March 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2017

May 10, 2017

This management's discussion and analysis ("MD&A") of Pollard Banknote Limited ("Pollard") for the three months ended March 31, 2017, is prepared as at May 10, 2017, and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements of Pollard and the notes therein as at March 31, 2017 and the audited consolidated financial statements of Pollard for the year ended December 31, 2016 and the notes therein. Results are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP").

Forward-Looking Statements

Certain statements in this report may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which 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.

Use of Non-GAAP Financial Measures

Reference to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization, unrealized foreign exchange gains and losses, mark-to-market gains and losses on foreign currency contracts, and certain non-recurring items including start-up costs and acquisition costs. Adjusted EBITDA is an important metric used by many investors to compare issuers on the basis of the ability to generate cash from operations and management believes that, in addition to net income, Adjusted EBITDA is a useful supplementary measure.

Adjusted EBITDA is a measure not recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, this measure may not be comparable to similar measures presented by other entities. Investors are cautioned that Adjusted EBITDA should not be construed as an alternative to net income determined in accordance with GAAP as an indicator of Pollard's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

Basis of Presentation

The results of operations in the following discussions encompass the unaudited consolidated results of Pollard for the three months ended March 31, 2017. All figures are in millions except for per share amounts.

POLLARD BANKNOTE LIMITED

Overview

Pollard Banknote Limited ("Pollard") is one of the leading providers of products and services to lottery and charitable gaming industries throughout the world. Management believes Pollard is the largest provider of instant-win scratch tickets ("instant tickets") based in Canada and the second largest producer of instant tickets in the world.

Pollard produces and provides a comprehensive line of instant tickets and lottery services including: licensed products, distribution, SureTrack® lottery management system, retail telephone selling ("tel-sell"), marketing, iLottery, interactive gaming, Social Instants™, retail management services and instant ticket vending machines. In addition, Pollard's charitable gaming product line includes pull-tab (or break-open) tickets, bingo paper, pull-tab vending machines and ancillary products such as pull-tab counting machines. Pollard also markets products to the commercial gaming and security sector including such items as promotional scratch and win tickets, transit tickets and parking passes.

Pollard's lottery products are sold extensively throughout Canada, the United States and the rest of the world, wherever applicable laws and regulations authorize their use. Pollard serves over 60 instant ticket lotteries including a number of the largest lotteries throughout the world. Charitable gaming products are mostly sold in the United States and Canada where permitted by gaming regulatory authorities. Pollard serves a highly diversified customer base in the charitable gaming market of over 250 independent distributors with the majority of revenue generated from repeat business.

Product line breakdown of revenue

	Three months ended March 31, 2017	Three months ended March 31, 2016
Instant Tickets	86.8%	88.9%
Charitable Gaming Products	13.2%	11.1%

Geographic breakdown of revenue

	Three months ended March 31, 2017	Three months ended March 31, 2016
United States	55%	56%
Canada	23%	20%
International	22%	24%

The following financial information should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements of Pollard and the notes therein as at and for the three months ended March 31, 2017.

SELECTED FINANCIAL INFORMATION

(millions of dollars, except per share information)

	Three months ended March 31, 2017	Three months ended March 31, 2016
Sales	$57.4	$64.0
Cost of sales	46.0	52.6
Gross profit	11.4	11.4
Gross profit as a % of sales	*19.9%*	*17.8%*
Administration expenses	5.3	5.3
Administration expenses as a % of sales	*9.2%*	*8.3%*
Selling expenses	2.0	1.9
Selling expenses as a % of sales	*3.5%*	*3.0%*
Net income	1.8	3.6
Net income as a % of sales	*3.1%*	*5.6%*
Adjusted EBITDA	6.3	6.8
Adjusted EBITDA as a % of sales	*11.0%*	*10.6%*
Net income per share (basic and diluted)	$0.08	$0.15

	March 31, 2017	December 31, 2016
Total Assets	$170.9	$176.8
Total Non-Current Liabilities	$87.2	$94.4

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

(millions of dollars)

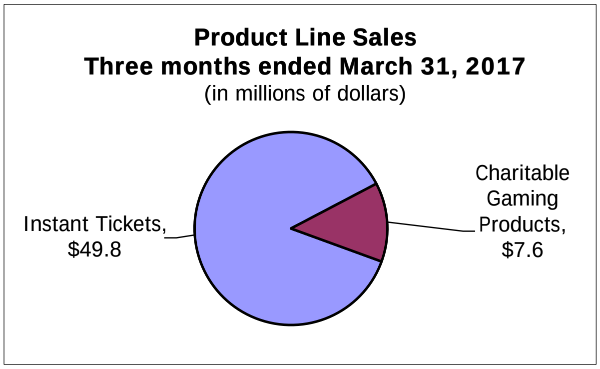
	Three months ended March 31, 2017	Three months ended March 31, 2016
Net income	$1.8	$3.6
Adjustments:		
Amortization and depreciation	2.6	2.8
Interest	0.7	0.9
Acquisition costs	0.4	-
Unrealized foreign exchange gain	(0.2)	(1.1)
Income taxes	1.0	0.6
Adjusted EBITDA	$6.3	$6.8

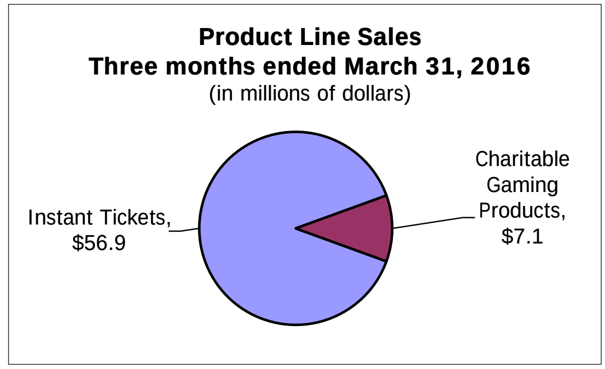
REVIEW OF OPERATIONS

Financial and operating information has been derived from, and should be read in conjunction with, the unaudited condensed consolidated interim financial statements of Pollard and the selected financial information disclosed in this MD&A.

ANALYSIS OF RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2017

Sales

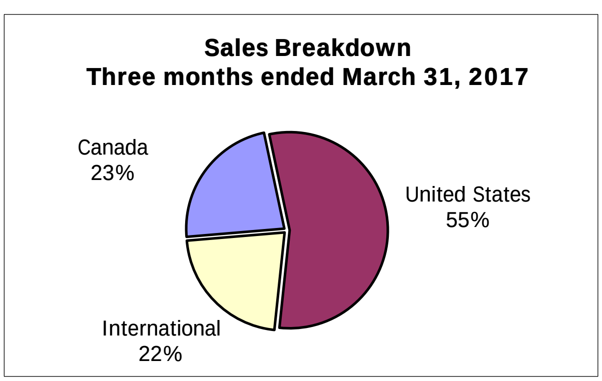


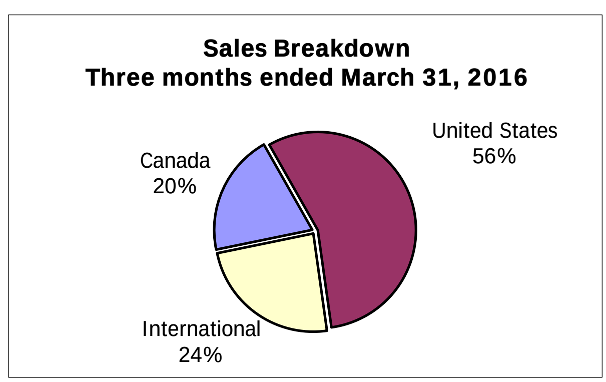


During the three months ended March 31, 2017, Pollard achieved sales of $57.4 million, compared to $64.0 million in the three months ended March 31, 2016. A number of factors resulted in the $6.6 million sales decrease.

Instant ticket sales volumes for the first quarter of 2017 were lower than the first quarter of 2016 by 13.0% which decreased sales by $6.7 million. On March 31, 2017, there was a significant amount of goods in transit as the production mix in the quarter was weighted highly toward international customers. The sale of these tickets will be recognized in revenue in the second quarter 2017. Production volumes during the first quarter of 2017 were higher than the comparable quarter of 2016 by approximately 6.1%.

Sales of ancillary instant ticket products and services for the first quarter of 2017 were lower than the first quarter of 2016 by $0.1 million. Increases in revenues from iLottery and digital products were offset by lower licensed products sales and one-time lottery management systems sales in the prior year. Higher instant ticket average selling price compared to 2016 increased sales by $1.4 million. Charitable gaming volumes were higher in the quarter by $0.3 million, primarily as a result of higher pull-tab ticket and vending machine sales. In addition, an increase in the average selling price of charitable gaming products further increased sales by $0.5 million.





During the three months ended March 31, 2017, Pollard generated approximately 68.3% (2016 – 70.7%) of its revenue in U.S. dollars including a portion of international sales which are priced in U.S. dollars. During the first quarter of 2017 the actual U.S. dollar value was converted to Canadian dollars at $1.327, compared to a rate of $1.383 during the first quarter of 2016. This 4.1% decrease in the U.S. dollar value resulted in an approximate decrease of $1.7 million in revenue relative to the first quarter of 2016. Also during the quarter the value of the Canadian dollar strengthened against the Euro resulting in an approximate decrease of $0.3 million in revenue relative to the first quarter of 2016.

Cost of sales and gross profit

Cost of sales was $46.0 million in the first quarter of 2017 compared to $52.6 million in the first quarter of 2016. The decrease in instant ticket sales volumes was the primary reason for the decrease in cost of goods sold. Improvements in production efficiency in the quarter also reduced cost of sales as compared to 2016. Additionally, lower exchange rates on U.S. dollar transactions in the first quarter of 2017 further decreased cost of sales approximately $1.3 million when compared to the first quarter of 2016.

Gross profit earned in the first quarter of 2017 was $11.4 million (19.9% of sales) as compared $11.4 million (17.8% of sales) earned in the first quarter of 2016. The increase in gross profit percentage was due to the instant ticket sales mix weighted to higher margin products and improvements in production efficiency.

Administration expenses

Administration expenses totaled $5.3 million in the first quarter of 2017 which was similar to $5.3 million in the first quarter of 2016. Professional fees, primarily legal costs, were lower by $0.4 million in the first quarter of 2017 compared to the first quarter of 2016. This decrease was offset by $0.4 million in acquisition costs relating to ongoing acquisition activities.

Selling expenses

Selling expenses totaled $2.0 million in the first quarter of 2017 which was similar to $1.9 million in the first quarter of 2016.

Interest expense

Interest expense decreased to $0.7 million in the first quarter of 2017 from $0.9 million in the first quarter of 2016 primarily as a result lower interest rates and higher cash flow reducing long-term debt in 2017.

Foreign exchange

The net foreign exchange loss was $0.2 million in the first quarter of 2017 compared to a gain of $1.0 million in the first quarter of 2016. Within the 2017 net foreign exchange loss was a realized loss of $0.4 million, primarily as a result of the decreased value of U.S. denominated receivables at collection. Partially offsetting the realized loss, was an unrealized gain of $0.2 million primarily as a result of the unrealized gain on U.S. dollar denominated debt (caused by the strengthening of the value of the Canadian dollar versus the U.S. dollar during the first quarter of 2017).

Within the 2016 net foreign exchange gain was an unrealized foreign exchange gain of $1.1 million predominately as a result of the unrealized gain on U.S. dollar denominated debt (caused by the strengthening of the value of the Canadian dollar versus the U.S. dollar during the first quarter of 2016) in addition to an unrealized gain on other U.S. dollar denominated accounts payable. Partially offsetting the unrealized gain was a realized loss of $0.1 million, primarily as a result of the decreased value of U.S. denominated receivables at collection.

Adjusted EBITDA

Adjusted EBITDA was $6.3 million in the first quarter of 2017 compared to $6.8 million in the first quarter of 2016. The primary reasons for the decrease in Adjusted EBITDA were lower sales due to timing of instant ticket shipments offset by higher gross profit percentage, the increase in other expenses of $0.3 million, primarily the loss on equity investment, and the increase in realized foreign exchange loss of $0.3 million.

Income taxes

Income tax expense was $1.0 million in the first quarter of 2017, an effective rate of 36.0%, higher than Pollard's expected effective rate of 27.0% due primarily to the impact of permanent differences from non-deductible expenditures.

Income tax expense was $0.6 million in the first quarter of 2016, an effective rate of 15.4%, lower than Pollard's expected effective rate of 26.8% due primarily to differences relating to the foreign exchange impact of Canadian dollar denominated debt in its U.S. subsidiaries. Pollard has capitalized its U.S. operations using intercompany Canadian dollar debt. The strengthening of the Canadian dollar versus the U.S. dollar results in a future loss on debt repayment for U.S. tax purposes in the subsidiary, creating a deferred tax recovery with no related income (as the loss is eliminated on consolidation). This decreased the effective tax rate by approximately 28 percentage points. Other differences relating to changes in the expected income tax rate, including permanent differences relating to the foreign exchange translation of property, plant and equipment, increased the effective tax rate by approximately 14 percentage points on a net basis.

Amortization and depreciation

Amortization and depreciation, including amortization of deferred financing costs and intangible assets and depreciation of property and equipment, totaled $2.6 million during the first quarter of 2017 which decreased from $2.8 million during the first quarter of 2016 primarily as a result of decreased depreciation of property, plant and equipment.

Net income

Net income decreased to $1.8 million in the first quarter of 2017 from $3.6 million in the first quarter of 2016. The primary reasons were lower sales due to timing of instant ticket shipments offset by higher gross profit percentage, the $1.2 million decrease in foreign exchange gains, the increase in income tax expense of $0.4 million and the $0.3 million increase in other expense, primarily the loss on equity investment. These increases were partially offset by the decreased interest expense of $0.2 million.

Net income per share (basic and diluted) decreased to $0.08 per share in the first quarter of 2017 from $0.15 per share in the first quarter of 2016.

Liquidity and Capital Resources

Cash provided by operating activities

For the three months ended March 31, 2017, cash flow provided by operating activities was $12.4 million compared to $0.3 million in 2016. For the three months ended March 31, 2017, changes in the non-cash component of working capital increased cash flow from operations by $9.2 million. The increase was due primarily to a decrease in accounts receivable and an increase in accounts payable and accrued liabilities, which was partially offset by an increase in inventory. For the three months ended March 31, 2016, changes in the non-cash component of working capital decreased cash flow from operations by $5.1 million. The decrease was due primarily to an increase in accounts receivable, which was partially offset by an increase in accounts payable and accrued liabilities. The significant build-up in non-cash working capital during 2016 was partially reversed in the first quarter of 2017.

Cash used for interest decreased to $0.7 million in 2017 as compared to $0.9 million in 2016 and cash used for pension plan contributions increased to $1.3 million in 2017 as compared to $0.8 million in 2016. Cash used for income tax payments increased to $2.3 million in 2017 from $1.0 million in 2016. Cash payments in 2017 included the final installment for the 2016 tax year and initial installments for 2017. Increasing income in 2016 resulted in this higher installment requirement.

Cash used for investing activities

In the three months ended March 31, 2017, cash used for investing activities was $1.5 million compared to $1.8 million used in the first quarter of 2016. In the three months ending March 31, 2017, capital expenditures were $0.8 million. In addition, Pollard expended $0.5 million on its investment in its iLottery joint venture and $0.2 million on additions to intangible assets.

In the three months ending March 31, 2016, capital expenditures were $1.1 million. In addition, Pollard expended $0.4 million on its investment in its iLottery joint venture and $0.3 million on additions to intangible assets. These intangible additions primarily related to implementation costs, including capitalized internal costs, for ERP software.

Cash used for financing activities

Cash used for financing activities was $7.9 million in the three months ended March 31, 2017, compared to $0.3 million provided by financing activities in the three months ended March 31, 2016.

During the first quarter of 2017 cash was used to repay $6.5 million of long-term debt, $0.3 million of subordinated debt, $0.3 million of long-term liabilities and pay dividends of $0.7 million.

During the first quarter of 2016 proceeds from long-term debt of $1.2 million were partially offset by dividends paid of $0.7 million.

As at March 31, 2017, Pollard had unused committed debt facility of $25.4 million, in addition to $10.5 million in available cash resources. These amounts, in addition to cash flow provided by operating activities, are available to be used for future working capital requirements, contractual obligations, capital expenditures, dividends and to assist in financing future acquisitions.

Quarterly Information
(unaudited)
(millions of dollars)

	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Sales	$57.4	$65.7	$62.7	$54.0	$64.0	$57.2	$57.9	$51.5	$54.4
Adjusted EBITDA	6.3	9.1	7.8	6.0	6.8	6.3	7.5	6.3	6.7
Net Income	1.8	3.8	2.8	2.1	3.6	1.2	1.9	3.0	1.4

Q1 2017 sales and Adjusted EBITDA were lower as a result of lower instant ticket sales volumes, primarily because of higher than normal goods in transit to international customers as at March 31, 2017.

Working Capital

Net non-cash working capital varies significantly throughout the year based on the timing of individual sales transactions and other investments. The nature of the lottery industry is few individual customers who generally order large dollar value transactions. As such, the change in timing of a few individual orders can impact significantly the amount required to be invested in inventory or receivables at a particular period end. The high value, low volume of transactions results in some significant volatility in non-cash working capital, particularly during a period of rising volumes. Similarly, the timing of the completion of the sales cycle through collection can significantly impact non-cash working capital.

Instant tickets are produced specifically for individual clients resulting in a limited investment in finished goods inventory. Customers are predominantly government agencies, which result in regular payments. There are a limited number of individual customers, and therefore net investment in working capital is managed on an individual customer by customer basis, without the need for company wide benchmarks.

The overall impact of seasonality does not have a material impact on the carrying amounts in working capital.

As at March 31, 2017, Pollard's investment in non-cash working capital decreased $9.2 million compared to December 31, 2016, primarily as a result of the reduction in accounts receivable, partially offset by an increase in inventories.

	March 31, 2017	December 31, 2016
Working Capital	$43.9	$49.5
Total Assets	$170.9	$176.8
Total Non-Current Liabilities	$87.2	$94.4

Credit Facility

Pollard's credit facility was renewed effective June 24, 2016. The credit facility provides loans of up to $75.0 million for its Canadian operations and US$12.0 million for its U.S. subsidiaries. The borrowings for the Canadian operations can be denominated in Canadian or U.S. dollars, to a maximum of $75.0 million Canadian equivalent. Borrowings under the credit facility bear interest at fixed and floating rates based on Canadian and U.S. prime bank rates, banker's acceptances or LIBOR. At March 31, 2017, the outstanding letters of guarantee were $1.3 million. The remaining balance available for drawdown under the credit facility was $25.4 million.

Under the terms and conditions of the credit facility agreement Pollard is required to maintain certain financial covenants including working capital ratios, debt to income before interest, income taxes, amortization and depreciation ("Adjusted EBITDA") ratios and certain debt service coverage ratios. As at March 31, 2017, Pollard is in compliance with all financial covenants.

Pollard's credit facility is secured by a first security interest in all of the present and after acquired property of Pollard's operating subsidiaries. The facility can be prepaid without penalties. Under the terms of the agreement effective June 24, 2016, the facility was committed for a two year period, renewable June 24, 2018.

Pollard believes that its credit facility, subordinated loan from Pollard Equities Limited and ongoing cash flow from operations will be sufficient to allow it to meet ongoing requirements for investment in capital expenditures, working capital and dividends at existing business levels.

Subordinated Loan

On April 2, 2014, Pollard entered into a loan agreement with Pollard Equities Limited ("Equities") for a subordinated term loan facility with a seven year term in the amount of $6.8 million. Equities owns approximately 73.5% of Pollard's outstanding shares.

Quarterly principal payments on the subordinated loan facility commenced the quarter following June 30, 2016. Interest on the subordinated debt commenced with the first draw at a rate of 9%. The loan is fully subordinated to the secured credit facility.

Outstanding Share Data

As at March 31, 2017 and May 10, 2017, outstanding share data was as follows:

Common shares	23,543,158

Share Options

Under the Pollard Banknote Limited Stock Option Plan the Board of Directors has the authority to grant options to purchase common shares to eligible persons and to determine the applicable terms. The aggregate maximum number of common shares available for issuance from Pollard's treasury under the Option Plan is 2,354,315 common shares.

On March 13, 2017, the Board of Directors approved the award of 125,000 options to purchase common shares of Pollard for certain key management personnel. The options were granted on April 24, 2017 and have a seven year term, vesting 25% per year over the first four years. The exercise price of the options was equal to the closing price of the common shares on April 21, 2017.

Contractual Obligations

There have been no material changes to Pollard's contractual obligations since December 31, 2016, that are outside the normal course of business.

Off-Balance Sheet Arrangements

There have been no material changes to Pollard's off-balance sheet arrangements since December 31, 2016, that are outside the normal course of business.

Financial Instruments

The financial instruments of Pollard remain substantially unchanged from those identified in the MD&A for Pollard for the year ended December 31, 2016.

Critical Accounting Policies and Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management of Pollard regularly reviews its estimates and assumptions based on historical experience and various other assumptions that it believes would result in reasonable estimates given the circumstances. Actual results could differ from those estimates under different assumptions. The following is a discussion of accounting policies which require significant management judgment and estimation.

Impairment of goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired of Pollard's U.S. subsidiaries and the excess purchase price over the underlying carrying amount of the portion of the net assets sold as at August 5, 2005, as part of the 26.7% of Pollard sold in conjunction with the IPO, and is not amortized. Goodwill is subject to an annual impairment test. This requires an estimation of the "value in use" or "fair value less costs to sell" of the cash-generating units ("CGUs") to which goodwill is allocated. Estimating a value in use requires Pollard to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Employee future benefits

Accounting for defined benefit plans requires Pollard to use actuarial assumptions. These assumptions include the discount rate and the rate of compensation increases. These assumptions depend on underlying factors such as economic conditions, government regulations, investment performance, employee demographics and mortality rates.

Income taxes

Pollard is required to evaluate the recoverability of deferred income tax assets. This requires an estimate of Pollard's ability to utilize the underlying future income tax deductions against future taxable income before they expire. In order to evaluate the recoverability of these deferred income tax assets, Pollard must estimate future taxable income.

Related Party Transactions

Pollard has not entered into any significant transactions with related parties during the three months ended March 31, 2017, which are not disclosed in the unaudited condensed consolidated interim financial statements.

Industry Risks and Uncertainties

The risk factors affecting Pollard remain substantially unchanged from those identified in the MD&A for Pollard for the year ended December 31, 2016.

Offer to Purchase INNOVA Gaming Group Inc.

On April 17, 2017, Pollard announced that a wholly-owned subsidiary has formally commenced an offer (the "Offer") to acquire all of the issued and outstanding common shares ("Shares") of INNOVA Gaming Group Inc. ("INNOVA") for cash consideration of $2.10 per Share. The Offer will be open for acceptance until August 3, 2017, being 105 days following the formal filing of our offer to purchase, 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 common shares under the Offer without delay.

The Offer is subject to customary conditions, including, among other things: (i) there having been validly deposited under the Offer and not withdrawn that number of Shares representing more than 50% of the outstanding Shares, excluding those Shares beneficially owned, or over which control or direction is exercised, by Pollard or by any person acting jointly or in concert with Pollard, which is a non-waivable condition, (ii) Pollard having determined, in its sole judgment, that there does not exist and there shall not have occurred or been publicly disclosed since the date of the Offer, a material adverse effect in respect of INNOVA, and (iii) certain regulatory approvals having been obtained and/or waiting periods expired. The Offer is not subject to any due diligence or financing condition. Full details of the Offer are included in the formal offer and take-over bid circular that has been filed with securities regulatory authorities. The Offer documents are available under INNOVA's profile at www.sedar.com.

In addition to cash resources and unused credit facility available for drawdown, Equities has committed to provide an additional subordinated term loan should it be required to assist in the financing of this acquisition.

Outlook

The lottery industry remains very healthy, with strong retail consumer demand driving lotteries to grow and diversify their product offerings. Instant tickets remain the workhorse of the industry, generating greater revenue for many lotteries when compared to the traditional draw based games, and this product strength is expected to continue. In addition to growing their traditional products, lotteries are increasingly implementing new strategies to supplement and expand their product offering and distribution methods, which provides new opportunities for partners such as Pollard to grow our business.

During the quarter our first loyalty offering went live with the Kansas Lottery and, combined with our digital apps and iLottery operations, highlights the importance of an increased presence for lotteries in the digital ecosystem. Our full iLottery operation for the Michigan Lottery is generating record revenues for the lottery. We expect the lottery industry to look to the digital world to help them expand their revenue streams and improve their understanding of the customer base.

Our production and sales outlook looks very strong for 2017, with continued higher volumes scheduled when compared to 2016. Overall industry growth in instant ticket sales, combined with our increasing market share within our existing portfolio of clients, provides for a strong foundation for increasing our volumes. Timing of revenue recognition of this production varies based on the mix of product and timing of deliveries, but it is expected that second quarter sales volumes this year should be higher than the first quarter, reflecting the in transit volumes at March 31, 2017, produced in the first quarter, being recognized in sales in the second quarter.

The mix of products within our volumes do vary slightly based on the time of year, with our sales and margin in the third and fourth quarters of the year generally being higher, reflecting a greater mix of higher valued proprietary work in the lead up to the holidays.

Our manufacturing capacity and production capability is benefitting from the improving operation of our Tresu press in our Ypsilanti facility as we gain efficiencies each month through increased experience. Our overall results are benefitting from higher volumes through the leveraging of our fixed cost component of our cost platform, and as our volumes grow this should continue.

Our capital expenditures were low during the first quarter and our budget for 2017 continues to show an expected capital expenditure level similar to that which occurred in 2016. We have made the large investment in additional capacity during the 2014-2015 years and are now beginning to reap some of the benefits, both through greater production capacity and lower ongoing capital expenditures.

Disclosure Controls and Procedures

Under National Instrument 52-109, “Certification of Disclosure in Issuers’ Annual and Interim Filings,” issuers are required to document the conclusions of the Chief Executive Officer and Chief Financial Officer (the “Certifying Officers”) for the interim period regarding the design of the disclosure controls and procedures. Pollard’s management, with the participation of the Certifying Officers of Pollard, has concluded that the design of the disclosure controls and procedures as defined in National Instrument 52-109 will provide reasonable assurance of achieving the disclosure objectives.

Internal Controls over Financial Reporting

Under National Instrument 52-109, “Certification of Disclosure in Issuers’ Annual and Interim Filings,” issuers are required to document the conclusions of the Certifying Officers regarding the design of the internal controls over financial reporting. Management used the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013) as the control framework in designing its internal controls over financial reporting. Pollard’s management, with the participation of the Certifying Officers of Pollard, has concluded that the design of the internal controls over financial reporting as defined in National Instrument 52-109 will provide reasonable assurance of achieving the financial reporting objectives.

No changes were made in Pollard's internal control over financial reporting during the three months ended March 31, 2017, that have materially affected, or are reasonably likely to materially affect, Pollard's internal control over financial reporting.

Additional Information

Shares of Pollard Banknote Limited are traded on the Toronto Stock Exchange under the symbol PBL.

Additional information relating to Pollard, including the Audited Consolidated Financial Statements and the Annual Information Form of Pollard for the year ended December 31, 2016, is available on SEDAR at www.sedar.com.

Pollard Banknote Limited
140 Otter Street
Winnipeg, Manitoba R3T 0M8
(204) 474-2323
www.Pollardbanknote.com