Jackpotjoy plc
Results for the Three and Six Months ended 30 June 2017

Q2 revenue up 17% year-on-year
Full year 2017 outlook confirmed

LONDON, 15 August 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 six months ended 30 June 2017.

Financial summary

	Three months ended 30 June 2017 (£m)	Three months ended 30 June 2016 (£m)	**Reported Change %**	**Six months ended 30 June 2017 (£m)**	Six months ended 30 June 2016 (£m)	**Reported Change %**
Revenue	**75.2**	64.3	17	**146.6**	129.7	13
Net (loss)/income (as reported under IFRS)	**(4.8)**	(14.9)	68	**(20.1)**	(9.8)	(105)
Adjusted EBITDA[1]	**30.0**	23.5	28	**59.2**	51.5	15
Adjusted net income[1]	**21.8**	19.1	14	**42.6**	42.6	-
Operating cash flows	**22.3**	18.4	21	**45.6**	44.9	2

Financial highlights for the second quarter

- Strong financial performance:
    - Revenue grew 17%, or 16% on a like for like constant currency basis
    - 18% revenue growth in the Jackpotjoy segment (70% of Group revenue)
    - Adjusted EBITDA[1] increased 28%, or 31% on a like for like constant currency basis, reflecting strong growth across all business segments
    - Adjusted net income[1] increased 14% year on year
- Strong cash generation:
    - Operating cash flow growth of 21% year on year
    - 30p of operating cash flow per share[2]
    - Debt pay-down continues; adjusted net leverage ratio[3] including earn-out liabilities down to 3.6x
    - Gross debt including earn-outs reduced from £514.8 million at 31 December 2016 to £414.5 million

[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 27 through 31 of this release.
[2] Per share figures are calculated on a diluted weighted average basis using the IFRS treasury method.

[3] 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 June 2017 adjusted EBITDA of £109.9 million.
[4] For additional details, please refer to the information under the heading "Key performance indicators" on page 14 of this release.
[5] One-time/exceptional items include transaction-related costs and taxes paid.

Following a very encouraging H1 and a solid start to Q3, the Board continues to expect robust revenue growth for FY17.

Operational highlights for the second quarter

- Ongoing improvement in core KPIs[4] year on year
    - Average Active Customers[4] grew to 243,896 in LTM to 30 June 2017, an increase of 13% year on year
    - Average Real Money Gaming Revenue per month[4] grew to £21.8 million, an increase of 16% year on year
    - Monthly Real Money Gaming Revenue per Average Active Customer[4] of £89, an increase of 2% year on year

Business segments highlights for the second quarter

- Jackpotjoy (70% of Group revenue) - Strong quarterly performance across all brands with revenue growth of 18% and Adjusted EBITDA[1] growth of 35%; Starspins and Botemania (21% of segment revenues) particularly strong due to growth in mobile and new products
- Vera&John (23% of Group revenue) - Revenue growth of 30% and adjusted EBITDA[1] growth of 21%
- Mandalay (7% of Group revenue) - Revenue flat compared to Q2 2016 and adjusted EBITDA[1] increase of 50% reflecting lower marketing spend versus the prior year

Financial highlights and corporate developments for the first half

- Solid financial performance:
    - Revenue growth of 12% year on year on a like for like constant currency basis
    - Adjusted EBITDA[1] increased 19% year on year on a like for like constant currency basis
    - Adjusted net income[1] flat year on year
- On 25 January 2017, Jackpotjoy plc became the parent company of The Intertain Group Limited ("Intertain") following a plan of arrangement transaction (the "Arrangement") and Jackpotjoy plc began trading on the London Stock Exchange's ("LSE") main market for listed securities, under the ticker symbol "JPJ". Intertain's common shares were de-listed from the Toronto Stock Exchange ("TSX") and exchangeable shares that were issued by Intertain pursuant to the Arrangement began trading on the TSX under the ticker symbol "ITX"

- On 21 June 2017, Jackpotjoy plc made the final earn-out payment for the non-Spanish assets within the Jackpotjoy division amounting to £94.2 million, which was met by existing cash resources. The payment is the final instalment in relation to the Jackpotjoy and Starspins brands and also includes £30.3 million due on the earn-out for the Botemania brand. An estimated final payment of £34.5 million for the Botemania brand (discounted and probability weighted in accordance with IFRS), which is also expected to be met from cash resources, will be made in June 2018

Outlook

The trading momentum witnessed during Q1 and which continued during Q2 and the early stages of Q3, helped to deliver a solid performance across the Group. We continue to expect robust top-line growth through H2. As previously flagged, there will be an impact on profitability in the second half from the introduction of UK point-of-consumption ("POC") tax on bonuses scheduled to commence in August 2017. Likewise, and also as previously highlighted, marketing spend will be weighted towards the second half of the financial year.

Andrew McIver, Chief Executive Officer, commented:

"The second quarter has been another good quarter of growth across the Group with revenue increasing 17%, including top-line growth of 18% at our leading UK bingo brand, Jackpotjoy. Group adjusted EBITDA[1] also grew strongly at 28%. This solid performance across the Group in the first half of the year allows us to reconfirm our full-year 2017 outlook.

A key priority for the Group is to reduce our historic debt burden. The business is highly cash generative with cash conversion in Q2 of 99%, excluding one-off and exceptional items[5]. Consequently, our adjusted net leverage[4] reduced from 4.0x to 3.6x during the six months and gross debt reduced from £514.8 million to £414.5 million.

A major milestone in this debt reduction was achieved in June when we made the final earn-out payment of £94.2 million for the non-Spanish assets within the Jackpotjoy segment, using existing cash resources, with the total consideration representing excellent value for shareholders."

Conference call

A conference call for analysts and investors will be held today at 1.00pm BST / 8.00am ET. To participate, interested parties are asked to dial +44 (0) 20 3003 2666 or +1 800 608-0547, 10 minutes prior to the scheduled start of the call using the reference ''Jackpotjoy''. A replay of this call will be available for 30 days by dialling +44 (0) 20 8196 1998 or +1 888 889-0604 and using reference 8097981#. A transcript will also be made available on 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 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, loss/(gain) 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, loss/(gain) 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.

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, loss/(gain) 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, loss/(gain) 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.

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", or "believes" or the negative of such words or other variations of or synonyms for such words, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance, achievements or developments to be materially different from those anticipated by the 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 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 expected earn-out payments required to be made; the Group's relationship with the Gamesys group and other third parties; the Group's debt service 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.

CHIEF EXECUTIVE OFFICER'S REVIEW

I am pleased to report a strong performance by the Group over the first six months of 2017. Revenues increased 13% and adjusted EBITDA[1] rose by 15%, driven primarily by 16% revenue growth in our Jackpotjoy segment, which represents 70% of the Group and remains the clear market leader in the UK. This robust financial performance resulted in strong cash generation across the Group with an adjusted EBITDA[1] conversion rate of 77% - increasing to 101% pre-exceptionals[5] - enabling us to continue to lower our leverage ratio[3] down to 3.6x from 4.0x at the year-end.

Operationally, the first half of the year has also been an important period for the Group. On 25 January, we completed our listing on the London Stock Exchange's main market and moved our corporate headquarters from Toronto to London. On 21 June, we successfully completed the final earn-out payment for the non-Spanish assets within the Jackpotjoy segment, which amounted to £94.2m and was met using existing cash resources.

The strong performance in the first half of 2017 is a result of the successful execution of the strategy we set out at our full-year results in March. This strategy is built around four specific opportunities, with the goal to deliver further growth for the Group and build on our leading market position and loyal customer base.

1. Increasing market share

Reported revenue growth of 13% in H1, which includes a 16% increase in our largest business segment Jackpotjoy, highlights that we are continuing to gain traction in our core markets, the majority of which are regulated. There are significant opportunities for growth within our existing footprint given the strong presence we enjoy in our markets. We remain focused on organic growth within our leading brand portfolios through game launches, marketing campaigns and cross-Group cost efficiencies.

2. Targeted marketing campaigns

We continue to benefit from consistent and effective marketing campaigns and during H2 2017, we will return to UK television to further underpin the market-leading brand strength of Jackpotjoy. Our customer acquisition strategy delivers a high ROI in our key brands and our core female demographic has exhibited a high level of responsiveness to these campaigns.

3. Cross-selling opportunities

Following the final earn-out payment for the non-Spanish assets we acquired from the Gamesys group, we are now permitted to cross-sell brands and product (bingo and casino) across our different business segments. We expect to be able to mitigate customer churn and increase LTV through effective cross-sell in the medium term, underpinned by effective marketing over both mobile and desktop platforms across the brand portfolio.

4. Product development, focusing on mobile offerings

It has been well-documented that the online gaming market has undergone a transition in player engagement from desktop to mobile devices in recent years, and the pace of this shift is expected to increase whereby mobile devices will become the preferred platform for online bingo and casino gaming. Our latest results highlight that Jackpotjoy UK generated 61% of house wins from mobile, which was up from 57% in Q1. As well as continuing to address the mobile opportunity in the UK, we will continue to develop mobile offerings through platform enhancements across our overseas markets. In addition, we will look to add complimentary product (desktop and mobile) to our existing offer wherever appropriate.

To summarise, I am very pleased with the Group's performance over the first six months of 2017. The second quarter saw a continuation of the strong trading momentum witnessed during the first quarter and the early stages of Q3 have also seen a solid performance across the Group. Looking ahead, we continue to expect robust top-line growth through H2, although there may be an impact on margins from the introduction of the POC tax on bonuses in the UK, which is due to commence in August 2017. As previously flagged, marketing spend will also be weighted towards the second half of the financial year.

I am confident that our good momentum in the first half of the year puts us in a strong position to continue to deliver on our plans throughout the rest of 2017.

Andrew McIver
Chief Executive Officer
15 August 2017

Financial Review

Revenue

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

- £52.3 million in revenue earned from Jackpotjoy's operational activities
- £17.4 million in revenue earned from Vera&John's operational activities
- £5.5 million in revenue earned from Mandalay's operational activities

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

- £44.5 million in revenue earned from Jackpotjoy's operational activities
- £13.4 million in revenue earned from Vera&John's operational activities
- £5.5 million in revenue earned from Mandalay's operational activities
- £0.9 million in other income related to the InterCasino platform migration from Amaya Inc. (the "Platform Migration Revenue") included in the Vera&John operating segment

The increase in revenue for the three months ended 30 June 2017 in comparison with the three months ended 30 June 2016 relates primarily to organic growth of the Vera&John and Jackpotjoy segments, where revenue increased by 30% and 18% respectively.

The Group's revenues during the six months ended 30 June 2017 consisted of:

- £103.0 million in revenue earned from Jackpotjoy's operational activities
- £33.1 million in revenue earned from Vera&John's operational activities
- £10.5 million in revenue earned from Mandalay's operational activities

The Group's revenues during the six months ended 30 June 2016 consisted of:

- £89.0 million in revenue earned from Jackpotjoy's operational activities
- £27.3 million in revenue earned from Vera&John's operational activities
- £11.3 million in revenue earned from Mandalay's operational activities
- £2.1 million in other income earned from the revenue guarantee (the "Revenue Guarantee") relating to the service agreement entered into with Amaya Inc. and Platform Migration Revenue included in the Vera&John operating segment

The increase in revenue for the six months ended 30 June 2017 in comparison with the six months ended 30 June 2016 relates primarily to organic growth of the Vera&John and Jackpotjoy segments, where revenue increased by 21% and 16% respectively.

Costs and expenses

	Three month period ended 30 June 2017 (£000's)	Three month period ended 30 June 2016 (£000's)	**Six month period ended 30 June 2017 (£000's)**	Six month period ended 30 June 2016 (£000's)
Expenses				
Distribution costs	**34,302**	32,293	**65,546**	62,151
Administration costs	**27,664**	22,884	**52,877**	45,361
Transaction related costs	**-**	4,866	**1,315**	6,164
Severance costs	**-**	5,695	**-**	5,695
	61,966	65,738	**119,738**	119,371

Distribution costs

	Three month period ended 30 June 2017 (£000's)	Three month period ended 30 June 2016 (£000's)	**Six month period ended 30 June 2017 (£000's)**	Six month period ended 30 June 2016 (£000's)
Selling and marketing	**10,846**	12,334	**20,449**	21,566
Licensing fees	**11,826**	10,170	**22,912**	20,638
Gaming taxes	**8,469**	7,048	**16,461**	14,164
Processing fees	**3,161**	2,741	**5,724**	5,783
	34,302	32,293	**65,546**	62,151

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[4] 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 and six months ended 30 June 2017 compared to the same periods in 2016 is mainly due to higher revenues achieved, slightly offset by lower selling and marketing costs.

Administrative costs

	Three month period ended 30 June 2017 (£000's)	Three month period ended 30 June 2016 (£000's)	**Six month period ended 30 June 2017 (£000's)**	Six month period ended 30 June 2016 (£000's)
Compensation and benefits	**8,016**	6,916	**16,091**	12,801
Professional fees	**797**	525	**2,005**	2,818
General and administrative	**2,440**	1,314	**4,621**	2,636
Amortisation and depreciation	**16,411**	14,129	**30,160**	27,106
	27,664	22,884	**52,877**	45,361

Compensation and benefits costs consist of salaries, wages, bonuses, directors' fees, benefits and share-based compensation expense. The increase in costs for the three and six months ended 30 June 2017 compared to the same period in 2016 relate to staff additions and salary increases in various business units, as well as an increase in share-based compensation related to options granted during Q3 2016.

Professional fees consist mainly of legal, accounting and audit fees.

The variance in professional fees for the three and six months ended 30 June 2017 compared to the same periods in 2016 relates to increases in consulting and legal costs associated with the Group's growth and dual listings on both the LSE and TSX. These increases were largely offset as prior year balances included one-time costs related to the Independent Committee.

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 and six months ended 30 June 2017 compared to the same period in the prior year can be attributed to slightly higher travel, rent and overhead costs due to staff additions.

Amortisation and depreciation consists of amortisation of the Group's tangible and intangible assets over their useful lives. The increase in amortisation for both the three and six months ended 30 June 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; and costs associated with the UK strategic review undertaken by the Intertain board of directors and implementing Intertain's UK-centered strategic initiatives.

Business unit results

Jackpotjoy

	Q2 2017 £(millions)	Q2 2016 £(millions)	Variance £(millions)	Variance %
Revenue	**52.3**	44.5	7.8	18%
Distribution costs	**23.3**	22.1	1.2	5%
Administration costs	**4.1**	4.0	0.1	3%
Adjusted EBITDA[1]	**24.9**	18.4	6.5	35%

	YTD 2017 £(millions)	YTD 2016 £(millions)	Variance £(millions)	Variance %
Revenue	**103.0**	89.0	14.0	16%
Distribution costs	**43.8**	40.9	2.9	7%
Administration costs	**8.3**	7.7	0.6	8%
Adjusted EBITDA[1]	**50.9**	40.4	10.5	26%

Revenue for the Jackpotjoy segment increased quarter over quarter and year over year due to organic growth in all real money brands. Jackpotjoy UK Real Money Gaming Revenue[4] accounted for 67% of the Jackpotjoy segment's revenue for the three and six months ended 30 June 2017. While there has been steady growth at Jackpotjoy UK and Jackpotjoy Sweden, the sharp increase in revenue is due to the substantial growth and progression of the Starspins and Botemania brands. Collectively, they accounted for 21% and 20% of the segment's revenue for the three and six months ended 30 June 2017.

Selling and marketing costs were substantially lower in both the three and six months ended 30 June 2017 compared to the same periods in 2016, partially offsetting an increase in other distribution costs that move in line with revenues.

Vera&John

	Q2 2017 £(millions)	Q2 2016 £(millions)	Variance £(millions)	Variance %
Revenue*	**17.4**	13.4	4.0	30%
Distribution costs	**8.3**	6.5	1.8	28%
Administration costs	**4.0**	2.7	1.3	48%
Adjusted EBITDA[1]*	**5.1**	4.2	0.9	21%

**Excludes £0.9 million of other income earned from Platform Migration Revenue in Q2 2016.*

	YTD 2017 £(millions)	YTD 2016 £(millions)	Variance £(millions)	Variance %

Revenue*	**33.1**	27.3	5.8	21%
Distribution costs	**15.9**	13.9	2.0	14%
Administration costs	**7.7**	5.1	2.6	51%
Adjusted EBITDA[1]*	**9.5**	8.3	1.2	14%

**Excludes £2.1 million of other income earned from the Revenue Guarantee and from Platform Migration Revenue in 2016.*

Revenue for the Vera&John segment in Q2 2017 increased by 30% compared to Q2 2016, which is due to organic growth in the segment and differences in the GBP to EUR exchange rates in those periods. Distribution costs also increased by 28% in Q2 2017 compared to Q2 2016, as game suppliers and payment providers' costs usually change proportionally with revenue. Selling and marketing costs do not move with revenues, however these costs also increased by 43%.

Revenue for the six months ended 30 June 2017 was 21% higher than in the comparative period. However distribution costs were only 14% higher as processing costs have been substantially lower in 2017 even with higher revenues, due to targeted efforts in 2017 to streamline payment processing procedures and costs.

Increases in administration costs for both the three and six months ended 30 June 2017 compared to the same periods in 2016 were mainly driven by increases in personnel and office related costs as the segment continues to grow.

Mandalay

	Q2 2017 £(millions)	Q2 2016 £(millions)	Variance £(millions)	Variance %
Revenue	**5.5**	5.5	-	-
Distribution costs	**2.8**	3.6	(0.8)	(22%)
Administration costs	**0.3**	0.3	-	-
Adjusted EBITDA[1]	**2.4**	1.6	0.8	50%

	YTD 2017 £(millions)	YTD 2016 £(millions)	Variance £(millions)	Variance %
Revenue	**10.5**	11.3	(0.8)	(7%)
Distribution costs	**5.8**	7.1	(1.3)	(18%)
Administration costs	**0.6**	0.6	-	-
Adjusted EBITDA[1]	**4.1**	3.6	0.5	14%

Revenue for the Mandalay segment for the three months ended 30 June 2017 was flat against the prior period in 2016. However, due to lower marketing spend, the adjusted EBITDA[1] was substantially higher.

Revenue for the six months ended 30 June 2017 was 7% lower than in the same period in 2016. This is due to the Q1 2017 results, as the segment focused on changing promotional spend to improve operational margins and deposit hold in future periods. Q2 2017 revenue has rebounded due to these measures. Due to lower sales and marketing costs, adjusted EBITDA[1] was 14% higher than in six months ended 30 June 2016.

Unallocated Corporate Costs

Unallocated corporate costs increased from £1.6 million to £2.5 million in the three months ended 30 June 2017 as compared to the three months ended 30 June 2016. The variance mainly relates to a £0.3 million increase in compensation due to the addition of new staff; a £0.3 million increase in general and administrative overhead costs; and a £0.3 million increase in professional fees.

Unallocated corporate costs increased from £2.8 million to £5.3 million in the six months ended 30 June 2017 as compared to the six months ended 30 June 2016. The variance mainly relates to a £0.9 million increase in compensation due to addition of new staff; a £0.7 million increase in general and administrative overhead costs; and a £1.0 million increase in professional fees. These were minimally offset by a £0.1 million decrease in marketing costs.

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 June 2017	Twelve months ended 30 June 2016	Variance	Variance %
Average Active Customers per month (#)	**243,896**	216,220	27,676	13%
Total Real Money Gaming Revenue (£000) [(1)]	**261,707**	225,691	36,016	16%
Average Real Money Gaming Revenue per month (£000)	**21,809**	18,808	3,001	16%
Monthly Real Money Gaming Revenue per Average Active Customer (£)	**89**	87	2	2%

[(1)] *Total Real Money Gaming Revenue for the twelve months ended 30 June 2017 consists of total revenue less other income earned from the Revenue Guarantee and Platform Migration Revenue of £nil (30 June 2016 - £5.4 million) and revenue earned from affiliate websites and social gaming revenue of £24.2 million (30 June 2016 - £24.0 million).*

Monthly Real Money Gaming Revenue per Average Active Customer[4] is consistent year over year which is in line with the Group's overall customer acquisition and retention strategy.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties are those disclosed on pages 17 to 46 of Jackpotjoy plc's prospectus dated 20 January 2017. The principal risks and uncertainties which could impact the Group for the remainder of the year are set out below:

Regulatory risks:

- The Group, or certain third parties that it relies on, may fail to maintain effective and compliant anti-money laundering, anti-bribery, fraud detection, regulatory compliance and risk management processes
- The Group operates in a constantly evolving online gaming and gambling regulatory environment
- Operations in regulated markets may be impacted by changes in regulatory rules, and operations in near-regulation or unregulated markets may become subject to regulations

Technology:

- The Group is reliant on third-party content and platform suppliers
- Content and technology may become out-of-date and ineffective at acquiring and retaining customers
- The gaming platforms used are reliant on technologies and network systems, which may be vulnerable to cyber attacks that negatively affect the customer experience or which could result in breach of privacy laws and misuse of customer data that could lead to liabilities or losing customer goodwill

Operational:

- The Group operates in a highly competitive environment and is reliant on continued market growth
- The Group is dependent on key management personnel, some of whom have only recently been appointed
- The business and profitability of the Group depends on its ability to maintain or expand its user base
- The Jackpotjoy business may be adversely affected by a failure to effectively transition certain operating functions if the Group decides to assume them following the end of the Jackpotjoy earn-out period
- The operations and financial performance of the Jackpotjoy business are dependent on the relationship with the Gamesys group
- The Group's business, financial condition and results of operations are reliant on effective marketing and on the maintenance of its brand awareness, including by third parties and its endorsement relationships

- The Group is reliant on effective payment processing services from a limited number of providers in each of the markets in which it operates
- The Group's substantial activities in foreign jurisdictions may be affected by factors outside of the Group's control

Financial:

- The Group is exposed to exchange rate risks
- The loans under the credit facilities bear interest at floating rates that could rise significantly, increasing the Group's costs and reducing its cash flow
- The Group has several operating and financial covenants in its financing documentation. Failure to comply with these operating and financial covenants over the longer term could entail several adverse scenarios, which would materially adversely affect the Group's operating results and financial condition

Taxation:

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

Economic:

- The Group operates in a volatile online gaming market industry which is sensitive to economic conditions
- The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and the Group's business, prospects, revenues, operating results and financial condition

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE HALF YEARLY FINANCIAL REPORT

For the six months ended 30 June 2017

We confirm to the best of our knowledge that:

a) The condensed interim set of financial statements has been prepared in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union;

b) The Interim Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) The Interim Report includes a fair review of the information required by DTR 4.2.8 R (disclosure of related parties' transactions and changes therein).

Signed by order of the Board of Directors

Andrew McIver

Chief Executive Officer

15 August 2017

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 six months ended 30 June 2017 which comprises 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 six months ended 30 June 2017 is the responsibility of and has been approved by the directors. With regard to the six months ended 30 June 2017, the directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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, with regard to the six months ended 30 June 2017, to assist the company in meeting its responsibilities in respect of interim financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority 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 six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as issued by the International Accounting Standards Board, International Accounting Standard 34, as adopted by the European Union, and, in respect of the six months ended 30 June 2017, the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO LLP
Chartered Accountants
London
United Kingdom
14 August 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 June 2017	Three months ended 30 June 2016	**Six months ended 30 June 2017**	Three months ended 31 March 2016
	(£000's)	(£000's)	**(£000's)**	(£000's)
Revenue and other income				
Gaming revenue[4]	75,193	63,353	**146,569**	127,584
Other income earned from revenue guarantee	-	-	-	1,181
Other income earned from platform migration	-	925	-	925
Total revenue and other income	**75,193**	64,278	**146,569**	129,690
Costs and expenses				
Distribution costs[4,5]	**34,302**	32,293	**65,546**	62,151
Administrative costs[5]	**27,664**	22,884	**52,877**	45,361
Severance costs[4]	-	5,695	-	5,695
Transaction related costs[4]	-	4,866	**1,315**	6,164
Foreign exchange loss[4]	**4,766**	1,994	**6,899**	2,515
Total costs and expenses	**66,732**	67,732	**126,637**	121,886
Gain on sale of intangible assets	-	-	**(1,002)**	-
Fair value adjustments on contingent consideration[15]	**1,845**	17,277	**14,701**	18,950
(Gain)/loss on cross currency swap[10]	-	(14,231)	**3,534**	(18,261)
Interest income[6]	**(57)**	(27)	**(95)**	(56)
Interest expense[6]	**11,382**	8,387	**22,718**	16,765
Financing expenses	**13,170**	11,406	**40,858**	17,398
Net loss for the period before taxes	**(4,709)**	(14,860)	**(19,924)**	(9,594)
Current tax provision	**168**	113	**359**	394
Deferred tax recovery	**(105)**	(100)	**(210)**	(182)
Net loss for the period attributable to owners of parent	**(4,772)**	(14,873)	**(20,073)**	(9,806)
Other comprehensive income/(loss): Items that will or may be reclassified to profit or loss in subsequent periods				
Foreign currency translation gain/(loss)	**13,088**	(9,133)	**18,643**	(6,663)
Unrealised loss on cross currency hedge reserve	**(4,032)**	-	**(4,845)**	-
Total comprehensive income/(loss) for the period attributable to owners of the parent	**4,284**	(24,006)	**(6,275)**	(16,469)
Net loss for the period per share				
Basic[7]	**£(0.06)**	£(0.21)	**£(0.27)**	£(0.14)
Diluted[7]	**£(0.06)**	£(0.21)	**£(0.27)**	£(0.14)

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	As at 30 June 2017 (£000's)	As at 31 December 2016 (£000's)
Current assets		
Cash[8]	**23,963**	68,485
Restricted cash[8]	**76**	253
Customer deposits	**8,979**	8,573
Trade and other receivables[9]	**17,166**	16,763
Current portion of cross currency swap[10,15]	**-**	38,171
Taxes receivable	**10,915**	6,832
Total current assets	**61,099**	139,077
Tangible assets	**1,405**	852
Intangible assets[11]	**323,682**	352,473
Goodwill[11]	**296,739**	296,352
Other long-term receivables	**2,247**	2,624
Total non-current assets	**624,073**	652,301
Total assets	**685,172**	791,378

LIABILITIES AND EQUITY

Current liabilities		
Accounts payable and accrued liabilities[12]	**9,699**	8,992
Current portion of cross currency swap payable [10,15]	**280**	-
Other short-term payables[13]	**11,779**	15,321
Interest payable	**638**	633
Payable to customers	**8,979**	8,573
Current portion of long-term debt[14]	**25,318**	26,695
Current portion of contingent consideration[15]	**38,768**	86,903
Provision for taxes	**5,286**	7,743
Total current liabilities	**100,747**	154,860
Contingent consideration[15]	**6,370**	33,284
Other long-term payables[16]	**11,423**	14,505
Cross currency swap payable[10,15]	**4,557**	-
Deferred tax liability	**1,391**	1,897
Convertible debentures[17]	**954**	3,266
Long-term debt[14]	**322,999**	344,098
Total non-current liabilities	**347,694**	397,050
Total liabilities	**448,441**	551,910
Equity		
Retained earnings	**(190,810)**	(170,737)
Share capital	**7,388**	7,298
Other reserves	**420,153**	402,907
Total equity	**236,731**	239,468
Total liabilities and equity	**685,172**	791,378

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital (£000')	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 Earnings/ (Deficit) (£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	-	-	-	-	-	-	-	(9,806)	(9,806)
Other comprehensive loss	-	-	-	-	-	(6,663)	-	-	(6,663)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(6,663)**	**-**	**(9,806)**	**(16,469)**
Contributions by and distributions to shareholders:									
Conversion of debentures[17]	2	42	-	-	-	-	-	-	44
Exercise of common share warrants[17]	4	187	-	-	-	-	-	-	191
Exercise of common share options[17]	4	95	-	-	(22)	-	-	-	77
Share-based compensation[17]	-	-	-	-	546	-	-	-	546
Total contributions by and distributions to shareholders	**10**	**324**	**-**	**-**	**524**	**-**	**-**	**-**	**858**
Balance at 30 June 2016	**7,061**	406,326	(15,521)	**-**	**7,303**	**8,153**	**-**	**(139,900)**	**273,422**
Balance at 1 January 2017	**7,298**	**413,293**	**(15,521)**	**50**	**8,598**	**(3,513)**	**-**	**(170,737)**	**239,468**
Comprehensive loss for the period									
Net loss for the period	-	-	-	-	-	-	-	(20,073)	(20,073)
Other comprehensive income	-	-	-	-	-	18,643	(4,845)	-	13,798
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**-**	**-**	**18,643**	**(4,845)**	**(20,073)**	**(6,275)**
Contributions by and distributions to shareholders:									
Conversion of debentures[17]	75	2,263	-	-	-	-	-	-	2,338
Exercise of options[17]	15	462	-	-	(105)	-	-	-	372
Cancellation of redeemable shares	-	-	-	(50)	-	-	-	-	(50)
Share-based compensation[17]	-	-	-	-	878	-	-	-	878
Total contributions by and distributions to shareholders	**90**	**2,725**	**-**	**(50)**	**773**	**-**	**-**	**-**	**3,538**
Balance at 30 June 2017	**7,388**	**416,018**	**(15,521)**	**-**	**9,371**	**15,130**	**(4,845)**	**(190,810)**	**236,731**

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended 30 June 2017 (£000's)	Three months ended 30 June 2016 (£000's)	**Six months ended 30 June 2017 (£000's)**	Six months ended 30 June 2016 (£000's)
Operating activities				
Net loss for the year	**(4,772)**	(14,873)	**(20,073)**	(9,806)
Add (deduct) items not involving cash				
Amortisation	**16,411**	14,129	**30,160**	27,106
Share-based compensation expense[17]	**353**	248	**878**	546
Current tax provision	**168**	113	**359**	394
Deferred tax recovery	**(105)**	(100)	**(210)**	(182)
Interest expense, net[6]	**11,325**	8,360	**22,623**	16,709
Gain on sale of intangible assets	**-**	-	**(1,002)**	-
Fair value adjustments on contingent consideration[15]	**1,845**	17,277	**14,701**	18,950
Realised/unrealised (gain)/loss on cross currency swap[10]	**-**	(14,231)	**3,534**	(18,261)
Foreign exchange loss	**4,766**	1,994	**6,899**	2,515
	29,991	12,917	**57,869**	37,971
Change in non-cash operating items				
Trade and other receivables	**(1,012)**	4,150	**(525)**	4,387
Other long-term receivables	**468**	(120)	**452**	(53)
Accounts payable and accrued liabilities	**(415)**	(1,645)	**(1,844)**	(1,028)
Other short-term payables	**130**	9,367	**(3,542)**	9,967
Cash provided by operating activities	**29,162**	24,669	**52,410**	51,244
Income taxes paid	**(6,871)**	(6,296)	**(6,899)**	(6,296)
Incomes taxes received	**-**	-	**102**	-
Total cash provided by operating activities	**22,291**	18,373	**45,613**	44,948
Financing activities				
Restriction of cash balances	**154**	-	**175**	-
Proceeds from exercise of warrants	**-**	-	**-**	191
Proceeds from exercise of options	**109**	99	**372**	99
Proceeds from cross currency swap settlement[10]	**-**	-	**34,373**	-
Repayment of non-compete liability	**(1,333)**	-	**(1,333)**	-
Interest repayment	**(7,659)**	(4,225)	**(15,209)**	(8,457)
Payment of contingent consideration[15]	**(94,218)**	(6,308)	**(94,218)**	(6,308)
Principal payments made on long-term debt[14]	**(6,510)**	(7,933)	**(12,806)**	(13,856)
Total cash used in financing activities	**(109,457)**	(18,367)	**(88,646)**	(28,331)
Investing activities				
Purchase of tangible assets	**(252)**	(76)	**(763)**	(97)
Purchase of intangible assets	**(713)**	(403)	**(1,262)**	(735)
Proceeds from sale of intangible assets	**-**	-	**1,002**	-
Total cash used in investing activities	**(965)**	(479)	**(1,023)**	(832)
Net (decrease)/increase in cash during the period	**(88,131)**	(473)	**(44,056)**	15,785
Cash, beginning of the period	**112,297**	50,621	**68,485**	31,762
Exchange (loss)/gain on cash and cash equivalents	**(203)**	1,421	**(466)**	4,022
Cash, end of the period	**23,963**	51,569	**23,963**	51,569

See accompanying notes

SUPPLEMENTARY NOTES FOR THREE AND SIX MONTHS ENDED 30 JUNE 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 ordinary shares of Jackpotjoy plc. 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 August 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 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 June 2017, the Group has consolidated current assets and current liabilities of £61.1 million and £100.7 million, respectively, giving rise to a net current liability of £39.6 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 six months ended 30 June 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 Q2 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 ($:£ - 0.5410). 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;
- 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 June 2017:

	Jackpotjoy (£000's)	Vera&John (£000's)	Mandalay (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Total revenue	**52,332**	**17,412**	**5,449**	**-**	**75,193**
Distribution costs	23,251	8,278	2,757	16	34,302
Amortisation and depreciation	12,244	2,465	1,608	94	16,411
Compensation, professional, and general and administrative expenses	4,165	4,024	265	2,799	11,253
Foreign exchange	(78)	419	11	4,414	4,766
Financing, net	-	(53)	1	13,222	13,170
Income/(loss) for the period before taxes	**12,750**	**2,279**	**807**	**(20,545)**	**(4,709)**
Taxes	-	63	-	-	63
Net income/(loss) for the period	**12,750**	**2,216**	**807**	**(20,545)**	**(4,772)**
Net income/(loss) for the period	**12,750**	**2,216**	**807**	**(20,545)**	**(4,772)**
Interest expense, net	-	(53)	1	11,377	11,325
Taxes	-	63	-	-	63
Amortisation and depreciation	12,244	2,465	1,608	94	16,411
EBITDA	**24,994**	**4,691**	**2,416**	**(9,074)**	**23,027**
Share-based compensation	-	-	-	353	353
Fair value adjustment on contingent consideration	-	-	-	1,845	1,845
Foreign exchange	(78)	419	11	4,414	4,766
Adjusted EBITDA	**24,916**	**5,110**	**2,427**	**(2,462)**	**29,991**
Net income/(loss) for the period	**12,750**	**2,216**	**807**	**(20,545)**	**(4,772)**
Share-based compensation	-	-	-	353	353
Fair value adjustment on contingent consideration	-	-	-	1,845	1,845
Foreign exchange	(78)	419	11	4,414	4,766
Amortisation of acquisition related purchase price intangibles and non-compete clauses	12,244	2,105	1,593	-	15,942
Accretion	-	-	-	3,662	3,662
Adjusted net income/(loss)	**24,916**	**4,740**	**2,411**	**(10,271)**	**21,796**

Six months ended 30 June 2017:

	Jackpotjoy (£000's)	Vera&John (£000's)	Mandalay (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Total revenue	**102,998**	**33,103**	**10,468**	**-**	**146,569**
Distribution costs	43,794	15,926	5,768	58	65,546
Amortisation and depreciation	21,934	4,833	3,201	192	30,160
Compensation, professional, and general and administrative expenses	8,326	7,684	550	6,157	22,717
Transaction related costs	-	-	-	1,315	1,315
Foreign exchange	(96)	478	9	6,508	6,899
Gain on sale of intangible assets	-	(1,002)	-	-	(1,002)
Financing, net	-	(87)	2	40,943	40,858
Income/(loss) for the period before taxes	**29,040**	**5,271**	**938**	**(55,173)**	**(19,924)**
Taxes	-	149	-	-	149
Net income/(loss) for the period	**29,040**	**5,122**	**938**	**(55,173)**	**(20,073)**

Net income/(loss) for the period	**29,040**	**5,122**	**938**	**(55,173)**	**(20,073)**
Interest expense, net	-	(87)	2	22,708	22,623
Taxes	-	149	-	-	149
Amortisation and depreciation	21,934	4,833	3,201	192	30,160
EBITDA	**50,974**	**10,017**	**4,141**	**(32,273)**	**32,859**
Share-based compensation	-	-	-	878	878
Fair value adjustment on contingent consideration	-	-	-	14,701	14,701
Loss on cross currency swap	-	-	-	3,534	3,534
Transaction related costs	-	-	-	1,315	1,315
Gain on sale of intangible assets	-	(1,002)	-	-	(1,002)
Foreign exchange	(96)	478	9	6,508	6,899
Adjusted EBITDA	**50,878**	**9,493**	**4,150**	**(5,337)**	**59,184**

Net income/(loss) for the period	**29,040**	**5,122**	**938**	**(55,173)**	**(20,073)**
Share-based compensation	-	-	-	878	878
Fair value adjustment on contingent consideration	-	-	-	14,701	14,701

Loss on cross currency swap	-	-	-	3,534	3,534
Transaction related costs	-	-	-	1,315	1,315
Gain on sale of intangible assets	-	(1,002)	-	-	(1,002)
Foreign exchange	(96)	478	9	6,508	6,899
Amortisation of acquisition related purchase price intangibles and non-compete clauses	21,934	4,212	3,186	-	29,332
Accretion	-	-	-	7,051	7,051
Adjusted net income/(loss)	**50,878**	**8,810**	**4,133**	**(21,186)**	**42,635**

Three months ended 30 June 2016:

	Jackpotjoy (£000's)	Vera&John (£000's)	Mandalay (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Total revenue and other income	**44,531**	**14,300**	**5,447**	**-**	**64,278**
Distribution costs	22,107	6,527	3,633	26	32,293
Amortisation and depreciation	10,428	2,117	1,581	3	14,129
Compensation, professional, and general and administrative expenses	3,986	2,729	263	1,777	8,755
Severance costs	-	-	-	5,695	5,695
Transaction related costs	-	361	-	4,505	4,866
Foreign exchange	(184)	(44)	(37)	2,259	1,994
Financing, net	-	(21)	1	11,426	11,406
Income/(loss) for the period before taxes	**8,194**	**2,631**	**6**	**(25,691)**	**(14,860)**
Taxes	-	13	-	-	13
Net income/(loss) for the period	**8,194**	**2,618**	**6**	**(25,691)**	**(14,873)**
Net income/(loss) for the period	**8,194**	**2,618**	**6**	**(25,691)**	**(14,873)**
Interest expense, net	-	(21)	1	8,380	8,360
Taxes	-	13	-	-	13
Amortisation and depreciation	10,428	2,117	1,581	3	14,129
EBITDA	**18,622**	**4,727**	**1,588**	**(17,308)**	**7,629**
Share-based compensation	-	-	-	248	248
Severance costs	-	-	-	5,695	5,695
Fair value adjustment on contingent consideration	-	-	-	17,277	17,277
Gain on cross currency swap	-	-	-	(14,231)	(14,231)

Transaction related costs	-	361	-	4,505	4,866
Foreign exchange	(184)	(44)	(37)	2,259	1,994
Adjusted EBITDA	**18,438**	**5,044**	**1,551**	**(1,555)**	**23,478**
Net income/(loss) for the period	**8,194**	**2,618**	**6**	**(25,691)**	**(14,873)**
Share-based compensation	-	-	-	248	248
Severance costs	-	-	-	5,695	5,695
Fair value adjustment on contingent consideration	-	-	-	17,277	17,277
Gain on cross currency swap	-	-	-	(14,231)	(14,231)
Transaction related costs	-	361	-	4,505	4,866
Foreign exchange	(184)	(44)	(37)	2,259	1,994
Amortisation of acquisition related purchase price intangibles	10,428	1,995	1,581	-	14,004
Accretion	-	-	-	4,159	4,159
Adjusted net income/(loss)	**18,438**	**4,930**	**1,550**	**(5,779)**	**19,139**

Six months ended 30 June 2016:

	Jackpotjoy (£000's)	Vera&John (£000's)	Mandalay (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Total revenue and other income	**88,987**	**29,435**	**11,268**	**-**	**129,690**
Distribution costs	40,927	13,957	7,114	153	62,151
Amortisation and depreciation	20,484	3,870	2,743	9	27,106
Compensation, professional, and general and administrative expenses	7,629	5,194	561	4,871	18,255
Severance costs	-	-	-	5,695	5,695
Transaction related costs	-	442	-	5,722	6,164
Foreign exchange	(333)	293	(68)	2,623	2,515
Financing, net	-	(43)	3	17,438	17,398
Income/(loss) for the period before taxes	**20,280**	**5,722**	**915**	**(36,511)**	**(9,594)**
Taxes	-	212	-	-	212
Net income/(loss) for the period	**20,280**	**5,510**	**915**	**(36,511)**	**(9,806)**
Net income/(loss) for the period	**20,280**	**5,510**	**915**	**(36,511)**	**(9,806)**
Interest expense, net	-	(43)	3	16,749	16,709
Taxes	-	212	-	-	212
Amortisation and depreciation	20,484	3,870	2,743	9	27,106
EBITDA	**40,764**	**9,549**	**3,661**	**(19,753)**	**34,221**
Share-based compensation	-	-	-	546	546
Severance costs	-	-	-	5,695	5,695
Independent Committee related expenses	-	-	-	1,693	1,693
Fair value adjustment on contingent consideration	-	-	-	18,950	18,950
Gain on cross currency swap	-	-	-	(18,261)	(18,261)

Transaction related costs	-	442	-	5,722	6,164
Foreign exchange	(333)	293	(68)	2,623	2,515
Adjusted EBITDA	**40,431**	**10,284**	**3,593**	**(2,785)**	**51,523**
Net income/(loss) for the period	**20,280**	**5,510**	**915**	**(36,511)**	**(9,806)**
Share-based compensation	-	-	-	546	546
Severance costs	-	-	-	5,695	5,695
Independent Committee related expenses	-	-	-	1,693	1,693
Fair value adjustment on contingent consideration	-	-	-	18,950	18,950
Gain on cross currency swap	-	-	-	(18,261)	(18,261)
Transaction related costs	-	442	-	5,722	6,164
Foreign exchange	(333)	293	(68)	2,623	2,515
Amortisation of acquisition related purchase price intangibles	20,484	3,650	2,743	-	26,877
Accretion	-	-	-	8,195	8,195
Adjusted net income/(loss)	**40,431**	**9,895**	**3,590**	**(11,348)**	**42,568**

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

	Jackpotjoy (£000's)	**Vera&John (£000's)**	**Mandalay (£000's)**	**Unallocated Corporate Costs (£000's)**	**Total (£000's)**
Current assets	14,921	37,807	6,897	1,474	61,099
Goodwill	224,348	55,779	16,612	-	296,739
Long-term assets	276,197	34,660	15,021	1,456	327,334
Total assets	**515,466**	**128,246**	**38,530**	**2,930**	**685,172**
Current liabilities	6,278	14,422	1,874	78,173	100,747
Long-term liabilities	-	1,391	-	346,303	347,694
Total liabilities	**6,278**	**15,813**	**1,874**	**424,476**	**448,441**
Net assets	**509,188**	**112,433**	**36,656**	**(421,546)**	**236,731**

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 six months ended 30 June 2017 and 2016, substantially all of the revenue earned by the Group was in Europe. Non-current assets by geographical location as at 30 June 2017 were as follows: Europe £90.4 million (31 December 2016 - £93.6 million) and the Americas £533.6 million (31 December 2016 - £558.7 million).

5. Costs and Expenses

	Three Months Ended 30 June 2017 (£000's)	Three Months Ended 30 June 2016 (£000's)	**Six Months Ended 30 June 2017 (£000's)**	Six Months Ended 30 June 2016 (£000's)
Distribution costs:				
Selling and marketing	**10,846**	12,334	**20,449**	21,566
Licensing fees	**11,826**	10,170	**22,912**	20,638
Gaming taxes	**8,469**	7,048	**16,461**	14,164
Processing fees	**3,161**	2,741	**5,724**	5,783
	34,302	32,293	**65,546**	62,151
Administrative costs:				
Compensation and benefits	**8,016**	6,916	**16,091**	12,801
Professional fees	**797**	525	**2,005**	2,818
General and administrative	**2,440**	1,314	**4,621**	2,636
Tangible asset depreciation	**111**	26	**184**	54
Intangible asset amortisation	**16,300**	14,103	**29,976**	27,052
	27,664	22,884	**52,877**	45,361

6. Interest Expense/Income

	Three Months Ended 30 June 2017 (£000's)	Three Months Ended 30 June 2016 (£000's)	**Six Months Ended 30 June 2017 (£000's)**	Six Months Ended 30 June 2016 (£000's)
Interest earned on cash held during the period	**57**	27	**95**	56
Total interest income	**57**	27	**95**	56
Interest paid and accrued on long-term debt	**7,739**	4,111	**15,664**	8,343
Accretion of discount recognised on contingent consideration	**2,365**	3,601	**4,468**	7,148
Interest paid and accrued on convertible debentures	**18**	117	**40**	227
Interest accretion recognised on convertible debentures	**12**	96	**30**	184
Interest accretion recognised on long-term debt	**777**	462	**1,560**	863
Interest accretion recognised on other long-term liabilities	**471**	-	**956**	-
Total interest expense	**11,382**	8,387	**22,718**	16,765

7. Earnings per Share

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

	Three Months Ended 30 June 2017 (£000's)	Three Months Ended 30 June 2016 (£000's)	**Six Months Ended 30 June 2017 (£000's)**	Six Months Ended 30 June 2016 (£000's)
Numerator:				
Net (loss)/income - basic	**(4,772)**	(14,873)	**(20,073)**	(9,806)
Net (loss)/income - diluted	**(4,772)**	(14,873)	**(20,073)**	(9,806)
Denominator:				
Weighted average number of shares outstanding - basic	**73,785**	70,572	**73,680**	70,566
Instruments, which are anti-dilutive:				
Weighted average effect of dilutive share options	**401**	908	**391**	848
Weighted average effect of convertible debentures[2]	**312**	2,828	**399**	2,828
Net loss per share[3,4]				
Basic	**£(0.06)**	£(0.21)	**£(0.27)**	£(0.14)
Diluted[1]	**£(0.06)**	£(0.21)	**£(0.27)**	£(0.14)

[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 six months ended 30 June 2017 and 30 June 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 June 2017 (£000's)	**31 December 2016 (£000's)**
Cash	23,746	33,558
Segregated cash*	217	34,927
Cash and cash equivalents	23,963	68,485
Restricted cash - other	76	253
Total cash balances	**24,039**	**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 at 30 June 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 June 2017 (£000's)	31 December 2016 (£000's)
Due from the Gamesys group	8,643	9,242
Due from the 888 group	3,154	1,625
Affiliate revenue receivable	2,242	1,766
Short-term loans receivable	841	572
Swap-related receivable	-	1,948
Prepaid expenses	1,759	967
Other	527	643
	17,166	**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 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 June 2017 is £4.8 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

As at 30 June 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	-	-	1,262	-	-	-	-	1,262
Translation	(1)	391	(73)	1	-	-	(720)	(402)
Balance, 30 June 2017	**93**	**341,318**	**22,859**	**70,055**	**12,900**	**20,434**	**317,109**	**784,768**
Accumulated amortisation								
Balance, 1 January 2017	34	96,811	7,414	6,523	2,824	-	21,477	135,083
Amortisation	8	22,507	2,340	1,751	817	2,553	-	29,976
Translation	6	162	235	(8)	-	-	(1,107)	(712)
Balance, 30 June 2017	**48**	**119,480**	**9,989**	**8,266**	**3,641**	**2,553**	**20,370**	**164,347**
Carrying value								
Balance, 30 June 2017	**45**	**221,838**	**12,870**	**61,789**	**9,259**	**17,881**	**296,739**	**620,421**

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 June 2017 (£000's)	31 December 2016 (£000's)
Affiliate/marketing expenses payable	3,895	3,058
Payable to game suppliers	1,416	950
Compensation payable	1,949	2,989
Loyalty program payable	252	260
Professional fees	750	349
Gaming tax payable	67	526
Other	1,370	860
	9,699	**8,992**

13. Other Short-Term Payables

Other short-term payables consist of:

	30 June 2017 (£000's)	31 December 2016 (£000's)
Transaction related payables	3,112	9,321
Current portion of other long-term payables *(Note 16)*	8,667	6,000
	11,779	**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	(12,806)	-	-	(12,806)
Accretion[1]	965	190	405	1,560
Foreign exchange translation	(11,230)	-	-	(11,230)
Balance, 30 June 2017	**196,945**	**67,724**	**83,648**	**348,317**
Current portion	25,318	-	-	25,318
Non-current portion	171,627	67,724	83,648	322,999

[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 June 2017 (£000's)	31 December 2016 (£000's)
Cash and restricted cash	24,039	68,738
Trade and other receivables	17,166	16,763
Other long-term receivables	2,247	2,624
Customer deposits	8,979	8,573
	52,431	**96,698**

Financial liabilities

Financial liabilities at amortised cost	30 June 2017 (£000's)	31 December 2016 (£000's)
Accounts payable and accrued liabilities	9,699	8,992
Other long-term payables	11,423	14,505
Other short-term payables	11,779	15,321
Interest payable	638	633
Payable to customers	8,979	8,573
Convertible debentures	954	3,266
Long-term debt	348,317	370,793
	391,789	**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 June 2017 amounted to £1.6 million. Fair value was determined based on a quoted market price in an active market.

Financial instruments

Financial instruments recognised at fair value through profit or loss - assets (liabilities)	30 June 2017 (£000's)	31 December 2016 (£000's)
Cross currency swap	(4,837)	38,171
Contingent consideration	(45,138)	(120,187)
	(49,975)	**(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 June 2017 (£000's)	31 December 2016 (£000's)	30 June 2017 (£000's)	31 December 2016 (£000's)
Cross currency swap	(4,837)	38,171	-	-
Contingent consideration	-	-	(45,138)	(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 31% higher (£13.5 million), than its value at 30 June 2017, increasing the current portion of the contingent consideration, which is composed of the Botemania earn-out payment and first Jackpotjoy milestone payment, by £9.9 million and increasing the long-term contingent consideration, which is composed of the final Jackpotjoy milestone payments due in 2019 and 2020, by £3.6 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 June 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	14,701
Payments	(94,218)
Accretion of discount	4,468
Contingent consideration, 30 June 2017	**45,138**
Current portion	38,768
Non-current portion	6,370

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. £8.7 million of this payable is included in current liabilities (note 13), with the discounted value of the remaining balance, being £11.4 million, included in other long-term payables. During the six months ended 30 June 2017, the Group has paid a total of £1.3 million in relation to the additional non-compete clauses.

17. Share Capital

As at 30 June 2017, Jackpotjoy plc's issued share capital consisted of 73,836,099 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	75	700,166
Exercise of options	15	152,656
Balance, 30 June 2017	**7,388**	**73,836,099**

Ordinary shares

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

Convertible debentures

During the six months ended 30 June 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 six months ended 30 June 2017 (and following the completion of the plan of arrangement), debentures at an undiscounted value of £0.3 million were converted into 71,833 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 six months ended 30 June 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 six months ended 30 June 2017, the Group recorded £0.4 million and £0.9 million, respectively (2016 - £0.2 million and £0.5 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 FTSE 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 six months ended 30 June 2017, the Group recorded £0.01 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 June 2017, the Group had recognised £nil liability (31 December 2016 - £nil) related to potential contingent indirect taxation liabilities.