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Intertain Agrees to Acquire Market Leading, Business-to-Consumer Assets from Gamesys Limited for an Initial Payment of Approximately £425.8 Million, Plus an Earn Out

February 5, 2015. The Intertain Group Limited ("**Intertain**" or the "**Company**") (TSX: IT) and privately held Gamesys Limited ("**Gamesys**"), the leading online bingo led business and owner and operator of the Jackpotjoy (UK www.jackpotjoy.com, Eire and Sweden sv.jackpotjoy.com), Starspins www.starspins.com and Botemania www.botemania.es brands (the "**Jackpotjoy Business**"), announced today they have entered into a binding share purchase agreement (the "**Agreement**"). Upon completion of the Agreement, Intertain will acquire 100% of the issued and outstanding shares of a newly-incorporated subsidiary of Gamesys (the "**Target Company**"), which will hold all of the brands, and player data assets comprised within the Jackpotjoy Business. Gamesys and its subsidiary, Gamesys (Gibraltar) Limited ("**Gamesys Gibraltar**"), have also agreed to enter into services agreements pursuant to which Gamesys and Gamesys Gibraltar will agree to provide platform services and gaming content to the Target Company to enable Intertain to run the Jackpotjoy Business (the "**Services Agreements**"). The initial purchase price for the Target Company will consist of cash and share consideration worth approximately £425.8 million, subject to a customary working capital adjustment (the "**Initial Purchase Price**"), plus certain cash earn out payments (together with the Initial Purchase Price, the "**Purchase Price**"). The boards of directors of Intertain, Gamesys and the relevant members of Gamesys' group have unanimously approved the transaction contemplated by the Agreement and the Services Agreements (the "**Transaction**"). All \$ figures are in CAD dollars unless noted otherwise.

Key Transaction Highlights

- Management of Intertain believes that the Transaction will make Intertain the largest provider of online, bingo-led gaming.
- Pro forma the Transaction, management believes that Intertain will have one of the highest proportions of revenue derived from regulated markets amongst publicly traded online gaming companies, as over 90% of the revenue of the Jackpotjoy Business is sourced from regulated markets.
- The Transaction provides the potential for significant growth in EBITDA and free-cash-flow to Intertain, at high margins and conversion rates.
 - For the last twelve months ending September 2014, the Jackpotjoy Business generated £130.9 million of gross win¹ and £67.0 million of EBITDA¹, representing an EBITDA margin of 51.2%, before taking into account UK point-of-consumption tax that was introduced in December 2014; and
 - Management believes the Jackpotjoy Business will achieve an EBITDA to free-cash-flow conversion rate¹ of over 90.0% based on historical results.
- The Jackpotjoy Business has historically demonstrated relatively high customer retention rates due to its leading liquidity offering.
- Attractive transaction structure, ensuring an alignment of interests amongst Intertain and Gamesys.
 - 13% of the Initial Purchase Price or £56.8 million will be funded through the issuance of Intertain common shares ("**Common Shares**") to Gamesys;
 - There will be a three-year earnout based on future EBITDA performance of the Jackpotjoy Business after the closing of the Transaction and future earnout payments in years three, four and five after the closing date contingent upon the Jackpotjoy Business achieving certain EBITDA targets in such years;
 - The Services Agreement will have a term of up to ten years and will make Intertain one of Gamesys' largest business-to-business customers; and
 - Noel Hayden, principal shareholder, founder and Managing Director of Gamesys will be joining the board of directors of Intertain as a non-executive director.
- Management expects the Transaction to be accretive to earnings per share and provide meaningful free-cash-flow.

¹ Non-IFRS measure. See "Reconciliation of Non-IFRS Measures" at the end of this press release.

- The cash portion of the Initial Purchase Price will be funded through a combination of new credit facilities and a public offering of subscription receipts.

“Our stated vision is to focus on the female demographic, in regulated markets. This acquisition is consistent with this vision. We feel privileged to be inheriting this strong community of players. We have not only acquired the leading online, bingo-led business, but we are also entering into a long-term relationship with one of the most well respected, technology and gaming operators, Gamesys,” said John Kennedy FitzGerald, CEO of Intertain.

“Gamesys and Intertain are a perfect match. From our earliest discussions we shared their vision which we know is critical to a successful long-term partnership. This is a great deal for Intertain and Gamesys, our shareholders, our employees and our players,” said Noel Hayden, founder of Gamesys.

Transaction Details

The Transaction will consist of the acquisition of the business-to-consumer assets relating to the Jackpotjoy (UK, Eire and Sweden), Starspins and Botemania brands, comprising both the real money gambling and social gaming activities operated by Gamesys and Gamesys Gibraltar under these brands:

- Real-Money Jackpotjoy (UK, Eire and Sweden): Launched in the UK in 2002 and Sweden 2012. (Number one market share in the UK market, with over 100,000 monthly active users across the UK, Eire and Sweden).
- Real-Money Starspins: Launched in the UK in 2013, leading UK online slot site, with over 7,000 monthly active users.
- Real-Money Botemania: Launched in Spain in 2007, and holds the number one bingo led market share in the Spanish market, with approximately 5,000 monthly active users. Management of Intertain expects significant growth in this business, with the reintroduction of slots in Spain in the first-half of 2015.
- Jackpotjoy Social Casino: Launched globally in 2011, according to Eilers Research, LLC, is one of the top ten largest social casino offerings globally, with approximately 1.2 million active users.
- Social Starspins: Scheduled to launch in the first-half of 2015 building on the success achieved through the Jackpotjoy Social Casino.

The Purchase Price will be funded through the Initial Purchase Price plus an earn out, which will be based on future EBITDA performance of the Jackpotjoy Business. For all brands other than the real-money Botemania brands (the “**Non-Botemania Brands**”), the earnout (the “**Non-Botemania Earnout**”) will be based on average EBITDA (up to £63.1 million) for the first two 12 month periods following closing of the Transaction, multiplied by nine, less the Initial Purchase Price, plus 4.5 times the amount of EBITDA generated in excess of £63.1 million. There will also be an earnout related to the Botemania brands, which will be based on the EBITDA performance of Botemania during the 12 month periods ending 24 and 36 months after the closing of the Transaction, multiplied by nine.

Gamesys will also be entitled to additional earn out payments of £5.0 million in each year should the Jackpotjoy Business generate EBITDA in excess of £80.0 million, £85.0 million and £92.5 million respectively, for the twelve month periods ending 36, 48 and 60 months after the closing of the Transaction, providing a maximum payment of £15.0 million.

Under the Services Agreements, Gamesys and Gamesys Gibraltar will provide the Jackpotjoy Business with platform services for up to ten years, with the potential to licence certain gaming content for up to a further ten years.

The Transaction is subject to customary conditions and approvals, including regulatory approvals, and is expected to close in March 2015 and no later than 90 days after executing the Agreement.

Initial Purchase Price Financing Details

The Initial Purchase Price will be financed through a combination of new credit facilities, a bought public offering of subscription receipts and the issuance of Common Shares to Gamesys.

- US\$352.5 million senior secured credit facilities, consisting of a US\$335.0 million term loan and a US\$17.5 million revolving credit facility fully underwritten, subject to customary conditions, by Macquarie Capital (USA) Inc. (the “**Debt Facility**”).
- As part of the Transaction, Gamesys will be issued 7,361,365 Common Shares at \$14.73 per share, representing the 20 day volume weighted average price of Intertain as at the date of this announcement and based on a CAD:GBP exchange rate of 1.9104. These shares, which Intertain understands Gamesys will be distributing to its shareholders, will be subject to a one year lock-up for all Gamesys shareholders other than Noel Hayden, who will be subject to a two year lock-up.
- The Transaction will also be funded through a bought public offering of subscription receipts as further described below. A portion of the bought public offering will also be used to redeem Intertain’s existing senior secured 8.5% debentures (the “**Debentures**”), which have a maturity date of June 30, 2019 and a

principal balance of approximately \$51.2 million. Intertain has secured the consent of Debenture holders, representing over 66^{2/3}% of the principal balance to amend the terms of the indenture governing the Debentures in order to permit the redemption of the Debentures at a redemption price of 104% of the principal amount of the Debentures to be redeemed, plus accrued and unpaid interest thereon, if any. Redemption of the Debentures will only occur upon the completion of the Transaction. Further details concerning the redemption will be provided in future press releases of the Company and a Notice of Redemption.

Bought Public Offering

Intertain has entered into an agreement to sell, on a bought deal basis, 28.0 million Subscription Receipts at a price of \$15.00 per Subscription Receipt (the "**Offering Price**") for gross proceeds of \$420.0 million (the "**Offering**") to Canaccord Genuity Corp. ("**Canaccord Genuity**") and a group of underwriters (together with Canaccord Genuity, the "**Underwriters**"). Each Subscription Receipt will entitle the holder thereof to receive, upon the Transaction closing, without payment of additional consideration or further action, one Common Share in exchange for each Subscription Receipt. The net proceeds of the Offering will be used to fund in part the Transaction, certain costs related to the Transaction, the repayment of certain indebtedness, including but not limited to the early redemption of the Debentures and for general corporate purposes.

Intertain will file a short form prospectus qualifying the issuance of the Subscription Receipts and the grant of the Overt-Allotment Option (as defined below) in the provinces of Alberta, British Columbia, Ontario and Quebec pursuant to National Instrument 44-101 – Short Form Prospectus Distributions. The Offering is expected to close on or about February 26, 2015 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange.

Intertain has granted the Underwriters an option to purchase up to an additional 4.2 million Subscription Receipts on the same terms as the Subscription Receipt Offering (the "**Over-Allotment Option**"), representing additional gross proceeds of \$63.0 million if the Over-Allotment Option is exercised in full. The Over-Allotment Option is exercisable at any time until the earlier of the date that is 30 days following the closing date of the Offering and the Termination Date (as defined herein).

The Subscription Receipts will be issued pursuant to a subscription receipt agreement (the "**Subscription Receipt Agreement**") whereby the proceeds of the Offering, less 50% of the underwriters' commission payable in connection therewith, will be held in escrow pending delivery of notice of the closing of the Transaction. If: (i) the Transaction does not close prior to 90 days after executing the Agreement (which date may be extended up to an additional 30 days by Canaccord Genuity on behalf of the underwriters, in its sole discretion, acting reasonably); or (ii) Intertain advises the Subscription Receipt agent and Canaccord Genuity that the Transaction will not be completed (in either case, a termination event, and the date upon which such event occurs the "**Termination Date**"), the Subscription Receipt agent and Intertain will return to holders of Subscription Receipts an amount per Subscription Receipt equal to the Offering Price plus a pro rata share of the interest earned on the escrowed funds, net of any applicable withholding taxes. The Company will use its best efforts to list the Subscription Receipts on the Toronto Stock Exchange.

Advisors

Canaccord Genuity acted as exclusive financial advisor to Intertain in connection with the Transaction and provided an opinion that as at the date thereof and subject to the assumptions and limitations stated therein, the consideration proposed to be paid by Intertain is fair from a financial point of view. The Underwriters were represented by Stikeman Elliott LLP. McQueen acted as financial advisor to Gamesys. Intertain was represented by Cassels Brock & Blackwell LLP and Mishcon de Reya acting as UK counsel. Gamesys was represented by Olswang LLP, acting as UK counsel.

Conference Call

Intertain will host a conference call on February 5, 2015 at 9:00 a.m. ET. To access via tele-conference, please dial 647-788-4919 or 1-877-291-4570. The playback will be made available two hours after the event at 416-621-4642 or 1-800-585-8367. The Conference ID number is 79338288. Media representatives are welcome to participate on the call on a listen-only basis.

About Intertain

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, Costa www.costabingo.com, Vera&John www.verajohn.com and other brands. For more about Intertain please visit www.intertain.com.

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About Gamesys

The Gamesys Group was founded in 2001 by Noel Hayden and a small team of developers with the aim of building one of the world's most successful online entertainment businesses. Gamesys is now 1,000 people strong across seven offices, including the US, and its business is still growing. Gamesys created the Jackpotjoy online gaming site, one of the most popular UK brands in the industry. In 2012, the group was chosen by Facebook to become the first company worldwide to launch real cash gaming applications on their platform. Gamesys also runs Virgin Games under a long term licence and partnership arrangement and operates some of the leading gaming sites and apps for other partners including News Corporation, Heart FM and Caesar's Casino. The group's highly interactive member community of over 24 million players enjoy over 250 games, and generate on average 6,028 chat messages every 15 minutes.

Forward-Looking Statements

This press release contains forward looking information within the meaning of Canadian securities laws concerning the business, operations and financial performance of the Company and the Jackpotjoy Business. Forward looking information includes, but is not limited, to statements with respect to revenues, EBITDA, free-cash-flow, earn out and milestone payments, services agreements with Gamesys, the appointment of Noel Hayden to the board of directors of Intertain, accretive earnings, and the reintroduction of slots in Spain. In particular, there can be no assurance that the Transaction or Offering will be completed, or that the Debt Facility will be entered into. This forward looking information is based on certain assumptions regarding expected growth, results of operations, performance, and business prospects and opportunities. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Forward-looking information is subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what the Company currently expects. These risks, uncertainties and other factors include, but are not limited to: credit, market, currency, operational, liquidity and funding risks, including changes in economic conditions, interest rates or tax rates, limited operating history, the fact that on-line gaming is a heavily regulated industry and that such regulation is subject to change, competition from other providers of online gaming services, the possibility that the Company be unable to successfully integrate any proposed assets to be acquired, the risks associated with international and foreign operations and the risks discussed under the heading "Risk Factors" in Intertain's annual information form for the year ended October 31, 2013. Although the Company believes its expectations are based upon reasonable assumptions and has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

The foregoing factors are not intended to represent a complete list of the factors that could affect the Company and the Transaction. The Company does not intend or undertake to publically update any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. Any forward-looking statements or facts (including financial information) related to the Jackpotjoy Business discussed or disclosed herein are derived from information obtained from Gamesys and publicly available sources and has not been independently verified by the Company.

Reconciliation of Non-IFRS Measures

In this press release, the Company uses the terms "EBITDA", "EBITDA margin", "EBITDA to free-cash-flow conversion rate", "gross win", "accretive" and "free-cash-flow". These terms do not have a standardized meaning in accordance with International Financial Reporting Standards ("IFRS") and, are therefore, unlikely to be comparable to similar measures presented by other companies. Rather, these measures are used to provide management and investors with additional measures of performance.

EBITDA, as used in this press release, represents net earnings before financing expenses, taxes, and amortization. The most comparable IFRS measure to EBITDA is net revenue from gaming operations; EBITDA margin, as used in this press release, represents EBITDA, divided by revenues; EBITDA to free-cash-flow conversion rate, as used in this press release, represents EBITDA, divided by EBITDA, less taxes, less changes in non-cash working capital; and gross win, as used in this press release, represents house win, less user incentive funding.