

**Pollard Banknote Responds to INNOVA Circular and
Restates Compelling Case for its Offer**

WINNIPEG, Manitoba, May 15, 2017 /CNW/ – Pollard Banknote Limited (TSX:PBL) (“Pollard Banknote”) responded today to the filing of INNOVA Gaming Group Inc.’s (“INNOVA”) directors’ circular (the “INNOVA Circular”) in connection with the previously announced offer of Pollard Banknote to acquire all of the issued and outstanding common shares of INNOVA (the “Shares”) for cash consideration of \$2.10 per Share (the “Offer”).

“INNOVA provided no new material information that was not already publicly known and inherent in its share price prior to our all-cash offer,” said John Pollard, Co-Chief Executive Officer of Pollard Banknote. “We continue to believe that our all-cash offer represents a compelling value proposition for INNOVA shareholders and an opportunity to receive a full and fair price for their shares.”

Reasons to Accept the Offer

- **Significant Premium to Market Price.** The Offer represents a significant premium of approximately 39% to the closing price of \$1.51 per Share on the Toronto Stock Exchange (the “TSX”) as of March 9, 2017, the last trading day prior to Pollard Banknote’s announcement of its initial proposal to INNOVA to acquire all of the Shares. The Offer also represents a significant premium of approximately 36% to the volume weighted average trading price of \$1.54 per Share on the TSX over the 20 trading days ended March 9, 2017.

The INNOVA Circular attempts to characterize the Offer as “opportunistic”, but prior to Pollard Banknote’s announcement on March 10, 2017 of its interest in acquiring INNOVA, the Shares last traded at the Offer price on November 9, 2015. Rather than being opportunistic, the Offer represents a significant premium of approximately 51% to the volume weighted average trading price of \$1.39 on the TSX over the one year period ended March 9, 2017.

- **Liquidity and Certainty of Value.** The Shares are thinly traded and the Offer provides an attractive liquidity event and an opportunity for Shareholders to realize cash proceeds and certainty of value for their entire investment.

INNOVA agrees that the Shares are very thinly traded on the TSX, and noted in the INNOVA Circular that Amaya’s significant shareholding has led to a smaller trading float. In the face of these facts, the Offer provides a welcome and necessary source of

liquidity for Shareholders. INNOVA has the ability to shorten the deposit period to 35 days to allow Shareholders to sell their Shares under the Offer without delay.

- **Fully Financed Cash Offer.** The Offer is not subject to a financing or due diligence condition. Pollard Banknote has secured, on a firm, committed basis, all of the financing required to fund the entire consideration payable for the Shares and to complete the transaction.
- **High Likelihood of Completion.** Pollard Banknote believes that there is a high likelihood that more than 50% of the outstanding Shares will be tendered to the Offer, and therefore the minimum tender condition will be satisfied, given that the Offer is supported by Amaya Inc. (“Amaya”), which holds approximately 41% of the outstanding Shares.

On commencement of the Offer, a number of INNOVA shareholders expressed strong support for the Offer to Pollard Banknote. Pollard Banknote continues to believe that there is a high likelihood that the minimum tender condition of more than 50% of the outstanding Shares will be satisfied.

- **Support of Major Shareholder.** Amaya, which indirectly owns 8,180,000 Shares, representing approximately 41% of the total issued and outstanding Shares on a non-diluted basis, has agreed to tender all of its Shares to the Offer, subject to the terms of Pollard Banknote’s support agreement with Amaya (the “Amaya Support Agreement”). The Offer price was the subject of extensive negotiations between Pollard Banknote and Amaya over several months prior to entering into the Amaya Support Agreement. Amaya has also provided Pollard Banknote with the right to match any superior offer received by Amaya, including any superior offer supported by INNOVA, subject to the terms of the Amaya Support Agreement.

The INNOVA Circular states that Amaya advised INNOVA that it had received a number of expressions of interest with respect to the possible acquisition of INNOVA. As the largest shareholder of INNOVA, and having held this position since INNOVA’s initial public offering on May 5, 2015, Amaya was well positioned to assess any expressions of interest received and maximize the value of its Shares. After several months of extensive negotiations with Pollard Banknote, Amaya chose to support the Offer over other available alternatives.

- **Risks of INNOVA Standalone.** There is considerable risk to Shareholders if INNOVA is unable to solicit a superior proposal through its strategic review process and continues to pursue its standalone strategy. The INNOVA unaffected share price as of March 9, 2017 declined approximately 62% since INNOVA’s initial public offering on May 5, 2015 (the “IPO”), representing a loss of approximately \$51 million in equity value to investors in the IPO. Furthermore, a significant portion of INNOVA’s EBITDA is provided by Amaya’s EBITDA Support Agreement, which expires not later than June 30, 2020.

The INNOVA Circular presents historical financial data and precedent transaction valuation multiples without any apparent adjustments to account for the payments made by Amaya, or the limited term remaining, under the EBITDA Support Agreement. Any evaluation of the Offer price should take into account the fact that Amaya has been supporting INNOVA's EBITDA under the EBITDA Support Agreement since the IPO, which is due to expire no later than June 30, 2020.

According to INNOVA's current annual information form (the "INNOVA AIF"), as of December 31, 2016, INNOVA had deployed 2,255 LT-3s and AGPs in 263 facilities in North America. However, when evaluating the Offer, Shareholders should take into account the deployment and customer concentration risks related to the INNOVA standalone strategy. In its 2017 first quarter earnings release, INNOVA announced that during the three month period ended March 31, 2017, it experienced a net decrease of 200 LT-3s and AGPs, representing approximately 8.9% of the 2,255 machines in deployment as of December 31, 2016. The decrease in LT-3s was previously disclosed by INNOVA as primarily related to removals from Missouri liquor-by-the-drink locations. In addition, the INNOVA AIF includes disclosure that 1,692 LT-3s, representing approximately 87% of the LT-3s in deployment as of May 10, 2017, were located in only two jurisdictions — Ontario and Maryland. Pollard believes that its global presence and related customer base makes it better positioned to manage the risk that a substantial portion of INNOVA's revenue is dependent on a limited number of customers.

- **Potential for Downward Impact to Share Price if Offer Not Accepted.** The Offer represents a significant premium to the market price of the Shares prior to the public announcement by Pollard Banknote of its initial proposal to INNOVA to acquire all of the Shares. There is no assurance that INNOVA will proceed with an alternative transaction to the Offer. If the Offer is not successful, and no other offer is made for INNOVA, Pollard Banknote believes it is likely the trading price of the Shares will decline to pre-Offer levels and potentially even below those levels based on the financial and operational results released on May 11, 2017.

The Offer will be open for acceptance until 5:00 p.m. (Toronto time) on August 3, 2017, unless the Offer is extended or withdrawn. INNOVA has the ability to shorten the deposit period to 35 days to allow Shareholders to sell their Shares under the Offer without delay.

How to Tender

Shareholders are encouraged to tender their Shares and realize immediate liquidity for their investment. If Shares are held by a broker or other financial intermediary, Shareholders should contact that intermediary and instruct it to tender their Shares. If Shares are held in registered form, Shareholders should complete the Letter of Transmittal included in the documents mailed

to them by Pollard Banknote. Laurel Hill Advisory Group, the depositary and information agent for the Offer, is available to assist and can be reached at the contact information provided below.

For Shareholders whose certificate(s) or direct registration system statement(s) (“**DRS Statements**”) are not immediately available or who cannot deliver the certificate(s) or DRS Statement(s) and all other required documents to Laurel Hill Advisory Group prior to the expiry time, they may accept the Offer by properly completing and duly executing a Notice of Guaranteed Delivery and returning it to Laurel Hill Advisory Group as specified in the Notice of Guaranteed Delivery.

About the Offer

Pollard Banknote commenced the Offer and filed a take-over bid circular (the “**Pollard Banknote Circular**”) and related documents with the securities regulatory authorities in Canada on April 19, 2017. Shareholders are urged to read the Pollard Banknote Circular as it contains important information, including the terms and conditions of the Offer and the procedures for depositing Shares. Additional information about the Offer or copies of the Pollard Banknote Circular may be obtained without charge on request from Laurel Hill Advisory Group at the contact information below. The Pollard Banknote Circular and related documents filed by Pollard Banknote are also available on SEDAR at www.sedar.com.

About Pollard Banknote

Pollard Banknote is a leading lottery partner to more than 60 lotteries worldwide, providing high quality instant ticket products, licensed games, and strategic marketing and management services for both traditional instant games and the emerging iLottery space of web, mobile and social channels. The company is a proven innovator and has decades of experience helping lotteries to maximize player engagement, sales and proceeds for good causes. Pollard Banknote also plays a major role in the charitable pull-tab and bingo markets in North America. Established in 1907, Pollard Banknote is owned approximately 73.5% by the Pollard family and 26.5% by public shareholders and is publicly traded on the TSX (PBL). For more information, please visit our website at www.pollardbanknote.com.

Forward-looking Statements

Certain statements in this press release may constitute “forward-looking” statements and information, which involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. When used in this document, such statements include such words as “may,” “will,” “expect,” “believe,” “plan,” and other similar terminology. These statements reflect management’s current expectations regarding future events and operating performance and speak only as of the date of this document. There should not be an expectation that such information will in all circumstances be updated, supplemented, or revised whether as a result of new information, changing circumstances, future events, or otherwise.



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Shareholder Questions

For more information or assistance with tendering your shares, please contact *Laurel Hill Advisory Group*, depositary and information agent in connection with the Offer, at:

Laurel Hill Advisory Group

North America Toll Free: 1-877-452-7184

Collect Calls Outside North America: 1-416-304-0211

Email: assistance@laurelhill.com