Jackpotjoy plc

Results for the Three Months and Nine Months Ended 30 September 2017

Q3 revenue up 14% year on year

Remain confident in meeting upper end of expectations

LONDON, 14 November 2017 - Jackpotjoy plc (LSE: JPJ), the largest online bingo-led operator in the world, today announces the results of the Jackpotjoy group (the "Group") for the three and nine months ended 30 September 2017.

Financial summary

	Three months ended 30 Sept 2017 (£m)	Three months ended 30 Sept 2016 (£m)	**Reported Change %**	**Nine months ended 30 Sept 2017 (£m)**	Nine months ended 30 Sept 2016 (£m)	**Reported Change %**
Gaming revenue	**75.4**	66.4	**14**	**222.0**	194.0	**14**
Net loss (as reported under IFRS)	**(7.7)**	(18.6)	**59**	**(27.7)**	(28.4)	**2**
Adjusted EBITDA[1]	**26.7**	25.6	**4**	**85.9**	77.1	**11**
Adjusted net income[1]	**18.3**	21.2	**(14)**	**60.9**	63.7	**(4)**
Operating cash flows	**32.6**	18.3	**78**	**78.2**	63.3	**24**

Financial highlights for the third quarter

- Strong financial performance:
  - Gaming revenue rose 14%, supported by 12% growth in the Jackpotjoy segment and 28% growth at Vera&John
  - Adjusted EBITDA[1] increased 4%, reflecting planned increase in marketing costs
  - Adjusted net income[1] decreased 14% year on year due to higher interest costs related to additional debt acquired to pay the earn-out
- Ongoing good cash generation and net debt reduction:
  - Operating cash flow growth of 78% year on year, including a working capital inflow
  - 44p of operating cash flow per share[2]
  - Adjusted EBITDA[1] to cash conversion of over 100%
  - Adjusted net debt[3] reduced by £23.4 million; adjusted net leverage ratio[4] of 3.35x reduced from 3.60x at 30 June 2017

[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 "Note Regarding Non-IFRS Measures" on page 4 of this release and Note 4 – Segment Information of the unaudited interim condensed consolidated financial statements on pages 19 through 23 of this release.

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

[3] Adjusted net debt consists of existing term loan, convertible debentures, incremental bond issuance, non-compete clause payout, contingent consideration liability and the fair value of the currency swap less non-restricted cash.

[4] Adjusted net leverage ratio consists of existing term loan, convertible debentures, incremental bond issuance, non-compete clause payout, contingent consideration liability and the fair value of the currency swap less non-restricted cash divided by LTM to 30 September 2017 Adjusted EBITDA of £111.0 million.

- No change to full year 2017 outlook, management confident of meeting recently increased market consensus

Operational highlights for the third quarter

- Continued improvement in core KPIs[5] year on year
    - Average Active Customers[5] grew to 251,186 in LTM to 30 September 2017, an increase of 13% year on year
    - Average Real Money Gaming Revenue per month[5] grew to £22.6 million, an increase of 16% year on year
    - Monthly Real Money Gaming Revenue per Average Active Customer[5] of £90, an increase of 2% year on year

Business segments highlights for the third quarter

- Jackpotjoy (69% of Group revenue) – Positive quarterly performance across all brands with total revenue growth of 12%; Adjusted EBITDA[1] growth of 3% impacted by launch of new TV advertising in September; Starspins and Botemania brands (23% of segment revenues) continued to perform particularly strongly
- Vera&John (24% of Group revenue) – Revenue growth of 28% and Adjusted EBITDA[1] growth of 40%; on a constant currency basis, revenue increased by 21%
- Mandalay (7% of Group revenue) – Revenue decline of 8% and an Adjusted EBITDA[1] increase of 36% due to lower marketing spend

Financial highlights for the nine months of the year

- Strong financial performance:
    - Gaming revenue growth of 14% year on year
    - Adjusted EBITDA[1] increased 11% year on year
    - Adjusted net income[1] decreased 4% year on year

Outlook

The strong trading momentum seen over the first six months of the year continued into Q3 and into the early stages of Q4. As previously flagged, there will be an impact on profitability from Q4 onwards from the introduction of the UK point of consumption ("POC") tax on bonuses. Likewise, and also as previously highlighted, marketing spend is weighted towards the second half of the financial year. Management, however, remains confident in meeting the upper end of market expectations for FY17.

[5] For additional details, please refer to the information under the heading "Key performance indicators" on pages 9 and 10 of this release.

Neil Goulden, Executive Chairman, commented:

"The third quarter has seen a continuation in the strong underlying momentum that we saw during the first six months of 2017, with gaming revenue up 14% and Adjusted EBITDA[1] up 4%. There continues to be solid customer growth across the Group, with our Vera&John business segment performing particularly well, with constant currency revenue growth of 21% in the quarter.

I am very proud of the new integrated advertising campaign for our Jackpotjoy brand, which launched in the UK in mid-September. Television personality, Paddy McGuinness, succeeded Barbara Windsor as the new brand ambassador and early signs indicate that the campaign is helping to reinforce our market leadership position in online bingo in the UK.

Finally, in October, the Group announced that Andrew McIver will be stepping down from his role as Chief Executive Officer, having successfully overseen the listing on the London Stock Exchange earlier this year. In my new role as Executive Chairman, I will be responsible for leading the development and execution of long term strategy, while Simon Wykes has joined us as Group Managing Director to provide additional operational expertise.

Andy will step down as a Director on 31 December 2017 and will remain with the Company until 31 January 2018 to ensure a smooth transition of duties to the new members of the executive team. On behalf of the Board of Directors I would like to thank him for his work in helping establish the Group as a UK plc and I wish him well in the future.

Against a positive operational backdrop and given the new management structure in place, I have full confidence that Jackpotjoy plc will continue to go from strength to strength and generate attractive returns for our shareholders."

Conference call

A conference call for analysts and investors will be held today at 1.00pm GMT / 8.00am ET. To participate, interested parties are asked to dial +44 (0) 20 3003 2666 or +1 800 608-0547, or for US shareholders +1 866 966-5335, 10 minutes prior to the scheduled start of the call using the reference ''Jackpotjoy'' when prompted. A replay of the conference call will be available for 30 days by dialling +44 (0) 20 8196 1998 or +1 888 889-0604 and using reference 7636835#. A transcript will also be made available on Jackpotjoy plc's website at www.jackpotjoyplc.com/investors.

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Note Regarding Non-IFRS Measures

The following non-IFRS measures are used in this release because management believes that they provide additional useful information regarding ongoing operating and financial performance. Readers are cautioned that the definitions 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 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. The Group's method of calculating these measures may differ from the method used by other entities. Accordingly, the Group's measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

Adjusted EBITDA, as defined by the Group, is income before interest expense (net of interest income), income taxes, amortisation and depreciation, share-based compensation, independent committee related expenses, severance costs, (gain)/loss on cross currency swap, fair value adjustments on contingent consideration, transaction related costs, foreign exchange, and gain on sale of intangible assets. Management believes that Adjusted EBITDA is another important indicator of the issuer's ability to generate liquidity to service outstanding debt and fund acquisition earn-out payments and uses this metric for such purpose. The exclusion of share-based compensation eliminates non-cash items and the exclusion of independent committee related expenses, severance costs, (gain)/loss on cross currency swap, fair value adjustments on contingent consideration, transaction related costs, foreign exchange, and gain on sale of intangible assets eliminates items which management believes are non-operational and non-routine.

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 the reader with a better understanding of the Group's underlying business performance. Adjusted net income is calculated by adjusting net income for accretion, amortisation of acquisition related purchase price intangibles and non-compete clauses, share-based compensation, independent committee related expenses, severance costs, (gain)/loss on cross currency swap, fair value adjustments on contingent consideration, transaction related costs, foreign exchange, and gain on sale of intangible assets. The exclusion of accretion and share-based compensation eliminates the non-cash impact and the exclusion of amortisation of acquisition related purchase price intangibles and non-compete clauses, independent committee related expenses, severance costs, (gain)/loss on cross currency swap, fair value adjustments on contingent consideration, transaction related costs, foreign exchange, and gain on sale of intangible assets eliminates items which management believes are non-operational and non-routine. Adjusted net income is considered by some investors and analysts for the purpose of assisting in valuing a company.

Cautionary Note Regarding Forward-Looking Information

This release contains certain information and statements that may constitute "forward-looking information" (including future-oriented financial information and financial outlooks) within the meaning of applicable 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", "believes" or "is confident of" 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 Group 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 Group's future financial performance (including with respect to 2017 trading, POC tax, and our ability to pay down debt and earn-outs from future internally generated cash), the future prospects of the Group's business and operations, the Group's growth opportunities and the execution of its growth strategies. Certain of these statements relating to the Company's anticipated revenue growth and/or meeting the upper end of market expectations for FY 2017 and other similar statements may constitute a financial outlook within the meaning of Canadian securities laws. These statements reflect the Group's current expectations related to future events or its future results, performance, achievements or developments, and future trends affecting the Group. 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 Group 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 (including market growth rates and the withdrawal of the UK from the European Union); the Group operating in foreign jurisdictions, the competitive environment; the expected growth of the online gaming market and potential new market opportunities; anticipated and unanticipated costs; the protection of the Group's intellectual property rights; the Group's ability to successfully integrate and realise the benefits of its completed acquisitions; the amount of expected earn-out payments required to be made; the Group's continued relationship with the Gamesys group and other third parties; the Group's ability to service its debt obligations; and the ability of the Group 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 Group's limited operating history; and the Group's ability to access sufficient capital from internal or external sources. The foregoing risk factors are not intended to represent a complete list of factors that could affect the Group. Additional risk factors are discussed in Jackpotjoy plc's annual information form dated 29 March 2017. Although Jackpotjoy plc 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 Group's expectations, estimates and views to change, Jackpotjoy plc 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 Group'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. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

Any future-oriented financial information or financial outlooks in this release are based on certain assumptions regarding expected growth, results of operations, performance, and business prospects and opportunities. While Jackpotjoy plc considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. 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, and interest rates or tax rates.

Financial Review

Revenue

The Group's revenues during the three months ended 30 September 2017 consisted of:

- £52.2 million in revenue earned from Jackpotjoy's operational activities.
- £18.4 million in revenue earned from Vera&John's operational activities.
- £4.9 million in revenue earned from Mandalay's operational activities.

The Group's revenues during the three months ended 30 September 2016 consisted of:

- £46.7 million in revenue earned from Jackpotjoy's operational activities.
- £14.4 million in revenue earned from Vera&John's operational activities.
- £5.3 million in revenue earned from Mandalay's operational activities.

The increase in revenue for the three months ended 30 September 2017 in comparison with the three months ended 30 September 2016 relates primarily to organic growth of the Vera&John and Jackpotjoy segments, where revenue increased by 28% and 12%, respectively.

Costs and expenses

	Three month period ended 30 September 2017 (£000's)	Three month period ended 30 September 2016 (£000's)
Expenses:		
Distribution costs	**36,448**	31,518
Administrative costs	**29,068**	24,689
Transaction related costs	**1,361**	10,414
Severance costs	**—**	—
	66,877	66,621

Distribution costs

	Three month period ended 30 September 2017 (£000's)	Three month period ended 30 September 2016 (£000's)
Selling and marketing	**12,591**	10,796
Licensing fees	**11,771**	10,510
Gaming taxes	**8,742**	7,334
Processing fees	**3,344**	2,878
	36,448	31,518

Selling and marketing expenses consist of payments made to affiliates and general marketing expenses related to each brand. Licensing fees consist of the fees for the Mandalay and Jackpotjoy segments to operate on their respective platforms and game suppliers' fees paid by the Vera&John and Jackpotjoy segments. Gaming taxes largely consist of POC tax, which is a 15% tax on Real Money Gaming Revenue[5] introduced in the UK in December 2014. Processing fees consist of costs associated with using payment providers and include payment service provider transaction and handling costs, as well as deposit and withdrawal fees. With the exception of selling and marketing expenses, distribution costs tend to be variable in relation to revenue.

The increase in distribution costs for the three months ended 30 September 2017 compared to the same period in 2016 is mainly due to the higher revenues achieved.

Administrative costs

	Three month period ended 30 September 2017 (£000's)	Three month period ended 30 September 2016 (£000's)
Compensation and benefits	**9,631**	7,840
Professional fees	**670**	476
General and administrative	**2,276**	1,920
Amortisation and depreciation	**16,491**	14,453
	29,068	24,689

Compensation and benefits costs consist of salaries, wages, bonuses, directors' fees, benefits and share-based compensation expense. The increase in costs for the three months ended 30 September 2017 compared to the same period in 2016, relates to staff additions, operational bonus accruals, and salary increases in various business units.

Professional fees consist mainly of legal, accounting and audit fees. The variance in professional fees for the three months ended 30 September 2017 compared to the same period in 2016 relates to increases in consulting and legal costs associated with the Group's growth and dual listings on both the London Stock Exchange and the Toronto Stock Exchange.

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 in these expenses for the three months ended 30 September 2017 compared to the same period in the prior year can be attributed mostly to higher travel costs incurred in the current period.

Amortisation and depreciation consists of amortisation of the Group's intangible assets and depreciation of the Group's tangible assets over their useful lives. The increase in amortisation and depreciation for the three months ended 30 September 2017 is due to intangible and tangible asset additions since Q1 2016, particularly the non-compete clauses (as defined below).

Transaction related costs

Transaction related costs consist of legal, professional, due diligence, and special committee fees; other direct costs/fees associated with transactions and acquisitions contemplated or completed; costs associated with the UK strategic review undertaken by the Intertain board of directors; implementing Intertain's UK-centred strategic initiatives; and costs related to corporate structure optimisation.

Business unit results

Jackpotjoy

	Q3 2017 £(millions)	Q3 2016 £(millions)	Variance £(millions)	Variance %
Revenue	**52.2**	46.7	5.5	12%
Distribution costs	**24.8**	20.3	4.5	22%
Administration costs	**4.2**	3.9	0.3	8%
Adjusted EBITDA[1]	**23.2**	22.5	0.7	3%

Revenue for the Jackpotjoy segment increased quarter over quarter due to organic growth in all real money brands. Jackpotjoy UK brand revenue accounted for 65% of the Jackpotjoy segment's revenue for the three months ended 30 September 2017. While there has been steady growth at Jackpotjoy UK and Jackpotjoy Sweden brands, the sharp increase in revenue is due to the substantial growth and progression of the Starspins and Botemania brands. Collectively, they accounted for 23% of the segment's revenue, for the three months ended 30 September 2017.

Selling and marketing costs increased as expected compared to Q3 2016 and prior quarters as a substantial Jackpotjoy UK television campaign was launched in September 2017. In the three months ended 30 September 2017, compared to the same period in 2016, selling and marketing costs increased by 53%.

Vera&John

	Q3 2017 £(millions)	Q3 2016 £(millions)	Variance £(millions)	Variance %
Revenue	**18.4**	14.4	4.0	28%
Distribution costs	**9.1**	7.5	1.6	21%
Administration costs	**4.4**	3.4	1.0	29%
Adjusted EBITDA[1]	**4.9**	3.5	1.4	40%

Revenue for the Vera&John segment in Q3 2017 increased by 28% compared to Q3 2016 due to organic growth (including new jurisdictions) and GBP to EUR exchange rate movement. On a constant currency basis, revenue increased by 21% from Q3 2016. Distribution costs also increased by 21% in Q3 2017 compared to Q3 2016, as game suppliers and payment providers' costs moved proportionally with revenue. Selling and marketing costs increased by 17%.

Increases in administration costs for the three months ended 30 September 2017 compared to the same period in 2016, were mainly driven by increases in personnel costs as the segment continues to grow.

Mandalay

	Q3 2017 £(millions)	Q3 2016 £(millions)	Variance £(millions)	Variance %
Revenue	**4.9**	5.3	(0.4)	(8%)
Distribution costs	**2.6**	3.7	(1.1)	(30%)
Administration costs	**0.4**	0.2	0.2	100%
Adjusted EBITDA[1]	**1.9**	1.4	0.5	36%

Revenue for the Mandalay segment for the three months ended 30 September 2017 was 8% lower compared to the prior period in 2016 but due to lower marketing spend, the Adjusted EBITDA[1] was 36% higher. Operational margins and deposit hold have been improving since the segment focused on changing promotional spend in Q1 2017. The segment continues to focus on developing a long term strategy to best maximise future growth.

Unallocated Corporate Costs

Unallocated corporate costs increased from £1.8 million to £3.2 million in the three months ended 30 September 2017 compared to the three months ended 30 September 2016. The variance mainly relates to a £1.0 million increase in compensation due to the addition of new staff and operational bonuses, a £0.3 million increase in general and administrative overhead costs associated with increased headcount and higher travel costs, as well as a £0.2 million increase in professional fees.

Key performance indicators

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 twelve-month period. While this measure is not recognised by IFRS, management believes that it is a meaningful indicator of the Group'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 ("Real Money Gaming Revenue") as revenue less revenue earned from the Revenue Guarantee, affiliate websites and social gaming. The Group defines Average Real Money Gaming Revenue per month ("Average Real Money Gaming Revenue per month") as Real Money Gaming Revenue per month, averaged over a twelve-month period. While these measures are not recognised by IFRS, management believes that they are meaningful indicators of the Group's real money gaming operational results.

Monthly Real Money Gaming Revenue per Average Active Customer is a key performance indicator used by management to assess the Group'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 ("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. While this measure is not recognised by IFRS, management believes that it is a meaningful indicator of the Group's ability to generate Real Money Gaming Revenue.

	Twelve months ended 30 September 2017	Twelve months ended 30 September 2016	Variance	Variance %
Average Active Customers per month (#)	**251,186**	222,082	29,104	13%
Total Real Money Gaming Revenue (£000's) (1)	**271,508**	233,514	37,994	16%
Average Real Money Gaming Revenue per month (£000's)	**22,626**	19,460	3,166	16%
Monthly Real Money Gaming Revenue per Average Active Customer (£)	**90**	88	2	2%

(1) Total Real Money Gaming Revenue for the twelve months ended 30 September 2017 consists of total revenue less other income earned from the Revenue Guarantee and Platform Migration Revenue of £nil (30 September 2016 - £3.6 million) and revenue earned from affiliate websites and social gaming revenue of £23.5 million (30 September 2016 - £24.1 million).

Monthly Real Money Gaming Revenue per Average Active Customer[5] is consistent year over year which is in line with the Group's overall customer acquisition and retention strategy.

Independent review report to Jackpotjoy plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the three and nine months ended 30 September 2017 which comprise the Interim Condensed Consolidated Statement of Comprehensive Income, Interim Condensed Consolidated Balance Sheet, Interim Condensed Consolidated Statement of Changes in Equity, Interim Condensed Consolidated Statement of Cash Flows and the related notes.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim financial report for the three and nine months ended 30 September 2017 is the responsibility of and has been approved by the directors.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as issued by the International Accounting Standards Board and International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'' as issued by the International Auditing and

Assurance Standards Board and International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing or International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the three and nine months ended 30 September 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as issued by the International Accounting Standards Board and International Accounting Standard 34, as adopted by the European Union.

BDO LLP
Chartered Accountants
London
United Kingdom
14 November 2017
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended 30 September 2017 (£000's)	Three months ended 30 September 2016 (£000's)	**Nine months ended 30 September 2017 (£000's)**	Nine months ended 30 September 2016 (£000's)
Revenue and other income				
Gaming revenue	**75,423**	66,368	**221,992**	193,952
Other income earned from revenue guarantee	**–**	–	**–**	1,181
Other income earned from platform migration	**–**	–	**–**	925
Total revenue and other income[4]	**75,423**	66,368	**221,992**	196,058
Costs and expenses				
Distribution costs[4,5]	**36,448**	31,518	**101,994**	93,669
Administrative costs[5]	**29,068**	24,689	**81,945**	70,050
Severance costs[4]	**–**	–	**–**	5,695
Transaction related costs[4]	**1,361**	10,414	**2,676**	16,578
Foreign exchange loss[4]	**4,607**	591	**11,506**	3,106
Total costs and expenses	**71,484**	67,212	**198,121**	189,098
Gain on sale of intangible assets	**–**	–	**(1,002)**	–
Fair value adjustments on contingent consideration[15]	**1,663**	14,549	**16,364**	33,499
(Gain)/loss on cross currency swap[10]	**–**	(5,693)	**3,534**	(23,954)
Interest income[6]	**(41)**	(63)	**(136)**	(119)
Interest expense[6]	**9,648**	9,173	**32,366**	25,938
Financing expenses	**11,270**	17,966	**52,128**	35,364
Net loss for the period before taxes	**(7,331)**	(18,810)	**(27,255)**	(28,404)
Current tax provision/(recovery)	**447**	(118)	**806**	276
Deferred tax recovery	**(109)**	(113)	**(319)**	(295)
Net loss for the period attributable to owners of the parent	**(7,669)**	(18,579)	**(27,742)**	(28,385)
Other comprehensive income/(loss): Items that will or may be reclassified to profit or loss in subsequent periods				
Foreign currency translation gain/(loss)	**10,150**	(1,223)	**28,793**	(7,886)
Unrealised loss on cross currency hedge reserve[10]	**(2,892)**	–	**(7,737)**	–
Total comprehensive loss for the period attributable to owners of the parent	**(411)**	(19,802)	**(6,686)**	(36,271)
Net loss for the period per share				
Basic[7]	**£(0.10)**	£(0.26)	**£(0.38)**	£(0.40)
Diluted[7]	**£(0.10)**	£(0.26)	**£(0.38)**	£(0.40)

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	As at 30 September 2017 (£000's)	As at 31 December 2016 (£000's)
Current assets		
Cash[8]	**39,208**	68,485
Restricted cash[8]	**189**	253
Customer deposits	**8,736**	8,573
Trade and other receivables[9]	**15,625**	16,763
Current portion of cross currency swap[10,15]	**–**	38,171
Taxes receivable	**9,619**	6,832
Total current assets	**73,377**	139,077
Tangible assets	**1,368**	852
Intangible assets[11]	**308,619**	352,473
Goodwill[11]	**296,334**	296,352
Other long-term receivables	**2,169**	2,624
Total non-current assets	**608,490**	652,301
Total assets	**681,867**	791,378

LIABILITIES AND EQUITY

Current liabilities		
Accounts payable and accrued liabilities[12]	**12,363**	8,992
Current portion of cross currency swap payable [10,15]	**756**	–
Other short-term payables[13]	**12,163**	15,321
Interest payable	**547**	633
Payable to customers	**8,736**	8,573
Current portion of long-term debt[14]	**24,583**	26,695
Current portion of contingent consideration[15]	**41,073**	86,903
Provision for taxes	**7,056**	7,743
Total current liabilities	**107,277**	154,860
Contingent consideration[15]	**6,480**	33,284
Other long-term payables[16]	**9,852**	14,505
Cross currency swap payable[10,15]	**6,709**	–
Deferred tax liability	**1,280**	1,897
Convertible debentures[17]	**255**	3,266
Long-term debt[14]	**312,634**	344,098
Total non-current liabilities	**337,210**	397,050
Total liabilities	**444,487**	551,910
Equity		
Retained earnings	**(198,374)**	(170,737)
Share capital[17]	**7,405**	7,298
Other reserves	**428,349**	402,907
Total equity	**237,380**	239,468
Total liabilities and equity	**681,867**	791,378

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital (£000's)	Share Premium (£000's)	Merger Reserve (£000's)	Redeemable Shares (£000's)	Share-Based Payment Reserve (£000's)	Translation Reserve (£000's)	Cross Currency Hedge Reserve (£000's)	Retained (Deficit)/ Earnings (£000's)	Total (£000's)
Balance 1 January 2016	**7,051**	**406,002**	**(15,521)**	**–**	**6,779**	**14,816**	**–**	**(130,094)**	**289,033**
Comprehensive loss for the period:									
Net loss for the period	–	–	–	–	–	–	–	(28,385)	(28,385)
Other comprehensive loss	–	–	–	–	–	(7,886)	–	–	(7,886)
Total comprehensive loss for the period:	**–**	**–**	**–**	**–**	**–**	**(7,886)**	**–**	**(28,385)**	**(36,271)**
Contributions by and distributions to shareholders:									
Conversion of debentures[17]	128	3,689	–	–	–	–	–	–	3,817
Exercise of common share warrants[17]	4	187	–	–	–	–	–	–	191
Exercise of options[17]	55	1,140	–	–	(349)	–	–	349	1,195
Share-based compensation[17]	–	–	–	–	1,503	–	–	–	1,503
Total contributions by and distributions to shareholders	**187**	**5,016**	**–**	**–**	**1,154**	**–**	**–**	**349**	**6,706**
Balance at 30 September 2016	**7,238**	**411,018**	**(15,521)**	**–**	**7,933**	**6,930**	**–**	**(158,130)**	**259,468**
Balance at 1 January 2017	**7,298**	**413,293**	**(15,521)**	**50**	**8,598**	**(3,513)**	**–**	**(170,737)**	**239,468**
Comprehensive income (loss) for the period:									
Net loss for the period	–	–	–	–	–	–	–	(27,742)	(27,742)
Other comprehensive income (loss)	–	–	–	–	–	28,793	(7,737)	–	21,056
Total comprehensive income (loss) for the period	**–**	**–**	**–**	**–**	**–**	**28,793**	**(7,737)**	**(27,742)**	**(6,686)**
Contributions by and distributions to shareholders:									
Conversion of debentures[17]	92	2,986	–	–	–	–	–	–	3,078
Exercise of options[17]	15	357	–	–	(105)	–	–	105	372
Cancellation of redeemable shares	–	–	–	(50)	–	–	–	–	(50)
Share-based compensation[17]	–	–	–	–	1,198	–	–	–	1,198
Total contributions by and distributions to shareholders	**107**	**3,343**	**–**	**(50)**	**1,093**	**–**	**–**	**105**	**4,598**
Balance at 30 September 2017	**7,405**	**416,636**	**(15,521)**	**–**	**9,691**	**25,280**	**(7,737)**	**(198,374)**	**237,380**

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended 30 September 2017 (£000's)	Three months ended 30 September 2016 (£000's)	**Nine months ended 30 September 2017 (£000's)**	Nine months ended 30 September 2016 (£000's)
Operating activities				
Net loss for the period	**(7,669)**	(18,579)	**(27,742)**	(28,385)
Add (deduct) items not involving cash				
Amortisation and depreciation	**16,491**	14,453	**46,651**	41,559
Share-based compensation expense[17]	**320**	957	**1,198**	1,503
Current tax provision/(recovery)	**447**	(118)	**806**	276
Deferred tax recovery	**(109)**	(113)	**(319)**	(295)
Interest expense, net[6]	**9,607**	9,110	**32,230**	25,819
Gain on sale of intangible assets	**–**	–	**(1,002)**	–
Fair value adjustments on contingent consideration[15]	**1,663**	14,549	**16,364**	33,499
Realised/unrealised (gain)/loss on cross currency swap[10]	**–**	(5,693)	**3,534**	(23,954)
Foreign exchange loss	**4,607**	591	**11,506**	3,106
	25,357	15,157	**83,226**	53,128
Change in non-cash operating items				
Trade and other receivables	**1,311**	169	**786**	4,556
Other long-term receivables	**84**	(363)	**536**	(416)
Accounts payable and accrued liabilities	**2,766**	614	**922**	(414)
Other short-term payables	**384**	857	**(3,158)**	10,824
Cash provided by operating activities	**29,902**	16,434	**82,312**	67,678
Income taxes paid	**–**	–	**(6,899)**	(6,296)
Incomes taxes received	**2,656**	1,872	**2,758**	1,872
Total cash provided by operating activities	**32,558**	18,306	**78,171**	63,254
Financing activities				
Restriction of cash balances	**(229)**	–	**(54)**	–
Proceeds from exercise of warrants	**–**	–	**–**	191
Proceeds from exercise of options	**–**	1,093	**372**	1,192
Proceeds from cross currency swap settlement[10]	**–**	–	**34,373**	–
Repayment of non-compete liability	**(2,000)**	–	**(3,333)**	–
Interest repayment	**(7,903)**	(3,228)	**(23,112)**	(11,685)
Payment of contingent consideration[15]	**–**	–	**(94,218)**	(6,308)
Principal payments made on long-term debt[14]	**(5,965)**	(4,369)	**(18,771)**	(18,225)
Total cash used in financing activities	**(16,097)**	(6,504)	**(104,743)**	(34,835)
Investing activities				
Purchase of tangible assets	**(88)**	(500)	**(851)**	(597)
Purchase of intangible assets	**(822)**	(374)	**(2,084)**	(1,109)
Proceeds from sale of intangible assets	**–**	–	**1,002**	–
Total cash used in investing activities	**(910)**	(874)	**(1,933)**	(1,706)
Net increase/(decrease) in cash during the period	**15,551**	10,928	**(28,505)**	26,713
Cash, beginning of period	**23,963**	51,569	**68,485**	31,762
Exchange (loss)/gain on cash and cash equivalents	**(306)**	(1,641)	**(772)**	2,381
Cash, end of period	**39,208**	60,856	**39,208**	60,856

See accompanying notes

SUPPLEMENTARY NOTES FOR THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017

1. Corporate Information

Jackpotjoy plc is an online gaming holding company and the parent company of The Intertain Group Limited ("Intertain"). Jackpotjoy plc was incorporated pursuant to the *Companies Act 2006* (England and Wales) on 29 July 2016. Jackpotjoy plc's registered office is located at 35 Great St. Helen's, London, United Kingdom. Jackpotjoy plc became the parent company of Intertain on 25 January 2017, following a plan of arrangement transaction involving a one-for-one share exchange of all and the then outstanding common shares of Intertain shares for, at each shareholder's election, ordinary shares of Jackpotjoy plc or exchangeable shares of Intertain. Unless the context requires otherwise, use of "Group" in these accompanying notes means Jackpotjoy plc and its subsidiaries, as applicable.

The Group currently offers bingo, casino and other games to its customers using the Jackpotjoy, Starspins, Botemania, Vera&John, Costa Bingo, InterCasino, and other brands. The Jackpotjoy, Starspins, and Botemania brands operate off proprietary software owned by the Gamesys group, the Group's B2B software and support provider. The Vera&John and InterCasino brands operate off proprietary software owned by the Group. The Mandalay segment's bingo offerings operate off the Dragonfish platform, a software service provided by the 888 group. Additionally, the Group receives fees for marketing services provided by its affiliate portal business.

These Unaudited Interim Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors of Jackpotjoy plc (the "Board of Directors") on 14 November 2017.

2. Basis of Preparation

Basis of presentation

These Unaudited Interim Condensed Consolidated Financial Statements have been prepared by management on a going concern basis, are presented in compliance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*, and have been prepared on a basis consistent with the accounting policies and methods used and disclosed in Intertain's consolidated financial statements for the year ended 31 December 2016 (the "Annual Financial Statements"). Certain information and disclosures normally included in the Annual Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, which also complies with IFRS as issued by the International Accounting Standards Board, 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 Group's cross currency swap and contingent consideration.

Following Jackpotjoy plc becoming the parent company of the group (as detailed in note 1), these Unaudited Interim Condensed Consolidated Financial Statements have been prepared under the merger method of accounting as a continuation of the Intertain business. This method is commonly applied in such situations as the accounting for such transactions is not prescribed by IFRS 3 – *Business Combinations* or other applicable IFRS, which instead prompts IFRS-reporting entities to look to alternative generally accepted accounting principles for guidance. The result of the application is to present the Unaudited Interim Condensed Consolidated Financial Statements as if Jackpotjoy plc has always been the parent company and owned all of the subsidiaries, and the comparatives have also been prepared on that basis. The adoption of the merger method of accounting had no impact on reported earnings per share.

The comparative financial information for the year ended 31 December 2016 in these Unaudited Interim Condensed Consolidated Financial Statements does not constitute statutory accounts for that year. The auditors' report on the statutory accounts for the period ended 31 December 2016 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

As at 30 September 2017, the Group has consolidated current assets and current liabilities of £73.4 million and £107.3 million, respectively, giving rise to a net current liability of £33.9 million. Cash generated through future operating activities is sufficient to cover the net current liability.

Basis of consolidation

Jackpotjoy plc's Unaudited Interim Condensed Consolidated Financial Statements consolidate 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 Jackpotjoy plc obtains control, and continue to be consolidated until the date that such control ceases.

Intercompany transactions, balances, income and expenses on transactions between Jackpotjoy plc's subsidiaries are eliminated. Profit and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

3. Summary of Significant Accounting Policies

For a description of the Group's significant accounting policies, critical accounting estimates and assumptions, and related information see note 3 to the Annual Financial Statements. Other than what is described below, there have been no changes to the Group's significant accounting policies or critical accounting estimates and assumptions during the nine months ended 30 September 2017.

Change in presentation currency

Effective from 1 January 2017, the Group changed its presentation currency from Canadian dollars ("CAD" or "$") to pounds sterling ("GBP" or "£"). Comparative information has been restated in pounds sterling in accordance with the guidance defined in IAS 21 – *The Effects of Changes in Foreign Exchange Rates*. The Q3 2016 Unaudited Interim Condensed Consolidated Financial

Statements have been retranslated from Canadian dollars to pounds sterling using the procedures outlined below:

- income and expenses were translated into pounds sterling at average quarterly rates of exchange ($:£ – 0.5840). Differences resulting from the retranslation on the opening net assets and the results for the year have been taken to reserves;
- share capital and other reserves were translated at historic rates prevailing at the dates of transactions;
- quarterly average exchange rates were used to convert changes in items not involving cash and cash provided by/(used in) operating activities, financing activities, and investing activities. Spot rates were used to convert cash balances, beginning of period and cash balances, end of period.

As a result of this change, no retranslation movement will be recorded in the Statements of Comprehensive Income for subsidiaries whose functional currency is GBP.

Hedge accounting

Effective from 31 March 2017, the Group has elected to use hedge accounting for the purposes of recognising realised and unrealised gains and losses associated with the New Currency Swap (as defined in note 10), in accordance with guidance provided in IAS 39 – *Financial Instruments: Recognition and Measurement.*

IAS 39 permits hedge accounting under certain circumstances provided that the hedging relationship is:

- formally designated and documented, including the entity's risk management objective and strategy for undertaking the hedge, identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness;
- expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk as designated and documented, and effectiveness can be reliably measured; and
- assessed on an ongoing basis and determined to have been highly effective.

Based on the Group’s analysis of the requirements outlined above, it was concluded that the New Currency Swap meets all the necessary criteria and qualifies for use of hedge accounting.

4. Segment Information

The following tables present selected financial results for each segment and the unallocated corporate costs:

Three months ended 30 September 2017:

	Jackpotjoy (£000's)	Vera&John (£000's)	Mandalay (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Total revenue	**52,193**	**18,355**	**4,875**	**—**	**75,423**
Distribution costs	24,747	9,094	2,587	20	36,448
Amortisation and depreciation	12,243	2,550	1,604	94	16,491
Compensation, professional, and general and administrative expenses	4,240	4,385	411	3,541	12,577
Transaction related costs	—	—	—	1,361	1,361
Foreign exchange	172	130	17	4,288	4,607
Financing, net	—	(40)	1	11,309	11,270
Income/(loss) for the period before taxes	**10,791**	**2,236**	**255**	**(20,613)**	**(7,331)**
Taxes	—	338	—	—	338
Net income/(loss) for the period	**10,791**	**1,898**	**255**	**(20,613)**	**(7,669)**
Net income/(loss) for the period	**10,791**	**1,898**	**255**	**(20,613)**	**(7,669)**
Interest (income)/expense, net	—	(40)	1	9,646	9,607
Taxes	—	338	—	—	338
Amortisation and depreciation	12,243	2,550	1,604	94	16,491
EBITDA	**23,034**	**4,746**	**1,860**	**(10,873)**	**18,767**
Share-based compensation	—	—	—	320	320
Transaction related costs	—	—	—	1,361	1,361
Fair value adjustment on contingent consideration	—	—	—	1,663	1,663
Foreign exchange	172	130	17	4,288	4,607
Adjusted EBITDA	**23,206**	**4,876**	**1,877**	**(3,241)**	**26,718**
Net income/(loss) for the period	**10,791**	**1,898**	**255**	**(20,613)**	**(7,669)**
Share-based compensation	—	—	—	320	320
Transaction related costs	—	—	—	1,361	1,361
Fair value adjustment on contingent consideration	—	—	—	1,663	1,663
Foreign exchange	172	130	17	4,288	4,607
Amortisation of acquisition related purchase price intangibles and non-compete clauses	12,243	2,190	1,588	—	16,021
Accretion	—	—	—	2,000	2,000
Adjusted net income/(loss)	**23,206**	**4,218**	**1,860**	**(10,981)**	**18,303**

Nine months ended 30 September 2017:

	Jackpotjoy (£000's)	Vera&John (£000's)	Mandalay (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Total revenue	**155,191**	**51,458**	**15,343**	**—**	**221,992**
Distribution costs	68,541	25,020	8,355	78	101,994
Amortisation and depreciation	34,177	7,383	4,805	286	46,651
Compensation, professional, and general and administrative expenses	12,566	12,069	961	9,698	35,294
Transaction related costs	—	—	—	2,676	2,676
Foreign exchange	76	608	26	10,796	11,506
Gain on sale of intangible assets	—	(1,002)	—	—	(1,002)
Financing, net	—	(127)	3	52,252	52,128
Income/(loss) for the period before taxes	**39,831**	**7,507**	**1,193**	**(75,786)**	**(27,255)**
Taxes	—	487	—	—	487
Net income/(loss) for the period	**39,831**	**7,020**	**1,193**	**(75,786)**	**(27,742)**

	Jackpotjoy (£000's)	Vera&John (£000's)	Mandalay (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Net income/(loss) for the period	**39,831**	**7,020**	**1,193**	**(75,786)**	**(27,742)**
Interest (income)/expense, net	—	(127)	3	32,354	32,230
Taxes	—	487	—	—	487
Amortisation and depreciation	34,177	7,383	4,805	286	46,651
EBITDA	**74,008**	**14,763**	**6,001**	**(43,146)**	**51,626**
Share-based compensation	—	—	—	1,198	1,198
Fair value adjustment on contingent consideration	—	—	—	16,364	16,364
Loss on cross currency swap	—	—	—	3,534	3,534
Transaction related costs	—	—	—	2,676	2,676
Gain on sale of intangible assets	—	(1,002)	—	—	(1,002)
Foreign exchange	76	608	26	10,796	11,506
Adjusted EBITDA	**74,084**	**14,369**	**6,027**	**(8,578)**	**85,902**

	Jackpotjoy (£000's)	Vera&John (£000's)	Mandalay (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Net income/(loss) for the period	**39,831**	**7,020**	**1,193**	**(75,786)**	**(27,742)**
Share-based compensation	—	—	—	1,198	1,198
Fair value adjustment on contingent consideration	—	—	—	16,364	16,364
Loss on cross currency swap	—	—	—	3,534	3,534
Transaction related costs	—	—	—	2,676	2,676
Gain on sale of intangible assets	—	(1,002)	—	—	(1,002)
Foreign exchange	76	608	26	10,796	11,506
Amortisation of acquisition related purchase price intangibles and non-compete clauses	34,177	6,402	4,774	—	45,353
Accretion	—	—	—	9,051	9,051
Adjusted net income/(loss)	**74,084**	**13,028**	**5,993**	**(32,167)**	**60,938**

Three months ended 30 September 2016:

	Jackpotjoy (£000's)	Vera&John (£000's)	Mandalay (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Total revenue and other income	**46,658**	**14,422**	**5,288**	—	**66,368**
Distribution costs	20,315	7,470	3,659	74	31,518
Amortisation and depreciation	10,428	2,438	1,585	2	14,453
Compensation, professional, and general and administrative expenses	3,876	3,424	264	2,672	10,236
Transaction related costs	—	200	—	10,214	10,414
Foreign exchange	55	343	(34)	227	591
Financing, net	—	(5)	2	17,969	17,966
Income/(loss) for the period before taxes	**11,984**	**552**	**(188)**	**(31,158)**	**(18,810)**
Taxes	—	(231)	—	—	(231)
Net income/(loss) for the period	**11,984**	**783**	**(188)**	**(31,158)**	**(18,579)**

Net income/(loss) for the period	**11,984**	**783**	**(188)**	**(31,158)**	**(18,579)**
Interest (income)/expense, net	—	(5)	2	9,113	9,110
Taxes	—	(231)	—	—	(231)
Amortisation and depreciation	10,428	2,438	1,585	2	14,453
EBITDA	**22,412**	**2,985**	**1,399**	**(22,043)**	**4,753**
Share-based compensation	—	—	—	957	957
Fair value adjustment on contingent consideration	—	—	—	14,549	14,549
Gain on cross currency swap	—	—	—	(5,693)	(5,693)
Transaction related costs	—	200	—	10,214	10,414
Foreign exchange	55	343	(34)	227	591
Adjusted EBITDA	**22,467**	**3,528**	**1,365**	**(1,789)**	**25,571**

Net income/(loss) for the period	**11,984**	**783**	**(188)**	**(31,158)**	**(18,579)**
Share-based compensation	—	—	—	957	957
Fair value adjustment on contingent consideration	—	—	—	14,549	14,549
Gain on cross currency swap	—	—	—	(5,693)	(5,693)
Transaction related costs	—	200	—	10,214	10,414
Foreign exchange	55	343	(34)	227	591
Amortisation of acquisition related purchase price intangibles	10,428	2,275	1,585	—	14,288
Accretion	—	—	—	4,650	4,650
Adjusted net income/(loss)	**22,467**	**3,601**	**1,363**	**(6,254)**	**21,177**

Nine months ended 30 September 2016:

	Jackpotjoy (£000's)	Vera&John (£000's)	Mandalay (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Total revenue and other income	**135,645**	**43,857**	**16,556**	**—**	**196,058**
Distribution costs	61,242	21,427	10,773	227	93,669
Amortisation and depreciation	30,912	6,308	4,328	11	41,559
Compensation, professional, and general and administrative expenses	11,505	8,618	825	7,543	28,491
Severance costs	—	—	—	5,695	5,695
Transaction related costs	—	642	—	15,936	16,578
Foreign exchange	(278)	636	(102)	2,850	3,106
Financing, net	—	(48)	5	35,407	35,364
Income/(loss) for the period before taxes	**32,264**	**6,274**	**727**	**(67,669)**	**(28,404)**
Taxes	—	(19)	—	—	(19)
Net income/(loss) for the period	**32,264**	**6,293**	**727**	**(67,669)**	**(28,385)**
Net income/(loss) for the period	**32,264**	**6,293**	**727**	**(67,669)**	**(28,385)**
Interest (income)/expense, net	—	(48)	5	25,862	25,819
Taxes	—	(19)	—	—	(19)
Amortisation and depreciation	30,912	6,308	4,328	11	41,559
EBITDA	**63,176**	**12,534**	**5,060**	**(41,796)**	**38,974**
Share-based compensation	—	—	—	1,503	1,503
Severance costs	—	—	—	5,695	5,695
Independent Committee related expenses	—	—	—	1,693	1,693
Fair value adjustment on contingent consideration	—	—	—	33,499	33,499
Gain on cross currency swap	—	—	—	(23,954)	(23,954)
Transaction related costs	—	642	—	15,936	16,578
Foreign exchange	(278)	636	(102)	2,850	3,106
Adjusted EBITDA	**62,898**	**13,812**	**4,958**	**(4,574)**	**77,094**
Net income/(loss) for the period	**32,264**	**6,293**	**727**	**(67,669)**	**(28,385)**
Share-based compensation	—	—	—	1,503	1,503
Severance costs	—	—	—	5,695	5,695
Independent Committee related expenses	—	—	—	1,693	1,693
Fair value adjustment on contingent consideration	—	—	—	33,499	33,499
Gain on cross currency swap	—	—	—	(23,954)	(23,954)
Transaction related costs	—	642	—	15,936	16,578
Foreign exchange	(278)	636	(102)	2,850	3,106
Amortisation of acquisition related purchase price intangibles	30,912	5,925	4,328	—	41,165
Accretion	—	—	—	12,845	12,845
Adjusted net income/(loss)	**62,898**	**13,496**	**4,953**	**(17,602)**	**63,745**

The following table presents net assets per segment and unallocated corporate costs as at 30 September 2017:

	Jackpotjoy (£000's)	Vera&John (£000's)	Mandalay (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Current assets	13,171	34,800	6,747	18,659	73,377
Goodwill	224,348	55,374	16,612	—	296,334
Long-term assets	265,222	33,414	13,425	95	312,156
Total assets	**502,741**	**123,588**	**36,784**	**18,754**	**681,867**
Current liabilities	6,360	17,896	1,824	81,197	107,277
Long-term liabilities	—	1,280	—	335,930	337,210
Total liabilities	**6,360**	**19,176**	**1,824**	**417,127**	**444,487**
Net assets	**496,381**	**104,412**	**34,960**	**(398,373)**	**237,380**

The following table presents net assets per segment and unallocated corporate costs as at 31 December 2016:

	Jackpotjoy (£000's)	Vera&John (£000's)	Mandalay (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Current assets	15,033	38,870	6,509	78,665	139,077
Goodwill	224,348	55,392	16,612	—	296,352
Long-term assets	277,702	38,163	18,020	22,064	355,949
Total assets	**517,083**	**132,425**	**41,141**	**100,729**	**791,378**
Current liabilities	5,790	16,711	1,483	130,876	154,860
Long-term liabilities	—	1,897	—	395,153	397,050
Total liabilities	**5,790**	**18,608**	**1,483**	**526,029**	**551,910**
Net assets	**511,293**	**113,817**	**39,658**	**(425,300)**	**239,468**

During the nine months ended 30 September 2017 and 2016, substantially all of the revenue earned by the Group was in Europe. Non-current assets by geographical location as at 30 September 2017 were as follows: Europe £88.8 million (31 December 2016 – £93.6 million) and the Americas £519.7 million (31 December 2016 – £558.7 million).

jackpotjoy plc

5. Costs and Expenses

	Three Months Ended 30 September 2017 (£000's)	Three Months Ended 30 September 2016 (£000's)	**Nine Months Ended 30 September 2017 (£000's)**	Nine Months Ended 30 September 2016 (£000's)
Distribution costs:				
Selling and marketing	**12,591**	10,796	**33,040**	32,362
Licensing fees	**11,771**	10,510	**34,683**	31,148
Gaming taxes	**8,742**	7,334	**25,203**	21,498
Processing fees	**3,344**	2,878	**9,068**	8,661
	36,448	31,518	**101,994**	93,669

Administrative costs:				
Compensation and benefits	**9,631**	7,840	**25,722**	20,641
Professional fees	**670**	476	**2,675**	3,294
General and administrative	**2,276**	1,920	**6,897**	4,556
Tangible asset depreciation	**119**	51	**303**	105
Intangible asset amortisation	**16,372**	14,402	**46,348**	41,454
	29,068	24,689	**81,945**	70,050

6. Interest Income/Expense

	Three Months Ended 30 September 2017 (£000's)	Three Months Ended 30 September 2016 (£000's)	**Nine Months Ended 30 September 2017 (£000's)**	Nine Months Ended 30 September 2016 (£000's)
Interest earned on cash held during the period	**41**	63	**136**	119
Total interest income	**41**	63	**136**	119
Interest paid and accrued on long-term debt	**7,645**	4,400	**23,309**	12,743
Accretion of discount recognised on contingent consideration	**752**	4,049	**5,220**	11,197
Interest paid and accrued on convertible debentures	**3**	123	**43**	350
Interest accretion recognised on convertible debentures	**5**	106	**35**	290
Interest accretion recognised on long-term debt	**774**	495	**2,334**	1,358
Interest accretion recognised on other long-term liabilities	**469**	—	**1,425**	—
Total interest expense	**9,648**	9,173	**32,366**	25,938

7. Earnings per Share

The following table presents the calculation of basic and diluted earnings per share:

	Three Months Ended 30 September 2017 (£000's)	Three Months Ended 30 September 2016 (£000's)	**Nine Months Ended 30 September 2017 (£000's)**	Nine Months Ended 30 September 2016 (£000's)
Numerator:				
Net loss – basic	**(7,669)**	(18,579)	**(27,742)**	(28,385)
Net loss – diluted[1]	**(7,669)**	(18,579)	**(27,742)**	(28,385)
Denominator:				
Weighted average number of shares outstanding – basic	**73,988**	70,865	**73,801**	70,666
Instruments, which are anti-dilutive:				
Weighted average effect of dilutive share options	**434**	801	**412**	833
Weighted average effect of convertible debentures[2]	**87**	2,629	**294**	2,759
Net loss per share[3,4]				
Basic	**£(0.10)**	£(0.26)	**£(0.38)**	£(0.40)
Diluted[1]	**£(0.10)**	£(0.26)	**£(0.38)**	£(0.40)

1 *In the case of a net loss, the effect of share options potentially exercisable on diluted loss per share will be anti-dilutive; therefore, basic and diluted net loss per share will be the same.*

2 *An assumed conversion of convertible debentures had an anti-dilutive effect on loss per share for the three and nine months ended 30 September 2017 and 30 September 2016.*

3 *Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the year.*

4 *Diluted loss per share is calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of shares outstanding during the period and adjusted for the number of potentially dilutive share options and contingently issuable instruments.*

8. Cash and Restricted Cash

	30 September 2017 (£000's)	**31 December 2016 (£000's)**
Cash	38,994	33,558
Segregated cash*	214	34,927
Cash and cash equivalents	39,208	68,485
Restricted cash – other	189	253
Total cash balances	**39,397**	**68,738**

* *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 Group was required to segregate 90% of its excess cash flow, less mandatory repayments of the Group's long-term debt and earn-out payments, in a non-operational bank account. Since the Group made a final earn-out payment of £94.2 million for the non-Spanish assets of the Jackpotjoy segment on 21 June 2017, no cash was required to be segregated for this purpose at 30 September 2017 (£34.7 million as at 31 December 2016). Segregated cash does not qualify as restricted cash and, as such, it is included in cash.*

9. Trade and Other Receivables

Receivables consist of the following items:

	30 September 2017 (£000's)	31 December 2016 (£000's)
Due from the Gamesys group	6,289	9,242
Due from the 888 group	2,650	1,625
Affiliate revenue receivable	2,178	1,766
Short-term loans receivable	659	572
Swap-related receivable	—	1,948
Prepaid expenses	3,548	967
Other	301	643
	15,625	**16,763**

10. Cross Currency Swap

On 23 November 2015, the Group entered into a cross currency swap agreement (the "Currency Swap") in order to minimise the Group's exposure to exchange rate fluctuations between GBP and the US dollar ("USD") as cash generated from the Group's operations is largely in GBP, while a portion of the principal and interest payments on the Group's credit facilities are in USD. Under the Currency Swap, 90% of the Group's USD term loan interest and principal payments were swapped into GBP. The Group paid 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 were made at a GBP/USD foreign exchange rate of 1.5135 on a USD notional amount of $293,962,500.

On 28 March 2017, the Group terminated the Currency Swap and realised total proceeds of approximately USD 42.6 million (£34.4 million) and subsequently entered into a new cross currency swap agreement (the "New Currency Swap"). Under the New Currency Swap, 50% of the Group's term loan interest and principal payments will be swapped into GBP. The Group will pay a fixed 7.4% 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 1.2584 on a USD notional amount of $136,768,333. The New Currency Swap expires on 30 September 2019. The agreement was entered into at no cost to the Group.

The fair value of the New Currency Swap liability as at 30 September 2017 is £7.5 million (31 December 2016 – asset of £38.2 million).

Jackpotjoy plc has elected to use hedge accounting for the purposes of recognising realised and unrealised gains and losses associated with the New Currency Swap.

11. Intangible Assets and Goodwill

As at 30 September 2017

	Gaming Licenses (£000's)	Customer Relationships (£000's)	Software (£000's)	Brand (£000's)	Partnership Agreements (£000's)	Non-Compete Clauses (£000's)	Goodwill (£000's)	Total (£000's)
Cost								
Balance, 1 January 2017	94	340,927	21,670	70,054	12,900	20,434	317,829	783,908
Additions	—	—	1,989	—	—	—	—	1,989
Translation	(1)	292	592	(110)	—	—	(1,715)	(942)
Balance, 30 September 2017	**93**	**341,219**	**24,251**	**69,944**	**12,900**	**20,434**	**316,114**	**784,955**
Accumulated amortisation								
Balance, 1 January 2017	34	96,811	7,414	6,523	2,824	—	21,477	135,083
Amortisation	11	33,801	3,576	2,628	1,225	5,107	—	46,348
Translation	6	51	241	(30)	—	—	(1,697)	(1,429)
Balance, 30 September 2017	**51**	**130,663**	**11,231**	**9,121**	**4,049**	**5,107**	**19,780**	**180,002**
Carrying value								
Balance, 30 September 2017	**42**	**210,556**	**13,020**	**60,823**	**8,851**	**15,327**	**296,334**	**604,953**

As at 31 December 2016

	Gaming Licenses (£000's)	Customer Relationships (£000's)	Software (£000's)	Revenue Guarantee (£000's)	Brand (£000's)	Partnership Agreements (£000's)	Non-Compete Clauses (£000's)	Goodwill (£000's)	Total (£000's)
Cost									
Balance, 1 January 2016	76	337,502	17,175	4,010	68,284	12,900	—	306,295	746,242
Additions	—	—	1,836	—	—	—	20,434	—	22,270
Translation	18	3,425	2,659	783	1,770	—	—	11,534	20,189
Expiry	—	—	—	(4,793)	—	—	—	—	(4,793)
Balance, 31 December 2016	**94**	**340,927**	**21,670**	**—**	**70,054**	**12,900**	**20,434**	**317,829**	**783,908**
Accumulated amortisation									
Balance, 1 January 2016	23	47,956	3,279	—	2,681	1,558	—	17,969	73,466
Amortisation	9	47,405	3,683	—	3,466	1,232	—	—	55,795
Translation	2	1,450	452	—	376	34	—	3,508	5,822
Balance, 31 December 2016	**34**	**96,811**	**7,414**	**—**	**6,523**	**2,824**	**—**	**21,477**	**135,083**
Carrying value									
Balance, 31 December 2016	**60**	**244,116**	**14,256**	**—**	**63,531**	**10,076**	**20,434**	**296,352**	**648,825**

12. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following items:

	30 September 2017 (£000's)	31 December 2016 (£000's)
Affiliate/marketing expenses payable	5,112	3,058
Payable to game suppliers	1,512	950
Compensation payable	2,949	2,989
Loyalty program payable	252	260
Professional fees	730	349
Gaming tax payable	416	526
Other	1,392	860
	12,363	**8,992**

13. Other Short-Term Payables

Other short-term payables consist of:

	30 September 2017 (£000's)	31 December 2016 (£000's)
Transaction related payables	3,496	9,321
Current portion of other long-term payables *(Note 16)*	8,667	6,000
	12,163	**15,321**

14. Credit Facilities

Below is the breakdown of the First Lien Facilities and the Second Lien Facility:

	Term Loan (£000's)	Incremental First Lien Facility (£000's)	Second Lien Facility (£000's)	Total (£000's)
Balance, 1 January 2016	207,158	—	—	207,158
Principal	—	70,000	90,000	160,000
Repayment	(26,906)	—	—	(26,906)
Debt financing costs	—	(2,482)	(6,792)	(9,274)
Accretion[1]	1,868	16	35	1,919
Foreign exchange translation	37,896	—	—	37,896
Balance, 31 December 2016	220,016	67,534	83,243	370,793
Repayment	(18,771)	—	—	(18,771)
Accretion[1]	1,424	290	620	2,334
Foreign exchange translation	(17,139)	—	—	(17,139)
Balance, 30 September 2017	**185,530**	**67,824**	**83,863**	**337,217**
Current portion	24,583	—	—	24,583
Non-current portion	160,947	67,824	83,863	312,634

[1] *Effective interest rates are as follows: Term Loan – 8.69%, Incremental First Lien Facility – 8.32%, Second Lien Facility – 11.75%.*

15. Financial Instruments

The principal financial instruments used by the Group are summarised below:

Financial assets

	Loans and receivables	
	30 September 2017 (£000's)	31 December 2016 (£000's)
Cash and restricted cash	39,397	68,738
Trade and other receivables	15,625	16,763
Other long-term receivables	2,169	2,624
Customer deposits	8,736	8,573
	65,927	**96,698**

Financial liabilities

	Financial liabilities at amortised cost	
	30 September 2017 (£000's)	31 December 2016 (£000's)
Accounts payable and accrued liabilities	12,363	8,992
Other long-term payables	9,852	14,505
Other short-term payables	12,163	15,321
Interest payable	547	633
Payable to customers	8,736	8,573
Convertible debentures	255	3,266
Long-term debt	337,217	370,793
	381,133	**422,083**

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 30 September 2017 amounted to £0.5 million. Fair value was determined based on a quoted market price in an active market.

Other financial instruments

	Financial instruments recognised at fair value through profit or loss – assets (liabilities)	
	30 September 2017 (£000's)	31 December 2016 (£000's)
Cross currency swap	(7,465)	38,171
Contingent consideration	(47,553)	(120,187)
	(55,018)	**(82,016)**

Fair value hierarchy

The hierarchy of the Group's financial instruments carried at fair value is as follows:

	Level 2		Level 3	
	30 September 2017 (£000's)	31 December 2016 (£000's)	30 September 2017 (£000's)	31 December 2016 (£000's)
Cross currency swap	(7,465)	38,171	—	—
Contingent consideration	—	—	(47,553)	(120,187)

The cross currency swap balance represents the fair value of cash inflows/(outflows) under the Currency Swap or the New Currency Swap, as applicable.

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.

A discounted cash flow valuation model was used to determine the value of the contingent consideration. The model considers the present value of the expected payments, discounted using a risk-adjusted discount rate of 7%. The expected payments are determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario.

Without probability and discount factors, the fair value of the contingent consideration would be approximately 25% higher (£12.1 million), than its value at 30 September 2017, increasing the current portion of the contingent consideration, which is composed of the Botemania earn-out payment and the first Jackpotjoy milestone payment, by £8.6 million and increasing the long-term contingent consideration, which is composed of the final Jackpotjoy milestone payments due in 2019 and 2020, by £3.5 million. This assumes that the financial performance of the Jackpotjoy operating segment remains in line with management's expectations.

On 21 June 2017, Jackpotjoy plc made a final earn-out payment in the amount of £94.2 million for the non-Spanish assets within its Jackpotjoy segment.

As at 30 September 2017, the contingent consideration balance related to the earn-out payment remaining on the Spanish assets included in the Jackpotjoy segment and milestone payments related to the Jackpotjoy segment.

The movement in Level 3 financial instruments is detailed below:

	(£000's)
Contingent consideration, 1 January 2016	209,625
Addition	—
Fair value adjustments	49,382
Payments	(156,308)
Accretion of discount	15,545
Foreign exchange translation	1,943
Contingent consideration, 31 December 2016	120,187
Fair value adjustments	16,364
Payments	(94,218)
Accretion of discount	5,220
Contingent consideration, 30 September 2017	**47,553**
Current portion	41,073
Non-current portion	6,480

16. Other Long-Term Payables

The Group is required to pay the Gamesys group £24.0 million in equal monthly instalments in arrears over the period from April 2017 to April 2020, for additional non-compete clauses that came into effect in April 2017 and that expire in March 2019. The Group has included £8.7 million of this payable in current liabilities (note 13), with the discounted value of the remaining balance, being £9.9 million, included in other long-term payables. During the nine months ended 30 September 2017, the Group has paid a total of £3.3 million in relation to the additional non-compete clauses.

17. Share Capital

As at 30 September 2017, Jackpotjoy plc's issued share capital consisted of 74,052,431 ordinary shares, each with a nominal value of £0.10. Jackpotjoy plc does not hold any shares in treasury and there are no shares in Jackpotjoy plc's issued share capital that do not represent capital.

The share capital movements presented below for periods prior to the date of completion of the plan of arrangement discussed in note 1 are presented as if each common share of The Intertain Group Limited had the same nominal value as the ordinary shares of Jackpotjoy plc. The number of Jackpotjoy plc ordinary shares in issue at the date of the plan of arrangement was 73,718,942.

		Ordinary shares
	(£000's)	#
Balance, 1 January 2016	7,051	70,511,493
Conversion of convertible debentures, net of costs	185	1,853,667
Exercise of options	58	577,492
Exercise of warrants	4	40,625
Balance, 31 December 2016	7,298	72,983,277
Conversion of convertible debentures, net of costs	92	916,498
Exercise of options	15	152,656
Balance, 30 September 2017	**7,405**	**74,052,431**

Ordinary shares

Other than for reasons set out below, during the nine months ended 30 September 2017, Jackpotjoy plc did not issue any additional ordinary shares.

Convertible debentures

During the nine months ended 30 September 2017 (and prior to completion of the plan of arrangement), debentures at an undiscounted value of £2.3 million were converted into 628,333 common shares of Intertain. Additionally, during the nine months ended 30 September 2017 (and following the completion of the plan of arrangement), debentures at an undiscounted value of £1.0 million were converted into 288,165 ordinary shares of Jackpotjoy plc.

Share options

The share option plan (the "Share Option Plan") was approved by the Board of Directors on 5 September 2016. Upon completion of the plan of arrangement, all options over common shares of Intertain under Intertain's stock option plan were automatically exchanged for options of equivalent value over ordinary shares of Jackpotjoy plc on equivalent terms and subject to the same vesting conditions under Intertain's share option plan. The strike price of each grant has been converted from Canadian dollars to pound sterling at the foreign exchange rate of 0.606, being the exchange rate at the date of the plan of arrangement. Following the grant of the replacement options, no further options were, or will be, granted under the Share Option Plan.

During the nine months ended 30 September 2017, nil stock options were granted, 152,656 stock options were exercised, 13,000 stock options were forfeited, and nil stock options expired.

During the three and nine months ended 30 September 2017, the Group recorded £0.3 million and £1.2 million, respectively (2016 – £1.0 million and £1.5 million, respectively) in share-based compensation expense with a corresponding increase in share-based payment reserve.

Long-term incentive plan

On 24 May 2017, Jackpotjoy plc granted awards over ordinary shares under the Group's long-term incentive plan ("LTIP") for key management personnel. The awards (i) will vest on the date on which the Board of Directors determines the extent to which the performance condition (as described below) has been satisfied, and (ii) are subject to a holding period of two years beginning on the vesting date, following the end of which they will be released so that the shares can be acquired.

The performance condition as it applies to 50% of each award is based on the Group's total shareholder return compared with the total shareholder return of the companies constituting the Financial Times Stock Exchange 250 index (excluding investment trusts and financial services companies) over three years commencing on 25 January 2017 ("TSR Tranche"). The performance condition as it applies to the remaining 50% of the award is based on the Group's earnings per share ("EPS") in the last financial year of that performance period ("EPS Tranche") and vests as to 25% if final year EPS is 133.5 pence, between 25% and 100% (on a straight-line basis) if final year EPS is more than 133.5 pence but less than 160 pence, and 100% if final year EPS is 160 pence or more.

Each award under the LTIP is equity-settled and LTIP compensation expense is based on the award's estimated fair value. The fair value has been estimated using the Black-Scholes model for the EPS Tranche and the Monte Carlo model for the TSR Tranche.

During the three and nine months ended 30 September 2017, the Group recorded £0.1 million (2016 – £nil) in LTIP compensation expense with a corresponding increase in share-based payment reserve.

18. Contingent Liabilities

Indirect taxation

Jackpotjoy plc companies may be subject to indirect taxation on transactions that have been treated as exempt supplies of gambling, or on supplies that 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. As at 30 September 2017, the Group had recognised £nil liability (31 December 2016 – £nil) related to potential contingent indirect taxation liabilities.