



Intertain Announces Second Quarter 2016 Financial Results

Business realizes significant growth across all metrics; revenues up 22% year over year, adjusted EBITDA up 34%

TORONTO, August 11, 2016 - **The Intertain Group Limited** (“Intertain” or the “Company”) (TSX:IT; OTCQX:ITTNF) today announced its financial results for the three months ended June 30, 2016. All amounts are stated in Canadian dollars unless otherwise noted.

Financial Highlights:

	3 months ended June 30, 2016 (\$000's)	3 months ended June 30, 2015 (\$000's)	Variance (%)
Total revenue and other income	118,807	97,501	22%
Operating cash flow	34,275	(43,037)	—
Net income/(loss)	(27,490)	(48,816)	44%
Adjusted EBITDA ⁽¹⁾	43,397	32,500	34%
Adjusted net income ⁽¹⁾	35,377	24,669	43%
Diluted net income per share ⁽¹⁾	\$(0.39)	\$(0.70)	44%
Diluted adjusted net income per share ⁽¹⁾⁽²⁾	\$0.48	\$0.34	41%

Q2 Financial and Corporate Highlights

- **Significant Growth Across All Metrics Year Over Year**
 - Total revenue increased by 22% to \$118.8 million.
 - Adjusted EBITDA increased by 34% to \$43.4 million.
 - Adjusted net income increased by 43% to \$35.4 million.
 - Diluted adjusted net income per share increased by 41% to \$0.48/share.
- **Ongoing Organic Growth Across All Segments**
 - Jackpotjoy generated revenues of \$82.3 million in Q2 2016, representing 19% growth year over year on a pro forma constant currency basis.
 - Vera&John generated revenues of \$24.7 million in Q2 2016, representing 37% growth year over year on a constant currency basis, excluding proceeds received from the InterCasino revenue guarantee⁽³⁾
 - Mandalay generated revenues of \$10.1 million in Q2 2016, representing 8% growth year over year on a constant currency basis.

(1) This release contains non-IFRS financial measures, which are noted where used. For additional details, including with respect to the reconciliations from these non-IFRS financial measures, please refer to the information under the heading “Adjusted EBITDA and Adjusted Net Income for the Three Months Ended June 30, 2016” on page 3 of this release.

(2) Per share figures are calculated on a diluted weighted average basis using the IFRS treasury method.

(3) On April 13, 2016, the InterCasino brand migrated to Intertain’s proprietary Plain Gaming Platform. In conjunction with this operational change, the Company reassessed management and reporting for the combined segment and concluded that the InterCasino segment should be aggregated with the Vera&John segment.

- **Mobile Usage Driving Organic Growth**
 - Jackpotjoy UK reached record levels of mobile usage as revenue earned from mobile increased to 47% in the quarter.
 - Botemania mobile was launched on May 19th, 2016 and 43% of actives played on the mobile platform in the quarter.
 - Starspins revenue earned from mobile users increased to 48% in the quarter.
 - Jackpotjoy Sweden launched its new mobile platform on August 3rd, 2016.

- **Brexit-Related GBP:CAD F/X Decline a Positive For Leverage Reduction**
 - GBP:CAD spot rate decreased 7.6% from March 31, 2016 (1.865) to June 30, 2016 (1.723), increasing the value of the Company's cross currency swap and in turn, causing the Company's liabilities due under the Term Facility and earn-outs to decrease by \$24.7 million and \$30.0 million, respectively.
 - Comparing quarterly results using the March 31, 2016 versus the June 30, 2016 GBP:CAD spot rate as an average for Q2, the decrease in Adjusted Net Income is \$2.9 million, or roughly 19 times less than the reduction in liabilities due under the Term Facility and earn-outs.

- **Announced Intention to Pursue a Series of UK-Centred Initiatives**
 - On July 26, 2016, the Company announced its intention to pursue comprehensive UK-centred strategic initiatives, including a proposed London listing of the ordinary shares of a newly incorporated London-headquartered UK corporation that would become the parent holding company for Intertain ("ListCo").
 - Intertain intends that the ordinary shares of ListCo would be admitted to the Official List of the UK Listing Authority and to trading on the standard listing segment of the Main Market of the London Stock Exchange plc.
 - Intertain expects to facilitate the UK Strategic Initiatives by way of a court-approved plan of arrangement (the "Arrangement"), which would provide for each existing common share of Intertain to be exchanged for one ordinary share of ListCo.
 - Intertain also intends to allow certain Canadian resident shareholders to elect to receive exchangeable shares under the Arrangement instead of ListCo ordinary shares, also on a one-for-one basis.
 - Intertain intends to apply to have these exchangeable shares listed on the Toronto Stock Exchange.

"Intertain had a strong second quarter, with all business segments improving on their results from the same period last year," said Andrew McIver, CEO of Intertain. "The Company continues to realize significant gains from organic growth, with revenues up 22% from Q2 2015. We've also made a substantial investment in marketing in order to drive growth over future quarters. Increasing shareholder value remains my key objective, and all efforts going forward will be focused on positioning the Company for long-term growth and success."

Adjusted EBITDA and Adjusted Net Income for the Three Months Ended June 30, 2016⁽⁴⁾

	3 months ended June 30, 2016 (\$000's)	3 months ended June 30, 2015 (\$000's)
Net loss for the period	(27,490)	(48,816)
Interest expense, net	15,453	14,063
Taxes	24	191
Amortization	26,115	30,378
EBITDA	14,102	(4,184)
Share-based compensation	458	1,658
Debt settlement expense	—	5,692
Severance costs	10,526	—
Fair value adjustment on contingent consideration ⁽⁵⁾	31,935	598
Gain on sale of intangible assets	—	(430)
Gain on cross currency swap	(26,304)	—
Transaction related costs ⁽⁶⁾	8,995	29,092
Foreign exchange	3,685	74
Adjusted EBITDA ⁽⁷⁾	43,397	32,500
Net loss for the period	(27,490)	(48,816)
Share-based compensation	458	1,658
Debt settlement expense	—	5,692
Severance cost	10,526	—
Fair value adjustment on contingent consideration ⁽⁵⁾	31,935	598
Gain on sale of intangible assets	—	(430)
Gain on cross currency swap	(26,304)	—
Transaction related costs ⁽⁶⁾	8,995	29,092
Foreign exchange	3,685	74
Amortization of acquisition related purchase price intangibles	25,884	30,313
Accretion	7,688	6,488
Adjusted net income ⁽⁸⁾	35,377	24,669
Diluted net loss per share ⁽²⁾	\$(0.39)	\$(0.70)
Diluted adjusted net income per share ⁽²⁾	\$0.48	\$0.34

(4) This release contains non-IFRS financial measures, which are noted where used. These non-IFRS financial measures are used because management believes that they provide additional useful information regarding ongoing operating and financial performance. Readers are cautioned that the non-IFRS financial measures are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be considered in isolation or construed to be alternatives to revenues and net income (loss) and comprehensive income (loss) for the period determined in accordance with IFRS or as indicators of performance, liquidity or cash flows. Our method of calculating these measures may differ from the method used by other entities. Accordingly, our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

(5) Fair value adjustments on contingent consideration relate to the Jackpotjoy acquisition.

(6) Transaction related costs consist of legal, professional, underwriting, due diligence, special committee fees, bonuses paid to management and other direct costs/fees associated with transactions and acquisitions contemplated or completed, the strategic review undertaken by the Company's board of directors and the UK Strategic Initiatives. The decrease in transaction related costs in comparison with the same three months in 2015 relates to the fact that the Company had not completed any acquisitions in the second quarter of 2016, and significant acquisition related costs were included in the three months

- ended June 30, 2015 for the Jackpotjoy transaction that closed in Q2 2015. Transaction related costs included in the three months ended June 30, 2016 related mostly to the ongoing strategic review.
- (7) Adjusted EBITDA, as defined by the Company, is income before interest expense (net of interest income), income taxes, amortization, share-based compensation, severance costs, gain on cross currency swap, debt settlement expense, fair value adjustments on contingent consideration, transaction related costs and foreign exchange. Management believes that Adjusted EBITDA is another important indicator of the issuer'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 exclusion of amortization and share-based compensation eliminates the non-cash impact and the exclusion of severance costs, gain on cross currency swap, debt settlement expense, fair value adjustments on contingent consideration, transaction related costs and foreign exchange eliminates items which management believes are non-operational.
- (8) Adjusted Net Income, as defined by the Company, means net income plus or minus items of note that management may reasonably quantify and believes will provide the reader with a better understanding of the Company's underlying business performance. Adjusted Net Income is calculated by adjusting Net Income for accretion, amortization of acquisition related purchase price intangibles, share-based compensation, severance costs, gain on cross currency swap, debt settlement expense, fair value adjustments on contingent consideration, transaction related costs, and foreign exchange. The exclusion of interest accretion and share-based compensation eliminates the non-cash impact and the exclusion of severance costs, gain on cross currency swap, debt settlement expense, amortization of acquisition related purchase price intangibles, fair value adjustments on contingent consideration, transaction related costs and foreign exchange eliminates items which management believes are non-operational. Management believes that Adjusted Net Income is an important indicator of the issuer'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. Adjusted Net Income is also considered by some investors and analysts for the purpose of assisting in valuing a company.

2016 Full Year Financial Guidance

Intertain confirms its previously announced full year financial guidance on revenue, Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income Per Share provided in its earnings release on March 9, 2016 (together, the "Guidance") for the quarter ended June 30, 2016, with no changes to the ranges provided nor any material changes to the business performance assumptions used to determine the Guidance. Intertain notes that the Guidance was prepared based on USD/CAD exchange rate of 1.33, GBP/CAD exchange rate of 1.90, and EUR/CAD exchange rate of 1.46 on March 7, 2016. As at close on August 9, 2016, USD/CAD exchange rate was 1.31, GBP/CAD exchange rate was 1.71, and EUR/CAD exchange rate was 1.46. If this level of GBP/CAD is maintained throughout the balance of the year, Intertain's annual results will trend towards the lower range of the Guidance.

2016 Second Quarter Financial Statements and Management's Discussion and Analysis

The financial statements, notes to the financial statements and Management's Discussion and Analysis for the three months ended June 30, 2016 will be available on SEDAR at www.sedar.com as well as Intertain's website at www.intertain.com.

2016 Second Quarter Conference Call

A conference call to discuss Intertain's second quarter 2016 results will be held on August 11, 2016 at 8am ET. Andrew McIver, CEO of Intertain, and Keith Laslop, CFO of Intertain, will host the call.

To participate, interested parties are asked to dial (647) 427-7450, 1 (888) 231-8191, or 0-800-051-7107, 10 minutes prior to the scheduled start of the call. A replay of the conference call will be available until August 25, 2016 by dialing 1 (855) 859-2056 or (416) 849-0833 and using reference number 58475056. A transcript will also be made available on Intertain's website.

About The Intertain Group Limited

Intertain is an online gaming holding company that, through its operating subsidiaries, provides entertainment to global consumer base in which such subsidiaries operate. Intertain currently offers bingo-led gaming and casino to its customers using the InterCasino www.intercasino.com, Costa

www.costabingo.com, Vera&John www.verajohn.com, Jackpotjoy www.jackpotjoy.com and jackpotjoy.se, and Botemania www.botemania.es brands. For more information about Intertain, please visit www.intertain.com.

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Cautionary Note Regarding Forward-Looking Information

This release contains certain information and statements that may constitute “forward-looking information” within the meaning of Canadian securities laws. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “estimates”, “projects”, “predicts”, “targets”, “seeks”, “intends”, “anticipates”, or “believes” or the negative of such words or other variations of or synonyms for such words, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance, achievements or developments to be materially different from those anticipated by the Company and expressed or implied by the forward-looking statements. Forward-looking information contained in this release includes, but is not limited to, statements with respect to the Company’s future financial performance, the future prospects of the Company’s business and operations, the Company’s growth opportunities and the execution of its growth strategies, the UK-centred strategic initiatives, the nature and ability of Intertain to effect the London listing (including the admission of the ordinary shares of ListCo to the Official List of the UK Listing Authority), the use of the Arrangement to facilitate the UK-centred strategic initiatives if Intertain proceeds with the UK-centred strategic initiatives, the structure of the proposed Arrangement (including the use of exchangeable shares and their terms), and the listing of the exchangeable shares on the Toronto Stock Exchange. These statements reflect the Company’s current expectations related to future events or its future results, performance, achievements or developments, and future trends affecting the Company. All such statements, other than statements of historical fact, are forward-looking information. Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, the ability of the Company to secure, maintain and comply with all required licenses, permits and certifications to carry out business in the jurisdictions in which it currently operates or intends to operate; governmental and regulatory actions, including the introduction of new laws or changes in laws (or the interpretation thereof) related to online gaming; general business, economic and market conditions; the competitive environment; the expected growth of the online gaming market and potential new market opportunities; anticipated and unanticipated costs; the protection of the Company’s intellectual property rights; the Company’s ability to successfully integrate and realize the benefits of its completed acquisitions; and the ability of the Company to obtain additional financing, if, as and when required. Such statements could also be materially affected by risks relating to the lack of available and qualified personnel or management; stock market volatility; taxation policies; competition; foreign operations; the Company’s limited operating history; the Company’s ability to access sufficient capital from internal or external sources; that the UK Listing Authority, Toronto Stock Exchange and other regulatory approvals may not be obtained on the terms anticipated by Intertain or at all; approvals, including shareholder approvals and the approval of the court, required to complete the UK-centred strategic initiatives may not be obtained on terms anticipated by Intertain, or on terms that are favourable to Intertain or at all; that the costs of management time and money may adversely affect Intertain’s business; and that market volatility or changes in the share price of Intertain do not adversely affect Intertain’s ability to implement the UK-centred strategic initiatives. The foregoing risk factors are not intended to represent a complete list of factors that could affect the Company. Additional risk factors are discussed in the Company’s annual information form dated March 30, 2016 under the heading “Risk Factors”. Although the Company has attempted to identify important factors that could cause actual results, performance, achievements or developments to differ materially from those described in forward-looking statements, there may be other factors that cause actual results, performance, achievements or developments not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance, achievement or developments are likely to differ, and may differ materially, from those expressed in or implied by the forward-looking information contained in this release. Accordingly, readers should not place undue reliance on forward-looking information. While subsequent events and developments may cause the Company’s expectations, estimates and views to change, the Company does not undertake or assume any obligation to update or revise any forward-looking information, except as required by applicable securities laws. The forward-looking information contained in this release should not be relied upon as representing the Company’s expectations, estimates and views as of any date subsequent to the date of this release. The forward-looking information contained in this release is expressly qualified by this cautionary statement.