performance Indicators (KPIs)*

The following table summarises unaudited KPIs for the three months ended 30 September 2016 and 2015.

	<b>Three months ended 30 September 2016</b>	<b>Three months ended 30 September 2015</b>	<b>Variance</b>
Average Active Customers per month (1) .....	231,214	207,768	23,446
Real Money Gaming Revenue (\$000) (2) .....	103,357	106,626	(3,269)
Average Real Money Gaming Revenue per month (\$000) .....	34,452	35,542	(1,090)
Monthly Real Money Gaming Revenue per Average Active Customer (\$) .....	149	171	(22)

(1) The Jackpotjoy Brands were acquired on 8 April 2015.

(2) Real Money Gaming Revenue for the three months ended 30 September 2016 consists of total revenue and other income less other income from the Amaya Revenue Guarantee of \$nil (30 September 2015 – \$3.7 million) and revenue earned from affiliate websites and social gaming of \$10.3 million (30 September 2015 – \$11.9 million).



The following table summarises unaudited key performance indicators for each of the Group's completed quarters since Q2 2015.

<b>For the Period</b>	<b>Q3 2016<sup>(1)</sup></b>	<b>Q2 2016<sup>(2)</sup></b>	<b>Q1 2016<sup>(3)</sup></b>	<b>Q4 2015<sup>(4)</sup></b>	<b>Q3 2015<sup>(5)</sup></b>	<b>Q2 2015<sup>(6)</sup></b>
Average Active Customers per month .....	231,214	229,674	218,701	208,738	207,768	199,974
Real Money Gaming Revenue .....	103,357	108,703	113,658	115,662	106,626	81,609
Average Real Money Gaming Revenue per month .....	34,452	36,234	37,886	38,554	35,542	27,203
Monthly Real Money Gaming Revenue per Average Active Customer (\$)	149	158	173	185	171	136

- (1) Real Money Gaming Revenue for the three months ended 30 September 2016 consists of total revenue and other income less revenue earned from affiliate websites and social gaming of \$10.3 million.
- (2) Real Money Gaming Revenue for the three months ended 30 June 2016 consists of total revenue and other income less other income from the Platform Migration Revenue and the Amaya Revenue Guarantee of \$1.7 million and revenue earned from affiliate websites and social gaming of \$8.4 million.
- (3) Real Money Gaming Revenue for the three months ended 31 March 2016 consists of total revenue and other income less other income earned from the Amaya Revenue Guarantee of \$2.3 million and revenue earned from affiliate websites and social gaming of \$12.6 million.
- (4) Real Money Gaming Revenue for the three months ended 31 December 2015 consists of total revenue and other income less other income earned from the Amaya Revenue Guarantee of \$3.0 million and revenue earned from affiliate websites and social gaming of \$13.1 million.
- (5) Real Money Gaming Revenue for the three months ended 31 September 2015 consists total revenue and other income less other income earned from the Amaya Revenue Guarantee of \$3.7 million and revenue earned from affiliate websites and social gaming of \$11.9 million.
- (6) The Jackpotjoy Brands were acquired on 8 April 2015. Real Money Gaming Revenue for the three months ended 30 June 2015 consists total revenue and other income less other income earned from the Amaya Revenue Guarantee of \$6.6 million and revenue earned from affiliate websites and social gaming of \$9.3 million.

## Financial Condition

The following table summarises unaudited assets and liabilities as at 30 September 2016 and 31 December 2015.

	<b>30 September 2016</b>	<b>31 December 2015</b>	<b>Variance \$</b>
		<i>(\$000's) (unaudited)</i>	
Total current assets .....	205,710	130,328	75,382
Total non-current assets .....	1,099,950	1,376,026	(276,076)
Total assets .....	1,305,660	1,506,354	(200,694)
Total current liabilities .....	280,235	110,763	169,472
Total non-current liabilities .....	581,293	805,762	(224,469)
<b>Total liabilities .....</b>	<b>861,528</b>	<b>916,525</b>	<b>(54,997)</b>

The \$36.3 million increase in current assets (excluding the cash movement of \$39.1 million) since 31 December 2015 largely relates to a \$47.8 million increase in the current portion of the Cross-Currency Swap.

Current assets additionally increased as follows:

- prepaid expenses increased by \$0.1 million.
- customer deposits increased by \$0.1 million.
- taxes receivable increased by \$1.2 million.

These increases were partially offset by the following:

- receivables decreased by \$12.9 million, which is primarily attributed to the expiry of the revenue guarantee agreement with Amaya during the first quarter of 2016.

The decrease in non-current assets of \$276.1 million since 31 December 2015 mainly relates to translation on foreign currency intangible assets and goodwill of \$112.4 million and \$83.0 million respectively, amortisation of the intangible assets of \$76.2 million, and a \$8.1 million decrease related to the reclassification of the non-current portion of the Cross-Currency Swap to current assets. The decrease was minimally offset by a \$2.1 million addition to intangible assets relating to software development, a \$0.6 million increase in other long term receivables and \$0.9 million in tangible assets.

The Group had segregated cash of \$37.2 million at 30 September 2016. This balance consists of cash on deposit with payment service providers as well as segregated funds held in accordance with the terms of the Jackpotjoy Earn-Out Payments, where the Company is currently required to segregate 90 per cent. of the Company's excess cash flow, less mandatory repayments of the Company's long-term debt, in a non-operational bank account. Segregated cash does not qualify as restricted cash and, as such, is included in cash.

The Group's restricted cash balance (see Note 3 of the Group historical financial information in "Part 7: Historical Financial Information – Section H: Unaudited Interim Condensed Consolidated Financial Statements of the Group for the nine months ended 30 September 2016") as at 30 September 2016 totaled \$0.3 million. The balance consisted of cash held as collateral on the Group's leased premises.

The increase in current liabilities of \$169.5 million since 31 December 2015 largely relates to the following:

- the reclassification of part of the Jackpotjoy Earn-Out Payments contingent consideration from long-term debt to current debt as well as the increase of the fair value for a total of \$166.6 million.
- an increase of \$1.8 million in accounts payable mainly driven by a switch to a new affiliate system, as well as a \$17.1 million increase in other short-term payables due to accruals for transaction related costs.
- an increase in interest payable of \$0.1 million and a \$0.1 million increase in payables to customers.

These increases were partially offset by the following:

- a \$7.4 million reduction of the current portion of long-term debt due to foreign exchange rate fluctuations.
- a \$8.8 million decrease in provision for taxes relating to payments in the period.

The decrease in non-current liabilities of \$224.5 million since 31 December 2015 was mainly driven by a \$168.0 million decrease in contingent consideration related to changes in foreign exchange rates, fair value adjustments and re-classification to current portion, as well as a \$49.5 million decrease in long-term debt due to principal payments and changes in foreign exchange rates, a \$6.5 million decrease in convertible debentures due to partial conversion and a \$0.5 million decrease in the deferred tax liability.

### ***Cash Flow by Activity***

The following table summarises unaudited cash flow for the nine months ended 30 September 2016 and 2015.

	Nine months ended 30 September 2016	Nine months ended 30 September 2015
	(\$'000's) (unaudited)	
Cash generated from (used in) operating activities .....	118,252	5,198
Cash provided by (used in) financing activities .....	(66,555)	750,079
Cash used in investing activities .....	(3,214)	(692,584)

#### ***Cash generated from (used in) operating activities***

Cash provided by operating activities during the nine months ended 30 September 2016 relates to cash generated from the operational activities of Mandalay, Vera&John and Jackpotjoy. For the nine months ended 30 September 2016 this balance increased from the same period in the prior year, as the Jackpotjoy brands were acquired during Q2 2015 and cash used for transaction related activities decreased over the periods.

#### *Cash provided by (used in) financing activities*

Cash used by financing activities for the nine months ended 30 September 2016 relates mainly to the following transactions:

- \$34.8 million in principal debt repayments.
- \$22.3 million in interest payments.
- \$12.0 million in a contingent consideration payment to satisfy the Vera&John earn-out payment.

This decrease was partially offset by \$2.6 million in proceeds from the exercise of warrants and options.

#### *Cash used in investing activities*

Cash used in investing activities during the nine months ended 30 September 2016 and 2015 was \$3.2 million and \$692.6 million, respectively, and relates to the purchase of tangible and intangible assets and the Jackpotjoy Acquisition.

### 5. **Results of operations and financial conditions for the six months ended 30 June 2016 and 2015.**

#### *Results of operations of the Group for the six months ended 30 June 2016 and 2015*

The following table summarises selected audited results for the six months ended 30 June 2016 and unaudited results for the six months ended 30 June 2015.

	Six months ended 30 June 2016	Six months ended 30 June 2015
		(unaudited)
		(\$000's)
Total revenue and other income .....	247,333	130,292
Gaming revenue .....	243,304	118,085
Other income earned from Amaya Revenue Guarantee <sup>1</sup> and Platform Migration Revenue .....	4,029	12,207
Total costs and expenses .....	231,590	182,707
Gain on sale of intangible assets .....	-	(430)
Financing expenses .....	32,855	22,820
Net loss for the period before taxes .....	(17,112)	(74,805)
Taxes .....	414	172
Net loss for the period .....	(17,526)	(74,977)
Basic and diluted loss per share .....	(\$0.25)	(\$1.47)

<sup>1</sup> The Amaya Revenue Guarantee expired in February 2016.

#### *Total revenue and other income*

The Group's revenue increased by 90 per cent. to \$247.3 million during the six months ended 30 June 2016 compared to \$130.3 million during the six months ended 30 June 2015, largely as a result of revenue earned by Jackpotjoy, which was acquired at the beginning of Q2 2015, as well as a result of stronger period over period performance in all segments. The increase in revenue can also be attributed to a generally depreciating CAD, as the average foreign exchange rates used to convert segment revenue for the purpose of Group reporting for the six months ended 30 June 2016 (£:\$ – 1.91, USD:\$ – 1.33, €:\$ – 1.48) increased from the average foreign exchange rates used to convert revenue for the six months ended 30 June 2015 (£:\$ – 1.88, USD:\$ – 1.24, €:\$ – 1.38). These increases were offset by a net decrease of \$8.2 million in other income from the Amaya Revenue Guarantee and from contributions for migration and termination costs related to the InterCasino platform migration from Amaya (the "**Platform Migration Revenue**").

The Group's revenues and other income during the six months ended 30 June 2016 consisted of:

- \$169.7 million in revenue earned from Jackpotjoy's operational activities.
- \$52.1 million in revenue earned from Vera&John's operational activities, including \$2.4 million from InterCasino operational activities.
- \$21.5 million in revenue earned from Mandalay's operational activities.
- \$2.3 million in income earned from the Amaya Revenue Guarantee

- \$1.7 million in income earned from the Platform Migration Revenue.

The Group's revenues during the six months ended 30 June 2015 consisted of:

- \$64.5 million in revenue earned from Jackpotjoy's operational activities.
- \$34.2 million in revenue earned from Vera&John's operational activities, including \$3.0 million from InterCasino operational activities.
- \$19.4 million in revenue earned from Mandalay's operational activities.
- \$12.2 million in income earned from the Amaya Revenue Guarantee.

#### *Total costs and expenses*

The following table summarises audited expenses for the six months ended 30 June 2016 and unaudited expenses for the six months ended 30 June 2015.

	Six months ended 30 June 2016	Six months ended 30 June 2015
	(\$000's)	
		(unaudited)
Distribution costs .....	118,349	70,466
Administration costs .....	86,461	59,761
Severance costs .....	10,526	-
Transaction related costs .....	11,544	53,382
Foreign exchange loss/(gain) .....	4,710	(902)
<b>Total costs and expenses .....</b>	<b>231,590</b>	<b>182,707</b>

The Group's expenses increased by 27 per cent. to \$231.6 million during the six months ended 30 June 2016 compared to \$182.7 million during the six months ended 30 June 2015, largely as a result of the impact of expenses within the Jackpotjoy Brands, which were acquired at the beginning of Q2 2015.

The following table summarises audited distribution costs for the six months ended 30 June 2016 and unaudited distribution costs for the six months ended 30 June 2015

	Six months ended 30 June 2016	Six months ended 30 June 2015
	(\$000's)	
		(unaudited)
Selling and marketing .....	40,931	34,000
Licensing fees .....	39,366	19,657
Gaming taxes .....	27,009	11,122
Processing fees .....	11,043	5,687
<b>Total distribution costs .....</b>	<b>118,349</b>	<b>70,466</b>

The Group's total distribution costs increased by 68 per cent. to \$118.3 million during the six months ended 30 June 2016 compared to \$70.5 million during the six months ended 30 June 2015, largely as a result of the Jackpotjoy Acquisition.

Selling and marketing expenses consist of payments made to affiliates and general marketing expenses related to each brand. Licensing fees consist of the fees paid to third-party partners for InterCasino (prior to its migration to the Vera&John platform), Mandalay and Jackpotjoy to operate on their respective platforms and other game suppliers' fees paid by Vera&John and Jackpotjoy. Gaming taxes largely consist of POC, which is a 15 per cent. tax on Real Money Gaming Revenue introduced in the UK in December 2014. Processing fees consist of costs associated with using payment providers and include PSP transaction and handling costs, as well as deposit and withdrawal fees. Increases in the above distribution costs for the six months ended 30 June 2016 compared to the six months ended 30 June 2015 primarily relate to the Jackpotjoy Acquisition.

The following table summarises audited administration costs for the six months ended 30 June 2016 and unaudited administration costs for the six months ended 30 June 2015.

	Six months ended 30 June 2016	Six months ended 30 June 2015
	(\$000's)	
		(unaudited)
Compensation and benefits .....	24,347	16,481
Professional fees .....	5,474	1,250
General and administrative .....	5,027	3,214
Amortisation .....	51,613	38,816
<b>Total administration costs .....</b>	<b>86,461</b>	<b>59,761</b>

The Group's total administration costs increased by 45 per cent to \$86.5 million during the six months ended 30 June 2016 compared to \$59.8 million during the six months ended 30 June 2015, largely as a result of the Jackpotjoy Acquisition.

Compensation and benefits costs consist of salaries, wages, bonuses, benefits and share-based compensation expenses. The increase over the same period in 2015 relates to the addition of Jackpotjoy employees'/consultants' salaries and staff additions in other business units. This is partially offset by a decrease in share-based compensation in comparison to the same period in 2015.

Professional fees consist of legal fees, audit fees and Independent Committee related expenses. As a result of the Report published in Q4 2015, Intertain's board established the Independent Committee to review the allegations contained within the report. On 22 February 2016, the Independent Committee completed its review and concluded that the allegations and innuendos of the short seller, related to the quality and financial performance of the underlying businesses of Intertain, were grossly erroneous. Costs related to the Independent Committee's review amounted to \$3.3 million and are included in professional fees for the six months ended 30 June 2016. These costs largely account for the increase in professional fees over the six months ended 30 June 2016.

General and administrative expenses consist of items, such as rent and occupancy, travel and accommodation, insurance, listing fees, technology and development costs, and other office overhead charges. The increase over the same period in 2015 relates to the addition of the operating activities of the Jackpotjoy Business and generally higher travel and overhead costs.

Amortisation consists of depreciation of the Company's tangible and intangible assets over their useful lives. As a result of finite intangible assets recognised from the Jackpotjoy Acquisition, such as brands and customer lists, amortisation expense increased significantly compared to the same period in 2015.

Severance costs relate to John FitzGerald's resignation as Director, President and Chief Executive Officer, which became effective on 28 June 2016, in connection with which he was granted a final severance payment of \$10.5 million under the terms of his employment agreement.

Transaction related costs consist of legal, professional, underwriting, due diligence and other direct costs/fees associated with transactions contemplated or completed by the Group, as well as acquisition related bonuses paid to management. The decrease in transaction related costs in the six months ending 30 June 2016 in comparison with the same six-month period in 2015 relates to the fact that the Company has not completed any acquisitions in the six months ending 30 June 2016, while significant acquisition related costs were included in the six months ending 30 June 2015 for the Jackpotjoy Acquisition.

Transaction related costs included in the six months ended 30 June 2016 related mostly to the then ongoing strategic review, including consulting advisory fees paid for the benefit of Yoel Altman. During the six-months ended 30 June 2016, the Board of Intertain approved the terms of a services agreement with a corporation controlled by Mr. Altman relating to services provided in respect of, among other things: (a) the identification of highly qualified candidates for potential appointment as Intertain's new Chief Executive Officer, Chairman of the Board and as new directors of Intertain; (b) the identification and assessment of alternative transaction structures involving the listing of Intertain on the LSE (which services resulted in the development of the UK Strategic Initiatives, including Admission); and (c) providing information and advice with respect to potential investors, capital markets expectations in Canada and the UK and assisting Intertain in identifying a financial advisor in connection with the UK Strategic Initiatives. An initial fee of \$1.5 million was paid in connection with the services described in



(a) and (c) above following the appointment of the Company's new Chairman and Chief Executive Officer of the Company and the entering into of Intertain's engagement letter with a UK based financial advisor. A further \$4.5 million is payable pursuant to this agreement on, and subject to, completion of Admission, subject to the satisfaction of certain other conditions. On 22 March 2016, Mr. Altman was charged by the Quebec Autorité des marchés financiers with breaches of Quebec insider trading laws. It is the Company's understanding that Mr. Altman is denying the allegations and defending the charges.

#### *Financing Expenses*

The Group recorded net financing expenses of \$32.9 million during the six months ended 30 June 2016, compared to \$22.8 million during the six months ended 30 June 2015. This increase results primarily from the Group's U.S.-denominated debt being outstanding for the full six months ended 30 June 2016, while it was only outstanding for half of the six months ended 30 June 2015. The Group's also recorded a charge of \$35.2 million in respect of a change in the fair value of contingent consideration, which was mostly offset by a \$34.2 million unrealised gain on its Cross-Currency Swap.

#### *Net income/(loss)*

The Group's net loss decreased to \$17.5 million during the six months ended 30 June 2016 compared to \$75.0 million during the six months ended 30 June 2015, largely as a result of the factors described above.

For a further discussion of period-on-period trends in revenue, expenses and net income on a segment basis, please refer to the information under "Summary of Results by Segment" of this "Part 5: Operating and Financial Review".

#### ***Net income, diluted net income per share, Adjusted EBITDA, Adjusted Net Income and Diluted Adjusted Net Income per share for the six and twelve months ended 30 June 2016 and six months ended 30 June 2015***

The following table presents unaudited EBITDA and Adjusted EBITDA for the twelve months ended 30 June 2016 and the six months ended 30 June 2015 and audited EBITDA and Adjusted EBITDA for the six months ended 30 June 2016 and a reconciliation of these measures to the Group's reported net income (loss).

	<b>Twelve months ended 30 June 2016</b>	<b>Six months ended 30 June 2016</b>	<b>Six months ended 30 June 2015</b>
	(unaudited)	(\$000's)	(unaudited)
<b>Net income (loss) for the period</b> .....	(169,422)	(17,526)	(74,977)
Interest expense, net .....	62,807	31,856	16,530
Taxes .....	1,327	414	172
Amortisation .....	113,117	51,613	38,816
<b>EBITDA</b> .....	<b>7,829</b>	<b>66,357</b>	<b>(19,459)</b>
Share-based compensation .....	3,060	1,044	3,608
Severance costs .....	10,526	10,526	—
Debt settlement expense & Gain on sale of intangibles .....	—	—	5,262
Fair value adjustment on contingent consideration .....	155,402	35,221	598
Goodwill Impairment .....	36,670	—	—
Independent Committee related expenses .....	3,326	3,326	—
Gain on Cross-Currency Swap .....	(43,883)	(34,222)	—
Transaction related costs .....	15,504	11,544	53,382
Foreign Exchange .....	7,035	4,710	(902)
<b>Adjusted EBITDA</b> .....	<b>195,469</b>	<b>98,506</b>	<b>42,489</b>

The following table presents unaudited Adjusted Net Income and Diluted Adjusted Net Income per Share for the twelve months ended 30 June 2016 and the six months ended 30 June 2015 and audited Adjusted Net Income and Diluted Adjusted Net Income per Share for the six months ended 30 June 2016 and a reconciliation of these measures to the Group's reported net income and diluted net income per share.

	Twelve months ended 30 June 2016	Six months ended 30 June 2016	Six months ended 30 June 2015
	(unaudited)	(\$000's)	(unaudited)
<b>Net income (loss) for the period</b> .....	<b>(169,422)</b>	<b>(17,526)</b>	<b>(74,977)</b>
Share-based compensation .....	3,060	1,044	3,608
Severance costs .....	10,526	10,526	-
Debt settlement expense & Gain on sale of intangibles .....	-	-	5,262
Fair value adjustment on contingent consideration .....	155,402	35,221	598
Goodwill .....	36,670	-	-
Independent Committee related expenses .....	3,326	3,326	-
Gain on Cross-Currency Swap .....	(43,883)	(34,222)	-
Transaction related costs .....	15,504	11,544	53,382
Foreign exchange .....	7,035	4,710	(902)
Amortisation of acquisition related purchase price intangibles .....	112,439	51,177	38,712
Accretion of interest charge on financial liabilities .....	29,033	15,618	7,608
<b>Adjusted Net Income</b> .....	<b>159,690</b>	<b>81,418</b>	<b>33,291</b>
<b>Diluted net income/(loss) per share</b> .....	<b>\$(2.39)</b>	<b>\$(0.25)</b>	<b>\$(1.47)</b>
<b>Diluted Adjusted Net Income per share</b> .....	<b>\$2.15</b>	<b>\$1.10</b>	<b>\$0.62</b>

### Summary of Results by Segment<sup>6</sup>

The following table summarises audited segment results for the six months ended 30 June 2016.

	Jackpotjoy		Vera&John		Mandalay		Unallocated corporate costs <sup>(1)</sup>	Totals
	\$	£	\$	€	(\$000's) \$	£	\$	\$
Total revenue and other income .....	169,661	88,828	56,168	37,951	21,504	11,259	-	247,333
<b>Net income (loss) for the period</b> .....	<b>38,899</b>	<b>20,366</b>	<b>10,520</b>	<b>7,108</b>	<b>1,799</b>	<b>942</b>	<b>(68,744)</b>	<b>(17,526)</b>
Interest expense, net .....	-	-	(82)	(55)	6	3	31,932	31,856
Taxes .....	-	-	414	280	-	-	-	414
Amortisation .....	39,035	20,437	7,356	4,970	5,205	2,725	17	51,613
<b>EBITDA</b> .....	<b>77,934</b>	<b>40,803</b>	<b>18,208</b>	<b>12,303</b>	<b>7,010</b>	<b>3,670</b>	<b>(36,795)</b>	<b>66,357</b>
Share-based compensation .....	-	-	-	-	-	-	1,044	1,044
Severance costs .....	-	-	-	-	-	-	10,526	10,526
Fair value adjustments on contingent consideration .....	-	-	-	-	-	-	35,221	35,221
Independent Committee related expenses .....	-	-	-	-	-	-	3,326	3,326
Gain on Cross-Currency Swap .....	-	-	-	-	-	-	(34,222)	(34,222)
Acquisition and transaction related costs .....	-	-	828	559	-	-	10,716	11,544
Foreign exchange .....	(633)	(331)	580	392	(129)	(68)	4,892	4,710
<b>Adjusted EBITDA</b> .....	<b>77,301</b>	<b>40,472</b>	<b>19,616</b>	<b>13,254</b>	<b>6,881</b>	<b>3,602</b>	<b>(5,292)</b>	<b>98,506</b>

<sup>(1)</sup> Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

<sup>6</sup> The former InterCasino segment was merged with the Vera&John segment in Q2 2016 and Vera&John figures presented herein include the InterCasino segment. InterCasino revenues and other income arising from the Amaya Revenue Guarantee were \$8.0 million for period ending 30 June 2016 and \$15.3 million for period ending 30 June 2015.

The following table summarises unaudited segment results for the six months ended 30 June 2015.<sup>7</sup>

	Jackpotjoy		Vera&John		Mandalay		Unallocated corporate costs <sup>(1)</sup>	Totals
					(000's) (unaudited)			
	\$	£	\$	€	\$	£	\$	\$
Total revenue and other income .....	64,505	34,311	46,445	33,656	19,342	10,288	-	130,292
<b>Net income (loss) for the period .....</b>	<b>305</b>	<b>162</b>	<b>5,431</b>	<b>3,936</b>	<b>161</b>	<b>86</b>	<b>(80,874)</b>	<b>(74,977)</b>
Interest expense, net .....	-	-	(2)	(1)	(2)	(1)	16,534	16,528
Taxes .....	-	-	172	125	-	-	-	172
Amortisation .....	22,335	11,880	8,936	6,475	7,538	4,010	7	38,816
<b>EBITDA .....</b>	<b>22,640</b>	<b>12,042</b>	<b>14,537</b>	<b>10,535</b>	<b>7,697</b>	<b>4,095</b>	<b>(64,333)</b>	<b>19,459</b>
Share-based compensation .....	-	-	-	-	-	-	3,608	3,608
Debt settlement expense & Gain on sale of intangibles .....	-	-	(430)	(312)	-	-	5,692	5,262
Fair value adjustments on contingent consideration .....	-	-	-	-	-	-	598	598
Independent Committee related expenses .....	-	-	-	-	-	-	-	-
Gain on Cross-Currency Swap .....	-	-	-	-	-	-	-	-
Acquisition and transaction related costs .....	-	-	265	192	-	-	53,117	53,382
Foreign exchange .....	50	27	(84)	(61)	-	-	(868)	(902)
<b>Adjusted EBITDA .....</b>	<b>22,690</b>	<b>12,069</b>	<b>14,288</b>	<b>10,354</b>	<b>7,697</b>	<b>4,095</b>	<b>(2,186)</b>	<b>42,489</b>

<sup>(1)</sup> Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

The following table summarises Pre-Acquisition segment results for the six months ended 30 June 2015.<sup>8</sup>

	Jackpotjoy		Vera&John		Mandalay		Unallocated corporate costs <sup>(1)</sup>	Totals
					(000's)			
	\$	£	\$	€	\$	£	\$	\$
Total revenue and other income .....	75,617	40,223	-	-	-	-	-	75,617
<b>Net income (loss) for the period .....</b>	<b>28,564</b>	<b>15,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,564</b>
Interest expense, net .....	-	-	-	-	-	-	-	-
Taxes .....	-	-	-	-	-	-	-	-
Amortisation .....	-	-	-	-	-	-	-	-
<b>EBITDA .....</b>	<b>28,564</b>	<b>15,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,564</b>
Share-based compensation .....	-	-	-	-	-	-	-	-
Debt settlement expense & Gain on sale of intangibles .....	-	-	-	-	-	-	-	-
Fair value adjustments on contingent consideration .....	-	-	-	-	-	-	-	-
Independent Committee related expenses .....	-	-	-	-	-	-	-	-
Gain on Cross-Currency Swap .....	-	-	-	-	-	-	-	-
Acquisition and transaction related costs .....	-	-	-	-	-	-	-	-
Foreign exchange .....	45	24	-	-	-	-	-	45
<b>Adjusted EBITDA .....</b>	<b>28,609</b>	<b>15,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,609</b>

<sup>(1)</sup> Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

<sup>7</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the six months ended 30 June 2016 are: £:\$ -1.91., USD:\$ - 1.33., €:\$ - 1.48 (30 June 2015: £:\$ - 1.88, USD:\$ - 1.24, €:\$ - 1.38).

<sup>8</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the three months ended 31 March 2015 are £:\$ - 1.88.

### Jackpotjoy Segment Results

The following table summarises Jackpotjoy audited segment results for the six months ended 30 June 2016 and unaudited segment results for the six months ended 30 June 2015.

	Six months ended 30 June 2016	Six months ended 30 June 2015
	\$'000	
	(unaudited)	
Total revenue and other income .....	169,661	64,505
Distribution costs .....	77,834	35,626
Administration costs .....	53,561	28,524
Foreign exchange loss/(gain) .....	(633)	50
<b>Net income</b> .....	<b>38,899</b>	<b>305</b>
<b>EBITDA</b> .....	<b>77,934</b>	<b>22,640</b>
<b>Adjusted EBITDA</b> .....	<b>77,301</b>	<b>22,690</b>

The following table summarises Pre-Acquisition Jackpotjoy segment results for the six months ended 30 June 2015.

	Six months ended 30 June 2015
	\$ (millions)
Total revenue and other income .....	75.6
Distribution costs .....	39.9
Administration costs .....	7.2
<b>Net income</b> .....	<b>28.6</b>
<b>EBITDA</b> .....	<b>28.6</b>
<b>Adjusted EBITDA</b> .....	<b>28.6</b>

Revenue in the Jackpotjoy segment increased to \$169.7 million during the six months ending 30 June 2016, from \$64.5 million during the six months ending 30 June 2015, largely as the result of the acquisition of Jackpotjoy and the depreciation in the Canadian dollar, and, to a lesser extent, an increase in the Jackpotjoy segment's UK Real Money Gaming Revenue, which accounted for over two-thirds of the segment revenue in the six months ending 30 June 2016, as well as significant growth year over year in both the Starspins and Botemania brands, which collectively accounted for 13 per cent. of this segment's revenue in the six months ending 30 June 2016. The sharp increase in revenue in the Starspins and Botemania brands is a result of Starspins' mobile launches in Q3 2015 and Botemania's slots launch in Q2 2016. Distribution cost increased largely as the result of the acquisition of Jackpotjoy, and, to a lesser extent, an increase in gaming taxes and platform fees, which increase as revenue increases. Marketing expenses included in distribution costs stayed relatively consistent year over year.

### Vera&John Segment Results<sup>9</sup>

The following table summarises Vera&John audited segment results for the six months ended 30 June 2016 and unaudited segment results for the six months ended 30 June 2015.

	Six months ended 30 June 2016	Six months ended 30 June 2015
	\$'000	
		(unaudited)
Total revenue and other income .....	56,168	46,447
Gaming revenue .....	52,139	34,238
Other income earned from revenue guarantee .....	4,029	12,208
Distribution costs .....	26,663	23,955
Administration costs .....	17,245	17,139
<b>Net income</b> .....	<b>10,520</b>	<b>5,432</b>
<b>EBITDA</b> .....	<b>18,208</b>	<b>14,537</b>
<b>Adjusted EBITDA</b> .....	<b>19,616</b>	<b>14,288</b>

Revenue in the Vera&John segment increased by 21 per cent. to \$56.2 million during the six months ending 30 June 2016 from \$46.4 million during the six months ending 30 June 2015, largely as the result of the depreciation in the Canadian dollar as well as continued organic growth in existing markets in which Vera&John's brands operate. The latter is evidenced by a 14 per cent. increase in Average Active Customers per Month from the first half of 2015 to the first half of 2016. Affiliate marketing spend has been a key acquisition tool driving this growth and increased significantly. The variance in income earned from the Revenue Guarantee year over year relates to the revenue guarantee that ended on 11 February 2016. Other distribution costs, such as game suppliers and payment providers' costs, generally increased proportionally with revenue growth, with the exception of marketing, which decreased by 42 per cent. year over year mainly due to significant UK marketing spending occurring in the prior periods. Increases in administration costs year over year were mainly driven by the InterCasino brand migration to Vera&John as well as increases in personnel and office related costs as the segment continues to grow.

### Mandalay Segment Results

The following table summarises Mandalay segment results for the six months ended 30 June 2016 and unaudited segment results for the six months ended 30 June 2015.

	Six months ended 30 June 2016	Six months ended 30 June 2015
	\$'000	
		(unaudited)
Total revenue and other income .....	21,504	19,343
Distribution costs .....	13,552	10,780
Administration costs .....	6,276	8,403
Foreign exchange loss/(gain) .....	(129)	-
Finance expenses/(income) .....	6	(2)
<b>Net income</b> .....	<b>1,799</b>	<b>162</b>
<b>EBITDA</b> .....	<b>7,010</b>	<b>7,697</b>
<b>Adjusted EBITDA</b> .....	<b>6,881</b>	<b>7,699</b>

Revenue in the Mandalay segment increased by 11 per cent. to \$21.5 million during the six months ending 30 June 2016 from \$19.3 million during the six months ending 30 June 2015, largely as the result of the depreciation in the Canadian dollar and the addition of new slot and bingo skins. The increase in distribution costs year over year relates to greater marketing spending, the commencement of the Costa Bingo brand television campaign, which was launched in Q2 2016, increases in royalties paid to 888 as a result of the increase in revenues, as well as POC taxes which increase proportionally to revenue.

<sup>9</sup> The former InterCasino segment was merged with the Vera&John segment in Q2 2016 and Vera&John figures presented herein include the InterCasino segment. InterCasino revenues were \$8.0 million for period ending 30 June 2016 and \$15.3 million for period ending 30 June 2015.



### Unallocated Corporate Costs

Net loss for the six months ended 30 June 2016 was 15 per cent. lower than the same period in 2015, decreasing from \$80.9 million to \$68.7 million period over period. Adjusted EBITDA for the six months ended 30 June 2016 was lower than the same period in 2015, decreasing from \$(2.2) million to \$(5.3) million period over period. The variance in Net loss mostly relates to a \$42.4 million decrease in transaction costs, which was partially offset by a \$15.4 million increase in interest costs, a \$9.7 million increase in compensation (including share based payments). The decrease in Adjusted EBITDA is due to a \$1.7 million increase in compensation, \$0.8 million increase in professional fees and \$0.6 million increase in general administrative expenses.

### Key Performance Indicators (KPIs)

The following table summarises unaudited KPIs for the three months ended 30 June 2016 and 2015.

	Three months ended 30 June 2016	Three months ended 30 June 2015 <sup>(1)</sup>	Variance
Average Active Customers per month (#) .....	229,674	199,974	15%
Real Money Gaming Revenue (\$000) <sup>(2)</sup> .....	108,703	81,609	33%
Average Real Money Gaming Revenue per month (\$000) .....	36,234	27,203	33%
Monthly Real Money Gaming Revenue per Average Active Customer (\$) .....	158	136	16%

<sup>(1)</sup> The Jackpotjoy Brands were acquired on 8 April 2015.

<sup>(2)</sup> Real Money Gaming Revenue for the three months ended 30 June 2016 consists of total revenue and other income less other income from the Amaya Revenue Guarantee of \$1.7 million (30 June 2015 – \$6.6 million) and revenue earned from affiliate websites and social gaming of \$8.4 million (30 June 2015 – \$9.3 million).

The following table summarises unaudited key performance indicators for each of the Group's completed quarters since Q2 2015.

For the Period	Q2 2016 <sup>(1)</sup>	Q1 2016 <sup>(2)</sup>	Q4 2015 <sup>(3)</sup>	Q3 2015 <sup>(4)</sup>	Q2 2015 <sup>(5)</sup>
Average Active Customers per month (#) .....	229,674	218,701	208,738	207,768	199,974
Real Money Gaming Revenue (\$000) .....	108,703	113,658	115,662	106,626	81,609
Average Real Money Gaming Revenue per month (\$000) .....	36,234	37,886	38,554	35,542	27,203
Monthly Real Money Gaming Revenue per Average Active Customer (\$) ...	158	173	185	171	136

<sup>(1)</sup> Real Money Gaming Revenue for the three months ended 30 June 2016 consists of total revenue and other income less other income from the Platform Migration Revenue and the Amaya Revenue Guarantee of \$1.7 million and revenue earned from affiliate websites and social gaming of \$8.4 million.

<sup>(2)</sup> Real Money Gaming Revenue for the three months ended 31 March 2016 consists of total revenue and other income less other income earned from the Amaya Revenue Guarantee of \$2.3 million and revenue earned from affiliate websites and social gaming of \$12.6 million.

<sup>(3)</sup> Real Money Gaming Revenue for the three months ended 31 December 2015 consists of total revenue and other income less other income earned from the Amaya Revenue Guarantee of \$3.0 million and revenue earned from affiliate websites and social gaming of \$13.1 million.

<sup>(4)</sup> Real Money Gaming Revenue for the three months ended 31 September 2015 consists total revenue and other income less other income earned from the Amaya Revenue Guarantee of \$3.7 million and revenue earned from affiliate websites and social gaming of \$11.9 million.

<sup>(5)</sup> The Jackpotjoy Brands were acquired on 8 April 2015. Real Money Gaming Revenue for the three months ended 30 June 2015 consists total revenue and other income less other income earned from the Amaya Revenue Guarantee of \$6.6. million and revenue earned from affiliate websites and social gaming of \$9.3 million.

### Financial Condition

The following table summarises assets and liabilities as at 30 June 2016 and 31 December 2015.

	30 June 2016	31 December 2015	Variance \$
		(\$000's)	
Total current assets .....	185,272	130,328	54,944
Total non-current assets .....	1,127,774	1,376,026	(248,252)
Total assets .....	1,313,046	1,506,354	(193,308)
Total current liabilities .....	246,408	110,763	135,645
Total non-current liabilities .....	595,669	805,762	(210,093)
<b>Total liabilities .....</b>	<b>842,077</b>	<b>916,525</b>	<b>(74,448)</b>

The \$30.9 million increase in current assets (excluding the cash movement of \$24.0 million) since 31 December 2015 largely relates to a \$40.7 million increase in the current portion of the Cross-Currency Swap.

Current assets additionally increased as follows:

- prepaid expenses increased by \$0.5 million.
- taxes receivable increased by \$3.6 million.

These increases were partially offset by the following:

- customer deposits decreased by \$0.9 million.
- receivables decreased by \$13.0 million, which is primarily attributed to the expiry of the revenue guarantee agreement with Amaya in February 2016.

The decrease in non-current assets of \$248.3 million since 31 December 2015 mainly relates to translation on foreign currency on intangible assets and goodwill of \$108.5 million and \$81.4 million respectively, amortisation of the intangible assets of \$51.5 million, a \$0.2 million decrease in other long term receivables, and an \$8.1 million decrease related to the reclassification of the non-current portion of the Cross-Currency Swap to current assets. The decrease was minimally offset by a \$1.4 million addition to intangible assets, relating to software development.

The Group had segregated cash of \$25.8 million at 30 June 2016. This balance consists of cash on deposit with payment service providers as well as segregated funds held in accordance with the terms of the Jackpotjoy Earn-Out Payments, where the Company is currently required to segregate 90 per cent. of the Company's excess cash flow, less mandatory repayments of the Company's long-term debt, in a non-operational bank account. Segregated cash does not qualify as restricted cash and, as such, is included in cash.

The Group's restricted cash balance (see Note 5 of the Group historical financial information in "*Part 7: Historical Financial Information – Section B - Consolidated Financial Information of the Group*") as at 30 June 2016 totalled \$0.35 million. The balance consisted of cash held as collateral on the Group's leased premises.

The increase in current liabilities of \$135.6 million since 31 December 2015 largely relates to the following:

- the movement of part of the Jackpotjoy Earn-Out Payments contingent consideration from long-term debt to current debt as well as the increase of the fair value for a total of \$138.1 million
- an increase of \$1.0 million in accounts payable mainly driven by a switch to a new affiliate system, as well as a \$15.0 million increase in other short-term payables due to accruals for transaction related costs and severance.

These increases were partially offset by the following:

- a \$7.8 million reduction of the current portion of long-term debt.
- a \$0.8 million reduction in payables to customers.
- a \$9.8 million decrease in provision for taxes in Malta relating to payments in the period.

The decrease in non-current liabilities of \$210.1 million since 31 December 2015 was mainly driven by a \$167.9 million decrease in contingent consideration related to changes in foreign exchange rates (in particular with respect to GBP:CAD), fair value adjustments and re-classification to the current portion, as well as a \$42.1 million decrease in long-term debt due to principal payments and changes in foreign exchange rates and a \$0.4 million decrease in the deferred tax liability. This was partially offset by a \$0.3 million increase in convertible debentures related to interest accretion.

### ***Cash Flow by Activity***

The following table summarises cash flow for the six months ended 30 June 2016 and unaudited cash flow for the six months ended 30 June 2015.

	<b>Six months ended 30 June 2016</b>	<b>Six months ended 30 June 2015</b>
	(\$'000's)	(unaudited)
Cash generated from (used in) operating activities .....	86,496	(35,952)
Cash provided by (used in) financing activities .....	(54,581)	783,270
Cash used in investing activities .....	(1,605)	(688,067)

#### ***Cash generated from (used in) operating activities***

Cash provided by operating activities during the six months ended June 30 2016 relates to cash generated from the operational activities of Mandalay, Vera&John and Jackpotjoy. This balance has increased from the same period in the prior year, as the Jackpotjoy brands were acquired during Q2 2015 and cash used for transaction related activities decreased over the periods. During the six months ended June 30 2016, a \$12.0 million income tax payment was made as Maltese taxes are due by June 30th of each year. In accordance with Maltese tax legislation, the Company is entitled to receive 6/7 of this tax payment back, which the Company expects to receive in second half of 2016.

#### ***Cash provided by (used in) financing activities***

Cash used by financing activities for the six months ended 30 June 2016 relates mainly to the following transactions:

- \$26.8 million in principal debt repayments.
- \$16.3 million in interest payments.
- \$12.0 million in a contingent consideration payment to satisfy the Vera&John earn-out payment. With this payment, the Company has satisfied all Vera&John earn-out payments owing.

This decrease was partially offset by \$0.6 million in proceeds from the exercise of warrants and options.

#### ***Cash used in investing activities***

Cash used in investing activities during the six months ended 30 June 2016 and 2015 was \$1.6 million and \$688.1 million respectively, and relates to the purchase of tangible and intangible assets and the Jackpotjoy Acquisition.

## **6. Results of operations and financial conditions for the years ended 31 December 2015 and 2014.**

### ***Results of operations of the Group for the years ended 31 December 2015 and 2014***

The following table summarises audited results for the years ended 31 December 2015 and 2014.

	<b>Year ended 31 December 2015</b>	<b>Year ended 31 December 2014</b>
	(\$'000's)	
Total revenue and other income .....	384,465	40,776
Gaming revenue .....	365,492	23,466
Other income earned from revenue guarantee .....	18,973	17,310
Total costs and expenses .....	446,393	58,525
Gain on sale of intangible assets .....	(430)	—
Financing expenses .....	164,291	7,937
Net income/(loss) for the year before taxes .....	(225,789)	(25,686)
Taxes .....	1,084	382
Net income/(loss) .....	(226,873)	(26,068)
Basic and Diluted income/(loss) per share .....	(\$3.71)	(\$1.46)

### *Total revenue and other income*

The Group's revenue and other income increased to \$384.5 million during the year ended 31 December 2015 compared to \$40.8 million during the year ended 31 December 2014, predominantly as a result of revenue earned by Vera&John and Jackpotjoy, which were acquired in late Q4 2014 and Q2 2015. On a *pro forma* basis, assuming that the Jackpotjoy Acquisition had occurred on 1 January 2015, the Group's revenue amounted to \$460.1 million during the year ended 31 December 2015 (see "*Part 8: Unaudited Pro Forma Financial Information of the Group – Section B: Unaudited Pro Forma Income Statement of the Group for the year ended 31 December 2015*"). Additionally, the increase in revenue can also be attributed to a depreciating Canadian dollar, as the average foreign exchange rates used to convert revenue for the year ended 31 December 2015 (£:\$ – 1.95, USD:\$ – 1.28, €:\$ – 1.42) increased from the average foreign exchange rates used to convert revenue for the year ended 31 December 2014 (£:\$ – 1.81, USD:\$ – 1.11, €:\$ – 1.41).

The Group's revenues and other income during the year ended 31 December 2015 consisted of:

- \$240.7 million in revenue earned from Jackpotjoy's operational activities.
- \$82.7 million in revenue earned from Vera&John's operational activities, including \$11.1 million from InterCasino operational activities.
- \$42.0 million in revenue earned from Mandalay's operational activities.
- \$19.0 million of income earned from the Amaya Revenue Guarantee.

The Group's revenues and other income during the year ended 31 December 2014 consisted of:

- \$6.2 million in revenue earned from Vera&John's operational activities, including \$4.6 million from InterCasino operational activities.
- \$17.2 million in revenue earned from Mandalay's operational activities.
- \$17.3 million of income earned from the Amaya Revenue Guarantee.

### *Total costs and expenses*

The following table summarises audited expenses for the years ended 31 December 2015 and 2014.

	Year ended 31 December 2015	Year ended 31 December 2014
	(\$'000's)	
Distribution costs .....	200,050	16,161
Administration costs .....	150,907	20,500
Transaction and acquisition related costs .....	57,343	19,780
Goodwill impairment .....	36,670	—
Foreign exchange loss/(gain) .....	1,423	2,084
<b>Total costs and expenses .....</b>	<b>446,393</b>	<b>58,525</b>

The Group's expenses increased to \$446.4 million during the year ended 31 December 2015 compared to \$58.5 million during the year ended 31 December 2014, largely driven by the Vera&John and Jackpotjoy acquisitions. On a *pro forma* basis, assuming that the Jackpotjoy Acquisition had occurred on 1 January 2015, the Group's expenses were \$515.3 million during the year ended 31 December 2015 (see "*Part 8: Unaudited Pro Forma Financial Information of the Group – Section B: Unaudited Pro Forma Income Statement of the Group for the year ended 31 December 2015*"). Additionally, the increase in expenses can also be attributed to a depreciating Canadian dollar, as the average foreign exchange rates used to convert expenses for the year ended 31 December 2015 (£:\$ – 1.95, USD:\$ – 1.28, €:\$ – 1.42) increased from the average foreign exchange rates used to convert revenue for year ended 31 December 2014 (£:\$ – 1.81, USD:\$ – 1.11, €:\$ – 1.41).

### Distribution Costs

The following table summarises audited distribution costs for the years ended 31 December 2015 and 2014.

	Year ended 31 December 2015	Year ended 31 December 2014
	(\$'000's)	
Selling and marketing .....	85,542	11,079
Licensing fees .....	60,343	3,978
Gaming taxes .....	38,222	382
Processing fees .....	15,943	722
<b>Total distribution costs .....</b>	<b>200,050</b>	<b>16,161</b>

The Group's total distribution costs increased to \$200.1 million during the year ended 31 December 2015 compared to \$16.2 million during the year ended 31 December 2014, largely driven by the Vera&John and Jackpotjoy acquisitions. On a pro forma basis, assuming that the Jackpotjoy Acquisition had occurred on 1 January 2015, the Group's total distribution costs were \$239.9 million during the year ended 31 December 2015 (see "Part 8: Unaudited Pro Forma Financial Information of the Group – Section B: Unaudited Pro Forma Income Statement of the Group for the year ended 31 December 2015").

Selling and marketing expenses consist of payments made to affiliates and general marketing expenses related to each brand. The increase from the year ended 31 December 2014 relates to increased marketing spend in InterCasino and the addition of the Vera&John and Jackpotjoy Brands.

Licensing fees consist of the fees for InterCasino (prior to the migration of the Vera&John platform), Mandalay and Jackpotjoy to operate on their respective platforms and game suppliers' fees paid by Vera&John and Jackpotjoy. The period-over-period increase in these costs is driven by the Vera&John and Jackpotjoy acquisitions.

Gaming taxes largely consist of Point of Consumption Taxes ("POC"), which is a 15% tax on real money gaming revenue introduced in the UK in December 2014.

Processing fees consist of costs associated with using payment providers and include PSP transaction and handling costs, as well as deposit and withdrawal fees. Increases in the above distribution costs from the year ended 31 December 2014 primarily relate to the Vera&John and Jackpotjoy acquisitions.

### Administration Costs

The following table summarises audited administration costs for the years ended 31 December 2015 and 2014.

	Year ended 31 December 2015	Year ended 31 December 2014
	(\$'000's)	
Compensation and benefits .....	39,238	3,410
Profession fees .....	3,235	1,191
General and administrative .....	8,114	1,068
Amortisation .....	100,320	14,831
<b>Total administration costs .....</b>	<b>150,907</b>	<b>20,500</b>

The Group's total administration costs increased to \$150.9 million during the year ended 31 December 2015 compared to \$20.5 million during the year ended 31 December 2014, largely driven by the Vera&John and Jackpotjoy acquisitions. On a pro forma basis, assuming that the Jackpotjoy Acquisition had occurred on 1 January 2015, the Group's total administration costs were \$179.9 million during the year ended 31 December 2015 (see "Part 8: Unaudited Pro Forma Financial Information of the Group – Section B: Unaudited Pro Forma Income Statement of the Group for the year ended 31 December 2015").

Compensation and benefits costs consist of salaries, wages, bonuses, benefits and share-based compensation expenses. The increase in 2015 compared to 2014 relates to the addition of Vera&John and Jackpotjoy employees' and consultants' salaries and an increase in share-based compensation in 2015.

General and administrative expenses consist of items, such as rent and occupancy, travel and accommodation, insurance, listing fees, technology and development costs, and other office overhead charges. The increase over the same period in 2014 relates to the addition of the operating activities of Jackpotjoy.



Professional fees consist of legal and audit fees. The increase over 2014 relates to the increased size of the Group due to the Mandalay Media Acquisition that occurred in July of 2014.

Amortisation consists of depreciation of the Group's tangible and intangible assets over their useful lives. As a result of finite intangible assets recognised from the Vera&John and Jackpotjoy acquisitions, amortisation expense increased significantly in 2015 compared to 2014.

#### *Transaction and acquisition related costs*

Transaction related costs consist of legal, professional, underwriting, due diligence and other direct costs/fees associated with transactions contemplated or completed by the Group, as well as acquisition related bonuses paid to management. The increase in acquisition related costs compared to the same period in 2014 predominantly relates to the Jackpotjoy Acquisition, which closed on 8 April 2015.

#### *Goodwill impairment*

The Group recorded a goodwill impairment charge of \$36.7 million (2014 – nil) for the year ended 31 December 2015 relating to the InterCasino segment of the Group. During the fourth quarter of 2015, management of the Group made the determination that there were significant limitations with the platform on which InterCasino was operating, which was supplied by an external third-party, and initiated a migration process to move InterCasino to the Vera&John platform. Due to the uncertainty surrounding a migration and the lower than expected results InterCasino experienced on its then platform, forecasted future cash flows were decreased, resulting in an impairment charge.

#### *Financing Expenses*

The Group recorded net financing expenses of \$164.3 million in 2015, compared to \$7.9 million in 2014. This increase resulted primarily from the fair value adjustment of \$114.3 million related to the Jackpotjoy Earn-Out Payments recognised as contingent consideration. The increase in the Jackpotjoy Earn-Out Payments recognised as contingent consideration was a result of this segment's sustained ability to exceed forecasted cash flows during the latter half of 2015, which caused management to increase future forecasted results for this segment during the remaining earn-out period. For additional information on the contingent consideration related to the Jackpotjoy Earn-Out Payments, see notes 14 and 21 to the financial statements for the year ended 31 December 2015 as well as the discussion under paragraph 1.1 (*Acquisitions*) of this “*Part 5: Operating and Financial Review*”.

#### *Net income*

The Group's net loss increased to \$226.9 million during the year ended 31 December 2015 compared to \$26.1 million during the year ended 31 December 2014, primarily related to the goodwill impairment expense of \$36.7 million associated with the InterCasino segment, the fair value adjustment of \$114.3 million related to the Jackpotjoy Earn-Out Payments recognised as contingent consideration, and the amortisation of intangible assets of \$100.0 million. On a pro forma basis, assuming that the Jackpotjoy Acquisition had occurred on 1 January 2015, the Group's net loss was \$220.2 million during the year ended 31 December 2015 (see “*Part 8: Unaudited Pro Forma Financial Information of the Group – Section B: Unaudited Pro Forma Income Statement of the Group for the year ended 31 December 2015*”).

For a further discussion of the variances in revenue, expenses and net income on a segment basis, please refer to the information under the “*Summary of Results by Segment*” section of this “*Part 5: Operating and Financial Review*”.

***Net income, diluted net income per share, Adjusted EBITDA, Adjusted Net Income and Diluted Adjusted Net Income per share for the years ended 31 December 2015 and 2014***

The following table highlights net income, diluted net income per share, EBITDA, Adjusted EBITDA, Adjusted Net Income and Diluted Adjusted Net Income per share for the years ended 31 December 2015 (on a reported and pro forma basis) and 2014 (on a reported basis) and a reconciliation of the Group's reported and pro forma results to its adjusted measures.

	Twelve months ended 30 September 2016	Year ended 31 December 2015	Pro Forma year ended 31 December 2015 <sup>10</sup>	Year ended 31 December 2014
			(unaudited)	
			(\$000's)	
Net income (loss) for the period .....	(183,738)	(226,873)	(220,193)	(26,068)
Interest expense, net .....	63,238	47,481	47,481	4,556
Taxes .....	825	1,084	1,084	382
Amortisation .....	105,629	100,320	122,204	14,831
<b>EBITDA .....</b>	<b>(14,046)</b>	<b>(77,988)</b>	<b>(49,424)</b>	<b>(6,299)</b>
Share-based compensation .....	3,499	5,624	5,624	1,117
Debt settlement expense .....	—	5,692	5,692	—
Fair value adjustments for contingent consideration .....	174,072	120,779	120,779	3,381
Goodwill impairment .....	36,670	36,670	36,670	—
Independent Committee expenses .....	3,326	—	—	—
Gain on Cross-Currency Swap .....	(53,632)	(9,661)	(9,661)	—
Gain on sale of intangible assets .....	—	(430)	(430)	—
Acquisition and transaction related costs .....	30,747	57,343	57,343	19,780
Foreign exchange .....	4,394	1,423	1,468	2,084
Severance costs .....	10,526	—	—	—
<b>Adjusted EBITDA .....</b>	<b>\$195,556</b>	<b>139,452</b>	<b>168,061</b>	<b>20,063</b>
<b>Net income (loss) for the period .....</b>	<b>(183,738)</b>	<b>(226,873)</b>	<b>(220,193)</b>	<b>(26,068)</b>
Share-based compensation .....	3,499	5,624	5,624	1,117
Debt settlement expense .....	—	5,692	5,692	—
Fair value adjustments for contingent consideration .....	174,072	120,779	120,779	3,381
Goodwill impairment .....	36,670	36,670	36,670	—
Independent Committee expenses .....	3,326	—	—	—
Gain on Cross-Currency Swap .....	(53,632)	(9,661)	(9,661)	—
Gain on sale of intangible assets .....	—	(430)	(430)	—
Acquisition and transaction related costs .....	30,747	57,343	57,343	19,780
Foreign exchange .....	4,394	1,423	1,468	2,084
Amortisation of acquisition related purchase price intangibles .....	104,727	99,974	121,858	14,778
Accretion of interest charge on financial liabilities .....	30,296	21,023	21,023	1,493
Severance costs .....	10,526	—	—	—
<b>Adjusted Net Income .....</b>	<b>160,887</b>	<b>111,564</b>	<b>140,173</b>	<b>16,565</b>
<b>Diluted net income/(loss) per share .....</b>	<b>\$(2.60)</b>	<b>(\$3.71)</b>	<b>(\$3.07)</b>	<b>(\$1.46)</b>
<b>Diluted Adjusted Net Income per share .....</b>	<b>\$2.17</b>	<b>\$1.72</b>	<b>\$1.86</b>	<b>\$0.80</b>

<sup>10</sup>

On a *pro forma* basis.

## Summary of Results by Segment<sup>11</sup>

The following table summarises audited segment results for the year ended 31 December 2015.<sup>12</sup>

	Jackpotjoy		Vera&John		Mandalay		Unallocated corporate costs <sup>(1)</sup>	Totals
					(000's)			
	\$	£	\$	€	\$	£	\$	\$
Total revenue and other income .....	240,748	123,461	101,671	71,599	42,046	21,562	-	384,465
<b>Net income (loss) for the period .....</b>	<b>26,067</b>	<b>13,368</b>	<b>(23,911)</b>	<b>(16,839)</b>	<b>4,050</b>	<b>2,077</b>	<b>(233,079)</b>	<b>(226,873)</b>
Interest expense, net .....	-	-	(58)	(41)	26	13	47,513	47,481
Taxes .....	590	303	494	348	-	-	-	1,084
Amortisation .....	69,162	35,468	18,473	13,009	12,655	6,490	30	100,320
<b>EBITDA .....</b>	<b>95,819</b>	<b>49,139</b>	<b>(5,002)</b>	<b>(3,523)</b>	<b>16,731</b>	<b>8,580</b>	<b>(185,536)</b>	<b>(77,988)</b>
Share-based compensation .....	-	-	-	-	-	-	5,624	5,624
Debt settlement expense & gain on sale of intangibles .....	-	-	(430)	(303)	-	-	5,692	5,262
Fair value adjustments on contingent consideration .....	-	-	-	-	-	-	120,779	120,779
Goodwill impairment .....	-	-	36,670	25,824	-	-	-	36,670
Gain on Cross-Currency Swap .....	-	-	-	-	-	-	(9,661)	(9,661)
Acquisition and transaction related costs .....	671	344	776	546	-	-	55,896	57,343
Foreign exchange .....	(629)	(323)	147	104	-	-	1,905	1,423
<b>Adjusted EBITDA .....</b>	<b>95,861</b>	<b>49,160</b>	<b>32,161</b>	<b>22,648</b>	<b>16,731</b>	<b>8,580</b>	<b>(5,301)</b>	<b>139,452</b>

<sup>(1)</sup> Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

<sup>11</sup> The former InterCasino segment was merged with the Vera&John segment in Q2 2016 and Vera&John figures presented herein include the InterCasino segment. InterCasino revenues were \$30.0 million for the period ended 31 December 2015 and \$21.9 million for the period ended 31 December 2014.

<sup>12</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the year ended 31 December 2015 are: £:\$ – 1.95, USD:\$ – 1.28, €:\$ – 1.42 (31 December 2014: £:\$ – 1.81, USD:\$ – 1.11, €:\$ – 1.41).

The following table summarises Pre-Acquisition segment results for the year ended 31 December 2015.<sup>13</sup>

	Jackpotjoy		Vera&John		Mandalay		Unallocated corporate costs <sup>(1)</sup>	Totals
	\$	£	\$	€	\$(000's)	£	\$	\$
Total revenue and other income .....	75,617	40,223	-	-	-	-	-	75,617
<b>Net income (loss) for the period .....</b>	<b>28,564</b>	<b>15,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,564</b>
Interest expense, net .....	-	-	-	-	-	-	-	-
Taxes .....	-	-	-	-	-	-	-	-
Amortisation .....	-	-	-	-	-	-	-	-
<b>EBITDA .....</b>	<b>28,564</b>	<b>15,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,564</b>
Share-based compensation .....	-	-	-	-	-	-	-	-
Debt settlement expense & gain on sale of intangibles .....	-	-	-	-	-	-	-	-
Fair value adjustments on contingent consideration .....	-	-	-	-	-	-	-	-
Goodwill impairment .....	-	-	-	-	-	-	-	-
Gain on Cross-Currency Swap .....	-	-	-	-	-	-	-	-
Acquisition and transaction related costs .....	-	-	-	-	-	-	-	-
Foreign exchange .....	45	24	-	-	-	-	-	45
<b>Adjusted EBITDA .....</b>	<b>28,609</b>	<b>15,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,609</b>

<sup>(1)</sup> Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

The following table summarises audited segment results for the year ended 31 December 2014.<sup>14</sup>

	Jackpotjoy		Vera&John		Mandalay <sup>(1)</sup>		Unallocated corporate costs <sup>(2)</sup>	Totals
	\$	£	\$	€	\$(000's)	£	\$	\$
Total revenue and other income .....	-	-	23,528	16,687	17,248	9,529	-	40,776
<b>Net income (loss) for the period ....</b>	<b>-</b>	<b>-</b>	<b>6,509</b>	<b>4,616</b>	<b>865</b>	<b>478</b>	<b>(33,442)</b>	<b>(26,068)</b>
Interest expense, net .....	-	-	-	-	(7)	(4)	4,563	4,556
Taxes .....	-	-	382	271	-	-	-	382
Amortisation .....	-	-	8,298	5,885	6,508	3,596	25	14,831
<b>EBITDA .....</b>	<b>-</b>	<b>-</b>	<b>15,189</b>	<b>10,772</b>	<b>7,366</b>	<b>4,070</b>	<b>(28,854)</b>	<b>(6,299)</b>
Share-based compensation .....	-	-	-	-	-	-	1,117	1,117
Debt settlement expense .....	-	-	-	-	-	-	-	-
Fair value adjustments on contingent consideration .....	-	-	-	-	-	-	3,381	3,381
Goodwill impairment .....	-	-	-	-	-	-	-	-
Gain on Cross-Currency Swap .....	-	-	-	-	-	-	-	-
Acquisition and transaction related costs .....	-	-	-	-	-	-	19,780	19,780
Foreign exchange .....	-	-	6	4	-	-	2,078	2,084
<b>Adjusted EBITDA .....</b>	<b>-</b>	<b>-</b>	<b>15,195</b>	<b>10,776</b>	<b>7,366</b>	<b>4,070</b>	<b>(2,498)</b>	<b>20,063</b>

<sup>13</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the three months ended 31 March 2015 are £:\$ - 1.88.

<sup>14</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the year ended 31 December 2014 are: £:\$ - 1.81, USD:\$ -1.11, €:\$ -1.41.

- (1) Figures in this table with respect to the Mandalay segment are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the six months ended 31 December 2014 are £:\$ -1.81.
- (2) Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

The following table summarises Pre-Acquisition segment results for the year ended 31 December 2014.<sup>15</sup>

	Jackpotjoy		Vera&John		Mandalay <sup>(1)</sup>		Unallocated corporate costs <sup>(2)</sup>	Totals
	\$	£	\$	€	\$	£	\$	\$
Total revenue and other income .....	251,176	138,771	53,553	37,981	17,904	9,892	-	322,633
<b>Net income (loss) for the period .....</b>	<b>124,338</b>	<b>68,695</b>	<b>10,876</b>	<b>7,714</b>	<b>6,046</b>	<b>3,340</b>	<b>-</b>	<b>141,260</b>
Interest expense, net .....	-	-	(1)	(1)	5	3	-	4
Taxes .....	-	-	223	158	-	-	-	223
Amortisation .....	-	-	774	549	-	-	-	774
<b>EBITDA .....</b>	<b>124,338</b>	<b>68,695</b>	<b>11,872</b>	<b>8,420</b>	<b>6,051</b>	<b>3,343</b>	<b>-</b>	<b>142,261</b>
Share-based compensation .....	-	-	-	-	-	-	-	-
Debt settlement expense & gain on sale of intangibles .....	-	-	-	-	-	-	-	-
Fair value adjustments on contingent consideration .....	-	-	-	-	-	-	-	-
Goodwill impairment .....	-	-	-	-	-	-	-	-
Gain on Cross-currency swap .....	-	-	-	-	-	-	-	-
Transaction related costs .....	-	-	666	472	-	-	-	666
Foreign exchange .....	-	-	(358)	(254)	-	-	-	(358)
<b>Adjusted EBITDA .....</b>	<b>124,338</b>	<b>68,695</b>	<b>12,180</b>	<b>8,638</b>	<b>6,051</b>	<b>3,343</b>	<b>-</b>	<b>142,569</b>

- (1) Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

### Jackpotjoy Segment Results

The following table summarises audited Jackpotjoy segment results for the years ended 31 December 2015 and 2014.

	Year ended 31 December 2015	Year ended 31 December 2014
Total revenue and other income .....	240.7	-
Distribution costs .....	123.7	-
Administration costs .....	90.4	-
<b>Net income .....</b>	<b>26.1</b>	<b>-</b>
<b>EBITDA .....</b>	<b>95.8</b>	<b>-</b>
<b>Adjusted EBITDA .....</b>	<b>95.9</b>	<b>-</b>

<sup>15</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the year ended 31 December 2014 are: £:\$ – 1.81, USD:\$ – 1.11, €:\$ – 1.41.



The following table summarises Pre-Acquisition Jackpotjoy segment results for the year ended 31 December 2015 and 2014.

	Year ended 31 December 2015	Year ended 31 December 2014
	\$ (millions)	
Total revenue and other income .....	75.6	251.2
Distribution costs .....	39.9	103.5
Administration costs .....	7.2	23.3
<b>Net income</b> .....	<b>28.6</b>	<b>124.3</b>
<b>EBITDA</b> .....	<b>28.6</b>	<b>124.3</b>
<b>Adjusted EBITDA</b> .....	<b>28.6</b>	<b>124.3</b>

Revenue in the Jackpotjoy segment was \$240.7 million during the year ended 31 December 2015, as compared to nil during the year ended 31 December 2014, as the Jackpotjoy Acquisition was completed on 8 April 2015. All of the Jackpotjoy Brands enjoyed organic growth in 2015, and Jackpotjoy's UK revenues, which account for over half of this segment's revenue, increased significantly. Revenue in 2015 also relates to the introduction of Star spins mobile and the introduction of slots into Spain through the Botemania brand. Distribution costs variance related to software licence fees and customer acquisition costs driven by the launch of Star spins mobile and Botemania slots. Administration costs in 2015 related in part to a restructuring of the Jackpotjoy chat host in Q3 2015. 2015 net income and Adjusted EBITDA was impacted by the first full year of the POC tax introduced in the UK in 2014.

#### *Vera&John Segment Results<sup>16</sup>*

The following table summarises audited Vera&John segment results for the years ended 31 December 2015 and 2014.

	Year ended 31 December 2015	Year ended 31 December 2014
	\$ (millions)	
Total revenue and other income .....	101.7	23.5
Gaming revenue .....	82.7	6.2
Other income earned from revenue guarantee .....	19.0	17.3
Distribution costs .....	52.7	7.0
Administration costs .....	35.3	9.6
<b>Net (loss) income</b> .....	<b>(23.9)</b>	<b>6.5</b>
<b>EBITDA</b> .....	<b>(5.0)</b>	<b>15.2</b>
<b>Adjusted EBITDA</b> .....	<b>32.2</b>	<b>15.2</b>

The following table summarises Pre-Acquisition Vera&John segment results for the year ended 31 December 2014.

	Year ended 31 December 2014
	\$ (millions)
Total revenue and other income .....	53.6
Distribution costs .....	30.9
Administration costs .....	11.3
<b>Net income</b> .....	<b>10.9</b>
<b>EBITDA</b> .....	<b>11.9</b>
<b>Adjusted EBITDA</b> .....	<b>12.2</b>

Revenue in the Vera&John segment was \$101.7 million during the year ended 31 December 2015 from \$23.5 million during the year ended 31 December 2014, largely as the result of the acquisition of Vera&John occurring in December 2014. A net loss of \$23.9 million during the year ended 31 December 2015 was recorded, primarily as a result of the one-time goodwill impairment expense of \$36.7 million in

<sup>16</sup> The former InterCasino segment was merged with the Vera&John segment in Q2 2016 and Vera&John figures presented herein include the InterCasino segment. InterCasino revenues were \$30.0 million for the period ended 31 December 2015 and \$21.9 million for period ended 31 December 2014.

relation to the InterCasino Acquisition. Year over year, marketing costs increased largely as the result of the acquisition of Vera&John, as well as due to marketing spend in the UK during the first half of 2015. An organisational re-shuffle in the Vera&John segment in the second half of 2015 improved customer retention through more focused marketing activities, resulting in revenue increases during this period without large increases in marketing related costs. Increases in administration costs year over year were mainly driven by the acquisition of Vera&John as well as increases in personnel and office costs related to segment growth.

#### *Mandalay Segment Results*

The following table summarises audited Mandalay segment results for the years ended 31 December 2015 and 2014.

	Year ended 31 December 2015	Year ended 31 December 2014
	\$ (millions)	
Total revenue and other income .....	42.0	17.2
Distribution costs .....	23.4	9.1
Administration costs .....	14.5	7.3
<b>Net income</b> .....	<b>4.1</b>	<b>0.9</b>
<b>EBITDA</b> .....	<b>16.7</b>	<b>7.4</b>
<b>Adjusted EBITDA</b> .....	<b>16.7</b>	<b>7.4</b>

The following table summarises Pre-Acquisition Mandalay segment results for the year ended 31 December 2014.

	Year ended 31 December 2014
	\$ (millions)
Total revenue and other income .....	17.9
Distribution costs .....	11.1
Administration costs .....	0.7
<b>Net income</b> .....	<b>6.0</b>
<b>EBITDA</b> .....	<b>6.1</b>
<b>Adjusted EBITDA</b> .....	<b>6.1</b>

Revenue in the Mandalay segment increased to \$42.0 million during the year ended 31 December 2015 from \$17.2 million during for the year ended 31 December 2014, largely as the result of the acquisition of Mandalay in Q3 2014, as well as, to a lesser extent, nine new bingo skins being introduced throughout the periods, which increased Active Customers and enhanced liquidity across all brands. Distribution costs increased year over year primarily as the result of the acquisition of Mandalay, as well as an increase in platform fees paid to 888 Group of \$5.9 million, which increased as fees are charged as a percentage of revenue, as well as POC taxes of \$3.9 million, which were partially offset by decreases in marketing costs in 2015, mainly due to spending on TV advertisements decreasing.

#### *Unallocated Corporate Costs*

Net Loss for the year ended 31 December 2015 was approximately 7 times higher than in 2014, increasing from \$33.4 million to \$233.1 million period over period as a result of the factors described above. Adjusted EBITDA for the year ended 31 December 2015 was \$(5.3) million in 2015, compared to a loss of \$2.5 million in 2014.

## Financial Condition

The following table summarises assets and liabilities as at 31 December 2015 and 2014.

	31 December 2015	31 December 2014	Variance \$
		(\$000's)	
Total current assets .....	130,328	50,424	79,904
Total non-current assets .....	1,376,026	287,985	1,088,041
<b>Total assets .....</b>	<b>1,506,354</b>	<b>338,409</b>	<b>1,167,945</b>
Total current liabilities .....	110,763	63,780	46,983
Total non-current liabilities .....	805,762	90,990	714,772
<b>Total liabilities .....</b>	<b>916,525</b>	<b>154,770</b>	<b>761,755</b>

The \$79.9 million increase in current assets since 31 December 2014 largely relates to a \$33.6 million increase in cash, detailed in the statement of cash flow included in the 31 December 2015 consolidated financial statements.

Current assets additionally increased as follows:

- prepaid expenses increased by \$0.7 million, mainly related to prepaid advertising costs.
- current portion of the Cross-Currency Swap increased by \$1.6 million.
- taxes receivable increased by \$8.8 million and receivables increased by \$23.3 million, which was primarily attributed to a \$15.5 million increase in the receivable from Gamesys for Jackpotjoy's December 2015 monthly net settlement, and an additional \$5.9 million increase due from Amaya.
- customer deposits increased by \$11.9 million, mainly as a result of customer deposits acquired through the Jackpotjoy Acquisition.

The increase in non-current assets of \$1.1 billion since 31 December 2014 mainly relates to the goodwill and intangible assets recognised as part of the Jackpotjoy Acquisition on 8 April 2015. This increase is partially offset by \$36.7 million of goodwill impairment on InterCasino, as well as amortisation of the intangibles assets during the year.

The increase in current liabilities of \$47.0 million since 31 December 2014 largely relates to the following:

- \$51.3 million addition of the current portion of long-term debt related to the Jackpotjoy Acquisition.
- an increase of \$11.3 million in taxes payable, which is partially offset by a \$3.4 million decrease in contingent consideration related to a \$12.2 million addition of the current portion of the Vera&John earn-out, a \$25.7 million repayment of the Mandalay earn-out, a \$1.7 million unwinding of the discount rates used for fair value contingent considerations when recognised, as well as an \$8.0 million fair value adjustment recorded in Q4 2015.
- payables to customers increased by \$9.6 million as a result of customer liabilities acquired through the Jackpotjoy Acquisition.

These increases were offset by a \$1.1 million decrease in advisory fees payable, a \$5.0 million decrease in acquisition related payables, a \$6.4 million payment made to former shareholders of Vera&John relating to the finalization of the working capital in Vera&John when it was acquired, and a repayment of \$9.2 million of the vendor take-back loan related to the Vera&John acquisition.

The increase in non-current liabilities of \$714.8 million since 31 December 2014 was mainly driven by a \$404.8 million increase in contingent consideration related to the Jackpotjoy Earn-Out Payments and a \$371.4 million increase in long-term debt related to the Jackpotjoy Acquisition.

This was partially offset by a \$0.2 million repayment of interest payable, a \$0.5 million decrease in deferred tax liability, a \$3.8 million repayment of the Amaya vendor take back loan, a \$10.0 million repayment of the bridge loan, and the settlement of debentures for \$47.4 million.

## Cash Flow by Activity

The following table summarises cash flow for the years ended 31 December 2015 and 2014.

As at December 31	Year ended 31 December 2015	Year ended 31 December 2014
	(\$'000's)	
Operating activity .....	48,265	4,416
Financing activity .....	684,984	206,686
Investing activity .....	(699,685)	(181,132)

### Operating Activity

Cash provided by operating activities during the years ended 31 December 2015 and 2014 was \$48.3 million and \$4.4 million, respectively. Cash provided by operating activities during the year ended 31 December 2015 relates to cash generated from the operational activities of Mandalay, InterCasino, Vera&John and Jackpotjoy, and has increased primarily as a result of the fact that Vera&John was acquired at the end of 2014 and Jackpotjoy was acquired in 2015.

### Financing Activity

Cash provided by financing activities during the years ended 31 December 2015 and 2014 was \$685.0 million and \$206.7 million, respectively. Cash provided by financing activities for the year ended 31 December 2015 relates mainly to transactions occurring in the second quarter of 2015, including:

- \$462.9 million in proceeds from issuance of common shares.
- \$400.0 million in proceeds from long-term debt.
- \$3.5 million in proceeds from the exercise of warrants and options.

This increase was partially offset by a \$54.3 million debenture redemption, \$10.0 million bridge loan settlement, \$13.5 million in principal payments made on vendor take back loans, interest repayments of \$24.7 million, principal payments made on long-term debt of \$21.4 million, a contingent consideration payment of \$25.7 million made related to the Mandalay Media Acquisition, and \$31.9 million used to buy back common shares of the Group.

### Investing Activity

Cash used in investing activities during the years ended 31 December 2015 and 2014 was \$699.7 million and \$181.1 million, respectively. Cash used in investing activities during the year ended 31 December 2015 relates to \$688.4 million used for the Jackpotjoy Acquisition in the second quarter of 2015 and \$6.4 million related to the finalisation of the working capital calculation related to the Vera&John acquisition. Cash used in investing activity during the year ended 31 December 2014 relates to the purchase of InterCasino, Mandalay and Vera&John.

In 2015, the Group's capital intensity<sup>17</sup> was 3.8%.

## 7. Results of operations and financial conditions for the periods ended 31 December 2014 and 2013.

*Results of operations of the Group for the periods ended 31 December 2014 and 2013.*

The following table summarises reported results for the periods ended 31 December 2014 and 2013.

	Year ended 31 December 2014	Period ended 31 December 2013
	(\$'000's)	
Total revenue and other income .....	40,776	—
Gaming revenue .....	23,466	—
Other income earned from revenue guarantee .....	17,310	—
Total costs and expenses .....	58,525	922
Financing expenses .....	7,937	82
Net income/(loss) for the year before taxes .....	(25,686)	(1,004)
Taxes .....	382	—
Net income/(loss) .....	(26,068)	(1,004)
Basic and Diluted income/(loss) per share .....	(\$1.46)	(\$0.71)

<sup>17</sup> Capital intensity, as defined by the Group, means capital expenditure divided by Adjusted EBITDA. Capital expenditure represents cash paid to purchase tangible and intangible assets and includes capitalised development expenditure. For further information on Adjusted EBITDA see "Presentation of Financial and Other Information—Non-IFRS Financial Measures". Capital expenditure as a percentage of total revenues was 0.9 per cent. for the nine months ended 30 September 2016.

### *Total revenue and other income*

The Group's revenue and other income increased to \$40.8 million during the year ended 31 December 2014 compared to nil during the period ended 31 December 2013, as a result of the acquisitions it made starting in 2014.

The Group's revenues and other income during the year ended 31 December 2014 consisted of:

- \$6.2 million in revenue earned from Vera&John's operational activities after 22 December 2014, including \$4.6 million from InterCasino operational activities.
- \$17.2 million in revenue earned from Mandalay's operational activities after 14 July 2014.
- \$17.3 million of income earned from the Amaya Revenue Guarantee.

### *Total costs and expenses*

The following table summarises expenses for the periods ended 31 December 2014 and 2013.

	<b>Year ended 31 December 2014</b>	<b>Period ended 31 December 2013</b>
	<i>(\$000's)</i>	
Distribution costs .....	16,161	—
Administration costs .....	20,500	26
Acquisition and transaction related costs .....	19,780	896
Foreign exchange loss/(gain) .....	2,084	—
<b>Total costs and expenses .....</b>	<b>58,525</b>	<b>922</b>

The Group's expenses increased to \$58.5 million during the year ended 31 December 2014 compared to \$0.9 million during the period ended 31 December 2013, as a result of the acquisitions it made starting in 2014.

### *Distribution Costs*

The following table summarises distribution costs for the periods ended 31 December 2014 and 2013.

	<b>Year ended 31 December 2014</b>	<b>Period ended 31 December 2013</b>
	<i>(\$000's)</i>	
Selling and marketing .....	11,079	—
Licensing fees .....	3,978	—
Processing fees .....	722	—
Gaming taxes .....	382	—
<b>Total distribution costs .....</b>	<b>16,161</b>	<b>—</b>

### *Administration Costs*

The following table summarises administration costs for the periods ended 31 December 2014 and 2013.

	<b>Year ended 31 December 2014</b>	<b>Period ended 31 December 2013</b>
	<i>(\$000's)</i>	
Compensation and benefits .....	3,410	—
Professional fees .....	1,191	—
General and administrative .....	1,068	26
Amortisation .....	14,831	—
<b>Total administration costs .....</b>	<b>20,500</b>	<b>26</b>



### *Transaction related costs*

Transaction related costs consist of legal, professional, underwriting, due diligence and other direct costs/fees associated with transactions contemplated or completed by the Group, as well as acquisition related bonuses paid to management. The increase in acquisition related costs in 2014 relates to the InterCasino, Mandalay Media and Vera&John Acquisitions made in 2014. Expenses incurred during the period ended 31 December 2013 relate to costs associated with the qualifying transaction and the InterCasino purchase which completed in February 2014.

### *Financing Expenses*

The Group recorded financing expenses of \$7.9 million in 2014, compared to \$0.1 million in 2013. This increase results primarily from the fair value adjustment on contingent consideration, interest on vendor take back loans, debentures and convertible debentures, as well as accretion.

### *Net income*

The Group's net loss increased to \$26.1 million during the year ended 31 December 2014 compared to \$1.0 million during the period ended 31 December 2013, primarily related to acquisition costs incurred of \$19.8 million and amortisation of purchase price intangible assets of \$14.8 million related to the acquisitions completed during the period.

*Net income, diluted net income per share, Adjusted EBITDA, Adjusted Net Income and Diluted Adjusted Net Income per share for the periods ended 31 December 2014 and 2013*

The following table highlights net income, diluted net income per share, EBITDA, Adjusted EBITDA, Adjusted Net Income and Diluted Adjusted Net Income per share for the years ended 31 December 2014 and 2013 and a reconciliation to the Group's reported results to its adjusted measures.

	<b>Year ended 31 December 2014</b>	<b>Period ended 31 December 2013</b>
	<i>(\$000's)</i>	
<b>Net income (loss) for the period</b> .....	<b>(26,068)</b>	<b>(1,004)</b>
Interest expense, net .....	4,556	82
Taxes .....	382	—
Amortisation .....	14,831	—
<b>EBITDA</b> .....	<b>(6,299)</b>	<b>(922)</b>
Share-based compensation .....	1,117	—
Fair value adjustments for contingent consideration .....	3,381	—
Acquisition and transaction related costs .....	19,780	896
Foreign exchange .....	2,084	—
<b>Adjusted EBITDA</b> .....	<b>20,063</b>	<b>(26)</b>
<b>Net income (loss) for the period</b> .....	<b>(26,068)</b>	<b>(1,004)</b>
Share-based compensation .....	1,117	—
Fair value adjustments for contingent consideration .....	3,381	—
Acquisition and transaction related costs .....	19,780	896
Foreign exchange .....	2,084	—
Amortisation of acquisition related purchase price intangibles .....	14,778	—
Accretion of interest charge on financial liabilities .....	1,493	—
<b>Adjusted Net Income</b> .....	<b>16,565</b>	<b>(108)</b>
<b>Diluted net income/(loss) per share</b> .....	<b>\$(1.46)</b>	<b>\$(0.71)</b>
<b>Diluted Adjusted Net Income / (loss) per share</b> .....	<b>\$0.80</b>	<b>\$(0.08)</b>

## Summary of Results by Segment<sup>18</sup>

The following table summarises audited segment results for the year ended 31 December 2014.<sup>19</sup>

	Jackpotjoy		Vera&John		Mandalay		Unallocated corporate costs <sup>(1)</sup>	Totals
	\$	£	\$	€	\$(000's)	£	\$	\$
Total revenue and other income .....	-	-	23,528	16,687	17,248	9,529	-	40,776
<b>Net income (loss) for the period .....</b>	<b>-</b>	<b>-</b>	<b>6,509</b>	<b>4,616</b>	<b>865</b>	<b>478</b>	<b>(33,442)</b>	<b>(26,068)</b>
Interest expense, net .....	-	-	-	-	(7)	(4)	4,563	4,556
Taxes .....	-	-	382	271	-	-	-	382
Amortisation .....	-	-	8,298	5,885	6,508	3,596	25	14,831
<b>EBITDA .....</b>	<b>-</b>	<b>-</b>	<b>15,189</b>	<b>10,772</b>	<b>7,366</b>	<b>4,070</b>	<b>(28,854)</b>	<b>(6,299)</b>
Share-based compensation .....	-	-	-	-	-	-	1,117	1,117
Debt settlement expense .....	-	-	-	-	-	-	-	-
Fair value adjustments on contingent consideration .....	-	-	-	-	-	-	3,381	3,381
Goodwill impairment .....	-	-	-	-	-	-	-	-
Gain on Cross-Currency Swap .....	-	-	-	-	-	-	-	-
Transaction related costs .....	-	-	-	-	-	-	19,780	19,780
Foreign exchange .....	-	-	6	4	-	-	2,078	2,084
<b>Adjusted EBITDA .....</b>	<b>-</b>	<b>-</b>	<b>15,195</b>	<b>10,776</b>	<b>7,366</b>	<b>4,070</b>	<b>(2,498)</b>	<b>20,063</b>

<sup>(1)</sup> Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

<sup>18</sup> The former InterCasino segment was merged with the Vera&John segment in Q2 2016 and Vera&John figures presented herein include the InterCasino segment. InterCasino revenues were \$21.9 million for the period ended 31 December 2014 and \$7.6 million for the period ended 31 December, 2015.

<sup>19</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the year ended 31 December 2014 are: £:\$ – 1.81, USD:\$ – 1.11, €:\$ – 1.41 (31 December 2013: £:\$ – 1.61, €:\$ – 1.37).

The following table summarises Pre-Acquisition segment results for the year ended 31 December 2014.<sup>20</sup>

	Jackpotjoy		Vera&John		Mandalay <sup>(1)</sup>		Unallocated corporate costs <sup>(2)</sup>	Totals
	\$	£	\$	€	\$	£	\$	\$
Total revenue and other income .....	251,176	138,771	53,553	37,981	17,904	9,892	-	322,633
<b>Net income (loss) for the period .....</b>	<b>124,338</b>	<b>68,695</b>	<b>10,876</b>	<b>7,714</b>	<b>6,046</b>	<b>3,340</b>	-	<b>141,260</b>
Interest expense, net .....	-	-	(1)	(1)	5	3	-	4
Taxes .....	-	-	223	158	-	-	-	223
Amortisation .....	-	-	774	549	-	-	-	774
<b>EBITDA .....</b>	<b>124,338</b>	<b>68,695</b>	<b>11,872</b>	<b>8,419</b>	<b>6,051</b>	<b>3,343</b>	-	<b>142,261</b>
Share-based compensation .....	-	-	-	-	-	-	-	-
Debt settlement expense & gain on sale of intangibles .....	-	-	-	-	-	-	-	-
Fair value adjustments on contingent consideration .....	-	-	-	-	-	-	-	-
Goodwill impairment .....	-	-	-	-	-	-	-	-
Gain on Cross-currency swap .....	-	-	-	-	-	-	-	-
Transaction related costs .....	-	-	666	472	-	-	-	666
Foreign exchange .....	-	-	(358)	(254)	-	-	-	(358)
<b>Adjusted EBITDA .....</b>	<b>124,338</b>	<b>68,695</b>	<b>12,180</b>	<b>8,638</b>	<b>6,051</b>	<b>3,343</b>	-	<b>142,569</b>

<sup>(1)</sup> Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

The following table summarises audited segment results for the period ended 31 December 2013.<sup>21</sup>

	Jackpotjoy		Vera&John		Mandalay		Unallocated corporate costs <sup>(1)</sup>	Totals
	\$	£	\$	€	(000's)		\$	\$
Total revenue and other income .....	-	-	-	-	-	-	-	-
<b>Net income (loss) for the period .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,004)</b>	<b>(1,004)</b>
Interest expense, net .....	-	-	-	-	-	-	82	82
Taxes .....	-	-	-	-	-	-	-	-
Amortisation .....	-	-	-	-	-	-	-	-
<b>EBITDA .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(922)</b>	<b>(922)</b>
Share-based compensation .....	-	-	-	-	-	-	-	-
Debt settlement expense .....	-	-	-	-	-	-	-	-
Fair value adjustments on contingent consideration .....	-	-	-	-	-	-	-	-
Goodwill impairment .....	-	-	-	-	-	-	-	-
Gain on Cross-Currency Swap .....	-	-	-	-	-	-	-	-
Transaction related costs .....	-	-	-	-	-	-	896	896
Foreign exchange .....	-	-	-	-	-	-	-	-
<b>Adjusted EBITDA .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26)</b>	<b>(26)</b>

<sup>(1)</sup> Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

<sup>20</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the year ended 31 December 2014 are: £:\$ – 1.81, USD:\$ – 1.11, €:\$ – 1.41.

<sup>21</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the year ended 31 December 2013 are: £:\$ – 1.61, €:\$ – 1.37.

The following table summarises Pre-Acquisition segment results for the year ended 31 December 2013.<sup>22</sup>

	Jackpotjoy		Vera&John		Mandalay <sup>(1)</sup>		Unallocated corporate costs <sup>(2)</sup>	Totals
	\$	£	\$	£	\$	£	\$	\$
Total revenue and other income .....	211,385	131,295	35,496	25,910	24,281	15,082	-	271,162
<b>Net income (loss) for the period .....</b>	<b>102,869</b>	<b>63,894</b>	<b>2,980</b>	<b>2,176</b>	<b>9,848</b>	<b>6,117</b>	<b>-</b>	<b>115,697</b>
Interest expense, net .....	-	-	53	39	-	-	-	53
Taxes .....	-	-	2,038	1,488	-	-	-	2,038
Amortisation .....	-	-	1,275	930	-	-	-	1,275
<b>EBITDA .....</b>	<b>102,869</b>	<b>63,894</b>	<b>6,346</b>	<b>4,633</b>	<b>9,848</b>	<b>6,117</b>	<b>-</b>	<b>119,063</b>
Share-based compensation .....	-	-	-	-	-	-	-	-
Debt settlement expense & gain on sale of intangibles .....	-	-	-	-	-	-	-	-
Fair value adjustments on contingent consideration .....	-	-	-	-	-	-	-	-
Goodwill impairment .....	-	-	-	-	-	-	-	-
Gain on Cross-currency swap .....	-	-	-	-	-	-	-	-
Transaction related costs .....	-	-	-	-	-	-	-	-
Foreign exchange .....	-	-	256	187	-	-	-	256
<b>Adjusted EBITDA .....</b>	<b>102,869</b>	<b>63,894</b>	<b>6,602</b>	<b>4,820</b>	<b>9,848</b>	<b>6,117</b>	<b>-</b>	<b>119,319</b>

<sup>(1)</sup> Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, strategic reviews, the raising of capital to fund acquisitions, the reporting obligations of the parent public company and debt and amortised interest costs.

#### Jackpotjoy Segment Results

The following table summarises Pre-Acquisition Jackpotjoy segment results for the year ended 31 December 2014 and 2013.

	Year ended 31 December 2014	Year ended 31 December 2013
	\$ (millions)	
Total revenue and other income .....	251.2	211.4
Distribution costs .....	103.5	89.4
Administration costs .....	23.3	19.1
<b>Net income .....</b>	<b>124.3</b>	<b>102.9</b>
<b>EBITDA .....</b>	<b>124.3</b>	<b>102.9</b>
<b>Adjusted EBITDA .....</b>	<b>124.3</b>	<b>102.9</b>

Pre-Acquisition revenue in the Jackpotjoy segment increased to \$251.2 million during the year ended 31 December 2014 from \$211.4 million during the year ended 31 December 2013, largely as the result of increased focus on retention of players and further growth of Starspins.

<sup>22</sup> Figures in this table are stated in both the reporting currency (\$) and the functional currency of the applicable segment to provide a more comparable analysis that is not impacted by foreign exchange rate fluctuations. The average foreign exchange rates used to convert balances for the year ended 31 December 2013 are: £:\$ – 1.61, €:\$ – 1.37.

### *Vera&John Segment Results<sup>23</sup>*

The following table summarises audited Vera&John segment results for the periods ended 31 December 2014 and 2013.

	Year ended 31 December 2014	Period ended 31 December 2013
	\$ (millions)	
Total revenue and other income .....	23.5	-
Gaming revenue .....	6.2	-
Other income earned from revenue guarantee .....	17.3	-
Distribution costs .....	7.0	-
Administration costs .....	9.6	-
<b>Net income</b> .....	<b>6.5</b>	-
<b>EBITDA</b> .....	<b>15.2</b>	-
<b>Adjusted EBITDA</b> .....	<b>15.2</b>	-

The following table summarises Pre-Acquisition Vera&John segment results for the years ended 31 December 2014 and 2013.

	Year ended 31 December 2014	Year ended 31 December 2013
	\$ (millions)	
Total revenue and other income .....	53.6	35.5
Distribution costs .....	30.9	22.0
Administration costs .....	11.3	7.8
<b>Net income</b> .....	<b>10.9</b>	<b>3.0</b>
<b>EBITDA</b> .....	<b>11.9</b>	<b>6.3</b>
<b>Adjusted EBITDA</b> .....	<b>12.2</b>	<b>6.6</b>

Revenue in the Vera&John segment increased to \$23.5 million during the year ended 31 December 2014 from nil during for the period ended 31 December 2013, as the result of the acquisitions of InterCasino and Vera&John occurring in Q4 2014.

### *Mandalay Segment Results*

The following table summarises audited Mandalay segment results for the periods ended 31 December 2014 and 2013.

	Year ended 31 December 2014	Period ended 31 December 2013
	\$ (millions)	
Total revenue and other income .....	17.2	-
Distribution costs .....	9.1	-
Administration costs .....	7.3	-
<b>Net income</b> .....	<b>0.9</b>	-
<b>EBITDA</b> .....	<b>7.4</b>	-
<b>Adjusted EBITDA</b> .....	<b>7.4</b>	-

<sup>23</sup>

The former InterCasino segment was merged with the Vera&John segment in Q2 2016 and Vera&John figures presented herein include the InterCasino segment. InterCasino revenues were \$21.9 million for period ended 31 December 2014 and nil for period ended 31 December 2013.



The following table summarises Pre-Acquisition Mandalay segment results for the years ended 31 December 2014 and 2013.

	Year ended 31 December 2014	Year ended 31 December 2013
	\$ (millions)	
Total revenue and other income .....	17.9	24.3
Distribution costs .....	11.1	13.1
Administration costs .....	0.7	1.3
<b>Net income</b> .....	<b>6.0</b>	<b>9.8</b>
<b>EBITDA</b> .....	<b>6.1</b>	<b>9.8</b>
<b>Adjusted EBITDA</b> .....	<b>6.1</b>	<b>9.8</b>

Revenue in the Mandalay segment increased to \$17.2 million during the year ended 31 December 2014 from nil during for the period ended 31 December 2013, as the result of the acquisition of Mandalay in Q3 2014.

#### *Unallocated Corporate Costs*

Net Loss for the year ended 31 December 2014 was approximately 33 times higher than in 2013, increasing from \$1.0 million to \$33.4 million period over period. Adjusted EBITDA for the year ended 31 December 2014 was \$(2.5) million, compared to nil in 2013.

#### *Financial Condition*

The following table summarises assets and liabilities as at 31 December 2014 and 2013.

	31 December 2014	31 December 2013	Variance \$
		(\$000's)	
Total current assets .....	50,424	62,401	(11,977)
Total non-current assets .....	287,985	—	287,985
<b>Total assets</b> .....	<b>338,409</b>	<b>62,401</b>	<b>276,008</b>
Total current liabilities .....	63,780	3,817	59,963
Total non-current liabilities .....	90,990	13,880	77,110
<b>Total liabilities</b> .....	<b>154,770</b>	<b>17,697</b>	<b>137,073</b>

The \$12.0 million decrease in current assets from 31 December 2013 to 31 December 2014 largely relates to a \$30.8 million decrease in cash and restricted cash, as detailed in the statement of cash flow included in the 31 December 2014 consolidated financial statements, offset by a \$10.4 million increase in receivables mainly related to a net balance owing from Amaya and the 888 group in accordance with the services agreement in place with these entities, a \$6.3 million increase in taxes receivable relates to the Group's ability to reclaim certain taxes paid in Malta, a \$0.8 million increase in prepaid expenses and a \$1.4 million increase in customer deposits as a result of the InterCasino Acquisition.

The \$288.0 million increase in non-current assets from 31 December 2013 to 31 December 2014 mainly relates to intangible assets and goodwill recognised as a result of the InterCasino, Mandalay Media and Vera&John Acquisitions.

The \$60.0 million increase in current liabilities from 31 December 2013 to 31 December 2014 mainly relates to the following: an increase in accounts payable and accrued liabilities of \$22.3 million, an increase of \$9.2 million in taxes payables, an increase of \$9.2 million as a result of a vendor take-back loan related to the Vera&John acquisition, \$15.6 million in contingent consideration related to the Mandalay Media Acquisition and an increase of \$3.7 million in payables to customers for cash on deposit.

The \$77.1 million increase in total long-term liabilities from 31 December 2013 to 31 December 2014 was driven by the following increases: \$47.4 million in net proceeds obtained through the issuance of debentures, \$10.0 million in debt obtained from Amaya as a vendor take-back promissory note less \$6.2 million in principal payments made on the promissory note, the contingent consideration associated with

the InterCasino and Vera&John acquisitions of \$10.7 million, an increase of \$10.0 million as a result of a bridge loan obtained from certain members of management, an increase of \$4.4 million due to a deferred tax liability, as well as accretion expenses recognised on convertible debentures, debentures and contingent consideration.

### **Cash Flow by Activity**

The following table summarises cash flow for the periods ended 31 December 2015 and 2014.

<b>As at December 31</b>	<b>Year ended 31 December 2014</b>	<b>Period ended 31 December 2013</b>
	<i>(\$000's)</i>	<i>(\$000's)</i>
Operating activity .....	4,416	2,813
Financing activity .....	206,686	(1,532)
Investing activity .....	(181,132)	—

During the twelve months ended 31 December 2014, financing activities generated cash in the amount of \$206.7 million, as a result of proceeds obtained through the issuance of common shares and debentures, the release of restricted cash, less the principal payments made on the vendor take-back promissory note, and common share dividends paid. Investing activities used cash in the amount of \$181.1 million as a result of the purchase of tangible assets and the InterCasino, Mandalay Media and Vera&John Acquisitions. Operating activities provided cash in the amount of \$4.4 million, which was largely due to non-cash movement from operating loss related to amortisation charges, foreign exchange, tax provisions, interest accretion, accrued liabilities, share-based compensation and changes in non-cash working capital.

### **8. 2016 Revenue Estimate**

In addition to the various estimates for the year ended 31 December 2016 that are discussed in “*Part 9 – Profit Estimate*”, the Group has estimated total revenue of \$460m to \$500m for the year ended 31 December 2016, in line with previous guidance on total revenue issued by the Group prior to the Plan of Arrangement in previous public market announcements.

### **9. Historical financial information for Jackpotjoy for the three years ended 31 March 2015**

The historical financial information of Jackpotjoy discussed below is derived from the carve-out financial information in “*Part 7: Historical Financial Information – Section D – Historical Financial Information of the Jackpotjoy, StarSpins and Botemania business unit of Gamesys Limited for the three years ended 31 March 2015*”. The Jackpotjoy carve-out financial information has been derived from the accounting records of the Gamesys Group. Carve-out financial information is generally not precise, since it includes certain amounts based on estimates and judgements. When alternative methods of calculating figures exist, those methods have been chosen which are deemed most appropriate in the circumstances, in order to ensure that the carveout financial information is presented fairly, in all material respects. See “*Part 7 – Historical Financial Information – Section D – Historical Financial Information of the Jackpotjoy, StarSpins and Botemania business unit of Gamesys Limited for the three years ended 31 March 2015 – Basis of preparation of the carve-out financial information*”.

***Results of operations and financial condition of the Jackpotjoy Unit for the years ended 31 March 2015 and 2014.***

*Results of operations of the Jackpotjoy Unit for the years ended 31 March 2015 and 2014.*

The following table summarises the results of operation of Jackpotjoy for the years ended 31 March 2015 and 2014.

	<b>Year ended 31 March 2015</b>	<b>Year ended 31 March 2014</b>
	<i>£'000s</i>	<i>£'000s</i>
<b>Revenue</b> .....	142,090	130,944
Cost of sales .....	7,410	-
<b>Gross profit</b> .....	<b>135,680</b>	<b>130,944</b>
Distribution expenses .....	38,710	40,735
Administration expenses .....	29,809	26,953
<b>Profit from operations and before taxation</b> .....	67,161	63,256
Taxation .....	11,439	11,239
<b>Profit after taxation for the year and total comprehensive income attributable to the equity owners of Gamesys Limited</b> .....	<b>55,722</b>	<b>52,017</b>

The Jackpotjoy Unit's revenues increased to £142.9 million during the year ended 31 March 2015 compared to £130.9 million during the year ended 31 March 2014, primarily as a result of increased focus on retention of players and further growth of the Starspins brand.

Cost of sales increased to £7.4 million during the year ended 31 March 2015 compared to nil during the year ended 31 March 2014, primarily as a result of the introduction of the POC tax in the UK on 14 December 2014.

Distribution expenses decreased to £38.7 million during the year ended 31 March 2015 compared to £40.7 million during the year ended 31 March 2014, primarily as a result of a decrease in customer acquisition costs following an increase in investment in the Swedish market, as well as an optimisation of resources in relation to the Jackpotjoy Acquisition.

Administration expenses increased slightly to £29.8 million during the year ended 31 March 2015 compared to £27.0 million during the year ended 31 March 2014, but remained consistent in relation to revenue.

Profit after taxation increased to £55.7 million during the year ended 31 March 2015 compared to £52.0 million during the year ended 31 March 2014, primarily as a result of increases to revenue.

*Financial condition of the Jackpotjoy Unit for the years ended 31 March 2015 and 2014.*

The following table summarises the financial condition of the Jackpotjoy Unit for the years ended 31 March 2015 and 2014.

*Financial condition of the Jackpotjoy Unit for the and 2014.*

The following table summarises the financial condition of the Jackpotjoy Unit for the and 2014.

	<b>At March 31, 2015</b>	<b>At March 31, 2014</b>
	<i>£'000s</i>	<i>£'000s</i>
Assets .....		
Current assets .....		
Trade and other receivables .....	18,602	13,367
	<u>18,602</u>	<u>13,367</u>
Liabilities .....		
Current liabilities .....		
Trade and other payables .....	31,721	23,445
	<u>31,721</u>	<u>23,445</u>
Net liabilities .....	(13,119)	(10,078)
<b>Business Unit deficit<sup>(1)</sup> .....</b>	<b><u>(13,119)</u></b>	<b><u>(10,078)</u></b>

<sup>(1)</sup> For further information of the calculation of “Business Unit deficit”, see “Part 7 – Section D – Historical Financial Information of the Jackpotjoy, Starspins and Botemania business unit of Gamesys Limited for the three years ended 31 March 2015 – Basis of preparation of the carve-out financial information”.

The Jackpotjoy Unit’s assets increased to £18.6 million as at 31 March 2015 compared to £13.4 million as at 31 March 2014, primarily as a result of an increase in trade receivables.

The Jackpotjoy Unit’s liabilities increased to £31.7 million as at 31 March 2015 compared to £23.4 million as at 31 March 2014, primarily as a result of an increase in trade payables.

The Jackpotjoy Unit’s net liabilities increased to £13.1 million as at 31 March 2015 compared to £10.1 million as at 31 March 2014, primarily as a result of the increase in liabilities, which was partially mitigated by the lesser increase in assets.

***Results of operations and financial condition of the Jackpotjoy Unit for the years ended 31 March 2014 and 2013.***

*Results of operations of the Jackpotjoy Unit for the years ended 31 March 2014 and 2013.*

The following table summarises the results of operation of the Jackpotjoy Unit for the years ended 31 March 2014 and 2013.

	<b>Year ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<i>£'000s</i>	<i>£'000s</i>
<b>Carve-out statements of comprehensive income</b>		
<b>Revenue .....</b>	<b>130,944</b>	<b>128,858</b>
Cost of sales .....	-	-
<b>Gross profit .....</b>	<b>130,944</b>	<b>128,858</b>
Distribution expenses .....	40,735	37,689
Administration expenses .....	26,953	25,985
<b>Profit from operations and before taxation .....</b>	<b>63,256</b>	<b>65,184</b>
Taxation .....	11,239	15,644
<b>Profit after taxation for the year and total comprehensive income attributable to the equity owners of Gamesys Limited .....</b>	<b><u>52,017</u></b>	<b><u>49,540</u></b>

The Jackpotjoy Unit’s revenues increased to £130.9 million during the year ended 31 March 2014 compared to £128.9 million during the year ended 31 March 2013, primarily as a result of an increase in the acquisition of new players and high retention levels of existing players, as well as organic growth in revenues from the Swedish and Social operations of the Starspins brand.

Distribution expenses increased to £40.7 million during the year ended 31 March 2014 compared to £37.7 million during the year ended 31 March 2013, primarily as a result of an increase in customer acquisition costs in the Swedish operations and investment in the Starspins brand.

Administration expenses increased to £27.0 million during the year ended 31 March 2014 compared to £26.0 million during the year ended 31 March 2013, primarily as a result of an increase in gross wins, which resulted in an increase in administration expenses mainly due to increases in payroll and technology costs.

Profit after taxation increased to £52.0 million during the year ended 31 March 2014 compared to £49.5 million during the year ended 31 March 2013, primarily as a result of an increase in revenue and a decrease in taxation, partially mitigated by the increase in expenses.

**Financial condition of the Jackpotjoy Unit for the years ended 31 March 2014 and 2013.**

The following table summarises the financial condition of the Jackpotjoy Unit for the years ended 31 March 2014 and 2013.

Carve-out statements of financial position	Year ended 31 March	
	2014	2013
	£'000s	£'000s
Assets		
Current Assets .....		
Trade and other receivables .....	13,367	13,799
	<b>13,367</b>	<b>13,799</b>
Liabilities		
Current liabilities .....		
Trade and other payables .....	23,445	24,484
Net liabilities .....	(10,078)	(10,685)
<b>Business Unit Deficit<sup>(1)</sup> .....</b>	<b>(10,078)</b>	<b>(10,685)</b>

<sup>(1)</sup> For further information of the calculation of “Business Unit deficit”, see “Part 7 – Section D – Historical Financial Information of the Jackpotjoy, Starspins and Botemania business unit of Gamesys Limited for the three years ended 31 March 2015 – Basis of preparation of the carve-out financial information”.

The Jackpotjoy Unit’s assets decreased slightly to £13.4 million as at 31 March 2014 compared to £13.8 million as at 31 March 2013, primarily as a result of a decrease in prepayments.

The Jackpotjoy Unit’s liabilities decreased to £23.4 million as at 31 March 2014 compared to £24.5 million as at 31 March 2013, primarily as a result of a decrease in corporate tax.

The Jackpotjoy Unit’s net liabilities decreased slightly to £10.1 million as at 31 March 2014 compared to £10.7 million as at 31 March 2013, primarily as a result of the decrease in liabilities.

## 10. Liquidity and Capital Resources

The Group requires capital and liquidity to fund existing and future operations and future cash payments. The Group’s policy is to maintain sufficient capital levels to fund its financial position and meet future commitments and obligations in a cost-effective manner.

Liquidity risk arises from the Group’s ability to meet its financial obligations as they become due. The following table summarises the Group’s financial liabilities and contractual obligations as of 30 September 2016.

	On demand	Less than 1 year	1-2 years	3-5 years	5 years and over
			(\$'000's)		
Accounts payable and accrued liabilities .....	14,485	-	-	-	-
Other short-term payables .....	18,191	-	-	-	-
Payable to customers .....	13,438	-	-	-	-
Interest payable .....	132	-	-	-	-
Contingent consideration <sup>24</sup> .....	-	187,144	156,173	107,388	-
Convertible debentures .....	-	-	9,360	-	-
Long-term debt .....	-	43,941	87,882	87,882	160,321
	<b>46,246</b>	<b>231,085</b>	<b>253,415</b>	<b>195,270</b>	<b>160,321</b>

<sup>24</sup> Related to earn-out obligation.



The Group manages liquidity risk by monitoring actual and forecasted cash flows in comparison with the maturity profiles of financial assets and liabilities. The Group does not anticipate fluctuations in its financial obligations (with the exception of the Jackpotjoy Earn-Out Payments, as it is dependent on the future performance of the Jackpotjoy segment), as they largely stem from the amortisation and interest payments related to the Term Facility (as defined below). The Directors believe that the cash generated from the Group's operating segments is sufficient to fund the working capital and capital expenditure needs of each operating segment in the short and long term. The Group's actively managing its capital resources to ensure sufficient resources will be in place when the Jackpotjoy Earn-Out Payments and Term Facility amortisation payments become due.

With respect to the Jackpotjoy Earn-Out Payments, other than as described below, Gamesys has agreed that until the earlier of the date that (i) is 90 months after completion of the Jackpotjoy Acquisition (or such earlier maturity date as set out in the Credit Agreement (as defined below)) (ii) the debt under the Credit Facilities (as defined below) and any Qualifying Finance Arrangement (as defined in paragraph 18.2 (*Jackpotjoy SPA*) of "*Part 10: Additional Information*") (including the Debt Raising) has been paid in full or (iii) the debt under the Credit Facilities or any Qualifying Finance Arrangement becomes immediately due and payable as a result of an acceleration of the maturity of the debt by the Lenders (as defined below) or the financing sources (as applicable), it will not enforce the Group's obligation to pay any portion of the earn-out when such payments are due. However, to the extent that the Group does not pay any portion of the earn-out when due, the Group will be required to pay interest on any unpaid earn-out payment at a monthly rate equal to 30 day LIBOR plus 110 basis points ("bps") for the first six months, 30 day LIBOR plus 160 bps per month for balances of any unpaid earn-out payment outstanding for greater than six months, and 30 day LIBOR plus 200 bps per month for balances of any unpaid earn-out payment outstanding for greater than 12 months.

Notwithstanding the foregoing, Gamesys may take steps to realise any amount of unpaid earn-out payment from the Group provided that no default or event of default has occurred or would arise as a result of making the payment of such amount under the Credit Agreement or a Qualifying Finance Arrangement which has been notified to Gamesys, and the Group is able to satisfy a total leverage ratio (as prescribed under the Credit Agreement) of no greater than 4.00 to 1 on a pro forma basis.

On 5 September 2016, the Group entered into the Jackpotjoy Amending Agreements. The applicable Jackpotjoy Amending Agreement amends the Jackpotjoy SPA to permit Intertain to make a pre-payment in respect of the Jackpotjoy and Star spins Earn-Out to Gamesys. On 16 December 2016, following the receipt of the required consents under the Credit Facilities as described in paragraph 18.1 (*Credit Facilities* and *Second Lien Facility*) of "*Part 10: Additional Information*", the Group made a Jackpotjoy and Star spins Pre-Payment of £150 million, which was funded through the net proceeds of the Debt Raising. The Group currently expects that the Jackpotjoy and Star spins Earn-Out will exceed £150 million. To the extent that the Jackpotjoy and Star spins Earn-Out exceeds any Jackpotjoy and Star spins Pre-Payment, the remaining balance will be paid in due course in accordance with the original terms of the Jackpotjoy SPA. For further information, see paragraph 18 (*Material Contracts*) of "*Part 10: Additional Information*".

The Company also have the ability to draw on the U.S.\$17.5 million Revolving Facility (as defined below) as a further capital resource.

As of the date of this Prospectus, the Company believes it will be able to fund the future Jackpotjoy Earn-Out Payments (and all other future obligations) either through internally generated cash, or through further debt capital resources listed above.

## 11. **Indebtedness**

### ***Debentures and Convertible Debentures***

On 19 December 2013, Goldstar Acquisitionco Inc. ("**Goldstar**") completed a private placement of 17,500 subscription receipts (the "**Debenture Subscription Receipts**") for gross proceeds of \$17.5 million. On 11 February 2014, with the satisfaction of the escrow release conditions, each Debenture Subscription Receipt was converted into (i) on Goldstar convertible debenture and subsequently replaced with one Intertain convertible debenture (a "**Convertible Debenture**") and (ii) 30 Goldstar common share warrants and subsequently replaced with 30 Intertain, which such warrants expired on 31 December 2015. The Convertible Debentures are listed on the TSX and accrue interest at a rate of 5.0 per cent. per annum, payable semi-annually in arrears on 30 June and 31 December in each year. Upon initial

recognition of the Convertible Debentures, the liability component of the Convertible Debentures was recognised at fair value of a similar liability that does not have an equity conversion option and the residual amount was recognised as a reserve in equity. The Convertible Debentures are currently convertible at the holder's option into Intertain common shares at a conversion price of \$6.00 per share at any time prior to maturity. During the nine months ended 30 September 2016, Convertible Debentures at par value of \$7.7 million were converted into 1,283,334 common shares of Intertain. The remaining Convertible Debentures mature on 31 December 2018.

The Group currently has outstanding Convertible Debentures in an aggregate principal amount of approximately \$2.2 million as of 19 January 2017 (the latest practicable date prior to the date of this Prospectus). In connection with the Plan of Arrangement, the Company and AmalCo will execute a supplemental indenture, and such other instruments as contemplated and required by the indenture governing the Convertible Debentures dated as of 19 December 2013 between Goldstar, Aumento Capital II Corporation and CST Trust Company, as supplemented by the supplemental indenture between Goldstar, Aumento Capital II Corporation and CST Trust Company dated as of 11 February 2014 and the supplemental indenture between Intertain and Computershare Trust Company of Canada dated as of 10 August 2016 (as amended, the **"Convertible Debenture Indenture"**), in order to amend and restate the Convertible Debenture Indenture to provide for the assumption by the Company of obligations to issue Shares upon conversion of the Convertible Debentures.

For the avoidance of doubt, the Company is not required to and will not assume any of Intertain's other material obligations under the Convertible Debenture Indenture. The conversion price in respect of the Convertible Debentures will continue to be \$6.00 (unless adjusted in accordance with the terms of the Convertible Debenture Indenture), such that approximately 166.67 Shares will be issued for each \$1,000 principal amount of Convertible Debentures so converted, and rounded down to the nearest whole number of Shares. The Convertible Debentures will also continue to be listed on the TSX following the Effective Date.

#### ***Credit Facilities and Second Lien Facility***

On 8 April 2015, Intertain entered into the Credit Agreement which was subsequently amended and restated on 27 October 2016. On 16 December 2016, the Credit Agreement was further amended and restated to, among other things, establish the Incremental First Lien Facility, permit the incurrence of the Second Lien Facility pursuant to the Second Lien Credit Agreement and permit the Jackpotjoy and Star spins Pre-Payment of £150 million.

#### ***Credit Agreement***

Set out below is a summary of the Credit Agreement, as amended.

Borrowings under the Credit Facilities bear, at Intertain's election, an annual interest rate of either (i) the LIBOR Rate plus a margin of 6.50 per cent., if the LIBOR Rate is elected based on current market conditions; or (ii) the Base Rate plus a margin of 5.50 per cent., if the Base Rate is elected based on current market conditions.

The Credit Facilities and the Incremental First Lien Facility are guaranteed, subject to certain exclusions, by CallCo (following the Amalgamation), each Borrower and each of the Borrowers' existing and subsequently acquired or formed, wholly-owned, direct and indirect subsidiaries, subject to certain exceptions (the **"Guarantors"** and, together with the Borrowers, the **"Credit Parties"**, and each, a **"Credit Party"**). The obligations of each Credit Party in respect of the Credit Facilities are secured by a perfected first priority security interest (subject to certain permitted liens) in all of the equity interests in each of the Credit Parties (other than CallCo) and in substantially all of the tangible and intangible assets of each Credit Party (except for, among other things, any gaming or other governmental licence rights, to the extent prohibited by applicable law and subject to certain exceptions) (collectively, the **"Collateral"**).

Intertain is required to repay the principal amount of the Term Loans by making quarterly instalment payments equal to 2.50 per cent. (being 10.00 per cent. per annum) of the initial principal amount of the Term Loans, with the remaining principal balance due on 8 April 2022. The Revolving Facility is available until 8 April 2020, subject to customary conditions precedent.

In addition to the quarterly instalment payments, Intertain is also required to apply on an annual basis an amount equal up to 50 per cent. of the excess cash flow of Intertain to the principal repayment of the Term Facility and the Incremental First Lien Facility. Excess cash flow for each financial year is calculated by determining Intertain's EBITDA on a consolidated basis for such period, less, without duplication, debt service, the Jackpotjoy and Starspins Earn-Out Payments and amounts paid pursuant to the Real Money Gambling Services Agreement, as amended (for an aggregate amount of £24 million) (see paragraph 18.3 (*Operating Agreements*) of "*Part 10: Additional Information*"), to the extent added back or not reflected in the computation of EBITDA; capital expenditure in certain circumstances and certain amounts in respect of permitted business acquisitions and investments; taxes paid in cash; increases in working capital; cash expenditures in respect of swap agreements to the extent added back or not reflected in the computation of EBITDA or the definition of interest expense as set out in the Credit Agreement; any extraordinary, unusual or non-recurring loss realised in cash to the extent added back or not reflected in the computation of EBITDA; to the extent not otherwise deducted in the computation of Net Proceeds (as defined in the Credit Agreement), the amount of any mandatory prepayment or redemption of indebtedness (other than indebtedness created under the Credit Agreement), together with any interest, premium or penalties in connection therewith; certain other amounts added in the computation of EBITDA, plus, without duplication; decreases in working capital; capital expenditure funded with the proceeds of the issuance of debt or equity or certain other amounts; cash payments received in respect of swap agreements to the extent not included in the computation of EBITDA or to the extent such payments do not reduce cash interest expense; cash interest income and extraordinary, unusual or non-recurring gain realised in cash and cash interest income to the extent deducted in the computation of EBITDA; and to the extent any permitted capital expenditures, permitted business acquisitions or permitted investments referred to above do not occur, the amount of such capital expenditures, permitted business acquisitions or permitted investments that were not so made.

The percentage of Intertain's excess cash flow allocated to the principal repayment of the Term Facility may be reduced based on the total leverage ratio (i.e. consolidated debt to EBITDA) of Intertain at the end of the applicable cash flow period, such that it will be:

- 25 per cent. if the total leverage ratio is less than 3.50 to 1.00 but is greater than 2.00 to 1.00.
- 0 per cent. if the total leverage ratio is less than or equal to 2.00 to 1.00.

The positive and negative covenants contained in the Credit Agreement include, among other things restrictions on Intertain and (subject to certain exceptions) its subsidiaries: (i) incurring further indebtedness (including preferred stock), liens and guarantees; (ii) fundamental changes to the nature of Intertain's business (e.g. mergers, acquisitions, re-organisations and asset sales); (iii) payment of dividends, the making of distributions in respect of capital stock and certain other restricted payments (provided that other exceptions, dividends, distributions and certain other restricted payments are permitted in an unlimited amount subject to satisfaction of a total leverage ratio of no greater than 4.00:1 on a pro forma basis, payment in full of the Jackpotjoy and Starspins Earn-Out and there being no default (as defined in the Credit Agreement) existing at the time of such dividend, distribution or other restricted payment being made and no default resulting therefrom); (iv) use of proceeds; (v) investment loans and advances; (vi) optional payments and modifications of contractually subordinated debt instruments and certain other debt instruments; (vii) transactions with affiliates; (viii) sale and leasebacks; (ix) changes in fiscal year; (x) changes in lines of business; (xi) pension matters; and (xii) speculative hedging, in each case subject to important exceptions. The Credit Agreement requires (after the Amalgamation) CallCo not to engage at any time in any business or any business activity subject to certain limited exceptions which include, among others, maintaining its corporate existence, being party to the Credit Agreement and the Second Lien Credit Agreement, owning or acquiring any shares in (and making loans to) Intertain and making dividends, distributions and other payments in respect of its shares and steps taken or transactions consummated pursuant to the Plan of Arrangement and Admission. The Group was in compliance with these covenants as of 30 September 2016.

The Incremental First Lien Facility will mature in April 2022 and will provide for pricing and prepayment terms substantially consistent with those applicable to the Term Loans, save that there will be no scheduled amortisation of the Incremental Term Loans prior to April 2022.

For further information, see paragraph 18.1 (*Credit Facilities and Second Lien Facility*) of "*Part 10: Additional Information*".

## ***Second Lien Facility***

Set out below is a summary of the Second Lien Credit Agreement.

The Second Lien Facility will mature in December 2022 and will provide for pre-payment terms substantially consistent with the Term Loans, save that there will be no scheduled amortisation prior to December 2022, the Second Lien Facility excess cashflow sweep and requirement for mandatory pre-payment for net proceeds of debt incurrence, asset sales and casualty events will apply only once the term loans under the Credit Agreement (including those drawn under the Incremental Term Loan Facility) have been repaid in full and repayment and prepayment premia are payable in certain circumstances as further described below.

The Second Lien Facility bears an interest rate of LIBOR (adjusted to reflect mandatory statutory reserves) plus a margin of 9 per cent. per annum. The positive and negative covenants to which Intertain and certain of its subsidiaries are subject in respect of the Second Lien Facility are substantially consistent with those under the Credit Agreement with adjustments to reflect the second lien nature of the Second Lien Facility. Certain prepayments and repayments during the first, second and third years following the closing of the Second Lien Facility are subject to a prepayment premium equal to a customary make-whole premium (for the first year), 2 per cent. (for the second year) and 1 per cent. (for the third year), in each case, on the amount prepaid or repaid.

The positive and negative covenants contained in the Second Lien Credit Agreement include, among other things restrictions on Intertain and (subject to certain exceptions) its subsidiaries: (i) incurring further indebtedness (including preferred stock), liens and guarantees; (ii) fundamental changes to the nature of Intertain's business (e.g. mergers, acquisitions, re-organisations and asset sales); (iii) payment of dividends, the making of distributions in respect of capital stock and certain other restricted payments (provided that other exceptions, dividends, distributions and certain other restricted payments are permitted in an unlimited amount subject to satisfaction of a total leverage ratio of no greater than 4.00:1 on a pro forma basis, payment in full of the Jackpotjoy and Starspins Earn-Out and there being no default (as defined in the Second Lien Credit Agreement) existing at the time of such dividend, distribution or other restricted payment being made and no default resulting therefrom); (iv) use of proceeds; (v) investment loans and advances; (vi) optional payments and modifications of contractually subordinated debt instruments and certain other debt instruments; (vii) transactions with affiliates; (viii) sale and leasebacks; (ix) changes in fiscal year; (x) changes in lines of business; (xi) pension matters; and (xii) speculative hedging, in each case subject to important exceptions. The Second Lien Credit Agreement requires (after the Amalgamation) CallCo not to engage at any time in any business or any business activity subject to certain limited exceptions which include, among others, maintaining its corporate existence, being party to the Credit Agreement and the Second Lien Credit Agreement, owning or acquiring any shares in (and making loans to) Intertain and making dividends, distributions and other payments in respect of its shares and steps taken or transactions consummated pursuant to the Plan of Arrangement and Admission.

## ***Cross-Currency Swap***

On 23 November 2015, Intertain entered into a cross currency swap agreement (the “**Cross-Currency Swap**”) in order to minimise its exposure to exchange rate fluctuations between the GBP and the USD as cash generated from its operations is largely in GBP while principal and interest payments on its Term Facility is in USD. Under the Cross-Currency Swap, 90 per cent. of Intertain's USD Term Facility's interest and principal payments are swapped into GBP. The Group pays a fixed 7.81 per cent. interest in place of floating USD interest payments of Libor plus 6.5 per cent. (Libor floor of 1 per cent.). The interest and principal payments are made at a GBP/USD FX rate of 1.5135 on USD notional amount of \$293,962,500. The Cross-Currency Swap terminates on 31 March 2017. The Group has elected not to use hedge accounting in accounting for the Cross-Currency Swap.

As at 30 September 2016, an unrealised gain of \$44.0 million was recognised in the statement of comprehensive income related to the Cross-Currency Swap.

## ***Contingent Consideration***

The Company's contingent consideration consists of earn-out payments related to the Jackpotjoy Acquisition (see paragraph 1.1 (*Acquisitions*) of “*Part 5: Operating and Financial Review*” and paragraph 18 (*Material Contracts*) of “*Part 10: Additional Information*”).

## ***Dividends***

During the nine months ended 30 September 2016, nil (30 September 2015 – nil) common share dividends were declared and paid. For further information on the Group's dividend policy, see paragraph 14 (*Dividend Policy*) of “*Part 2: Business Overview – Section B: Information on Intertain*”.

## **12. Transactions with related and other parties**

### ***Related Parties***

During the year ended 31 December 2014, Intertain incurred \$1.2 million (31 December 2013 – nil) in legal fees for services provided by Chitiz Pathak LLP, a law firm at which Paul Pathak, a director of Intertain, is a partner and professional fees of \$0.2 million (2013 – nil) from MNP LLP, an accounting firm of which David Danziger, a director of Intertain, is a partner. Intertain has also incurred brand agency fees of \$0.04 million (2013 – nil) from a company, whose chief creative director, Brent Choi, a former director of Intertain. These expenses were mainly attributable to acquisition related expenses and the Qualifying Transaction.

During the year ended 31 December 2014, Intertain received a \$10.0 million (2013 – nil) bridge loan from Mr. FitzGerald, a former director and chief executive officer of Intertain, Mr. Laslop, the Chief Financial Officer of Intertain, and Mr. Rennick, the President and a director of Intertain Bahamas, which remained outstanding at 31 December 2014. The bridge loan was provided on an arm's length basis, bearing an interest rate per annum of the prime business rate (as reported by the Bank of Canada) and due on 22 December 2019. During the year ended 31 December 2015, the bridge loan was repaid in full.

During the year ended 31 December 2015, Intertain incurred \$2.6 million (2014 – \$0.04 million) in legal fees for services provided by Cassels Brock & Blackwell LLP, a law firm of which the spouse of Mr. FitzGerald, a former director and chief executive officer of Intertain, is a partner. The arrangements with such firm provide that the spouse is not to provide legal services to Intertain. As at 31 December 2015 \$0.05 million (2014 – nil) remained payable to this related party.

During the year ended 31 December 2015, Intertain incurred \$0.4 million (2014 – \$1.2 million) in legal fees for services provided by Chitiz Pathak LLP, a law firm of which Paul Pathak, a director of Intertain, is a partner.

During the nine months ended 30 September 2016, Intertain incurred \$0.3 million (nine months ended 30 September 2015 – \$0.2 million) in legal fees for services provided by Chitiz Pathak LLP, a law firm of which Paul Pathak, a director of Intertain, is a partner and \$0.2 million (30 September 2015 – nil) in professional fees for services provided by MNP LLP, an accounting firm of which David Danziger, a director of Intertain, is a partner.

Additionally, during the nine months ended 30 September 2016 Intertain incurred \$0.4 million (nine months ended 30 September 2015 – \$2.6 million) in legal fees for services provided by Cassels Brock & Blackwell LLP, a law firm of which the spouse of Mr. FitzGerald, a former director and chief executive officer of Intertain, is a partner. The arrangements with such firm provide that the spouse is not to provide legal services to Intertain.

During the nine months ended 30 September 2016, Intertain incurred an aggregate \$2.1 million (nine months ended 30 September 2015 – nil) in director fees to members of the Special Committee of the Intertain Board overseeing Intertain's strategic review (approximately \$1.3 million) and to the members of the Independent Committee in connection with their work relating to the investigation of the Report (approximately \$0.6 million, including fees of approximately \$0.2 million paid to Chitiz Pathak LLP for work in connection with such investigation).

### ***Other Parties***

During the year ended 31 December 2015, Intertain incurred \$7.8 million in relation to certain payments made to unrelated third parties having provided advisory or finder's services (as the case may be) to Intertain in connection with acquisitions, which amount was paid to and held by a nominee corporation controlled by Darren Rennick, the current president of Intertain Bahamas, for the exclusive benefit of such third parties (see “—*Material Factors Affecting Results of Operations and Financial Condition—Acquisitions*”). Nil amounts remain payable as at 31 December 2015.



### 13. Financial Risk Management

#### *Credit Risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. As at 31 December 2015, the Company is largely exposed to credit risk through its relationship with its service providers: the Gamesys Group, Amaya and the 888 Group, as well as Macquarie Bank Ltd. who is the counterparty to the Company's Cross-Currency Swap, as well as its cash and restricted cash balances. Credit risk also arises from PSPs. Prior to accepting new PSPs, credit checks are performed using a reputable external source. Management monitors PSP balances on a weekly basis and promptly takes corrective action if pre-agreed limits are exceeded. Quantitative analysis of the Company's exposure to credit risk arising from its receivables is included in note 6 to its audited 2015 financial statements and analysis of the Company's exposure to its credit risk arising from cash and restricted cash balances is included in note 16 to its audited 2015 financial statements.

#### *Interest Rate Risk*

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to cash flow interest rate risk on its Term Facility which bears interest at variable rates. A 1 per cent. increase (decrease) in interest rates would have decreased (increased) net earnings before income taxes by approximately \$4.5 million (2014 – \$nil) for the year, with all other variables held constant. Management monitors movements in the interest rates by reviewing the Bank of Canada prime rate and LIBOR on a frequent basis.

#### *Foreign Exchange Risk*

Foreign exchange risk arises when individual group entities enter into transactions denominated in a currency other than their functional currency. The Company's policy is, where possible, to allow the group's entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where the Company's entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Company.

The group is predominantly exposed to currency risk as revenues are predominately earned in Sterling, while interest and amortisation payable on the Term Facility is in USD. To mitigate this risk, the Company entered into the Cross-Currency Swap.

Apart from these particular cash-flows, the Company aims to fund expenses and investments in the applicable currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.



The following table summarises net financial assets/liabilities by currency of the Company and the effects on total comprehensive income as a result of a 10 per cent. change in the value of the foreign currencies against the Canadian dollar where the Group has significant exposure. The analysis assumes that all other variables remain constant.

	Net foreign currency financial assets/ liabilities	Effect of 10 per cent. strengthening in foreign exchange rates on comprehensive income	Effect of 10 per cent. weakening in foreign exchange rates on comprehensive income
<b>As at 31 December 2015</b>		(\$000's)	
British pound sterling.....	(382,721)	(38,272)	39,272
EURO .....	5,308	531	(531)
United States dollar .....	(400,679)	(40,068)	40,068
	Net foreign currency financial assets	Effect of 10 per cent. strengthening in foreign exchange rates on comprehensive income	Effect of 10 per cent. weakening in foreign exchange rates on comprehensive income
<b>As at 31 December 2014</b>		(\$000's)	
British pound sterling.....	5,373	537	(537)
EURO .....	10,485	1,048	(1,048)
United States dollar .....	5,607	561	(561)

### ***Liquidity Risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company's ability to maintain sufficient cash in excess of anticipated needs. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of six months. The Company believes it has sufficient funds available to realise its assets and discharge its liabilities in the normal course of business.

See paragraph 9 (*Liquidity and Capital Resources*) of "Part 5: Operating and Financial Review" for additional discussion on liquidity risk.

## **14. Critical accounting policies and estimates**

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The effect of a change in an accounting estimate is recognised prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are discussed below.

### ***Business combinations and contingent consideration***

Business combinations require management to exercise judgment in measuring the fair value of the assets acquired, equity instrument issued, and liabilities, and contingent considerations incurred or assumed. In particular, a high degree of judgment is applied in determining the fair value of the separable intangible assets acquired, their useful economic lives and which assets and liabilities are included in a business combination.

In certain acquisitions, Intertain may include contingent consideration which is subject to the acquired company achieving certain performance targets. At each reporting period, Intertain estimates the future earnings of acquired companies which are subject to contingent consideration in order to assess the probability that the acquired company will achieve their performance targets and thus earn their contingent consideration. Any changes in the fair value of the contingent consideration between reporting periods are included in the determination of net income. Changes in fair value arise as a result of changes in the estimated probability of the acquired business achieving its earnings targets and the consequential impact or amounts payable under these arrangements.

### ***Goodwill and Intangible assets***

Goodwill and intangible assets are reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to its recoverable amount. Management uses judgment in estimating the recoverable values of Intertain's CGUs and uses internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates and discount rates. The use of different assumptions and estimates could influence the determination of the existence of impairment and the valuation of goodwill.

### ***Taxes***

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Consolidated Balance Sheet differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where Intertain is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

In this financial information, income tax associated with Intertain's operations in Malta has been provided at the effective Maltese corporate net tax rate of 5% for each accounting period based on where Intertain is located.

## **15. Other significant accounting policies and estimates**

### ***Business combinations and goodwill***

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalised as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred and equity interests issued by the Company. Consideration also includes the fair value of any contingent consideration. Subsequent to the acquisition, contingent consideration that is based on an earnings target and classified as a liability is measured at fair value with any resulting gain or loss recognised in net income. Acquisition related costs are expensed as incurred.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Intercompany transactions, balances, income and expenses on transactions between the Company's subsidiaries are eliminated. Profit and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

### ***Segmental reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers, who are responsible for allocating resources and assessing the performance of the operating segments, have been identified as the Chief Executive Officer and the Chief Financial Officer.

### ***Revenue recognition***

The Company earns its revenue from operating casino and bingo online websites, and affiliate services. Revenues from online bingo and casino consists of the difference between total amount wagered by players less all winnings payable to players, bonuses allocated and jackpot contributions. Affiliate services revenue is derived from affiliate services provided to gaming operators. The commission revenue is calculated in line with the contracts, typically based on fixed price per player and is recognised to the extent that its probable economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised in the accounting periods in which the transactions occur.

### ***Fair value measurement***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market accessible by the Group for the asset or liability.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

### ***Foreign currency translation***

#### ***Functional and presentation currency***

The Company's consolidated financial statements are presented in CAD. Each Group Company determines its own functional currency and items included in the consolidated financial statements of each subsidiary and associate are measured using that functional currency. Differences arising on the retranslation of subsidiaries whose functional currency is not CAD are recorded in other comprehensive income.

### *Foreign currency transactions and balances*

Foreign currency transactions are translated into the functional currency of the respective entity of the Group, using the exchange rates prevailing at the dates of the transactions (spot rate). Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates as at the reporting date. Foreign exchange gains and losses resulting from the settlement or translation of monetary items are recognised in profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

### *Change of functional currency*

On 1 July 2015, management re-assessed the functional currency of Intertain due to the Term Facility requirements to make interest, amortisation and annual cash sweep payments in USD which made Intertain's liabilities, expenses and cash payments to be predominantly in USD. As a result, Intertain's functional currency was changed with prospective effect from 1 July 2015 from CAD to USD.

Intertain translated all historical items into the new functional currency using the 1 July 2015 opening exchange rate. The consolidated financial statements will continue to be presented in CAD. Differences arising on the retranslation of the financial information of all entities in the group with a functional currency other than CAD are recorded in other comprehensive income.

### *Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or when it expires.

The Group classifies its financial assets and liabilities under the following categories: fair value through profit or loss ("FVTPL"), loans and receivables, and financial liabilities at amortised cost. All financial instruments are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument classified as other than at FVTPL are added to the carrying amount of the asset or liability.

### *Fair value through profit or loss*

Financial instruments classified as FVTPL include contingent considerations and cross-currency swap derivative financial instruments. Any gains or losses are recorded in net income in the period in which they arise.

### *Loans and receivables*

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. After initial measurement, such instruments are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income or expense in the statement of profit or loss. This category generally applies to cash, restricted cash, customer deposits, receivables and long-term receivables.

### *Financial liabilities at amortised cost*

With the exception of contingent consideration and derivatives, all financial liabilities are measured at amortised cost using the effective interest rate method. This category generally applies to interest payable, account payable and accrued liabilities, other short-term payables, payable to customers, vendor take-back loan, convertible debentures, bridge loan, long-term debt and debentures. All interest-related charges are reported in profit or loss within interest expense.

### ***Impairment of financial assets***

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- a breach of contract such as a default of interest or principal payment; or
- increased probability that the borrower will enter into a bankruptcy, insolvency or financial reorganisation.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables is presented in profit or loss within administrative costs, if applicable.

### ***Compound financial instruments***

The Company's compound financial instruments comprise of convertible debentures subscription receipts. The underlying convertible debentures can be converted to equity at the option of the holder and the number of shares to be issued does not vary with changes in fair value. As a result, the instrument is composed of a liability component and an equity component. The liability component is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The residual amount between the total fair value of the convertible debenture and the fair value of the liability component is allocated on initial recognition to equity and recognised as a reserve in equity. Any directly attributable transaction costs are allocated to the liability and the equity component in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of the convertible debentures is measured at amortised cost using the effective interest method. The equity components of the convertible debentures are not re-measured subsequent to initial recognition.

### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### ***Derivative financial instruments***

From time to time the Company uses derivative instruments for risk management purposes. The Company does not use derivative instruments for speculative trading purposes. All derivatives are recorded at fair value on the statements of financial position. The method of recognising unrealised and realised fair value gains and losses depends on whether the derivatives are designated as hedging instruments. For derivatives not designated as hedging instruments, unrealised gains and losses are recorded in interest income/expense on the consolidated statement of comprehensive income. For derivatives designated as hedging instruments, unrealised and realised gains and losses are recognised according to the nature of the hedged item and where the hedged item is a non-financial asset, amounts recognised in the hedging reserve are reclassified and the non-financial asset is adjusted accordingly.

### ***Income taxes***

Income tax expense consists of current and deferred tax expense. Income tax expense is recognised in the consolidated statement of comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognised for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred taxes are not recognised for the following temporary differences: the initial recognition of

assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realised or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income (loss) in the period that substantive enactment occurs.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

### ***Tangible assets***

Tangible assets are recorded at cost less accumulated depreciation. These assets are depreciated over their estimated useful lives as follows:

Computer hardware	33 per cent. per annum
Office furniture	20 per cent. per annum
Leasehold improvements	Over the term of the lease

Depreciation is recorded under administrative costs in the consolidated statement of comprehensive income.

### ***Intangible assets***

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Amortisation expense is in the consolidated statement of comprehensive income. Amortisation for the material categories of finite life intangible assets is recorded under administrative costs and is calculated at the following rates:

Brand	5 per cent. per annum
Gaming licences	5 per cent. per annum
Software	20 per cent. per annum
Customer relationships and partnership agreements	8 per cent.- 25 per cent. per annum (variable according to the expected pattern of consumption)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. If any indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows independently of other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset, or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.



### ***Share based compensation***

Compensation expense for equity settled stock options awarded under the plan is measured at the fair value at the grant date using the Black-Scholes valuation model and is recognised using the graded vesting method over the vesting period of the options granted. Compensation expense recognised is adjusted to reflect the number of options that has been estimated by management for which conditions attaching to service will be fulfilled as of the grant date until the vesting date so that the ultimately recognised expense corresponds to the options that have actually vested. The compensation expense credit is attributed to contributed surplus when the expense is recognised in the Consolidated Statement of Comprehensive Income.

### ***Earnings per share***

Basic earnings per share are calculated by dividing the net income or loss for the period attributed to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated using the same method as for basic earnings per share and adjusting the weighted average of common shares outstanding during the period to reflect the dilutive impact, if any, of options and warrants assuming they were exercised for that number of common shares calculated by applying the treasury stock method. The treasury stock method assumes that all proceeds received by the Company when options and warrants are exercised will be used to purchase common shares at the average market price during the reporting period. Convertible debt is considered in the calculation of diluted earnings per share to the extent that it is dilutive.

### ***Provisions***

Provisions are recognised when the Company has a present obligation, legal or constructive, as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### ***Leases***

The Company has classified its rental leases as operating leases. Operating lease payments are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed, in which case that systematic basis is used. Operating lease payments are recorded under administrative costs in the Statement of Comprehensive Income unless they are attributable to qualifying assets, in which case they are capitalised.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

### ***Business combinations and contingent consideration***

Business combinations require management to exercise judgment in measuring the fair value of the assets acquired, equity instrument issued, liabilities, and contingent considerations incurred or assumed. In particular, a high degree of judgement is applied in determining the fair value of the separable intangible assets acquired, their useful economic lives and which assets and liabilities are included in a business combination.

In certain acquisitions, the Company may include contingent consideration which is subject to the acquired company achieving certain performance targets. At each reporting period, the Company estimates the future earnings of acquired companies which are subject to contingent consideration in order to assess the probability that the acquired company will achieve their performance targets and thus earn their contingent consideration. Any changes in the fair value of the contingent consideration between reporting periods are included in the determination of net income. Changes in fair value arise as a result of changes in the estimated probability of the acquired business achieving its earnings targets and the consequential impact or amounts payable under these arrangements.

### ***Goodwill and intangibles assets valuation***

Goodwill and intangible assets are reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to its recoverable amount. Management uses judgment in estimating the recoverable values of the Group's cash-generating units and uses internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates and discount rates. The use of different assumptions and estimates could influence the determination of the existence of impairment and the valuation of goodwill.

## ***Taxes***

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

In these financial statements, income tax associated with the Company's operations in Malta has been provided at the effective Maltese corporate net tax rate of 5 per cent. for each accounting period based on where the Company is located.

## **16. New Accounting Standards and Interpretations Adopted**

### ***Amendment to IAS 1 – Presentation of Financial Statements***

The following accounting standard is effective and implemented as of 1 January 2016:

On 18 December 2014, the International Accounting Standards Board (“IASB”) issued amendments to IAS 1—Presentation of Financial Statements (“IAS 1”). These amendments are part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments was 1 January 2016. The implementation of these amendments to IAS 1 did not have an impact on the Group's financial statements.

## **17. Recent Accounting Pronouncements – Not Yet Effective**

### ***IFRS 9 – Financial Instruments***

The IASB issued IFRS 9—Financial Instruments (“IFRS 9”) relating to the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39—Financial Instruments: Recognition and Measurement (“IAS 39”). The approach in IFRS 9 is based on how an entity manages its financial instruments (i.e., its business model) and the contractual cash flow characteristics of such financial assets. IFRS 9 also includes a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. An entity shall apply IFRS 9 retrospectively for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The Company is currently evaluating the impact of applying this standard, but does not anticipate applying it prior to its effective date.

### ***IFRS 15 – Revenues from Contracts with Customers***

The Financial Accounting Standards Board and IASB have issued converged standards on revenue recognition. This new IFRS 15—Revenues from Contracts with Customers (“IFRS 15”) affects any entity using IFRS that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets, in each case, unless those contracts are within the

scope of other standards. This IFRS will supersede the revenue recognition requirements in IAS 18—Revenue (“**IAS 18**”) and most industry-specific guidance. The core principle of the guidance is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On 27 July 2015, the IASB has decided to postpone the initial 1 January 2017 effective date to 1 January 2018 with early adoption permitted.

The Company is currently evaluating the impact of applying this standard, but does not anticipate applying it prior to its effective date.

#### ***IFRS 16 – Leases***

In January 2016, the IASB issued IFRS 16—Leases (“**IFRS 16**”), which replaces IAS 17—Leases (“**IAS 17**”) and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12-months or less or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained. IFRS 16 will be applied retrospectively for annual periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 has also been applied. The Company is assessing the potential impact of this standard.

## PART 6: CAPITALISATION AND INDEBTEDNESS STATEMENT

The Company's capitalisation as at 15 August 2016 was £50,000 and it had no gross or net indebtedness.

The tables below set out the Group's capitalisation and indebtedness as at 31 October 2016. This statement of capitalisation and indebtedness has been prepared using accounting policies which are consistent with those used in preparing the Group's financial information for the period ended 30 September 2016 as set out in "Part 7: Historical Financial Information – Section H: Unaudited Interim Condensed Consolidated Financial Statements of the Group for the nine months ended 30 September 2016" of this Prospectus.

The capitalisation and indebtedness information as at 31 October 2016 has been extracted without material adjustment from the Group's unaudited accounting records.

These following tables should be read together with "Part 5: Operating and Financial Review", "Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group", "Part 7: Historical Financial Information – Section H: Unaudited Interim Condensed Consolidated Financial Statements of the Group for the nine months ended 30 September 2016", "Part 8: Unaudited Pro Forma Financial Information of the Group" and "Part 10: Additional Information". In particular, the tables set out below do not reflect the Debt Raising entered into on 16 December 2016 and the amendments to the Credit Agreement, which are discussed in paragraph 3 (*Recent Developments*) of Part 5: *Operating and Financial Review*", and financial guidance with respect to its future performance for the year ended 31 December 2016, which is discussed in "Part 9: Profit Guidance".

### Gross indebtedness

	<b>31 October 2016</b>
	(unaudited)
	\$000's
<b>Total current debt</b>	
Secured .....	44,899
<b>Total current debt .....</b>	<b>44,899</b>
<b>Total non-current debt (excluding current portion of the long term debt)</b>	
Secured .....	329,174
Unsecured and unguaranteed .....	5,332
<b>Total non-current debt .....</b>	<b>334,506</b>

The Group's secured liabilities relate to the Credit Facilities and the Group's unsecured and unguaranteed debt relates to convertible debentures.

### Capitalisation

	<b>31 October 2016</b>
	(unaudited)
	\$000's
Share capital .....	775,176
	<b>775,176</b>

Capitalisation does not include the retained deficit, contributed surplus, the reserve or the hedging reserve.

The following table sets out the net consolidated financial indebtedness of the Group as at 31 October 2016.

**Net indebtedness**

	<b>31 October 2016</b>
	<i>(unaudited)</i>
	<i>\$000's</i>
Cash .....	107,735
<b>Total liquidity</b> .....	<b>107,735</b>
<b>Current financial receivable</b>	<b>67,741</b>
Current portion of non-current debt .....	44,899
<b>Current financial debt</b> .....	<b>44,899</b>
<b>Net current financial liquidity</b> .....	<b>130,577</b>
Non-current non-bank loans .....	334,506
<b>Non-current financial indebtedness</b> .....	<b>334,506</b>
<b>Net financial indebtedness</b> .....	<b>203,929</b>

The current financial receivable represents the fair value of the cross-currency swap.

The Group also has contingent consideration not reflected in the analysis above with a fair value of \$411,354,000 at its most recent valuation date of 31 October 2016. Contingent consideration is capped at £375,000,000.

## PART 7: HISTORICAL FINANCIAL INFORMATION

### SECTION A: BDO REPORT ON THE CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP



BDO LLP  
55 Baker Street  
London  
W1U 7EU

The Directors  
Jackpotjoy plc  
35 Great St. Helen's  
London, EC3A 6AP  
United Kingdom

20 January 2017

Dear Sirs

**The Intertain Group Limited and its subsidiary undertakings (together, the “Group”)**

#### Introduction

We report on the financial information set out in Section B of Part 7. This financial information has been prepared for inclusion in the Prospectus dated 20 January 2017 of Jackpotjoy plc (the “**Company**”) (the “**Prospectus**”) on the basis of the accounting policies set out in notes 2 and 3 to the financial information. This report is required by item 20.1 of annex I of the Commission Regulation (EC) No. 809/2004 (the “**PD Regulation**”) and is given for the purpose of complying with that item and for no other purpose. We have not audited or reviewed the financial information for the 26 weeks ended 30 June 2015 and accordingly do not express an opinion thereon.

#### Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of annex I of the PD Regulation, consenting to its inclusion in the Prospectus.

#### Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

#### Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 June 2016 and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.



**Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex I of the PD Regulation.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## SECTION B: HISTORICAL FINANCIAL INFORMATION OF THE GROUP

### CONSOLIDATED BALANCE SHEETS

	Note	As at 31 December, 2013	As at 31 December, 2014	As at 31 December, 2015	As at 30 June, 2016
(\$000's)					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash .....	5	1,281	31,252	64,816	88,827
Restricted cash .....	5	61,120	328	357	351
Prepaid expenses .....		-	829	1,561	2,116
Customer deposits .....		-	1,356	13,309	12,450
Receivables .....	6	-	10,363	33,680	20,632
Current portion of cross currency swap .....	8	-	-	1,555	42,258
Taxes receivable .....	19	-	6,296	15,050	18,638
<b>Total current assets</b> .....		<b>62,401</b>	<b>50,424</b>	<b>130,328</b>	<b>185,272</b>
Tangible assets .....		-	490	475	524
Intangible assets .....	7	-	138,359	776,371	617,770
Goodwill .....	7, 28	-	148,801	588,387	507,027
Cross currency swap .....	8	-	-	8,106	-
Other long-term receivables .....		-	335	2,687	2,453
<b>Total assets</b> .....		<b>62,401</b>	<b>338,409</b>	<b>1,506,354</b>	<b>1,313,046</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities .....	10	-	12,363	12,341	13,390
Other short-term payables .....	11	3,782	13,730	1,083	16,082
Payable to customers .....		-	3,683	13,309	12,450
Current portion of long-term debt .....	12	-	-	51,345	43,579
Vendor take-back loan .....	15	-	9,187	-	-
Current portion of contingent consideration .....	14	-	15,621	12,237	150,365
Provision for taxes .....	19	-	9,196	20,448	10,542
<b>Total current liabilities</b> .....		<b>3,782</b>	<b>63,780</b>	<b>110,763</b>	<b>246,408</b>
Interest payable .....		35	226	-	-
Contingent consideration .....	14	-	10,732	415,545	247,687
Deferred tax liability .....	19	-	4,426	3,986	3,570
Vendor take-back loan .....	15	-	3,774	-	-
Convertible debentures .....	17	13,879	14,444	14,827	15,082
Bridge loan .....	13	-	9,995	-	-
Long-term debt .....	12	-	-	371,404	329,330
Debentures .....	13	-	47,393	-	-
<b>Total liabilities</b> .....		<b>17,696</b>	<b>154,770</b>	<b>916,525</b>	<b>842,077</b>
<b>Equity</b>					
Shareholders' equity .....		44,705	183,639	589,829	470,969
<b>Total equity</b> .....		<b>44,705</b>	<b>183,639</b>	<b>589,829</b>	<b>470,969</b>
<b>Total liabilities and equity</b> .....		<b>62,401</b>	<b>338,409</b>	<b>1,506,354</b>	<b>1,313,046</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share Capital	Unit Subscription Receipts	Contributed Surplus	Reserve	Hedging Reserve	Retained Deficit	Total
					(\$000's)			
<b>Balance at incorporation</b> .....		-	-	-	-	-	-	-
<b>Comprehensive loss for the period ended December 31, 2013:</b>								
Net loss for the period .....		-	-	-	-	-	(1,004)	(1,004)
<b>Total comprehensive loss for the period ended December 31, 2013:</b> .....		-	-	-	-	-	(1,004)	(1,004)
<b>Contributions by and distributions to shareholders:</b>								
Issuance of common shares, net of costs .....		1,533	41,011	-	-	-	-	42,544
Convertible debentures .....		-	-	-	3,165	-	-	3,165
<b>Total contributions by and distributions to shareholders:</b> .....		<b>1,533</b>	<b>41,011</b>	<b>-</b>	<b>3,165</b>	<b>-</b>	<b>-</b>	<b>45,709</b>
<b>Balance as at December 31, 2013</b> .....		<b>1,533</b>	<b>41,011</b>	<b>-</b>	<b>3,165</b>	<b>-</b>	<b>(1,004)</b>	<b>44,705</b>
<b>Comprehensive loss for the year ended December 31, 2014:</b>								
Net loss for the year .....		-	-	-	-	-	(26,068)	(26,068)
Other comprehensive income .....		-	-	-	(264)	-	-	(264)
<b>Total comprehensive loss for the year ended December 31, 2014:</b> .....		-	-	-	(264)	-	(26,068)	(26,332)
<b>Contributions by and distributions to shareholders:</b>								
Issuance of common shares, net of costs .....		117,975	-	-	-	-	-	117,975
Conversion of units .....		41,011	(41,011)	-	-	-	-	-
Issuance of common share warrants .....		(3,549)	-	5,978	-	-	-	2,429
Issuance of shares - Aumento amalgamation .....		856	-	-	-	-	-	856
Share-based compensation .....		-	-	1,117	-	-	-	1,117
Common share dividend .....		-	-	-	-	-	(432)	(432)
Exercise of common share warrants .....		43,321	-	-	-	-	-	43,321
<b>Total contributions by and distributions to shareholders:</b> .....		<b>199,614</b>	<b>(41,011)</b>	<b>7,095</b>	<b>-</b>	<b>-</b>	<b>(432)</b>	<b>165,266</b>
<b>Balance as at December 31, 2014</b> .....		<b>201,147</b>	<b>-</b>	<b>7,095</b>	<b>2,901</b>	<b>-</b>	<b>(27,504)</b>	<b>183,639</b>
<b>Comprehensive income (loss) for the year ended December 31, 2015:</b>								
Net loss for the year .....		-	-	-	-	-	(226,873)	(226,873)
Gain on foreign exchange forward .....		-	-	-	-	3,017	-	3,017
Reclassification of gain on foreign exchange forward .....		-	-	-	-	(3,017)	-	(3,017)
Other comprehensive income .....		-	-	-	66,950	-	-	66,950
<b>Total comprehensive income (loss) for the year ended December 31, 2015:</b> .....		-	-	-	<b>66,950</b>	<b>-</b>	<b>(226,873)</b>	<b>(159,923)</b>
<b>Contributions by and distributions to shareholders:</b>								
Issuance of common shares, net of costs .....	17	588,398	-	-	-	-	-	588,398
Conversion of debentures .....	17	427	-	-	-	-	-	427
Exercise of common share warrants .....	17	3,501	-	-	-	-	-	3,501
Exercise of common share options .....	17	43	-	-	-	-	-	43
Normal course issuer bid .....	17	(31,880)	-	-	-	-	-	(31,880)
Share-based compensation .....	17	-	-	5,624	-	-	-	5,624
<b>Total contributions by and distributions to shareholders:</b> .....		<b>560,489</b>	<b>-</b>	<b>5,624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>566,113</b>
<b>Balance as at December 31, 2015</b> .....		<b>761,636</b>	<b>-</b>	<b>12,719</b>	<b>69,851</b>	<b>-</b>	<b>(254,377)</b>	<b>589,829</b>
<b>Comprehensive loss for the period ended June 30, 2016:</b>								
Net loss for the year .....		-	-	-	-	-	(17,526)	(17,526)
Other comprehensive loss .....		-	-	-	(102,986)	-	-	(102,986)
<b>Total comprehensive income (loss) for the period ended June 30, 2016</b> .....		-	-	-	<b>(102,986)</b>	<b>-</b>	<b>(17,526)</b>	<b>(120,512)</b>
<b>Contributions by and distributions to shareholders:</b>								
Conversion of convertible debentures .....	17	86	-	-	-	-	-	86
Exercise of options .....	17	188	-	(42)	-	-	-	146
Exercise of common share warrants .....	17	376	-	-	-	-	-	376
Share-based compensation .....	17	-	-	1,044	-	-	-	1,044
<b>Total contributions by and distributions to shareholders:</b> .....		<b>650</b>	<b>-</b>	<b>1,002</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,652</b>
<b>Balance as at June 30, 2016</b> .....		<b>762,286</b>	<b>-</b>	<b>13,721</b>	<b>(33,135)</b>	<b>-</b>	<b>(271,903)</b>	<b>470,969</b>

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Period ended 31 December, 2013	Year ended 31 December, 2014	Year ended 31 December, 2015	Six months 30 June, 2015	Six months 30 June, 2016
(Unaudited)						
(\$000's)						
<b>Revenue and other income</b>						
Gaming revenue .....		-	23,466	365,492	118,085	243,304
Other income earned from revenue guarantee .....		-	17,310	18,973	12,207	2,320
Other income earned from platform migration .....		-	-	-	-	1,709
<b>Total revenue and other income .....</b>	22	<b>-</b>	<b>40,776</b>	<b>384,465</b>	<b>130,292</b>	<b>247,333</b>
<b>Costs and expenses</b>						
Distribution costs .....	20, 22	-	16,161	200,050	70,466	118,349
Administrative costs .....	20, 22	26	20,500	150,907	59,761	86,461
Severance cost .....		-	-	-	-	10,526
Acquisition and transaction related costs .....	22, 28	896	19,780	57,343	53,382	11,544
Goodwill impairment .....	7	-	-	36,670	-	-
Foreign exchange loss (gain) .....	22	-	2,084	1,423	(902)	4,710
<b>Total costs and expenses .....</b>		<b>922</b>	<b>58,525</b>	<b>446,393</b>	<b>182,707</b>	<b>231,590</b>
<b>Gain on sale of intangible assets .....</b>		<b>-</b>	<b>-</b>	<b>(430)</b>	<b>(430)</b>	<b>-</b>
Debenture settlement expense .....	13, 21	-	-	5,692	5,692	-
Fair value adjustments on contingent consideration .....	14, 21	-	3,381	120,779	598	35,221
Unrealized gain on cross currency swap .....	8, 21	-	-	(9,661)	-	(34,222)
Interest income .....	21	-	(168)	(619)	(480)	(105)
Interest expense .....	21	82	4,724	48,100	17,010	31,961
<b>Financing expenses .....</b>	21, 22	<b>82</b>	<b>7,937</b>	<b>164,291</b>	<b>22,820</b>	<b>32,855</b>
<b>Net loss for the period before taxes .....</b>		<b>(1,004)</b>	<b>(25,686)</b>	<b>(225,789)</b>	<b>(74,805)</b>	<b>(17,112)</b>
Current tax .....	19	-	794	1,974	612	760
Deferred tax recovery .....	19	-	(412)	(890)	(440)	(346)
<b>Net loss for the period .....</b>		<b>(1,004)</b>	<b>(26,068)</b>	<b>(226,873)</b>	<b>(74,977)</b>	<b>(17,526)</b>
<b>Other comprehensive income: items that will or may be reclassified to profit or loss in subsequent periods</b>						
Foreign currency translation (loss) gain .....		-	(264)	66,950	54,116	(102,986)
Unrealized gain on foreign exchange forward .....		-	-	3,017	3,017	-
Reclassification of gain on foreign exchange forward .....		-	-	(3,017)	(3,017)	-
<b>Total comprehensive loss for the period .....</b>		<b>(1,004)</b>	<b>(26,332)</b>	<b>(159,923)</b>	<b>(20,861)</b>	<b>(120,512)</b>
<b>Net loss for the period per share</b>						
Basic .....	23	\$(0.71)	\$(1.46)	\$(3.71)	\$(1.47)	\$(0.25)
Diluted .....	23	\$(0.71)	\$(1.46)	\$(3.71)	\$(1.47)	\$(0.25)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

		Period ended 31 December, 2013	Year ended 31 December, 2014	Year ended 31 December, 2015	Six months 30 June, 2015	Six months 30 June, 2016
	Note					
					(Unaudited)	
				(\$000's)		
Operating activities						
Net loss for the period		(1,004)	(26,068)	(226,873)	(74,977)	(17,526)
Add (deduct) items not involving cash						
Amortization		-	14,831	100,320	38,816	51,613
Share-based compensation	17	-	1,117	5,624	3,608	1,044
Tax provision	19	-	794	1,974	612	760
Deferred tax recovery	19	-	(412)	(890)	(440)	(346)
Interest expense, net	21	35	4,747	47,481	17,010	31,856
Gain on sale of intangible assets		-	-	(430)	(430)	-
Fair value adjustments on contingent consideration	21	-	3,381	120,779	598	35,221
Debenture settlement expense	13	-	-	5,692	5,692	-
Common shares issued upon amalgamation		-	856	-	-	-
Unrealized gain on cross currency swap	8	-	-	(9,661)	-	(34,222)
Goodwill impairment	7	-	-	36,670	-	-
Foreign exchange gain (loss)		-	1,846	1,423	(902)	4,710
		(969)	1,092	82,109	(10,413)	73,110
Change in non-cash operating items						
Prepaid expenses		-	(828)	(732)	(1,811)	(682)
Receivables		-	(2,321)	(21,806)	(13,615)	9,054
Other long term receivables		-	(336)	(2,753)	(495)	(96)
Accounts payable and accrued liabilities		-	6,810	(2,325)	(5,599)	(1,922)
Other short-term payables		3,782	-	(6,228)	(4,019)	19,030
Cash generated from (used in) operations		2,813	4,417	48,265	(35,952)	98,494
Income taxes paid		-	-	-	-	(11,998)
Total cash (used in) provided by operating activities		2,813	4,417	48,265	(35,952)	86,496
Financing activities						
Restriction of cash balances	5	(61,120)	60,792	29	(9,013)	-
Proceeds from issuance of debentures, net of costs		17,044	49,494	-	-	-
Proceeds from exercise of warrants	17	41,011	43,321	3,501	467	376
Proceeds from exercise of options	17	-	-	43	43	188
Proceeds from issuance of common shares, net	17	1,533	52,702	462,887	462,887	-
NCIB	17	-	-	(31,880)	-	-
Proceeds from long-term debt		-	9,995	399,986	399,986	-
Debenture redemption	13	-	-	(54,317)	(54,317)	-
Dividend paid		-	(432)	-	-	-
Bridge loan redemption	13	-	-	(10,000)	(10,000)	-
Vendor take-back loan – repayment		-	(6,226)	(13,452)	(6,783)	-
Interest repayment		-	(2,960)	(24,666)	-	(16,367)
Payment of contingent consideration	14	-	-	(25,729)	-	(12,022)
Principal payments made on long-term debt	12	-	-	(21,418)	-	(26,756)
Total cash provided by (used in) financing activities		(1,532)	206,686	684,984	783,270	(54,581)
Investing activities						
Purchase of tangible assets		-	(123)	(282)	-	(187)
Purchase of intangible assets		-	-	(2,144)	-	(1,418)
Proceeds from sale of intangible assets		-	-	430	430	-
Cash paid to acquire license		-	-	(2,873)	(100)	-
Business acquisitions, net of cash acquired	28,7	-	(181,009)	(694,816)	(688,397)	-
Total cash used in investing activities		-	(181,132)	(699,685)	(688,067)	(1,605)
Net increase in cash during the period		1,281	29,971	33,564	59,251	30,310
Cash, beginning of period		-	1,281	31,252	31,252	64,816
Foreign exchange gain (loss) on cash		-	-	-	171	(6,299)
Cash, end of period		1,281	31,252	64,816	90,674	88,827

## NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

### 1. CORPORATE INFORMATION

The Intertain Group Limited (“**Intertain**”) was incorporated by Articles of Incorporation pursuant to the provisions of the *Business Corporations Act* (Ontario) on November 26, 2010. Intertain’s registered office is located at 24 Duncan Street, Floor 2, Toronto, Ontario, Canada. Intertain is an online gaming company that provides entertainment to a global consumer base. Intertain currently offers bingo, casino and other games to its customers using the Costa Bingo, Vera&John, Vera&Juan, Jackpotjoy, Starspins, Botemania, InterCasino, and other brands. The Jackpotjoy, Starspins, and Botemania brands operate off of proprietary software owned by the Gamesys Group, Intertain’s B2B software and support provider. The Vera&John, Vera&Juan, and InterCasino brands operate off of proprietary software owned by a wholly-owned subsidiary of Intertain. The Mandalay segment’s bingo offerings operate off of the Dragonfish platform, a leading software service provided by the 888 Group. Additionally, Intertain receives fees for marketing services provided by its affiliate portal business.

On February 11, 2014, Intertain (formerly Aumento Capital II Corporation) completed its acquisition of Goldstar Acquisitionco Inc. (“**Goldstar**”) through an amalgamation (the “**Amalgamation**”) between Goldstar and 2399274 Ontario Inc., a wholly-owned subsidiary of Intertain, to form an amalgamated company named “Intertain Holdings Inc.”, which became a wholly-owned subsidiary of Intertain. The Amalgamation constituted Intertain’s Qualifying Transaction (as such term is defined in the policies of the TSX Venture Exchange (the “**TSXV**”). The TSXV approved the Qualifying Transaction of Intertain and the Toronto Stock Exchange (“**TSX**”) approved the listing of the common shares of Intertain, which commenced trading on the TSX under the symbol “**IT**” on February 18, 2014, at which time Intertain’s common shares were delisted from the TSXV.

Prior to closing of the Qualifying Transaction, a private placement (the “**Offering**”) of 11,625,000 unit subscription receipts (the “**Unit Subscription Receipts**”) at a purchase price of \$4.00 per Unit Subscription Receipt and 17,500 convertible debenture subscription receipts (the “**Debenture Subscription Receipts**”) at a purchase price of \$1,000 per Debenture Subscription Receipt was completed. The net proceeds from the Offering was approximately \$61,000,000. Proceeds from the Offering were used to fund the acquisition of all of the issued and outstanding common shares of WagerLogic Malta Holding Limited (“**WagerLogic**”) from a subsidiary of Amaya, which was completed on February 11, 2014, for a purchase price of \$70,000,000, less working capital adjustments, pursuant to the terms of the share purchase agreement dated November 27, 2013. The share purchase agreement included a bonus payment of USD \$10,000,000 to Amaya if Cryptologic achieved a net revenue target of USD \$30,000,000 during the second year following closing, and a bonus payment of USD \$10,000,000 to Amaya if Cryptologic achieves a net revenue target of USD \$40,000,000 during the third year following closing. During the year ended December 31, 2015, Intertain re-assessed the contingent consideration related to the InterCasino purchase and wrote it down to nil.

On July 14, 2014, Intertain completed the acquisition of all of the issued share capital of Mandalay Media Ltd (“**Mandalay**”) for an initial payment of £45,000,000 in cash, exclusive of working capital adjustments, with a further cash payment of up to £15,000,000, contingent on future profit performance. Mandalay owns some of the United Kingdom’s leading online bingo websites and affiliate portals. During the year ended December 31, 2015, Intertain made a payment of £13.2 million to fully satisfy the Mandalay contingent obligation.

This acquisition was financed by the net proceeds of a \$103,500,000 offering of securities consisting of \$52,300,000 of equity and \$51,200,000 of debt.

On December 23, 2014, The Intertain Group completed the acquisition of the entire issued share capital of Dumarca Holdings PLC (the “**Dumarca Shares**”), the Malta-based parent company of the Vera&John group (“**Vera&John**”). As consideration for the Dumarca Shares, Intertain made an initial payment (“**Initial Payment**”) of €44.5 million in cash, exclusive of working capital adjustments, and 5,024,869 common shares of Intertain. Intertain would have been required to make a further cash payment (the “**Earn Out**”) in the event Vera&John generates earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) over certain thresholds in 2015 and 2016. The cumulative Earn Out payment over 2015 and 2016 was subject to a cap of €8.1 million. During the six months ended June 30, 2016, the entire earn-out balance of €8.1 million was paid out.

On February 5, 2015, Intertain entered into a binding commitment letter and on 8 April 2015, Intertain entered into a credit agreement (the “**Credit Agreement**”) with Macquarie Capital (USA) Inc. in respect of certain credit facilities (the “**Credit Facilities**”) to be made available to Intertain. The Credit Facilities consist of (i) a seven-year US\$335 million first-lien term loan credit facility (“**Term Facility**”) and (ii) a five-year senior secured US\$17.5 million revolving credit facility (“**Revolving Facility**”) to be used for working capital and general corporate purposes.



On February 26, 2015, Intertain closed an offering (the “**Offering**”) of 32,200,000 subscription receipts of Intertain (the “**Subscription Receipts**”). The Subscription Receipts were issued at a price of \$15.00 per Subscription Receipt for aggregate gross proceeds of \$483 million and began trading on the Toronto Stock Exchange (“**TSX**”) under the symbol “**IT.R**”.

On April 8, 2015, Intertain completed the acquisition of the entire issued share capital of a wholly-owned subsidiary of Gamesys Limited (“**Gamesys**”) which included, directly or indirectly, the Jackpotjoy, Starspins and Botemania brands (the “**Jackpotjoy Acquisition**”), for the sum of: (i) approximately £370.4 million in cash, less certain intra-group debt; (ii) 7,361,365 common shares of Intertain; (iii) the assumption of the obligation to repay certain intra-group debt; (iv) certain cash adjustments; and (v) future earn out payments, payable in cash based upon the financial performance of the Jackpotjoy business in various periods during the five years following the closing of the Jackpotjoy Acquisition. The earn out is further described in Intertain’s Annual Information Form (“**AIF**”) dated March 31, 2015, under the heading “*The Jackpotjoy Acquisition – The Jackpotjoy Agreement – Earn-Out Payments*”.

On April 8, 2015, upon the satisfaction of all conditions precedent to the Jackpotjoy Acquisition, net proceeds from the Offering were released to fund, in part, the Jackpotjoy Acquisition and certain costs, as well as to redeem Intertain’s outstanding bridge loan and the senior secured 8.5% debentures. Additionally, on April 8, 2015, Intertain drew down on the Term Facility to fund the remaining cash portion of the initial purchase price of the Jackpotjoy Acquisition. With the closing of the Jackpotjoy Acquisition on April 8, 2015, the Subscription Receipts were exchanged on a one-for-one basis for Intertain common shares without payment of additional consideration or further action and were delisted from the TSX.

On June 22, 2015, Intertain acquired the rights to the latest bingo software source code from The Parlay Group of Companies (“**Parlay**”) as well as the domain name Bingo.ca for \$2.9 million. As part of the arrangement, Intertain will have access to Parlay’s back office system, its HTML5 mobile bingo products, and has licensed additional casino, mini and side games, along with direct game integration capabilities into other CRM and content platforms. The Bingo.ca domain will provide Intertain with the ability to launch a Canada-wide free-play bingo network. The license and domain name have been recognized as intangible assets. As the license and domain name are not available for use, no amortization has been recognized on these intangible assets for the six months ended June 30, 2016.

On September 8, 2015, the TSX approved Intertain’s notice of intention to make a normal course issuer bid (“**NCIB**”) to purchase and cancel up to 3,617,640 common shares of Intertain, which represented approximately 5% of the 72,354,817 common shares issued and outstanding as of September 15, 2015. During the year ended December 31, 2015, Intertain purchased and cancelled 2,488,237 common shares.

## 2. **BASIS OF PREPARATION**

### **Basis of presentation**

This consolidated financial information has been prepared under the historical cost convention other than for the measurement at fair value of certain financial liabilities.

This consolidated financial information has been prepared by management on a going concern basis, in accordance with International Financial Reporting Standards (“**IFRS**”) as adopted by the European Union. As at June 30, 2016 Intertain has consolidated current assets and current liabilities of \$185.3 million and \$246.4 million respectively giving rise to a net current liability of \$61.1 million. Included in current liabilities is current contingent consideration of \$150.4 million. As detailed in note 13, Intertain is only required to fund this liability to the extent it has excess and available cash to do so.

### **Basis of consolidation**

Intertain’s consolidated financial information consolidates the parent company and all of its subsidiaries. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All transactions and balances between companies are eliminated on consolidation.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which Intertain obtains control, and continue to be consolidated until the date that such control ceases.

Intercompany transactions, balances, income and expenses on transactions between Intertain's subsidiaries are eliminated. Profit and losses resulting from intercompany transactions that are recognized in assets are also eliminated.

The subsidiaries of Intertain, all of which have been included in this consolidated financial information and are wholly owned by Intertain, are as follows:

Wholly owned subsidiaries as at June 30, 2016

<b>Name of Business</b>	<b>Country of Incorporation and Principal Place of Business</b>
Intertain Holdings Inc.	Canada
Wagerlogic Malta Holdings Limited	Malta
Cryptologic Operations Limited	Malta
Cryptologic Trading Limited	Malta
Wagerlogic Alderney Ltd.	Alderney
Wagerlogic Bahamas Ltd.	Bahamas
Wagerlogic Israel Ltd.	Israel
Mandalay Media Limited	Bahamas
Jet Management Ltd.	Bahamas
Jet Media Ltd.	Gibraltar
Ramona Investments Limited	Turks & Caicos
Intertain Management (UK) Ltd.	England & Wales
Dumarca Holdings Limited	Malta
Dumarca Services Ltd.	Malta
Dumarca Gaming Limited	Malta
Plain Support SA	Costa Rica
Dumarca Asia Ltd.	Hong Kong
Simplicity V8 Hong Kong Ltd.	Hong Kong
Intertainment Asia Inc.	BVI
Entserv Asia Ltd.	BVI
Silverspin AB	Sweden
Intertain Financial Services AB	Sweden
Intertain Bahamas Ltd.	Bahamas
Fifty States Limited	Isle of Man
Fifty States (Gibraltar) Limited	Gibraltar
The Intertain Group Finance LLC	USA
Bei Jing Chen Rui Bo Technology CO, Ltd.	China

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Business combinations and goodwill**

The acquisition method of accounting is used to account for the acquisition of subsidiaries by Intertain, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred and equity interests issued by Intertain. Consideration also includes the fair value of any contingent consideration. Subsequent to the acquisition, contingent consideration that is based on an earnings target and classified as a liability is measured at fair value with any resulting gain or loss recognized in net income. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to Intertain's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

## **Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing the performance of the operating segments, have been identified as the Chief Executive Officer and the Chief Financial Officer.

## **Revenue recognition**

Intertain earns its revenue from operating casino and bingo online websites, and affiliate services. Revenues from online bingo and casino consists of the difference between total amount wagered by players less all winnings payable to players, bonuses allocated, and jackpot contributions (“**Net Revenue**”). Affiliate services revenue is derived from affiliate services provided to gaming operators. The commission revenue is calculated in line with the contracts, typically based on fixed price per player and is recognized to the extent that its probable economic benefits will flow to Intertain and the revenue can be reliably measured. Revenue is recognized in the accounting periods in which the transactions occur.

## **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market accessible by Intertain for the asset or liability.

Intertain uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Intertain determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

## **Foreign currency translation**

### ***Functional and presentation currency***

Intertain’s consolidated financial information is presented in Canadian dollars. Each group company determines its own functional currency and items included in the consolidated financial information of each subsidiary are measured using that functional currency. Differences arising on the retranslation of subsidiaries whose functional currency is not Canadian dollars are recorded in other comprehensive income.

### ***Foreign currency transactions and balances***

Foreign currency transactions are translated into the functional currency of the respective entity of Intertain, using the exchange rates prevailing at the dates of the transactions (spot rate). Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates as at the reporting date. Foreign exchange gains and losses resulting from the settlement or translation of monetary items are recognized in profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

### ***Change of functional currency***

The Intertain Group Ltd., the parent company (“**Entity**”) re-assessed its functional currency due to the Term Facility requirements to make interest, amortization, and annual cash sweep payments in US dollars (“**USD**”) which made the Entity’s liabilities, expenses, and cash payments to be predominantly in USD. As a result, the Entity changed its functional currency from Canadian dollars (“**CAD**”) to USD prospectively effective July 1, 2015.

Intertain translated all historical items into the new functional currency using the 1 July 2015 opening exchange rate. Intertain’s consolidated financial information will continue to be presented in CAD. Differences arising on the retranslation of the financial information of all entities in the group with a functional currency other than CAD are recorded in other comprehensive income.

### **Financial instruments**

Financial assets and financial liabilities are recognized when Intertain becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or when it expires.

Intertain classifies its financial assets and liabilities under the following categories: fair value through profit or loss (“**FVTPL**”), loans and receivables, and financial liabilities at amortized cost. All financial instruments are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument classified as other than at FVTPL are added to the carrying amount of the asset or liability.

#### ***Fair value through profit or loss***

Financial instruments classified as FVTPL include contingent consideration and a cross currency swap derivative financial instrument. Any gains or losses are recorded in net income in the period in which they arise.

#### ***Loans and receivables***

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. After initial measurement, such instruments are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income or expense in the Consolidated Statement of Comprehensive Income. This category generally applies to cash, restricted cash, customer deposits, receivables, and long-term receivables.

#### ***Financial Liabilities at Amortized Cost***

With the exception of contingent consideration and derivatives, all financial liabilities are measured at amortized cost using the effective interest rate method. This category generally applies to interest payable, accounts payable and accrued liabilities, other short-term payables, payable to customers, vendor take-back loan, convertible debentures, bridge loan, long-term debt, and debentures. All interest-related charges are reported in profit or loss within interest expense.

#### ***Impairment of financial assets***

Intertain assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

#### ***Objective evidence of impairment could include:***

- significant financial difficulty of the issuer or counterparty;
- a breach of contract such as a default of interest or principal payment; or
- increased probability that the borrower will enter into a bankruptcy or financial reorganization.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables is presented in the Statement of Comprehensive Income within administrative costs, if applicable.

### ***Compound financial instruments***

Intertain's compound financial instruments comprise of convertible debentures subscription receipts. The underlying convertible debentures can be converted to equity at the option of the holder, and the number of shares to be issued does not vary with changes in fair value. As a result, the instrument is composed of a liability component and an equity component. The liability component is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The residual amount between the total fair value of the convertible debenture and the fair value of the liability component is allocated on initial recognition to equity and recognized as a reserve in equity. Any directly attributable transaction costs are allocated to the liability and the equity component in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of the convertible debentures is measured at amortized cost using the effective interest method. The equity components of the convertible debentures are not re-measured subsequent to initial recognition.

### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Balance Sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### ***Derivative Financial Instruments***

From time to time Intertain uses derivative instruments for risk management purposes. Intertain does not use derivative instruments for speculative trading purposes. All derivatives are recorded at fair value on the Balance Sheet. The method of recognizing unrealized and realized fair value gains and losses depends on whether the derivatives are designated as hedging instruments. For derivatives not designated as hedging instruments, unrealized gains and losses are recorded in interest income/expense on the Consolidated Statement of Comprehensive Income. For derivatives designated as hedging instruments, unrealized and realized gains and losses are recognized according to the nature of the hedged item and where the hedged item is a non-financial asset, amounts recognized in the hedging reserve are reclassified and the non-financial asset is adjusted accordingly.

### **Income taxes**

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the Consolidated Statement of Comprehensive Income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statement of Comprehensive Income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that Intertain does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks and excludes restricted cash.

The effect on the Statement of Cash Flows of restrictions either taking effect on, or being lifted from, cash balances is reported with regard to the linkage principle, under which changes in cash are classified based on the purpose for which the restricted cash is used. Under this principle, changes in cash (such as cash which is obtained for the financing of business combinations becoming restricted) is treated as a financing cash outflow.

### **Tangible assets**

Tangible assets are recorded at cost less accumulated depreciation. These assets are depreciated over their estimated useful lives as follows:

Computer hardware	33% per annum
Office furniture	20% per annum
Leasehold improvements	Over the term of the lease

Depreciation is recorded under administrative costs in the Consolidated Statement of Comprehensive Income.

### **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expense is in the Consolidated Statement of Comprehensive Income. Amortization for the material categories of finite life intangible assets is recorded under administrative costs and is calculated at the following rates

Brand	5% per annum
Gaming licenses	5% per annum
Software	20% per annum
Customer relationships and partnership agreements	8% - 25% per annum (variable, according to the expected pattern of consumption)

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. If any indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows independently of other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cashflows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit “CGU”) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### **Share based compensation**

Compensation expense for equity settled stock options awarded under the plan is measured at the fair value at the grant date using the Black-Scholes valuation model and is recognized using the graded vesting method over the vesting period of the options granted. Compensation expense recognized is adjusted to reflect the number of options that has been estimated by management for which conditions attaching to service will be fulfilled as of



the grant date until the vesting date so that the ultimately recognized expense corresponds to the options that have actually vested. The compensation expense credit is attributed to contributed surplus when the expense is recognized in the Consolidated Statement of Comprehensive Income.

### **Earnings per share**

Basic earnings per share are calculated by dividing the net income or loss for the period attributed to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated using the same method as for basic earnings per share and adjusting the weighted average of common shares outstanding during the period to reflect the dilutive impact, if any, of options and warrants assuming they were exercised for that number of common shares calculated by applying the treasury stock method. The treasury stock method assumes that all proceeds received by Intertain when options and warrants are exercised will be used to purchase common shares at the average market price during the reporting period. Convertible debt is considered in the calculation of diluted earnings per share to the extent that it is dilutive.

### **Provisions**

Provisions are recognized when Intertain has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when Intertain can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins the same month the asset is recognized and is amortized over the period of expected future economic benefit to Intertain. During the period of development, the asset is tested for impairment annually.

### **Leases**

Intertain has classified its rental leases as operating leases. Operating lease payments are recognized on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed, in which case that systematic basis is used. Operating lease payments are recorded under administrative costs in the Statement of Comprehensive Income unless they are attributable to qualifying assets, in which case they are capitalized.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

### **Warrants**

Intertain used the fair value method to measure the cost of warrants issued. At the time of issuance, warrants are measured at fair value using the Black-Scholes valuation model. The model takes into account management's best estimate of the exercise price of the warrant, an estimate of the expected life of the warrant, the current price of the underlying stock, an estimate of the stock's volatility and the risk-free rate of return expected for an instrument with a term equal to the warrant. Warrants are recorded under contributed surplus in the Consolidated Statement of Changes in Equity.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of Intertain's consolidated financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The effect of a change in an accounting estimate is recognized prospectively by including it in the Consolidated Statement of Comprehensive Income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **Business combinations and contingent consideration**

Business combinations require management to exercise judgment in measuring the fair value of the assets acquired, equity instrument issued, and liabilities, and contingent considerations incurred or assumed. In particular, a high degree of judgement is applied in determining the fair value of the separable intangible assets acquired, their useful economic lives and which assets and liabilities are included in a business combination.

In certain acquisitions, Intertain may include contingent consideration which is subject to the acquired company achieving certain performance targets. At each reporting period, Intertain estimates the future earnings of acquired companies which are subject to contingent consideration in order to assess the probability that the acquired company will achieve their performance targets and thus earn their contingent consideration. Any changes in the fair value of the contingent consideration between reporting periods are included in the determination of net income. Changes in fair value arise as a result of changes in the estimated probability of the acquired business achieving its earnings targets and the consequential impact or amounts payable under these arrangements.

##### **Goodwill and intangible assets**

Goodwill and intangible assets are reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to its recoverable amount. Management uses judgment in estimating the recoverable values of Intertain's CGUs and uses internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates and discount rates. The use of different assumptions and estimates could influence the determination of the existence of impairment and the valuation of goodwill.

##### **Taxes**

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Consolidated Balance Sheet differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and jointly controlled entities where Intertain is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

In this financial information, income tax associated with Intertain's operations in Malta has been provided at the effective Maltese corporate net tax rate of 5% for each accounting period based on where Intertain is located.

## 5. CASH AND RESTRICTED CASH

The December 31, 2013 restricted cash balance consisted of cash held in escrow as a result of Intertain's December 19, 2013 debt and equity private placements. Restricted cash was released from escrow on completion of the Qualifying Transaction, as discussed in note 16, on February 11, 2014. The December 31, 2014 restricted cash balance consisted of \$0.3 million held as collateral on Intertain's leased premises in Toronto, Canada and in Tel Aviv, Israel.

The restricted cash balance as at June 30, 2016 totaled \$0.4 million (December 31, 2015 - \$0.4 million). The balance consists of \$0.4 million held as collateral on Intertain's leased premises in Toronto and Tel Aviv.

	As at 31 December, 2013	As at 31 December, 2014	As at 31 December, 2015	As at 30 June, 2016
	(\$000's)			
Cash .....	1,281	29,890	43,645	63,028
Segregated cash* .....	-	1,362	21,171	25,799
<b>Cash and cash equivalents</b>	<b>1,281</b>	<b>31,252</b>	<b>64,816</b>	<b>88,827</b>
Restricted cash .....	61,120	328	357	351
<b>Total cash balances</b>	<b>62,401</b>	<b>31,580</b>	<b>65,173</b>	<b>89,178</b>

\* As at December 31, 2014 the segregated cash balance consisted of cash on deposit with payment service providers. As at December 31, 2015 and June 30, 2016, this balance consists of cash on deposit with payment service providers as well as segregated funds held in accordance with the terms of the Jackpotjoy earn out payment, where Intertain is required to segregate 90% (April 2015- March 2016 – 65%) of Intertain's excess cash flow, less mandatory repayments of Intertain's long-term debt, in a non-operational bank account. £14.6 million is held in this account at June 30, 2016 (£9.0 million as at December 31, 2015). Segregated cash does not qualify as restricted cash and as such, is included in Cash.

## 6. RECEIVABLES

Receivables consisted of the following items:

	As at 31 December, 2013	As at 31 December, 2014	As at 31 December, 2015	As at 30 June, 2016
	(\$000's)			
Due from Amaya Inc. ....	-	4,760	10,661	-
Due from Gamesys .....	-	-	15,505	12,338
Due from the 888 Group .....	-	2,361	3,074	2,573
Affiliate revenue receivable .....	-	901	3,217	4,088
Due from previous shareholders of Vera&John .....	-	722	-	-
Short-term loans receivable .....	-	587	559	757
Other .....	-	1,032	664	876
	<b>-</b>	<b>10,363</b>	<b>33,680</b>	<b>20,632</b>

The balance receivable from Amaya was composed of net settlement balances related to InterCasino's operational activity and payments owing on the Revenue Guarantee, less services fees and other amounts owing to Amaya. The receivable balance from Gamesys related to the net revenue less direct and indirect costs charged by Gamesys in accordance with the service agreements between Intertain and Gamesys. The receivable balance from 888 related to net revenue earned by Mandalay's bingo operations and the affiliate revenue receivable balance related to revenue earned by Mandalay's affiliate operations. Due from previous shareholders of Vera&John related to legal fees paid by Dumarca Holdings Ltd. on behalf of these individuals.

At December 31, 2014, no receivable balances were past due or impaired. As at December 31, 2015, with the exception of \$4.4 million due from Amaya Gaming Group Inc. which was past due, no receivable balances were past due or impaired. This amount was subsequently received during the six month period ended June 30, 2016.

All amounts receivable are unsecured, interest free and payable on demand. At June 30, 2016, no receivable balances were past due or impaired.

## 7. INTANGIBLE ASSETS

	Gaming Licences	Customer relationships	Software	Revenue Guarantee	Brand	Partnership agreements	Goodwill**	Total
	(\$000's)							
<b>Cost</b>								
Balance at incorporation .....	-	-	-	-	-	-	-	-
<b>Balance, as at December 31, 2013 ....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions .....	128	97,900	28,005	6,519	21,744	-	148,140	302,436
Translation .....	7	(910)	(279)	341	107	-	661	(73)
<b>Balance, as at December 31, 2014 ....</b>	<b>135</b>	<b>96,990</b>	<b>27,726</b>	<b>6,860</b>	<b>21,851</b>	<b>-</b>	<b>148,801</b>	<b>302,363</b>
Additions* .....	-	531,365	5,163	-	105,265	24,078	415,708	1,081,579
Translation .....	21	60,385	2,160	1,323	12,231	2,248	60,548	138,916
<b>Balance, as at December 31, 2015 ....</b>	<b>156</b>	<b>688,740</b>	<b>35,049</b>	<b>8,183</b>	<b>139,347</b>	<b>26,326</b>	<b>625,057</b>	<b>1,522,858</b>
Additions .....	-	-	1,371	-	-	-	-	1,371
Translation .....	(4)	(102,779)	(1,870)	(491)	(19,502)	(4,105)	(83,562)	(212,313)
<b>Balance, as at June 30, 2016 .....</b>	<b>152</b>	<b>585,961</b>	<b>34,550</b>	<b>7,692</b>	<b>119,845</b>	<b>22,221</b>	<b>541,495</b>	<b>1,311,916</b>
<b>Accumulated amortization</b>								
Balance at incorporation .....	-	-	-	-	-	-	-	-
<b>Balance, as at December 31, 2013 ....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Amortization .....	20	8,582	63	5,804	309	-	-	14,778
Translation .....	-	110	-	304	11	-	-	425
<b>Balance, as at December 31, 2014 ....</b>	<b>20</b>	<b>8,692</b>	<b>63</b>	<b>6,108</b>	<b>320</b>	<b>-</b>	<b>-</b>	<b>15,203</b>
Amortization .....	25	84,876	6,273	828	4,889	3,083	-	99,974
Goodwill impairment .....	-	-	-	-	-	-	36,670	36,670
Translation .....	1	4,295	353	1,247	261	96	-	6,253
<b>Balance, as at December 31, 2015 ....</b>	<b>46</b>	<b>97,863</b>	<b>6,689</b>	<b>8,183</b>	<b>5,470</b>	<b>3,179</b>	<b>36,670</b>	<b>158,100</b>
Amortization .....	15	44,119	3,268	-	3,278	833	-	51,513
Translation .....	(6)	(17,792)	(833)	(491)	(613)	(557)	(2,202)	(22,494)
<b>Balance, as at June 30, 2016 .....</b>	<b>55</b>	<b>124,190</b>	<b>9,124</b>	<b>7,692</b>	<b>8,135</b>	<b>3,455</b>	<b>34,468</b>	<b>187,119</b>
<b>Carrying value</b>								
As at December 31, 2013 .....	-	-	-	-	-	-	-	-
As at December 31, 2014 .....	115	88,298	27,663	752	21,531	-	148,801	287,160
As at December 31, 2015 .....	110	590,877	28,360	-	133,877	23,147	588,387	1,364,758
As at June 30, 2016 .....	97	461,771	25,426	-	111,710	18,766	507,027	1,124,797

The above intangible assets and goodwill arose from business combinations with the exception of software developed by the Vera&John segment (\$3.5 million) and purchase of the Parlay source code (\$2.9 million).

Intertain's revenue guarantee intangible asset was fully amortized prior to December 31, 2015 and expired in 2016.

\* Additions include a realized gain of \$3.0 million on derivative financial instruments reclassified from hedging reserve in other comprehensive income. This instrument was used to hedge the exchange rate exposure on the GBP purchase price of the Jackpotjoy purchase (note 28).

\*\* In accordance with IFRS 3 (revised), goodwill at December 31, 2014 and January 1, 2015 has been increased by \$6.4 million relating to the finalization of the working capital calculation for Vera&John. Intertain was required to pay this balance to the former shareholders of Vera&John, which was done during the year ended December 31, 2015.

### Goodwill impairment testing

For the purpose of the annual impairment test, goodwill has been allocated to each operating segment of the business.

The recoverable amount of the InterCasino segment which is composed of one cash-generating unit ("CGU") related to the InterCasino brands operational results has been determined based on a fair value less selling costs calculation using cash flow projections from financial forecasts approved by senior management covering a five-year period. It was concluded that the fair value less costs of disposal did not exceed carrying value. As a result of this analysis, management has recognized an impairment charge of \$36.7 million in the year ended December 31, 2015 against goodwill. With this impairment charge the carrying amount of this CGU is \$41.4 million as at December 31, 2015. The cause of the impairment relates to decreases in future cash flow projections

based on the performance of the CGU to date. The impairment charge is recorded in the Consolidated Statement of Comprehensive Income. The fair value of this CGU would be considered a level 3 financial instrument. The valuation technique used to determine fair value was a discounted cash flows technique. The key assumptions included using a pre-tax discount rate of 25% and using a 2.5% growth rate for cash flows beyond a five-year period.

In April 2016, the Intercasino brand migrated from the Amaya platform to the Plain Gaming Platform, Vera&John's proprietary platform. As a result of this operational change, Intertain concluded that Intercasino no longer independently generated cash flows and therefore no longer met the definition of a CGU under IAS 36 *Impairment of Long-term Assets*. Due to this change, Intercasino's goodwill has now been coupled with Vera&John's and impairment is tested based on the combined value. As at June 30, 2016, there was no indication of impairment of goodwill.

The recoverable amount of the Mandalay CGU has been determined based on a fair value less selling costs calculation using cash flow projections from financial forecasts approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 20% (2014 – 20%) and cash flows beyond the five-year period are extrapolated using a 2.5% (2014 – 2%) growth rate. It was concluded that the fair value less cost to sell are in excess of the carrying value of the CGU which was \$83.7 million at December 31, 2015. As at June 30, 2016, there was no indication of impairment of goodwill.

The recoverable amount of the Vera&John CGU has been determined based on a fair value less selling costs calculation using cash flow projections from financial forecasts approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 25% (2014 – 20%) and cash flows beyond the five-year period are extrapolated using a 2.5% growth rate. It was concluded that the fair value less cost to sell are in excess of the carrying value which was \$131.5 million at December 31, 2015. As at June 30, 2016, there was no indication of impairment of goodwill.

The recoverable amount of the Jackpotjoy CGU has been determined based on a fair value less selling costs calculation using cash flow projections from financial forecasts approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 19.5% and cash flows beyond the five-year period are extrapolated using a 2.5% growth rate. It was concluded that the fair value less cost to sell are in excess of the carrying value which was \$1.1 billion at December 31, 2015. As at June 30, 2016, there was no indication of impairment of goodwill.

### **Sensitivity analysis**

Based on the impairment test performed as at December 31, 2015, a 10% fall in projected profit in Vera&John, Jackpotjoy and Mandalay CGUs (with all other assumptions remaining constant) would not result in impairment losses in these CGUs. A 1% increase in the discount rate across Vera&John, Jackpotjoy and Mandalay CGUs (with all other assumptions remaining constant) would not result in impairment losses.

## **8. CROSS CURRENCY SWAP**

On November 23, 2015, Intertain entered into a cross currency swap agreement (the “**Currency Swap**”) in order to minimize Intertain's exposure to exchange rate fluctuations between the Great British Pound (“**GBP**”) and the US dollar (“**USD**”) as cash generated from Intertain's operations is largely in GBP, while principal and interest payments on Intertain's term facility are in USD. Under the Currency Swap, 90% of Intertain's USD term facility's interest and principal payments will be swapped into GBP. Intertain will pay a fixed 7.81% interest in place of floating USD interest payments of LIBOR plus 6.5% (LIBOR floor of 1%). The interest and principal payments will be made at a GBP/USD foreign exchange rate of 1.5135 on a USD notional amount of \$293,962,500. The Currency Swap terminates on 31 March 2017. Intertain has elected not to use hedge accounting in accounting for the Currency Swap.

During the six months ended June 30, 2016, an unrealized gain of \$34.2 million (December 31, 2015 - \$9.7 million and June 30, 2015 - nil) was recognized in the audited Interim Consolidated Statement of Comprehensive Income related to the Currency Swap. A portion of the gain was realized on the settlement of forward contracts on the Currency Swap at June 30, 2016. This resulted in a fair value for the Currency Swap at June 30, 2016 of \$42.3 million (December 31, 2015 - \$9.7 million).

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indices or currency exchange rates. Realized and unrealized gains and losses related to these contracts are recognized in the Consolidated Statement of Comprehensive Income during the reporting period. During the year ended December 31, 2014, Intertain incurred a realized loss of \$891,031 related to a forward foreign exchange contract (“**FX forward**”) Intertain entered in conjunction with Intertain’s acquisition of Mandalay. The expiry date of the FX forward was July 31, 2014. At December 31, 2014, no derivative financial instruments were held by Intertain.

Accounts payable and accrued liabilities consist of the following items:

## 11. OTHER SHORT-TERM PAYABLES

Other short-term payables consist of the following items:

## 12. CREDIT FACILITIES

Borrowings under the Credit Facilities bear, at Intertain's election, an annual interest rate of either (i) the LIBOR rate plus an assumed margin of 6.50%, if LIBOR is elected based on current market conditions; or (ii) the base rate (prime rate) plus an agreed margin of 5.50%, if the base rate is elected based on current market conditions. Intertain elected an annual interest of the LIBOR rate plus an assumed margin of 6.50%.

The Credit Facilities are guaranteed by each of Intertain’s existing and subsequently acquired or formed wholly-owned direct and indirect subsidiaries, subject to certain exceptions (the “**Guarantors**” and, together with Intertain, the “**Credit Parties**” and each, a “**Credit Party**”). The obligations of each Credit Party in respect of the Credit Facilities are secured by a perfected first priority security interest (subject to certain permitted liens) in each of the Credit Parties’ tangible and intangible assets (except for certain rights, to the extent prohibited by applicable law).

Intertain is required to repay the principal amount of the Term Facility by making quarterly installment payments equal to 2.50% (being 10.00% per annum) of the initial principal amount of the Term Facility (\$335.0 million), with the remaining principal balance due on April 8, 2022. The Revolving Facility is available until April 8, 2020.

In addition to the quarterly installment payments, Intertain is also required to apply, on an annual basis, an amount equal to 50% of the excess cash flow of Intertain to the principal repayment of the Term Facility. Excess



The percentage of Intertain's excess cash flow allocated to the principal repayment of the Term Facility may be reduced based on the total leverage ratio (i.e. consolidated debt to EBITDA) of Intertain at the end of the applicable cash flow period such that it will be:

- The Credit Agreement contains negative covenants which are customary for credit arrangements similar to the Credit Facilities. These covenants restrict Intertain from, among other things, incurring additional debt or granting additional liens on its assets and equity and making distributions to equity holders and third parties. Intertain was in compliance with these covenants as at June 30, 2016.

Below is the breakdown of the term facility, net of unamortized transaction costs of \$15.0 million as at June 30, 2016 (December 31, 2015 - \$17.8 million).

### 13. DEBENTURES AND BRIDGE LOAN

The balance as at June 30, 2016 is nil.

## 14. FINANCIAL INSTRUMENTS

Intertain's financial instruments are classified as explained in note 3. The principal financial instruments used by Intertain are summarised below.

	As at 31 December, 2013	As at 31 December, 2014	As at 31 December, 2015	As at 30 June, 2016
	(\$000's)			
<b>Financial assets held at amortised cost</b>				
Cash and restricted cash .....	62,401	31,580	65,173	89,178
Receivables .....	-	10,363	33,680	20,632
Long term receivables .....	-	335	2,687	2,453
Customer deposits .....	-	1,356	13,309	12,450
<b>Financial liabilities held at amortised cost</b>				
Accounts payables and accrued liabilities .....	-	12,363	12,341	13,390
Other short term payables .....	3,782	13,730	1,083	16,082
Interest payable .....	35	226	-	-
Payable to customers .....	-	3,683	13,309	12,450
Vendor take back loans .....	-	12,961	-	-
Debentures .....	-	47,393	-	-
Convertible debentures .....	13,879	14,444	14,827	15,082
Bridge loan .....	-	9,995	-	-
Long term debt .....	-	-	422,749	372,909

The carrying values of the financial instruments noted above, with the exception of convertible debentures, approximate to their fair values. The convertible debentures' fair value as at June 30, 2016 amounted to \$29.7 million (December 31, 2015 - \$30.4 million and December 31, 2014 \$37.6 million). Fair value was determined based on a quoted market price in an active market.

	As at 31 December, 2013	As at 31 December, 2014	As at 31 December, 2015	As at 30 June, 2016
	(\$000's)			
<b>Financial instruments recognized at fair value through profit and loss</b>				
Cross currency swap .....	-	-	9,661	42,258
Contingent considerations .....	-	(26,353)	(427,782)	(398,052)
<b>Net .....</b>	<b>-</b>	<b>(26,353)</b>	<b>(418,121)</b>	<b>(355,794)</b>

### Fair Value Hierarchy

The hierarchy of Intertain's financial instruments carried at fair value is as follows:

	As at 31 December, 2013	As at 31 December, 2014	As at 31 December, 2015	As at 30 June, 2016
	(\$000's)			
<b>Level 2</b>				
Cross currency swap .....	-	-	9,661	42,258
<b>Level 3</b>				
Contingent considerations .....	-	26,353	427,782	398,052

Contingent consideration represents the fair value of the cash outflows under earn-out agreements that would result from the performance of acquired businesses. The key inputs into the fair value estimation of these liabilities include the forecast performance of the underlying businesses, the probability of achieving forecasted results and the discount rate applied in deriving a present value from those forecasts. Significant increase (decrease) in the business' performance would result in a higher (lower) fair value of the contingent consideration, while significant increase (decrease) in the discount rate would result in a lower (higher) fair value of the contingent consideration. Additionally, as earn-out periods draw closer to their completion, the range of probability factors will decrease.

As at December 31, 2014, balances included in contingent consideration consisted of \$26.4 million related to the InterCasino, Vera&John and Mandalay earn-out.

As at December 31, 2015, balances included in contingent consideration consisted of \$12.2 million related to the Vera&John earn-out and \$415.5 million related to the Jackpotjoy earn-out.

During the six months ended June 30, 2016, a payment of \$12.0 million was made to satisfy the Vera&John contingent consideration. As at June 30, 2016, the entire contingent consideration balance related to the Jackpotjoy contingent consideration.

A discounted cash flow valuation model was used to determine the value of the Jackpotjoy contingent consideration. The model considers the present value of the expected payments, discounted using a risk-adjusted discount rate. The expected payments are determined by considering the possible scenarios of forecast Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”), the amount to be paid under each scenario and the probability of each scenario.

The movement in Level 3 financial instruments is detailed below:

	As at 31 December, 2013	As at 31 December, 2014	As at 31 December, 2015	As at 30 June, 2016
	(\$000's)			
Contingent consideration, beginning of the period .....	-	-	26,353	427,782
Contingent consideration, addition .....	-	22,515	262,504	-
Contingent consideration fair value adjustments* .....	-	3,381	120,779	35,221
Payments .....	-	-	(25,729)	(12,022)
Unwinding of discount .....	-	603	17,399	13,626
Foreign exchange translation .....	-	(146)	26,476	(66,555)
<b>Contingent consideration, end of the period .....</b>	<b>-</b>	<b>26,353</b>	<b>427,782</b>	<b>398,052</b>
<b>Current portion .....</b>	<b>-</b>	<b>15,621</b>	<b>12,237</b>	<b>150,365</b>
<b>Non-current portion .....</b>	<b>-</b>	<b>10,732</b>	<b>415,545</b>	<b>247,687</b>

\* During the year ended December 31, 2015, Intertain re-assessed the contingent consideration related to the InterCasino purchase where Intertain was required to pay a bonus payment to Amaya Gaming Group Inc. if InterCasino had net revenue greater than \$30.0 million USD by February 2016. Intertain did not anticipate making this bonus payment and wrote down the \$1.0 million contingent consideration to nil. Intertain has also re-assessed the contingent considerations related to the Mandalay and Jackpotjoy purchases and recognized additional liabilities of \$7.5 million and \$114.3 million, respectively. During the six months ended June 30, 2016, Intertain has re-assessed the contingent consideration related to the Jackpotjoy purchase and recognized a further liability of \$35.2 million.

The current portion of contingent consideration relates to a current minimum estimate of the cash payment Intertain will pay Gamesys when the Jackpotjoy contingent consideration becomes due in March 2017. In accordance with the Share Purchase Agreement between Intertain and Gamesys, until the Credit Facility has been paid or becomes payable, whichever is the earlier, Gamesys cannot enforce Intertain's obligation to pay the full portion of the contingent consideration when such payments are due. However, to the extent that Intertain does not pay any portion of the contingent consideration when due, Intertain will be required to pay interest on any unpaid contingent consideration payment at a monthly rate equal to 30-day LIBOR plus 110 basis points (“bps”) for the first six months, 30-day LIBOR plus 160 bps per month for balances of any unpaid contingent consideration payment outstanding for greater than six months, and 30-day LIBOR plus 200 bps per month for balances of any unpaid contingent consideration payment outstanding for greater than 12 months. The estimated cash payment consists of the portion of excess cash Intertain is obligated to segregate in a non-operational bank account to pay the Jackpotjoy contingent consideration and an estimate of available cash when the Jackpotjoy contingent consideration becomes due.

## 15. VENDOR TAKE-BACK LOAN

During the year ended December 31, 2015, Intertain paid back \$3.8 million (2014 – \$6.3 million) on the vendor take back loan owing to Amaya. Intertain also paid back \$9.7 million (2014 – nil) on the vendor take back loan owing to the former shareholders of Vera and John. At June 30, 2016 and December 31, 2015, Intertain has no vendor take back loans outstanding (2014 - \$3.8 million long term, \$9.2 million current).

## 16. FINANCIAL RISK MANAGEMENT

### Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. As at June 30, 2016, Intertain is largely exposed to credit risk through its relationship with its service providers,

the Gamesys Group, Amaya, 888, and Macquarie Bank Ltd. (A-) who is the counterparty to Intertain's Currency Swap, as well as its cash and restricted cash balances. Credit risk also arises from payment services providers ("PSPs"). Prior to accepting new PSPs, credit checks are performed using a reputable external source. Management monitors PSP balances on a weekly basis and promptly takes corrective action if pre-agreed limits are exceeded. Quantitative analysis of Intertain's exposure to credit risk arising from its receivables is included in note 6 and analysis of Intertain's exposure to its credit risk arising from cash and restricted cash balances is presented below:

A significant amount of cash is held with the following institutions:

	As at 31 December, 2013	As at 31 December, 2014	As at 31 December, 2015	As at 30 June, 2016
	(\$000's)			
<b>Financial Institution Rating</b>				
A+ .....	1,281	3,054	6,852	1,110
A- .....	-	14,016	26,408	40,045
AA- .....	-	202	10,310	5,321
BBB+ .....	-	-	8,052	10,225
BBB- .....	-	5,116	9,423	25,058

Intertain monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties. The Company's policy is to transfer significant concentrations of cash held at lower-rated financial institutions to higher rated financial institutions as swiftly as possible.

#### Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Intertain is exposed to cash flow interest rate risk on its Term Facility which bears interest at variable rates. A one percentage point increase (decrease) in interest rates would have decreased (increased) net earnings before income taxes by approximately \$4.0 million (year ended December 31, 2015 - \$4.5 million, year ended December 31, 2014 - \$nil) for the six months ended June 30, 2016, with all other variables held constant. Management monitors movements in the interest rates by reviewing the Bank of Canada prime rate and LIBOR on a frequent basis.

#### Foreign exchange risk

Foreign exchange risk arises when individual group entities enter into transactions denominated in a currency other than their functional currency. Intertain's policy is, where possible, to allow group's entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Intertain's entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within Intertain.

As at June 30, 2016 and the year ended December 31, 2015, the group is predominantly exposed to currency risk as revenues are predominantly earned in Sterling, while interest and amortization payable on the Term Facility is in USD. To mitigate this risk, Intertain entered into a Currency Swap as discussed in note 8. Prior to 2015, revenues were predominately in EUR, GBP and USD.

Apart from these particular cash-flows Intertain aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

The following table summarizes discounted net financial assets/liabilities by currency of Intertain and the effects on total comprehensive income, and therefore total equity as a result of a 10% change in the value of the foreign currencies against the Canadian dollar where Intertain has significant exposure. The analysis assumes that all other variables remain constant.

At December 31, 2013, Intertain was not exposed to any currency risk as all net assets were held in Canadian dollars.

At December 31, 2014			
	Net foreign currency financial assets	Effect of 10% strengthening in foreign exchange rates on comprehensive income	Effect of 10% weakening in foreign exchange rates on comprehensive income
		(\$000's)	
British pound sterling .....	5,373	537	(537)
EURO .....	10,485	1,048	(1,048)
United States Dollar .....	5,607	561	(561)
At December 31, 2015			
	Net foreign currency financial assets/(liabilities)	Effect of 10% strengthening in foreign exchange rates on comprehensive income	Effect of 10% weakening in foreign exchange rates on comprehensive income
		(\$000's)	
British pound sterling .....	(382,721)	(38,272)	38,272
EURO .....	5,308	531	(531)
United States Dollar .....	(400,679)	(40,068)	40,068
At June 30, 2016			
	Net foreign currency financial assets/(liabilities)	Effect of 10% strengthening in foreign exchange rates on comprehensive income	Effect of 10% weakening in foreign exchange rates on comprehensive income
		(\$000's)	
British pound sterling .....	(334,157)	(33,416)	33,416
EURO .....	4,704	470	(470)
United States Dollar .....	(358,993)	(35,899)	35,899

### Liquidity Risk

Liquidity risk is the risk that Intertain will not be able to meet its financial obligations as they fall due. Intertain currently settles its financial obligations out of cash. The ability to do this relies on Intertain's ability to maintain sufficient cash in excess of anticipated needs. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of 6 months. Intertain believes it has sufficient funds available to realize its assets and discharge its liabilities in the normal course of business.

The following table sets out the contractual maturities of financial liabilities shown at undiscounted contracted amount:

At December 31, 2013					
	On demand	Less than 1 year	1-2 years	3-4 years	5 years and over
			(\$000's)		
Accounts payable and accrued liabilities .....	-	-	-	-	-
Other short term payables .....	3,782				
Interest payable .....	-	35	-	-	-
Convertible debentures .....	-	-	-	-	17,500
	<b>3,782</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>17,500</b>

At December 31, 2014					
	On demand	Less than 1 year	1-2 years	3-4 years	More than 5 years
	(\$000's)				
Accounts payable and accrued liabilities .....	12,363	-	-	-	-
Other short term payables .....	13,730	-	-	-	-
Interest payable .....	-	226	-	-	-
Payable to customers .....	3,683	-	-	-	-
Contingent consideration .....	-	17,183	11,951	-	-
Convertible debentures .....	-	-	-	17,500	-
Bridge loan .....	-	-	-	9,995	-
Debentures .....	-	-	-	51,175	-
Vendor take-back loan .....	-	9,187	3,774	-	-
	<b>29,776</b>	<b>26,596</b>	<b>15,725</b>	<b>78,670</b>	<b>-</b>
At December 31, 2015					
	On demand	Less than 1 year	1-2 years	3-4 years	5 years and over
	(\$000's)				
Accounts payable and accrued liabilities .....	12,341	-	-	-	-
Other short term payables .....	1,083	-	-	-	-
Payable to customers .....	13,309	-	-	-	-
Contingent consideration .....	-	12,237	455,023	5,102	-
Convertible debentures .....	-	-	-	17,060	-
Long-term debt .....	-	51,345	92,725	92,725	203,662
	<b>26,733</b>	<b>63,582</b>	<b>547,748</b>	<b>114,887</b>	<b>203,662</b>
At June 30, 2016					
	On demand	Less than 1 year	1-2 years	3-4 years	5 years and over
	(\$000's)				
Accounts payable and accrued liabilities .....	13,390	-	-	-	-
Other short term payables .....	16,082	-	-	-	-
Payable to customers .....	12,450	-	-	-	-
Contingent consideration .....	-	160,028	111,979	154,671	-
Convertible debentures .....	-	-	16,969	-	-
Long-term debt .....	-	43,579	87,158	87,158	169,643
	<b>41,922</b>	<b>203,607</b>	<b>216,106</b>	<b>241,829</b>	<b>169,643</b>

Other than as described below, Gamesys has agreed that until the debt under the Credit Facilities has been paid or becomes payable, whichever is the earlier, it will not enforce Intertain's obligation to pay any portion of the earn out when such payments are due. However, to the extent that Intertain does not pay any portion of the earn out when due, Intertain will be required to pay interest on any unpaid earn out payment at a rate equal to 30 day LIBOR plus 110 basis points ("bps") for the first 6 months, 30 day LIBOR plus 160 bps for balances of any unpaid earn out payment outstanding for greater than 6 months, and 30 day LIBOR plus 200 bps for balances of any unpaid earn out payment outstanding for greater than 12 months.

Notwithstanding the foregoing, if Intertain's total leverage ratio (as calculated pursuant to the Credit Agreement) is less than or equal to 2.25 to 1 on a *pro forma* basis, and no default or event of default has occurred under the Credit Agreement, Gamesys may then take steps to realize any unpaid earn out payment from Intertain.

As at June 30, 2016 and December 31, 2015, Intertain also has the ability to draw on the \$17.5 USD million Revolving Facility as a further capital resource. Additionally, Intertain can request incremental term loan commitments (under incremental assumption agreements that will be included in the Credit Facilities) in an aggregate principal amount of up to USD 90.0 million, secured on a *pari passu* basis and subject to certain terms and conditions (including the borrower's total leverage ratio being no greater than a specified amount), from one or more incremental term loan lenders willing to provide such term loans in their own discretion.



## 17. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Intertain is authorized to issue an unlimited number of common shares without nominal or par value.

	Common shares		Subscription receipts	
	(\$000's)	#	(\$000's)	#
<b>Balance at incorporation</b>			-	-
Issuance of shares – Founder Shares .....	1	1,150,923	-	-
Issuance of shares, net of costs .....	1,532	613,100	-	-
Issuance of unit subscriptions receipts, net .....	-	-	41,011	10,905,000
<b>Balance, December 31, 2013 .....</b>	<b>1,533</b>	<b>1,764,023</b>	<b>41,011</b>	<b>10,905,000</b>
Issuance of shares, net of costs .....	117,975	13,219,869	-	-
Conversion of units February 11, 2014, net of costs .....	41,011	10,905,000	(41,011)	(10,905,000)
Issuance of warrants .....	(3,549)	-	-	-
Issuance of shares – Aumento amalgamation .....	856	214,000	-	-
Exercise of warrants .....	43,321	6,511,187	-	-
<b>Balance, December 31, 2014 .....</b>	<b>201,147</b>	<b>32,614,079</b>	<b>-</b>	<b>-</b>
Issuance of shares, net of costs .....	588,398	39,561,365	-	-
Conversion of Convertible Debentures, net of cost .....	427	73,333	-	-
Exercise of options .....	43	10,700	-	-
Exercise of warrants .....	3,501	740,253	-	-
Normal Course Issuer Bid .....	(31,880)	(2,488,237)	-	-
<b>Balance, December 31, 2015 .....</b>	<b>761,636</b>	<b>70,511,493</b>	<b>-</b>	<b>-</b>
Conversion of Convertible Debentures, net of cost .....	86	15,167	-	-
Exercise of options .....	188	36,274	-	-
Exercise of warrants .....	376	40,625	-	-
<b>Balance, June 30, 2016 .....</b>	<b>762,286</b>	<b>70,603,559</b>	<b>-</b>	<b>-</b>

### Common Shares

On September 9, 2013, Intertain issued 1,150,923 founder shares for nominal consideration of \$115.

On November 11, 2013, Intertain completed a private placement whereby it issued 613,100 common shares for gross proceeds of \$1,532,748.

On December 19, 2013, Intertain completed a private placement whereby it issued 10,905,000 Unit Subscription Receipts at a price of \$4.00 per Unit Subscription Receipt for gross proceeds of \$43,620,000 less \$2,609,100 in commissions paid. On February 11, 2014, an additional 720,000 Unit Subscription Receipts were issued for net proceeds of \$2,880,000 and 856,000 common shares were issued in exchange for the former shares of Aumento. Additionally, on February 11, 2014, with the satisfaction of the escrow release conditions, each Unit Subscription Receipt was converted into one Intertain common share and one quarter of one Series A common share purchase warrant (each whole warrant, a “**Series A Warrant**”).

On July 10, 2014, Intertain completed a public equity issuance whereby it issued 7,475,000 equity subscription receipts at a price of \$7.00 per unit for gross proceeds of \$52.3 million less \$2.5 million in commissions paid. On July 14, 2014, with the satisfaction of the escrow release conditions, each equity subscription unit was converted into one Intertain common share and one quarter of one series B common share purchase warrant (each whole warrant, a “**Series B Warrant**”).

On December 23, 2014, Intertain issued 5,024,869 common shares to the previous owners of Vera&John as proceeds to acquire Vera&John.

On February 26, 2015, Intertain closed an offering of 32,200,000 subscription receipts of Intertain, at a price of \$15.00 per subscription receipt, for aggregate gross proceeds of \$483 million. With the closing of the Jackpotjoy acquisition on April 8, 2015, the subscription receipts were exchanged on a one-for-one basis for Intertain common shares without payment of additional consideration or further action. Additionally, on April 8, 2015, Intertain issued 7,361,365 common shares with a transaction date value of \$17.05 per share to satisfy part of the purchase price of Jackpotjoy.

During the year ended December 31, 2015, Intertain purchased 2,488,237 (2014 – nil) common shares under Intertain's Normal Course Issuer Bid.

During the six months ended June 30, 2016, Intertain did not purchase any common shares under its Normal Course Issuer Bid.

## **Debentures**

On July 10, 2014 Intertain completed a debenture public offering consisting of 51,175 equity linked debt subscription receipts ("**Debt Subscription Receipts**") for gross proceeds of \$51,175,000. On July 14, 2014, the Debt Subscription Receipts were exchanged on a one-for-one basis for debt units, consisting of one \$1,000 senior secured debenture, maturing on June 30, 2019, with an annual interest rate of 8.5%, payable semi-annually in arrears on the last day of June and December in each year commencing on December 31, 2014 and 40 Series B Warrants without payment of additional consideration or further action.

As described in note 13, these debentures were redeemed on May 7, 2015 at a redemption price of 104% plus accrued and unpaid interest up to this date. A debt settlement expense of \$5.7 million was recognized in income as a result of this redemption.

## **Convertible debentures**

On December 19, 2013, Intertain completed a convertible debenture private placement consisting of 17,500 Debentures Subscription Receipts for gross proceeds of \$17.5 million. On February 11, 2014, with the satisfaction of the escrow release conditions, each Debenture Subscription Receipt was converted into one convertible debenture of Intertain and 30 Series A Warrants. The convertible debentures accrue interest at a rate of 5.0% per annum, payable semi-annually in arrears on June 30, and December 31, in each year. Upon initial recognitions the liability component of the convertible debentures was recognized at fair value of a similar liability that does not have an equity conversion option and the residual amount was recognized as a reserve in equity. The convertible debentures are convertible at the holder's option into Intertain common shares at a conversion price of \$6.00 per share at any time prior to maturity. The convertible debentures mature on December 31, 2018.

During the year ended December 31, 2015, debentures at par value of \$440,000 (2014 – nil; 2013 – nil) were converted into 73,333 (2014 – nil; 2013 – nil) common shares.

During the six months ended June 30, 2016, debentures at par value of \$86,000 were converted into 15,167 common shares of Intertain.

## **Warrants**

All warrants are non-assignable and entitle the holders to purchase one common share of Intertain.

During the six months ended June 30, 2016 no warrants were issued (December 31, 2015 – nil).

Series A Warrants had an exercise price of \$5.00 per share and expired on December 31, 2015 and were valued at \$2.0 million using the Black-Scholes valuation technique. During the year ended December 31, 2015, 740,253 (2014 - 2,596,649) Series A Warrants were exercised. All remaining warrants expired on December 31, 2015.

Series B Warrants have an exercise price of \$7.75 per share and expire on July 14, 2016 and were valued at \$3.9 million using the Black-Scholes valuation technique. On November 7, 2014, Intertain elected to accelerate the expiry date of the Series B Warrants through certain acceleration provisions contained in the warrants which allow for Intertain to cause the Series B Warrants to expire within 30 days if Intertain's common shares trade at a 50% premium to the exercise price of the Series B Warrants for 20 consecutive trading days. 3,914,538 Series B warrants were exercised on December 7, 2014.

## **Share Options**

Under the common share option plan ("**Share Option Plan**"), Intertain may grant options to acquire up to 10% of the issued and outstanding common shares of Intertain to directors, officers, employees, partners and service providers of Intertain or any of its subsidiaries. The maximum term of an option is ten years from the date of grant. Options may be granted by reference to Intertain's common share price on the TSX. The related vesting period over which share-based compensation expense is recognized is up to three years. Each share option awarded under the Share Option Plan is equity-settled and the share-based compensation expense is based on the fair value estimate on the business day prior to the grant date.

The changes in the number of stock options during the period ended December 31, 2013 and the years ended December 31, 2014 and 2015 and period ended June 30, 2016 were as follows:

	<b>Number of options</b>	<b>Weighted average exercise proceeds</b>
	<b>#</b>	<b>\$</b>
<b>Balance at incorporation</b> .....	-	-
Granted .....	-	-
Outstanding, December 31, 2013 .....	-	-
Granted* .....	1,602,290	4.56
<b>Outstanding, December 31, 2014</b> .....	<b>1,602,290</b>	<b>4.56</b>
Granted* .....	1,272,186	15.86
Expired .....	-	-
Forfeited .....	-	-
Exercised .....	(10,700)	4.00
<b>Outstanding, December 31, 2015</b> .....	<b>2,863,776</b>	<b>9.58</b>
Granted .....	-	-
Expired .....	-	-
Forfeited .....	(203,138)	10.64
Exercised .....	(36,274)	4.00
<b>Outstanding, June 30, 2016</b> .....	<b>2,624,364</b>	<b>9.57</b>

\* options granted expire 5 years from their grant date.

### Share-Based Compensation Expense

For the six months ended June 30, 2016, Intertain recorded \$1.0 million in share-based compensation expense with a corresponding increase in contributed surplus.

For the year ended December 31, 2015, Intertain recorded \$5.6 million (2014 - \$1.1 million), in share-based compensation expense with a corresponding increase to contributed surplus.

The weighted-average fair value of the options granted and used in the Black-Scholes options pricing model are as follows:

	<b>As at 31 December, 2013</b>	<b>As at 31 December, 2014</b>	<b>As at 31 December, 2015</b>	<b>As at 30 June, 2016</b>
Weighted-average fair value .....	-	1.38	5.23	-
<b>Weighted-average of key assumptions:</b>				
Common share price on grant date .....	-	4.56	15.86	-
Exercise price .....	-	4.56	15.86	-
Risk-free interest rate <sup>1</sup> .....	-	1.25	1.25	-
Dividend yield <sup>2</sup> .....	-	-	-	-
Expected volatility <sup>3</sup> .....	-	35%	35%	-
Expected option life (years) <sup>4</sup> .....	-	5	5	-

<sup>1</sup> Determined using the yield on Government of Canada benchmark bonds with a remaining term equal to the expected option life.

<sup>2</sup> Based on the annual dividend yield on the date of grant.

<sup>3</sup> Estimated by considering comparable entities price volatility.

<sup>4</sup> Estimated based upon the anticipated holding period of options between the grant and exercise dates, together with the assumption that a certain percentage of options will lapse due to forfeitures.

As at June 30, 2016, 2,217,359 options are exercisable (December 31, 2015 - 2,318,019; December 31, 2014 - 748,614). The range of exercise prices of share options issued is \$4.00 - \$6.56 for options granted in 2014 and \$15.25 - \$18.46 for options granted in 2015. The weighted average remaining contractual life of share options outstanding as at June 30, 2016 is approximately 3.1 years (December 31, 2015 - 3.6 years; December 31, 2014 - 4.6 years).

## Dividend

Intertain declared a common share dividend of \$0.0317 per common share, amounting to \$431,862, with a record date of July 2, 2014 and payment date of July 31, 2014.

No common share dividends have been declared or paid by Intertain during the six months ended June 30, 2016 (December 31, 2015 – nil).

## 18. CAPITAL MANAGEMENT

Intertain defines the capital that it manages as its aggregate shareholders' equity. Its principal source of cash is operating activities, the issuance of common shares, convertible debentures, and long-term debt. Intertain's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to meet its financial obligations as they become due. To maintain or adjust the capital structure, Intertain may attempt to issue new shares, issue new debt, acquire or dispose of assets.

Intertain monitors its "Total Leverage Ratio" which is calculated in accordance with the Term Facility agreement on a frequent basis as this ratio impacts the amount of additional principal payments required on the Term Facility. Intertain's "Total Leverage Ratio" falls between 2.0 - 3.5 requiring Intertain to make a payment on the Term Facility equal to 25% of its excess cash flow, calculated in accordance to the Term Facility agreement. Intertain does not have any externally imposed capital requirements to which it is subjected to. Intertain manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

There have been no changes to Intertain's approach to capital management during the six months ended June 30, 2016.

## 19. TAXES AND DEFERRED TAXES

	Period ended 31 December, 2013	Year ended 31 December, 2014	Year ended 31 December, 2015	Six months 30 June, 2015	Six months 30 June, 2016
				(Unaudited)	
				(\$000's)	
<b>Current tax expense</b>					
Total current tax on profits for the period .....	-	794	1,974	612	760
<b>Deferred tax</b>					
Origination and reversal of temporary differences related to business combinations .....	-	(412)	(890)	(440)	(346)
<b>Total tax expense .....</b>	<b>-</b>	<b>382</b>	<b>1,084</b>	<b>172</b>	<b>414</b>

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 5% being the rate relevant in those jurisdictions where recognized deferred tax liabilities arise. The reason for the difference between the actual tax charge for the year and the standard rate of corporation tax in Canada applied to profits for the period are as follows:

	Period ended 31 December, 2013	Year ended 31 December, 2014	Year ended 31 December, 2015	Six months 30 June, 2015	Six months 30 June, 2016
				(Unaudited)	
				(\$000's)	
Loss for the period before taxes .....	(1,003)	(25,686)	(225,789)	(74,805)	(17,112)
Tax using Intertain's domestic tax rate of 26% .....	(261)	(6,678)	(58,705)	(19,449)	(4,449)
Non-capital loss for which no tax benefit has been recorded .....	261	6,837	59,085	19,514	4,929
Different tax rates applied in overseas jurisdictions .....	-	635	1,594	547	280
Origination and reversal of temporary differences related to business combinations .....	-	(412)	(890)	(440)	(346)
<b>Total tax expense .....</b>	<b>-</b>	<b>382</b>	<b>1,084</b>	<b>172</b>	<b>414</b>

At June 30, 2016, taxes receivable and payable balances consist of taxes owing and recoverable related to the 2015 fiscal year and six months of fiscal 2016.

At December 31, 2015, taxes receivable and payable balances consisted of taxes owing and recoverable related to the 2014 and 2015 fiscal years.

At 31, December 2014, taxes receivable and payable balances consisted of taxes owing and recoverable related to the 2013 and 2014 fiscal years.

	Period ended 31 December, 2013	Year ended 31 December, 2014	Year ended 31 December, 2015	Six months 30 June, 2015	Six months 30 June, 2016
				(Unaudited)	
				(\$000's)	
Deferred taxes at period start .....	-	-	4,426	4,426	3,986
Arising on business combinations .....	-	4,838	450	-	-
FX on deferred tax .....	-	-	-	-	(70)
Recognized in profit and loss .....	-	(412)	(890)	(440)	(346)
<b>At period end .....</b>	<b>-</b>	<b>4,426</b>	<b>3,986</b>	<b>3,986</b>	<b>3,570</b>

A deferred tax asset has not been recognized for \$9.1 million (2015 - \$30.6 million; 2014 - \$5.3 million) in unused tax losses earned in Canada which can be carried forward indefinitely. The unrealized gain earned on the cross currency swap discussed in note 8, triggers a deferred tax liability of \$4.5 million (2015 - \$1.3 million; 2014 - \$nil). The tax liability would arise in Canada and Intertain is able to utilize tax losses incurred in this jurisdiction to offset this liability.

## 20. COSTS AND EXPENSES

	Period ended 31 December, 2013	Year ended 31 December, 2014	Year ended 31 December, 2015	Six months 30 June, 2015	Six months 30 June, 2016
				(Unaudited)	
				(\$000's)	
<b>Distribution costs</b>					
Selling and marketing .....	-	11,079	85,542	34,000	40,931
Licensing fees .....	-	3,978	60,343	19,657	39,366
Gaming taxes .....	-	382	38,222	11,122	27,009
Processing fees .....	-	722	15,943	5,687	11,043
	<b>-</b>	<b>16,161</b>	<b>200,050</b>	<b>70,466</b>	<b>118,349</b>
<b>Administration costs</b>					
Compensation and benefits .....	-	3,410	39,238	16,481	24,347
Professional fees .....	-	1,191	3,235	1,250	5,474
General and administrative .....	26	1,068	8,114	3,214	5,027
Tangible assets amortization .....	-	53	346	52	100
Intangible assets amortization .....	-	14,778	99,974	38,764	51,513
	<b>26</b>	<b>20,500</b>	<b>150,907</b>	<b>59,761</b>	<b>86,461</b>

Professional fees include independent committee (as defined below) related expenses. As a result of a self-identified short-seller of Intertain's common shares issuing a report on Intertain in Q4 2015, Intertain's board established a committee of non-management directors (the "independent committee") to closely review the allegations contained within the report. On February 22, 2016, the independent committee completed its review and concluded that the allegations and innuendos of the short seller, related to the quality and financial performance of the underlying businesses of Intertain, were grossly erroneous. Costs related to the independent committee's review for the six months ended June 30, 2016 amounted to \$3.3 million.

Severance costs relate to final severance payments owing to the former CEO of Intertain, in accordance with the terms of his employment agreement.

Acquisition and transaction related costs consist of legal, professional, underwriting, due diligence, special committee fees, bonuses paid to management and other direct costs/fees associated with acquisitions contemplated or completed, the strategic review undertaken by Intertain's board of directors, and the UK Strategic Initiatives.

## 21. FINANCE EXPENSE/INCOME

	Period ended 31 December, 2013	Year ended 31 December, 2014	Year ended 31 December, 2015	Six months 30 June, 2015	Six months 30 June, 2016
				(Unaudited)	
			(\$000's)		
Interest earned on cash held .....	-	168	619	480	105
<b>Total financing income .....</b>	<b>-</b>	<b>168</b>	<b>619</b>	<b>480</b>	<b>105</b>
Interest paid and accrued on long-term debt .....	-	-	24,118	7,111	15,913
Interest paid and accrued on convertible debentures and debentures .....	82	2,960	2,372	1,950	430
Interest accretion recognized on contingent considerations .....	-	598	17,399	6,209	13,626
Interest accrued related to the vendor take back loans ...	-	271	501	255	-
Interest paid on bridge loan .....	-	-	86	86	-
Interest accretion recognized on convertible debentures and debentures .....	-	895	921	603	351
Interest accretion recognized on long-term debt .....	-	-	2,703	796	1,641
Debenture settlement expense .....	-	-	5,692	5,692	-
Fair value adjustments to contingent consideration .....	-	3,381	120,779	598	35,221
Unrealized gain on cross currency swap .....	-	-	(9,661)	-	(34,222)
<b>Total financing expenses .....</b>	<b>82</b>	<b>8,105</b>	<b>164,910</b>	<b>23,300</b>	<b>32,960</b>

## 22. SEGMENT INFORMATION

Segments are reported in a manner consistent with internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the management team comprising of the Chief Executive Officer and the Chief Financial Officer.

During Intertain's first year of operations, operating segments were determined on an acquisition basis (Mandalay, and Vera&John). During the year ended December 31, 2015, the Jackpotjoy operating segment was added as a result of the Jackpotjoy acquisition. As Intertain has experienced rapid growth, operating segments will be further analyzed and are subject to future change.

On April 13, 2016, the InterCasino brand migrated from the Amaya platform to Plain Gaming Platform, Vera&John's proprietary platform. In conjunction with this operational change, Intertain reassessed Intertain's operating segments and concluded that the InterCasino operating segment should be aggregated with Vera&John, and as such comparative segment information has been restated on this basis. Furthermore, certain comparative balances related to the year ended December 31, 2014 have been restated to conform with the current period's presentation. Presentation changes include the reallocation of distribution costs between the Vera&John and Mandalay segments. This caused an increase of \$0.3 million in distribution costs for the Mandalay segment and a decrease of \$0.3 million in distribution costs for the Vera&John segment. This adjustment had no effect on consolidated net income.

The Mandalay segment consists of the operating results of various online bingo websites operated off of the Dragonfish platform and the operating results of affiliate portal websites. The Vera&John segment consists of the online casino operating results of various brands, including Vera&John, Vera&Juan and InterCasino. The Jackpotjoy segment consist of the real money and social gaming operating results of the Jackpotjoy, Star spins, and Botemania brands. Unallocated corporate costs include the results from activities such as acquisition negotiations, acquisition due diligence, the raising of capital to fund acquisitions, and the reporting obligations of the parent public company.

In this segmental reporting note, certain financial measures are presented that are not recognised by IFRS, but which represent key metrics used for external and internal reporting purposes, including by the chief operating decision makers. Intertain believes that such measures provide additional useful information regarding ongoing operating and financial performance. These measures comprise:

- Adjusted Net Income, which is calculated by adjusting net income for share-based compensation, Independent Committee related expenses, amortisation on acquisition related purchase price intangibles,



transaction related costs, severance costs, foreign exchange, interest accretion, gain on cross currency swap, debt settlement expense, gain on sale of intangibles and fair value adjustments on contingent consideration relating to earn-out payments, as applicable in the relevant period. The exclusion of amortisation, share-based compensation, accretion, gain on sale of intangibles and impairment charges eliminates the non-cash impact and the exclusion of debt settlement expense, fair value adjustments on contingent consideration, transaction related costs, severance costs, gain on cross currency swap, Independent Committee related expenses and foreign exchange, as applicable in the relevant period, eliminates items which the chief operating decision makers believe are non-operational.

- Adjusted EBITDA, which is income before interest expense (net of interest income), income taxes, amortisation, share-based compensation, Independent Committee related expenses, gain on cross currency swap, debt settlement expense, gain on sale of intangibles, fair value adjustments on contingent consideration, transaction related costs, severance costs, and foreign exchange. The exclusion of amortisation, gain on sale of intangibles and share-based compensation eliminates the non-cash impact of these items and the exclusion of debt settlement expense, gain on cross currency swap, fair value adjustments on contingent consideration, transaction related costs, severance costs, Independent Committee related expenses and foreign exchange, as applicable in the relevant period, eliminates items which the chief operating decision makers believe are non-operational.

The following tables present selected financial results for each segment and the unallocated corporate costs, and include the Adjusted Net Income and Adjusted EBITDA measures that are used by the chief operating decision makers:

	Jackpotjoy	Vera&John	Mandalay	Unallocated corporate costs	Total
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
<b>Period ended December 31, 2013</b>					
Total revenue and other income .....	-	-	-	-	-
Administrative costs .....	-	-	-	26	26
Transaction related costs .....	-	-	-	896	896
Financing, net .....	-	-	-	82	82
<b>Loss for the period before taxes .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,004)</b>	<b>(1,004)</b>
Tax .....	-	-	-	-	-
<b>Loss for the period .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,004)</b>	<b>(1,004)</b>
Loss for the period .....	-	-	-	(1,004)	(1,004)
Interest expense, net .....	-	-	-	82	82
Taxes .....	-	-	-	-	-
Amortization .....	-	-	-	-	-
<b>EBITDA .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(922)</b>	<b>(922)</b>
Share-based compensation .....	-	-	-	-	-
Severance costs .....	-	-	-	-	-
Debt settlement expense & Gain on sale of intangibles .....	-	-	-	-	-
Fair value adjustment on contingent consideration .....	-	-	-	-	-
Goodwill impairment .....	-	-	-	-	-
Independent committee related expenses .....	-	-	-	-	-
Gain on cross currency swap .....	-	-	-	-	-
Acquisition and transaction related costs .....	-	-	-	896	896
Foreign exchange .....	-	-	-	-	-
<b>Adjusted EBITDA .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26)</b>	<b>(26)</b>
<b>Loss for the period .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,004)</b>	<b>(1,004)</b>
Share-based compensation .....	-	-	-	-	-
Severance costs .....	-	-	-	-	-
Debt settlement expense & Gain on sale of intangibles .....	-	-	-	-	-
Fair value adjustment on contingent consideration .....	-	-	-	-	-
Goodwill impairment .....	-	-	-	-	-
Independent committee related expenses .....	-	-	-	-	-
Gain on cross currency swap .....	-	-	-	-	-
Acquisition and transaction related costs .....	-	-	-	896	896
Foreign exchange .....	-	-	-	-	-
Amortization of acquisition related purchase price intangibles .....	-	-	-	-	-
Accretion .....	-	-	-	-	-
<b>Adjusted Net Income .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(108)</b>	<b>(108)</b>

	Jackpotjoy	Vera&John	Mandalay	Unallocated corporate costs	Total
Year ended December 31, 2014	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Total revenue and other income .....	-	23,528	17,248	-	40,776
Distribution costs .....	-	7,027	9,059	75	16,161
Amortization .....	-	8,298	6,508	25	14,831
Administrative costs .....	-	1,306	823	3,540	5,669
Acquisition and transaction related costs .....	-	-	-	19,780	19,780
Financing, net .....	-	-	(7)	7,944	7,937
Loss (gain) on foreign exchange .....	-	6	-	2,078	2,084
<b>Income (loss) for the period before taxes .....</b>	<b>-</b>	<b>6,891</b>	<b>865</b>	<b>(33,442)</b>	<b>(25,686)</b>
Tax .....	-	382	-	-	382
<b>Income (loss) for the period .....</b>	<b>-</b>	<b>6,509</b>	<b>865</b>	<b>(33,442)</b>	<b>(26,068)</b>
<b>Income (loss) for the period .....</b>	<b>-</b>	<b>6,509</b>	<b>865</b>	<b>(33,442)</b>	<b>(26,068)</b>
Interest expense, net .....	-	-	(7)	4,563	4,556
Taxes .....	-	382	-	-	382
Amortization .....	-	8,298	6,508	25	14,831
<b>EBITDA .....</b>	<b>-</b>	<b>15,189</b>	<b>7,366</b>	<b>(28,854)</b>	<b>(6,299)</b>
Share-based compensation .....	-	-	-	1,117	1,117
Severance costs .....	-	-	-	-	-
Debt settlement expense & Gain on sale of intangibles .....	-	-	-	-	-
Fair value adjustment on contingent consideration .....	-	-	-	3,381	3,381
Goodwill impairment .....	-	-	-	-	-
Independent committee related expenses .....	-	-	-	-	-
Gain on cross currency swap .....	-	-	-	-	-
Acquisition and transaction related costs .....	-	-	-	19,780	19,780
Foreign exchange .....	-	6	-	2,078	2,084
<b>Adjusted EBITDA .....</b>	<b>-</b>	<b>15,195</b>	<b>7,366</b>	<b>(2,498)</b>	<b>20,063</b>
<b>Income (loss) for the period .....</b>	<b>-</b>	<b>6,509</b>	<b>865</b>	<b>(33,442)</b>	<b>(26,068)</b>
Share-based compensation .....	-	-	-	1,117	1,117
Severance costs .....	-	-	-	-	-
Debt settlement expense & Gain on sale of intangibles .....	-	-	-	-	-
Fair value adjustment on contingent consideration .....	-	-	-	3,381	3,381
Goodwill impairment .....	-	-	-	-	-
Independent committee related expenses .....	-	-	-	-	-
Gain on cross currency swap .....	-	-	-	-	-
Acquisition and transaction related costs .....	-	-	-	19,780	19,780
Foreign exchange .....	-	6	-	2,078	2,084
Amortization of acquisition related purchase price intangibles .....	-	8,270	6,508	-	14,778
Accretion .....	-	-	-	1,493	1,493
<b>Adjusted Net Income .....</b>	<b>-</b>	<b>14,785</b>	<b>7,373</b>	<b>(5,593)</b>	<b>16,565</b>

	<b>Jackpotjoy</b>	<b>Vera&amp;John</b>	<b>Mandalay</b>	<b>Unallocated corporate costs</b>	<b>Total</b>
<b>Period ended December 31, 2015</b>	<i>(\$000's)</i>	<i>(\$000's)</i>	<i>(\$000's)</i>	<i>(\$000's)</i>	<i>(\$000's)</i>
Total revenue and other income .....	240,748	101,671	42,046	-	384,465
Gain on sale of intangible assets .....	-	(430)	-	-	(430)
Distribution costs .....	123,669	52,687	23,424	270	200,050
Amortization .....	69,162	18,473	12,655	30	100,320
Administrative costs .....	21,218	16,823	1,891	10,655	50,587
Acquisition and transaction related costs .....	671	776	-	55,896	57,343
Goodwill impairment .....	-	36,670	-	-	36,670
Financing, net .....	-	(58)	26	164,323	164,291
Loss (gain) on foreign exchange .....	(629)	147	-	1,905	1,423
<b>Income (loss) for the period before taxes .....</b>	<b>26,657</b>	<b>(23,417)</b>	<b>4,050</b>	<b>(233,079)</b>	<b>(225,789)</b>
Tax .....	590	494	-	-	1,084
<b>Income (loss) for the period .....</b>	<b>26,067</b>	<b>(23,911)</b>	<b>4,050</b>	<b>(233,079)</b>	<b>(226,873)</b>
<b>Income (loss) for the period .....</b>	<b>26,067</b>	<b>(23,911)</b>	<b>4,050</b>	<b>(233,079)</b>	<b>(226,873)</b>
Interest expense, net .....	-	(58)	26	47,513	47,481
Taxes .....	590	494	-	-	1,084
Amortization .....	69,162	18,473	12,655	30	100,320
<b>EBITDA .....</b>	<b>95,819</b>	<b>(5,002)</b>	<b>16,731</b>	<b>(185,536)</b>	<b>(77,988)</b>
Share-based compensation .....	-	-	-	5,624	5,624
Severance costs .....	-	-	-	-	-
Debt settlement expense & Gain on sale of intangibles .....	-	(430)	-	5,692	5,262
Fair value adjustment on contingent consideration .....	-	-	-	120,779	120,779
Goodwill impairment .....	-	36,670	-	-	36,670
Independent committee related expenses .....	-	-	-	-	-
Gain on cross currency swap .....	-	-	-	(9,661)	(9,661)
Acquisition and transaction related costs .....	671	776	-	55,896	57,343
Foreign exchange .....	(629)	147	-	1,905	1,423
<b>Adjusted EBITDA .....</b>	<b>95,861</b>	<b>32,161</b>	<b>16,731</b>	<b>(5,301)</b>	<b>139,452</b>
<b>Income (loss) for the period .....</b>	<b>26,067</b>	<b>(23,911)</b>	<b>4,050</b>	<b>(233,079)</b>	<b>(226,873)</b>
Share-based compensation .....	-	-	-	5,624	5,624
Severance costs .....	-	-	-	-	-
Debt settlement expense & Gain on sale of intangibles .....	-	(430)	-	5,692	5,262
Fair value adjustment on contingent consideration .....	-	-	-	120,779	120,779
Goodwill impairment .....	-	36,670	-	-	36,670
Independent committee related expenses .....	-	-	-	-	-
Gain on cross currency swap .....	-	-	-	(9,661)	(9,661)
Acquisition and transaction related costs .....	671	776	-	55,896	57,343
Foreign exchange .....	(629)	147	-	1,905	1,423
Amortization of acquisition related purchase price intangibles .....	69,162	18,157	12,655	-	99,974
Accretion .....	-	-	-	21,023	21,023
<b>Adjusted Net Income .....</b>	<b>95,271</b>	<b>31,409</b>	<b>16,705</b>	<b>(31,821)</b>	<b>111,564</b>

Six months June 30, 2015 (unaudited)

	Jackpotjoy	Vera&John	Mandalay (\$000's)	Unallocated Corporate Costs	Total
Total revenue and other income .....	64,505	46,445	19,342	-	130,292
Gain on sale of intangible assets .....	-	(430)	-	-	(430)
Distribution costs .....	35,626	23,955	10,780	105	70,466
Amortization .....	22,335	8,929	7,538	14	38,816
Compensation, professional, and general and administrative expenses .....	6,189	8,209	865	5,682	20,945
Acquisition and transaction related costs .....	-	265	-	53,117	53,382
Foreign exchange loss (gain) .....	50	(84)	-	(868)	(902)
Financing, net .....	-	(2)	(2)	22,824	22,820
<b>Income (loss) for the period before taxes .....</b>	<b>305</b>	<b>5,603</b>	<b>161</b>	<b>(80,874)</b>	<b>(74,805)</b>
Tax .....	-	172	-	-	172
<b>Income (loss) for the period .....</b>	<b>305</b>	<b>5,431</b>	<b>161</b>	<b>(80,874)</b>	<b>(74,977)</b>
<b>Income (loss) for the period .....</b>	<b>305</b>	<b>5,431</b>	<b>161</b>	<b>(80,874)</b>	<b>(74,977)</b>
Interest expense, net .....	-	(2)	(2)	16,534	16,530
Taxes .....	-	172	-	-	172
Amortization .....	22,335	8,936	7,538	7	38,816
<b>EBITDA .....</b>	<b>22,640</b>	<b>14,537</b>	<b>7,697</b>	<b>(64,333)</b>	<b>(19,459)</b>
Share-based compensation .....	-	-	-	3,608	3,608
Severance costs .....	-	-	-	-	-
Debt settlement expense & Gain on sale of intangibles .....	-	(430)	-	5,692	5,262
Fair value adjustment on contingent consideration .....	-	-	-	598	598
Goodwill impairment .....	-	-	-	-	-
Independent committee related expenses .....	-	-	-	-	-
Gain on cross currency swap .....	-	-	-	-	-
Acquisition and transaction related costs .....	-	265	-	53,117	53,382
Foreign exchange .....	50	(84)	-	(868)	(902)
<b>Adjusted EBITDA .....</b>	<b>22,690</b>	<b>14,288</b>	<b>7,697</b>	<b>(2,186)</b>	<b>42,489</b>
<b>Income (loss) for the period .....</b>	<b>305</b>	<b>5,431</b>	<b>161</b>	<b>(80,874)</b>	<b>(74,977)</b>
Share-based compensation .....	-	-	-	3,608	3,608
Severance costs .....	-	-	-	-	-
Debt settlement expense & Gain on sale of intangibles .....	-	(430)	-	5,692	5,262
Fair value adjustment on contingent consideration .....	-	-	-	598	598
Goodwill impairment .....	-	-	-	-	-
Independent committee related expenses .....	-	-	-	-	-
Gain on cross currency swap .....	-	-	-	-	-
Acquisition and transaction related costs .....	-	265	-	53,117	53,382
Foreign exchange .....	50	(84)	-	(868)	(902)
Amortization of acquisition related purchase price intangibles .....	22,335	8,839	7,538	-	38,712
Accretion .....	-	-	-	7,608	7,608
<b>Adjusted Net Income .....</b>	<b>22,690</b>	<b>14,021</b>	<b>7,699</b>	<b>(11,119)</b>	<b>33,291</b>

Six months June 30, 2016

	Jackpotjoy	Vera&John	Mandalay	Unallocated Corporate Costs	Total
			(\$000's)		
Total revenue and other income .....	169,661	56,168	21,504	-	247,333
Distribution costs .....	77,834	26,663	13,552	300	118,349
Amortization .....	39,035	7,356	5,205	17	51,613
Compensation, professional, and general and administrative expenses .....	14,526	9,889	1,071	9,362	34,848
Severance costs .....	-	-	-	10,526	10,526
Acquisition and transaction related costs .....	-	828	-	10,716	11,544
Foreign exchange loss (gain) .....	(633)	580	(129)	4,892	4,710
Financing, net .....	-	(82)	6	32,931	32,855
<b>Income (loss) for the period before taxes .....</b>	<b>38,899</b>	<b>10,934</b>	<b>1,799</b>	<b>(68,744)</b>	<b>(17,112)</b>
Tax .....	-	414	-	-	414
Income (loss) for the period .....	38,899	10,520	1,799	(68,744)	(17,526)
<b>Income (loss) for the period .....</b>	<b>38,899</b>	<b>10,520</b>	<b>1,799</b>	<b>(68,744)</b>	<b>(17,526)</b>
Interest expense, net .....	-	(82)	6	31,932	31,856
Taxes .....	-	414	-	-	414
Amortization .....	39,035	7,356	5,205	17	51,613
<b>EBITDA .....</b>	<b>77,934</b>	<b>18,208</b>	<b>7,010</b>	<b>(36,795)</b>	<b>66,357</b>
Share-based compensation .....	-	-	-	1,044	1,044
Severance costs .....	-	-	-	10,526	10,526
Debt settlement expense & Gain on sale of intangibles .....	-	-	-	-	-
Fair value adjustment on contingent consideration .....	-	-	-	35,221	35,221
Goodwill impairment .....	-	-	-	-	-
Independent committee related expenses .....	-	-	-	3,326	3,326
Gain on cross currency swap .....	-	-	-	(34,222)	(34,222)
Acquisition and transaction related costs .....	-	828	-	10,716	11,544
Foreign exchange .....	(633)	580	(129)	4,892	4,710
<b>Adjusted EBITDA .....</b>	<b>77,301</b>	<b>19,616</b>	<b>6,881</b>	<b>(5,292)</b>	<b>98,506</b>
<b>Income (loss) for the period .....</b>	<b>38,899</b>	<b>10,520</b>	<b>1,799</b>	<b>(68,744)</b>	<b>(17,526)</b>
Share-based compensation .....	-	-	-	1,044	1,044
Severance costs .....	-	-	-	10,526	10,526
Debt settlement expense & Gain on sale of intangibles .....	-	-	-	-	-
Fair value adjustment on contingent consideration .....	-	-	-	35,221	35,221
Goodwill impairment .....	-	-	-	-	-
Independent committee related expenses .....	-	-	-	3,326	3,326
Gain on cross currency swap .....	-	-	-	(34,222)	(34,222)
Acquisition and transaction related costs .....	-	828	-	10,716	11,544
Foreign exchange .....	(633)	580	(129)	4,892	4,710
Amortization of acquisition related purchase price intangibles .....	39,035	6,937	5,205	-	51,177
Accretion .....	-	-	-	15,618	15,618
<b>Adjusted Net Income .....</b>	<b>77,301</b>	<b>18,865</b>	<b>6,875</b>	<b>(21,623)</b>	<b>81,418</b>

The following table presents net assets per segment and unallocated corporate net assets:

As at December 31, 2013

	Jackpotjoy	Vera&John	Mandalay	Unallocated corporate	Total
			(\$000's)		
Current assets .....	-	-	-	62,401	62,401
Goodwill .....	-	-	-	-	-
Long term assets .....	-	-	-	-	-
<b>Total assets .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,401</b>	<b>62,401</b>
Current liabilities .....	-	-	-	3,817	3,817
Long term liabilities .....	-	-	-	13,880	13,880
<b>Total liabilities .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,697</b>	<b>17,697</b>
<b>Net assets .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,704</b>	<b>44,704</b>

As at December 31, 2014

	<u>Jackpotjoy</u>	<u>Vera&amp;John</u>	<u>Mandalay</u> (\$000's)	<u>Unallocated corporate</u>	<u>Total</u>
Current assets .....	-	39,972	7,081	3,371	50,424
Goodwill .....	-	118,781	30,020	-	148,801
Long term assets .....	-	84,074	55,047	63	139,184
<b>Total assets .....</b>	<b>-</b>	<b>242,827</b>	<b>92,148</b>	<b>3,434</b>	<b>338,409</b>
Current liabilities .....	-	19,951	3,645	40,184	63,780
Long term liabilities .....	-	-	-	90,990	90,990
<b>Total liabilities .....</b>	<b>-</b>	<b>19,951</b>	<b>3,645</b>	<b>131,174</b>	<b>154,770</b>
<b>Net assets (liabilities) .....</b>	<b>-</b>	<b>222,876</b>	<b>88,503</b>	<b>(127,740)</b>	<b>183,639</b>

As at December 31, 2015

	<u>Jackpotjoy</u>	<u>Vera&amp;John</u>	<u>Mandalay</u> (\$000's)	<u>Unallocated corporate</u>	<u>Total</u>
Current assets .....	30,736	69,857	10,315	19,420	130,328
Goodwill .....	457,828	96,659	33,900	-	588,387
Long term assets .....	651,072	76,438	48,842	11,287	787,639
<b>Total assets .....</b>	<b>1,139,636</b>	<b>242,954</b>	<b>93,057</b>	<b>30,707</b>	<b>1,506,354</b>
Current liabilities .....	11,217	30,740	2,706	66,100	110,763
Long term liabilities .....	-	3,985	-	801,777	805,762
<b>Total liabilities .....</b>	<b>11,217</b>	<b>34,725</b>	<b>2,706</b>	<b>867,877</b>	<b>916,525</b>
<b>Net assets (liabilities) .....</b>	<b>1,128,419</b>	<b>208,229</b>	<b>90,351</b>	<b>(837,170)</b>	<b>589,829</b>

As at June 30, 2016

	<u>Jackpotjoy</u>	<u>Vera&amp;John</u>	<u>Mandalay</u> (\$000's)	<u>Unallocated corporate</u>	<u>Total</u>
Current assets .....	21,011	59,187	11,223	93,851	185,272
Goodwill .....	386,440	91,973	28,614	-	507,027
Long term assets .....	514,266	67,306	36,501	2,674	620,747
<b>Total assets .....</b>	<b>921,717</b>	<b>218,466</b>	<b>76,338</b>	<b>96,525</b>	<b>1,313,046</b>
Current liabilities .....	8,673	22,858	2,559	212,318	246,408
Long term liabilities .....	-	3,570	-	592,099	595,669
<b>Total liabilities .....</b>	<b>8,673</b>	<b>26,428</b>	<b>2,559</b>	<b>804,417</b>	<b>842,077</b>
<b>Net assets (liabilities) .....</b>	<b>913,044</b>	<b>192,038</b>	<b>73,779</b>	<b>(707,892)</b>	<b>470,969</b>

During the six months ended June 30, 2016 and year ended December 31, 2015 and 2014, substantially all of the revenue earned by Intertain was in Europe. Non-current assets by geographical location as at June 30, 2016, were as follows: Europe \$159.3 million (December 31, 2015 – \$173.1 million, December 31, 2014 – \$202.9 million, December 31, 2013 – \$nil) and Americas \$968.5 million (December 31, 2015 – \$1.203 billion, December 31, 2014 – \$85.1 million, December 31, 2013 – \$nil).



## 23. EARNINGS PER SHARE

The following table presents the calculation of basic and diluted earnings per common share:

	Period ended 31 December, 2013	Year ended 31 December, 2014	Year ended 31 December, 2015	Six months 30 June, 2015	Six months 30 June, 2016
				(Unaudited)	
				(\$000's)	
<b>Numerator:</b>					
Net loss – basic and diluted .....	(\$1,004)	(\$26,068)	(\$226,873)	(\$74,977)	(17,526)
<b>Denominator:</b>					
Weighted average number of common shares – basic .....	1,422	17,828	61,222	50,938	70,566
Weighted average effect of dilutive share options .....	-	641	1,105	1,190	848
Weighted average effect of dilutive warrants .....	-	322	-	515	-
Weighted average effect of convertible debentures <sup>2</sup> .....	2,918	2,918	2,843	2,843	2,828
Weighted average number of shares – diluted .....	4,340	21,709	65,170	55,486	74,242
<b>Net earnings (loss) per share</b>					
Basic <sup>3,4</sup> .....	(\$ 0.71)	(\$ 1.46)	(\$ 3.71)	(\$ 1.47)	(\$ 0.25)
Diluted <sup>1</sup> .....	(\$ 0.71)	(\$ 1.46)	(\$ 3.71)	(\$ 1.47)	(\$ 0.25)

<sup>1</sup> In the case of a net loss, the effect of common share options and warrants potentially exercisable on diluted loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

<sup>2</sup> An assumed conversion of convertible debentures had an anti-dilutive effect on loss per share.

<sup>3</sup> Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period.

<sup>4</sup> Diluted loss per share is calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of common shares outstanding during the period and adjusted for the number of potentially dilutive share options and contingently issuable instruments.

## 24. CONTINGENT LIABILITIES

In connection with the UK Strategic Initiatives announced by Intertain on June 28, 2016, Intertain entered into advisory agreements with various third parties, which require success fee payments (“**Advisory Success Fees**”) to be paid if Intertain becomes an LSE listed company or is sold. Intertain would be obligated to pay \$8.4 million in Advisory Success Fees if an LSE listing was achieved and \$5.6 million if Intertain is sold.

From time to time the Group may be subject to legal claims and actions against it. The Group takes legal internal and external advice as to the likelihood of success of such claims and actions. As part of its ongoing regulatory compliance process, the Board monitors legal and regulatory developments and their potential impact on the business and takes appropriate advice in respect of these developments.

### Indirect taxation

Group companies may be subject to indirect taxation on transactions which have been treated as exempt supplies of gambling, or on supplies which have been zero rated where legislation provides that the services are received or used and enjoyed in the country where the service provider is located. Revenues earned from customers located in any particular jurisdiction may give rise to further taxes in that jurisdiction. If such taxes are levied, either on the basis of current law or the current practice of any tax authority, or by reason of a change in the law or practice, then this may have a material adverse effect on the amount of tax payable by the Group or on its financial position. Where it is considered probable that a previously identified contingent liability will give rise to an actual outflow of funds, then a provision is made in respect of the relevant jurisdiction and period impacted. Where the likelihood of a liability arising is considered remote, or the possible contingency is not material to the financial position of the Group, the contingency is not recognised as a liability at the balance sheet date.

## 25. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2014, Intertain incurred \$1.2 million (December 31, 2013 – nil) in legal fees for services provided by a law firm whose spouse was, at the time, a director of Intertain and professional fees of \$0.2 million (2013 – nil) from an accounting firm whose partner is also a director of Intertain. Intertain has also incurred brand agency fees of \$0.04 million (2013 – nil) from a company, whose chief creative director was also a director of Intertain. These expenses were mainly attributable to acquisition related expenses and the Qualifying Transaction.

During the year ended December 31, 2014, Intertain received a \$10.0 million (2013 – nil) bridge loan from certain members of management which remained outstanding at December 31, 2014. The bridge loan was provided on an arm's length basis, bearing an interest rate per annum of the prime business rate (as reported by the Bank of Canada) and was due on December 22, 2019. During the year ended December 31, 2015, the bridge loan was repaid in full.

During the year ended December 31, 2015, Intertain incurred \$2.6 million (2014 – \$0.04 million) in legal fees for services provided by a law firm of which the spouse of a former director and senior member of management is a partner. The arrangements with such firm provide that the spouse is not to provide legal services to Intertain. As at December 31, 2015 \$0.05 million (2014 – nil) was payable to this related party.

During the year ended December 31, 2015, Intertain incurred \$0.4 million (2014 – \$1.2 million) in legal fees for services provided by a law firm whose partner is a director of Intertain.

During the year ended December 31, 2015, Intertain incurred \$7.8 million in transaction fees for services provided by third-party service providers, which amount was paid to and held by a nominee corporation controlled by a director of an Intertain subsidiary, for the exclusive benefit of such third-party service providers. Nil amounts were payable as at December 31, 2015.

During the six months ended June 30, 2016, Intertain incurred \$0.4 million (six months ended June 30, 2015 – \$0.1 million) in legal fees for services provided by a law firm whose partner is a director and Corporate Secretary of Intertain and \$0.2 million (June 30, 2015 – nil) in professional fees from an accounting firm whose partner is a director of Intertain.

Additionally, during the six months ended June 30, 2016 Intertain incurred \$0.4 million (six months ended June 30, 2015 – \$2.2 million) in legal fees for services provided by a law firm of which the spouse of a former director and senior member of management is a partner. The arrangements with such firm specify that the spouse is not to provide legal services to Intertain.

During the six months ended June 30, 2016, Intertain paid \$1.3 million (six months ended June 30, 2015 – \$nil) in director fees to members of the Board of Directors' Special Committee overseeing Intertain's strategic review.

## 26. COMPENSATION OF KEY MANAGEMENT

Key management is comprised of the Board of Directors and Officers of Intertain. Key management personnel compensation for service rendered is as follows:

	Year ended 31 December, 2013	Year ended 31 December, 2014	Year ended 31 December, 2015	Six months 30 June, 2015	Six months 30 June, 2016
				(Unaudited)	
			(\$000's)		
Salaries, bonuses and benefits* .....	-	6,446	18,491	17,855	12,853
Stock-based compensation .....	-	743	2,799	1,933	301
	-	7,189	21,290	19,788	13,154

\* Compensation paid to management included in acquisition costs is included in this balance.

## 27. OPERATING LEASES

Intertain has entered into operating leases for office facilities, which require the following approximate future minimum lease payments due under the non-cancellable operating lease payments.

	Year ended 31 December, 2013	Year ended 31 December, 2014	Year ended 31 December, 2015	Six months 30 June, 2015	Six months 30 June, 2016
				(Unaudited)	
			(\$000's)		
Within one year .....	-	797	772	559	811
Later than one year but not later than 6 years .....	-	517	981	541	952
	-	1,314	1,753	1,100	1,763

During year ended December 31, 2015, Intertain incurred \$0.7 million (2014 – \$0.2) in operating lease expenses.

During the six months ended June 30, 2016, Intertain incurred \$0.5 million (2015 – \$0.3 million) in operating lease expenses.

## 28. BUSINESS COMBINATIONS

In this business combination note, Adjusted EBITDA measures are presented, which are not recognised by IFRS but which represent a key metric used for internal and external reporting purposes. A description of Adjusted EBITDA is set out in note 22 (*Segment Information*).

### Business Combinations Completed in 2016

For the six months ended June 30, 2016, no new acquisitions occurred.

### Business Combinations Completed in 2015

#### *Jackpotjoy Purchase*

On April 8, 2015, Intertain completed the acquisition of the entire issued share capital of a wholly-owned subsidiary of Gamesys, which included, directly or indirectly, the Jackpotjoy, Starspins, and Botemania brands, and related assets from Gamesys. The purchase was completed for \$691 million cash (prior to offsetting gains from hedging the foreign exchange rate movements on the purchase price), 7,361,365 common shares of Intertain, plus an earn out. The earn out is contingent on future Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) performance of the Jackpotjoy Group of Companies. The transaction was funded through a combination of proceeds from Subscription Receipts (\$483 million), a seven-year US\$335 million first-lien term loan credit facility, and issuance of common shares of Intertain. This acquisition has been accounted for as a business combination. The purchase price allocation set forth below represents the allocation of the purchase price and the fair value of assets acquired.

	<i>\$000's</i>
<b>Assets acquired</b>	
Intangible assets .....	660,705
Goodwill .....	415,708
Customer deposits .....	8,369
	<b>1,084,782</b>
<b>Liabilities assumed</b>	
Payable to customers .....	8,369
<b>Net assets acquired</b>	<b>1,076,413</b>
<b>Consideration</b>	
Cash* .....	688,397
Share capital .....	125,512
Fair value of contingent consideration .....	262,504
	<b>1,076,413</b>

\* This balance is net of gains from hedging the foreign exchange rate movements on the purchase price.

The excess purchase consideration over the net fair value of financial and intangible assets acquired has been allocated to goodwill. Goodwill is attributed to post-acquisition synergies. None of the goodwill is expected to be deductible for income tax purposes.

The amount due for contingent consideration was management’s best estimate considering all relevant information available, at the date of acquisition, including a probability based assessment, and was determined using a discount factor of 7%. During the year ended December 31, 2015, a fair value adjustment of \$108.8 million was recognized. During the six months ended June 30, 2016, a fair value adjustment of \$35.2 million was recognized. Total acquisition costs related to this business combination were \$53.1 million. Included in this total is management compensation of \$16.4 million.

Since the date of acquisition, which was April 8, 2015, until June 30, 2016, this business combination has contributed \$410.4 million in revenue and \$65.0 million in net income to Intertain.

Intertain has used a significant amount of judgment and simplifying assumptions in estimating the contribution had this business combination occurred at an earlier date. No adjustment has been made in the amounts disclosed below in relation to the amortisation of purchase price intangibles. Had the business combination occurred at the beginning of 2013, this business combination would have contributed additional revenue of:

- \$211.4 million in 2013;

- \$251.2 million in 2014; and
- \$75.6 million in the period prior to acquisition in 2015,

would have contributed additional Distribution costs of:

- \$89.4 million in 2013;
- \$103.5 million in 2014; and
- \$39.9 million in the period prior to acquisition in 2015,

would have contributed additional Administrative costs of:

- \$19.1 million in 2013;
- \$23.3 million in 2014; and
- \$7.2 million in the period prior to acquisition in 2015,

would have contributed additional Net Income of:

- \$102.9 million in 2013;
- \$124.3 million in 2014; and
- \$28.6 million in the period prior to acquisition in 2015,

would have contributed additional EBITDA of:

- \$102.9 million in 2013;
- \$124.3 million in 2014; and
- \$28.6 million in the period prior to acquisition in 2015,

and would have contributed additional Adjusted EBITDA (being income before interest expense (net of interest income), income taxes, amortisation, share-based compensation, Independent Committee related expenses, gain on cross currency swap, debt settlement expense, gain on sale of intangibles, fair value adjustments on contingent consideration, transaction related costs, severance costs, and foreign exchange) of:

- \$102.9 million in 2013; and
- \$124.3 million in 2014; and
- \$28.6 million in the period prior to acquisition in 2015.

Pre-acquisition EBITDA and Adjusted EBITDA for Jackpotjoy has been calculated as follows:

	Year ended 31 December, 2013	Year ended 31 December, 2014	Period 1 January, 2015 to 8 April, 2015
		(\$000's)	
<b>Net income for the period</b> .....	102,869	124,338	28,564
Interest expense, net .....	-	-	-
Taxes .....	-	-	-
Amortisation .....	-	-	-
<b>EBITDA</b> .....	102,869	124,338	28,564
Share-based compensation .....	-	-	-
Debt settlement expense .....	-	-	-
Fair value adjustments on contingent consideration .....	-	-	-
Goodwill impairment .....	-	-	-
Gain on cross currency swap .....	-	-	-
Transaction related costs .....	-	-	-
Foreign exchange .....	-	-	45
<b>Adjusted EBITDA</b> .....	<b>102,869</b>	<b>124,338</b>	<b>28,609</b>

As a result of the judgment and simplifying assumptions used to generate these estimates, the amounts should not be used as an indicator of past or future performance of Intertain or its acquired subsidiaries.

## Business Combinations completed in 2014

### InterCasino Purchase

On February 11, 2014, Goldstar acquired 100% of the issued share capital of Wagerlogic, the parent company of Cryptologic which operates an online casino under the brand “**InterCasino**”. Intertain completed the transaction at a purchase price of \$70 million, less working capital adjustments, which consisted of a cash payment of approximately \$60 million and the issuance of a \$10 million vendor take-back in the form of a promissory note, bearing interest of 6.0% per annum payable semi-annually in arrears beginning in the second year following its issuance and maturing on the fourth anniversary. On September 30, 2014, Intertain made a principal payment of \$5.2 million on this promissory note. On December 31, 2014, Intertain made a second principal payment of \$1 million with a remainder of \$3.8 million outstanding as at December 31, 2014.

The acquisition of Wagerlogic has been accounted for using the acquisition method and the results of operations were included in Comprehensive Income from the date of acquisition, which was February 11, 2014.

The share purchase agreement included a bonus payment of USD \$10 million to Amaya if Cryptologic achieves a revenue target of USD \$30 million during the second year following closing, and a bonus payment of USD \$10 million to Amaya if Cryptologic achieves a net revenue target of USD \$40 million during the third year following closing.

The amount due for contingent consideration was determined using a probability of outcomes, is recognized at fair value. This represented management’s best estimate of the amount payable when the acquisition was completed.

During the year ended December 31, 2015, Intertain re-assessed the contingent consideration related to the InterCasino purchase where Intertain was required to pay a bonus payment to Amaya Gaming Group Inc. if InterCasino had net revenue greater than \$30 million USD by February 2016. Intertain did not anticipate making this bonus payment and wrote down the \$1.0 million contingent consideration to nil.

The excess purchase consideration over the net fair value of financial and other tangible and intangible assets acquired has been allocated to goodwill. Goodwill is attributed to post-acquisition synergies. None of the goodwill is expected to be deductible for income tax purposes.

The following table summarizes the fair value of identifiable assets and liabilities acquired at the date of acquisition:

	<i>\$000's</i>
<b>Assets acquired</b>	
Cash* .....	7,516
Accounts receivable .....	118
Player deposits .....	1,019
Prepayments .....	6
Intangibles assets .....	15,935
Goodwill .....	48,143
	<b>72,737</b>
<b>Liabilities assumed</b>	
Accounts payable and accrued liabilities .....	164
Deferred tax liability .....	790
Due to players .....	1,019
	<b>70,764</b>
<b>Source of financing</b>	
Cash* .....	59,975
Vendor take back promissory note .....	10,000
Fair value of contingent consideration .....	789
	<b>70,764</b>

\* \$7.5 million of cash acquired was used to settle the purchase price of the Acquisition.

Prior to the closing of the share purchase agreement, Intertain entered into several agreements (“**Service and Licences Agreements**”) whereby Amaya’s affiliates agreed to provide key support services, including hosting and operation of the game platform, the online games, game website development pursuant to the design and instruction of Cryptologic, certain marketing services and payment processing functions. The fees charged by Amaya for these services is 17% of revenue until the aggregate Net Revenue equals USD \$30 million following which the revenue share payable is 20% of Net Revenue in excess of USD \$30 million. These fees are included in platform licensing fees in the Consolidated Statement of Comprehensive Income.

Along with the Service and Licences Agreements Intertain entered into a revenue guarantee agreement (“**Revenue Guarantee**”), whereby Amaya agrees to pay, during the first two years following the signing of the Service and Licences Agreements, an amount equal to the shortfall between Cryptologic’s actual Net Revenues and USD \$19 million annually. Proceeds earned from the Revenue Guarantee are recorded in other income.

### ***Mandalay Purchase***

On July 14, 2014, Intertain completed the acquisition of 100% of the issued share capital of Mandalay, a United Kingdom based operator of online bingo websites and affiliate portals, for an initial payment of £45 million in cash, exclusive of working capital adjustments, with a further cash payment of up to £15 million contingent on future profit performance. Mandalay was acquired on a debt-free basis. This acquisition has been accounted for as a business combination. The purchase price allocation set forth below represents the purchase price and the fair value of assets acquired.

	<i>\$000's</i>
<b>Assets acquired</b>	
Cash .....	363
Accounts receivable .....	5,134
Prepayments .....	8
Intangible assets .....	62,368
Goodwill .....	30,418
	<b>98,291</b>
<b>Liabilities assumed</b>	
Accounts payable and accrued liabilities .....	3,985
	<b>94,306</b>
<b>Source of financing</b>	
Cash .....	83,004
Fair value of contingent consideration .....	11,302
	<b>94,306</b>

The excess purchase consideration over the net fair value of financial and other tangible and intangible assets acquired has been allocated to goodwill. Goodwill is attributed to post-acquisition synergies. None of the goodwill is expected to be deductible for income tax purposes.

During the year ended December 31, 2015, Intertain re-assessed the contingent considerations related to the Mandalay purchase and recognized an additional liability of \$7.5 million.

The amount due for contingent consideration was determined using a probability of outcomes, is recognized at fair value. During the year ended December 31, 2015, a payment of \$25.7 million was made to satisfy the contingent consideration. Management compensation of \$2.9 million was included in acquisition costs related to this business combination.

Intertain has used a significant amount of judgment and simplifying assumptions in estimating the contribution had this business combination occurred at an earlier date. No adjustment has been made in the amounts disclosed below in relation to the amortisation of purchase price intangibles. Had the business combination occurred at the beginning of 2013, this business combination would have contributed additional revenue of:

- \$24.3 million in 2013; and
- \$17.9 million in the period prior to acquisition in 2014,



would have contributed additional Distribution costs of:

- \$13.1 million in 2013; and
- \$11.1 million in the period prior to acquisition in 2014,

would have contributed additional Administrative costs of:

- \$1.3 million in 2013; and
- \$0.7 million in the period prior to acquisition in 2014,

would have contributed additional Net Income of:

- \$9.8 million in 2013; and
- \$6.0 million in the period prior to acquisition in 2014,

would have contributed additional EBITDA of:

- \$9.8 million in 2013; and
- \$6.1 million in the period prior to acquisition in 2014,

and would have contributed additional Adjusted EBITDA (being income before interest expense (net of interest income), income taxes, amortisation, share-based compensation, Independent Committee related expenses, gain on cross currency swap, debt settlement expense, gain on sale of intangibles, fair value adjustments on contingent consideration, transaction related costs, severance costs, and foreign exchange) of:

- \$9.8 million in 2013; and
- \$6.1 million in the period prior to acquisition in 2014.

Pre-acquisition EBITDA and Adjusted EBITDA for Mandalay has been calculated as follows:

	Year ended 31 December, 2013	Period 1 January, 2014 to 14 July, 2014
	(\$'000's)	
<b>Net income for the period</b> .....	9,848	6,046
Interest expense, net .....	-	5
Taxes .....	-	-
Amortisation .....	-	-
<b>EBITDA</b> .....	9,848	6,051
Share-based compensation .....	-	-
Debt settlement expense .....	-	-
Fair value adjustments on contingent consideration .....	-	-
Goodwill impairment .....	-	-
Gain on cross currency swap .....	-	-
Transaction related costs .....	-	-
Foreign exchange .....	-	-
<b>Adjusted EBITDA</b> .....	<b>9,848</b>	<b>6,051</b>

As a result of the judgment and simplifying assumptions used to generate these estimates, the amounts should not be used as an indicator of past or future performance of Intertain or its acquired subsidiaries.

### ***Vera&John Purchase***

On December 23, 2014, Intertain completed the acquisition of the entire issued share capital of Dumarca, the Malta-based parent company of Vera&John for a consideration of €44.5 million in cash, exclusive of working capital adjustments, and 5,024,869 common shares of Intertain. Intertain was required to make a further cash Earn Out payment in the event Vera&John generates EBITDA over certain thresholds in 2015 and 2016. The cumulative Earn Out payment over 2015 and 2016 is subject to a cap of €8.1 million. The transaction was funded

through cash on hand, an interim bridge loan of approximately \$10.0 million provided by certain management of Intertain, on an arm's length basis, bearing an interest rate per annum of the prime business rate (as reported by the Bank of Canada) and due on December 22, 2019 and a \$9.2 million vendor take back loan which expired on March 23, 2015. This acquisition has been accounted for as a business combination. The purchase price allocation set forth below represents the allocation of the purchase price and the fair value of assets acquired.

	<i>\$000's</i>
<b>Assets acquired</b>	
Cash .....	17,638
Accounts receivable .....	1,759
Income tax receivable .....	1,817
Prepayments .....	1,016
Capital assets and other non-current assets .....	544
Intangible assets .....	75,994
Goodwill .....	63,160
	<b>161,928</b>
<b>Liabilities assumed</b>	
Deferred tax liabilities .....	4,048
Accounts payable and accrued liabilities .....	9,380
	<b>148,500</b>
<b>Source of financing</b>	
Cash .....	63,546
Share Capital .....	65,273
Fair value of contingent consideration .....	10,494
Vendor take back promissory note .....	9,187
	<b>148,500</b>

The excess purchase consideration over the net fair value of financial and other tangible and intangible assets acquired has been allocated to goodwill. Goodwill is attributed to post-acquisition synergies. None of the goodwill is expected to be deductible for income tax purposes.

During the year ended December 31, 2015, \$6.4 million relating to the finalization of the working capital calculation for Vera&John was added to the value of goodwill (note 7).

The amount due for contingent consideration was determined using a probability of outcomes, is recognized at fair value, using a discount rate of 10%. This represented management's best estimate of the amount payable which they considered was likely to be paid, after the effects of discounting, at the time of the acquisition. Management compensation of \$2.8 million was accrued for in acquisition costs related to this business combination.

During the year ended December 31, 2015 and six months ended June 30, 2016, no fair value adjustments related to the Vera&John contingent consideration have been recorded.

During the six months ended June 30, 2016, €8.1 million related to the Vera&John contingent consideration has been paid.

Intertain has used a significant amount of judgment and simplifying assumptions in estimating the contribution had this business combination occurred at an earlier date. No adjustment has been made in the amounts disclosed below in relation to the amortisation of purchase price intangibles. Had the business combination occurred at the beginning of 2013, this business combination would have contributed additional revenue of:

- \$35.5 million in 2013; and
- \$53.6 million in the period prior to acquisition in 2014,

would have contributed additional Distribution costs of:

- \$22.0 million in 2013; and
- \$30.9 million in the period prior to acquisition in 2014,

would have contributed additional Administrative costs of:

- \$7.8 million in 2013; and
- \$11.3 million in the period prior to acquisition in 2014,

would have contributed additional Net Income of:

- \$3.0 million in 2013; and
- \$10.9 million in the period prior to acquisition in 2014.

would have contributed additional EBITDA of:

- \$6.3 million in 2013; and
- \$11.9 million in the period prior to acquisition in 2014.

and would have contributed additional Adjusted EBITDA (being income before interest expense (net of interest income), income taxes, amortisation, share-based compensation, Independent Committee related expenses, gain on cross currency swap, debt settlement expense, gain on sale of intangibles, fair value adjustments on contingent consideration, transaction related costs, severance costs, and foreign exchange) of:

- \$6.6 million in 2013; and
- \$12.2 million in the period prior to acquisition in 2014.

Pre-acquisition EBITDA and Adjusted EBITDA for Vera&John has been calculated as follows:

	Year ended 31 December, 2013	Period 1 January, 2014 to 23 December, 2014
	(\$000's)	
<b>Net income for the period</b> .....	2,980	10,876
Interest expense, net .....	53	(1)
Taxes .....	2,038	223
Amortisation .....	1,275	774
<b>EBITDA</b> .....	<b>6,346</b>	<b>11,872</b>
Share-based compensation .....	-	-
Debt settlement expense .....	-	-
Fair value adjustments on contingent consideration .....	-	-
Goodwill impairment .....	-	-
Gain on cross currency swap .....	-	-
Transaction related costs .....	-	666
Foreign exchange .....	256	(358)
<b>Adjusted EBITDA</b> .....	<b>6,602</b>	<b>12,180</b>

As a result of the judgment and simplifying assumptions used to generate these estimates, the amounts should not be used as an indicator of past or future performance of Intertain or its acquired subsidiaries.

## 29. RECENT ACCOUNTING PRONOUNCEMENTS

### New Standards and Interpretations Adopted

#### *Amendment to IAS 1 - Presentation of Financial Information*

The following accounting standard is effective and implemented as of 1 January 2016:

On December 18, 2014, the IASB issued amendments to IAS 1 - Presentation of Financial Information. These amendments are part of a major initiative to improve disclosure requirements in IFRS financial information. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary provide options on the ordering of financial information and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments was January 1, 2016. The implementation of these amendments to IAS 1 did not have an impact on Intertain's financial information.

## **Recent Accounting Pronouncements – Not Yet Effective**

### ***IFRS 9 - Financial Instruments***

The IASB issued IFRS 9 relating to the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (i.e., its business model) and the contractual cash flow characteristics of such financial assets. IFRS 9 also includes a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. An entity shall apply IFRS 9 retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Intertain is currently evaluating the impact of applying this standard, but does not anticipate applying it prior to its effective date.

### ***IFRS 15 - Revenues from Contracts with Customers***

The Financial Accounting Standards Board and IASB have issued converged standards on revenue recognition. This new IFRS 15 affects any entity using IFRS that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets, in each case, unless those contracts are within the scope of other standards. This IFRS will supersede the revenue recognition requirements in IAS 18 and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On July 27, 2015, the IASB has decided to postpone the initial January 1, 2017 effective date to January 1, 2018 with early adoption permitted.

Intertain is currently evaluating the impact of applying this standard, but does not anticipate applying it prior to its effective date.

### ***IFRS 16 – Leases***

In January 2016, the IASB issued IFRS 16 - Leases (“**IFRS 16**”), which replaces IAS 17 - Leases (“**IAS 17**”) and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12-months or less or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained. IFRS 16 will be applied retrospectively for annual periods beginning on or after January 1, 2019. Early adoption is permitted if IFRS 15 has also been applied. Intertain is assessing the potential impact of this standard.

## **30. COMPARATIVE FIGURES**

Certain comparative balances have been restated to conform with the current period’s presentation. Presentation changes include the reallocation of salaries and fees between Jackpotjoy and unallocated corporate costs as well as amendments to the treatment of social gaming supplier cost to be shown gross of social gaming revenue rather than net. This amendment caused revenue and distribution costs for the six month period ended June 30, 2015 to increase by \$2.3 million and for the nine month period ended September 30, 2015 to increase by \$5.0 million.

## **31. SUBSEQUENT EVENTS**

On September 6, 2016, Intertain announced the amendments under the Jackpotjoy Amending Agreements, including additional non-competition covenants, and amendments to the long-term operating and other agreements, between Intertain and Gamesys and certain of their affiliates (together, the “Amendments”).

On September 23, 2016, Intertain announced, that its shareholders approved a Plan of Arrangement (the “Arrangement”) which will facilitate the implementation of Intertain’s comprehensive UK-centered strategic initiatives which include a proposed London listing of the newly-incorporated London-headquartered UK company named Jackpotjoy plc (“Jackpotjoy”), and is intended to become the parent company for the Intertain group under the Arrangement.

On December 16, 2016 the Company raised additional debt finance in an aggregate sterling equivalent amount of £160 million, comprised of: (i) a sterling equivalent £70 million incremental first lien term loan, and (ii) a £90 million second lien term loan facility. Both loans were arranged by Macquarie Capital (USA) Inc. and Macquarie Capital (Europe) Ltd.

Proceeds from the debt financing were used to fund a £150 million pre-payment of the earn-out payment required to be made to Gamesys Limited in connection with Intertain's Jackpotjoy and StarSpins brands. The balance of the proceeds from the debt financing will be used for the payment of fees, costs and expenses related to the debt financing and pre-payment, with any residual proceeds to be used to pre-pay existing term loans.

The pre-payment to Gamesys has made the Amendments effective. Key terms of the Amendments include: (a) two-year additional non-competition covenant from the Gamesys Group (to April 2019; previously expiring in April 2017); (b) five-year extension of terms of the operating agreements (to April 2030; previously expiring in 2025), with a corresponding extension of the term of the content licensing agreement (to April 2040); and (c) aggregate cap of £375 million (excluding any interest) on the JPJ Earn-out (previously uncapped). The Intertain group has agreed to pay the Gamesys Group an aggregate of £24 million in equal monthly installments in arrears over the period from April 2017 to April 2020 in connection with the Amendments.

### **Summary of the Debt Financing**

In conjunction with the debt financing, Intertain has obtained the necessary lender consents to an amendment of the existing credit agreement to allow it to establish the incremental first lien facility and permit the second lien facility and the earn-out pre-payment.

The incremental first lien facility will mature in April 2022 and has pricing and pre-payment terms substantially consistent with those applicable to existing term loans under Intertain's existing amended credit agreement. However, there will be no scheduled amortisation of the incremental first lien facility prior to April 2022. The second lien facility will mature in December 2022 and will provide for pre-payment terms substantially consistent with existing term loans under Intertain's existing amended credit agreement. However, there will be no scheduled amortisation of the second lien facility prior to December 2022. In addition, the second lien facility excess cashflow sweep and other prepayment requirements will apply only once the term loans under Intertain's existing credit agreement (including those drawn under the incremental term loan facility) have been repaid in full and repayment and prepayment premia are payable in certain circumstances as further described below.

The credit agreement in respect of the second lien facility and the amended credit agreement each provide flexibility for Intertain to make dividends and other distributions, subject to: (i) the discharge of Intertain's remaining Earn-out obligations; (ii) Intertain's leverage ratio (calculated *pro forma* for such dividend or distribution) not exceeding 2.75:1; and (iii) there being no default continuing under the relevant facility.

The second lien facility bears an interest rate of LIBOR (adjusted to reflect mandatory statutory reserves) plus a margin of 9% per annum. The positive and negative covenants to which Intertain and certain of its subsidiaries are subject in respect of the second lien facility are substantially consistent with those under the amended credit agreement, with adjustments to reflect the second lien nature of the facility. Certain prepayments and repayments during the first, second and third years following the closing of the second lien facility are subject to a prepayment premium equal to a customary make-whole premium (for the first year), 2% (for the second year) and 1% (for the third year), in each case, on the amount prepaid or repaid.

The amended credit agreement no longer provides general permissions for specified amounts of additional indebtedness (including incremental term debt loans), liens, investments or restricted payment to be incurred, granted or made. Investments and restricted payments by Intertain and certain of its subsidiaries are now subject to, among other conditions, satisfaction of a *pro forma* leverage ratio.

As under the existing amended credit agreement, the borrowers under the second lien facility and the incremental first lien facility are Intertain and a wholly-owned subsidiary of Intertain, The Intertain Group Finance LLC. The second lien facility, the existing facilities and the incremental first lien facility are guaranteed, subject to certain exceptions, by certain of the borrowers' respective wholly owned direct and indirect subsidiaries. Subject to certain permitted security interests and certain exceptions, the existing facilities and the incremental first lien facility are or will be secured by perfected first priority security interests in substantially all of the assets of the borrowers and guarantors. The second lien facility is secured on similar terms by perfected (or to be perfected) second priority security interests in substantially all of the assets of the borrowers and guarantors.

**SECTION C: BDO REPORT ON THE CONSOLIDATED FINANCIAL INFORMATION OF  
THE JACKPOTJOY, STARSPINS AND BOTEMANIA BUSINESS UNIT OF GAMESYS  
LIMITED FOR THE THREE YEARS ENDED 31 MARCH 2015**



BDO LLP  
55 Baker Street  
London  
W1U 7EU

The Directors  
Jackpotjoy plc  
35 Great St. Helen's  
London, EC3A 6AP  
United Kingdom

20 January 2017

Dear Sirs

**The Jackpotjoy, Starspins and Botemania Business Unit of Gamesys Limited ("Jackpotjoy")**

### **Introduction**

We report on the financial information set out in Section D of Part 7. This financial information has been prepared for inclusion in the Prospectus dated 20 January 2017 of Jackpotjoy plc (the "**Company**") (the "**Prospectus**") on the basis of the accounting policies set out in notes 1 and 2 to the financial information. This report is required by item 20.1 of annex I of the Commission Regulation (EC) No. 809/2004 (the "**PD Regulation**") and is given for the purpose of complying with that item and for no other purpose.

### **Responsibilities**

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of annex I of the PD Regulation, consenting to its inclusion in the Prospectus.

### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of Jackpotjoy as at 31 March 2013, 31 March 2014 and 31 March 2015 and of its results, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.



**Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex I of the PD Regulation.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**SECTION D: HISTORICAL FINANCIAL INFORMATION OF THE JACKPOTJOY,  
STARSPINS AND BOTEMANIA BUSINESS UNIT OF GAMESYS LIMITED FOR THE THREE  
YEARS ENDED 31 MARCH 2015**

**Carve-out statements of comprehensive income**

	Note	Year ended 31 March 2013	Year ended 31 March 2014	Year ended 31 March 2015
		£'000s	£'000s	£'000s
<b>Revenue</b> .....		128,858	130,944	143,090
Cost of sales .....		-	-	7,410
<b>Gross profit</b> .....		128,858	130,944	135,680
Distribution expenses .....		37,689	40,735	38,710
Administration expenses .....		25,985	26,953	29,809
<b>Profit from operations and before taxation</b> .....		65,184	63,256	67,161
Taxation .....	5	15,644	11,239	11,439
<b>Profit after taxation for the year and total comprehensive income attributable to the equity owners of Gamesys Limited</b> .....		<b>49,540</b>	<b>52,017</b>	<b>55,722</b>

**Carve-out statements of financial position**

	Note	At 31 March 2013	At 31 March 2014	At 31 March 2015
		£'000s	£'000s	£'000s
<b>Assets</b> .....				
Current assets .....				
Trade and other receivables .....	6	13,799	13,367	18,602
		13,799	13,367	18,602
<b>Liabilities</b> .....				
Current liabilities .....				
Trade and other payables .....	7	24,484	23,445	31,721
		24,484	23,445	31,721
<b>Net liabilities</b> .....		(10,685)	(10,078)	(13,119)
<b>Business Unit deficit</b> .....		<b>(10,685)</b>	<b>(10,078)</b>	<b>(13,119)</b>

**Carve-out statements of changes in Business Unit deficit**

	Year ended 31 March 2013	Year ended 31 March 2014	Year ended 31 March 2015
	£'000s	£'000s	£'000s
<b>Business Unit deficit brought forward</b> .....	-	(10,685)	(10,078)
Total comprehensive income for the year .....	49,540	52,017	55,722
Net distributions .....	(60,225)	(51,410)	(58,763)
<b>Business Unit deficit carried forward</b> .....	<b>(10,685)</b>	<b>(10,078)</b>	<b>(13,119)</b>

**Carve-out statements of cashflow**

	Year ended 31 March 2013	Year ended 31 March 2014	Year ended 31 March 2015
	£'000s	£'000s	£'000s
Profit before tax .....	65,184	63,256	67,161
Increase in trade and other receivables .....	(66,857)	(62,217)	(75,436)
Increase/(decrease) in trade and other payables .....	1,673	(1,039)	8,275
<b>Net cash from operating activities and cash and cash equivalents</b> .....	<b>-</b>	<b>-</b>	<b>-</b>

The Business Unit did not have its own bank account or cashflows of its own during the period covered by this financial information. Operating cashflows were accounted for through an adjustment to the related inter-company balances less notional net distributions.

## Notes forming part of the financial information

### 1. Basis of preparation

#### *The Business Unit and its core business*

The carve-out financial information includes the business operations of the Jackpotjoy, Starspins and Botemania brands, operated through Gamesys Limited and its subsidiary undertakings, hereafter the “**Business Unit**”.

The parent company of the Business Unit for the period covered by this financial information, Gamesys Limited, is a company established and domiciled in the United Kingdom. The principal activity of the Business Unit is the development and operation of online instant win, casino and bingo games.

#### *Basis of preparation of the carve-out financial information*

The carve-out financial information has been prepared in accordance with IFRS including International Accounting Standards (“**IAS**”) and interpretations, as adopted by the European Union.

The carve-out financial information has been derived from the accounting records of the Gamesys Group.

Carve-out financial information is generally not precise, since it includes certain amounts based on estimates and judgements. When alternative methods of calculating figures exist, those methods have been chosen which are deemed most appropriate in the circumstances, in order to ensure that the carve-out financial information is presented fairly, in all material respects.

Criteria applied in preparing the carve-out financial information were as follows:

- The assets and liabilities that relate to the Business Unit have been included where directly identifiable and on an allocation basis following specific analysis where the assets and liabilities relate to the Business Unit and the wider Gamesys Group.
- The assets and liabilities included within the carve-out statement of financial position excludes any balances relating to property plant and equipment or cash which remained with the Gamesys Group; and
- Income statement revenues and expenditure have been included on the basis that they are either specific to the Business Unit or have been allocated based on either a headcount or proportion of overall gross win, as appropriate.

No cashflows relate to the separation of the Business Unit in the financial years presented.

Below are the financial statement items for which specific attribution criteria were adopted, in addition to that already specified in the general criteria above.

#### *Carve-out statement of comprehensive income*

- Revenue: The Business Unit’s revenue relates to its Jackpotjoy, Starspins and Botemania operations. These revenues were accounted for through a number of subsidiary companies of the Gamesys Group. Revenues recognised in other Gamesys Group companies not relating to the Business Unit have been excluded.
- Cost of sales: Relates to gaming taxes specifically incurred in respect of revenue generated from the Jackpotjoy, Starspins and Botemania operations.
- Distribution and administrative expenses: Not all of the Business Unit’s operating costs can be directly attributed to the Business Unit. Therefore different allocation methodologies have been used as follows:
  - Directly identifiable expenses: Those costs which relate in their totality directly to the Business Unit. Certain marketing and distribution costs were incurred in respect of the wider group’s “owned” gaming platform and brands. These costs have been excluded from the carve-out financial information;
  - Allocated costs: Certain employee, contractor, accommodation, technical, professional and other Gamesys Group costs were not directly identifiable to the Business Unit have been allocated to the Business Unit based on the best estimate by management. The allocation basis used is a proportion of gross win or headcount. Employee costs exclude any amounts in respect of the Gamesys long term bonus plan.

### ***Statement of financial position***

All assets and liabilities directly associated with the Business Unit have been included in the statement of financial position. Cash held within the Gamesys Group has not been included as cash balances of the Business Unit.

Client liabilities and progressive prize pools have been recognised as other payables with a corresponding receivable balance included in other receivables due from Gamesys Limited where they are directly attributable to players from the Business Unit. Progressive prize pools that have been accrued on a pooled basis and may also be won by players not from the Business Unit have been recognised in their entirety on the basis that a player from the Business Unit is capable of winning the prize pool amount in full.

The Business Unit has reflected a notional distribution which has been estimated and used as a balancing entry in the statement of financial position for each period presented. For the purposes of the carve-out financial information, the cumulative notional dividend is a balancing entry at the start of the earliest period presented. The directors of Gamesys believe that the balances included in the Statement of financial position are the most accurate that can be derived given the complexities of carving-out balances from a number of entities.

### ***Significant accounting judgements, estimates and assumptions***

The preparation of carve-out financial statement conforming to IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

At no point in time during the period covered by this financial information was the Business Unit a separately established legal entity and therefore this carve-out financial information has been prepared from the records of other entities which contain evidence of transactions entered in to by the Business Unit and its financial position. Certain assumptions and estimates have been made. In the opinion of management, the accounting estimates and judgements made in the course of preparing this carve-out financial information are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

### ***New EU adopted IFRS accounting policies***

The IASB has issued a number of IFRS and IFRS Interpretations Committee (“**IFRIC**”) amendments or interpretations which are not yet effective and it is not expected that any of these will have a material impact on the Business Unit.

## **2. Significant accounting policies**

### ***Revenue***

Net gaming revenue derives from online and social gaming operations and is defined as the difference between the amounts of bets placed by the players less the amount won by players. It is stated after deduction of certain bonuses, jackpots and prizes granted to players. Net gaming revenue is recognised to the extent that it is probable that economic benefits will flow to the business units and the revenue can be reliably measured. Revenue is recognised in the accounting periods in which the transactions occur.

### ***Cost of sales***

Cost of sales relates to gaming taxes.

### ***Distribution costs***

Distribution costs represent the costs of delivering the service to the customer and primarily consist of technology infrastructure royalties, gaming taxes, promotional and advertising together with gaming and regulatory testing all of which are recognised on an accruals basis.

### ***Administrative expenses***

Administrative expenses consist primarily of staff costs, corporate and professional expenses, all of which are recognised on an accruals basis.

### ***Functional currency***

Items included in the financial information are measured using the currency of the primary economic environment in which the Business Unit operates (the “**functional currency**”) which is UK Pound Sterling. The financial information is presented in UK Pound Sterling, which is the Business Unit’s presentational currency and rounded to the nearest £1,000.

Transactions entered into by the Business Units in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

### ***Financial instruments***

Financial assets and financial liabilities are recognised on the Business Unit’s carve-out statement of financial position when the Business Unit becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. Financial assets are either categorised as loans or receivables or available for sale, there are no assets classified as held-to-maturity or fair value through profit or loss. All financial liabilities are classified as amortised cost and no liabilities are classified as fair value through profit or loss.

### ***Trade and other receivables***

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Business Unit will be unable to collect all of the amounts due under the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Trade receivables principally comprise amounts due from payment processors.

### ***Trade and other payables***

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the “effective interest rate” to the carrying amount of the liability.

### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit reported in the carve-out statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Business Unit’s liability for current tax is calculated using UK corporate tax rates that have been enacted or substantively enacted by the carve-out statement of financial position date. Had the carve-out Business Unit operated as a separate entity, income tax could have been attributable at different rates. The rates used are therefore not an indication of future tax rates that may apply to the Business Unit, the tax charge and provision has been provided for illustrative purposes only.

### ***Carve-out statement of cashflow***

The Business Unit did not have its own bank account or cashflows of its own during the period covered by the financial information. Operating cashflows were accounted for through an adjustment to the related inter-company balances less notional net distributions.

### ***Carve-out statement of other comprehensive income***

There were no other comprehensive income transactions in any of the years.

### ***Earnings per share***

The Business Unit is not within the scope of IAS 33 – Earnings Per Share (“IAS 33”) as it is not a statutory entity and has no share capital.

### **3. Financial instruments - Risk Management**

The Business Unit is exposed through its operations to the following financial risks:

- Credit risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the Business Unit is exposed to risks that arise from its use of financial instruments. This note describes the carve-out operation’s objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

There have been no substantive changes in the Business Unit’s exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them during the periods presented unless otherwise stated in this note.

### ***Principal financial instruments***

The principal financial instruments used by the Business Unit, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Trade and other payables
- Client liabilities and progressive prize pools

### ***Financial assets - loans and receivables***

	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>£'000s</i>	<i>£'000s</i>	<i>£'000s</i>
<b>Trade and other receivables .....</b>	<b>11,170</b>	<b>11,628</b>	<b>16,405</b>

### ***Financial liabilities - amortised cost***

	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>£'000s</i>	<i>£'000s</i>	<i>£'000s</i>
Trade and other payables .....	5,066	7,687	15,248
Client liabilities and progressive prize pools .....	3,774	4,519	5,034
	<b>8,840</b>	<b>12,206</b>	<b>20,282</b>

None of the financial instruments are measured at fair value. Due to their short-term nature their fair value approximates the carrying value. All of the financial instruments are classified in level 3 of the fair value hierarchy and there have been no transfers between levels in any of the above periods.

### ***Liquidity risk***

Liquidity risk reflects the risk that the Business Unit will have insufficient resources to meet its financial obligations as they fall due. Management monitors liquidity to ensure that sufficient liquid resources are available. All liabilities within the carve-out statement of financial position fall due for payment within one month of the year end.



### *Credit risk*

The Business Unit's principal financial assets are trade and other receivables, principally amounts due from payment processors. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the carve-out statement of financial position. There is no significant concentration of credit risk and as such the Business Unit's exposure to credit risk is limited. Management believes there are no doubtful receivables, to provide for and accordingly the allowance account has not been used.

### *Foreign currency risk*

The Business Unit's functions give rise to foreign currency risk on transactions denominated in a currency other than pounds sterling. In respect of such transactions and other monetary assets and liabilities held in currencies other than pounds sterling, the amounts involved have historically been immaterial. Currently, to reduce foreign currency risk arising on transactions, the Business Unit has a number of foreign currency accounts. Going forward, the Business Unit will continue to monitor the position and will take steps to ensure that the net exposure is kept to an acceptable level.

### *Capital management*

The Business Unit is not deemed to have issued any capital and therefore the capital management disclosures as required by IAS 1 *Presentation of Financial Statements* are not applicable. The directors do not have a formal policy for managing the level of divisional deficit or surplus maintained by the Business Unit.

## **4. Segment Information**

Information reported to the strategic chief operating decision-makers, for the purposes of resource allocation and assessment of the Business Unit's segmental performance is primarily focused on the origination of the revenue stream. As the Business Unit has only one revenue stream there is one reporting segment only.

### *Geographical Analysis of Revenues*

	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>£'000s</i>	<i>£'000s</i>	<i>£'000s</i>
United Kingdom .....	109,583	104,811	117,275
Rest of the World .....	18,885	26,133	25,825
	<b>128,858</b>	<b>130,944</b>	<b>143,090</b>

### *Information about major customers*

There are no customers that account for greater than 10 per cent. of net revenues.

## **5. Tax**

The tax charge for the year relates to current tax only as no deferred tax or potential deferred tax arises. The reconciliation from profit before tax to the tax charge for the year is as per below.

	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>£'000s</i>	<i>£'000s</i>	<i>£'000s</i>
Profit before taxation .....	65,184	63,256	67,161
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21 per cent. (2014 - 23 per cent.) .....	15,644	14,549	14,103
Effects of: .....			
Difference in UK and overseas tax rate on overseas operations .....	-	(3,310)	(2,664)
<b>Current tax charge</b> .....	<b>15,644</b>	<b>11,239</b>	<b>11,439</b>

## **6. Trade and other receivables**

	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>£'000s</i>	<i>£'000s</i>	<i>£'000s</i>
Trade receivables .....	7,396	7,002	11,261
Other receivables .....	-	107	110
Prepayments .....	2,629	1,739	2,197
Amounts due from related undertakings .....	3,774	4,519	5,034
	<b>13,799</b>	<b>13,367</b>	<b>18,602</b>

The fair values of trade and other receivables classified as loans and receivables are not materially different to their carrying values.

The Business Unit does not hold any collateral as security.

At all year ends there were no receivables past due and no bad debt allowances had been recognised.

## 7. Trade and other payables

	2015	2014	2015
	£'000s	£'000s	£'000s
Trade payables .....	1,936	4,052	6,878
Client liabilities and progressive prize pools .....	3,774	4,519	5,034
Other payables .....	3,130	3,635	8,370
Corporation tax .....	15,644	11,239	11,439
	<b>24,484</b>	<b>23,445</b>	<b>31,721</b>

The directors consider that the carrying amount of trade and other payables approximates to their fair values which are based on the net present values of expected future cash flows.

## 8. Related party transactions

The Business Unit is not a legal entity and therefore does not have any formal related parties with whom it would transact. There is no related party disclosure as the Business Unit represented by the carve-out financial information was, for the period covered by the financial information, part of a larger enterprise, with which it has dealt at arm's length subsequently. All transactions between the Business Unit and Gamesys Group were eliminated on consolidation of Gamesys Group.

## 9. Explanation of methodologies used in producing the Business unit's carve-out financial information

### *Carve-out statement of comprehensive income*

- Revenue: The Business Unit's revenue relates to its Jackpotjoy, Star spins and Botemania operations. These revenues are accounted for through a number of subsidiary companies of the Gamesys Group. Revenues recognised in other group companies not relating to the Business Unit have been excluded.
- Cost of sales: Relates to gaming taxes specifically incurred in respect of revenue generated from the Jackpotjoy, Star spins and Botemania operations.
- Distribution and administrative expenses: Not all of the Business Unit's operating costs can be directly attributed to the Business Unit. Therefore different allocation methodologies have been used as follows:
  - Directly identifiable expenses: Those costs which relate in their totality directly to the Business Unit. Certain marketing and distribution costs were incurred in respect of the wider Gamesys Group's "owned" gaming platform and brands. These costs have been excluded from the carve-out financial information;
  - Allocated costs: Certain employee, contractor, accommodation, technical, professional and other Gamesys Group costs were not directly identifiable to the Business Unit have been allocated to the Business Unit based on the best estimate by management. The allocation basis used is gross win or headcount. Employee costs exclude any amounts in respect of the Gamesys long term bonus plan.

### *Statement of financial position*

All assets and liabilities directly associated with the Business Unit have been included in the statement of financial position. Cash held within the Gamesys Group has not been included as cash balances of the Business Unit.

Client liabilities and progressive prize pools have been recognised as other payables with a corresponding receivable balance included in other receivables due from Gamesys Limited where they are directly attributable to players from the Business Unit. Progressive prize pools that have been accrued on a pooled basis and may also be won by players not from the Business Unit have been recognised in their entirety on the basis that a player from the Business Unit is capable of winning the prize pool amount in full.

The Business Unit has reflected a notional distribution which has been estimated and used as a balancing entry in the Statement of financial position for each period presented. For the purposes of the carve-out financial information, the cumulative notional dividend is a balancing entry at the start of the earliest period presented. Management believes that the balances included in the statement of financial position are the most accurate that can be derived given the complexities of carving-out balances from a number of entities.

SECTION E: BDO REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE  
COMPANY FOR THE PERIOD ENDED 15 AUGUST 2016



BDO LLP  
55 Baker Street  
London  
W1U 7EU

The Directors  
Jackpotjoy plc  
35 Great St. Helen's  
London, EC3A 6AP  
United Kingdom

20 January 2017

Dear Sirs

**Jackpotjoy plc (the "Company")**

**Introduction**

We report on the financial information set out in Section F of Part 7. This financial information has been prepared for inclusion in the prospectus dated 20 January 2017 of the Company (the "**Prospectus**") on the basis of the accounting policies set out in note 1 to the financial information. This report is required by item 20.1 of annex I of the Commission Regulation (EC) No. 809/2004 (the "**PD Regulation**") and is given for the purpose of complying with that item and for no other purpose.

**Responsibilities**

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of annex I of the PD Regulation, consenting to its inclusion in the Prospectus.

**Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at 15 August 2016 and of its results, cash flows and changes in equity for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex I of the PD Regulation.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**SECTION F: HISTORICAL FINANCIAL INFORMATION OF THE COMPANY FOR THE  
PERIOD ENDED 15 AUGUST 2016**

**Jackpotjoy plc**

**Statement of Comprehensive Income**

*For the Period Ended 15 August 2016*

	Period ended 15 August 2016 £
<b>Result before taxation</b> .....	-
Taxation .....	-
<b>Result before the financial period</b> .....	-
<b>Total comprehensive income for the period</b> .....	-

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**Balance Sheet**

*As at 15 August 2016*

	Notes	2016 £
<b>Current assets</b>		
Receivables: unpaid share capital .....		50,000
Creditors: amount falling due within one year .....		-
<b>Net current assets</b> .....		<b>50,000</b>
<b>Capital and reserves</b>		
Called up share capital .....	3	<b>50,000</b>

**Statement of Changes in Equity for the period ended 15 August 2016**

	Notes	Share capital and reserves £
<b>Period ended 15 August 2016:</b>		
Result and total comprehensive income for the period .....		-
Issue of share capital .....	3	<b>50,000</b>
<b>Balance at 15 August 2016</b> .....		<b>50,000</b>

**Statement of Cash Flows for the period ended 15 August 2016**

**The Company did not enter into any transactions involving cash or cash equivalents in the period ended 15 August 2016.**

**Notes to the Historical Financial Information for the period ended 15 August 2016**

**1. Accounting policies**

**Company information**

The Company was incorporated on 29 July 2016. On 15 August 2016 the Company changed its name from Goldilocks Topco PLC to Jackpotjoy plc. It is a public limited company domiciled and incorporated in England and Wales under the Companies Act. The registered office is 35 Great St. Helen's, London, England EC3A 6AP.



### 1.1 ***Accounting convention***

This historical financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act applicable to companies reporting under IFRS.

This historical financial information is prepared in sterling, which is the functional currency of the company. Monetary amounts in this historical financial information are rounded to the nearest £.

The historical financial information have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The historical financial information for the period ended 15 August 2016 does not constitute the company's statutory accounts for that period. Due to the recent incorporation of the Company, no statutory accounts for Jackpotjoy plc have been delivered to the Registrar of Companies, nor have any statutory accounts been audited. The statutory accounts for the first period ending on the company's accounting reference date will be delivered to the Registrar of Companies in due course.

### 1.2 ***Going concern***

At the time of approving the historical financial information, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the historical financial information.

### 1.3 ***Financial instruments***

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the historical financial information, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### *Basic financial assets*

Basic financial assets, which include receivables, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

#### *Impairment of financial assets*

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### 1.4 ***Equity instruments***

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

## 2. Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

## 3. Share capital

	2016 £
Issued and fully paid .....	-
1 Ordinary share of £0.10 each .....	-
50,000 Redeemable shares of £1 each .....	50,000
	<b>50,000</b>

The Company was incorporated on 29 July 2016 with an issued share capital of 1 ordinary share of £0.10. On 15 August 2016, the Company issued 50,000 redeemable shares of £1 each. The shares are not entitled to vote, receive dividends or capital distributions (except on winding up where they are entitled to the nominal amount of each share); they confer a right of redemption by the Company (but not by the holder) at nominal value on such terms as the Directors may determine.

## 4. Post balance sheet events

On 15 August 2016 the Company changed its name to Jackpotjoy plc as part of a wider strategic plan to admit the Company's ordinary shares to the standard segment of the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities. On 16 August 2016, Intertain CallCo ULC was incorporated as an unlimited liability corporation under the laws of the Province of Nova Scotia and Intertain ExchangeCo Limited was incorporated under the laws of the Province of Ontario. The companies are subsidiary undertakings of Jackpotjoy plc and intend to enter into an arrangement agreement with Jackpotjoy plc, The Intertain Group Limited, Intertain Holdings Inc. and Intertain JerseyCo Ltd, pursuant to which Jackpotjoy plc would become the parent holding company for The Intertain Group Limited.

**SECTION G: BDO REVIEW REPORT ON THE UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE NINE MONTHS ENDED  
30 SEPTEMBER 2016**



BDO LLP  
55 Baker Street  
London  
W1U 7EU

Members of the Audit Committee  
The Intertain Group Limited

4 November 2016

Dear Audit Committee Members:

We have reviewed the interim consolidated balance sheet of The Intertain Group Limited (the “**Company**”) as at 30 September 2016, the interim consolidated statement of operations and comprehensive income for the nine month period ended 30 September 2016 and the interim consolidated statement of changes in shareholders’ equity and cash flows for the nine month period ended 30 September 2016. These interim consolidated financial statements are the responsibility of the Company’s management.

We performed our review in accordance with International Standards for Review Engagements 2410. Such an interim review consists principally of applying analytical procedures to financial data, and making inquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit whose objective is the expression of an opinion regarding the financial statements; accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our review, we are not aware of any material modification that needs to be made to the interim consolidated financial statements to be in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

This report is prepared solely for the use of the Audit Committee to assist it in discharging its regulatory obligations to review the interim consolidated financial statements and should not be used for any other purpose. Any use that a third party makes of this report, or any reliance or decisions made based upon it, are the responsibility of such third party. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

We wish to express our appreciation for the co-operation we received during the interim review from the Company’s management and staff who have assisted us in carrying out our work.

Yours faithfully,

Kieran Storan  
Partner  
BDO LLP  
Chartered Accountants

**SECTION H: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

**Unaudited Interim Condensed Consolidated Statement of Comprehensive Income**  
**For the nine months ended September 30, 2016**  
(Canadian dollars)

	<u>Note</u>	<u>Nine months ended September 30, 2016</u>	<u>Nine months ended September 30, 2015</u>
		(\$000's)	(\$000's)
<b>Revenue and other income</b>			
Gaming revenue .....		<b>356,951</b>	236,573
Other income earned from revenue guarantee .....		<b>2,320</b>	15,935
Other income earned from platform migration .....		<b>1,709</b>	-
<b>Total revenue and other income .....</b>		<b>360,980</b>	252,508
<b>Costs and expenses</b>			
Distribution costs .....	12, 14	<b>172,321</b>	136,096
Administrative costs .....	12	<b>128,735</b>	106,082
Severance costs .....	12, 14	<b>10,526</b>	-
Transaction related costs .....	12, 14	<b>29,377</b>	55,973
Foreign exchange loss .....	14	<b>5,722</b>	2,751
<b>Total costs and expenses .....</b>		<b>346,681</b>	300,902
<b>Gain on sale of intangible assets .....</b>		-	(430)
Debt settlement expense .....		-	5,692
Fair value adjustments on contingent consideration .....	10	<b>60,135</b>	6,842
Unrealized gain on cross currency swap .....	5	<b>(43,971)</b>	-
Interest income .....	13	<b>(213)</b>	(557)
Interest expense .....	13	<b>47,669</b>	32,256
<b>Financing expenses .....</b>		<b>63,620</b>	44,233
<b>Net loss for the period before taxes .....</b>		<b>(49,321)</b>	(92,197)
Current tax recovery (provision) .....		<b>(559)</b>	(943)
Deferred tax recovery .....		<b>540</b>	665
<b>Net loss for the period .....</b>		<b>(49,340)</b>	(92,475)
<b>Other comprehensive income/(loss): Items that will or may be reclassified to profit or loss in subsequent periods</b>			
Foreign currency translation gain/(loss) .....		<b>(108,647)</b>	70,476
Unrealized gain on foreign exchange forward .....		-	3,017
Reclassification of gain on foreign exchange forward .....		-	(3,017)
<b>Total comprehensive loss for the period .....</b>		<b>(157,987)</b>	(21,999)
<b>Net loss for the period per share</b>			
Basic .....	15	<b>\$(0.70)</b>	\$(1.59)
Diluted .....	15	<b>\$(0.70)</b>	\$(1.59)

*See accompanying notes*

# Unaudited Interim Condensed Consolidated Balance Sheet

As at September 30, 2016

(Canadian dollars)

	Note	As at September 30, 2016 (\$000's)	As at December 31, 2015 (\$000's)
<b>ASSETS</b>			
Cash .....	3	103,878	64,816
Restricted cash .....	3	333	357
Prepaid expenses .....		1,636	1,561
Customer deposits .....		13,438	13,309
Receivables .....	4	20,747	33,680
Current portion of cross currency swap .....	5, 10	49,394	1,555
Taxes receivable .....		16,284	15,050
<b>Total current assets</b> .....		<b>205,710</b>	<b>130,328</b>
Tangible assets .....		1,368	475
Intangible assets .....	6	589,929	776,371
Goodwill .....	6	505,348	588,387
Cross currency swap .....	5	-	8,106
Other long term receivables .....		3,305	2,687
<b>Total non-current assets</b> .....		<b>1,099,950</b>	<b>1,376,026</b>
<b>Total assets</b> .....		<b>1,305,660</b>	<b>1,506,354</b>
<b>LIABILITIES AND EQUITY</b>			
Accounts payable and accrued liabilities .....	7	14,485	12,720
Other short-term payables .....	8	18,191	1,083
Interest payable .....		132	-
Payable to customers .....		13,438	13,309
Current portion of long-term debt .....	9	43,941	51,345
Current portion of contingent consideration .....	10	178,868	12,237
Provision for taxes .....		11,180	20,069
<b>Total current liabilities</b> .....		<b>280,235</b>	<b>110,763</b>
Contingent consideration .....	10	247,590	415,545
Deferred tax liability .....		3,497	3,986
Convertible debentures .....	11	8,336	14,827
Long-term debt .....	9	321,870	371,404
<b>Total non-current liabilities</b> .....		<b>581,293</b>	<b>805,762</b>
<b>Total liabilities</b> .....		<b>861,528</b>	<b>916,525</b>
<b>Equity</b> .....			
Shareholders' equity .....		444,132	589,829
<b>Total equity</b> .....		<b>444,132</b>	<b>589,829</b>
<b>Total liabilities and equity</b> .....		<b>1,305,660</b>	<b>1,506,354</b>

See accompanying notes

On behalf of the Board:

(signed) "Andrew McIver"

(signed) "Paul Pathak"

Andrew McIver, CEO

Paul Pathak, Director

**Unaudited Interim Condensed Consolidated Statement of Changes in Equity**  
**For the nine months ended September 30, 2016**  
(Canadian dollars)

	<u>Note</u>	<u>Share Capital</u>	<u>Contributed Surplus</u>	<u>Reserve</u>	<u>Hedging Reserve</u>	<u>Retained Earnings/ (Deficit)</u>	<u>Total</u>
		(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
<b>Balance at January 1, 2015</b> .....		<b>201,147</b>	<b>7,095</b>	<b>2,901</b>	<b>-</b>	<b>(27,504)</b>	<b>183,639</b>
<b>Comprehensive income (loss) for the period:</b>							
Net loss for the period .....		-	-	-	-	(74,977)	(74,977)
Foreign currency translation gain .....		-	-	-	3,017	-	3,017
Reclassification of realized gain .....		-	-	-	(3,017)	-	(3,017)
Other comprehensive income .....		-	-	54,116	-	-	54,116
<b>Total comprehensive income (loss) for the period:</b> .....		<b>-</b>	<b>-</b>	<b>54,116</b>	<b>-</b>	<b>(74,977)</b>	<b>(20,861)</b>
<b>Contributions by and distributions to shareholders:</b>							
Issuance of common shares, net of costs .....		588,398	-	-	-	-	588,398
Conversion of units .....		427	-	-	-	-	427
Exercise of common share warrants .....		467	-	-	-	-	467
Exercise of common share options .....		43	-	-	-	-	43
Normal course issuer bid .....		(11,419)	-	-	-	-	(11,419)
Share-based compensation .....		-	4,808	-	-	-	4,808
<b>Total contributions by and distributions to shareholders:</b> .....		<b>577,916</b>	<b>4,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>582,724</b>
<b>Balance at September 30, 2015</b> .....		<b>779,063</b>	<b>11,903</b>	<b>57,017</b>	<b>-</b>	<b>(102,481)</b>	<b>745,502</b>
<b>Balance at January 1, 2016</b> .....		<b>761,636</b>	<b>12,719</b>	<b>69,851</b>	<b>-</b>	<b>(254,377)</b>	<b>589,829</b>
<b>Comprehensive income (loss) for the period:</b>							
Net loss for the period .....		-	-	-	-	(49,340)	(49,340)
Other comprehensive loss .....		-	-	(108,647)	-	-	(108,647)
<b>Total comprehensive income (loss) for the period:</b> .....		<b>-</b>	<b>-</b>	<b>(108,647)</b>	<b>-</b>	<b>(49,340)</b>	<b>(157,987)</b>
<b>Contributions by and distributions to shareholders:</b>							
Conversion of debentures .....	11	7,030	-	-	-	-	7,030
Exercise of options .....	11	2,844	(643)	-	-	-	2,201
Exercise of common share warrants .....	11	376	-	-	-	-	376
Share-based compensation .....	11	-	2,683	-	-	-	2,683
<b>Total contributions by and distributions to shareholders:</b> .....		<b>10,250</b>	<b>2,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,290</b>
<b>Balance at September 30, 2016</b> .....		<b>771,886</b>	<b>14,759</b>	<b>(38,796)</b>	<b>-</b>	<b>(303,717)</b>	<b>444,132</b>

*See accompanying notes*



# Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the nine months ended September 30, 2016

(Canadian dollars)

	Note	Nine months ended September 30, 2016	Nine months ended September 30, 2015
		(\$000's)	(\$000's)
<b>Operating activities</b>			
Net loss for the period		(49,340)	(92,475)
Add (deduct) items not involving cash			
Amortization		76,363	71,054
Share-based compensation expense	11	2,683	4,808
Tax provision		559	943
Deferred tax recovery		(540)	(665)
Interest expense, net	13	47,456	31,699
Gain on sale of intangible assets		-	(430)
Fair value adjustments on contingent consideration	10	60,135	6,842
Debenture settlement expense		-	5,692
Unrealized gain on cross currency swap	5	(43,971)	-
Foreign exchange		5,722	2,751
		<b>99,067</b>	<b>30,219</b>
Change in non-cash operating items			
Prepaid expenses		(141)	(954)
Receivables		8,824	(12,445)
Other long term receivables		(764)	(2,016)
Accounts payable and accrued liabilities		2,709	(8,068)
Other short-term payables		17,108	(1,538)
<b>Cash generated by operations</b>		<b>126,803</b>	<b>5,198</b>
Income taxes paid		(11,998)	-
Income taxes received		3,447	-
<b>Total cash provided by operating activities</b>		<b>118,252</b>	<b>5,198</b>
<b>Financing activities</b>			
Restriction of cash balances		-	(9,740)
Proceeds from exercise of warrants		376	467
Proceeds from exercise of options		-	43
Proceeds from issuance of common shares, net		-	462,887
Normal course issuer bid		-	(7,419)
Proceeds from long-term debt		-	399,986
Debenture redemption		-	(54,317)
Bridge loan redemption		-	(10,000)
Vendor take-back loans -repayment		-	(7,485)
Proceeds from exercise of options		2,201	-
Interest repayment		(22,310)	(13,790)
Payment of contingent consideration	10	(12,022)	-
Principal payments made on long-term debt	9	(34,800)	(10,553)
<b>Total cash provided by (used in) financing activities</b>		<b>(66,555)</b>	<b>750,079</b>
<b>Investing activities</b>			
Purchase of tangible assets		(1,107)	(241)
Purchase of intangible assets		(2,107)	(1,503)
Proceeds from sale of intangible assets		-	430
Cash paid to acquire license		-	(2,873)
Business acquisitions, net of cash acquired		-	(688,397)
<b>Total cash used in investing activities</b>		<b>(3,214)</b>	<b>(692,584)</b>
<b>Net increase in cash during the period</b>		<b>48,483</b>	<b>62,693</b>
Cash, beginning of period		64,816	31,252
Exchange gain/(loss) on cash and cash equivalents		(9,421)	557
<b>Cash, end of period</b>		<b>103,878</b>	<b>94,502</b>

See accompanying notes

## 1. Corporate Information

The Intertain Group Limited (the “Company” or “Intertain”) was incorporated by Articles of Incorporation pursuant to the provisions of the *Business Corporations Act* (Ontario) on November 26, 2010. Intertain’s registered office is located at 24 Duncan Street, Floor 2, Toronto, Ontario, Canada. Intertain is an online gaming company that provides entertainment to a global consumer base. The Company currently offers bingo, casino and other games to its customers using the Costa Bingo, Vera&John, Vera&Juan, Jackpotjoy, StarSpins, Botemania, InterCasino, and other brands. The Jackpotjoy, StarSpins, and Botemania brands operate off of proprietary software owned by the Gamesys Group, the Company’s B2B software and support provider. The Vera&John, Vera&Juan, and InterCasino brands operate off of proprietary software owned by a wholly-owned subsidiary of the Company. The Mandalay segment’s bingo offerings operate off of the Dragonfish platform, a software service provided by the 888 Group. Additionally, Intertain receives fees for marketing services provided by its affiliate portal business.

These unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 11, 2016.

## 2. Basis of Preparation

These unaudited interim condensed consolidated financial statements of the Company have been prepared by management on a going concern basis, and are presented in compliance with International Accounting Standard 34, Interim Financial Reporting, and have been prepared on a basis consistent with the accounting policies and methods used and disclosed in the Company’s December 31, 2015 audited annual consolidated financial statements (the “Annual Financial Statements”). The Company has consolidated current assets and current liabilities of \$205.7 million and \$280.2 million, respectively, giving rise to a net current liability of \$74.5 million. Included in current liabilities is current contingent consideration of \$178.9 million. As detailed in note 10, the Company is only required to fund this liability to the extent it has excess and available cash to do so.

Certain information and disclosures normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the Annual Financial Statements. All defined terms used herein are consistent with those terms as defined in the Annual Financial Statements.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention other than for the measurement at fair value of the Company’s cross currency swap and contingent consideration liabilities.

## 3. Cash and Restricted Cash

The restricted cash balance as at September 30, 2016 totalled \$0.3 million. The entire balance consists of cash held as collateral on the Company’s leased premises.

	September 30, 2016	December 31, 2015
	(\$000’s)	(\$000’s)
Cash .....	66,654	43,645
Segregated cash* .....	37,224	21,171
Cash and cash equivalents .....	103,878	64,816
Restricted cash – other .....	333	357
Total cash balances .....	104,211	65,173

\* This balance consists of cash on deposit with payment service providers as well as segregated funds held in accordance with the terms of the Jackpotjoy earn-out payment, where the Company is required to segregate 90% (April 2015–March 2016 – 65%) of the Company’s excess cash flow, less mandatory repayments of the Company’s long-term debt, in a non-operational bank account. £21.5 million is held in this account as at September 30, 2016 (£9.0 million as at December 31, 2015). Segregated cash does not qualify as restricted cash and, as such, it is included in cash.

#### 4. Receivables

Receivables consist of the following items:

	September 30, 2016	December 31, 2015
	(\$000's)	(\$000's)
Due from Amaya Inc. ....	-	10,661
Due from the Gamesys Group .....	13,568	15,505
Due from the 888 Group .....	2,477	3,074
Affiliate revenue receivable .....	2,988	3,217
Short-term loans receivable .....	852	559
Other .....	862	664
	<u>20,747</u>	<u>33,680</u>

#### 5. Cross Currency Swap

On November 23, 2015, the Company entered into a cross currency swap agreement (the "Currency Swap") in order to minimize the Company's exposure to exchange rate fluctuations between the Great British Pound ("GBP") and the US dollar ("USD") as cash generated from the Company's operations is largely in GBP, while principal and interest payments on the Company's term facility are in USD. Under the Currency Swap, 90% of the Company's USD term facility's interest and principal payments will be swapped into GBP. Intertain will pay a fixed 7.81% interest in place of floating USD interest payments of LIBOR plus 6.5% (LIBOR floor of 1%). The interest and principal payments will be made at a GBP/USD foreign exchange rate of 1.5135 on a USD notional amount of \$293,962,500. The Currency Swap terminates on March 31, 2017. The Company has elected not to use hedge accounting in accounting for the Currency Swap.

During the nine months ended September 30, 2016, an unrealized gain of \$44.0 million was recognized in the unaudited interim condensed consolidated statements of comprehensive income (loss) related to the Currency Swap. A portion of the gain was realized on the settlement of forward contracts on the Currency Swap at September 30, 2016. This resulted in a fair value for the Currency Swap at September 30, 2016 of \$49.4 million (December 31, 2015 – \$9.7 million)

#### 6. Intangible Assets

As at September 30, 2016

	Gaming Licenses	Customer Relationships	Software	Revenue Guarantee	Brand	Partnership Agreements	Goodwill	Total
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Cost .....								
Balance, January 1, 2016 .....	156	688,740	35,049	8,183	139,347	26,326	625,057	1,522,858
Additions .....	-	-	2,106	-	-	-	-	2,106
Translation .....	(3)	(106,723)	(1,475)	(428)	(19,987)	(4,306)	(84,955)	(217,877)
Balance, September 30, 2016 .....	<u>153</u>	<u>582,017</u>	<u>35,680</u>	<u>7,755</u>	<u>119,360</u>	<u>22,020</u>	<u>540,102</u>	<u>1,307,087</u>
Accumulated amortization								
Balance, January 1, 2016 .....	46	97,863	6,689	8,183	5,470	3,179	36,670	158,100
Amortization .....	13	64,949	4,907	-	4,772	1,534	-	76,175
Translation .....	(4)	(18,426)	(463)	(428)	(638)	(590)	(1,916)	(22,465)
Balance, September 30, 2016 .....	<u>55</u>	<u>144,386</u>	<u>11,133</u>	<u>7,755</u>	<u>9,604</u>	<u>4,123</u>	<u>34,754</u>	<u>211,810</u>
Carrying value								
Balance, September 30, 2016 .....	<u>98</u>	<u>437,631</u>	<u>24,547</u>	<u>-</u>	<u>109,756</u>	<u>17,897</u>	<u>505,348</u>	<u>1,095,277</u>

The above intangible assets and goodwill arose from business combinations, with the exception of software developed by the Vera&John segment (\$4.2 million) and purchase of the Parlay source code (\$2.9 million).

The Company's revenue guarantee intangible asset was fully amortized prior to December 31, 2015 and expired in February 2016.

As at December 31, 2015

	<b>Gaming Licenses</b>	<b>Customer Relationships</b>	<b>Software</b>	<b>Revenue Guarantee</b>	<b>Brand</b>	<b>Partnership Agreements</b>	<b>Goodwill</b>	<b>Total</b>
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Cost								
Balance, January 1, 2015 .....	135	96,990	27,726	6,860	21,851	-	148,801	302,363
Additions .....	-	531,365	5,163	-	105,265	24,078	415,708	1,081,579
Translation .....	21	60,385	2,160	1,323	12,231	2,248	60,548	138,916
Balance, December 31, 2015 .....	156	688,740	35,049	8,183	139,347	26,326	625,057	1,522,858
Accumulated amortization								
Balance, January 1, 2015 .....	20	8,692	63	6,108	320	-	-	15,203
Amortization .....	25	84,876	6,273	828	4,889	3,083	-	99,974
Goodwill impairment .....	-	-	-	-	-	-	36,670	36,670
Translation .....	1	4,295	353	1,247	261	96	-	6,253
Balance, December 31, 2015 .....	46	97,863	6,689	8,183	5,470	3,179	36,670	158,100
Carrying value								
Balance, December 31, 2015 .....	110	590,877	28,360	-	133,877	23,147	588,387	1,364,758

## 7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following items:

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
	(\$000's)	(\$000's)
Affiliate/marketing expenses payable .....	5,971	6,041
Payable to game suppliers .....	1,447	2,679
Payable to consultants .....	1,062	864
Loyalty program payable .....	430	514
Professional fees .....	629	721
Payroll-related costs .....	1,148	530
Gaming tax payable .....	892	379
Withholding tax payable .....	953	-
Other .....	1,953	992
	14,485	12,720

## 8. Other Short-Term Payables

Other short-term payables consist of:

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
	(\$000's)	(\$000's)
Transaction related payables .....	18,191	1,083
	18,191	1,083

## 9. Credit Facilities

Below is the breakdown of the term facility, net of unamortized transaction costs of \$14.3 million.

Term Facility:

	(\$000's)
Balance, January 1, 2015 .....	-
Principal .....	418,348
Repayment .....	(21,418)
Transaction costs .....	(18,615)
Accretion (effective interest rate of 8.69%) .....	2,880
Foreign exchange translation .....	41,554
Balance, December 31, 2015 .....	422,749
Repayment .....	(34,800)
Accretion (effective interest rate of 8.69%) .....	2,489
Foreign exchange translation .....	(24,627)
Balance, September 30, 2016 .....	365,811
Current portion .....	43,941
Non-current portion .....	321,870

## 10. Financial Instruments

The Company's financial instruments are classified as explained in note 3 of the Annual Financial Statements. The principal financial instruments used by the Company are summarized below.

### Financial assets

	Loans and receivables	
	September 30, 2016	December 31, 2015
	(\$000's)	(\$000's)
Cash and restricted cash .....	104,211	65,173
Receivables .....	20,747	33,680
Other long-term receivables .....	3,305	2,687
Customer deposits .....	13,438	13,309
	141,701	114,849

### Financial liabilities

	Financial liabilities at amortized cost	
	September 30, 2016	December 31, 2015
	(\$000's)	(\$000's)
Accounts payable and accrued liabilities .....	14,485	12,720
Other short-term payables .....	18,191	1,083
Payable to customers .....	13,438	13,309
Convertible debentures .....	8,336	14,827
Long-term debt .....	365,811	422,749
	420,261	464,688

The carrying values of the financial instruments noted above, with the exception of convertible debentures, approximate their fair values. The convertible debentures' fair value as at September 30, 2016 amounted to \$17.1 million. Fair value was determined based on a quoted market price in an active market.

	Financial instruments recognized at fair value through profit or loss – assets (liabilities)	
	September 30, 2016	December 31, 2015
	(\$000's)	(\$000's)
Cross currency swap .....	49,394	9,661
Contingent consideration .....	(426,458)	(427,782)
	(377,064)	(418,121)

## Fair Value Hierarchy

The hierarchy of the Company's financial instruments carried at fair value is as follows:

	Level 2		Level 3	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Cross currency swap .....	49,394	9,661	-	-
Contingent consideration .....	-	-	(426,458)	(427,782)

Contingent consideration represents the fair value of the cash outflows under earn-out agreements that would result from the performance of acquired businesses. The key inputs into the fair value estimation of these liabilities include the forecast performance of the underlying businesses, the probability of achieving forecasted results and the discount rate applied in deriving a present value from those forecasts. Significant increase (decrease) in the business' performance would result in a higher (lower) fair value of the contingent consideration, while significant increase (decrease) in the discount rate would result in a lower (higher) fair value of the contingent consideration. Additionally, as earn-out periods draw closer to their completion, the range of probability factors will decrease.

As at September 30, 2016, the entire contingent consideration balance related to the Jackpotjoy contingent consideration.

A discounted cash flow valuation model was used to determine the values of the Jackpotjoy contingent consideration. The model considers the present value of the expected payments, discounted using a risk-adjusted discount rate. The expected payments are determined by considering the possible scenarios of forecast Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), the amount to be paid under each scenario and the probability of each scenario.

The movement in Level 3 financial instruments is detailed below:

	(\$000's)
Contingent consideration, January 1, 2015 .....	26,353
Addition .....	262,504
Fair value adjustments .....	120,779
Payments .....	(25,729)
Accretion of discount .....	17,399
Foreign exchange translation .....	26,476
Contingent consideration, December 31, 2015 .....	427,782
Fair value adjustments .....	60,135
Payments .....	(12,022)
Accretion of discount .....	20,559
Foreign exchange translation .....	(69,996)
Contingent consideration, September 30, 2016 .....	426,458
Current portion .....	178,868
Non-current portion .....	247,590

The current portion of contingent consideration relates to a current minimum estimate of the cash payment the Company will pay Gamesys when part of the Jackpotjoy contingent consideration becomes due in March 2017. In accordance with the Share Purchase Agreement between the Company and Gamesys, until the Credit Facility has been paid or becomes payable, whichever is the earlier, Gamesys cannot enforce the Company's obligation to pay the full portion of the contingent consideration when such payments are due. However, to the extent that the Company does not pay any portion of the contingent consideration when due, the Company will be required to pay interest on any unpaid contingent consideration payment at a monthly rate equal to 30-day LIBOR plus 110 basis points ("bps") for the first six months, 30-day LIBOR plus 160 bps per month for balances of any unpaid contingent consideration payment outstanding for greater than six months, and 30-day LIBOR plus 200 bps per month for balances of any unpaid contingent consideration payment outstanding for greater than 12 months. The estimated cash payment consists of the portion of excess cash the Company is obligated to segregate in a non-operational bank account to pay the Jackpotjoy contingent consideration and an estimate of available cash when the Jackpotjoy contingent consideration becomes due.



On September 6, 2016, Intertain announced additional non-competition covenants, and amendments to the long-term operating and other agreements, between Intertain and Gamesys and certain of its affiliates pursuant to deeds of amendment dated September 5, 2016 (together, the “Amendments”), subject to the satisfaction of certain conditions. The Amendments came into effect upon, among other things, Intertain making a pre-payment to Gamesys of £150 million on 16 December 2016 in respect of Intertain’s earn-out obligations in connection with the Jackpotjoy and Starspins brands.

Key terms of the Amendments include: (a) two-year additional non-competition covenant from the Gamesys Group (to April 2019; previously expiring in April 2017); (b) five-year extension of terms of the operating agreements (to April 2030; previously expiring in 2025), with a corresponding extension of the term of the content licensing agreement (to April 2040); and (c) aggregate cap of £375 million on the JPJ Earn-out (previously uncapped). The Company has agreed to pay the Gamesys Group an aggregate of £24 million in equal monthly installments in arrears over the period from April 2017 to April 2020 in connection with the Amendments.

## 11. Share Capital and Contributed Surplus

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

	Common shares	
	(\$000's)	#
Balance, January 1, 2015 .....	201,147	32,614,079
Issuance of shares, net of costs .....	588,398	39,561,365
Conversion of convertible debentures, net of costs .....	427	73,333
Exercise of options .....	43	10,700
Exercise of warrants .....	3,501	740,253
Normal Course Issuer Bid .....	(31,880)	(2,488,237)
Balance, December 31, 2015 .....	761,636	70,511,493
Conversion of convertible debentures, net of costs .....	7,030	1,283,334
Exercise of options .....	2,844	550,286
Exercise of warrants .....	376	40,625
Balance, September 30, 2016 .....	771,886	72,385,738

### Common Shares

On February 26, 2015, Intertain closed an offering of 32,200,000 subscription receipts of the Company, at a price of \$15.00 per subscription receipt, for aggregate gross proceeds of \$483 million. With the closing of the Jackpotjoy acquisition on April 8, 2015, the subscription receipts were exchanged on a one-for-one basis for Intertain common shares without payment of additional consideration or further action. Additionally, on April 8, 2015, the Company issued 7,361,365 common shares with a transaction date value of \$17.05 per share to satisfy part of the purchase price of Jackpotjoy.

During the nine months ended September 30, 2016, the Company did not purchase any common shares under its Normal Course Issuer Bid.

### Convertible Debentures

During the nine months ended September 30, 2016, debentures at par value of \$7.7 million were converted into 1,283,334 common shares of the Company.

### Share Options

Under the common share option plan (“Share Option Plan”), the Company may grant options to acquire up to 10% of the issued and outstanding common shares of Intertain to directors, officers, employees, partners and service providers of Intertain or any of its subsidiaries.

During the nine months ended September 30, 2016, 1,340,000 stock options were granted, 550,286 stock options were exercised, nil stock options were forfeited, and 259,305 stock options expired. As at September 30, 2016, 3,394,185 options remained outstanding.

### Share-based Compensation Expense

During the nine months ended September 30, 2016, the Company recorded \$2.7 million (nine months ended September 30, 2015 – \$4.8 million) in share-based compensation expense with a corresponding increase to contributed surplus.

## 12. Costs and Expenses

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	(\$000's)	(\$000's)
Distribution costs:		
Selling and marketing .....	59,420	62,118
Licensing fees .....	57,363	39,303
Gaming taxes .....	39,567	24,176
Processing fees .....	15,971	10,499
	<u>172,321</u>	<u>136,096</u>
Administrative costs:		
Compensation and benefits .....	37,768	27,986
Professional fees .....	6,289	1,774
General and administrative .....	8,315	5,268
Tangible asset amortization .....	188	59
Intangible asset amortization .....	76,175	70,995
	<u>128,735</u>	<u>106,082</u>

Professional fees include Independent Committee (as defined below) related expenses. As a result of a self-identified short seller of the Company's common shares issuing a report on the Company in Q4 2015, Intertain's Board of Directors established a committee of non-management directors (the "Independent Committee") to closely review the allegations contained within the report. On February 22, 2016, the Independent Committee completed its review and concluded that the allegations and innuendos of the short seller, related to the quality and financial performance of the underlying businesses of Intertain, were grossly erroneous. Costs related to the Independent Committee's review for the nine months ended September 30, 2016 amounted to \$3.3 million.

Included in compensation and benefits are severance costs relate to final severance payments owing to the former CEO of the Company, in accordance with the terms of his employment agreement.

Also included in the Unaudited Interim Condensed Consolidated Statement of Comprehensive Income (Loss) are transaction related costs consisting of legal, professional, underwriting, due diligence, and special committee fees; bonuses paid to management; other direct costs/fees associated with transactions and acquisitions contemplated or completed; and costs associated with the UK strategic review undertaken by the Board of Directors (the "UK Strategic Review") and the UK Strategic Initiatives.

## 13. Interest Expense/Income

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	(\$000's)	(\$000's)
Interest earned on cash held during the period .....	213	557
Total interest income .....	<u>213</u>	<u>557</u>
Interest paid and accrued on long-term debt .....	23,448	15,447
Accretion of discount recognized on contingent consideration .....	20,559	11,797
Interest paid on bridge loan .....	-	86
Interest paid and accrued on convertible debentures and debentures .....	641	2,161
Interest accrued related to the vendor take back loan .....	-	255
Interest accretion recognized on convertible debentures and debentures .....	532	763
Interest accretion recognized on long-term debt .....	2,489	1,747
Total interest expense .....	<u>47,669</u>	<u>32,256</u>

## 14. Segment Information

On April 13, 2016, the InterCasino brand migrated from the Amaya platform to the Plain Gaming Platform, Vera&John's proprietary platform. In conjunction with this operational change, the Company reassessed its operating segments and concluded that the InterCasino segment should be aggregated with the Vera&John segment.

The following tables present selected financial results for each segment and the unallocated corporate costs:

Nine months ended September 30, 2016:

	Jackpotjoy	Vera&John	Mandalay	Unallocated Corporate Costs	Total
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Total revenue and other income .....	249,556	80,865	30,559	-	360,980
Distribution costs .....	112,621	39,455	19,818	427	172,321
Amortization .....	56,892	11,531	7,919	21	76,363
Compensation, professional, and general and administrative expenses .....	21,160	15,754	1,523	13,935	52,372
Severance costs .....	-	-	-	10,526	10,526
Transaction related costs .....	-	1,169	-	28,208	29,377
Foreign exchange loss (gain) .....	(539)	1,168	(187)	5,280	5,722
Financing, net .....	-	(91)	9	63,702	63,620
<b>Income (loss) for the period before taxes .....</b>	<b>59,422</b>	<b>11,879</b>	<b>1,477</b>	<b>(122,099)</b>	<b>(49,321)</b>
Taxes .....	-	19	-	-	19
<b>Net income (loss) for the period .....</b>	<b>59,422</b>	<b>11,860</b>	<b>1,477</b>	<b>(122,099)</b>	<b>(49,340)</b>
<b>Net income (loss) for the period .....</b>	<b>59,422</b>	<b>11,860</b>	<b>1,477</b>	<b>(122,099)</b>	<b>(49,340)</b>
Interest expense, net .....	-	(91)	9	47,538	47,456
Taxes .....	-	19	-	-	19
Amortization .....	56,892	11,531	7,919	21	76,363
<b>EBITDA .....</b>	<b>116,314</b>	<b>23,319</b>	<b>9,405</b>	<b>(74,540)</b>	<b>74,498</b>
Share-based compensation .....	-	-	-	2,683	2,683
Severance costs .....	-	-	-	10,526	10,526
Fair value adjustment on contingent consideration .....	-	-	-	60,135	60,135
Independent committee related expenses .....	-	-	-	3,326	3,326
Gain on cross currency swap .....	-	-	-	(43,971)	(43,971)
Transaction related costs .....	-	1,169	-	28,208	29,377
Foreign exchange .....	(539)	1,168	(187)	5,280	5,722
<b>Adjusted EBITDA .....</b>	<b>115,775</b>	<b>25,656</b>	<b>9,218</b>	<b>(8,353)</b>	<b>142,296</b>
<b>Net income (loss) for the period .....</b>	<b>59,422</b>	<b>11,860</b>	<b>1,477</b>	<b>(122,099)</b>	<b>(49,340)</b>
Share-based compensation .....	-	-	-	2,683	2,683
Severance costs .....	-	-	-	10,526	10,526
Fair value adjustment on contingent consideration .....	-	-	-	60,135	60,135
Independent committee related expenses .....	-	-	-	3,326	3,326
Gain on cross currency swap .....	-	-	-	(43,971)	(43,971)
Transaction related costs .....	-	1,169	-	28,208	29,377
Foreign exchange .....	(539)	1,168	(187)	5,280	5,722
Amortization of acquisition related purchase price intangibles .....	56,892	10,832	7,919	-	75,643
Accretion .....	-	-	-	23,580	23,580
<b>Adjusted Net Income/(loss) .....</b>	<b>115,775</b>	<b>25,029</b>	<b>9,209</b>	<b>(32,332)</b>	<b>117,681</b>

Nine months ended September 30, 2015:

	Jackpotjoy	Vera&John	Mandalay	Unallocated Corporate Costs	Total
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Total revenue and other income .....	149,851	72,319	30,338	-	252,508
Debt settlement expense and gain on sale of intangibles .....	-	(430)	-	5,692	5,262
Distribution costs .....	80,179	39,194	16,546	177	136,096
Amortization .....	46,356	13,510	11,167	21	71,054
Compensation, professional, and general and administrative expenses .....	13,659	12,095	1,370	7,904	35,028
Transaction related costs .....	671	507	-	54,795	55,973
Foreign exchange loss (gain) .....	(562)	153	-	3,160	2,751
Financing, net .....	-	(2)	16	38,527	38,541
<b>Income (loss) for the period before taxes .....</b>	<b>9,548</b>	<b>7,292</b>	<b>1,239</b>	<b>(110,276)</b>	<b>(92,197)</b>
Taxes .....	-	278	-	-	278
<b>Net income (loss) for the period .....</b>	<b>9,548</b>	<b>7,014</b>	<b>1,239</b>	<b>(110,276)</b>	<b>(92,475)</b>
<b>Net income (loss) for the period .....</b>	<b>9,548</b>	<b>7,014</b>	<b>1,239</b>	<b>(110,276)</b>	<b>(92,475)</b>
Interest expense, net .....	-	(2)	16	31,685	31,699
Taxes .....	-	278	-	-	278
Amortization .....	46,356	13,510	11,167	21	71,054
<b>EBITDA .....</b>	<b>55,904</b>	<b>20,800</b>	<b>12,422</b>	<b>(78,570)</b>	<b>10,556</b>
Share-based compensation .....	-	-	-	4,808	4,808
Debt settlement expense and gain on sale of .....	-	(430)	-	5,692	5,262
intangibles .....	-	-	-	6,842	6,842
Fair value adjustment on contingent consideration .....	-	-	-	54,795	55,973
Transaction related costs .....	671	507	-	3,160	2,751
Foreign exchange .....	(562)	153	-	-	-
<b>Adjusted EBITDA .....</b>	<b>56,013</b>	<b>21,030</b>	<b>12,422</b>	<b>(3,273)</b>	<b>86,192</b>
<b>Net income (loss) for the period .....</b>	<b>9,548</b>	<b>7,014</b>	<b>1,239</b>	<b>(110,276)</b>	<b>(92,475)</b>
Share-based compensation .....	-	-	-	4,808	4,808
Debt settlement expense and gain on sale of .....	-	(430)	-	5,692	5,262
intangibles .....	-	-	-	6,842	6,842
Fair value adjustment on contingent consideration .....	-	-	-	54,795	55,973
Transaction related costs .....	671	507	-	3,160	2,751
Foreign exchange .....	(562)	153	-	-	-
Amortization of acquisition related purchase price intangibles .....	46,356	13,367	11,167	-	70,890
Accretion .....	-	-	-	14,307	14,307
<b>Adjusted Net Income/(loss) .....</b>	<b>56,013</b>	<b>20,611</b>	<b>12,406</b>	<b>(20,672)</b>	<b>68,358</b>

The following table presents net assets per segment and unallocated corporate costs as at September 30, 2016:

	Jackpotjoy	Vera&John	Mandalay	Unallocated Corporate Costs	Total
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Current assets .....	22,718	72,707	7,573	102,712	205,710
Long-term assets .....	874,749	160,735	61,820	2,646	1,099,950
<b>Total assets .....</b>	<b>897,467</b>	<b>233,442</b>	<b>69,393</b>	<b>105,358</b>	<b>1,305,660</b>
Current liabilities .....	9,150	25,868	2,319	242,898	280,235
Long-term liabilities .....	-	3,497	-	577,796	581,293
<b>Total liabilities .....</b>	<b>9,150</b>	<b>29,365</b>	<b>2,319</b>	<b>820,694</b>	<b>861,528</b>
<b>Net assets .....</b>	<b>888,317</b>	<b>204,077</b>	<b>67,074</b>	<b>(715,336)</b>	<b>444,132</b>

The following table presents net assets per segment and unallocated corporate costs as at December 31, 2015:

	<b>Jackpotjoy</b>	<b>Vera&amp;John</b>	<b>Mandalay</b>	<b>Unallocated Corporate Costs</b>	<b>Total</b>
	<i>(\$000's)</i>	<i>(\$000's)</i>	<i>(\$000's)</i>	<i>(\$000's)</i>	<i>(\$000's)</i>
Current assets .....	30,736	69,857	10,315	19,420	130,328
Long-term assets .....	1,108,900	173,097	82,742	11,287	1,376,026
Total assets .....	1,139,636	242,954	93,057	30,707	1,506,354
Current liabilities .....	11,217	30,740	2,706	66,100	110,763
Long-term liabilities .....	-	3,985	-	801,777	805,762
Total liabilities .....	11,217	34,725	2,706	867,877	916,525
Net assets .....	1,128,419	208,229	90,351	(837,170)	589,829

During the nine months ended September 30, 2016 and 2015, substantially all of the revenue earned by the Company was in Europe. Non-current assets by geographical location as at September 30, 2016 were as follows: Europe \$160.7 million (December 31, 2015 – \$173.1 million) and Americas \$939.2 million (December 31, 2015 – \$1.203 billion).

## 15. Earnings per Share

The following table presents the calculation of basic and diluted earnings per common share:

	<b>Nine Months Ended September 30, 2016</b>	<b>Nine Months Ended September 30, 2015</b>
	<i>(000's)</i>	<i>(000's)</i>
Numerator:		
Net loss – basic .....	(49,340)	(92,475)
Net loss – diluted .....	(49,340)	(92,475)
Denominator:		
Weighted average number of common shares outstanding – basic .....	70,666	58,197
Instruments, which are anti-dilutive:		
Weighted average effect of dilutive share options .....	833	1,140
Weighted average effect of dilutive warrants .....	-	504
Weighted average effect of convertible debentures <sup>2</sup> .....	2,759	2,843
Net loss per share <sup>3,4</sup>		
Basic .....	\$ (0.70)	\$ (1.59)
Diluted <sup>1</sup> .....	\$ (0.70)	\$ (1.59)

<sup>1</sup> In the case of a net loss, the effect of common share options and warrants potentially exercisable on diluted loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

<sup>2</sup> An assumed conversion of convertible debentures had an anti-dilutive effect on loss per share for the nine months ended September 30, 2016.

<sup>3</sup> Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period.

<sup>4</sup> Diluted loss per share is calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of common shares outstanding during the period and adjusted for the number of potentially dilutive share options and contingently issuable instruments.

## 16. Contingent Liabilities

### Indirect Taxation

Intertain companies may be subject to indirect taxation on transactions which have been treated as exempt supplies of gambling, or on supplies which have been zero rated where legislation provides that the services are received or used and enjoyed in the country where the service provider is located. Revenues earned from customers located in any particular jurisdiction may give rise to further taxes in that jurisdiction. If such taxes are levied, either on the basis of current law or the current practice of any tax authority, or by reason of a change in the law or practice, then this may have a material adverse effect on the amount of tax payable by the Company or on its financial position. Where it is considered probable that a previously identified contingent liability will give rise to an actual outflow of funds, then a provision is made in respect of the relevant jurisdiction and period impacted. Where the likelihood of a liability arising is considered remote, or the possible contingency is not material to the financial position of the Company, the contingency is not recognised as a liability at the balance sheet date. As at September 30, 2016, the Company had recognized \$nil liability (December 31, 2015 – \$nil) related to indirect taxation.

## **17. Related Party Transactions**

During the nine months ended September 30, 2016, the Company incurred \$0.3 million (nine months ended September 30, 2015 – \$0.2 million) in legal fees for services provided by a law firm whose partner is a director and Corporate Secretary of the Company and \$0.2 million (September 30, 2015 – \$nil) in professional fees from an accounting firm whose partner is a director of the Company.

Additionally, during the nine months ended September 30, 2016, the Company incurred \$0.4 million (nine months ended September 30, 2015 – \$2.6 million) in legal fees for services provided by a law firm of which the spouse of a former director and senior member of management is a partner. The balance for the nine months ended September 30, 2016 reflects fees incurred in the period during which the former director and senior member was still working for the Company. The arrangements with such firms specify that the spouse is not to provide legal services to the Company.

During the nine months ended September 30, 2016, Intertain incurred an aggregate of \$2.1 million (nine months ended September 30, 2015 – \$nil) in director fees to members of the Special Committee of the Intertain Board overseeing Intertain's strategic review (approximately \$1.3 million) and to the members of the Independent Committee in connection with their work relating to the investigation of the short-seller report discussed in note 12 (approximately \$0.6 million, including fees of approximately \$0.2 million paid to Chitiz Pathak LLP for work in connection with such investigation).

## **18. Comparative Figures**

Certain comparative balances have been restated to conform with the current period's presentation. Presentation changes include the reallocation of salaries and fees between Jackpotjoy and unallocated corporate costs as well as amendments to the treatment of social gaming supplier cost to be shown gross of social gaming revenue rather than net. This amendment caused both, revenue and distribution costs for the nine month period ended September 30, 2015 to increase by and \$5.0 million.



## PART 8: UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

### SECTION A: BDO REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP



BDO LLP  
55 Baker Street  
London  
W1U 7EU

The Directors  
Jackpotjoy plc  
35 Great St. Helen's  
London, EC3A 6AP  
United Kingdom

20 January 2017

Dear Sirs

**Jackpotjoy plc (the "Company")**

#### **Pro forma financial information**

We report on the unaudited *pro forma* income statement (the "**Pro Forma Financial Information**") set out in Section B of Part 8 of the Prospectus dated 20 January 2017 (the "**Prospectus**") which has been prepared on the basis described, for illustrative purposes only, to provide information about how the acquisition of the Jackpotjoy, Starspins and Botemania Business Unit of Gamesys Limited ("**Jackpotjoy**") might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing the consolidated financial statements for the period ended 31 December 2016.

This report is required by item 7 of Annex II of the Commission Regulation (EC) No. 809/2004 (the "**PD Regulation**") and is given for the purpose of complying with that item and for no other purpose.

#### **Responsibilities**

It is the responsibility of the directors of the Company (the "**Directors**") to prepare the *Pro Forma* Financial Information in accordance with Annex II of the PD Regulation).

It is our responsibility to form an opinion, as required by item 7 of Annex II of the PD Regulation, as to the proper compilation of the *Pro Forma* Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I of the PD Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the *Pro Forma* Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

#### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro Forma* Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide us with reasonable assurance that the *Pro Forma* Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion:

- the *Pro Forma* Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of the PD Regulation.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## SECTION B: UNAUDITED PRO FORMA INCOME STATEMENT OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2015

The unaudited *pro forma* income statement for the Group set out below has been prepared on the basis set out in the notes below to illustrate the impact of the acquisition of the Jackpotjoy, Starspins and Botemania Business Unit of Gamesys Limited (“**Jackpotjoy**”) on the income statement of the Group as if it had taken place on 1 January 2015.

The unaudited *pro forma* information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group’s actual financial position or results.

The unaudited *pro forma* information does not constitute financial statements within the meaning of Section 434 of the Companies Act. Shareholders should read the whole of this Prospectus and not rely solely on the summarised financial information contained in this “*Part 8: Unaudited Pro Forma Financial Information of the Group*”. BDO’s report on the unaudited *pro forma* financial information is set out in “*Part 8: Unaudited Pro Forma Financial Information of the Group – Section A: BDO Report on the Unaudited Pro Forma Financial Information of the Group*”.

The unaudited *pro forma* income statement has been prepared on a basis consistent with the accounting policies to be used by the Group in preparing its consolidated financial statements for the period ended 31 December 2016, on the basis set out in the notes below, and in accordance with Annex II to the Prospectus Directive Regulation. It should be read in conjunction with the notes below.

The unaudited *pro forma* income statement is compiled from the consolidated statement of comprehensive income of the Group for the year ended 31 December 2015 as set out in “*Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group*”.

	Group for the year ended 31 December 2015	Adjustment Jackpotjoy for the period 1 January 2015 to 8 April 2015	Pro forma year ended 31 December 2015
	(note 1)	(note 2)	
	(\$000’s)	(\$000’s)	(\$000’s)
<b>Revenue and other income</b>			
Gaming revenue .....	365,492	75,617	441,109
Other income earned from revenue guarantee .....	18,973	-	18,973
<b>Total revenue and other income .....</b>	<b>384,465</b>	<b>75,617</b>	<b>460,082</b>
<b>Costs and expenses</b>			
Distribution costs .....	200,050	39,851	239,901
Administrative costs .....	150,907	29,041	179,948
Acquisition related costs .....	57,343	-	57,343
Goodwill impairment .....	36,670	-	36,670
Foreign exchange loss (gain) .....	1,423	45	1,468
<b>Total costs and expenses .....</b>	<b>446,393</b>	<b>68,937</b>	<b>515,330</b>
<b>Gain on sale of intangible assets .....</b>	<b>(430)</b>	<b>-</b>	<b>(430)</b>
<b>Financing expenses</b>			
Debenture settlement expense .....	5,692	-	5,692
Fair value adjustments on contingent consideration .....	120,779	-	120,779
Unrealised gain on Cross-Currency Swap .....	(9,661)	-	(9,661)
Interest income .....	(619)	-	(619)
Interest expense .....	48,100	-	48,100
<b>Total financing expenses .....</b>	<b>164,291</b>	<b>-</b>	<b>164,291</b>
<b>Net loss for the period before taxes .....</b>	<b>(225,789)</b>	<b>6,680</b>	<b>(219,109)</b>
Current tax .....	1,974	-	1,974
Deferred tax recovery .....	(890)	-	(890)
<b>Net loss for the period .....</b>	<b>(226,873)</b>	<b>6,680</b>	<b>(220,193)</b>
<b>Adjusted EBITDA for the period (note 4) .....</b>	<b>139,452</b>	<b>28,609</b>	<b>168,061</b>
<b>Adjusted Net Income for the period (note 5) .....</b>	<b>111,564</b>	<b>28,609</b>	<b>140,173</b>

1. The financial information has been extracted, without material adjustment, from the historical financial information of the Group for the year ended 31 December 2015 as set out in “Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group”.
2. The adjustment reflects the results for Jackpotjoy for the period from 1 January 2015 to the date of its acquisition by the Group on 8 April 2015. This information has been calculated as follows:

	Jackpotjoy reported results for the period 1 January 2015 to 8 April 2015	Amortisation of acquisition related purchase price intangibles	Jackpotjoy for the period 1 January 2015 to 8 April 2015
	(note a)	(note b)	
	(\$000's)	(\$000's)	(\$000's)
<b>Revenue and other income</b>			
Gaming revenue .....	75,617	-	75,617
Other income earned from revenue guarantee .....	-	-	-
<b>Total revenue and other income .....</b>	<b>75,617</b>	<b>-</b>	<b>75,617</b>
<b>Costs and expenses</b>			
Distribution costs .....	39,851	-	39,851
Administrative costs .....	7,157	21,884	29,041
Acquisition related costs .....	-	-	-
Goodwill impairment .....	-	-	-
Foreign exchange loss (gain) .....	45	-	45
<b>Total costs and expenses .....</b>	<b>47,053</b>	<b>21,884</b>	<b>68,937</b>
<b>Gain on sale of intangible assets .....</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financing expenses</b>			
Debenture settlement expense .....	-	-	-
Fair value adjustments on contingent consideration .....	-	-	-
Unrealised gain on Cross-Currency Swap .....	-	-	-
Interest income .....	-	-	-
Interest expense .....	-	-	-
<b>Total financing expenses .....</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net profit/(loss) for the period before taxes .....</b>	<b>28,564</b>	<b>(21,884)</b>	<b>6,680</b>
Current tax .....	-	-	-
Deferred tax recovery .....	-	-	-
<b>Net profit/(loss) for the period .....</b>	<b>28,564</b>	<b>(21,884)</b>	<b>6,680</b>
<b>Adjusted EBITDA for the period .....</b>	<b>28,609</b>	<b>-</b>	<b>28,609</b>
<b>Adjusted Net Income for the period .....</b>	<b>28,609</b>	<b>-</b>	<b>28,609</b>

- a. The financial information has been extracted, without material adjustment, from the accounting records of Jackpotjoy, with revenue, administrative costs, distribution costs, net income and adjusted EBITDA also disclosed under the heading “Jackpotjoy purchase” in note 28: “Business Combinations” in the historical financial information of the Group as set out in “Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group”.
  - b. An adjustment has been included to reflect the additional amortisation of the purchase price intangibles that would have been incurred had the purchase price intangibles been recorded on 1 January 2015, rather than on 8 April 2015. This has been calculated based on the average quarterly amortisation for the period from 8 April 2015 to 31 December 2015 in £ Sterling, converted into Canadian \$ using the average exchange rate for the first quarter of 2015.
  - c. For the purposes of this pro forma financial information, no change in the fair value of contingent consideration from 1 January 2015 to 8 April 2015 has been assumed.
3. None of the adjustments set out above will have a recurring effect on the Group.
  4. Adjusted EBITDA, as defined by the Company, is income before interest expense (net of interest income), income taxes, amortisation, share-based compensation, unrealised gain on Cross-Currency Swap, debt settlement expense, gain on sale of intangibles, fair value adjustments on contingent consideration, transaction related costs and foreign exchange. The exclusion of amortisation, gain on sale of intangibles and share-based compensation eliminates the non-cash impact of these items and the exclusion of debt settlement expense, unrealised gain on Cross-Currency Swap, fair value adjustments on contingent consideration, transaction related costs and foreign exchange eliminates items which the chief operating decision makers believe are non-operational.

*Pro forma* Adjusted EBITDA has been calculated as follows:

	<u>Adjustment</u>		
	<u>Year ended 31 December 2015</u>	<u>Jackpotjoy for the period 1 January 2015 to 8 April 2015</u>	<u>Pro forma year ended 31 December 2015</u>
	(\$000's)	(\$000's)	(\$000's)
<b>Net loss for the period</b> .....	<b>(226,873)</b>	<b>6,680</b>	<b>(220,193)</b>
Interest income .....	(619)	-	(619)
Interest expense .....	48,100	-	48,100
Current tax .....	1,974	-	1,974
Deferred tax recovery .....	(890)	-	(890)
Amortisation .....	100,320	21,884	122,204
<b>EBITDA</b> .....	<b>(77,988)</b>	<b>28,564</b>	<b>(49,424)</b>
Share based compensation .....	5,624	-	5,624
Debenture settlement expense .....	5,692	-	5,692
Fair value adjustments on contingent consideration .....	120,779	-	120,779
Goodwill impairment .....	36,670	-	36,670
Unrealised gain on Cross-Currency Swap .....	(9,661)	-	(9,661)
Gain on sale of intangible assets .....	(430)	-	(430)
Acquisition related costs .....	57,343	-	57,343
Foreign exchange loss (gain) .....	1,423	45	1,468
<b>Adjusted EBITDA</b> .....	<b>139,452</b>	<b>28,609</b>	<b>168,061</b>

5. Adjusted Net Income, as defined by the Company, is calculated by adjusting net income for share-based compensation, amortisation on acquisition related purchase price intangibles, transaction related costs, foreign exchange, accretion, unrealised gain on Cross-Currency Swap, debt settlement expense, gain on sale of intangibles and fair value adjustments on contingent consideration. The exclusion of amortisation, share-based compensation, accretion and gain on sale of intangibles eliminates the non-cash impact of these items and the exclusion of debt settlement expense, fair value adjustments on contingent consideration, transaction related costs, unrealised gain on Cross-Currency Swap, and foreign exchange eliminates items which the chief operating decision makers believe are non-operational.

*Pro forma* Adjusted Net Income has been calculated as follows:

	<u>Adjustment</u>		
	<u>Year ended 31 December 2015</u>	<u>Jackpotjoy for the period 1 January 2015 to 8 April 2015</u>	<u>Pro forma year ended 31 December 2015</u>
	(\$000's)	(\$000's)	(\$000's)
<b>Net loss for the period</b> .....	<b>(226,873)</b>	<b>6,680</b>	<b>(220,193)</b>
Share based compensation .....	5,624	-	5,624
Debenture settlement expense .....	5,692	-	5,692
Fair value adjustments on contingent consideration .....	120,779	-	120,779
Goodwill impairment .....	36,670	-	36,670
Unrealised gain on Cross-Currency Swap .....	(9,661)	-	(9,661)
Gain on sale of intangible assets .....	(430)	-	(430)
Acquisition related costs .....	57,343	-	57,343
Foreign exchange loss (gain) .....	1,423	45	1,468
Amortisation of acquisition related purchase price intangibles .....	99,974	21,884	121,858
Interest accretion .....	21,023	-	21,023
<b>Adjusted Net Income</b> .....	<b>111,564</b>	<b>28,609</b>	<b>140,173</b>

6. No account has been taken of the financial or trading performance of the Group subsequent to 31 December 2015 or of any other event, save as disclosed

## PART 9: PROFIT ESTIMATE

### SECTION A: BDO REPORT ON THE PROFIT ESTIMATE



BDO LLP  
55 Baker Street  
London  
W1U 7EU

The Directors  
Jackpotjoy plc  
35 Great St. Helen's  
London, EC3A 6AP  
United Kingdom

20 January 2017

Dear Sirs

**We report on the profit estimate comprising estimated Total Adjusted EBITDA, Total Adjusted Net Income and Diluted Adjusted Net Income per Share of The Intertain Group Limited** and its subsidiaries (together the **"Group"**) for the year ended 31 December 2016 (together, the **"Profit Estimate"**). The Profit Estimate and the basis on which it is prepared is set out in Section B of Part 9 of the prospectus issued by Jackpotjoy plc (the **"Company"**) dated 20 January 2017 (the **"Prospectus"**).

This report is required by item 13.2 of annex I of the Commission Regulation (EC) No. 809/2004 (the **"PD Regulation"**) and is given for the purpose of complying with that item and for no other purpose.

#### **Responsibilities**

It is the responsibility of the directors of the Company (the **"Directors"**) to prepare the Profit Estimate in accordance with the requirements of the PD Regulation. In preparing the Profit Estimate the Directors are responsible for correcting errors that they have identified which may have arisen in unaudited financial results and unaudited management accounts used as the basis of preparation of the Profit Estimate.

It is our responsibility to form an opinion as required by item 13.2 of annex I of the PD Regulation as to the proper compilation of the Profit Estimate and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of annex I of the PD Regulation consenting to its inclusion in the Prospectus.

#### **Basis of preparation of the Profit Estimate**

The Profit Estimate has been prepared on the basis stated in Section B of Part 9 of the Prospectus and is based on the audited historical financial information for the six months ended 30 June 2016, the unaudited interim accounts for the three months ended 30 September 2016, the unaudited management accounts for the two months ended 30 November 2016 and an estimate to 31 December 2016. The Profit Estimate is required to be presented on a basis consistent with the accounting policies of the Group.

#### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information for the 11 months to 30 November 2016 included in the Profit Estimate has been prepared and considering whether the Profit Estimate has been accurately computed using that information and whether the basis of accounting used is consistent with the accounting policies of the Group.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Profit Estimate has been properly compiled on the basis stated.



However, the Profit Estimate has not been audited. The actual results reported, therefore, may be affected by revisions required to accounting estimates due to changes in circumstances, the impact of unforeseen events and the correction of errors in the interim financial results and the management accounts. Consequently, we can express no opinion as to whether the actual results achieved will correspond to those shown in the Profit Estimate and the difference may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion, the Profit Estimate has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex I of the PD Regulation.

Yours faithfully

BDO LLP  
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## SECTION B: PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2016

Set out below is the Directors' profit estimate for the Group for the year ended 31 December 2016.

### 1. Profit Estimate

The Directors estimate that on the basis of preparation set out below:

- Total Adjusted EBITDA of the Group for the year ended 31 December 2016 will be \$175 million to \$195 million;
- Total Adjusted Net Income of the Group for the year ended 31 December 2016 will be \$140 million to \$160 million; and
- Diluted Adjusted Net Income Per Share of the Group for the year ended 31 December 2016 will be \$1.87 to \$2.13

(together, the “**Profit Estimate**”).

The Profit Estimate is presented in line with previous guidance on Total Adjusted EBITDA, Total Adjusted Net Income and Diluted Adjusted Net Income Per Share issued by the directors of Intertain with respect to the Group prior to the Plan of Arrangement in previous Canadian public market announcements. Such guidance included forecasts for the year ended 31 December 2016, which are required to be repeated or updated in this document. The Profit Estimate included in this prospectus is presented using Total Adjusted EBITDA, Total Adjusted Net Income and Diluted Adjusted Net Income Per Share which are measures which are consistent with the financial measures historically used in the guidance previously published by Intertain, rather than providing an estimate of profit/loss before tax. The Directors continue to believe that these measures provide useful information regarding ongoing operating and financial performance, as elaborated below.

Total Adjusted EBITDA, as defined by Jackpotjoy, is income before interest expense (net of interest income), income taxes, depreciation, amortisation, share-based compensation, severance costs, Independent Committee related expenses, gain/loss on Cross-Currency Swap, fair value adjustments on contingent consideration, transaction related costs and foreign exchange. The exclusion of amortisation and share-based compensation eliminates the non-cash impact of these items and the exclusion of gain/loss on Cross-Currency Swap, fair value adjustments on contingent consideration, transaction related costs, Independent Committee related expenses and foreign exchange eliminates items which the Directors believe are non-operational. The Directors believe that Total Adjusted EBITDA is an important indicator of the Group's ability to generate liquidity through operating cash flow to service outstanding debt and fund acquisition earn-out payments and uses this metric for such purpose.

Total Adjusted Net Income, as defined by Jackpotjoy, means net income plus or minus items of note that management may reasonably quantify and believes will provide investors with a better understanding of Intertain's underlying business performance. Total Adjusted Net Income is calculated by adjusting net income for share-based compensation, Independent Committee related expenses, amortisation on acquisition related purchase price intangibles, transaction related costs, foreign exchange, interest accretion, gain/loss on Cross-Currency Swap, and fair value adjustments on contingent consideration relating to earn-out payments. The exclusion of share-based compensation and accretion eliminates the non-cash impact and the exclusion amortisation of acquisition related purchase price intangibles, severance costs, Independent Committee related expenses, gain/loss on Cross-Currency Swap, fair value adjustments on contingent consideration, transaction related costs, and foreign exchange eliminates items which the Directors believe are non-operational. The Directors believe that Total Adjusted Net Income is another important indicator of the Group's ability to generate liquidity through operating cash flow to fund acquisition earn-out payments and uses this metric for such purpose. Total Adjusted Net Income is also considered by some investors and analysts for the purpose of assisting in valuing a company.

Diluted Adjusted Net Income per share, as defined by Jackpotjoy, means Total Adjusted Net Income divided by the diluted weighted average number of shares outstanding, calculated using the IFRS treasury method, for the applicable period. The Directors believe that Diluted Adjusted Net Income per share assists with Intertain's ability to analyse Total Adjusted Net Income on a diluted weighted average basis.

In its guidance, the Company provides forecasts on adjusted measures rather than statutory reported measures in order to remove the impact on the underlying operating performance of the business of non-operational expenses which are included in statutory measures. In addition, due to the Group's large amount of acquisition activity, non-operational items, such as amortisation of acquisition related purchase price intangibles, transaction related costs, and fair value adjustments on contingent consideration, significantly impact statutory measures, which are not therefore considered necessarily indicative of future performance.

## 2. **Basis of preparation**

The Profit Estimate has been prepared using the accounting policies adopted by the Group in preparing its consolidated financial information for the six months ended 30 June 2016 set out in "*Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group*".

The Profit Estimate is based on:

- (a) the audited consolidated financial results of the Group for the six months ended 30 June 2016;
- (b) the unaudited interim accounts of the Group for the three months ended 30 September 2016;
- (c) the unaudited management accounts of the Group for the two months ended 30 November 2016; and
- (d) the Directors' estimate for the month of December 2016.

The disclosures of Total Adjusted EBITDA, Total Adjusted Net Income and Diluted Adjusted Net Income Per Share (each of which is a non-IFRS measure) are consistent with the disclosures of these measures set out within the Operating and Financial Review in Part 5 of this document.

## PART 10: ADDITIONAL INFORMATION

### 1. RESPONSIBILITY

- 1.1 The Company and its Directors, whose names appear in the section of this Prospectus headed *Directors, Company Secretary, Registered Office and Advisers*, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. THE COMPANY

- 2.1 The Company was incorporated in England and Wales on 29 July 2016 with registered number 10303804 as a public company limited by shares under the Companies Act with the name Goldilocks Topco PLC.
- 2.2 Goldilocks Topco PLC changed its name to Jackpotjoy plc on 15 August 2016.
- 2.3 The principal legislation under which the Company operates and the Shares have been created is the Companies Act.
- 2.4 The registered office and the principal place of business of the Company is 35 Great St. Helen's, London, EC3A 6AP and its telephone number is +44 207 160 5000.

### 3. SHARE CAPITAL

- 3.1 The issued and fully paid share capital of the Company as at 19 January 2017 (being the latest practicable date prior to the publication of this Prospectus) was as follows:

	Issued and fully paid		
	Nominal Value	Number	Amount £
Shares .....	£0.10 each	1	0.10
Redeemable shares .....	£1.00 each	50,000	50,000

The issued and fully paid share capital of the Company immediately following Admission is expected to be as follows, based on the Minimum Number of Shares being issued:

	Issued and fully paid		
	Nominal Value	Number	Amount £
Shares .....	£0.10 each	73,702,317	7,370,231.70
Redeemable shares .....	£1.00 each	50,000	50,000

None of the capital of the Company has been paid for with assets other than cash within the period covered by the Historical Financial Information included in this Prospectus.

- 3.2 On incorporation the Company's share capital was £0.10 divided into one Share of £0.10. Since incorporation there have been the following changes in the Company's issued share capital:

On 15 August 2016, the Company issued 50,000 redeemable shares of £1.00 each, resulting in an issued share capital of one Share and 50,000 redeemable shares.

The shareholder of the Company resolved at a general meeting of the Company held on 19 August 2016 that the Company be granted the following powers and authorities in connection with the Plan of Arrangement:

- (a) the directors be unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £8,000,000 pursuant to the terms of the Plan of Arrangement, such authority to expire on the earlier of the day immediately following Admission and 5 April 2017; and

- (b) conditional on (i) arrangement pursuant to Section 182 of the Business Corporations Act (Ontario) becoming effective (the “**Arrangement**”), and (ii) the ordinary shares of £0.10 each in the capital of the Company being issued in connection with the Arrangement:
  - (i) the cancellation of the share premium account of the Company be approved; and
  - (ii) the reduction of the share capital of the Company by cancelling and extinguishing 50,000 redeemable shares of £1.00 each in the capital of the Company and one ordinary share of £0.10 in the capital of the Company registered in the name of the holder of the redeemable shares, by returning the amount paid up or credited as paid up on the cancelled shares to the holder of those shares be approved.

3.3 The shareholder of the Company resolved at a general meeting of the Company held on 2 November 2016 that, with effect from Admission:

- (a) the Directors be unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £336,615 pursuant to options granted by the Company to employees, directors and consultants of the Company and its subsidiaries (“**Optionholders**”) in consideration for the release by such Optionholders of options granted to them under the Intertain Stock Options Plan (“**Rolled Over Options**”), and to disapply pre-emption rights in respect of any such allotment, such authority to expire on 2 November 2021, being five years from the date the authority was granted, but so that the Company make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires, and the directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired;
- (b) the Directors be unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £98,967 and such other shares as are required to be allotted pursuant to the terms of a third supplemental indenture and an amended and restated convertible debenture indenture to be entered into between AmalCo, the Company and Computershare Trust Company of Canada (the “**Indentures**”), and to disapply pre-emption rights in respect of any such allotment, such authority to expire on 2 November 2021, being five years from the date the authority was granted, but so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires, and the directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired;
- (c) the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:
  - (i) up to an aggregate nominal amount of £2,577,970 being an amount equal to approximately one-third of the expected issued share capital of the Company immediately following Admission (such amount to be reduced by the aggregate nominal amount allotted or granted under paragraph (c)(ii) below in excess of £2,577,970 being an amount equal to approximately one-third of the expected issued share capital of the Company immediately following Admission); and
  - (ii) comprising equity securities (as defined in section 560(1) of the Companies Act) up to an aggregate nominal amount of £5,155,940 being an amount equal to approximately two-thirds of the expected issued share capital of the Company immediately following Admission (such amount to be reduced by the aggregate nominal amount allotted or granted under paragraph (c)(ii) above) in connection with an offer by way of a rights issue
    - (A) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (B) to holders of other equity securities as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of the Company's next annual general meeting (or, if earlier, until the close of business on 30 June 2017) but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires and the Directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired;

- (d) the Directors be generally empowered pursuant to section 570 of the Companies Act to allot equity securities (as defined in section 560(1) of the Companies Act) for cash pursuant to the authority referred to in paragraph (c) above and/or pursuant to section 573 of the Companies Act to sell ordinary shares held by the Company as treasury shares for cash, in each case free of the restriction in section 561 of the Companies Act, such power to be limited:
  - (i) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or an invitation to apply for, equity securities (but in the case of an allotment pursuant to the authority granted referred to in paragraph (c)(ii) above, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only):
    - (A) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (B) to holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (ii) to the allotment of equity securities pursuant to the authority referred to in paragraph (c)(i) of the resolution set out in paragraph (c)(i) above and/or sale of treasury shares for cash (in each case otherwise than in the circumstances referred to in paragraph (c)(i) above up to a nominal amount of £386,696 (being approximately 5 per cent. of the expected issued share capital of the Company immediately following Admission) calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, ordinary shares by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such rights,

such power to apply until the end of the Company's next annual general meeting (or, if earlier, until the close of business on 30 June 2017) but so that the Company may make offers and enter into agreements before the power expires which would, or might, require equity securities to be allotted after the power expires and the Directors may allot equity securities under any such offer or agreement as if the power had not expired;

- (e) the Directors be generally empowered pursuant to section 570 of the Companies Act to allot equity securities (as defined in section 560(1) of the Companies Act) for cash pursuant to the authority referred to in paragraph (c) above and/or pursuant to section 573 of the Companies Act to sell ordinary shares held by the Company as treasury shares for cash, in each case free of the restriction in section 561 of the Companies Act, such power to be:
  - (i) limited to the allotment of equity securities and/or sale of treasury shares for cash up to an aggregate nominal amount of £386,696 (being approximately 5 per cent. of the expected issued share capital of the Company immediately following Admission) calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, ordinary shares by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such rights; and



- (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the resolution,

such power to apply until the end of the Company's next annual general meeting (or, if earlier, until the close of business on 30 June 2017) but, in each case, so that the Company may make offers and enter into agreements before the power expires which would, or might, require equity securities to be allotted or rights to subscribe for or to convert any security into shares to be granted (or treasury shares to be sold) after the power expires and the directors of the Company may allot equity securities or grant such rights (or sell treasury shares) under any such offer or agreement as if the power conferred hereby had not expired;

- (f) the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693(4) of the Companies Act of Shares, **provided that**:
  - (i) the maximum aggregate number of Shares authorised to be purchased is 7,733,909 (representing approximately 10 per cent. of the expected issued ordinary share capital of the Company immediately following Admission);
  - (ii) the minimum price which may be paid for a Share is its nominal value;
  - (iii) the maximum price which may be paid for a Share shall be the higher of:
    - (A) an amount equal to 105 per cent. of the average middle market quotations for an ordinary share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Share is contracted to be purchased; and
    - (B) an amount equal to the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out, in each case exclusive of expenses;

this authority applies until the end of the Company's next annual general meeting (or, if earlier, until the close of business on 30 June 2017) but so the Company may enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after the expiry of the authority and the Company may purchase Shares pursuant to any such contract as if the authority had not expired; and

- (g) a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice, such authority to expire at the end of the Company's next annual general meeting (or, if earlier, at close of business on 30 June 2017).
- 3.4 The Company will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of the Companies Act (which confers on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the balance of the authorised but unissued share capital of the Company which is not the subject of the disapplication referred to above.
- 3.5 The Shares are in registered form and, from Admission, will be capable of being held in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the Regulations). Where Shares are held in certificated form, subject to the Companies Act and except where otherwise provided in the Articles of Association, share certificates will be sent to the registered members. Share certificates are not required to be sent to JerseyCo in respect of the Underlying Shares that it owns from time to time. Where Shares are held in CREST, the relevant CREST stock account of the registered members will be credited.
- 3.6 Other than as provided by the Takeover Code and Chapter 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Company.

(a) **Takeover Code**

- (i) After completion of the Plan of Arrangement, acquisitions of voting rights in the Company including, without limitation, via acquisitions of Exchangeable Shares will be regulated by, among other regulations, the City Code on Takeovers and Mergers (“**Takeover Code**”).
- (ii) The Takeover Code regulates takeover and merger transactions, however effected, pursuant to which control of public companies (and, in some cases, private companies) resident in the United Kingdom is to be obtained or consolidated. Control, in summary, means a holding or aggregated holdings of shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the holding or holdings give *de facto* control. Voting rights normally means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.
- (iii) The general principles on which the Takeover Code is based include, in summary:
  - All shareholders of the same class must be afforded equivalent treatment and if a person acquires control, the other shareholders must be protected.
  - All shareholders must have sufficient time and information to enable them to reach a properly informed decision on the bid, and where it advises shareholders, the offeree’s board must give its views on the effect of the implementation of the bid.
  - The offeree’s board must act in the interests of the company as a whole and not deny shareholders the opportunity to decide on the merits of the bid.
  - False markets must not be created in the securities of any company concerned in the bid in such a way that rise and fall of prices of securities becomes artificial and the normal functioning of the market is distorted.
  - An offeror may only announce a bid after ensuring they can fulfil in full any cash consideration (if any) and after taking all reasonable measures to secure the implementation of any other type of consideration.
  - An offeree must not be hindered in the conduct of its affairs for longer than is reasonable by a bid.

(b) **Mandatory bid**

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person’s percentage of the total voting rights in the Company. The Panel on Takeovers and Mergers has confirmed that, based on the information regarding the Exchangeable Share Structure provided by Intertain to the Panel on Takeovers and Mergers, regardless of the number of Underlying Shares held by JerseyCo in connection with the Exchangeable Share Structure, JerseyCo would not be required to make a mandatory bid for the outstanding shares in the Company.

(c) **Squeeze-out**

Under the Companies Act, if an offeror were to make an offer to acquire all of the shares in the Company not already owned by it and were to acquire 90 per cent. of the shares to which such offer related, it could then compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their shares and then, six weeks later, it would deliver a transfer of the outstanding shares in its favour

to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration to the Company and the Company would hold the consideration on trust for outstanding members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

(d) **Sell-out**

The Companies Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

- 3.7 The Company has not issued any partly paid shares nor any convertible securities, exchangeable securities or securities with warrants (for further information on the treatment of Convertible Debentures as a result of the Plan of Arrangement, see paragraph 3.4 (*Convertible Debentures*) of “Part 2: Business Overview—Section A: Information on the Group”). The Company does not hold any shares in treasury. There are no shares in the Company’s issued share capital that do not represent capital.

4. **ARTICLES OF ASSOCIATION**

- 4.1 The Articles of Association adopted pursuant to a resolution passed at a general meeting of the Company held on 19 August 2016 subject to and conditional upon Admission contain provisions to the following effect:

(a) **Objects**

The objects of the Company, in accordance with section 31(1) of the Companies Act, are unrestricted.

(b) **Limited Liability**

The liability of the members is limited to the amount, if any, unpaid on the Shares in the Company respectively held by them.

(c) **Rights Attaching to Shares**

(i) ***Voting Rights of Members***

Subject to any special terms as to voting and subject to disenfranchisement in the event of non-payment of any call or other amount due and payable in respect of any share or non-compliance with any statutory notice requiring disclosure of the beneficial ownership of any shares, on a show of hands every member present in person or by proxy has one vote and on a poll every member present in person or by proxy has one vote for every share of which he is a holder.

(ii) ***Dividends***

Subject to the Companies Act and the Articles, the Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends. A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors and no dividend may be declared or paid unless it is in accordance with members’ respective rights.

Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member holdings of shares on the date of the resolution or decision to declare or pay it.

Subject to the provisions of the Companies Act and rights attached to shares, the Company or the directors may fix any date as the record date for a dividend. The record date may be on or at any time before or after a date on which the dividend is declared or paid.

Except as otherwise provided by the Articles or the rights attached to, or the terms of issue of, any shares, all dividends must be declared and paid according to the amounts paid up on the shares on which the dividend is paid and apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

All dividends or other sums which are payable in respect of shares and unclaimed after having been declared or become payable may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. If 12 years have passed from the date on which a dividend or other sum became due for payment and the distribution recipient has not claimed it, the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

The directors may pay any dividend (including any dividend payable at a fixed rate) if it appears to them that the profits available for distribution justify the payment. If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

Subject to the Articles, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a Distribution payable in respect of a share by transferring non-cash assets of equivalent value (including shares or other securities in any company).

(iii) ***Return of Capital***

A liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division is carried out as between the members or different classes of members.

(d) **Transfer of Shares**

- (i) Subject to the Articles, shares of the Company are free from any restriction on transfer. In exceptional circumstances approved by the FCA, the directors may refuse to register a transfer of certificated shares provided that such refusal would not disturb the market in those shares.
- (ii) Certificated shares may be transferred by means of an instrument of transfer in writing in any usual form or any other form approved by the directors, which is executed by or on behalf of:
  - (A) the transferor; and
  - (B) (if any of the shares is partly paid) the transferee.
- (iii) Subject to the Regulations, the transferor remains the holder of a share until the transferee's name is entered in the register of members as the holder of it.
- (iv) Subject to the requirements of the Listing Rules, the directors may, in their absolute discretion, refuse to register the transfer of a certificated share which is not fully paid or the transfer of a certificated share on which the Company has a lien.

- (v) The directors may also, in their absolute discretion, refuse to register the transfer of a certificated share or a renunciation of a renounceable letter of allotment of a share unless all of the following conditions are satisfied:
- (A) it is in respect of only one class of shares;
  - (B) it is in favour of (as the case may be) a single transferee or renouncee or not more than four joint transferees or renouncees;
  - (C) it is duly stamped (if required); and
  - (D) it is delivered for registration to the registered office of the Company or such other place as the directors may decide, accompanied by the certificate for the shares to which it relates (except in the case of a person to whom the Company is not required by sections 769, 776, 777 or 778 of the Companies Act to issue a certificate, or in the case of a renunciation) and such other evidence as the directors may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.
- (vi) If the directors refuse to register the transfer of a certificated share or renunciation of a renounceable letter of allotment, the instrument of transfer or renunciation must be returned to the transferee or renouncee as soon as practicable and in any event within two months of the date on which the transfer or renunciation was lodged with the Company with the notice of refusal and reasons for refusal unless they suspect that the proposed transfer or renunciation may be fraudulent.
- (vii) In accordance with and subject to the provisions of the Regulations, the operator of the relevant system (the “**Operator**”) shall register a transfer of title to any uncertificated share or any renounceable right of allotment of a share which is a participating security held in uncertificated form unless the Regulations permit the Operator of the relevant system to refuse to register such transfer in certain circumstances in which case the said Operator may refuse such registration.
- (viii) In accordance with the Regulations, if the Operator of the relevant system refuses to register the transfer of an uncertificated share or of any such uncertificated renounceable right of allotment of a share it must, as soon as practicable and in any event within two months after the date on which the relevant system-member instruction or issuer instruction (as the case may be) was received by the Operator, send notice of the refusal to the relevant system-member or participating issuer (as the case may be).
- (ix) In accordance with and subject to the provisions of the Regulations, where title to an uncertificated share is transferred by means of a relevant system to a person who is to hold such share in certificated form after such transfer, the Company as participating issuer must register the transfer in accordance with the relevant Operator instruction, but so that the Company may refuse to register such a transfer in any circumstance permitted by the Regulations.
- (x) In accordance with the Regulations, if the Company as participating issuer refuses to register the transfer of title to an uncertificated share transferred by means of a relevant system to a person who is to hold such share in certificated form after such transfer, it must, as soon as practicable and in any event within two months after the date on which the Operator instruction was received by the Company, send notice of the refusal to the transferee.
- (xi) The Company (at its option) may or may not charge a fee for registering the transfer of a share or the renunciation of a renounceable letter of allotment or other document or instructions relating to or affecting the title to a share or the right to transfer it or for making any other entry in the register.

(e) **Variation of Rights**

Subject to the Companies Act, the rights attached to a class of shares may be varied or abrogated (whether or not the Company is being wound up) either (i) with the consent in writing of the holders of at least three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or (ii) with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class validly held in accordance with the Articles.

The rights attached to a class of shares are not, unless otherwise expressly provided for in the rights attaching to those shares, deemed to be varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or by the purchase or redemption by the Company of its own shares in accordance with the Companies Act.

(f) **Company's Lien on Partly Paid Shares**

The Company has a lien (the "**Company's Lien**") over every share which is partly paid for any part of that share's nominal value and any premium at which it was issued, which has not been paid to the Company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it. The Company's lien over a share takes priority over any third-party's interest in that share and extends to any dividend or other money payable by the Company in respect of that share and (if that lien is enforced and the share is sold by the Company) the proceeds of sale of that share.

The directors may at any time decide that a share which is or would otherwise be subject to the Company's lien shall not be subject to it, either wholly or in part. Unless otherwise agreed with the transferee, the registration of a transfer of a share operates as a waiver of the Company's lien (if any) on that share solely for the purposes of the transfer.

(g) **Forfeiture**

If a person is liable to pay a call and fails to do so by the due date for payment the directors may issue a notice of intended forfeiture to that person and until the call is paid, that person must pay the Company interest on the call from the due date for payment to the actual date of payment (both dates inclusive) at the relevant rate. A notice of intended forfeiture must be in writing, may be sent in respect of any share in respect of which a call has not been paid as required by a call notice, must be sent to the holder of that share or a person entitled to it by reason of the holder's death, bankruptcy or otherwise, must require payment of the call and any accrued interest (and all costs, charges and expenses incurred by the Company by reason of non-payment) by a date which is not less than 14 days after the date of the notice, must state how the payment is to be made and that, if notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

If a notice of intended forfeiture is not complied with before the date by which payment (including interest, costs, charge and expenses) of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

If a person's shares have been forfeited, that person remains liable to the Company for all sums payable by that person under the Articles at the date of forfeiture in respect of those shares, including any interest at the relevant rate (whether accrued before or after the date of forfeiture) and costs, charges or expenses.

Failure to give notice to the relevant holder of the share will not invalidate the forfeiture. Forfeited shares shall become the property of the Company.

(h) **Redeemable Shares**

Subject to the Companies Act, the Company may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.



(i) **General Meetings**

At least 21 clear days' notice must be given to call an annual general meeting. Subject to the Companies Act, at least 14 clear days' notice must be given to call all other general meetings.

The notice of a general meeting must be given to the members (other than those who, under the provisions of the Articles or the terms of allotment or issue of shares are not entitled to receive notice), to the directors, to the beneficial owners nominated to enjoy information rights under the Companies Act and to the Company's auditors. The accidental omission to give notice of a general meeting or to send, supply or make available any document or information relating to a meeting to, or the non-receipt of any such notice by, a person entitled to receive any such notice shall not invalidate the proceedings at that meeting.

All members present in person and their duly appointed proxy or proxies shall be entitled to attend and to speak at all general meetings of the Company and, such proxy or proxies are entitled to vote instead of such member both on a show of hands and on a poll. A proxy need not also be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided each proxy is appointed to exercise the rights attached to different shares held by that member.

(j) **Notices and Communications**

- (i) Save where the Articles expressly require otherwise, any notice, document or information to be sent or supplied by or to the Company may be sent or supplied in accordance with the Companies Act (whether authorised or required to be sent or supplied by the Companies Act or otherwise) in hard copy form, in electronic form or by means of a website.
- (ii) In the case of joint holders of a share, a notice, document or information shall be validly sent or supplied to all joint holders if sent or supplied to whichever of them is named first in the register in respect of the joint holding. Anything to be agreed or specified in relation to a notice, document or information to be sent or supplied to joint holders, may be agreed or specified by the joint holder who is named first in the register in respect of the joint holding.
- (iii) A notice, document or information sent by post and addressed to a member at his registered address or address for service in the UK is deemed to be given to or received by the intended recipient 24 hours after it was put in the post if prepaid as first class post and 48 hours after it was put in the post if prepaid as second class post. In proving such service, it shall be sufficient to prove that the envelope containing the notice, document or information was properly addressed, pre-paid and posted.
- (iv) A notice, document or information sent or supplied by electronic means to an address specified for the purpose by the member is deemed to have been given to or received by the intended recipient 24 hours after it was sent, and in proving service it is sufficient to prove that the communication was properly addressed and sent.
- (v) A notice, document or information sent or supplied by means of a website is deemed to have been given to or received by the intended recipient when (i) the material was first made available on the website or (ii) if later, when the recipient received (or is deemed to have received) notification of the fact that the material was available on the website.

(k) **Directors**

(i) ***Number of Directors***

Unless otherwise determined by the Company by ordinary resolution, the number of directors (other than alternate directors) must not be less than two and must not be more than fifteen.

(ii) ***Appointment***

Subject to the Companies Act, a person can be appointed (or remain) a director regardless of his age.

Subject to the Articles, any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director by ordinary resolution at a general meeting, by a decision of the directors or under the Articles if the Company has only one director.

(iii) ***Remuneration***

Unless otherwise determined by ordinary resolution, directors (but not alternate directors) are entitled to such total fees as the directors determine for their services. The total fees paid to directors must not exceed £2,000,000 per annum, or any other amount as decided by ordinary resolution. The total fees will be divided among the directors in the proportions that the directors decide or, if no decision is made, the total fees will be divided equally.

Subject to the Companies Act and to the Articles, the directors' fees may be payable in any form and, in particular, the directors may arrange for part of a fee payable to be provided in the form of fully-paid shares of the Company. The amount of the fee will be applied to purchase or subscribe for shares on behalf of a director.

The directors can pay additional remuneration (whether by way of salary, percentage of profits or otherwise) and expenses to any director who at the request of the directors makes a special journey for the Company, performs a special service for the Company or works abroad in connection with the Company's business.

The Company may repay any reasonable travelling, hotel and other expenses which a director properly incurs in performing his duties as director in connection with his attendance at directors' meetings, committee meetings, general meetings or separate meetings of the holders of a class of shares or debentures of the Company, or otherwise in connection with the exercise of their powers and the discharge of his responsibilities in relation to the Company. Subject to the Companies Act, the directors may make arrangements to provide a director with funds to meet expenditure incurred (or to be incurred) by him for the purposes of the Company or for the purpose of enabling him properly to perform his duties as an officer of the Company or to enable him to avoid incurring any such expenditure.

The directors may decide whether to pay or provide (by insurance or otherwise) pensions, retirement or superannuation benefits, death, sickness or disability benefits, gratuities or other allowances to any person who is or who was a director of (i) the Company, (ii) a subsidiary undertaking of the Company, (iii) any company which is or was allied to or associated with the Company or any of its subsidiary undertakings, or (iv) a predecessor in a business of the Company or of any of its subsidiary undertakings (or, in each case, to any member of his family, including a spouse or former spouse, or a person who is or was dependent on him). For this purpose the directors may establish, maintain, subscribe and contribute to any scheme, trust or fund and pay premiums. The directors may arrange for this to be done either by the Company alone or in conjunction with another person.

(iv) ***Indemnity***

To the extent permitted by the Companies Act and without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was a director or other officer of the Company or an associated Company (other than any person (whether or not an officer of the Company or an associated Company) engaged by the Company or an associated Company as auditor) shall be and shall be kept indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him (whether in connection with any negligence, default, breach of duty or breach of trust by him or otherwise as a director or such other officer of the Company or an associated Company) in relation to the Company or an associated Company or their affairs, other than in respect (broadly) of any liability incurred by such person to the Company or to an associated Company, any criminal or regulatory fine or the costs of defending any criminal proceedings in which such person is convicted.

(v) ***Removal of Directors***

In addition to any power of removal under the Companies Act, the Company can by ordinary resolution remove a director even though his time in office has not ended (without prejudice to a claim for damages for breach of contract or otherwise) and, subject to the Articles, by ordinary resolution appoint a person to replace a director who has been removed in this way. A person appointed to replace a director who has been removed will be due to retire when the director he replaces would have been due to retire. A director may also be removed from office by the service on him of a notice to that effect signed by or on behalf of all his co-directors.

(vi) ***Retirement by rotation***

Subject to the Articles, at the end of every annual general meeting at least one third of the current directors who are subject to retirement by rotation must retire. If one third is not a whole number, the number of directors to retire is the number which is nearest to (but not less than) one third. If there are fewer than three directors who are subject to retirement by rotation, one must retire. Any directors retiring in this way continue to be directors until the end of the meeting at which they retire.

If any director was appointed by the directors since the last annual general meeting, was last appointed (or reappointed) three or more years prior to the meeting, was not last appointed (or reappointed) at one of the preceding two annual general meetings, or at the time of the meeting will have served more than eight years as a non-executive director of the Company (excluding as chairman), then he must retire from office. Only a director retiring in such circumstances will be counted in determining the number required to retire at the meeting.

(vii) ***Directors' Interests***

The directors may authorise any matter proposed to them which would, if not so authorised, involve a breach of duty by a director under section 175 of the Companies Act. Any such authorisation will be effective only if any requirement as to the quorum at the meeting or part of the meeting at which the matter is considered is met without counting the director in question or any other directors interested in the matter under consideration and the matter was agreed to without such directors voting or would have been agreed to if such directors' vote had not been counted.

A director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person.

A director who is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Company must declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement. Such declaration may (but need not) be made at a meeting of the directors or by notice in writing in accordance with section 184 of the Companies Act or by general notice in accordance with section 185 of the Companies Act.

A director who is in any way, directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company must declare the nature and extent of his interest to the other directors as soon as is reasonably practicable (unless the interest has already been declared as above). Such declaration must be made at a meeting of the directors or by notice in writing in accordance with section 184 of the Companies Act or by general notice in accordance with section 185 of the Companies Act.

Subject to the Companies Act and provided he has declared to the directors the nature and extent of any direct or indirect interest of his in accordance with the Articles, a director may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is directly or indirectly interested or may act by himself or through his firm in a professional capacity for the Company (otherwise than as

auditor) and in any such case on such terms as to remuneration and otherwise as the directors may decide or may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise be interested in, any body corporate in which the Company is directly or indirectly interested.

A director shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any office or employment or from any transaction or arrangement or from any interest in any body corporate, the acceptance, entry into or existence of which has been authorised by the directors under the Articles or which he is permitted to hold or enter into by virtue of the Articles.

The Company may, by ordinary resolution, suspend or relax the provisions in the Articles relating to directors' interests to any extent. Subject to the Companies Act, the Company may by ordinary resolution ratify any transaction or arrangement not properly authorised by reason of a contravention of the provisions in the Articles relating to directors' interests.

(viii) ***General Voting and Quorum Requirements***

Save as otherwise provided by the Articles, a director shall not vote on or be counted in any quorum in relation to a resolution of the directors or a committee of the directors concerning a matter in which he has a direct or indirect interest which is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares, debentures or other securities of or otherwise in or through the Company). This prohibition does not apply to a resolution concerning any of the following matters:

- (A) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
- (B) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (C) a transaction or arrangement concerning an offer of shares, debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (D) a transaction or arrangement to which the Company is or is to be a party concerning another company (including a subsidiary undertaking of the Company) in which such director or any person connected with him is interested (directly or indirectly) whether as an officer, shareholder, creditor or otherwise, **provided that** he and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in sections 820 to 825 of the Companies Act) representing 1 per cent. or more of either any class of the equity share capital (excluding any shares of that class held as treasury shares) in the relevant company or of the voting rights available to members of the relevant company;
- (E) a transaction or arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings (including any pension fund or retirement, death or disability scheme) which does not award him a privilege or benefit not generally awarded to the employees to whom it relates; or
- (F) a transaction or arrangement concerning the purchase or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors.

A director shall not vote on or be counted in the quorum in relation to any resolution of the directors or committee of the directors concerning his own appointment (including fixing

or varying the terms of his appointment or its termination) as the holder of an office or place of profit with the Company or any body corporate in which the Company is directly or indirectly interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or its termination) of two or more directors to offices or places of profit with the Company or any body corporate in which the Company is directly or indirectly interested, such proposals may be divided and a separate resolution considered in relation to each director, in which case each of the directors concerned (if not otherwise debarred from voting under the Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

The directors may in their discretion exercise (or cause to be exercised) the powers conferred by shares of another company held (or owned) by the Company or a power of appointment to be exercised by the Company.

(ix) ***Executive Directors***

Subject to the Companies Act, the directors may appoint one or more of the directors to hold an executive office within the Company for such term and on such other terms and conditions as (subject to the Companies Act) the directors think fit.

The directors may revoke or terminate an appointment, without prejudice to a claim for damages for breach of the contract of service between the director and the Company or otherwise.

The salary or other remuneration of a director appointed to hold employment or executive office in accordance with the Articles may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the directors, and may be in addition to or instead of a fee payable to him for his services as director pursuant to the Articles.

(l) **Failure to Disclose Interests in Shares**

Where notice is served by the Company under section 793 of the Companies Act (a “**section 793 notice**”) on a member, or another person appearing to be interested in shares held by that member, and the member or other person has failed in relation to any shares (the “**default shares**”, which expression includes any shares allotted or issued after the date of the section 793 notice in respect of those shares) to give the Company the information required within the prescribed period from the date of service of the section 793 notice, the following sanctions apply, unless the directors otherwise decide:

- (i) the member shall not be entitled in respect of the default shares to be present or to vote (either in person, by proxy or by corporate representative) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll; and
- (ii) where the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class (excluding any shares of their class held as treasury shares) a dividend (or any part of a dividend) or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it, and the member shall not be entitled to elect, under the Articles, to receive shares instead of a dividend; and no transfer of any certificated default shares shall be registered unless the transfer is an excepted transfer or the member is not himself in default in supplying the information required; and the member proves to the satisfaction of the directors that no person in default in supplying the information required is interested in any of the shares the subject of the transfer.

5. **OTHER DIRECTORSHIPS**

- 5.1 In addition to their directorships of the Company (in the case of the Directors), the Directors and the Senior Managers hold or have held the following directorships, other than of subsidiaries of the Company (in the case of the Directors), and/or are or were members of the following partnerships, within the past five years.

<b>Directors</b>	<b>Current Directorships/Partnerships</b>	<b>Previous Directorships/ Partnerships</b>
Neil Goulden .....	Affinity Sutton Community Foundation Affinity Sutton Group Limited Ambitious About Autism Autism Schools Trust Burlywood Capital (Investments) LLP Marston's PLC Neil Goulden Consulting Limited Sue Ryder Sue Ryder Direct Limited Sue Ryder Lottery Limited	2005 Propco Two Limited Association of British Bookmakers Limited Burlywood Capital LLP Business In Sport And Leisure Limited Gala Coral Group Responsible Gambling Trust Suitcase One Limited
Andrew McIver .....	11 Chichester Terrace Limited Beech Lawn Management Company Limited Marmont Enterprises Limited	Centrebet International Limited Centrebet UK Limited Chroma Sports Limited Daniel Stewart Securities PLC Interactive Sports Limited Priorityclear Limited Sporting Odds Limited Sportingbet (IT Services) Limited Sportingbet (Management Services) Limited Sportingbet (Product Services) Limited Sportingbet Holdings Limited Sportingbet Limited Sportingbet plc Superodds International Limited The Sportingbet Foundation Limited
Keith Laslop .....	Maple Leaf Revolver Fund	Taggart Capital Corp.
David Danziger .....	Aumento Capital V Corporation Era Resources Inc. Euro Sun Mining Inc. (formerly Carpathian Gold Inc.) Eurotin Inc. MNP LLP Poydras Gaming Finance Inc.	American Apparel Inc. Annidis Corporation Aumento Capital III Corporation (now Exo U Inc.) Aumento Capital IV Corporation (now GreenSpace Brands Inc.) Cadillac Ventures Inc. Cancana Resources Corp. Cordillera Gold Ltd. CT Developers Ltd. Goldspike Exploration Inc. (now Nevada Zinc Corporation) MSCM LLP POCML 1 Inc. (now Mason Graphite Inc.) Renforth Resources Inc. Aumento Capital Corporation (now Annidis Corporation)
Paul Pathak .....	Aumento Capital V Corporation Chitiz Pathak LLP Paul Pathak Prof. Corp.	Aumento Capital III Corporation (now Exo U Inc.)



<b>Directors</b>	<b>Current Directorships/Partnerships</b>	<b>Previous Directorships/ Partnerships</b>
		Aumento Capital IV Corporation (now GreenSpace Brands Inc.) Gluckstein Home Inc. Renforth Resources Inc. BP Gaming Entertainment, Inc. Bwin.party Digital Entertainment plc Peerless Media Ltd. Real Time Edge Software Inc. World Gaming Limited Channel Services Limited RBC Pension Trustees Limited
Jim Ryan .....	Duke Royalty plc Fralis International LLC Gaming Realms plc Pala Interactive Canada Limited Pala Interactive LLC	
Colin Sturgeon .....	Affinity Sutton Funding Limited Affinity Sutton Group Limited Lindsay & Partners Limited	
Nigel Brewster .....	ND Brewster Associates Limited	ADP Dental Group Beach Finance Bond Limited Beach Mezzanine Limited Church Point (Leisure) Limited Dome BidCo Limited Dome Holdings Limited Dome OpCo Limited Dome PropCo Limited Dome StructureCo Limited GB Holiday Parks (Holdings) Limited GB Holiday Parks Limited Health Counter Limited Lake District Leisure Pursuits Limited Manor Park Holiday Park Limited Midland Road Finance Limited Park Resorts Group Limited Park Resorts Holdings Limited Park Resorts Limited Park Resorts Transport Limited Park Resorts UK Limited Regent BidCo Limited Regent MidCo Limited Regent TopCo Limited Skipsea Sands Holiday Park Limited South Lakeland Caravans Limited South Lakeland Group Limited South Lakeland Holidays Limited South Lakeland Leisure Estates Limited South Lakeland Parks Limited Southview Leisure Park Limited Tyson BidCo Limited Tyson MidCo Limited Tyson TopCo Limited Valley Farm Camping Ground Limited

<b>Directors</b>	<b>Current Directorships/Partnerships</b>	<b>Previous Directorships/ Partnerships</b>
Jörgen Nordlund .....	Excelor AB West International AB	-
<b>Senior Managers</b>	<b>Current Directorships/Partnerships</b>	<b>Previous Directorships/ Partnerships</b>
Irina Cornides	Cresco Consulting	BGO Entertainment Bahamas Re-Insurance
Darren Rennick	-	Darren Rennick Limited M2 Global Ltd.
Robert Bressler	-	-

5.2 Save as set out below, within the period of five years preceding the date of this Prospectus none of the Directors or Senior Managers:

- (a) has had any convictions in relation to fraudulent offences;
- (b) has been a member of the administrative, management or supervisory bodies or a director or senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or
- (c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director or member of an administrative, management or supervisory body of a company or from acting in the management or conduct of the affairs of a company.

On 16 April 2014, the Ontario Securities Commission issued a management cease trade order against Carpathian Gold Inc. (“**Carpathian**”) (subsequently renamed to Euro Sun Mining Inc.) in connection with Carpathian’s failure to file its annual financial statements and related management’s discussion and analysis. The management cease trade order was lifted on 19 June 2014, following the filing of the required continuous disclosure documents. David Danziger was a director of Carpathian at the time of the management cease trade order.

David Danziger was appointed director of American Apparel, a company listed on the NYSE MKT LLC exchange, on 11 July 2011 and resigned as director on 14 June 2015. Subsequently, on 5 October 2015, American Apparel announced that it had reached an agreement with its lenders to significantly reduce its debt and interest payments through a consensual pre-arranged reorganisation under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware. On 6 October 2015, NYSE Regulation, Inc. suspended trading and commenced proceedings to delist American Apparel’s common stock from NYSE MKT LLC. The Chapter 11 reorganisation was approved by the Court in January 2016.

Keith Laslop previously served as Chief Operating Officer of Gerova Financial Group Ltd. (“**Gerova**”) from June 2010 to September 2010 and a director of Gerova from May 2008 to February 2011. Following the release of a report by a firm believed by Gerova to be a short seller and the subsequent decline in Gerova’s stock price, class action lawsuits and legal claims were filed beginning in 2011 and named as defendants many of Gerova’s then-current as well as former officers and directors, including Mr. Laslop. Despite being named in these claims, Mr. Laslop has never been served in any Gerova-related claim or proceeding. A number of these claims were settled in 2014 and one class action in which Mr. Laslop has been named as defendant (but has not been served) remains outstanding. However, the former President and Chairman of Gerova as well as a former Chief Executive Officer of a subsidiary of Gerova and certain related parties were recently convicted of securities fraud in connection with their personal transactions in Gerova securities, which transactions were made without notice to, or approval of, Gerova’s board of directors. On 20 July 2012, Gerova began liquidation proceedings in Bermuda and filed a Chapter 15 petition in the U.S. on 24 August 2012 to protect its U.S. assets from creditors.

5.3 Save as set out in paragraph 11 (*Transactions with related and other parties*) of “*Part 5: Operating and Financial Review*”, none of the Directors nor Senior Managers has any actual or potential conflicts of interests between their duties to the Company and their private interests or other duties.

## 6. DIRECTORS' AND OTHER INTERESTS

- 6.1 The table below sets out the interests of the Directors and Senior Managers in respect of the share capital of the Company as at 19 January 2017 (being the latest practicable date prior to publication of this Prospectus) and immediately following Admission:

	Immediately prior to Admission		Immediately following Admission	
	Number of Shares	per cent. of voting rights in respect of the issued ordinary share capital	Number of Shares	per cent. of voting rights in respect of the issued ordinary share capital <sup>(1)</sup>
<b>Directors</b>				
Neil Goulden .....	Nil	Nil	10,000	0.01
Andrew McIver .....	Nil	Nil	Nil	Nil
Keith Laslop .....	Nil	Nil	738,606	1.00
David Danziger .....	Nil	Nil	42,225	0.06
Paul Pathak .....	Nil	Nil	31,225	0.04
Jim Ryan .....	Nil	Nil	Nil	Nil
Colin Sturgeon .....	Nil	Nil	Nil	Nil
Nigel Brewster .....	Nil	Nil	Nil	Nil
Jörgen Nordlund .....	Nil	Nil	1,114,378	1.51
<b>Senior Managers</b>				
Irina Cornides .....	Nil	Nil	Nil	Nil
Darren Rennick .....	Nil	Nil	504,073	0.68
Robert Bressler .....	Nil	Nil	11,775	0.02

<sup>(1)</sup> Percentage of voting rights calculated based on the Minimum Number of Shares being issued.

- 6.2 Save as set out in this paragraph 6 (*Directors' and other interests*) in "Part 10: Additional Information", following Admission no Director or Senior Manager will have any interest in the share capital of the Company or any of its subsidiaries.
- 6.3 In so far as is known to the Company, immediately prior to and immediately following Admission, the Company's shareholders (other than Directors and Senior Managers) directly or indirectly interested in three per cent. or more of the Company's issued share capital are expected to be:

Name	Immediately prior to Admission		Immediately following Admission	
	Number of Shares	per cent. of voting rights in respect of the issued share capital	Number of Shares	per cent. of voting rights in respect of the issued share capital <sup>(1)</sup>
Noel Hayden .....	Nil	-	2,427,708	3.3

<sup>(1)</sup> Percentage of voting rights calculated based on the Minimum Number of Shares being issued.

- 6.4 The Company also expects JerseyCo to become a significant shareholder following Admission, as a result of its holding of Shares pursuant to the Exchangeable Share structure. As at 19 January 2017 (being the latest practicable date prior to the date of this Prospectus), the ultimate level of take-up of Exchangeable Shares is not known, but the Company expects that JerseyCo will hold in excess of 12,768,637 Shares, or 17.3 per cent. of voting rights in respect of its issued share capital, following Admission (such numbers reflecting the elections for Exchangeable Shares received on or prior to 19 January 2017).
- 6.5 None of the Shareholders referred to in the table set forth in paragraph 6.3 above has or will have voting rights which differ from those of any other Shareholder in respect of any Shares held by them.
- 6.6 The Company is not aware of any person who, immediately following Admission, directly or indirectly, jointly or severally, will own sufficient Shares to exercise control over the Company.

## 7. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

Set out below is information on the employment and remuneration arrangements for the Directors.

### 7.1 Executive Directors

#### *Andrew McIver*

Andrew McIver has agreed the terms of new service agreements with Jackpotjoy plc and Intertain Bahamas. His aggregate base annual salary will be £500,000, with the amount paid under each agreement to be determined by the time he spends carrying out work under each one. Both agreements contain substantially the same terms. In the event that one agreement is terminated, the other will terminate automatically.

Each of Mr. McIver's service agreements can be terminated by the relevant employer (a) without cause by giving 12 months' written notice; (b) without cause by making a payment of in lieu of the salary, pension contributions and health, medical and life insurance benefits that he would have received during the unexpired part of the 12 month notice period (such payment to be made in instalments subject to mitigation); and (c) with immediate effect for cause without notice or pay in lieu of notice if amongst other reasons, Mr. McIver (i) commits gross misconduct or gross negligence, (ii) is convicted of an arrestable criminal offence (other than a road traffic offence for which a non-custodial penalty is imposed) or (iii) is disqualified or subject to disciplinary sanction by any regulatory body which prevents him from performing any of his duties under the service agreement.

The notice required to be given by the relevant employer to terminate the agreement is reduced from 12 months to 255 days (i.e. 70 per cent. of 12 months) if Mr. McIver is dismissed because the employer reasonably believes that it will not be granted a gaming license in the United States due to Mr. McIver's past involvement in the gaming industry.

Each service agreement can be terminated by Mr. McIver on six months' written notice, or he can resign with immediate effect for good reason under certain circumstances, such as if the employer ceases to operate as a going concern other than for the purpose of a reconstruction or amalgamation. If he resigns for good reason he will be entitled to a payment in lieu of the salary, pension contributions and health, medical and life insurance benefits that he would have received during the unexpired part of the six month notice period (such payment to be made in instalments subject to mitigation).

In the event of termination by the employer without cause or by Mr. McIver for good reason, Mr. McIver will also be paid the salary and benefits (including bonus) that he has earned in respect of the period up to the date of termination. In the event of termination by the employer for cause or by Mr. McIver without good reason, he will be paid salary and contractual benefits only that he has earned in respect of the period up to the date of termination and whether that payment includes bonus will depend on the terms of the relevant bonus scheme at the time.

The service agreement contains provisions restricting Mr. McIver's use of confidential information during and after the termination of his employment and provisions which prevent him from competing with the business and from soliciting employees, customers and suppliers for 12 months after the termination of his employment (less any time spent on garden leave).

Mr. McIver is eligible to receive an annual bonus based on the level of his achievement in relation to annual targets (see paragraph 9.1 (*Overview of remuneration policy*) of this "*Part 10: Additional Information*" below). Mr. McIver is also eligible to participate in the Jackpotjoy Long Term Incentive Plan (see paragraph (*Jackpotjoy plc Long Term Incentive Plan*) of this "*Part 10: Additional Information*" below).

Mr. McIver is entitled to 30 days' holiday in aggregate (in addition to applicable bank/public holidays in the UK). The Company will pay his private medical and life assurance premiums until such time as it establishes its own plans, at which point he will be entitled to participate in those plans. He will also participate in any other benefit plans that the Company operates from time to time for similarly situated executives. The Company has agreed to contribute 10 per cent. per annum of Mr. McIver's base salary to any pension scheme operated by the Company, or to his personal pension scheme or to such other registered pension scheme for his benefit.

Mr. McIver's normal place of work will be London in respect of his duties under the agreement with Jackpotjoy and the Bahamas in respect of his duties under the agreement with Intertain Bahamas but he may be required to work elsewhere if the board of the relevant employer reasonably requires. If his place of work changes, he is entitled to be reimbursed for reasonable relocation expenses incurred by him in connection with the change and in connection with his return if his employment terminates without cause or for good reason. He is also entitled to reimbursement of reasonable business expenses.

### ***Keith Laslop***

Discussions are ongoing with Mr. Laslop with a view to him agreeing new executive employment agreements with the Company and Intertain Bahamas. The Jackpotjoy plc agreement will contain terms consistent with market practice for executive compensation in UK listed companies and cover his duties in the UK for the Company. The Intertain Bahamas agreement will be on substantially the same terms as the Jackpotjoy plc agreement and cover his duties in the Bahamas for Intertain Bahamas. It is currently expected that these agreements will be entered into soon after the implementation of the Plan of Arrangement.

Until then, Mr. Laslop will remain employed under his current executive employment agreement with Intertain dated 1 January 2015, as amended on 21 February 2016. Under this agreement and certain arrangements with Intertain Bahamas, Mr. Laslop is entitled to an annual base salary of USD500,000, annual car allowance of \$18,000, participation in all health, disability, death, pension and other employee benefit plans of Intertain in effect from time to time in accordance with their terms. Intertain will also pay the full cost of any medical facility which Mr. Laslop attends due to an illness or disability up to a maximum cost of \$150,000 per annum. He is also entitled to 6 weeks holiday per year, and to be reimbursed for all reasonable out of pocket expenses properly incurred by him in the course of carrying out his duties. As at 31 December 2015, Intertain did not have a pension plan or any other plan that provides payment or benefits at, following or in connection with retirement.

Pursuant to the terms of his current executive employment agreement, as amended, Mr. Laslop is entitled to certain payments upon the termination of his employment (a) by Intertain for any reason other than with "Cause" (as such term is defined in the agreement and includes, among other things, wilful misconduct or gross negligence that is materially harmful to Intertain, or other circumstances that would constitute cause for termination of employment under Canadian law, but excludes events or circumstances of which the Intertain Board or the Independent Committee had actual knowledge as of 21 February 2016 (see paragraph 9 (*Internal Controls and Procedures*) of "*Part 2: Business Overview – Section B: Information on Intertain*")); or (b) by himself for "Good Reason" (as such term is defined in the agreement and includes, among other things, certain adverse or non-consensual changes to Mr. Laslop's employment and remuneration or a failure to negotiate a new employment agreement with Intertain Bahamas by 30 January 2017).

In the event of a "Change of Control", Mr. Laslop may terminate his employment for Good Reason, however, such Change of Control will cease to be a Good Reason 180 calendar days after Mr. Laslop first becomes aware of it. The definition of "Change of Control" in the agreement includes, among other things, any change in the holding, direct or indirect, of the shares of Intertain as a result of which a person or group of persons acting jointly or in concert are in a position to exercise effective control of Intertain. Discussions are ongoing with Mr. Laslop as to whether the implementation of the Plan of Arrangement falls within the definition of "Change of Control" thereby entitling him to certain payments from Intertain as further described below. In order to trigger such payments as a result of a Change of Control, Mr. Laslop would have to give 180 calendar days' notice of the termination of his employment with Intertain, and such notice would have to be given within 180 calendar days of the date that the Plan of Arrangement is implemented.

Mr. Laslop must provide Intertain with 180 calendar days' advance notice of any termination by him of his executive employment agreement, irrespective of the reason for termination, including in respect of Good Reason. Intertain is not required to provide Mr. Laslop with advance notice of any such termination by it of Mr. Laslop's executive employment agreement, irrespective of the reason for termination, including termination without Cause.

Following a termination of Mr. Laslop's employment by Intertain for any reason other than with Cause or by Mr. Laslop for Good Reason in accordance with the provisions of Mr. Laslop's executive employment agreement, Intertain will pay to Mr. Laslop: (a) an amount equal to the salary earned by him up to the

date of termination and any outstanding vacation pay calculated as of such date; (b) any expenses incurred by him up to and including the date of termination; (c) a lump sum amount equivalent to the salary and car allowance that would have been payable to him had his employment with Intertain continued for a period of 13.5 months (or 10.5 months, in the case of termination by reason of permanent disability) (the “**Severance Period**”) and such payment will be deemed to include all termination pay and severance pay owing to Mr. Laslop pursuant to the *Employment Standards Act* (Ontario) in respect of the termination of his employment; and (d) a lump sum amount calculated as follows:

- A. the portion of all awards earned or accrued by Mr. Laslop under The Intertain Group Limited 2014 Omnibus Phantom Equity Management Incentive Plan and paid in cash during the three financial years preceding the date of termination (including the year in which the termination occurs) ;
- B. divided by three (3); and
- C. multiplied by the length of the Severance Period in years.

In addition, Intertain is required to, subject to the terms of the applicable benefits plans, maintain Mr. Laslop’s benefits for the Severance Period. Mr. Laslop is subject to restrictions on the disclosure of Intertain’s confidential information. He is also subject to a 12-month post-termination restriction, which prohibits him from soliciting, interfering with or endeavouring to entice away certain employees, customers and suppliers of Intertain, either on his own behalf or on behalf of anyone competing with Intertain.

By way of illustration, had Mr. Laslop’s employment been terminated with effect from 30 June 2016 by Intertain for any reason other than Cause, or by Mr. Laslop for ‘Good Reason’ (including in both cases, in connection with a Change of Control), under the formula set out above, he would have been entitled to an aggregate payment of approximately \$5,751,974.25 in addition to accrued unpaid salary and reimbursement of expenses up to the date of termination. Had Mr. Laslop’s employment been terminated by Intertain with effect from 30 June 2016 by reason of permanent disability, under the formula set out above, he would have been entitled to an aggregate payment of approximately \$4,585,318.15 in addition to accrued unpaid salary and reimbursement of expenses up to the date of termination. The figures in this paragraph use a conversion rate of USD1 : \$ 1.3009.

In addition to such payment, upon a termination of Mr. Laslop’s employment in connection with a Change of Control, all unvested Intertain Options held by Mr. Laslop under the terms of Intertain’s stock option plan will vest and become exercisable.

## 7.2 Non-Executive Directors

The Chairman, the Senior Independent Director and the other Non-Executive Directors are all engaged by Jackpotjoy on substantially the same terms, save that (a) the appointment letters for the Chairman and Senior Independent Director contain standard provisions relating to the additional duties required by their particular roles; and (b) the appointment of Nigel Brewster, Jorgen Nordlund, and Colin Sturgeon will terminate automatically on 28 February 2017 if Admission does not take place by that date, whereas the appointment of Neil Goulden, Paul Pathak, Jim Ryan, Noel Haydon and David Danziger would not terminate automatically if Admission does not take place.

The appointment of each of these individuals is for a fixed term of three years expiring on the third anniversary of Jackpotjoy’s next annual general meeting, but may be terminated earlier by Jackpotjoy or the individual giving to the other not less than one month’s written notice. Their appointment and any subsequent re-appointment is also subject to (a) the Articles; and (b) re-election by the shareholders of the Company at each annual general meeting. If they are not re-elected by the shareholders at an annual general meeting for any reason, their appointment will automatically terminate. Jackpotjoy is also entitled to terminate its appointment with immediate effect without notice or pay in lieu of notice for cause, for example, if they are (i) is guilty of gross misconduct or serious negligence, (ii) convicted of an arrestable offence criminal offence (other than a road traffic offence for which a non-custodial penalty is imposed or (iii) or become prohibited by law or the Articles or any regulatory body applicable to Jackpotjoy from being a director. Upon ceasing to be a director, they are not entitled to receive any payments or benefits other than accrued fees for services up to the termination date and reimbursement for any outstanding reasonably incurred expenses.



Jackpotjoy will obtain directors' and officers' liability insurance for the Chairman, the Senior Independent Director and the other Non-Executive Directors, subject to the provisions governing the insurance and on such terms as the Board may decide. They will also benefit from the any indemnity that may be contained in the Articles from time to time. Their appointment letters contain standard provisions regarding confidentiality, conflicts of interest, and regarding their right to obtain, at Jackpotjoy's expense, such external independent professional advice as is reasonably necessary to perform their duties.

The Chairman is expected to devote four days per month to his duties. His fee will be £170,000 per annum and he will not receive any additional fee for the Board committees that he is required to chair. The Senior Independent Director and the other Non-Executive Directors are expected to devote at least 2 days per month to their duties. Their basic fee will be £65,000 per annum, with an additional £5,000 per annum for each Board committee they are required to chair, and the Senior Independent Director will receive an additional £10,000 per annum for the additional duties required of that role.

The Chairman's and the Non-Executive Director's fees, as well as the additional fees for committee chairs, are set out as follows:

Position	Fee per annum
Basic .....	£65,000
Chairman .....	£170,000
Senior Independent Director .....	£10,000
Remuneration Committee Chair .....	£5,000
Audit and Risk Committee Chair .....	£5,000

### 7.3 Termination benefits

Save as set out in paragraph 7.1 and 7.2 (*Directors' Service Agreements and Letters of Appointment*) of this "Part 10: Additional Information", there are no existing or proposed service agreements between any Director and any member of the Group providing for benefits upon termination.

## 8. DIRECTORS' AND SENIOR MANAGERS' COMPENSATION

### Compensation

In the year ended 31 December 2016, the aggregate total remuneration paid (including contingent or deferred compensation) and benefits in kind granted (under any description whatsoever) to each of the Directors and the Senior Managers by members of the Group (or the relevant employer where it is not a member of the Group) was approximately \$8,865,111. Of this amount, approximately \$4,869,695 was paid to the Directors as set out below and approximately \$3,995,416 was paid to the Senior Managers:

Name <sup>(1)</sup>	Fees/basic salary (\$)	Bonus (\$)	Option-based awards (\$)	Benefits (\$)	Total (\$)
<b>Directors</b>					
Neil Goulden .....	422,433	n/a	300,025	n/a	722,457
Andrew McIver .....	569,129	0	352,970	0	922,099
Keith Laslop .....	620,313	0	n/a	4,203	624,516
David Danziger <sup>(2)</sup> .....	930,000	n/a	176,485	n/a	1,106,485
Paul Pathak <sup>(3)</sup> .....	805,000	n/a	176,485	n/a	981,485
Jim Ryan .....	48,850	n/a	105,891	n/a	154,741
Colin Sturgeon .....	n/a	n/a	n/a	n/a	n/a
Nigel Brewster .....	n/a	n/a	n/a	n/a	n/a
Jörgen Nordlund .....	322,614	0	35,297	0	357,911

<sup>(1)</sup> Colin Sturgeon and Nigel Brewster were not directors of or employed by the Group during the year ended 31 December 2016.

<sup>(2)</sup> In addition, Intertain expects to pay David Danziger a bonus payment of CA\$100,000 prior to Admission for his services as a member of the Special Committee.

<sup>(3)</sup> In addition, Intertain expects to pay Paul Pathak a bonus payment of CA\$100,000 prior to Admission for his services as a member of the Special Committee.

In the year ended 31 December 2016, the Group did not set aside or accrue any amounts in respect of pension, retirement or other benefits for the Directors or the Senior Managers.

Neil Goulden received £180,000 in aggregate in additional directors' fees from Intertain in respect of additional work done in connection with Admission and the Debt Raising. This arrangement will be

terminated prior to Admission and no additional amounts are payable. In addition, Neil Goulden received standard fees for his services as Chairman of Intertain of £101,098 for the period prior to Admission, following which he will receive a fee of £170,000 per annum for his services as Chairman of the Company.

Each of Nigel Brewster and Colin Sturgeon received £20,000 in aggregate from Intertain in respect of work done in connection with the Admission prior to their appointment to the Board on 19 January 2017.

## **9. REMUNERATION**

### **9.1 Overview of remuneration policy**

In anticipation of Admission, the Board and the board of directors of Intertain have commenced a review of the Group's remuneration policy and the service contracts of the Executive Directors in order to ensure that these are appropriate for the UK listed company environment. In undertaking this review, the Remuneration Committee sought independent, specialist advice.

The aim of the remuneration policy is to:

- attract, retain and motivate high calibre senior management talent and to focus these individuals on the delivery of the Group's strategic and business objectives;
- have a competitive mix of base salary and short and long term incentive with an appropriate proportion of the package determined by stretching targets linked to the Company's performance;
- promote and maintain a strong and sustainable culture of performance in the Group, with transparent and stretching performance conditions that are rigorously applied;
- provide appropriate alignment between strategic goals, Shareholder return and executive reward;
- provide incentives that promote responsible growth for the Group's various businesses; and
- align the interests of senior management with those of Shareholders.

It is expected that the Company's remuneration arrangements will generally consist of three principal elements: (a) base salary; (b) performance-based cash bonuses; and (c) long-term incentives, which are expected to include equity compensation. The fixed and variable remuneration package for Executive Directors will take into account the role, experience and performance of the Executive Director, remuneration arrangements at UK listed companies of a similar size and complexity, and best practice guidelines for UK listed companies set by institutional investors.

Following Admission the Remuneration Committee will, after consultation with its advisors, prepare a remuneration policy for consideration and adoption by the Board. The Company's remuneration policy and incentive arrangements will be consistent with UK market practice and are expected to provide for remuneration and other terms that are customary for similarly situated UK listed companies. It is anticipated that the remuneration policy will specify, among other things, the mix and quantum of the remuneration of Executive Directors and set out the process for establishing from time to time the eligibility criteria, and for assessing performance, with respect to performance-based and long-term incentives.

In accordance with UK law, the Company will submit its remuneration policy for Executive Directors to a binding vote of Shareholders at the Company's next annual general meeting. Accordingly, the Company will set out its future remuneration policy relating to Executive Directors' remuneration in the Company's first annual report and accounts following Admission.

### **9.2 Executive Directors' Remuneration Policy**

On Admission, Executive Directors' remuneration will comprise a base salary, an annual bonus, a long-term incentive award and appropriate pension and benefit arrangements.

#### ***Salary***

Base salaries will be reviewed annually. In reviewing salaries the policy is for any increases to take account of the increases awarded to the workforce as a whole, as well as a consideration of the performance of the Company, the individual's skill set and experience and external indicators such as inflation and an assessment of the competitive market for comparable positions in the gaming industry.

### ***Annual Bonus***

The Executive Directors are eligible to participate in a cash bonus plan. The maximum bonus payable is up to 125 per cent. of base salary for the Executive Directors. The annual bonus is designed to reward performance and is based on the achievement of performance conditions relating to the financial performance of the Company.

### ***Long Term Incentive Plan***

The Executive Directors are eligible to participate in the Jackpotjoy plc Long Term Incentive Plan. The maximum award of any Executive Director in any financial year is 125 per cent. of base salary, or 250 per cent. of base salary in exceptional circumstances.

A summary of the Jackpotjoy plc Long Term Incentive Plan and its intended operation is set out below (see “*Employee Share Plans – Jackpotjoy plc Long Term Incentive Plan*” below).

### ***Pensions and benefits***

Each Executive Director will receive pension and other benefits which are designed to form part of a competitive, appropriate and cost effective benefits package.

### ***Share ownership guidelines***

The Group has adopted shareholding guidelines which require Executive Directors to hold Shares equivalent to 200 per cent. of their base salary. Only Shares beneficially owned by an Executive Director will count towards this guideline.

## **10. EMPLOYEE SHARE PLANS**

### **10.1 Existing options under The Intertain Group Limited Share Option Plan**

Employees of the Group, including the Executive Directors, currently hold options over Intertain Shares under The Intertain Group Limited Share Option Plan (the “**Intertain SOP**”). On completion of the Plan of Arrangement, existing options granted under the Intertain SOP will be automatically exchanged for options of equivalent value over Shares on equivalent terms and subject to the same vesting conditions. This exchange has been approved by the Intertain Shareholders as part of the Plan of Arrangement and the replacement options will be granted under the Jackpotjoy plc Share Option Plan, which has been adopted by the Board. Following the grant of these replacement options no further options will be granted under the Jackpotjoy plc Share Option Plan.

The number of options over Intertain Shares currently held by each Director under the Intertain SOP is as follows:

<b>Name</b>	<b>Year of Grant</b>	<b>Number of Intertain Shares</b>	<b>Option exercise price (CA\$)</b>	<b>Option lapse date</b>
Neil Goulden .....	2016	85,000	11.20	8 Sept 2021
Andrew McIver .....	2016	100,000	11.20	8 Sept 2021
Keith Laslop .....	2014	340,076	4.00	11 Feb 2019
David Danziger .....	2014	27,206	4.00	11 Feb 2019
	2015	55,000	16.05	11 Feb 2020
	2016	50,000	11.20	8 Sept 2021
Paul Pathak .....	2014	27,206	4.00	11 Feb 2019
	2015	55,000	16.05	11 Feb 2020
	2016	50,000	11.20	8 Sept 2021
Jim Ryan .....	2016	30,000	11.20	8 Sept 2021
Colin Sturgeon .....	N/A	N/A	N/A	N/A
Nigel Brewster .....	N/A	N/A	N/A	N/A
Jörgen Nordlund .....	2015	30,000	16.16	11 Feb 2020
	2016	10,000	11.20	8 Sept 2021

### **10.2 Jackpotjoy plc Long Term Incentive Plan**

The Board has adopted, conditional on Admission the Jackpotjoy plc Long Term Incentive Plan (the “**Jackpotjoy LTIP**”).

The Jackpotjoy LTIP is a discretionary plan under which awards may be granted to Executive Directors and employees of the Group.

### ***Eligibility***

Awards may be granted to selected employees of the Group (including Executive Directors) at the discretion of the Remuneration Committee.

### ***First awards***

It is anticipated that the first awards will be granted in 2017 in respect of the performance period 1 January 2017 to 31 December 2019 although awards may be granted sooner, in accordance with the rules of the Jackpotjoy LTIP.

### ***Forms of awards***

Awards may be granted in different forms as follows: (a) a conditional right to acquire Shares in the future at no cost, (b) an option with a nil or nominal exercise price or (c) a right to receive a cash amount based on the underlying value of a number of Shares. In this summary, references to “**Shares**” include the notional shares to which a cash-based award relates.

### ***Overall plan limits***

In any 10 year period, not more than five per cent. of the issued share capital of the Company may be issued under the Jackpotjoy LTIP and any other discretionary employees’ share plans operated by the Company.

In any 10 year period, not more than 10 per cent. of the issued share capital of the Company may be issued under the Jackpotjoy LTIP and all other employees’ share plans operated by the Company.

These limits do not include awards or options granted before Admission or awards or options which have lapsed but will include awards or options satisfied with treasury Shares as if they were newly issued Shares for so long as this is required by UK institutional investor guidelines.

### ***Individual limits***

The market value of Shares over which an Award may be granted shall not exceed the maximum award value for Executive Directors permitted under the Company’s remuneration policy.

The Remuneration Committee will determine the value of awards to be granted to each participant in a financial year. The first awards, intended to be granted in 2017 in respect of the performance period 1 January 2017 to 31 December 2019 will be granted over Shares with a value of up to a maximum of 125 per cent. of base salary in normal circumstances, with the Remuneration Committee retaining discretion to grant awards up to a limit of 250 per cent. of base salary in exceptional circumstances.

Where an award under the main Jackpotjoy LTIP is linked to a “Qualifying Option” under the tax-qualifying schedule (see below), the Shares subject to the Qualifying Option will not count towards these limits.

### ***Source of Shares***

Awards under the Jackpotjoy LTIP may be granted over newly issued Shares, Shares held in treasury or Shares purchased in the market.

### ***Timing of awards***

Awards may normally only be granted within the six week period beginning with the Company’s announcement of its results for any period or on a day on which the Remuneration Committee determines that exceptional circumstances exist justifying the grant of awards. If a grant cannot be made at these times due to dealing restrictions, awards may be granted within the six week period beginning on the date the restrictions are lifted. No awards may be granted more than 10 years after the Jackpotjoy LTIP is adopted.

### ***Performance conditions***

Unless the Remuneration Committee decides otherwise, the vesting of awards will be subject to the satisfaction of performance conditions set by the Remuneration Committee before the grant of an award and measured over a period of at least three financial years. The application of performance conditions to awards granted to Executive Directors will be in line with the Company's remuneration policy.

The Remuneration Committee may amend or substitute a performance condition if an event occurs which causes the Remuneration Committee to consider that an amendment or substitution would be appropriate, provided that the revised performance condition would not be materially less difficult to satisfy. If an Award is subject to more than one performance condition and performance is assessed before the end of the performance period, the Remuneration Committee may vary the weighting between performance conditions in its discretion to assess performance on the most appropriate basis.

### ***Vesting of awards***

In normal circumstances, awards will vest after the performance period to the extent the performance conditions have been met.

Awards without performance conditions will usually vest on the third anniversary of grant.

### ***Holding period***

Awards may be granted subject to a holding period of up to two years from vesting. During the holding period, the award will be subject to malus and clawback (see below) but not to the leaver provisions. Instead, a participant will only lose the award where he is summarily dismissed.

An award that is subject to a holding period will normally be released following the end of the holding period. An award that is not subject to a holding period will ordinarily be released on the date of vesting.

### ***Cash alternative***

At any time before the Shares under award are delivered to a participant, the Remuneration Committee may elect, instead of delivering Shares, to pay cash to the participant equal to the market value of the Shares subject to the award (subject to deduction of tax or similar liabilities).

### ***Dividend equivalents***

The Remuneration Committee may decide at any time before an award is released that participants should receive an additional benefit calculated by reference to any dividends that they would have received during any part of the vesting and/or holding period if they had been the holders of vested Shares. The Remuneration Committee may determine the basis on which this additional benefit is calculated, including by assuming the reinvestment of the dividends into Shares. The benefit can be provided as a cash sum or in the form of Shares.

### ***Tax-qualifying options***

Part of the Jackpotjoy LTIP has been designed to meet the requirements of Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003, so that employees can be granted UK tax-qualifying market value options ("**Qualifying Options**"). Qualifying Options will have an exercise price equal to the market value of a Share at the date of grant and a participant may hold Qualifying Options over Shares with a market value of up to £30,000.

Awards under the main Jackpotjoy LTIP may be linked to a Qualifying Option, on the basis that the extent to which the award may be exercised will be scaled back to take account of any gain made on the exercise of the Qualifying Option, so that the pre-tax position is the same as if the option had not been granted.

The provisions of the Jackpotjoy LTIP summarised in this section 10.2 apply to Qualifying Options, except as required by applicable tax legislation.

### ***Malus and clawback***

The Remuneration Committee may, at any time before an award has vested, decide to reduce the number of Shares to which an award relates (“**malus**”). Alternatively, the Remuneration Committee may, at any time after vesting up to the second anniversary of the vesting date, reduce the number of Shares to which an award relates during any holding period or require the participant to make a repayment in respect of an award (“**clawback**”).

Malus and clawback may be applied where there is a corporate failure, material error or material misstatement of results, material failure of risk management, material misconduct by the participant or where information comes to light that, had it been known, would have affected the grant or vesting decision.

### ***Leaving the Group***

If a participant ceases employment by reason of death, their award will be released as soon as practicable, for unvested awards to the extent that any performance conditions have been met and, unless the Remuneration Committee determines otherwise, pro-rated for time across the performance period or, for any Award not subject to performance conditions, the vesting period. If a participant ceases employment before an award vests by reason of ill-health, injury, disability, transfer of the employing company or business out of the Group, or for any other reason at the discretion of the Remuneration Committee, the award will usually be released on the normal release date, to the extent that any performance conditions have been met and, unless the Remuneration Committee determines otherwise, pro-rated for time across the performance period or, for any Award not subject to performance conditions, the vesting period. If he ceases employment before an award vests for any other reason, the award will lapse on cessation.

If a participant ceases employment during the holding period for an award, the award will normally be released on the normal release date (unless the participant is summarily dismissed, in which case the award will lapse), unless the Remuneration Committee determines otherwise.

### ***Takeovers and reorganisation***

Awards will vest in the event of a change of control of the Company to the extent any performance conditions have been met up to the event in question and, unless the Remuneration Committee decides otherwise, will be pro-rated for time across the performance period or, for any Award not subject to performance conditions, the vesting period. On an internal re-organisation, awards may be exchanged for equivalent awards in a different company rather than triggering the early vesting of awards.

If any other corporate events occur (such as a winding-up of the Company or a demerger, delisting, special dividend, or other event which, in the opinion of the Remuneration Committee, may affect the current or future value of Shares), the Remuneration Committee may determine that awards will vest. In this case awards will vest to the extent any performance conditions have been met up to the event in question and, unless the Remuneration Committee decides otherwise, will be pro-rated for time across the performance period or, for any Award not subject to performance conditions, the vesting period.

### ***Variation of capital***

In the event of any variation in the share capital of the Company or a demerger, delisting or special dividend or other event which, in the opinion of the Remuneration Committee, may affect the current or future value of Shares, the Remuneration Committee may make such adjustments as it considers appropriate to the number of Shares under award and/or any performance conditions.

### ***General***

Awards granted under the Jackpotjoy LTIP will not be transferable except on death.

Awards will not form part of pensionable earnings.

### ***Amendments***

The Remuneration Committee can amend the Jackpotjoy LTIP in any way. However, Shareholder approval will be required to amend certain provisions to the advantage of participants. These provisions



relate to eligibility, individual and plan limits, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash comprised in awards and the adjustment of awards on any variation of the Company's share capital.

Minor amendments can however be made without Shareholder approval to benefit the administration of the Jackpotjoy LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment. Any other amendment (other than to individual and plan limits) can also be made without Shareholder approval to take account of local tax, exchange control or securities laws in any country. Any amendment that is to the material disadvantage of participants in relation to awards already granted to them requires their majority consent.

## 11. SUBSIDIARIES

- 11.1 The Company has the following significant subsidiary undertakings, each of which is owned, either directly or indirectly, by the Company and is consolidated or combined with the Historic Financial Information and will be consolidated into the annual financial statements of the Company:

Name	Jurisdiction of incorporation	Percentage of shares and voting rights held
Intertain CallCo ULC .....	Nova Scotia	100%
JPJ Holding Jersey Limited .....	Jersey	100%
JPJ Jersey Limited .....	Jersey	100%
The Intertain Group Limited .....	Ontario	100%
WagerLogic Malta Holding Limited .....	Malta	100%
Cryptologic Operations Limited .....	Malta	100%
Cryptologic Trading Limited .....	Malta	100%
Mandalay Media Limited .....	Bahamas	100%
Jet Management Group Limited .....	Bahamas	100%
Jet Media Ltd. ....	Gibraltar	100%
Wagerlogic Bahamas Ltd. ....	Bahamas	100%
Intertain Bahamas Ltd. ....	Bahamas	100%
Dumarc Holdings Limited .....	Malta	100%
Dumarc Gaming Limited .....	Malta	100%
Plain Support SA .....	Costa Rica	100%
Entertainment Asia Inc .....	BVI	100%
Entserv Asia Ltd. ....	BVI	100%
Silverspin AB .....	Sweden	100%
Fifty States Limited .....	Isle of Man	100%
Fifty States (Gibraltar) Limited .....	Gibraltar	100%

## 12. UNITED KINGDOM TAXATION

### 12.1 General

The following is a summary of certain UK tax considerations relating to an investment in the Shares.

The statements set out below are based on current English law and published HMRC practice (which may not be binding on HMRC), as at the date of this Prospectus, and which may be subject to change, possibly with retroactive effect. The statements are intended as a general guide and apply only to Shareholders resident and, in the case of an individual, domiciled in (and only in) the UK for UK tax purposes (except insofar as express reference is made to the treatment of non-UK residents), who hold Shares as an investment (other than under an individual savings account or self-invested personal pension) and who are the absolute beneficial owners of the Shares and any dividends paid on them. (In particular, Shareholders holding their Shares via a depositary receipt system or clearance service should note that they may not always be regarded as the absolute beneficial owners thereof.) The discussion does not address all possible tax consequences relating to an investment in the Shares. The statements are not addressed to: (i) special classes of Shareholders such as (without limitation) dealers in securities, broker dealers, intermediaries, insurance companies and collective investment schemes; (ii) Shareholders who hold Shares as part of hedging transactions; (iii) Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment; and (iv) Shareholders who hold Shares in connection with a trade, profession or vocation carried on in the UK through a branch or agency (or, in the case of a corporate shareholder, in connection with a trade in the UK carried on through a permanent establishment or otherwise).

**Shareholders or prospective Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers immediately.**

## 12.2 Dividends

The Company will not be required to withhold amounts on account of UK tax at source when paying a dividend.

### (a) *Individuals*

UK resident individual Shareholders that receive a dividend from the Company will be subject to a dividend allowance in the form of a 0 per cent. tax rate on the first £5,000 of dividend income received in a year. The dividend tax rates for any additional dividend income above £5,000 will be set at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers. Dividend income that is within the dividend allowance will still count towards an individual's basic or higher rate limits. Dividend income will be treated as the top slice of a Shareholder's income.

### (b) *UK resident corporate Shareholders*

UK resident Shareholders who are within the charge to UK corporation tax will be subject to UK corporation tax at the rate of 20 per cent. in respect of the tax year (2016/17), due to reduce to 19 per cent. from 1 April 2017 and to 17 per cent. from 1 April 2020 on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each shareholder's position will depend on its own individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class (although it should be noted that the exemption is not comprehensive and is also subject to anti-avoidance rules). Shareholders within the charge to corporation tax should consult their own professional advisers.

### (c) *Non-Residents*

Non-UK resident Shareholders are not generally subject to UK tax on dividend receipts.

A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under applicable local law. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

### (d) *Pension Funds and other exempt persons*

Particular UK resident Shareholders, including certain pension funds, charities and individuals holding Shares through an individual savings account or self-invested personal pension, will not generally be subject to UK tax on dividend receipts.

## 12.3 Chargeable Gains

A disposal or deemed disposal of Shares by a shareholder who is resident in the UK for tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains. This will depend upon the shareholder's circumstances and is subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation or substantial shareholding exemption for corporate Shareholders).

Shareholders who are not resident in the UK will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, carrying on a trade in the UK through a permanent establishment) in connection with which the Shares are used, held or acquired.

Where an individual Shareholder who is resident in the UK ceases to be so resident or becomes resident outside the UK for the purposes of double taxation arrangements ("**treaty non-resident**") for a period of five years or less (or, for departures before 6 April 2013, ceases to be resident or ordinarily resident or becomes treaty non-resident for a period of fewer than five complete years of assessment), a disposal of all or part of his Shares during that period may be liable to capital gains tax on his return to the UK, subject to any available exemptions or reliefs.

If an individual Shareholder who is subject to income tax at the higher or additional rate becomes liable to UK capital gains tax on the disposal of Shares, the applicable rate will be 20 per cent. An individual Shareholder will be liable to UK capital gains tax on the disposal of Shares at 10 per cent. to the extent that the Shareholder is subject to UK income tax at the basic rate and at 20 per cent. on any gains in excess of the basic rate tax band.

If a Shareholder within the charge to UK corporation tax becomes liable to UK corporation tax on chargeable gains on the disposal of Shares, the applicable rate will be 20 per cent. in respect of the tax year 2016/17, due to reduce to 19 per cent. from 1 April 2017 and to 17 per cent. from 1 April 2020.

#### 12.4 Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

The statements in this section are intended as a general guide to the current UK stamp duty and SDRT position and apply to any Shareholder irrespective of their residence for tax purposes. Investors should note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986. Special rules apply to issue or transfer of shares to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or a person whose business is or includes issuing depositary receipts.

No liability to stamp duty or SDRT will arise on the issue of, or on the issue of definitive share certificates in respect of, Shares by the Company.

The transfer on sale of Shares held in certificated form will generally be subject to stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount or value of the consideration for the Shares (rounded up, if necessary, to the nearest multiple of £5). An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate amount or value of the consideration exceeds £1,000. Stamp duty is normally paid by the purchaser of the Shares.

An unconditional agreement to transfer Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration for the Shares. However, where, within six years of the date of the agreement or, in the case of a conditional agreement, within six years of the date of the agreement becoming unconditional, an instrument of transfer is executed and duly stamped or certified as exempt, the SDRT liability will automatically be cancelled and any SDRT which has been paid may be reclaimed (normally, but not necessarily, with interest). SDRT is normally the liability of the purchaser of the Shares.

Paperless transfers of Shares within CREST are generally subject to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the system. Deposits of Shares into CREST will generally not be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration.

Special rules apply to agreements made by market intermediaries in the ordinary course of their business.

**Prospective purchasers of Shares should consult their own tax advisers with respect to the tax consequences to them of acquiring, holding and disposing of Shares.**

#### 13. CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary is a general discussion of certain U.S. federal income tax considerations to U.S. Holders (as defined below) of holding and disposing of the Shares. The following summary applies only to U.S. Holders that hold the Shares as capital assets for U.S. federal income tax purposes (generally, property held for investment). The discussion also does not address any aspect of U.S. federal taxation other than U.S. federal income taxation (such as the estate and gift tax or the Medicare tax on net investment income). In particular, this summary does not address all tax considerations applicable to investors that own (directly or by attribution) 10 per cent. or more of the Company’s voting stock, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, investors liable for the alternative minimum tax, certain U.S. expatriates, individual retirement accounts and other

tax-deferred accounts, partnerships or other pass-through entities for U.S. federal income tax purposes, tax-exempt organisations, dealers in securities or currencies, securities traders that elect mark-to-market tax accounting, investors that will hold the Shares as part of constructive sales, straddles, hedging, integrated or conversion transactions for U.S. federal income tax purposes or investors whose “functional currency” is not the U.S. dollar).

The following summary is based on the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), U.S. Treasury Regulations thereunder, published rulings of the U.S. Internal Revenue Service (the “**IRS**”) and judicial and administrative interpretations thereof, in each case as available on the date of this Prospectus. Changes to any of the foregoing, or changes in how any of these authorities are interpreted, may affect the tax consequences set out below, possibly retroactively. No ruling will be sought from the IRS with respect to any statement or conclusion in this discussion and there can be no assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, a court will uphold such statement or conclusion.

For the purposes of the following summary, a “**U.S. Holder**” is a beneficial owner of Shares that is for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or any state or the District of Columbia or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If an entity or arrangement classified as a partnership for U.S. federal income tax purposes owns Shares, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partnership that owns Shares and partners in such partnership, should consult their own tax advisers about the U.S. federal income tax consequences of holding and disposing of the Shares.

U.S. Holders of the Shares should consult their own tax advisers with respect to the U.S. federal, state, local and non-U.S. tax consequences to them in their particular circumstances of holding and disposing of the Shares.

The Company expects, and this discussion assumes, that it will not be a passive foreign investment company (a “**PFIC**”). See below under paragraph 13.3 (*Passive Foreign Investment Company*) of “*Part 10: Additional Information*”.

### 13.1 Distributions of Shares

The gross amount of any Distributions by the Company with respect to the Shares generally will be taxable to a U.S. Holder as ordinary dividend income to the extent paid out of the Company’s current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because the Company does not expect to maintain calculations of its earnings and profits in accordance with U.S. federal income tax principles, U.S. Holders should expect that a Distribution will generally be treated as a dividend for U.S. federal income tax purposes. Subject to applicable limitations, dividends paid by the Company to non-corporate U.S. Holders will be subject to U.S. federal income tax at lower rates than other types of ordinary income so long as the Shares are regularly traded on the London Stock Exchange. Dividends paid by the Company will not be eligible for the dividends received deduction provided under the Code for certain dividends paid to U.S. corporate shareholders.

U.S. Holders should consult their own tax advisers about how to account for payments that are not made in U.S. dollars.

### 13.2 Sale, Exchange or Other Taxable Disposition of Shares

A U.S. Holder generally will recognise capital gain or loss upon the sale, exchange or other taxable disposition of the Shares equal to the difference, if any, between the U.S. dollar amount realised on the sale, exchange or other taxable disposition of the Shares and the U.S. Holder’s tax basis in the Shares (generally their cost in U.S. dollars). Any such gain or loss will be long-term capital gain or loss if the Shares have been held for more than one year. The deductibility of capital losses is subject to limitations.

U.S. Holders should consult their own tax advisers about how to account for payments made or received in non-U.S. dollars.

### 13.3 **Passive Foreign Investment Company**

The Company does not believe it was a PFIC for U.S. federal income tax purposes for its most recent taxable year and does not expect to be a PFIC for the current taxable year or in the foreseeable future. In general, a non-U.S. corporation will be classified as a PFIC for any taxable year if at least (i) 75 per cent. of its gross income is classified as “passive income” or (ii) 50 per cent. of the average quarterly value of its assets produce or are held for the production of passive income. For this purpose, passive income generally includes, among other items, dividends, interest, gains from certain commodities transactions, certain rents, royalties and gains from the disposition of passive assets. Because the composition of the Company’s income and assets will vary over time, there can be no assurance that it will not be a PFIC for any particular taxable year.

If the Company were classified as a PFIC at any time that a U.S. Holder holds the Shares, the U.S. Holder may be subject to materially adverse U.S. federal income tax consequences compared to an investment in a company that is not considered a PFIC, including being subject to greater amounts of U.S. tax and being subject to additional U.S. tax form filing requirements. U.S. Holders should consult their own tax adviser about the application of the PFIC rules.

### 13.4 **Backup Withholding and Information Reporting**

Information returns may be filed with the IRS in connection with Distributions on the Shares and the proceeds from the sale or other disposition of the Shares unless a U.S. Holder establishes that it is exempt from the information reporting rules. A U.S. Holder that does not establish this may be subject to backup withholding on these payments if the U.S. Holder fails to provide its taxpayer identification number or otherwise comply with the relevant certification procedures. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against its U.S. federal income tax liability and may entitle the U.S. Holder to a refund, **provided that** the required information is timely furnished to the IRS.

U.S. Holders should consult their own tax advisers regarding any additional tax reporting or filing requirements they may have as a result of owning or disposing of the Shares. Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties.

## 14. **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of the principal consequences under the *Income Tax Act* (Canada) (the “**Canadian Tax Act**”) generally applicable to a Shareholder who (1) for the purposes of the Canadian Tax Act and any applicable income tax convention, at all relevant times, is or is deemed to be a Canadian Resident while holding the Shares, (2) is the beneficial owner of the Shares for purposes of the Canadian Tax Act, (3) at all relevant times, holds the Shares as capital property, and (4) deals at arm’s length with, and is not affiliated with the Company or any of the Company’s direct or indirect subsidiaries. The Shares will generally constitute capital property to a Shareholder unless the Shareholder holds such Shares in the course of carrying on a business or has acquired such Shares in a transaction or transactions considered to be an adventure in the nature of trade.

This summary does not apply to a Shareholder in respect of whom the Company is or will be a foreign affiliate within the meaning of the Canadian Tax Act.

This summary is based upon the current provisions of the Canadian Tax Act, the regulations thereunder, all specific proposals to amend the Canadian Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and an understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency (the “**CRA**”). No assurances can be given that the Tax Proposals will be enacted as proposed, if at all.

This summary is not applicable to a Shareholder: (a) that is a “financial institution” (as such term is defined in the Canadian Tax Act) for purposes of the mark-to-market rules; (b) an interest in which is a “tax shelter investment” (as such term is defined in the Canadian Tax Act); (c) that reports its “Canadian tax results” in a currency other than Canadian currency; (d) that is a “specified financial institution” (as such term is defined in the Canadian Tax Act); or (e) that enters into a “derivative forward agreement” (as such term is defined in the Canadian Tax Act) with respect to their Shares. Such Shareholders should consult their own tax advisors. In addition, Shareholders who acquired their Shares on the exercise of an option should consult their own tax advisors.



This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or any changes in the administrative practices or assessing policies of the CRA. This summary does not take into account tax legislation of any province, territory or foreign jurisdiction. Provisions of provincial income tax legislation vary from province to province in Canada and may differ from federal income tax legislation. No advance income tax ruling has been sought or obtained from the CRA to confirm the tax consequences of any of the transactions described herein.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder. Accordingly, Shareholders should consult their own tax advisors for advice with respect to the income tax consequences to them of holding and disposing of the Shares, having regard to their own particular circumstances.**

For purposes of the Canadian Tax Act, all amounts (including amounts related to the acquisition, holding or disposition of the Shares, such as dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars using the rate of exchange quoted by the Bank of Canada at noon on the date such amounts arose, or such other rate of exchange as is acceptable to the CRA. The amount of capital gains and losses may be affected by changes in foreign currency exchange rates.

#### **14.1 Dividends on the Shares**

Dividends on the Shares will be required to be included in the recipient's income for the purposes of the Canadian Tax Act. Such dividends received by a Shareholder who is an individual will not be subject to the gross-up and dividend tax credit rules in the Canadian Tax Act. A Shareholder that is a corporation will include such dividends in computing its income and generally will not be entitled to deduct the amount of such dividends in computing its taxable income.

#### **14.2 Disposition of Shares**

A disposition or deemed disposition of Shares by a Shareholder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Shareholder immediately before the disposition.

Generally, one-half of any capital gain (a "**taxable capital gain**") realised by a Shareholder in a taxation year must be included in computing the income of that Shareholder, and one-half of any capital loss (an "**allowable capital loss**") realised by a Shareholder in a taxation year must be applied to reduce taxable capital gains realised by the Shareholder in that year. Allowable capital losses for the year in excess of taxable capital gains generally may be applied by the Shareholder to reduce net taxable capital gains realised in any of the three preceding years or in any subsequent year, subject to the detailed provisions of the Canadian Tax Act.

Capital gains realised by an individual or trust, other than certain trusts, may be relevant for purposes of calculating liability for alternative minimum tax under the Canadian Tax Act.

#### **14.3 Additional Refundable Tax**

A Shareholder that is a Canadian-controlled private corporation (as such term is defined in the Canadian Tax Act) is liable for tax, a portion of which may be refundable, on certain investment income, including taxable capital gains realised and dividends received or deemed to be received in respect of the Shares.

#### **14.4 Foreign Property Information Reporting**

A Shareholder who is a "specified Canadian entity" (as such term is defined in the Canadian Tax Act) for a taxation year or fiscal period whose total cost amount of "specified foreign property" (as such term is defined in the Canadian Tax Act), which includes the Shares, at any time in the year or fiscal period exceeds \$100,000, is required to file an information return for the year or period disclosing prescribed information in respect of such property. Such Shareholders are advised to consult their tax advisors.

#### **14.5 Eligibility for Investment in Canada**

Provided the Shares are listed on a designated stock exchange (which currently includes the London Stock Exchange), the Shares would, on the date of issuance, be qualified investments on such date under



the Canadian Tax Act for trusts governed by a Registered Retirement Savings Plan (“RRSP”), Registered Retirement Income Fund (“RRIF”), Registered Education Savings Plan, Deferred Profit Sharing Plan, Registered Disability Savings Plans, or Tax Free Savings Account (“TFSA”).

The Shares will not be a “prohibited investment” (as such term is defined in the Canadian Tax Act) for a trust governed by an RRSP, RRIF or TFSA, provided that, for purposes of the Canadian Tax Act, the Shareholder of the RRSP, RRIF or TFSA does not have a “significant interest” (as such term is defined in the Canadian Tax Act) in the Company.

## 15. **WORKING CAPITAL**

In the opinion of the Company, taking into account facilities available to the Group, the Company and the Group have sufficient working capital for their present requirements, that is for at least the next 12 months following the date of this Prospectus.

## 16. **SIGNIFICANT CHANGE**

There has been no significant change in the financial or trading position of the Company since 15 August 2016, being the date to which the audited historical financial information in respect of the Company set out in “Part 7: Historical Financial Information – Section F: Historical Financial Information of the Company for the period ended 15 August 2016” has been prepared.

Save for the incurrence of indebtedness pursuant to the Debt Raising and the Jackpotjoy and Starspins payment of £150 million, there has been no significant change in the financial or trading position of the Group since 30 September 2016, being the date to which the audited and unaudited historical financial information in respect of the Group in “Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group” and “Part 7: Historical Financial Information – Section H: Unaudited Interim Condensed Consolidated Financial Statements of the Group for the nine months ended 30 September 2016” has been prepared.

## 17. **LITIGATION**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company is aware) during the 12 months preceding the date of this Prospectus which may have, or have had, a significant effect on the Company’s and/or the Group’s financial position or profitability.

## 18. **MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by a member of the Group within the two years immediately preceding the date of this Prospectus and are, or may be, material or have been entered into at any time by any member of the Group and contain provisions under which any member of the Group has an obligation or entitlement which is, or may be, material to the Group as at the date of this Prospectus.

### 18.1 **Credit Facilities and Second Lien Facility**

On the Jackpotjoy Closing Date, Intertain entered into the Credit Agreement with, among others, Macquarie US Trading LLC as administrative agent and collateral agent, Macquarie Capital (USA) Inc. as sole bookrunner and sole lead arranger and the lenders originally party thereto (the lenders from time to time party thereto, the “**Lenders**”) in respect of the Credit Facilities made available to Intertain and a wholly-owned U.S. subsidiary of Intertain (together with Intertain, the “**Borrowers**”). On 27 October 2016, the Credit Agreement was amended to, among other things, permit the Plan of Arrangement. On 16 December 2016, the Credit Agreement was further amended and restated to, among other things, establish the Incremental First Lien Facility, permit the incurrence of the Second Lien Facility pursuant to the Second Lien Credit Agreement and permit the Jackpotjoy and Starspins Pre-Payment of £150 million.

#### (1) *Credit Agreement*

Set out below is a summary of the Credit Agreement, as amended.

The Credit Facilities consist of the Term Facility and the Revolving Facility.

Borrowings under the Credit Facilities bear, at the Borrowers' election, an annual interest rate of either (i) the LIBOR Rate (as defined below), plus a margin of 6.50 per cent., if LIBOR is elected based on current market conditions; or (ii) the Base Rate (as defined below), plus a margin of 5.50 per cent., if the Base Rate is elected based on current market conditions. The Credit Agreement also contains customary provisions protecting the Lenders against increased costs or loss of yield resulting from certain regulatory changes and indemnifying the Lenders for "breakage costs" incurred in connection with, among other things, the prepayment of a LIBOR Rate loan at certain times. The Borrowers may voluntarily prepay outstanding loans under the Credit Facilities at any time, without prepayment premium or penalty other than the payment of such "breakage costs".

For the purposes of this Prospectus, "**LIBOR Rate**" means the rate (adjusted for statutory reserve requirements for eurocurrency liabilities) at which eurodollar deposits for one, two, three or six as set forth by any service selected by the administrative agent that has been nominated by the applicable rate administrator for such purposes, subject to, in the case of the Term Loans, a floor of 1.00 per cent. per annum, and "**Base Rate**" means, on any day, the higher of (i) the prime lending rate, as quoted by the Wall Street Journal, (ii) the federal funds effective rate, as in on such day, plus 0.50 per cent., (iii) the sum of the one-month LIBOR Rate in U.S. dollars plus 1.00 per cent. and (iv) in the case of Term Loans, 2 per cent. per annum. In respect of the Credit Facilities, the Incremental First Lien Facility and the Second Lien Facility, the LIBOR Rate corresponds to the currency borrowed.

The Term Facility was made available in a single drawing on the Jackpotjoy Closing Date and the Term Loans will be repaid in quarterly installments equal to 2.50 per cent. (being 10.00 per cent. per annum) of the initial principal amount of the Term Loans, with the remaining principal balance due on 8 April 2022. The Revolving Facility currently in place is available until 8 April 2020.

The Credit Facilities and the Incremental First Lien Facility are guaranteed, subject to certain exclusions, by CallCo (following the Amalgamation), each Borrower and each of the Borrowers' existing and subsequently acquired or formed, wholly-owned, direct and indirect subsidiaries, subject to certain exceptions (the "**Guarantors**" and, together with the Borrowers, the "**Credit Parties**", and each, a "**Credit Party**"). The obligations of each Credit Party in respect of the Credit Facilities are secured by a perfected first priority security interest (subject to certain permitted liens) in all of the equity interests in each of the Credit Parties (other than Intertain) and in substantially all of the tangible and intangible assets of each Credit Party (except for, among other things, any gaming or other governmental licence rights, to the extent prohibited by applicable law and subject to certain exceptions) (collectively, the "**Collateral**").

The Credit Agreement contains representations, warranties, covenants and events of default customary for similar financings of this type in light of market conditions on 8 April 2015. The positive and negative covenants contained in the Credit Agreement include, among other things restrictions on Intertain and (subject to certain exceptions) its subsidiaries: (i) incurring further indebtedness (including preferred stock), liens and guarantees; (ii) fundamental changes to the nature of Intertain's business (e.g. mergers, acquisitions, re-organisations and asset sales); (iii) payment of dividends, the making of distributions in respect of capital stock and certain other restricted payments (provided that other exceptions, dividends, distributions and certain other restricted payments are permitted in an unlimited amount subject to satisfaction of a total leverage ratio of no greater than 4.00:1 on a pro forma basis, payment in full of the Jackpotjoy and Starspins Earn-Out and there being no default (as defined in the Credit Agreement) existing at the time of such dividend, distribution or other restricted payment being made and no default resulting therefrom); (iv) use of proceeds; (v) investment loans and advances; (vi) optional payments and modifications of contractually subordinated debt instruments and certain other debt instruments; (vii) transactions with affiliates; (viii) sale and leasebacks; (ix) changes in fiscal year; (x) changes in lines of business; (xi) pension matters; and (xii) speculative hedging, in each case subject to important exceptions. The Credit Agreement requires (after the Amalgamation) CallCo not to engage at any time in any business or any business activity subject to certain limited exceptions which include, among others, maintaining its corporate existence, being party to the Credit Agreement and the Second Lien Credit Agreement, owning or acquiring any shares in (and making loans to) Intertain and making dividends, distributions and other payments in respect of its shares and steps taken or transactions consummated pursuant to the Plan of Arrangement and Admission.

The Credit Agreement provides that the following amounts will, subject to certain exceptions, be applied as mandatory prepayments of the Term Facility and the Incremental First Lien Facility: (i) 100 per cent. of the net proceeds of any indebtedness issued by any Credit Party or any of its restricted subsidiaries

after the Jackpotjoy Closing Date, other than indebtedness permitted under the Credit Agreement; (ii) 100 per cent. of the net proceeds of any sale or disposition of any non-ordinary course assets and the net proceeds of cash insurance, compensation or condemnation awards that are not reinvested or committed to be reinvested within 12 months (and, if committed to be reinvested, reinvested within 18 months); and (iii) 50 per cent. (with step-downs to 25 per cent. and 0 per cent. upon achievement of certain total leverage ratios) of excess cash flows on an annual basis. Voluntary prepayments of the Term Facility or the Incremental First Lien Facility with internally-generated cash will reduce the amount of payments required pursuant to (iii) above on a dollar-for-dollar basis. Each such repayment of the Term Facility may not be re-borrowed.

The occurrence of a change of control is an event of default under the Credit Agreement. A change of control under the Credit Agreement occurs if any person or group of persons acting in concert (within the meaning of The City Code on Takeovers and Mergers), shall have acquired beneficial ownership of voting stock of the Company representing more than 35% of the voting power of the ordinary voting stock of the Company entitled to vote for the election of the board of directors of the Company, (ii) the Company shall at any time fail to own, directly or indirectly, 100% of the equity interests of Holdings or (iii) Holdings shall at any time fail to own directly 100% of the equity interests of Intertain (other than non-voting stock of Intertain held by any person solely pursuant to or in connection with the exchangeable share structure; or (iv) a “change of control” (or any comparable term) under the Second Lien Credit Agreement or any document governing any material indebtedness (as defined in the Credit Agreement) shall have occurred. The Credit Agreement provides that no person (other than JerseyCo or, by virtue of its control of JerseyCo pursuant to the Exchangeable Share Structure, MO Nominees Jersey (One) Limited) is permitted to acquire beneficial ownership of voting stock of Jackpotjoy plc representing more than 35% of the voting power of the ordinary voting stock of the Company (whether via equity interest in JerseyCo. or otherwise) without a change of control occurring.

The Incremental First Lien Facility will mature in April 2022 and will provide for pricing and prepayment terms substantially consistent with those applicable to the Term Loans, save that there will be no scheduled amortisation of the Incremental Term Loans prior to April 2022.

## *(2) Second Lien Credit Agreement*

Set out below is a summary of the Second Lien Credit Agreement.

The Second Lien Facility will mature in December 2022 and will provide for pre-payment terms substantially consistent with the Term Loans, save that there will be no scheduled amortisation prior to December 2022, the Second Lien Facility excess cashflow sweep and requirement for mandatory prepayment for net proceeds of debt incurrence, asset sales and casualty events will apply only once the term loans under the Credit Agreement (including those drawn under the Incremental Term Loan Facility) have been repaid in full and repayment and prepayment premia are payable in certain circumstances as further described below.

The Second Lien Facility bears an interest rate of LIBOR (adjusted to reflect mandatory statutory reserves) plus a margin of 9 per cent. per annum. The positive and negative covenants to which Intertain and certain of its subsidiaries are subject in respect of the Second Lien Facility are substantially consistent with those under the Credit Agreement with adjustments to reflect the second lien nature of the Second Lien Facility. Certain prepayments and repayments during the first, second and third years following the closing of the Second Lien Facility are subject to a prepayment premium equal to a customary make-whole premium (for the first year), 2 per cent. (for the second year) and 1 per cent. (for the third year), in each case, on the amount prepaid or repaid.

The positive and negative covenants contained in the Second Lien Credit Agreement include, among other things restrictions on Intertain and (subject to certain exceptions) its subsidiaries: (i) incurring further indebtedness (including preferred stock), liens and guarantees; (ii) fundamental changes to the nature of Intertain’s business (e.g. mergers, acquisitions, re-organisations and asset sales); (iii) payment of dividends, the making of distributions in respect of capital stock and certain other restricted payments (provided that other exceptions, dividends, distributions and certain other restricted payments are permitted in an unlimited amount subject to satisfaction of a total leverage ratio of no greater than 4.00:1 on a pro forma basis, payment in full of the Jackpotjoy and Star spins Earn-Out and there being no default (as defined in the Second Lien Credit Agreement) existing at the time of such dividend, distribution or other restricted payment being made and no default resulting therefrom); (iv) use of proceeds; (v)

investment loans and advances; (vi) optional payments and modifications of contractually subordinated debt instruments and certain other debt instruments; (vii) transactions with affiliates; (viii) sale and leasebacks; (ix) changes in fiscal year; (x) changes in lines of business; (xi) pension matters; and (xii) speculative hedging, in each case subject to important exceptions. The Second Lien Credit Agreement requires (after the Amalgamation) CallCo not to engage at any time in any business or any business activity subject to certain limited exceptions which include, among others, maintaining its corporate existence, being party to the Credit Agreement and the Second Lien Credit Agreement, owning or acquiring any shares in (and making loans to) Intertain and making dividends, distributions and other payments in respect of its shares and steps taken or transactions consummated pursuant to the Plan of Arrangement and Admission.

## 18.2 **Jackpotjoy SPA**

The following is a summary of certain terms of the Jackpotjoy SPA dated 5 February 2015 between Gamesys and Intertain, whereby the parties agreed to complete the Jackpotjoy Acquisition. Note that a number of the terms set out below will be amended pursuant to the terms of the Jackpotjoy Amending Agreements becoming effective, as described further below under “—*Amendments to Jackpotjoy SPA*”.

### (1) *Purchase Price*

The purchase price (the “**Jackpotjoy Purchase Price**”) for all of the issued and outstanding capital stock of Fifty States (the “**Fifty States Shares**”) was the sum of: (i) £369,047,221 in cash less the Intra-Group Debt (as defined below) (the “**Initial Cash Consideration**”); (ii) £1,405,954 in cash; (iii) 7,361,365 common shares of Intertain; (iv) the assumption of the obligation to repay the Intra-Group Debt in full on the Jackpotjoy Closing Date (together with the Initial Cash Consideration, the “**Initial Consideration**”); (v) a cash adjustment to take account of any accrued cash and receivables within the Fifty States Group as at the Jackpotjoy Closing Date, less any liabilities, in each case by reference to its trading for the period from the JPJ Reorganisation (as defined below) to the Jackpotjoy Closing Date; and (vi) future earn-out payments, payable in cash, based upon the financial performance of the Jackpotjoy Business in various periods during the five years following the Jackpotjoy Closing Date, further details in respect of which are set out below (the “**Jackpotjoy Earn-Out Payments**”).

For the purposes of the paragraphs above, the “**Intra-Group Debt**” means the debt that was owed by Fifty States to each of Gamesys Spain, Profitable Play Limited (“**Profitable Play**”) and Leisure Spin Limited (“**Leisure Spin**”) following the completion of the share purchase agreement dated 26 March 2015 between Profitable Play, Leisure Spin, Gamesys Spain and Fifty States in connection with the JPJ Reorganisation (as defined below) (the “**Fifty States Gibraltar SPA**”), in the aggregate amount of £295,259,193 plus accrued interest (if any) as at the Jackpotjoy Closing Date calculated in accordance with the Fifty States Gibraltar SPA as at 23:59 (in the UK) on the day immediately prior to the Jackpotjoy Closing Date.

### (2) *Jackpotjoy’s Earn-Out Payments*

The Jackpotjoy Earn-Out Payments are payable by Intertain as follows:

#### ***Jackpotjoy and Starspins Earn-Out***

By reference to the simple average in any given year of the sum of, as adjusted pursuant to the Jackpotjoy SPA, (i) all Intertain Charges (as defined below) which have become payable by the Gamesys Group under the Real Money Gaming Operating Agreement in respect of the branded and partner sites operated in conjunction with the Jackpotjoy and Starspins brands for that year and (ii) all Intertain Charges which have become payable by the Gamesys Group under the Social Gaming Operating Agreement for that year, for the two years following 1 April 2015 which will be calculated and agreed by Gamesys and Intertain shortly after such two-year period, Intertain will be required to pay to Gamesys an amount in cash equal to:

- (i) if the Average Annual Intertain Charges (as defined in the Jackpotjoy SPA, which is available on Intertain’s profile on SEDAR, at [www.sedar.com](http://www.sedar.com)) are £81.4 million, the difference between £593.2 million and the aggregate of the Initial Cash Consideration plus the Intra-Group Debt (the “**Basic Jackpotjoy and Starspins Payment**”);

- (ii) if the Average Annual Intertain Charges are less than £81.4 million, the Basic Jackpotjoy and Star spins Payment reduced by £4.50 for each £1.00 that the Average Annual Intertain Charges are less than £81.4 million but greater than or equal to £63.1 million, and £9.00 for each £1.00 that the Average Annual Intertain Charges are less than £63.1 million; or
- (iii) if the Average Annual Intertain Charges are greater than £81.4 million, the Basic Jackpotjoy and Star spins Payment plus a “top-up payment” equal to £4.50 for each £1.00 that the Average Annual Intertain Charges are greater than £81.4 million,

(the “**Jackpotjoy and Star spins Earn Out**”).

No payment will be required to be paid by Intertain in respect of the Jackpotjoy and Star spins Earn-Out if the Average Annual Intertain Charges are less than £47.3 million.

(3) *First Botemania Earn-Out*

By reference to the sum of, as adjusted pursuant to the Jackpotjoy SPA, all Intertain Charges which have become payable by the Gamesys Group under the Real Money Gaming Operating Agreement in respect of the branded and partner sites operated in conjunction with the Botemania brand in any given year (the “**Annual Botemania Intertain Charge**”) for the 12 months commencing on 1 April 2016 which will be calculated and agreed by Gamesys and Intertain shortly after such 12-month period (the “**First Year Botemania Intertain Charges**”), Intertain will be required to pay to Gamesys an amount in cash equal to:

- (i) if the First Year Botemania Intertain Charges are £3.3 million, £30 million (the “**Basic First Botemania Payment**”);
- (ii) if the First Year Botemania Intertain Charges are greater than zero but less than £3.3 million, the Basic First Botemania Payment reduced by £9.00 for each £1.00 that the First Year Botemania Intertain Charges are less than £3.3 million; or
- (iii) if the First Year Botemania Intertain Charges are greater than £3.3 million, the Basic First Botemania Payment plus a “top-up payment” equal to £9.00 for each £1.00 that the First Year Botemania Intertain Charges are greater than £3.3 million

(the “**First Botemania Earn-Out**”).

No payment will be required to be paid by Intertain in respect of the First Botemania Earn-Out the First Year Botemania Intertain Charges are less than or equal to zero.

(4) *Second Botemania Earn-Out*

By reference to, as adjusted pursuant to the Jackpotjoy SPA, the Annual Botemania Intertain Charges for the 12 months commencing on 1 April 2017 which will be calculated and agreed by Gamesys and Intertain shortly after such 12-month period (the “**Second Year Botemania Intertain Charges**”), Intertain will be required to pay to Gamesys an amount in cash equal to:

- (i) if the Second Year Botemania Intertain Charges are greater than £3.3 million where the amount payable by Intertain under the First Botemania Earn-Out was less than or equal to £30 million, £30 million less the amount payable by Intertain under the First Botemania Earn Out (the “**Basic Second Botemania Payment**”) plus a “top-up payment” equal to £9.00 for each £1.00 that the Second Year Botemania Intertain Charges are greater than £3.3 million;
- (ii) if the Second Year Botemania Intertain Charges are greater than £3.3 million where the amount payable by Intertain under the First Botemania Earn-Out was greater than £30 million, a “**top-up payment**” equal to £9.00 for each £1.00 that the Second Year Botemania Intertain Charges are greater than the First Year Botemania Intertain Charges; or
- (iii) if the Second Year Botemania Intertain Charges are less than or equal to £3.3 million but greater than the First Year Botemania Intertain Charges, £9.00 for each £1.00 that the Second Year Botemania Intertain Charges are greater than the First-Year Botemania Intertain Charges,



(the “**Second Botemania Earn-Out**” and, together with the First Botemania Earn-Out, the “**Botemania Earn-Out**”).

No payment will be required to be paid by Intertain in respect of the Second Botemania Earn-Out if the Second Year Botemania Intertain Charges are less than or equal to zero or are less than or equal to the First Year Botemania Intertain Charges. If the Second Year Botemania Intertain Charges are less than the First Year Botemania Intertain Charges, Gamesys will be required to make a repayment to Intertain, equal to £9.00 for each £1.00 that the Second Year Botemania Intertain Charges are less than the First Year Botemania Intertain Charges, up to the amount paid by Intertain under the First Botemania Earn-Out (the “**Botemania Refund**”). The Botemania Refund can never be greater than the First Botemania Earn-Out.

(5) *Additional Earn-Out*

By reference to the sum of, as adjusted pursuant to the Jackpotjoy SPA, (i) all Intertain Charges (as defined below) which have become payable by the Gamesys Group under the Real Money Gaming Operating Agreement in respect of the branded and partner sites operated in conjunction with the Jackpotjoy and Starpins brands, (ii) all Intertain Charges which have become payable by the Gamesys Group under the Social Gaming Operating Agreement and (iii) the Annual Botemania Intertain Charges for each of the 12 month periods commencing on the second, third and fourth anniversary of 1 April 2015 which will be calculated and agreed by Gamesys and Intertain shortly after each such 12 month period (the “**Aggregate Intertain Charges**”), Intertain will be required to pay to Gamesys an amount in cash equal to:

- (i) £5 million if the Aggregate Intertain Charges for the first such 12 month period are £80 million or more;
- (ii) £5 million if the Aggregate Intertain Charges for the second such 12 month period are £85 million or more; and
- (iii) £5 million if the Aggregate Intertain Charges for the third such 12 month period are £92.5 million or more,

(the “**Additional Earn-Out**”).

The Additional Earn Out will be payable by Intertain by reference to the Aggregate Intertain Charges for the relevant year and will not be affected by the Aggregate Intertain Charges in any of the other years relevant for the Additional Earn Out.

For details of the estimated quantum of the Jackpotjoy Earn-Out Payments see paragraph 1.1 (*Acquisitions*) of “*Part 5: Operating and Financial Review*”.

***Amendments to Jackpotjoy SPA***

On 5 September 2016, Intertain entered into deeds of amendment in respect of the Jackpotjoy SPA, the Real Money Gambling Services Agreement and the Social Gaming Services Agreement (collectively the “**Jackpotjoy Amending Agreements**”). The applicable Jackpotjoy Amending Agreement amends the Jackpotjoy SPA to permit Intertain to pre-pay to Gamesys, in advance of the date on which the Jackpotjoy and Starpins Earn-Out falls due and payable, some or all of the Jackpotjoy and Starpins Earn-Out including the £150 million “Jackpotjoy and Starpins Pre-Payment” made on 16 December 2016. Intertain’s obligation to make a payment under the Jackpotjoy and Starpins SPA when due will be reduced by the amount of any Jackpotjoy and Starpins Pre-Payment received by Gamesys.

Following a Jackpotjoy and Starpins Pre-Payment, if it is determined that the amount of the Jackpotjoy and Starpins Earn-Out (prior to applying any reduction for a Jackpotjoy and Starpins Pre-Payment) is less than the Jackpotjoy and Starpins Pre-Payment, then Gamesys will return to Intertain the amount by which the Jackpotjoy and Starpins Pre-Payment exceeds the Jackpotjoy and Starpins Earn-Out amount, provided that if Intertain owes to Gamesys any Jackpotjoy Earn-Out Payment amounts (or interest thereon) under the Jackpotjoy SPA at such time, then the amount Gamesys is required to return shall be reduced by the amount so due and the obligation of Intertain to pay Gamesys under the relevant Jackpotjoy Earn-Out Payment will be reduced accordingly.



The Jackpotjoy Amending Agreements also permit Intertain to enter into a definitive financing arrangement to create indebtedness of Intertain and/or any one or more of its affiliates that is in whole or in part for the purposes of making a Jackpotjoy and Starspins Pre-Payment of at least £150,000,000, provided that: (i) the principal amount of indebtedness incurred under such arrangement is not less than £150,000,000; (ii) such arrangement only restricts payments due to Gamesys under the earn-out provisions to the extent agreed in certain provisions of the Jackpotjoy SPA (as amended) (iii) the arrangement will not require a percentage greater than 75 per cent. of Excess Cash Flow (as defined in the Credit Agreement) on an annual basis to be used to repay or redeem amounts outstanding under definitive financing arrangements of Intertain and (iv) Intertain has a Total Leverage Ratio (as defined under the Credit Agreement) at the point of issue or draw down of not more than 4.00 to 1.00 (calculated on a pro-forma basis for the incurrence, and application of proceeds of such debt), (such a transaction a “**Qualifying Finance Arrangement**”). The Debt Raising (as defined in “*Part 11: Definitions and Glossary*”) completed on 16 December 2016 met the conditions of a Qualifying Finance Arrangement.

Intertain may only close a Qualifying Finance Arrangement following receipt of requisite consents under the Credit Agreement (which were obtained on 16 December 2016 for purposes of the Debt Raising) and provided that the Total Leverage Ratio described above is satisfied immediately before closing (see paragraph 18.1 (*Credit Facilities and Second Lien Facility*) of this “*Part 10: Additional Information*”). With effect from the closing of a Qualifying Finance Arrangement (the “**Financing Time**”) on 16 December 2016, the earn-out provisions under the Jackpotjoy SPA were amended and the financing sources under the Qualifying Finance Arrangement given certain rights under the Jackpotjoy SPA (as described below under “*Additional Provisions Regarding Jackpotjoy Earn-Out Payments*”).

Additionally, on the closing of the Debt Raising (in its capacity as a Qualifying Finance Arrangement) on 16 December 2016, Intertain was required to immediately make a Jackpotjoy and Starspins Pre-Payment of at least £150,000,000 (a “**Qualifying Pre-Payment**”). Upon receipt by Gamesys of this Qualifying Pre-Payment on 16 December 2016, and because no notice of default under the Credit Agreement was received by Gamesys from Intertain or the Lenders under the Credit Agreement prior to receipt of such payment (the date of such receipt the “**Jackpotjoy Effective Date**”), the Jackpotjoy Earn-Out Payments for which Intertain will be liable were capped at £375,000,000 (excluding any interest thereon), and certain other consequential amendments were made to the Jackpotjoy SPA.

Under the Jackpotjoy Amending Agreements, Intertain has agreed not to amend the Credit Agreement or enter into a definitive financing arrangement unless, in either case, such debt arrangement or amendment: (i) does not require greater than 75% of Excess Cash Flow (as defined in the Credit Agreement) on an annual basis to be used to prepay or redeem (as applicable) principal amounts owing thereunder; (ii) does not permit Intertain to maintain a Total Leverage Ratio (as defined in the Credit Agreement) in excess of 4.00 to 1.00; and (iii) does not restrict the payment by Intertain of the Jackpotjoy Earn-Out Payments (including any interest thereon) on terms (A) more onerous than the Jackpotjoy SPA (in the case of a definitive financing arrangement) or (B) more onerous than the Credit Agreement (in the case of an amendment to the Credit Agreement). In addition, Intertain has agreed not to amend the definitions of Excess Cash Flow and Total Leverage Ratio in the Credit Agreement, if any such amendment would have a material adverse effect on the rights of Gamesys under the Jackpotjoy Earn-Out Payment provisions of the Jackpotjoy SPA. In addition, in connection with the Jackpotjoy Amending Agreements, the Group will provide, conditional upon Admission, guarantees in respect of Intertain’s obligations to pay under the Jackpotjoy SPA and guarantees of Intertain Bahamas’ obligations under the Operating Agreements.

#### ***Additional Provisions Regarding Jackpotjoy Earn-Out Payments***

For as long as amounts may still become payable to Gamesys by Intertain in respect of the Jackpotjoy and Starspins Earn-Out, Intertain is required to transfer no less than 65 per cent. of the balance of its Excess Cash Flow (as defined in the Credit Agreement) on a monthly basis (after taking into account a pre-estimate for that month of a *pro rata* share of the annual sweep by the Lenders of Excess Cash Flow pursuant to the Credit Agreement) to a segregated bank account (the “**Segregated Account**”). Funds in the Segregated Account cannot be used for operations or other purposes without Gamesys’ consent. The Segregated Account is subject to the security granted for

the Credit Facilities and the monies in the account may also be utilised for the cash sweep and mandatory pre-payment requirements of the Credit Facilities after all other available Excess Cash Flow has been utilised. In certain circumstances, the amount of the balance of the Excess Cash Flow that Intertain must pay into the Segregated Account may rise to 90 per cent. which is currently the case or may be reduced below 65 per cent. depending on whether the funds in the Segregated Account demonstrate a funding shortfall or funding excess, as applicable, based on the latest forecasted amount of the Jackpotjoy and Star spins Earn-Out. Pursuant to the Jackpotjoy Amending Agreements, the amount of any Jackpotjoy and Star spins Pre-Payment will be taken into consideration when determining whether there is a funding shortfall or funding excess. In addition, Intertain is required to deposit the proceeds of any Incremental Term Loan into the Segregated Account to fund any funding shortfall.

Intertain shall pay the Jackpotjoy Earn-Out Payments due to Gamesys (and any interest accrued thereon) in accordance with the Jackpotjoy SPA to the extent of its available cash from time to time (including by using amounts in the Segregated Account) provided that whilst debt is outstanding under the Credit Agreement or the Qualifying Finance Arrangement, no default or event of default has occurred or would arise as a result of making such payment under the Credit Agreement or the Qualifying Finance Arrangement which has been notified to Gamesys, and Intertain is able to satisfy a total leverage ratio (as prescribed under the Credit Agreement) of no greater than 4.00 to 1 on a *pro forma* basis.

In the event of a change of control in respect of Intertain, Intertain shall, immediately prior to such change of control, arrange for an amount equal to the most recently prepared forecasted amount of the Jackpotjoy and Star spins Earn-Out to be deposited into the Segregated Account. Under the Jackpotjoy Amending Agreements, Gamesys has agreed that the Plan of Arrangement, the Exchangeable Share Structure, Admission and the Capital Reduction do not constitute a change of control of Intertain.

If the Lenders or the financing sources under a Qualifying Finance Arrangement) accelerate the maturity of the Credit Facilities (or Qualifying Finance Arrangement, as applicable) such that all or any portion of the debt thereunder become immediately due and payable, the rights of Gamesys to receive any of the Jackpotjoy Earn-Out Payments will be subordinated to the respective rights of the financing sources to receive payment of any amounts payable under the Credit Facilities or Qualifying Finance Arrangement, as applicable. Gamesys is subject to a standstill period during which time it shall not be able to enforce Intertain's obligations in respect of any payment of a Jackpotjoy Earn-Out Payment, save for (i) obtaining a judgement against Intertain for any unpaid payment and (ii) taking steps to realise any unpaid payment from Intertain (provided that in either case, the making of such payment is not restricted as described above).

If Intertain fails to pay Gamesys the full amount due in respect of the Jackpotjoy and Star spins Earn-Out, it shall pay 95 per cent. of the balance of the Excess Cash Flow to Gamesys at the end of each calendar month until such amount (plus all accrued interest thereon) is paid in full. provided that no default or event of default has occurred or would arise as a result of making such payment under the Credit Agreement or the Qualifying Finance Arrangement) which has been notified to Gamesys, and Intertain is able to satisfy a total leverage ratio (as prescribed under the Credit Agreement) of no greater than 4.00 to 1 on a *pro forma* basis.

If Intertain fails to pay any Jackpotjoy Earn-Out Payment when due under the terms of the Jackpotjoy SPA, each such payment obligation shall accrue interest at a monthly rate of: (i) 30 day LIBOR plus 110 basis points for all months prior to the six-month anniversary of each such failure to pay; (ii) 30-day LIBOR plus 160 basis points for all months after the six-month anniversary of each such failure to pay; or (iii) 30-day LIBOR plus 200 basis points for all months after the 12-month anniversary of each such failure to pay, where in each case such interest shall compound quarterly.

### ***Lock-up Agreements***

In connection with the Jackpotjoy Acquisition, Intertain issued consideration shares to Gamesys, which Gamesys has since distributed to the shareholders of its holding company. Recipients of such Intertain Shares were required to enter into lock-up agreements with Intertain, whereby such recipients agreed to refrain from selling or otherwise disposing of their Intertain Shares (subject to

certain exceptions) for a period of two years following the closing date of the Jackpotjoy Acquisition (8 April 2015), in the case of Noel Hayden, principal shareholder, founder and managing director of Gamesys, and one year following the closing date of the Jackpotjoy Acquisition (8 April 2015, in respect of all other recipients. As of the date of this Prospectus, only the lock-up with respect to the shares held by Noel Hayden continues to apply. At the conclusion of the applicable lock-up period, he will be free to sell or transfer such shares. These lock-up agreements will continue to apply in respect of the Shares following the implementation of the Plan of Arrangement.

#### ***Limitations on Liability and Survival of Claims***

The total aggregate liability of the Gamesys Group, subject to certain exceptions (including de-grouping tax claims and certain claims as to title) in respect of all warranty claims, tax claims and other claims under the Jackpotjoy SPA, the Operating Agreements and certain associated transaction agreements required to effect the reorganisation carried out by Gamesys prior to completion of the Jackpotjoy Acquisition pursuant to which, among other things, the Jackpotjoy Brands were transferred to the Fifty States Group (the “**JPJ Reorganisation**”), will not exceed: (i) an amount equal to £200,000,000 for claims notified during the period commencing on the Jackpotjoy Closing Date and ending on the date falling 30 calendar months after the Jackpotjoy Closing Date (both inclusive) (the “**First Limit Period**”), provided that claims under the Social Gaming Operating Agreement during the First Limit Period are limited to £40,000,000; (ii) for claims notified during the period commencing on the date immediately following the end of the First Limit Period and ending on the date that falls 60 calendar months after the Jackpotjoy Closing Date (both inclusive) (the “**Second Limit Period**”), an amount (the “**Second Period Cap**”) equal to £100,000,000 less the aggregate total liability of the Gamesys Group for claims notified during the First Limit Period, provided that claims under the Social Gaming Operating Agreement during the Second Limit Period are limited to the lesser of £20,000,000 (less the aggregate total liability of the Gamesys Group under the Social Gaming Operating Agreement) and the Second Period Cap; and (iii) for claims notified during the period commencing on the date immediately following the end of the Second Limit Period and ending on the date that falls 120 calendar months after the Jackpotjoy Closing Date (both inclusive) (the “**Third Limit Period**”), an amount (the “**Third Period Cap**”) equal to £50,000,000 less the aggregate total liability of the Gamesys Group for claims notified during the First Limit Period or Second Limit Period, provided that claims under the Social Gaming Operating Agreement are limited to the lesser of £10,000,000 (less the aggregate total liability of the Gamesys Group under the Social Gaming Operating Agreement) and the Third Period Cap (the “**Limitation Caps**”). Gamesys will not, subject to certain exceptions, be liable for any breach of warranty claim unless Gamesys’ aggregate liability in respect of such warranty claim exceeds £150,000, and Gamesys’ aggregate liability in respect of all warranty claims exceeds £1,500,000, in which event Gamesys will be liable for the whole of that liability and not merely the excess. For certain tax and other claims as described in the Jackpotjoy SPA, there is no monetary threshold. Warranty claims are only enforceable to the extent that notice of the claim is given within the First Limit Period.

Gamesys will have an opportunity to remedy any matters giving rise to a warranty claim to the reasonable satisfaction of Intertain during a cure period of 20 business days upon notice of any such warranty claim. Gamesys will not, subject to certain exceptions, be liable for any warranty claim to the extent that the matter giving rise to the warranty claim results from, among other things: (i) an act or omission before the Jackpotjoy Closing Date carried out or omitted with the written approval of Intertain, or required by law; (ii) a material breach by Intertain of its obligations under the Jackpotjoy SPA; (iii) after the Jackpotjoy Closing Date, any reorganisation of Intertain’s group or change in the ownership of any member of the Fifty States Group or a cessation or change in the nature of the business carried on by the Fifty States Group; (iv) any change in Intertain’s accounting policies; or (v) any change in the accounting reference date of either member of the Fifty States Group.

#### ***Restrictive Covenants***

Gamesys and certain of its affiliates have agreed to certain restrictive covenants. For the purposes of these restrictive covenant provisions, “**Online Bingo Games**” means an online bingo game which is a real money gambling “pay-to-play” bingo game played for a prize or winnings which constitutes money or money’s worth, and “**Restricted Territory**” means each of the UK, the

Republic of Ireland, Sweden, Spain or (to the extent the Amendments to the Operating Agreements pursuant to the Jackpotjoy Amending Agreements become effective following a Jackpotjoy and Starpins Pre-Payment) any other territory (meaning any state, province or country with its own gambling regulatory regime) in which Gamesys or any member of the Gamesys Group provides or agrees to provide, from time to time, real money gambling services to end-users located in such state, province or country for Intertain or any of its affiliates pursuant to the Real Money Gaming Operating Agreement (as defined below), and provided that no part of the U.S. or The Netherlands shall ever constitute a Restricted Territory (including under the terms of the Operating Agreements as may be revised pursuant to the Jackpotjoy Amending Agreements).

Gamesys will not, and will procure that the other members of the Gamesys Group will not, whether directly or for or on behalf of any third-party and other than in connection with the services provided under either of the Operating Agreements:

- (i) for a period of 24 months following the Jackpotjoy Closing Date (the “**First Restricted Period**”), make available Online Bingo Games to end-users located in any Restricted Territory (whether directly or for or on behalf of any third-party), which compete with any of the websites, mobile sites, applications or services branded with any of the Jackpotjoy, Starpins, Botemania, Slots by Jackpotjoy and Slots by Starpins brands and powered by either the real money gaming platform or the social gaming platform operated by the Gamesys Group (the “**Branded Sites**”), other than in connection with the services provided under the Operating Agreements;
- (ii) at any time during the First Restricted Period, make available to end-users any online social gaming bingo game (other than “**Bingo Lane**” operated by Gamesys) other than in connection with the services provided under the Operating Agreements; and
- (iii) at any time during the period of 12 months commencing at the end of the First Restricted Period, make available to end-users located in Spain (whether directly or for or on behalf of any third-party) any Online Bingo Games which compete with the Branded Sites that uses the brand “Botemania”, other than in connection with the services provided under either of the Operating Agreements.

Additionally, during the First Restricted Period, Gamesys will not, and will procure that the other members of the Gamesys Group will not:

- (i) launch any new real money gambling bingo website where the domain for such website includes any nobility, aristocratic or royal title and the word “bingo”;
- (ii) provide services to any non-arm’s length third-party in respect of any website where the URL, platform or portal name includes any nobility, aristocratic or royal title and the word “bingo”; or
- (iii) register or seek to register any trade mark or domain name that includes any nobility, aristocratic or royal title and the word “bingo”.

Nothing in the Jackpotjoy SPA prevents or restricts Gamesys or any member of the Gamesys Group from making available to end-users (including end-users in a Restricted Territory) at any time, directly or for or on behalf of a third-party, Online Bingo Games under or in connection with the “Sun Bingo”, “Fabulous Bingo”, “Heart Bingo”, “Virgin Games”, “Virgin Casino”, “Tropicana Casino”, “Caesars Bingo” and “Caesars Casino” brands.

#### ***Tax Cost Sharing Arrangements***

The JPJ Reorganisation gave rise to certain UK and Curaçao tax charges in Gamesys’ subsidiary, Profitable Play NV (“PPNV”), and may (in combination with the completion of the Jackpotjoy Acquisition) have given rise to potential UK de-grouping tax charges.

Were such de-grouping charges to arise (under applicable UK tax law), it is considered by Gamesys more likely that they would have arisen in Fifty States but it is also possible that they could have arisen in Gamesys. While the acknowledged view of Gamesys is that no such de-grouping liabilities should have arisen in either Fifty States or Gamesys, consideration has been



given as to the respective liabilities of the parties if, contrary to this expected position, such de-grouping liabilities have arisen and/or if the PPNV liabilities prove to be greater than the parties' current expectations.

For this reason, Gamesys and Intertain have entered into tax cost-sharing arrangements with Gamesys in respect of these de-grouping charges and any additional UK and Curaçao tax charges which arise in PPNV. Intertain has agreed to pay 50 per cent. of such charges, including any interest, penalties and certain tax related costs (the “**De-grouping Liabilities**”), subject to a financial cap on the part of Intertain £33,500,000. Gamesys has also agreed to pay 50 per cent. of such amounts. However, if the total aggregate value of the De-grouping Liabilities were to exceed £67,000,000, then Intertain's liability would be capped at £33,500,000 and Gamesys would be required to pay 100 per cent. of the excess of any such liabilities over £67,000,000.

As regards the PPNV liabilities which are expected to arise, Intertain's 50 per cent. share of such liabilities is represented by the cash consideration of £1,405,954 which was paid on completion of the Jackpotjoy Acquisition. This amount counts towards Intertain's liability cap of £33,500,000.

If any such De-grouping Liabilities arise in Fifty States on or before payment of the Jackpotjoy and Star spins Earn-Out by Intertain, then collection of the 50 per cent. contribution from Gamesys must be effected by a corresponding reduction of such Jackpotjoy Earn-Out Payment. If any De-grouping Liabilities potentially payable by Fifty States remain undetermined at that date, then the Jackpotjoy SPA provides for Gamesys and Intertain to agree to (or an agreed third-party to determine) the amount, if any, to be credited to a dedicated escrow account to cover Gamesys' net liability to make payment of any amount relating to any De-grouping Liabilities of Fifty States. Such net amount is to be determined by taking into account all the circumstances, including Intertain's potential liability to make payments to Gamesys of further Jackpotjoy Earn-Out Payments and in respect of any De-grouping Liabilities which may arise in Gamesys and the maximum potential liability of Gamesys. The escrow account will be funded by way of deduction from the Jackpotjoy Earn-Out Payment to be made by Intertain.

### 18.3 **Operating Agreements**

As part of the JPJ Reorganisation which was completed prior to closing of the Jackpotjoy Acquisition, (i) Fifty States Gibraltar entered into a real money gaming operating agreement (the “**Real Money Gaming Operating Agreement**”) on 24 March 2015 with Gamesys Gibraltar (which agreement was subsequently novated to Intertain Bahamas), pursuant to which Gamesys Gibraltar provides to Intertain Bahamas certain operational, financial, marketing, player services and support services for the real money operation for up to ten years and (ii) Fifty States (now a subsidiary of Intertain Bahamas) entered into a social gaming operating agreement (the “**Social Gaming Operating Agreement**” and, together with the Real Money Gaming Operating Agreement, the “**Operating Agreements**”) on 26 March 2015 with Gamesys (which agreement was subsequently novated to Intertain Bahamas), pursuant to which Gamesys continues to provide to Intertain Bahamas certain online free-to-play and virtual currency social slots gaming services under the Jackpotjoy and Star spins brands for up to ten years.

#### ***Services and Payments***

Under the Real Money Gaming Operating Agreement, Gamesys Gibraltar hosts and makes each branded site available in the agreed territories for the relevant branded site (being initially, the UK, Eire, the Channel Islands and Isle of Man for the Jackpotjoy (UK) and Star spins branded sites, Sweden for the Jackpotjoy (Sweden) branded site and Spain for the Botemania branded site); includes games on each branded site; and provides support services (such as platform and network operations, reporting, risk management services, chat room hosting, customer support and marketing) to Intertain Bahamas. Such services are provided at cost for the first five years of the applicable agreement (or three years in respect of the Botemania sites and related services), and thereafter at cost plus a 25 per cent. uplift on certain costs and fees. After the period commencing on the day after the Jackpotjoy Closing Date and ending on the date on which all amounts which have become (or may still become) due in respect of the Jackpotjoy and Star spins Earn-Out, the First Botemania Earn-Out, and the Second Botemania Earn-Out (including all interest accrued thereon) have been paid in full (both dates inclusive) (the “**Jackpotjoy Earn-Out Period**”), Fifty States Gibraltar may elect to take over certain of the support services (excluding the platform and network operations services) from Gamesys Gibraltar.

Under the Social Gaming Operating Agreement, Gamesys makes available the Jackpotjoy Social and, following its full live launch, Star spins Social branded applications (including games) via applicable third-party platforms on a worldwide basis, subject to any technical and legal restrictions applicable to making such branded applications and games available in specific territories, whether imposed by the relevant third-party platform providers or applicable law. Gamesys also provides support services in respect of the branded apps (such as social gaming software and network operations, reporting, player services, customer support, corporate services and marketing) to Intertain Bahamas. Such services are provided at cost for the first five years, and thereafter at cost plus a 25 per cent. uplift on certain costs and fees. After the Jackpotjoy Earn-Out Period, Intertain Bahamas may elect to take over certain services from Gamesys.

Under each of the Operating Agreements, Gamesys Gibraltar or Gamesys (as applicable) is required to pay an amount equal to the Intertain Charge on a monthly basis to Fifty States or Fifty States Gibraltar (as applicable). Under the Real Money Gaming Operating Agreement, the “**Intertain Charge**” for any branded site is equal to the monies received from players paying to play games at a particular site less winnings and incentive payments to such players (the “**Gross Win**”), less the platform and services fee payable to Gamesys Gibraltar under such agreement. Under the Social Gaming Operating Agreement, the “**Intertain Charge**” in respect of each branded application provided under that agreement is equal to all monies received by Gamesys in relation to the application, less irrecoverable value added tax, and minus the platform and services fee attributable to such branded application. Under each of the Operating Agreements, the platform and services fee is an amount equal to the costs incurred by the Gamesys Group in connection with the provision of the services under the relevant Operating Agreement and, where applicable, a 25 per cent. uplift on certain costs and fees. After the Jackpotjoy Earn-Out Period, Intertain Bahamas may elect to take over certain services (excluding the software and network operations services) from Gamesys.

#### ***Conditional amendments to the Operating Agreements***

On 5 September 2016, Intertain Bahamas entered into deeds of amendment in respect of the Real Money Gambling Services Agreement and the Social Gaming Services Agreement. These deeds of amendment came into effect upon Intertain making a Jackpotjoy and Star spins Pre-Payment to Gamesys of £150 million on 16 December 2016 (as further described in paragraph 18.2 (*Jackpotjoy SPA*) of “*Part 10: Additional Information*”). This Jackpotjoy and Star spins Pre-Payment was made following the receipt of the required consents under the Credit Facilities as described in 18.1 (*Credit Facilities*) of this “*Part 10: Additional Information*”.

Each of the Operating Agreements was amended as follows:

- (i) the initial term of each Operating Agreement will be extended to 23 March 2030 (together with other consequential amendments);
- (ii) following expiry of the Jackpotjoy Earn-Out Period, the Gameys Group will provide certain player data to Intertain on a daily basis;
- (iii) there is an obligation on the Gamesys Group to place software source code into escrow in circumstances where its free cash balances fall below a £20,000,000 threshold; Gamesys must notify Intertain promptly if the free cash balance demonstrated by Gamesys’ month end accounts is in aggregate below that threshold, and Intertain has a quarterly audit right to verify such balances;
- (iv) the Group may terminate the Operating Agreements on no less than six months’ notice, such notice not to be served prior to the earlier of the expiry of the Jackpotjoy Earn-Out Period and 8 April 2019 (and certain employee teams may be transferred to the Group (at the Group’s request) on three months’ notice in the case of brand and marketing employees and six months’ notice in the case of other applicable employees); and
- (v) following expiry of the Jackpotjoy Earn-Out Period, the Group attains complete discretion and ultimate power of decisions regarding the overarching strategy to be adopted in relation to the Jackpotjoy Brands, while the Gamesys Group retains complete control in respect of the platform and games of the Jackpotjoy Business.



In addition, the Real Money Gambling Services Agreement was amended as follows:

- (i) shared jackpot liquidity (between the Group and the Gamesys Group) may be decoupled on six months' notice (or such longer period as may be required by applicable law) by either party, provided that such notice may not be served prior to 30 September 2017;
- (ii) in the event that the Gamesys Group commences targeting end users located in any new territory (excluding the Netherlands or United States) for the first time with any online bingo games, then Intertain may request that the Gamesys Group also makes one or more of the Branded Sites available in that territory; upon such a request being made, the parties shall use reasonable endeavours to agree in good faith commercially reasonable terms in respect of the Gamesys Group making the relevant Branded Site(s) available in that territory; such negotiations will proceed on the basis that the Gamesys Group is willing to provide its services in that territory unless there are legally binding restrictions which prevent it from doing so;
- (iii) Gamesys Gibraltar agrees to adhere to (and to procure that other members of the Gamesys Group shall adhere to) certain additional restrictive covenants (the "**Additional Real Money Covenants**"), namely:
  - (a) for 24 months from 8 April 2017, the Gamesys Group must not provide real money online bingo services ("**Online Bingo Games**") which compete with the Branded Sites to end users located in any Restricted Territory (either directly or on behalf of a third-party) through the real money or social gaming platforms operated by the Gamesys Group, other than in connection with the services provided under the Operating Agreements or certain Gamesys Group's customers (including where Gamesys provides such services on a B2B basis in circumstances where Gamesys has an economic interest of 50 per cent. or less in the arrangement);
  - (b) for 24 months from 8 April 2017, there are restrictions on the Gamesys Group's registration of domains and trademarks which contain any nobility, aristocratic or royal title and the word "bingo"; and
  - (c) for 12 months from 8 April 2018, the Gamesys Group must not provide Online Bingo Games which compete with the Botemania branded site to end users in Spain (either directly or through a third-party), other than in connection with the services provided under the Operating Agreement;
- (iv) in consideration for the Additional Real Money Covenants, Intertain Bahamas agrees to pay Gamesys Gibraltar approximately £666 thousand monthly in arrears over a 3 year period (for a total of £24 million), with the first payment being due on 30 April 2017; payment of such sum is accelerated if the Real Money Gambling Services Agreement is terminated before the sum of £24 million has been paid in full. In the event that VAT becomes due in respect of such payments, then the effect of such VAT shall be borne equally to the extent irrecoverable;
- (v) in addition to the existing liability caps within the Real Money Gambling Services Agreement, Gamesys Gibraltar's liability for breach of the Additional Real Money Covenants is capped at £44 million (when aggregated with any liability for breach of the Additional Social Covenant described below); and
- (vi) in the event of an unremedied breach of the Additional Real Money Covenants, certain of Intertain Bahamas' rights under the Real Money Gambling Services Agreement will be partially accelerated.

In addition, the Social Gaming Services Agreement was amended as follows:

- (i) Gamesys agrees to adhere to (and to procure that other members of the Gamesys Group shall adhere to) certain an additional restrictive covenant (the "**Additional Social Covenant**"), namely for 24 months from 8 April 2017, Gamesys must not provide online social gaming bingo which competes with the Branded Sites to end users (either directly or through a third-party), other than in connection with the services provided under the Operating Agreements or in respect of the "Bingo Lane" social game operated by Gamesys;

- (ii) in addition to the existing liability caps within the Social Gaming Services Agreement, Gamesys' liability for breach of the Additional Social Covenant is capped at £8.8 million (when aggregated with any liability for breach of the Additional Real Money Covenants); and
- (iii) in the event of an unremedied breach of the Additional Social Covenant, certain of Intertain Bahamas' rights under the Social Gaming Services Agreement will be partially accelerated.

### ***Termination and Exit***

Each of the Operating Agreements may be terminated before the expiry of its extended term in certain circumstances; however, the ability of Intertain Bahamas to terminate the Operating Agreements is, in certain circumstances, subject to an additional requirement for the Jackpotjoy Earn-Out Payments period to have expired. The Operating Agreements provide for an exit period which commences upon the expiry of a notice to terminate the relevant Operating Agreement and is generally expected to continue for six months.

The Jackpotjoy Amending Agreements entered into on 5 September 2016 amended each of the Operating Agreements to provide, among other things, that Intertain Bahamas may not serve notice to terminate its Operating Agreements with the Gamesys Group (other than for cause) until at least April 2019, that Intertain Bahamas may not serve notice to internalise certain operational functions in connection with the Jackpotjoy Business until that same date, and that Intertain Bahamas will now be able to effect any such internalisation more quickly if such a transition ultimately occurs.

## **18.4 Dumarca Agreements (Vera&John)**

On 23 December 2014, Intertain acquired all of the issued and outstanding shares in the capital stock of Dumarca, a company duly organised and existing under the laws of Malta (the "**Dumarca Shares**"), for an aggregate initial payment of €44.5 million in cash and the issuance of an aggregate of 5,024,869 common shares of Intertain. The purchase price was subject to certain net cash and working capital adjustments. In addition, Intertain was required to pay the Dumarca Earn-Out, subject to a cap of €8.1 million, in the event Vera&John generates EBITDA over certain thresholds in 2015 and 2016. In addition to the purchase price, a finder's fee of 1 per cent. of the initial payment was paid by Intertain and a finder's fee of 1 per cent. of the Dumarca Earn-Out was paid by Intertain to an arm's length individual.

The share sale and purchase agreements dated 12 December 2014 between Intertain and the Dumarca Sellers (as defined below), pursuant to which Intertain acquired all of the issued and outstanding Dumarca Shares, which includes the share sale and purchase agreement between Intertain and the sellers of the majority of the Dumarca Shares (the "**Dumarca Agreements**"), provide that the Dumarca Sellers can receive the Dumarca earn-out (the "**Dumarca Earn-Out**") which is equal to, in aggregate, a maximum (the "**Maximum Earn-Out**") of €8.1 million multiplied by the Relevant Percentage (as defined below) if, during the 2015 and 2016 calendar years (the "**Dumarca Earn-Out Period**"), Dumarca achieves an annual EBITDA (the "**Dumarca EBITDA**") exceeding €10.1 million (the "**Dumarca Threshold**"). The Dumarca Earn-Out per calendar year will be calculated based on the formulas set out below.

For the 2015 calendar year, the Dumarca Earn-Out payment (the "**2015 Payment**") was equal to the Dumarca EBITDA for such calendar year (the "**2015 EBITDA**") minus the Dumarca Threshold. A positive sum from this equation is herein referred to as the "**2015 Excess Amount**" and a negative sum is referred to as the "**2015 Deficit Amount**". If there is a 2015 Excess Amount, Intertain will, subject to the Maximum Earn-Out, make a 2015 Payment equal to 50 per cent. of the 2015 Excess Amount multiplied by the product of 8.1 times the Relevant Percentage.

For the 2016 calendar year, the Dumarca Earn-Out payment (the "**2016 Payment**") will be calculated in three steps. First ("**Step One**"), the higher of the Dumarca Threshold and the 2015 EBITDA will be subtracted from the Dumarca EBITDA for the 2016 calendar year (the "**2016 EBITDA**"). If the sum of Step One is a negative number (the "**2016 Deficit Amount**"), the 2016 Deficit Amount, multiplied by the Relevant Percentage, will be repaid by the Dumarca Sellers from any 2015 Payment received; however, under no circumstances will the Dumarca Sellers be obligated to repay more than the 2015 Payment. If the sum of Step One is a positive number (the "**2016 Excess Amount**"), then the next step ("**Step Two**") will be to calculate 50 per cent. of the sum of the 2016 Excess Amount minus the 2015 Deficit Amount (if any). The Step Two sum will then be multiplied by the sum of 8.1 multiplied by the Relevant Percentage ("**Step Three**"). The 2016 Payment will, subject to the Maximum Earn-Out, be equal to the sum of Step Three.

The “**Relevant Percentage**” means, in respect of each of the Dumarca Agreements, the percentage of the total number of Dumarca Shares as at 23 December 2014, represented by the number of Dumarca Shares transferred to Intertain by the applicable Dumarca Sellers. Under no circumstances will the sum of the 2015 Payment and the 2016 Payment exceed the Maximum Earn-Out.

Given the interest of the sellers of the majority of the Dumarca Shares (the “**Dumarca Majority Sellers**”) in the Dumarca Earn-Out, Intertain undertook and agreed to, among other things, use all reasonable endeavours to operate the business of Dumarca and its subsidiaries in its usual and ordinary course, and to do (or not do) such things so as to not materially affect the Dumarca Earn-Out. Additionally, subject to certain restrictions, Intertain has agreed to permit certain of the Dumarca Majority Sellers, and such sellers have undertaken and agreed, to jointly manage, operate and control Dumarca and its subsidiaries.

For the purposes of the paragraphs above, the “**Dumarca Sellers**” means, collectively, the sellers of the majority of the Dumarca Shares and the sellers of the minority of the Dumarca Shares.

## 18.5 **Convertible Debenture**

On 19 December 2013, Intertain completed a convertible debenture private placement consisting of 17,500,000 Debenture Subscription Receipts for gross proceeds of \$17.5 million. On 11 February 2014, with the satisfaction of the escrow release conditions, each Debenture Subscription Receipt was converted into one Convertible Debenture and 30 common share warrants, which such warrants expired on 31 December 2015. The Convertible Debentures are listed on the TSX and accrue interest at a rate of 5.0 per cent. per annum, payable semi-annually in arrears on 30 June and 31 December in each year. The Convertible Debentures are currently convertible at the holder’s option into Intertain common shares at a conversion price of \$6.00 per share at any time prior to maturity. The Convertible Debentures mature on 31 December 2018.

Intertain currently has outstanding Convertible Debentures in an aggregate principal amount of \$2.2 million as of 19 January 2017 (the latest practicable date prior to the date of this Prospectus). In connection with the Plan of Arrangement, Jackpotjoy plc and the Canadian Issuer will execute a supplemental indenture, and such other instruments as contemplated and required by the Convertible Debenture Indenture, in order to amend and restate the Convertible Debenture Indenture to provide for the assumption by the Company of obligations to issue Shares upon conversion of the Convertible Debentures. Jackpotjoy plc will not assume any of Intertain’s other obligations under the Convertible Debenture Indenture.

The conversion price in respect of the Convertible Debentures will continue to be \$6.00 (unless adjusted in accordance with the terms of the Convertible Debenture Indenture), such that approximately 166.67 Shares will be issued for each \$1,000 principal amount of Convertible Debentures so converted, and rounded down to the nearest whole number of Shares. The Convertible Debentures will also continue to be listed on the TSX following the Effective Date.

In connection with the InterCasino Acquisition, Amaya received \$3.85 million of Convertible Debentures.

## 18.6 **The Mandalay Media Acquisition and related financings**

Pursuant to the share purchase agreement dated 3 June 2014 between Intertain, WagerLogic and Branchor Investment Limited (the “**Mandalay Media Agreement**”) the Group acquired the entire issued share capital of Mandalay Media for an initial payment of £45.0 million in cash. The purchase price was subject to certain net cash and working capital adjustments. In addition, up to £15 million in further cash consideration was payable pursuant to an earn-out calculated based on the annualized consolidated earnings of the Mandalay Group as well as various affiliate websites (the “**Mandalay Media Earn-Out**”). In 2015, in accordance with the Mandalay Media Agreement, the Group paid \$25.7 million (equivalent to £13.3 million) in respect of the required Mandalay Media Earn-Out and no further earn-out payments are pending or required. Mandalay Media is the indirect owner of some of the UK’s leading online bingo websites, including Costa Bingo and Sing Bingo, as well as affiliate sites Casino Choice and Ignite.

In order to fund the Mandalay Media Acquisition, on 10 July 2014, the Group completed a public offering of 7,475,000 equity subscription receipts and 51,175 equity-linked debt subscription receipts, for total net proceeds of \$103.5 million.

Upon closing of the Mandalay Media Acquisition, the equity subscription receipts were exchanged on a one-for-one basis for equity units consisting of one common share and one quarter of one of the common share purchase warrants of Intertain issued on 14 July 2014 (the “**July 2014 Warrants**”), with each July 2014 Warrant exercisable to acquire one common share at an exercise price of \$7.75 per share until 8 December 2014, and the equity-linked debenture subscription receipts were exchanged on a one-for-one basis for debt units consisting of one of the senior secured debentures of Intertain issued on 14 July 2014 (the “**July 2014 Debentures**”) pursuant to the indenture dated as of 10 July 2014 between Intertain, the guarantors named therein and CST, as trustee and collateral agent (the “**July 2014 Debenture Indenture**”), each such July 2014 Debenture being in principal amount of \$1,000, bearing an interest rate of 8.5 per cent. per annum and a maturity date of 30 June 2019, and 40 July 2014 Warrants (as defined in “*Part 11: Definitions and Glossary*”), without payment of additional consideration or further action.

On 7 November 2014, the Group elected to accelerate the expiry date of the July 2014 Warrants through certain acceleration provisions which allowed the July 2014 Warrants to expire within 30 days if the common shares traded at a 50 per cent. premium to the exercise price of the July 2014 Warrants for 20 consecutive trading days. 3,914,538 of the July 2014 Warrants were exercised for aggregate gross proceeds of \$30,337,669 prior to their expiry on 7 December 2014. The remaining 1,212 July 2014 Warrants expired and were delisted from the TSX.

On 9 February 2015, the Group entered into a supplemental indenture in respect of the July 2014 Debenture Indenture, pursuant to which, among other things, the Group was permitted to redeem up to 100 per cent. of the aggregate principal amount of the July 2014 Debentures at a redemption price of 104 per cent. of the principal amount of the July 2014 Debentures to be redeemed, plus accrued and unpaid interest thereon, if any, up to but excluding the redemption date. On 7 May 2015, the July 2014 Debentures were redeemed by the Group at a redemption price of 104 per cent. plus accrued and unpaid interest up to that date.

#### 18.7 **888 Agreement**

Pursuant to the 888 Agreement, the Mandalay Group’s bingo business, other than Casino Choice and Ignite, operate through the Dragonfish platform, a software service provided by the 888 Group. All of the Mandalay bingo websites are operated pursuant to the 888 Agreement, whereby the 888 Group provides software, operational and management services to the Mandalay Group and, in effect, is responsible for all non-marketing aspects of the provision and operation of the gaming offered to the Mandalay Group’s customers. The 888 Group has granted to the Mandalay Group a worldwide, non-exclusive, non-transferrable licence to use its bingo software. In addition, the 888 Group supplies services to the Mandalay Group pursuant to the remote gambling licences issued to Cassava Enterprises (Gibraltar) Limited (an 888 Group subsidiary).

The Mandalay Group is also dependent upon the 888 Group’s abilities to enhance its current products, to develop new products on a timely and cost-effective basis and to respond to emerging industry standards and other technological changes.

The 888 Agreement expires on 3 November 2017 and renews automatically for further 18-month periods, unless terminated by either party providing 60 days’ prior written notice.

#### 18.8 **QT Transactions**

As a capital pool company, Intertain did not conduct commercial operations other than to enter into discussions for the purpose of identifying potential acquisition targets and entering into the amalgamation agreement entered into as of 4 February 2014 (the “**Goldstar Amalgamation Agreement**”) between Intertain, 2399274 Ontario Inc., a company duly organised and existing under the laws of Ontario (“**Aumento Subco**”), and Goldstar Acquisitionco Inc., a company duly organised and existing under the laws of Ontario (“**Goldstar**”), whereby all of the issued and outstanding securities of Goldstar were exchanged for (1) 1,764,023 common shares, (ii) 11,625,000 common shares relating to (a) the private placement of 10,905,000 QT Unit Subscription Receipts (as defined below) by Goldstar at a purchase price of \$4.00 per QT Unit Subscription Receipt and (b) the private placement of 720,000 Goldstar Units (as defined in “*Part 11: Definitions and Glossary*”) by Goldstar at a purchase price of \$4.00 per Goldstar Unit for aggregate gross proceeds of \$46.5 million (the “**QT Unit Private Placement**”), (3) 3,431,250 common share purchase warrants of Intertain (the “**Replacement Warrants**”) issued on 11 February 2014, with each Replacement Warrant exercisable to acquire one common share at an exercise price of



\$5.00 per share until 31 December 2015, and (4) the Convertible Debentures, with each Convertible Debenture being in the principal amount of \$1,000, accruing interest at a rate of 5.0 per cent. per annum, payable semi-annually in arrears on 30 June and 31 December in each year, and convertible at the holder's option into common shares at a conversion price of \$6.00 per share at any time prior to maturity, being 31 December 2018 in the aggregate principal amount of \$17.5 million.

Intertain did not own any assets other than cash prior to completion of (1) the amalgamation of Goldstar with Aumento Subco to create Intertain Holdings, a wholly-owned subsidiary of Intertain (the “**Goldstar Amalgamation**”), (2) the purchase by Goldstar of all of the issued and outstanding ordinary shares of WagerLogic, which indirectly holds the InterCasino brand, amongst others, from a subsidiary of Amaya for an initial consideration of \$70.0 million (less working capital adjustments) ((the “**InterCasino Acquisition**”) and (3)(a)(i) the private placement of 10,905,000 QT Unit Subscription Receipts (as defined in “*Part 11: Definitions and Glossary*”) by Goldstar at a purchase price of \$4.00 per QT Unit Subscription Receipt, and (ii) the QT Unit Private Placement and (b) the private placement of 17,500 QT Debenture Subscription Receipts (as defined in “*Part 11: Definitions and Glossary*”) by Goldstar at a purchase price of \$1,000 per QT Debenture Subscription Receipt, for aggregate gross proceeds of \$17,500,000 (the “**QT Debenture Private Placement**”) (together the “**QT Financings**”). The Goldstar Amalgamation, the InterCasino Acquisition and the QT Financings are collectively the “**QT Transactions**”.

## 19. RELATED PARTY TRANSACTIONS

Save as disclosed in note 25 of the financial information set out in “*Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group*” and paragraph 11 (*Transactions with related and other parties*) of “*Part 5: Operating and Financial Review*”, there are no related party transactions that were entered into during the three-year and nine-month periods ended 30 September 2016 or during the period from 1 October 2016 to 19 January 2017 (the latest practicable date prior to the publication of this Prospectus).

## 20. CONSENTS

BDO, whose registered office is at 55 Baker Street, London W1U 7EU, United Kingdom, has given and has not withdrawn its written consent to the inclusion of its reports set out in “*Part 7: Historical Financial Information – Section A: BDO Report on the Consolidated Financial Information of the Group, Section C: BDO Report on the Consolidated Financial Information of the Jackpotjoy, Star spins and Botemania Business Unit of Gamesys Limited for the Three Years Ended 31 March 2015, and Section E: BDO Report on the Historical Financial Information of the Company for the Period Ended 15 August 2016*”, “*Part 8: Unaudited Pro Forma Financial Information of the Group – Section A: BDO Report on the Unaudited Pro Forma Financial Information of the Group*” and “*Part 9: Profit Estimate – Section A: BDO Report on the Profit Estimate*” in the form and context in which they are included and has authorised the contents of its reports for the purposes of item 5.5.3(R)(2)(f) of the Prospectus Rules. A written consent under the Prospectus Rules is different from a consent filed with the SEC under section 7 of the Securities Act. BDO has not filed and will not be required to file a consent under Section 7 of the Securities Act.

## 21. GENERAL

- 21.1 The total costs, charges and expenses payable by the Group in connection with Admission are estimated to be approximately \$26.5 million (exclusive of VAT).
- 21.2 The Shares will be admitted with the ISIN GB00BZ14BX56 and SEDOL BZ14BX5.

## 22. DOCUMENTS FOR INSPECTION

- 22.1 Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturday, Sundays and public holidays excepted) at the offices of Clifford Chance LLP at 10 Upper Bank Street, Canary Wharf, London E14 5JJ, until the later of 14 days from the date of this Prospectus and Admission:

- (a) the Articles of Association of the Company;
- (b) the reports by BDO set out in “*Part 7: Historical Financial Information – Section A: BDO Report on the Consolidated Financial Information of the Group, Section C: BDO Report on the*

*Consolidated Financial Information of the Jackpotjoy, Starspins and Botemania Business Unit of Gamesys Limited for the Three Years Ended 31 March 2015, and Section E: BDO Report on the Historical Financial Information of the Company for the Period Ended 15 August 2016”, the report by BDO set out in “Part 8: Unaudited Pro Forma Financial Information of the Group – Section A: BDO Report on the Unaudited Pro Forma Financial Information of the Group for the Year Ended 31 December 2015” and the profit estimate report by BDO set out in “Part 9: Profit Estimate – Section A: BDO Report on the Profit Estimate”*

- (c) the historical audited consolidated financial information of the Group for the three years ended 31 December 2015 and the six months ended 30 June 2016;
- (d) the historical unaudited consolidated financial information of the Group for the nine months ended 30 September 2016;
- (e) the historical audited consolidated financial information of the Jackpotjoy, Starspins and Botemania Business Unit of Gamesys Limited for the three years ended 31 March 2015;
- (f) the historical audited financial information of the Company for the period ended 15 August 2016;
- (g) the consent letters referred to in paragraph 20 (*Consents*) of this “*Part 10: Additional Information*”; and
- (h) this Prospectus.

**Dated: 20 January 2017**



## PART 11: DEFINITIONS AND GLOSSARY

The following definitions apply throughout this Prospectus unless the context requires otherwise:

<b>“2005 Act”</b>	the Gambling Act 2005.
<b>“2010 PD Amending Directive”</b>	Directive 2010/73/EC.
<b>“2014 Act”</b>	the Gambling (Licensing and Advertising) Act 2014.
<b>“2015 Deficit Amount”</b>	the negative sum calculated by the Dumarca EBITDA for the 2015 calendar year minus the Dumarca Threshold.
<b>“2015 EBITDA”</b>	the Dumarca EBITDA for the 2015 calendar year.
<b>“2015 Excess Amount”</b>	the positive sum calculated by the Dumarca EBITDA for the 2015 calendar year minus the Dumarca Threshold.
<b>“2015 Payment”</b>	the Dumarca Earn-Out payment for the 2015 calendar year.
<b>“2016 Deficit Amount”</b>	the negative sum calculated by the Dumarca EBITDA for the 2016 calendar year minus the higher of the Dumarca Threshold and the 2015 EBITDA.
<b>“2016 EBITDA”</b>	the Dumarca EBITDA for the 2016 calendar year.
<b>“2016 Excess Amount”</b>	the positive sum calculated by the Dumarca EBITDA for the 2016 calendar year minus the higher of the Dumarca Threshold and the 2015 EBITDA.
<b>“2016 Payment”</b>	the Dumarca Earn-Out payment.
<b>“888”</b>	888 Holdings plc, a company duly organized and existing under the laws of Gibraltar.
<b>“888 Agreement”</b>	the agreement between Brigend Limited and Jet Management Group Limited dated 11 September 2008 and the amendments and addendums thereto.
<b>“888 Group”</b>	888 Holdings plc and its subsidiaries, the provider of platform services for the Mandalay segment.
<b>“Act” or “Companies Act”</b>	the Companies Act 2006 of England and Wales (as amended).
<b>“Additional Earn-Out”</b>	certain earn-out payments in relation to the Jackpotjoy Acquisition as such payments are defined in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Adjusted EBITDA”</b>	a non-IFRS measure defined by the Group, meaning net income (loss) adding back interest expense, net (comprising finance expense less finance interest, and excluding Debenture settlement expense, fair value adjustments to contingent consideration and unrealised gain on Cross-Currency Swap), taxes (comprising current tax net of deferred tax recovery) and amortization, plus share-based compensation, Independent Committee related expenses, severance pay, gain on Cross-Currency Swap, debt settlement expense, fair value adjustments on contingent consideration, transaction related costs and foreign exchange.
<b>“Adjusted Net Income”</b>	a non-IFRS measure defined by the Group, meaning net income plus or minus items of note that management may reasonably quantify and believes will provide investors with a better understanding of the Group’s underlying business performance.

“Admission to Listing”	the admission to listing on the standard listing segment of the Official List.
“Admission to Trading”	the admission to trading of the Shares on the main market for listed securities of the London Stock Exchange.
“Admission”	Admission to Listing and Admission to Trading and a reference to Admission becoming “ <b>effective</b> ” is to be construed in accordance with the Listing Rules or the Standards (as applicable).
“Affiliate Programme”	Intertain’s marketing programme.
“AGCO”	the Alcohol and Gaming Commission of Ontario.
“Aggregate Intertain Charges”	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
“AmalCo”	the corporation which will continue as a result of the amalgamation of Intertain, Intertain Holdings and ExchangeCo.
“AmalCo Board”	the directors of AmalCo.
“Amaya”	Amaya Inc., a company duly organized and existing under the laws of Québec.
“Amaya Malta”	Amaya (Malta) Limited, a company duly organized and existing under the laws of Malta
“Amaya Revenue Guarantee”	revenue guarantee with Amaya which expired during the first quarter of 2016.
“AML”	anti-money laundering.
“Annual Botemania Intertain Charge”	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
“Annual Jackpotjoy and Starspins Intertain Charges”	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
“Arrangement”	an arrangement under Section 182 of the OBCA substantially on the terms and conditions set out in the Plan of Arrangement and any amendment or variation thereto in accordance with the terms of the Arrangement Agreement or Section 6.1 of the Plan of Arrangement or made at the direction of the Ontario Court.
“Arrangement Agreement”	the terms of the arrangement agreement dated 17 August 2016, as amended and as may be further amended prior to the Effective Date which was entered into by the parties involved in the Plan of Arrangement, namely the Company, Intertain, Exchange Co, CallCo, JerseyCo and Intertain Holdings.
“Articles of Association” or “Articles”	the articles of association of the Company which have been adopted conditional on Admission.
“Associate”	means the term ‘associate’, when used in the context of a controlling shareholder which is a body corporate, in the Listing Rules from time to time, <b>provided that</b> , for the purposes of the Relationship Agreement, any Group Company shall be excluded.
“Audit and Risk Committee”	the audit and risk committee of the Company.
“Aumento Subco”	Intertain, 2399274 Ontario Inc., a company duly organised and existing under the laws of Ontario.

<b>“Automatic Exchange Right”</b>	the right for each Exchangeable Share (other than those held by the Company and its affiliates) to automatically be purchased from each holder for the Exchangeable Share Purchase Price under Section 5.3 the Voting and Exchange Trust Agreement.
<b>“Automatic Exchange Right on Liquidation”</b>	the right for each Exchangeable Share (other than those held by the Company and its affiliates) to automatically be purchased from each holder for the Exchangeable Share Purchase Price under Section 5.4 the Voting and Exchange Trust Agreement.
<b>“Average Active Customers”</b>	‘real money’ customers who have placed at least one bet in a given month.
<b>“Average Active Customers per Month”</b>	Active Customers per month, averaged over a three-month period.
<b>“Average Annual Jackpotjoy and Starspins Intertain Charges”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Average Real Money Gaming Revenue per month”</b>	Real Money Gaming Revenue per month, averaged over a three-month period.
<b>“B2B”</b>	business-to-business.
<b>“B2C”</b>	business-to-consumer.
<b>“Base Rate”</b>	the higher of (i) the prime lending rate, as set forth on the British Banking Association telerate page 5 and (ii) the federal funds effective rate, as in effect from time to time, plus 0.50 per cent.; subject to, in respect of the Term Loans, a floor of the sum of the one-month LIBOR Rate plus 1.00 per cent.
<b>“Basic First Botemania Payment”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Basic Jackpotjoy and Starspins Payment”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Basic Second Botemania Payment”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“BCLC”</b>	the British Columbia Lottery Corporation.
<b>“BDO”</b>	BDO LLP.
<b>“Beneficiaries”</b>	the benefit of holders (other than the Company and its affiliates) of Exchangeable Shares from time to time.
<b>“Board”</b>	the board of directors of the Company.
<b>“Borrowers”</b>	the borrowers under the Credit Agreement with the Lenders entered into on 8 April 2015.
<b>“Botemania Earn-Out”</b>	Certain earn-out payments in relation to the Jackpotjoy Acquisition as such payments are defined in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Botemania Refund”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.

<b>“Branded Content Licence Agreement”</b>	the content license agreement dated 11 February 2014, between the Licensors and Cryptologic Operations.
<b>“Branded Sites”</b>	any of the websites, mobile sites, applications or services branded with any of the Jackpotjoy, Star spins, Botemania, Slots by Jackpotjoy and Slots by Star spins brands and powered by either the real money gaming platform or the social gaming platform operated by the Gamesys Group.
<b>“CAD” or “\$”</b>	Canadian dollars.
<b>“Call Rights Agreement”</b>	the call rights agreement between the Company, AmalCo and CallCo which will be effective as part of the Plan of Arrangement and under which CallCo will agree to exercise its overriding Retraction Call Right, Redemption Call Right and/or Liquidation Call Right whenever it is possible to do so.
<b>“Canadian Dollar Equivalent”</b>	means in respect of a Foreign Currency Amount at any date, the amount obtained by multiplying (a) the Foreign Currency Amount by (b) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the AmalCo Board to be appropriate for such purpose.
<b>“Capital Reduction”</b>	proposed cancellation of the share premium account of the Company and the cancellation of 50,000 redeemable shares of £1.00 and one ordinary share of £0.10 in the capital of the Company to occur shortly after Admission.
<b>“CGU”</b>	cash-generating unit.
<b>“Code”</b>	U.S. Internal Revenue Code of 1986, as amended.
<b>“Collateral”</b>	the perfected first priority security interest (subject to certain permitted liens) in all of the equity interests in each of the Credit Parties (other than Intertain) and each of the Credit Parties’ tangible and intangible assets (except for, among other things, any gaming or other governmental licence rights, to the extent prohibited by applicable law) securing the obligations of each Credit Party in respect of the Credit Facilities.
<b>“Company Control Transaction”</b>	any proposed tender offer, scheme of arrangement, merger, share exchange offer, issuer bid, take-over bid or similar transaction with respect to Shares which is recommended by the Board.
<b>“Company”</b>	Jackpotjoy plc, a public limited company, incorporated on 29 July 2016 in England and Wales with registered number 10303804 with its registered office situated in England and Wales.
<b>“Convertible Debenture”</b>	one Intertain convertible debenture converted from each Convertible Debenture Subscription Receipt as described in paragraph 18.5 ( <i>Convertible Debenture</i> ) of “Part 10: Additional Information”.
<b>“Convertible Debenture Indenture”</b>	the indenture governing the Convertible Debentures dated as of 19 December 2013 between Goldstar, Aumento Capital II Corporation and CST Trust Company, as supplemented by the supplemental indenture between Goldstar, Aumento Capital II Corporation and CST Trust Company dated as of 11 February 2014 and the supplemental indenture between Intertain and Computershare Trust Company of Canada dated as of 10 August 2016.
<b>“Convertible Debentures”</b>	the unsecured subordinated convertible debentures of the Company, each Convertible Debenture being in the principal amount of \$1,000, accruing

	interest at a rate of 5.0 per cent. per annum, payable semi-annually in arrears on 30 June and 31 December in each year, and convertible at the holder's option into common shares at a conversion price of \$6.00 per share at any time prior to maturity, being 31 December 2018.
<b>"Corporate Governance Code"</b>	the UK Corporate Governance Code published by the Financial Reporting Council in April 2016, as amended.
<b>"Corporations Act"</b>	the Corporations Act 2001.
<b>"CPA"</b>	"cost per acquisition".
<b>"Credit Agreement"</b>	the credit agreement dated 8 April 2015 between the Borrowers, the Lenders, Macquarie US Trading LLC and Macquarie Capital (USA) Inc., among others, in respect of the Credit Facilities, as amended on 28 October 2016 and on 16 December 2016.
<b>"Credit Facilities"</b>	the Term Facility and the Revolving Facility to be used for working capital and general corporate purposes.
<b>"Credit Parties"</b>	the Group and each of its existing and subsequently acquired or formed wholly-owned direct and indirect subsidiaries who have guaranteed the Credit Facilities.
<b>"CREST"</b>	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK & Ireland Limited is the operator.
<b>"Cross-Currency Swap"</b>	the cross-currency swap agreement entered into by the Group on 23 November 2015.
<b>"Cryptologic Operations"</b>	Cryptologic Operations Limited, a company duly organized and existing under the laws of Malta.
<b>"Current Market Price"</b>	means, in respect of a Share on any date, the Canadian Dollar Equivalent of the average of the closing prices (if available) of Shares on the London Stock Exchange during a period of 20 consecutive trading days ending on the third trading day before such date, or, if the Shares are not then listed on the London Stock Exchange, the Canadian Dollar Equivalent of the average of the closing prices (if available) of Shares on the principal exchange on which the Shares are then listed; provided, however, that if in the opinion of the AmalCo Board the public distribution or trading activity of Shares during such period does not create a market which reflects the fair market value of a Share, then the Current Market Price of a Share shall be determined by the AmalCo Board, in good faith and in its sole discretion, and <b>provided further that</b> any such selection, opinion or determination by the AmalCo Board shall be conclusive and binding.
<b>"DDoS"</b>	a distributed denial of service.
<b>"Debenture Subscription Receipts"</b>	17,500,000 convertible debenture subscription receipts issued as part of a convertible debenture private placement on 19 December 2013.
<b>"Debentures"</b>	Intertain's currently outstanding convertible debentures.
<b>"Debt Raising"</b>	the incurrence of indebtedness under the Incremental First Lien Facility and Second Lien Facility in an aggregate sterling equivalent amount of £160 million entered into on 16 December 2016.
<b>"De-grouping Liabilities"</b>	potential de-grouping charges in relation to the JPJ Reorganisation and Jackpotjoy Acquisition, including any interest, penalties and certain tax related costs.
<b>"Depository"</b>	the depository under the Plan of Arrangement.

<b>“Diluted Adjusted Net Income per share”</b>	a non-IFRS measure defined by the Group, meaning Adjusted Net Income divided by the diluted weighted average number of shares outstanding, calculated using the IFRS treasury method, for the applicable period
<b>“Directors”</b>	the directors of the Company identified in <i>“Part 3: Directors, Senior Managers and Corporate Governance”</i> .
<b>“Disclosure Guidance and Transparency Rules”</b>	the Disclosure Guidance and Transparency Rules made by the FCA under Part VI of FSMA.
<b>“Distribution”</b>	means a dividend or other distribution (including a return of capital) on a share.
<b>“Distribution Amount”</b>	means an amount equal to all declared and unpaid Distributions (if any) on an Exchangeable Share held by a holder on any dividend record date which occurred prior to the date of purchase of such share by CallCo from such holder.
<b>“Dumarca”</b>	Dumarca Holdings Limited, a company duly organized and existing under the laws of Malta.
<b>“Dumarca Agreements”</b>	the share sale and purchase agreements dated 12 December 2014 between Intertain and the Dumarca Sellers, pursuant to which Intertain acquired all of the issued and outstanding Dumarca Shares, which includes the share sale and purchase agreement between the Group and the Dumarca Majority Sellers (as defined herein).
<b>“Dumarca Earn-Out”</b>	the earn-out payments under the Dumarca Agreements as defined in paragraph 18.4 ( <i>Dumarca Agreements (Vera&amp;John)</i> ) of <i>“Part 10: Additional Information”</i> .
<b>“Dumarca Earn-Out Period”</b>	the earn-out period specified under the Dumarca Agreements, as defined in paragraph 18.4 ( <i>Dumarca Agreements (Vera&amp;John)</i> ) of <i>“Part 10: Additional Information”</i> .
<b>“Dumarca EBITDA”</b>	Dumarca’s annual EBITDA.
<b>“Dumarca Majority Sellers”</b>	the sellers of the majority of the Dumarca Shares.
<b>“Dumarca Sellers”</b>	collectively, the sellers of the majority of the Dumarca Shares and the sellers of the minority of the Dumarca Shares.
<b>“Dumarca Shares”</b>	all of the issued and outstanding shares in the capital stock of Dumarca.
<b>“Dumarca Threshold”</b>	Dumarca EBITDA exceeding €10.1 million.
<b>“EC”</b>	the European Commission.
<b>“ECJ”</b>	the European Court of Justice.
<b>“Economic Equivalence Payment”</b>	means the payment in connection with the retraction, redemption or purchase of Exchangeable Shares pursuant to the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement and the Plan of Arrangement, as the case may be, as described in paragraph 3.6(n) of <i>“Part 2: Business Overview – Section A: Information on the Group”</i> .
<b>“EEA”</b>	the European Economic Area.
<b>“Effective Date”</b>	means 25 January 2017, the date that is concurrent with Admission on which the Plan of Arrangement will be implemented by filing the articles of arrangement under the OBCA.



<b>“Effective Time”</b>	3:00 a.m. (Toronto Time) on the Effective Date, or such other time on the Effective Date as Intertain and Jackpotjoy may agree to in writing prior to the Effective Date.
<b>“EU”</b>	the European Union.
<b>“EUR” or “€”</b>	Euros.
<b>“Exchange Act”</b>	the United States Securities Exchange Act of 1934 (as amended).
<b>“Exchangeable Share Provisions”</b>	the Exchangeable Share provisions set out in the Plan of Arrangement.
<b>“Exchangeable Share Purchase Price”</b>	means: <ul style="list-style-type: none"> <li>(a) the Share Consideration;</li> <li>(b) a cash amount equal to the Economic Equivalence Payment; and</li> <li>(c) on the designated payment date therefor, an amount in cash equal to the Distribution Amount (if any),</li> </ul> in each case, less any amounts withheld on account of tax.
<b>“Exchangeable Share Redemption/ Liquidation Price”</b>	means: <ul style="list-style-type: none"> <li>(a) the Share Consideration;</li> <li>(b) a cash amount equal to the Economic Equivalence Payment; and</li> <li>(c) an amount in cash equal to the unpaid Distributions (if any),</li> <li>(d) in each case, less any amounts withheld on account of tax.</li> </ul>
<b>“Exchangeable Share Retraction Price”</b>	means: <ul style="list-style-type: none"> <li>(a) the Share Consideration;</li> <li>(b) a cash amount equal to the Economic Equivalence Payment; and</li> <li>(c) on the designated payment date therefor, an amount in cash equal to the unpaid Distributions (if any),</li> </ul> in each case, less any amounts withheld on account of tax.
<b>“Exchangeable Share Structure”</b>	means the Exchangeable Share structure implemented by the Company through a chain of subsidiaries, as further described in paragraph 3.6 ( <i>Exchangeable Share Structure</i> ) of “ <i>Part 2: Business Overview — Section A: Information on the Group</i> ”.
<b>“Exchangeable Share Support Agreement”</b>	agreement entered into by the Company, CallCo and AmalCo and which will be effective as part of the Plan of Arrangement, which effectively underpins the obligations of AmalCo and CallCo as towards the holders of Exchangeable Shares by imposing obligations on the Company to provide support to AmalCo and/or CallCo of their respective obligations.
<b>“Exchangeable Share Transfer Price”</b>	as applicable, the Exchangeable Share Purchase Price, the Exchangeable Share Redemption/Liquidation Price or the Exchangeable Share Retraction Price.
<b>“Exchangeable Share Voting Event”</b>	a matter which entitles the holders of Exchangeable Shares to vote as shareholders of AmalCo.

<b>“Exchangeable Shareholders”</b>	the holders of Exchangeable Shares.
<b>“Exchangeable Shares”</b>	the non-voting Class C exchangeable shares in the capital of AmalCo having substantially the rights, privileges, restrictions and conditions set out herein and in Exhibit B to the Plan of Arrangement.
<b>“ExchangeCo”</b>	Intertain ExchangeCo Limited, a company incorporated under the laws of Ontario.
<b>“Executive Directors”</b>	Andrew McIver and Keith Laslop.
<b>“FCA”</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA.
<b>“FCPA”</b>	The United States Foreign Corrupt Practices Act of 1977.
<b>“Fifty States”</b>	Fifty States Limited, a company duly organized and existing under the laws of the Isle of Man.
<b>“Fifty States Gibraltar”</b>	Fifty States (Gibraltar) Limited, a company duly organized and existing under the laws of Gibraltar.
<b>“Fifty States Gibraltar SPA”</b>	the share purchase agreement dated 26 March 2015 between Profitable Play, Leisure Spin, Gamesys Spain and Fifty States in connection with the JPJ Reorganisation.
<b>“Fifty States Group”</b>	Fifty States and Fifty States Gibraltar.
<b>“Fifty States Shares”</b>	all of the issued and outstanding capital stock of Fifty States.
<b>“Final Order”</b>	means the final order of the Ontario Court pursuant to Section 182(5) of the OBCA dated 27 September 2016.
<b>“Financing Time”</b>	the closing of a Qualifying Finance Arrangement.
<b>“First Botemanía Earn-Out”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“First Limit Period”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“First Restricted Period”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“First Year Botemanía Intertain Charges”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Foreign Currency Amount”</b>	means in respect of an amount expressed in a currency other than Canadian dollars.
<b>“FSMA”</b>	The Financial Services and Markets Act 2000, as amended.
<b>“FVTPL”</b>	fair value through profit or loss.
<b>“Gamesys”</b>	Gamesys Limited, a company duly organized and existing under the laws of England and Wales.
<b>“Gamesys Gibraltar”</b>	Gamesys (Gibraltar) Limited, a company duly organized and existing under the laws of Gibraltar.
<b>“Gamesys Group”</b>	Gamesys and its subsidiaries from time to time.

<b>“Gamesys Spain”</b>	Gamesys Spain PLC, a company duly organized and existing under the laws of Gibraltar.
<b>“Gaming”</b>	collectively, gaming and betting.
<b>“Gaming industry”</b>	collectively, the gaming and betting industry.
<b>“Gaming Portals”</b>	Gaming Portals Limited, a company duly organized and existing under the laws of Ireland.
<b>“GB Gambling Act”</b>	the 2005 Act (as amended by the 2014 Act).
<b>“GBGC”</b>	the Gambling Commission in Great Britain.
<b>“GBP” or “£”</b>	British pound sterling.
<b>“Gibraltar Act”</b>	the Gibraltar Gambling Act 2005.
<b>“Goldstar”</b>	Goldstar Acquisitionco Inc., a company duly organised and existing under the laws of Ontario.
<b>“Goldstar Amalgamation”</b>	the amalgamation of Goldstar with Aumento Subco to create Intertain Holdings, a wholly-owned subsidiary of Intertain.
<b>“Goldstar Amalgamation Agreement”</b>	the amalgamation agreement entered into by Intertain on 4 February 2014.
<b>“Goldstar Debentures”</b>	17,500 unsecured subordinated convertible debentures of Goldstar, each such Goldstar Debenture in the principal amount of \$1,000.
<b>“Goldstar Shares”</b>	common shares of Goldstar.
<b>“Goldstar Unit”</b>	the units issued by Goldstar in exchange for the QT Unit Subscription Receipts upon satisfaction of the QT Subscription Receipt Conditions, with each such Goldstar Unit being comprised of one Goldstar Share and one-quarter of one Goldstar Warrant.
<b>“Goldstar Warrants”</b>	warrants of Goldstar, each whole warrant exercisable to acquire one Goldstar Share at an exercise price of \$5.00, for a period of two years from the date of issuance.
<b>“Gross Win”</b>	the monies received from players paying to play games at a particular site less winnings and incentive payments to such players.
<b>“Group Company”</b>	any of the Company and its subsidiary undertakings from time to time.
<b>“Group”</b>	The Intertain Group Limited and its subsidiary undertakings prior to the date that The Intertain Group Limited (which will become AmalCo as a result of Amalgamation) becomes an indirect subsidiary of the Company pursuant to the Plan of Arrangement and (2) upon the Plan of Arrangement taking effect on Admission, the Company and its subsidiary undertakings.
<b>“Group Historical Financial Information”</b>	the historical financial information in “ <i>Part 7: Historical Financial Information – Section B: Consolidated Financial Information of the Group</i> ” and “ <i>Part 7: Historical Financial Information – Section H: Unaudited Interim Condensed Consolidated Financial Statements of the Group for the nine months ended 30 September 2016</i> ”.
<b>“Guarantors”</b>	the existing and subsequently acquired or formed, wholly-owned, direct and indirect subsidiaries of each of the Borrowers under the Credit Facilities.
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs.

<b>“IAS 17”</b>	IAS 17 – Leases.
<b>“IASB”</b>	International Accounting Standards Board.
<b>“IFRS 16”</b>	IFRS 16 – Leases.
<b>“IFRS”</b>	International Financial Reporting Standards as issued by the International Accounting Standards Board, unless otherwise indicated.
<b>“Incremental First Lien Facility”</b>	the £53,276,000 incremental first lien term loan facility and the €20 million first lien term loan facility established under the Credit Agreement on 16 December 2016 and arranged by Macquarie Capital (USA) Inc.
<b>“Incremental Term Loans”</b>	the term loans made under the Incremental First Lien Facility.
<b>“Independent Committee”</b>	an independent committee of the Board.
<b>“Independent Non-Executive Directors”</b>	David Danziger, Paul Pathak, Jim Ryan, Colin Sturgeon and Nigel Brewster.
<b>“Infrastructure Services”</b>	collectively, certain of the Group’s technology providers, payment processing partners, or other suppliers of content or services.
<b>“Initial Cash Consideration”</b>	£369,047,221 in cash less the Intra-Group Debt, forming part of the Jackpotjoy Purchase Price.
<b>“Initial Consideration”</b>	the Initial Cash Consideration; £1,405,954 in cash; 7,361,365 common shares of Intertain and the assumption of the obligation to repay the Intra-Group Debt in full on the Jackpotjoy Closing Date.
<b>“InterCasino Acquisition”</b>	the acquisition of the entire issued share capital of WagerLogic for an initial consideration of U.S.\$70 million (less working capital adjustments).
<b>“Intertain”</b>	The Intertain Group Limited prior to the date that it (following the Amalgamation) becomes an indirect subsidiary of the Company, pursuant to the Plan of Arrangement.
<b>“Intertain Bahamas”</b>	Intertain Bahamas Ltd, a company duly organized and existing under the laws of the Bahamas.
<b>“Intertain Holdings”</b>	Intertain Holdings Inc., a company duly organized and existing under the laws of Ontario.
<b>“Intertain Shares”</b>	all of the common shares in the capital of Intertain.
<b>“Intra-Group Debt”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“IP”</b>	Internet Protocol.
<b>“IRS”</b>	the U.S. Internal Revenue Service.
<b>“ISO”</b>	the International Organisation for Standardisation.
<b>“Jackpotjoy Acquisition”</b>	the acquisition of the entire issued share capital of Fifty States by Intertain on 8 April 2015 pursuant to which it acquired the Jackpotjoy Brands under the terms of the Jackpotjoy SPA.
<b>“Jackpotjoy Amending Agreements”</b>	deeds of amendment entered into on 5 September 2016 in respect of the Jackpotjoy SPA and the Operating Agreements.

<b>“Jackpotjoy and Starspins Earn-Out”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Jackpotjoy and Starspins Pre-Payment”</b>	a pre-payment to Gamesys, in advance of the date on which the Jackpotjoy and Starspins Earn-Out falls due and payable, of some or all of the Jackpotjoy and Starspins Earn-Out, including the £150 million pre-payment made on 16 December 2016.
<b>“Jackpotjoy Brands”</b>	the Jackpotjoy, Starspins and Botemania brands, together with associated rights in or ownership of real money and social gaming player data related to such brands, trademarks, domain names and certain other related intellectual property rights.
<b>“Jackpotjoy Business”</b>	the Jackpotjoy Brands, when combined with the services provided by Gamesys and Gamesys Gibraltar under the Operating Agreements.
<b>“Jackpotjoy Closing Date”</b>	8 April 2015.
<b>“Jackpotjoy Earn-Out Payments”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Jackpotjoy Earn-Out Period”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Jackpotjoy Effective Date”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Jackpotjoy Historical Financial Information”</b>	the historical financial information in “Part 7: Historical Financial Information – Section D: Historical Financial Information of the Jackpotjoy, Starspins and Botemania business unit of Gamesys Limited for the three years ended 31 March 2015”.
<b>“Jackpotjoy Operating Platforms”</b>	certain operating assets retained by the Gamesys Group, such as marketing algorithms, game platforms and certain underlying technology infrastructure in connection with the Jackpotjoy Brands, under the terms of the Jackpotjoy Acquisition.
<b>“Jackpotjoy Operations”</b>	certain assets, relationships, content, technologies, business infrastructure and controls over financial reporting necessary for the successful and profitable operation of the Jackpotjoy Business, including player databases, partner contracts, and advertising assets and relationships.
<b>“Jackpotjoy Purchase Price”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Jackpotjoy SPA”</b>	the definitive share purchase agreement dated 5 February 2015 between Gamesys and Intertain, as amended on 5 September 2016 by the applicable Jackpotjoy Amending Agreement, whereby the parties agreed to complete the Jackpotjoy Acquisition.
<b>“Jet Management”</b>	Jet Management Group Limited, a company duly organized and existing under the laws of Bahamas.
<b>“Jet Media”</b>	Jet Media Limited, a company duly organized and existing under the laws of Gibraltar.
<b>“JPJ Reorganisation”</b>	the reorganisation carried out by Gamesys prior to completion of the Jackpotjoy Acquisition pursuant to which, among other things, the Jackpotjoy Brands were transferred to the Fifty States Group.
<b>“JPJ Social”</b>	Jackpotjoy Social.
<b>“July 2014 Debenture”</b>	debt units consisting of one of the senior secured debentures of Intertain issued on 14 July 2014.

<b>“July 2014 Debenture Indenture”</b>	the indenture dated as of 10 July 2014 between Intertain, the guarantors named therein and CST, as trustee and collateral agent.
<b>“July 2014 Warrants”</b>	equity units consisting of one common share and one quarter of one of the common share purchase warrants of Intertain issued on 14 July 2014.
<b>“KPI”</b>	key performance indicator.
<b>“LCCP”</b>	the Licence Conditions and Codes of Practice.
<b>“Leisure Spin”</b>	Leisure Spin Limited.
<b>“Lenders”</b>	the Lenders under the Credit Agreement.
<b>“LIBOR Rate”</b>	the rate (adjusted for statutory reserve requirements for eurocurrency liabilities) at which eurodollar deposits for one, two, three or six appearing on the Reuters screen LIBOR01 page, subject to a floor of 1.00 per cent. per annum. In respect of the Credit Facilities, the Incremental First Lien Facility and the Second Lien Facility, the LIBOR Rate corresponds to the currency borrowed.
<b>“Licensors”</b>	collectively, (i) in the case of each of the Platform License Agreement, the Support and Service Level Agreement and the Amaya Revenue Guarantee Agreement, Gaming Portals, Amaya Malta and Ogame, and (ii) in the case of each of the Marketing Services Agreement and the Branded Content License Agreement, Gaming Portals and Amaya Malta.
<b>“Limitation Caps”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Liquidation Call Right”</b>	CallCo’s right, pursuant to the Plan of Arrangement, to purchase all of the outstanding Exchangeable Shares (other than Exchangeable Shares held by the Company and its affiliates) from the holders thereof on the liquidation date for the Exchangeable Share Purchase Price, except where the Exchangeable Shares have been acquired by the Company or CallCo under the Automatic Exchange Right provided for in the Voting and Exchange Trust Agreement.
<b>“Listing Rules”</b>	the listing rules made by the FCA under Part VI of FSMA.
<b>“London Stock Exchange”</b>	London Stock Exchange plc.
<b>“MAC”</b>	media access control.
<b>“Mandalay Group”</b>	collectively, Mandalay Media, Jet Management and Jet Media.
<b>“Mandalay Media”</b>	Mandalay Media Limited, a company duly organized and existing under the laws of the Bahamas.
<b>“Mandalay Media Acquisition”</b>	the Group’s acquisition of the entire issued share capital of Mandalay Media on 14 July 2014 for an initial payment of £45.0 million in cash.
<b>“Mandalay Media Agreement”</b>	the share purchase agreement dated 3 June 2014 among BGO Investments Limited, WagerLogic and Intertain, pursuant to which the Group acquired completed the Mandalay Media Acquisition.
<b>“Mandalay Media Earn-Out”</b>	£15 million in further cash consideration payable pursuant to an earn-out calculated based on the annualized consolidated earnings of the Mandalay Group as well as various affiliate websites.
<b>“Mandalay segment”</b>	the real money operating results of various online bingo websites operated by the Mandalay Group, including Costa Bingo, and the operating results of affiliates



<b>“Marketing Services Agreement”</b>	the marketing services agreement dated 11 February 2014, as amended in March 2014, between the Licensors, Wagerlogic Software, Cryptologic Operations and Wagerlogic Alderney.
<b>“Maximum Earn-Out”</b>	€8.1 million multiplied by the Relevant Percentage if, during the Dumarca Earn-Out Period, Dumarca achieves a Dumarca EBITDA exceeding the Dumarca Threshold.
<b>“MGA”</b>	the Malta Gaming Authority.
<b>“Minimum Number of Shares”</b>	means 73,702,317 Shares, which excludes any Shares to be issued at Admission in connection with the conversion of Convertible Debentures or the exercise of options in Intertain after 19 January 2017.
<b>“MLRO”</b>	the Money-Laundering Reporting Officer.
<b>“Monthly Real Money Gaming Revenue per Average Active Customers”</b>	Average Real Money Gaming Revenue per month divided by Average Active Customers per Month.
<b>“Non-Executive Director”</b>	Jörgen Nordlund.
<b>“OBCA”</b>	the Business Corporations Act (Ontario).
<b>“Official List”</b>	the Official List of the FCA.
<b>“Offshore Gambling”</b>	online gaming and gambling over the internet offered from a jurisdiction outside of Sweden.
<b>“Ongame”</b>	Ongame Network Ltd., a company duly organized and existing under the laws of Gibraltar.
<b>“Online Bingo Games”</b>	an online bingo game which is a real money gambling “pay-to-play” bingo game played for a prize or winnings which constitutes money or money’s worth.
<b>“Ontario Court”</b>	means the Ontario Superior Court of Justice (Commercial List).
<b>“Operating Agreements”</b>	the Real Money Gaming Operating Agreement and the Social Gaming Operating Agreement as amended on 5 September 2016 by the applicable Jackpotjoy Amending Agreements.
<b>“Operator”</b>	the operator of the relevant system.
<b>“Order”</b>	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
<b>“Ordinary Shares”</b>	ordinary shares of £0.10 each in the capital of the Company.
<b>“PCAOB Standards”</b>	the auditing standards of the Public Company Accounting Oversight Board.
<b>“PCI-DSS”</b>	the Payment Card Industry Data Security Standards.
<b>“PFIC”</b>	Passive Foreign Investment Company.
<b>“Plan of Arrangement”</b>	a court supervised plan of arrangement to be undertaken by Intertain in connection with Admission, pursuant to which, Intertain and ExchangeCo will undertake a share-for-share exchange which will result in AmalCo (of which Intertain will be a predecessor company), becoming an indirect subsidiary of the Company, with the Company being entitled to exercise 100 per cent. of the voting rights in AmalCo.

<b>“Platform Licence Agreement”</b>	the services and platform license agreement dated 11 February 2014, as amended in March 2014, between the Licensors, Wagerlogic Software and Cryptologic Operations.
<b>“PML”</b>	Personal Management Licence.
<b>“POC”</b>	Point of Consumption Taxes.
<b>“Pounds sterling”, “pence” or “p”</b>	lawful currency of the UK.
<b>“PPNV”</b>	Profitable Play NV.
<b>“PRA”</b>	the Prudential Regulation Authority.
<b>“Profitable Play”</b>	Profitable Play Limited.
<b>“Prospectus Directive Regulation”</b>	European Commission Regulation (EC) No. 809/2004, as amended.
<b>“Prospectus Directive”</b>	Directive 2003/71/EC, as amended and any relevant implementing measure in each member state of the European Economic Area that has implemented the Prospectus Directive.
<b>“Prospectus Rules”</b>	the Prospectus rules made by the FCA under Part VI of FSMA.
<b>“Prospectus”</b>	the final Prospectus.
<b>“PSP”</b>	payment service provider.
<b>“QT Debenture Private Placement”</b>	the private placement of 17,500 QT Debenture Subscription Receipts by Goldstar at a purchase price of \$1,000 per QT Debenture Subscription Receipt, for aggregate gross proceeds of \$17,500,000.
<b>“QT Debenture Subscription Receipts”</b>	the subscription receipts issued pursuant to the QT Debenture Private Placement, with each QT Debenture Subscription Receipt converted into one Goldstar Debenture and 30 Goldstar Warrants upon satisfaction of the QT Subscription Receipt Conditions and governed by the QT Subscription Receipt Agreement.
<b>“QT Financings”</b>	the QT Unit Private Placement and the QT Debenture Private Placement, collectively.
<b>“QT Transactions”</b>	the Amalgamation, the InterCasino Acquisition and the QT Financings.
<b>“QT Unit Private Placement”</b>	the private placement of 720,000 Goldstar Units by Goldstar at a purchase price of \$4.00 per Goldstar Unit for aggregate gross proceeds of \$46,500,000.
<b>“QT Subscription Receipts”</b>	collectively, the QT Debenture Subscription Receipts and the QT Unit Subscription Receipts
<b>“QT Unit Subscription Receipts”</b>	the subscription receipts issued pursuant to the QT Unit Private Placement, with each QT Unit Subscription Receipt converted into one Goldstar Unit upon satisfaction of the QT Subscription Receipt Conditions and governed by the QT Subscription Receipt Agreement.
<b>“Qualifying Finance Arrangement”</b>	a definitive financing arrangement to create indebtedness of Intertain and/or any one or more of its affiliates that is in whole or in part for the purposes of making a Jackpotjoy and Star spins Pre-Payment of at least £150,000,000, provided that: (i) the principal amount of indebtedness incurred under such arrangement is not less than £150,000,000; (ii) such arrangement only restricts payments due to Gamesys under the earn-out provisions to the extent agreed in certain provisions of the Jackpotjoy SPA (as amended) (iii) the arrangement will not require a percentage

	greater than 75 per cent. of Excess Cash Flow (as defined in the Credit Agreement) on an annual basis to be used to repay or redeem amounts outstanding under definitive financing arrangements of Intertain and (iv) Intertain has a Total Leverage Ratio (as defined under the Credit Agreement) at the point of issue or draw down of not more than 4.00 to 1.00 (calculated on a pro-forma basis for the incurrence, and application of proceeds of such debt).
<b>“Qualifying Pre-Payment”</b>	a Jackpotjoy and Star spins Pre-Payment of at least £150,000,000 required to be made by Intertain immediately upon the close of a Qualifying Finance Arrangement.
<b>“Real Money Gaming Operating Agreement”</b>	the real money gaming operating agreement entered into by Fifty States Gibraltar on 24 March 2015 with Gamesys Gibraltar (as novated by Fifty States Gibraltar to Intertain Bahamas on 17 April 2015 and as amended on 5 September 2016 by the applicable Jackpotjoy Amending Agreement), pursuant to which Gamesys Gibraltar provides to the Group certain operational, financial, marketing, player services and support services for the Real Money Operation (as defined herein) for up to 15 years.
<b>“Real Money Gaming Revenue”</b>	revenue less revenue earned from the Revenue Guarantee, affiliate websites and social gaming.
<b>“Redemption Call Right”</b>	the overriding right of CallCo, on the Redemption Date, pursuant to the Plan of Arrangement, to purchase all, but not less than all, of the outstanding Exchangeable Shares (other than those held by the Company and its affiliates) for a price per Exchangeable Share equal to the Exchangeable Share Purchase Price.
<b>“Redemption Date”</b>	the date, if any, established by the AmalCo Board for the redemption by AmalCo of all, but not less than all, of the outstanding Exchangeable Shares.
<b>“Registrar of Companies”</b>	the registrar of companies incorporated in England and Wales.
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755).
<b>“Relevant Implementation Date”</b>	from and including the date on which the Prospectus Directive is implemented in the Relevant Member State.
<b>“Relevant Member State”</b>	any member state of the European Economic Area which has implemented the Prospectus Directive.
<b>“Relevant Percentage”</b>	in respect of each of the Dumarca Agreements, the percentage of the total number of Dumarca Shares as at 23 December 2014, represented by the number of Dumarca Shares transferred to Intertain by the applicable Dumarca Sellers.
<b>“Relevant Persons”</b>	(i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “ <b>Order</b> ”), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons together).
<b>“Remuneration Committee”</b>	the remuneration committee of the Board.
<b>“Reorganisation”</b>	the corporate reorganisation described in paragraph 4 ( <i>Articles of Association</i> ) of “ <i>Part 10: Additional Information</i> ”.

<b>“Replacement Warrants”</b>	3,431,250 common share purchase warrants of Intertain issued on 11 February 2014, with each Replacement Warrant exercisable to acquire one common share at an exercise price of \$5.00 per share until 31 December 2015.
<b>“Report”</b>	the research report covering the Group published by Spruce Point Capital Management on 17 December 2015.
<b>“Restricted Territory”</b>	the UK, the Republic of Ireland, Sweden, Spain or (if and only if, under the Jackpotjoy Amending Agreements the Jackpotjoy Effective Date has not occurred) any other territory (meaning any state, province or country with its own gambling regulatory regime) in which Gamesys or any member of the Gamesys Group provides or agrees to provide, from time to time, real money gambling services to end-users located in such state, province or country for Intertain or any of its affiliates pursuant to the Real Money Gaming Operating Agreement (no part of the United States or The Netherlands shall ever constitute a Restricted Territory).
<b>“Retraction Call Right”</b>	CallCo’s overriding right pursuant to the Exchangeable Share Provisions to purchase all but not less than all of those Exchangeable Shares for a price per Exchangeable Share equal to the Exchangeable Share Purchase Price.
<b>“Revenue Guarantee”</b>	the revenue guarantee with Amaya which expired during the first quarter of 2016.
<b>“Revolving Facility”</b>	the \$17.5 million revolving credit facility to be made available pursuant to the Credit Agreement, as amended on 28 October 2016 by the Credit Agreement Amendment.
<b>“RGA”</b>	the Regulation of Gambling Activities.
<b>“RGD”</b>	remote gaming duty tax.
<b>“RTG&amp;P”</b>	Restricted Territories Guidance & Procedures.
<b>“SDRT”</b>	stamp duty reserve tax.
<b>“SEC”</b>	U.S. Securities and Exchange Commission.
<b>“Security Agreement”</b>	the agreement to be made between the Company and JerseyCo prior to the Effective Date that will provide for, among other things, the Security Power of Attorney, and certain consequences of an event of default (as such term defined in the Security Agreement) in respect of JerseyCo, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.
<b>“Security Power of Attorney”</b>	a power of attorney to be granted by JerseyCo to Jackpotjoy under the Security Agreement, which power of attorney shall become effective without notice upon the occurrence of an event of default (as such term is defined in the Security Agreement), if any.
<b>“SEDAR”</b>	means the System for Electronic Document Analysis and Retrieval, accessible at <a href="http://www.sedar.com">www.sedar.com</a> .
<b>“Second Botemania Earn-Out”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “ <i>Part 10: Additional Information</i> ”.
<b>“Second Lien Credit Agreement”</b>	the second lien credit agreement dated 16 December 2016 between the Borrowers, the Lenders and Macquarie Capital (Europe) Ltd, as sole bookrunner sole lead arranger and Cortland Capital Markets Services LLC as administrative agent and collateral agent among others, in respect of the Second Lien Facility.

<b>“Second Lien Facility”</b>	the £90 million second lien term loan facility established under the Second Lien Credit Agreement on 16 December 2016 and arranged by Macquarie Capital.
<b>“Second Limit Period”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Second Period Cap”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Second Year Botemanía Intertain Charges”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“section 793 notice”</b>	a notice served by the Company under section 793 of the Companies Act.
<b>“Securities Act”</b>	the U.S. Securities Act of 1933, as amended.
<b>“Securities and Exchange Law”</b>	securities and exchange law of Japan.
<b>“Securities”</b>	the securities referred to herein.
<b>“Segregated Account”</b>	a segregated bank account which Intertain is required to pay into in respect of the Jackpotjoy and Starspins Earn-Out.
<b>“Senior Managers”</b>	those persons named as senior managers in “Part 3: Directors, Senior Managers and Corporate Governance” of this Prospectus.
<b>“Services and Licence Agreements”</b>	collectively, the four related agreements for the provision of services and the grant of licenses, comprising: (i) the Platform License Agreement; (ii) the Support and Service Level Agreement; (iii) the Marketing Services Agreement; and (iv) the Branded Content License Agreement.
<b>“Share Cash Equivalent”</b>	means an amount equal to the net cash proceeds derived from the sale of the relevant Share outside of the United States or, if AmalCo, CallCo or the Company (as applicable) determines not to sell such Share, an amount equal to the applicable Current Market Price of a Share.
<b>“Share Consideration”</b>	<p>means in respect of a particular date, the Current Market Price of a Share on the last business day prior to such date, which shall be satisfied in full:</p> <ul style="list-style-type: none"> <li>(a) in the case of a holder of Exchangeable Shares other than a U.S. Holder, the Company or an affiliate of the Company, at the election of the Company, AmalCo or CallCo, as the case may be, in its sole discretion, by: <ul style="list-style-type: none"> <li>(i) causing to be delivered to such holder one Share; or</li> <li>(ii) by a payment of the Share Cash Equivalent (provided, for the avoidance of doubt, that there is no current intention for the cash option to be exercised on any retraction, redemption, purchase or liquidation of Exchangeable Shares); or</li> </ul> </li> <li>(b) in any other case by the Company, AmalCo or CallCo, as the case may be, by a payment in cash in an amount equal to the Share Cash Equivalent.</li> </ul>
<b>“Shareholders”</b>	holders of Shares.
<b>“Shares”</b>	ordinary shares of £0.10 each in the capital of the Company.

<b>“Social Gaming Operating Agreement”</b>	the social gaming operating agreement entered into by Fifty States (now a subsidiary of Intertain Bahamas) on 26 March 2015 with Gamesys (as novated by Fifty States Gibraltar to Intertain Bahamas on 17 April 2015 and as amended on 5 September 2016 by the applicable Jackpotjoy Amending Agreement) pursuant to which Gamesys provides to the Group certain online free-to-play and virtual currency social slots gaming services under the Jackpotjoy and Starspins brands for up to 15 years.
<b>“Spanish Purchase Option”</b>	the option granted by Gamesys Gibraltar to the Group to purchase the entire issued share capital of Gamesys Spain.
<b>“Special Committee”</b>	a special committee of the Intertain board of directors comprised of three independent directors, David Danziger, John Fielding and Paul Pathak, which considered a broad range of potential value-enhancing proposals for Intertain.
<b>“SSL”</b>	secure sockets layer.
<b>“SSP Social”</b>	Starspins Social.
<b>“Standards”</b>	the Admission and Disclosure Standards of the London Stock Exchange.
<b>“Step One”</b>	the higher of the Dumarca Threshold and the 2015 EBITDA will be subtracted from the 2016 EBITDA.
<b>“Step Three”</b>	the Step Two sum will be multiplied by the sum of 8.1 multiplied by the Relevant Percentage.
<b>“Step Two”</b>	to calculate 50 per cent. of the sum of the 2016 Excess Amount minus the 2015 Deficit Amount (if any).
<b>“Support and Service Level Agreement”</b>	the support and service level agreement dated 11 February 2014, between the Licensors and Cryptologic Operations.
<b>“Swedish Lotteries Act”</b>	Sweden’s Lotteries Act 1994 (Sw: Lotterilagen 1994:1000).
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers.
<b>“Term Facility”</b>	the seven-year U.S.\$335.0 million first-lien term loan credit facility under the Credit Agreement, as amended on 28 October 2016 by the Credit Agreement Amendment.
<b>“Term Loans”</b>	the term loans under the Term Facility.
<b>“TFEU”</b>	the Treaty for the Functioning of the European Union.
<b>“Third Limit Period”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Third Period Cap”</b>	has the meaning given to it in paragraph 18.2 ( <i>Jackpotjoy SPA</i> ) of “Part 10: Additional Information”.
<b>“Transition Plan”</b>	a detailed exit plan, contemplated by the Operating Agreements, to be developed by the parties to enable the Jackpotjoy Operations to be transitioned to the Group in an orderly manner.
<b>“TSX”</b>	the Toronto Stock Exchange.
<b>“TSXV”</b>	the TSX Venture Exchange.
<b>“UIGEA”</b>	the U.S. Unlawful Internet Gambling Enforcement Act 2006.
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland.
<b>“UKLA”</b>	UK Listing Authority.



<b>“UK Strategic Initiatives”</b>	a comprehensive set of UK-centered strategic initiatives to enhance shareholder value pursued by Intertain
<b>“Underlying Shares”</b>	means that number of Shares which will be issued to JerseyCo on the Effective Date and will equal to the number of Exchangeable Shares issued pursuant to the Plan of Arrangement.
<b>“unregulated jurisdictions”</b>	certain jurisdictions in which online gaming and gambling is either not regulated at all, is subject to very limited regulation, or where its legality is unclear.
<b>“U.S. GAAP”</b>	U.S. Generally Accepted Accounting Principles.
<b>“U.S. GAAS”</b>	U.S. Generally Accepted Auditing Standards.
<b>“U.S. Holder”</b>	a beneficial owner of Shares that is for U.S. federal income tax purposes: (i) an individual who is a citizen or resident alien of the United States, (ii) a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organised in or under the laws of the United States or any state thereof (including the District of Columbia), (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more United States persons (as defined in the Code) have the authority to control all of the substantial decisions of such trust.
<b>“U.S. Securities Act” or “Securities Act”</b>	the United States Securities Act of 1933, as amended.
<b>“U.S.” or “United States”</b>	United States of America, its territories and possessions, any state of the United States and the District of Columbia.
<b>“USD” or “U.S.\$”</b>	United States dollars.
<b>“US-UK Treaty”</b>	the income tax treaty between the United States and the UK.
<b>“Vera&amp;John”</b>	collectively, Dumarca and the various online casino businesses of the Vera&John group, including the Vera&John and Vera&Juan online gambling and social gaming brands.
<b>“Vera&amp;John segment”</b>	the real money online casino operating results of various brands operated by Dumarca and Cryptologic Operations, including Vera&John, Vera&Juan and InterCasino, and revenues earned from the the Amaya Revenue Guarantee, which expired during the first quarter of 2016.
<b>“Voting and Exchange Trust Agreement”</b>	the voting and exchange trust agreement to be entered into by the Company, AmalCo, JerseyCo and the Voting Trustee and which will be effective as part of the Plan of Arrangement
<b>“VPN”</b>	virtual private networks.
<b>“WagerLogic”</b>	WagerLogic Malta Holdings Limited, a company duly organised and existing under the laws of Malta.
<b>“Wagerlogic Software”</b>	Wagerlogic Malta Software Limited, a company duly organized and existing under the laws of Malta
<b>“Wagerlogic Alderney”</b>	Wagerlogic Alderney Limited, a company duly organized and existing under the laws of Alderney
<b>“InterCasino Acquisition”</b>	the purchase by Goldstar of all of the issued and outstanding ordinary shares of WagerLogic.

In this Prospectus, words denoting any gender include all genders (unless the context otherwise requires).

