

FINAL TRANSCRIPT

The Intertain Group Limited

Strategic Review and New Management Update Conference Call

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The Intertain Group Limited — Chairman

Neil Goulden

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Andy McIver

The Intertain Group Limited — Chief Executive Officer and Director

Keith Laslop

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David McFadgen

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PRESENTATION

Operator

Good morning. My name is Jessa and I will be your conference operator today. At this time, I would like to welcome everyone to the Intertain Strategic Review and New Management Update Conference Call. All lines have been placed on mute to prevent any background noise.

After the speakers' remarks, there will be a question-and-answer session. If you would like to ask a question during this time simply press *, then the number 1 on your telephone keypad. If you would like to withdraw your question, please press the # key. Thank you.

Mr. Danziger, you may begin your conference.

David Danziger — Chairman, The Intertain Group Limited

Good morning, everyone, and welcome to our conference call to update the shareholders, stakeholders, and members of the investment community in connection with Intertain's previously announced strategic review process.

I'm also pleased to introduce you to Intertain's new Chairman of the Board, Neil Goulden, and our new CEO and Director, Andrew McIver. Neil and Andy's appointments are effective immediately, and I will give each of them some time to make a few remarks after I provide an update on the status of our dual-track strategic review.

We are also joined by Keith Laslop, Intertain's CFO and President of Intertain Bahamas.

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We issued a news release outlining these developments approximately an hour ago at 7:00 a.m. Toronto time. A copy of that news release is available on Intertain's website.

As disclosed previously, the Special Committee of the Board of Directors is comprised of three independent directors, being myself, Paul Pathak, and John Fielding. Our mandate continues to be identifying and assessing potential value-enhancing strategic transactions for Intertain.

Since our last update, the Special Committee, through its advisors, is continuing its process in connection with the third-party acquisition of all the shares of Intertain. The Brexit vote in the UK last week has obviously caused significant disruption in the markets in both the UK and elsewhere.

Despite the Brexit vote, however, further discussions are expected to take place. Since the initial round of offers we received in May, work to complete due diligence in relation to the process has continued, and multiple meetings with members of management and our advisors to discuss due diligence matters, our businesses, and to explore potential integration plans have been held.

We will continue to work with Canaccord Genuity, our financial advisors, and Osler, our independent legal advisors, to further assess the implications of the Brexit vote and to continue to advance this process.

In our last update we disclosed that we were assessing potential advantageous scenarios involving a migration to a European jurisdiction and increasing Intertain's exposure to European capital markets.

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We've continued our work with Credit Suisse and our other professional advisors to explore these opportunities in parallel with a third-party sale process. Our work with Credit Suisse is focused on comprehensive UK-centred strategic initiatives that I will refer to collectively on this call as the UK Strategic Initiatives, which include a potential migration of Intertain to the UK and a London listing of our shares.

If Intertain determines to pursue the UK Strategic Initiatives, this migration and London listing would be implemented by having a newly incorporated London-headquartered corporation become Intertain's holding company. I'll refer to the new corporation as ListCo.

Intertain's current shareholders would become shareholders of ListCo, and Intertain would intend that the ListCo shares would be listed on the standard listing segment of the Main Market of the London Stock Exchange. Intertain has submitted letters to the UK listing authority in order to obtain preliminary feedback of ListCo's eligibility for listing, and I note that any London listing would be subject to UKLA approval.

Overall, we believe that the strategic review has demonstrated a recognition in the market of the value and prospects of our businesses and the power of potentially combining some or all of them with other market-leading gaming assets.

Similarly, we are excited by the potential to achieve a fuller and more appropriate valuation of Intertain's businesses should we determine to continue to operate as a stand-alone business and pursue greater exposure to European capital markets.

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We will continue to work hard on both the third-party sale process and the UK Strategic Initiatives in the coming weeks, and we expect to provide further status update regarding the strategic review by no later than end of July 2016.

The Board intends to propose its recommended alternative to shareholders for consideration and a vote at a shareholders' meeting expected to be held in September of 2016.

As I stated earlier, I'm also pleased to announce the appointment of Neil Goulden as Chairman of the Board, and Andrew McIver as Chief Executive Officer of Intertain and as a director. These appointments are effective immediately, and follow extensive consideration of several very well-qualified candidates by the Special Committee.

Neil and Andy will speak about their respective backgrounds, but they are both world-class gaming executives, and they bring outstanding leadership to our businesses.

We have previously indicated that we were looking for new leadership that would bring operational excellence to Intertain, and both Neil and Andy have the strategic vision and demonstrated operational excellence in the gaming industry that we were looking for to help us to unlock the additional value that we believe is embedded in Intertain's core business assets.

We have already seen fantastic insight on our business and industry in our discussions with Neil and Andy. If Intertain completes the London listing, Neil and Andy will each assume their respective positions with ListCo.

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In the interim, the Special Committee will continue to oversee the strategic review and report to the Board. Neil and Andy will focus on developing the UK Strategic Initiatives and will manage the core businesses.

However, although Neil and Andy have joined us at an exciting time in the development of our business, they both understand the uncertainty that comes with that, and in the event that we proceed with a third-party sale or otherwise determine not to proceed with a London listing, no significant severance will be payable to either of them.

In connection with Andy's appointment as CEO, John Kennedy FitzGerald has resigned as CEO and as a director of Intertain, both effective immediately. John's leadership and vision helped Intertain to assemble its current core group of industry-leading assets, and the Board appreciates his foresight in working with the Board to identify the need for a more operationally focused CEO to lead Intertain going forward.

As we disclosed in February of 2016, Intertain is also actively searching for a new CFO in light of Keith Laslop's new role as President of Intertain Bahamas. We are meeting with potential CFO candidates, and intend to appoint a new CFO as soon as practicable.

Keith will carry on as CFO in addition to his role as President of Intertain Bahamas until such time as a new CFO is appointed.

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The Special Committee considers the UK Strategic Initiatives to be potentially advantageous for a variety of reasons. Among these is that Intertain believes the UK is a natural home for its listing, particularly following Intertain's acquisition of the Jackpotjoy business.

We also expect a number of benefits in connection with a London listing, including that it would provide Intertain with access to a large liquid and international market with an analyst and investor base with extensive sector knowledge, and which is home to a significant number of our global gaming industry peers and a majority of its online gaming peers.

Although we are assessing the implications of the outcome of the Brexit vote, the key advantages of a London listing for Intertain, including the existing ecosystem provided by the existing listing of so many of our industry peers, appears to remain substantially unaffected by this outcome.

I also want to say a few words about the potential structure by which our proposed UK migration and London listing would proceed if we elected to proceed with the UK Strategic Initiatives.

We expect that these transactions would be facilitated by way of a court-supervised plan of arrangement under the Ontario Business Corporations Act, and that would result in ListCo becoming Intertain's parent company. We expect that each existing common share of Intertain would be exchanged for one ordinary share of ListCo under this arrangement.

We also expect to implement an exchangeable share structure that would allow certain Canadian resident shareholders to elect to receive exchangeable shares each exchangeable into one ListCo ordinary share as consideration for their Intertain shares also on a one-for-one basis. The

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exchangeable shares would permit these eligible Canadian resident shareholders to participate in the arrangement on a tax-deferred basis through a cross-border transaction structure that is well-known in transactions involving share-based acquisitions of Canadian companies.

Completion of the arrangement would be subject to shareholder approval and certain other conditions.

In addition, completion of the London listing would be subject of the approval of the UKLA. I should note that there can be no assurance that any such approvals will be obtained, or that such other conditions will be satisfied.

In light of the fluctuations in the pound following the Brexit vote last week, I also wanted to take a moment to highlight our cross-currency swap which we entered into in November 2015, given the significant amount of cash generated by Intertain that is denominated in pounds.

The swap agreement is at an exchange rate of £1.5135 per US dollar, and mitigates Intertain's exposure to exchange rate fluctuations between the pound and US dollar as the principal and interest payments on Intertain's term credit facility are in US dollars. That credit facility is our main source of FX exposure.

Our current swap agreement terminates on March 31, 2017, and as at the close of trading in New York on June 27, 2016, the fair value of the current swap was approximately CAD \$45.7 million.

We'll take questions regarding the strategic review in a moment, but I'd like to now turn the call over to Neil and Andy to say a few words.

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Neil Goulden — Chairman, The Intertain Group Limited

Thank you, David. It's Neil here. First, let me say how pleased I am to be joining the company at such an exciting time in its history. And I think the alternatives being considered by the Special Committee and outlined by David have the potential to help Intertain realize value for the long-term benefit of the company, its shareholders, and its stakeholders.

For my part, as some of you may know, I've spent the last 25 years at board level within a number of significant gaming and online gaming businesses, including Ladbrokes and Gala Coral Group, serving as Chief Operating Officer, Chief Executive, and Chairman of the latter at Gala Coral Group from 2000 to 2014.

Perhaps most relevant to my experience is firstly the launch of Gala Bingo online in February 2006, and Gala Bingo remains the number three in the market; and secondly my role as a senior independent director and PLC director at Marston's plc, the pub and brewing company here in the UK which brings with it some financial and FTSE 250 experience.

I'll now hand over to Andy to say a few words.

Andy McIver — Chief Executive Officer and Director, The Intertain Group Limited

Thank you, Neil. I'd like to echo Neil's view that this is an exciting time for Intertain, and I'm excited to have the opportunity to be part of it.

And I very much appreciate the opportunity provided to me by the Board to help Intertain identify and implement a strategic alternative that will take it to the next stage of its development and to continue to strengthen the company's existing core of outstanding assets.

I'm looking forward to continuing to work with the Intertain team going forward. I, like Neil, have been involved in the gaming businesses for some time—14 years in my case—most notably as CEO of Sportingbet PLC. I held that position for over six years, and prior to that was CFO for the same company for approximately five years.

I had the privilege of leading a significant expansion and diversification of Sportingbet's business across a range of geographies and business lines, and I was pleased to facilitate its ultimate sale in March 2013.

I've been in the online gaming industry since virtually its inception and participated in the growth and maturing of that industry through products; the advent of mobile and social media; flotations and M&A; international expansion; and of course, regulation. And of course, I've been there through all its ups and downs from which it has always emerged stronger and more determined.

I think at this point in the call I would like to now turn over the call to questions. Operator, could you please announce the first caller?

Q&A

Operator

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Certainly. At this time, if you would like to ask a question, please press *, followed by the number 1 on your telephone keypad.

And your first question comes from the line of Greg MacDonald from Macquarie. Please go ahead.

Greg MacDonald — Macquarie

Thanks. Good morning, good afternoon. First question on Brexit, then I have a quick follow-up to Neil and Andrew. On the Brexit, so a lot of us are trying to understand the impact of this, and I think for the most part we've all concluded that this is largely a currency to the P&L impact. Is there anything from an operating logistics perspective, or even from a listing requirements perspective that represent potential risk that you're looking at that we might not be considering?

Keith Laslop — Chief Financial Officer, The Intertain Group Limited. and President, Intertain Bahamas,

Hey, Greg, this is Keith.

Greg MacDonald

Hey, Keith.

Keith Laslop

One thing that everyone should be aware of with respect to Brexit is that 70 percent of our revenues and a similar amount of our profits are in Sterling. However, 100 percent of the Jackpotjoy earn-out is in Sterling and 90 percent of the debt has been hedged into Sterling. So the majority of our cash outflows over the next year are in Sterling.

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What this means to us is that in Sterling terms, given that we do have around 30 percent of our profits and cash flows coming in other currencies, as the Sterling depreciates our Sterling—once you translate everything into Sterling, our profits and cash flows increase. And that increased cash flow will cover more of the Jackpotjoy earn-out and more of the debt.

So fundamentally in terms of our business, a decline in the Sterling is a benefit to our business. However, of course, we're listed in Canadian dollars on the TSX at the moment, so there's a translation hit that, of course, you can't get around that. But with respect to our business itself, a decline in Sterling is a benefit to our business.

Greg MacDonald

Okay. That's helpful. But there's nothing from a volume usage basis, anything like that? Or I guess given the fact that a UK listings realistic scenario here, listing requirements issues, there's nothing that not being a lawyer I wouldn't understand?

Keith Laslop

No. There's nothing there.

Greg MacDonald

Okay. And second question's to Neil and Andrew. Congratulations on the potential move here. What is it about Intertain's asset or opportunity that was most interesting to you in terms of an opportunity here?

Andy McIver

It's Andy here. I think—obviously I know the space well, and I particularly know Jackpotjoy well. This is an asset I've coveted for a long time, and I was highly jealous of Interain when they actually pulled it off.

I tried to buy it once early in the 2000s, and I tried to merge with it in 2010 to 2013 when Sportingbet was effectively being sold. So it's great to have the opportunity to be reunited with what has been a unique and industry-leading asset.

On top of that, the Mandalay and Vera&John assets are also very, very strong assets within their own sphere. And I think you can safely say that one of the driving forces of me wanting to be involved in this company is how strong those business assets are.

Greg MacDonald

And in terms of...

Andy McIver

Sorry.

Greg MacDonald

Go ahead.

Andy McIver

After you.

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Greg MacDonald

Just I...

Neil Goulden

Go on, Greg; we're letting you speak.

Greg MacDonald

I'll stop. I'll stop. We're getting our lines crossed.

Neil Goulden

No. The only thing I would add to what Andy was saying of course is that the thing that attracted me to this was both operational and corporate; the operational side being having worked with the Gala Bingo brand, I understand the fundamentals of bingo online; the great attractiveness of the liquidity barrier; and indeed the high levels of retention. So the market base really appealed to me.

And secondly, the corporate side of it, I think is an exciting time to deliver enhanced and better value for shareholders.

Greg MacDonald

So in terms of the growth opportunity, is it existing asset expansion, i.e. organic growth? Or is it new market opportunity that is in your opinion the biggest upside?

Andy McIver

I think at this point in time, obviously it's very early days for me and Neil, and the strategy is something that we will refine over coming weeks and months, but I think the assets that it has provides the base for a very strong organic growth going forward.

Greg MacDonald

Okay. Thanks very much, guys. I'll pass it on.

David Danziger

Thanks, Greg.

Operator

Your next question comes from the line of David McFadgen from Cormack Securities. Please go ahead.

David McFadgen — Cormack Securities

Yeah. I had a couple of questions. I was kind of under the impression that new management when brought in if the decision was made not to sell the entire company. So now that new management has been brought in, are we to assume that you're probably leaning more towards not selling the entire company and listing in London?

David Danziger

No. I don't think you can make that assumption at all. We continue to pursue both avenues of either—of a listing—not either—a listing in London or potentially a sale. I don't really view the two

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as being mutually exclusive, necessarily. Everything obviously depends on timing, but we are continuing to pursue both, given that we still have interests, a relatively high level of interest shown in a sale process.

David McFadgen

Okay. In the event that you decide to list on London, I would imagine you would stay remained—or stay listed on Toronto for a while, at least for a year or so, so the shares can migrate over. Would that be a reasonable expectation?

David Danziger

We're taking advice on that and looking at all those opportunities at this time. I don't have a conclusion for you on it, but we're certainly looking at it.

David McFadgen

Okay. And can you comment on—I don't know if you can comment—but on the number of parties you're negotiating with?

David Danziger

No. I can't really comment on that at this time. That remains confidential. I can't really say much more than what we said in our last press release, which was that we have had bids come in on the entire business, as well as parts of it.

David McFadgen

Okay. Okay. That's it for me. Thank you.

Operator

Your next question comes from the line of Eyal Ofir from Dundee Capital Markets. Please go ahead.

Eyal Ofir — Dundee Capital Markets

Thanks. Maybe, David, before I go into the operation side of it, maybe you can just speak to the process. Obviously it's taking some time here, but I mean in your press release you talk about doing some, I guess, different parties doing due diligence and you guys having management meetings. How long does that process take? And maybe give us some—is there any more insight you can give us into what kind of either due diligence or processes actually being undertaken?

David Danziger

Yeah. I think, look, it's an ongoing process, and a lot of that work has already been done. The big thing that obviously happened in the last couple of days is Brexit, which caused that sort of world to stand back and want to see where the land lies before going further. But we are substantially through that process with the bidders.

Eyal Ofir

Okay. And with the bidders that are coming from the UK, I imagine that obviously Brexit's having some impact here. Could they retrench on bids? Or is this something that you don't think is going to change at this point in time?

David Danziger

Well, we're waiting to see. We've been told that they remain keenly interested, and just need a bit of time to see how upside down this is before they come back to us with advanced or enhanced bids.

Eyal Ofir

Okay. Thanks. And then I'll just shift over to the operations side. I think the question before was asked potential impact from Brexit. Maybe, Andy, maybe—you've been around for a long time—maybe can you speak to when the UK goes through a recession what have you guys seen in the industry in terms of reaction from players? Obviously bingo's a different demographic here and probably more defensive, but maybe you could speak to that a bit too.

Andy McIver

Yeah. As you know that gaming is quite a hardy or recession-hardy industry, it has to be said, though, that that no industry is completely recession-proof. But historically, gaming has been one of the ones that fares better in a recession, and I see no reason if there is a recession that that would not continue to being the case.

I think in the other operational aspect of this is how much of our operations is based in countries that could be affected by Brexit. And I think that the one that immediately one worries about would be Gibraltar, where you can see a lot of gaming companies have a lot of operations. But

I can say that we have a handful of people in Gibraltar who one would not necessarily classify as business critical.

Eyal Ofir

Okay.

Keith Laslop

Eyal, let me touch on that as well. Online gaming is recession-resistant, I'd call it. And although, as Andy correctly says, nothing is recession proof, I would say that online bingo out of all online gaming verticals is the most recession-resistant. Reason being is that our players; we're much less relying on VIPs in our business, and our players bet a lot less than in other online gaming verticals.

We have a lot more players betting much less. Our average deposit is only £16. So whereas someone might cancel an expensive trip to Vegas, they would tend to still be in their house and spend a little bit of money for their enjoyment that week.

I'd also like to point out we've put a new deck on our website. And on Page 17 of that deck you can see Jackpotjoy real money revenue since 2002. And you'll be able to see that there was a pretty big recession in 2008/2009, yet the Jackpotjoy revenues never decreased since 2002.

Eyal Ofir

Okay. That's good. And then just before I pass the line, one final question here, I guess, more driven on the process as well. If you guys decide to sell, I guess, a division—one of the three divisions here—how should we think about the use of proceeds? Is that going to be used potentially to pay

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down debt initially? Earn-out? And then also just on the process itself if you need to get, I guess, the Gamesys guys on board with the buyer as well? And I'll leave it there.

David Danziger

So obviously no decisions have been made on selling a portion of our business. For various reasons we decided to pursue the sale of our full business, notwithstanding that we do have interest on various components. But no decision has been made in that regard, so I would just be giving you supposition. It'd be a what if, which I prefer not to do.

But clearly we would like to see our leverage reduced. And what was part B of your question again?

Eyal Ofir

Just if, I guess, in terms of the process—well, I guess you kind of answered it—but in terms of part B—sorry, lost track there—but in terms of paying down the debt and also selling the divisions, how long would the process take for something like this to actually occur?

David Danziger

That's an impossible question for me to answer, given that we're still waiting for further information from bidders. So hard for me to give you a timing that I could stand behind.

Eyal Ofir

Okay. Thanks. And before I pass the line, just one last thing. In terms of like the update by the end of July, do you guys have specific deadlines, I guess, for bidders to come in that you can make

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that date? Or is it just you intend to have just an update given by then? And I'll pass the line. Thank you.

David Danziger

So we did have specific deadlines for the bidders, but obviously Brexit interfered with that. And so we do have calls set with them to discuss a new time frame and a new timetable. Don't have that quite yet, but we do expect to have that and to set new deadlines.

Eyal Ofir

Okay. Thank you. I'll pass the line.

Operator

If there are any additional questions at this time, please press *, followed by the number 1 on your telephone keypad.

Your next question comes from the line of Nikhil Thadani from Mackie Research Capital. Please go ahead.

Nikhil Thadani — Mackie Capital Research

Thanks, guys. I had a few follow-up questions here. Going back to the obvious Brexit question, as far as the company is concerned at the Board level and at the management level, how has this Brexit surprise vote sort of impacted the thinking at the company internally?

And secondly, was this vote like an explicit milestone in the ongoing strategic review process that something would get decided one way or another based on how the vote went?

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David Danziger

No. So I guess to answer the second part of your question first, no. We didn't make up any of our minds as to what we might do going one way or the other on the vote. I think we were probably all surprised, as lots of people were, that it went the way that it did.

So no, we didn't have one thing prepared on the one hand and another if the vote went the other way. We are actually continuing steadily along the same path that we laid out in May, and we promised that we would provide an update today—by the end of June, which we're doing.

The update at the end of July, again, it's a commitment on our part to inform everybody as to where we are, and what we've accomplished during that interim period of time. And I think as you've heard, certainly a lot has happened since our last update call.

Keith Laslop

And to answer the first part of the question, Nikhil, online bingo in the UK is actually most popular in middle and Northern England, and it was those sections of the country that actually most voted for Brexit.

So I would think that not only does it not change any operations of our business in the UK, but I would say that a lot of our customers are actually thrilled at the moment.

Nikhil Thadani

And just to follow up on that; so this July date, is that a time line that the potential bidders are comfortable with as well? And are you reasonably confident that we should have some good

colour one way or another by the end of July? Or is there a possibility that that date gets extended out again?

David Danziger

Well, again, given what happened late last week with Brexit, we are still waiting to hear back for—to put together a new time line for the bidders. So at this point in time, without having yet spoken with them, it's hard for me to tell you whether or not we'll be in a position at the end of July to have more or less colour on the sale process.

We'll give whatever update we have at that time as we continue to work with them and determine what the new timetable is, and as well as we carry on with the work that we're doing on the re-listing side, on the potential re-listing side. July was just a month later, and we decided that we should give another update report.

Nikhil Thadani

Got it. And just one last one before I pass the line for Andrew and Keith here; completely appreciate the comments about the lack of impact or being recession-resistant back in '08 and '09. But based on what you've seen since Friday, have you noticed any change in consumer behaviour or patterns? And I know it's still pretty early, but anything that has kind of caught your eye from an operational perspective? Thanks, guys.

Keith Laslop

No. In the last two days we haven't noticed anything major, Nikhil. As I said before, our customers don't tend to really care what happens in China or the world economy or—their focus is enjoying bingo and enjoying their free time.

So they're definitely—although they're probably thrilled with Brexit, or a lot of them are, that in itself wouldn't affect their playing behaviour.

Operator

There are no further questions at this time. I turn the call back over to Mr. Danziger.

David Danziger

Okay. I think that's it. Thanks, everybody, for attending.

Operator

This concludes today's conference call. You may now disconnect.
