



## **Intertain Group Independent Committee Provides Update On Short Seller Report**

### ***Advises Shareholders Not to Rely on Short Seller Report; Notes Self-Serving Statements and Inaccuracies Following Preliminary Review***

**TORONTO, December 22, 2015** – The Intertain Group Limited (“Intertain” or the “Company”) (TSX: IT; OTCQX: ITTNF) announced today that its previously-formed independent committee (the “Committee”) has initiated its review of the information that was shared with the marketplace by a self-described short seller on December 17, 2015 regarding the Company.

The Committee, which consists of non-management directors David Danziger, Stan Dunford and Mark Redmond, in conjunction with the Committee’s independent advisors, will take deliberate steps to evaluate the information that the short seller disseminated after it, and its affiliates, had established a short position in the Company’s common shares, which provided them with a significant financial self-interest in precipitating a decline in the Company’s share price.

While Intertain considers the report to be self-serving, the Board of Directors, consistent with its responsibilities, has requested a thorough review of the report in order to ensure that the marketplace has the most accurate information possible and that the Company responds appropriately to the report. Irrespective of the source of the information, the Committee will exercise its authority to fully review the matter.

The Committee wishes to inform shareholders that, even at this initial stage of its review, it has become clear that the short seller’s report contains numerous factual inaccuracies and mischaracterizations of data. Noted below are several immediate examples of such inaccuracies and mischaracterizations. These examples are not an exhaustive summary of those which are apparent to the Committee on the face of the report, but serve to highlight its unreliability.

Once the Committee’s work is complete, Intertain will publicly disclose the outcome of the Committee’s review, and the Company will take all actions necessary and appropriate to protect its interests and those of its shareholders. Intertain does not intend to comment further on these matters until the Committee’s review has concluded.

During this review period, Intertain’s management will remain diligently focused on the continued execution of its business. “I have the utmost confidence in the process the Board has undertaken,” said John Kennedy FitzGerald, President and CEO of Intertain. “Management will not let the recently published report distract us from operating our business and letting the results speak for themselves,” he said.



“I continue to work closely alongside our management team to assist the Company to expand the business globally and enhance shareholder value,” said Noel Hayden, Executive Chairman of Gamesys Group. “As a director and significant shareholder of Intertain, I remain excited about the growth prospects for the business,” he said.

The Company advises investors not to rely on the short seller’s report pending the completion of the Committee’s review. Examples of inaccuracies and mischaracterizations of data in the report include:

- The EBIT margins for Jackpotjoy and the other brands (the “Jackpotjoy Brands”) that Intertain acquired from Gamesys Limited (“Gamesys”) in April 2015 were approximately 50% prior to completion of the acquisition, according to the financial statements for the Jackpotjoy Brands included in Intertain’s February 23, 2015 short form prospectus and subsequent business acquisition report publicly filed in respect of the acquisition (the “Jackpotjoy BAR”). The short seller’s report describes the “Fundamental Reason Spruce Point Became Interested in Intertain” as being that the strong profit margins reported by the Company on the Jackpotjoy Brands following their acquisition were not consistent with Gamesys’ historical reported margins. The short seller’s report contrasts these strong post-acquisition profit margins with lower overall profit margins reported by Gamesys between 2008 and 2014. The flaw in this argument is that the Jackpotjoy Brands acquired by Intertain only represented a portion of the assets owned by Gamesys during that period, and the pre-acquisition profit margin of the Jackpotjoy Brands was significantly higher compared to Gamesys’ overall margin. The much stronger pre-acquisition profit margin for the Jackpotjoy Brands is readily apparent from the “carve-out” audited financial statements for the years ended March 31, 2014 and 2015 for the Jackpotjoy Brands included in Intertain’s February 23, 2015 short form prospectus or the Jackpotjoy BAR.
- According to audited financial statements, the Jackpotjoy Brands are almost three times larger than Tombola Limited (“Tombola”), which the short seller inaccurately suggests in its report is larger than Jackpotjoy. The Jackpotjoy Brands generated GBP 130.9 million of revenue in the year ended March 31, 2014 (as shown in the audited “carve-out” financial statements for the Jackpotjoy Brands included in the Jackpotjoy BAR), or almost three times more than Tombola during the equivalent period. By comparison, according to the publicly available audited financial statements of Tombola for the year ended April 30, 2014, Tombola had revenues during that period of GBP 44.2 million. A report entitled “UK Online Gaming: Big Brands Accelerate Growth Despite PoC” published on September 25, 2015 by *Gambling Compliance*, a leading provider of independent business intelligence to the global gambling industry, properly shows Intertain’s leading position in the UK’s online Bingo-led market. This report shows Intertain holding 26.7% of the market, with the next largest competitor holding 15.0% and Tombola at 8.7% (data that is again consistent with the Jackpotjoy Brands being almost three times larger than Tombola).
- The UK Bingo-led online gaming markets have actually grown for each of the past four years and are expected to continue to do so, which is in direct contrast to the claim in



the short seller's report that questions Jackpotjoy's growth in Q3 2015 on the basis that the UK Bingo market is in decline. In making this incorrect assumption, the short seller's report relies on inapplicable and irrelevant land-based Bingo operations data instead of readily available data regarding the Bingo-led online gaming market in which Jackpotjoy operates.

- The short seller inaccurately compares consolidated results to unconsolidated results, an apples to oranges comparison, in its implication that Intertain is keeping "two set of books" for InterCasino. The short seller's report compares a consolidated income statement of WagerLogic Malta Holding Limited filed in Canada (*i.e.*, an income statement which consolidates the results of that company's subsidiaries) with an unconsolidated income statement of WagerLogic Malta Holding Limited filed in Malta (*i.e.*, an income statement which does not consolidate the results of that company's subsidiaries).
- BDO LLP ("BDO"), which was specifically chosen for its in-depth knowledge and experience in auditing online gaming companies, was appointed as Intertain's auditor on October 15, 2014, prior to the Company's first audit as an active public online gaming business. BDO remains Intertain's auditor today. The short seller's report refers to different auditing firms that were involved prior to Intertain's first audit as an active public online gaming company, and incorrectly insinuates that this implies problems.

## About The Intertain Group Limited

Intertain is an online gaming company that provides entertainment to a global consumer base. Intertain currently offers bingo and casino to its customers using the InterCasino [www.intercasino.com](http://www.intercasino.com), Costa [www.costabingo.com](http://www.costabingo.com), Vera&John [www.verajohn.com](http://www.verajohn.com), Jackpotjoy [www.jackpotjoy.com](http://www.jackpotjoy.com), and Botemania [www.botemania.com](http://www.botemania.com) brands. For more information about Intertain, please visit [www.intertain.com](http://www.intertain.com).

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