

**POLLARD BANKNOTE REPORTS  
1<sup>ST</sup> QUARTER FINANCIAL RESULTS**

**WINNIPEG, Manitoba, May 13, 2021 /CNW/ - Pollard Banknote Limited (TSX: PBL) ("Pollard")** today released its financial results for the three months ended March 31, 2021, reporting strong quarterly results.

**Results and Highlights for the First Quarter ended March 31, 2021**

- Sales reached \$112.2 million, highest sales achieved in any 1<sup>st</sup> quarter and up 10% from \$102.2 million achieved in the 1<sup>st</sup> quarter last year. Combined sales, including our share of our NPi joint venture's sales, attained \$122.1 million, up 18% from \$103.5 million in 2020
- Achieved net income of \$7.5 million, an increase of \$8.8 million from the net loss in the 1<sup>st</sup> quarter 2020 and generated Adjusted EBITDA of \$23.3 million reflecting the positive revenue and margin trends from 2020, up 45% from the same period last year
- Core instant ticket business remained strong, driven by continued higher sales of instant tickets at retail generating higher volume orders and a positive average selling price ("ASP") for Pollard
- Sales from our share of the combined iLottery operations for Q1 increased to \$18.3 million from \$6.3 million in Q1 2020. Combined iLottery margin improved from \$1.6 million last year to \$8.0 million in Q1 2021
- Charitable gaming and Diamond Game revenue continued to be negatively impacted by COVID-19 related retail closures at the beginning the quarter, however during the quarter, most retail outlets had opened and consumer demand was very robust
- Recorded \$1.9 million in CEWS in the first quarter
- Incurred a \$2.5 million one-time expense to settle litigation related to a patent dispute
- Completed the acquisition of Next Generation Lotteries SA
- Raised approximately \$34.5 million, before expenses, in a successful bought deal offering of common shares

"Our first quarter generated very positive results from all of our business lines despite the ongoing head winds generated from COVID-19," stated John Pollard, Co-Chief Executive Officer, "and our success is due to the dedication and hard work of our more than 2,100 employees world-wide."

"In our first quarter of 2021 we attained revenue of \$112.2 million, pretax income of \$10.7 million and Adjusted EBITDA of \$23.3 million, all records for the first quarter of the year."

"Our core instant ticket business remained very robust, as lotteries throughout the United States continue to generate record revenue growth when compared to the same time periods pre-COVID-19. This trend started back in the second quarter of 2020 and has continued right through to the current timeframe."

"iLottery continued its growth attaining a combined level of revenue, between all of our iLottery operations, of \$18.3 million, almost three times the combined revenue of the same period last year. Revenue growth was particularly robust in our newer contracts with Alberta and Virginia."

"Charitable gaming and Diamond Game business units showed strong underlying results despite negative impacts of COVID-19 related shutdowns. As discussed last quarter, a number of key jurisdictions had closed retail operations such as bars, restaurants and fraternal in the fall of 2020 and did not reopen them until mid-first quarter. Our charitable gaming and Diamond Game revenue for the period of closures was very low, however, after reopening, we saw very strong consumer demand return and began generating record revenue in these segments, with this robust demand continuing into the second quarter."

"Our partnership with our customers remains a critical factor in our success," stated Doug Pollard, Co-Chief Executive Officer, "which has been highlighted this quarter with a number of important contract awards. Two of our longstanding instant ticket customers, the Michigan Lottery and Loto Quebec, both extended their instant ticket supply contracts with us during the first quarter. The Idaho Lottery recently announced Pollard as their new primary supplier of instant lottery tickets, awarding us a two-year contract with up to an additional six years of renewals. In addition to supplying tickets to Idaho for many years as a secondary supplier, our charitable gaming business has been successfully providing them paper and electronic pull-tab products for many years."

"And one of our key long-time partners, the Ontario Lottery, announced in early April the award of a ten-year contract extension, plus a five-year renewal option, to Pollard as primary supplier of their instant tickets. This extension starts in July of 2022 and will result in Pollard providing the majority of their instant tickets through at least 2032. The Ontario Lottery has generated significant growth in their instant ticket sales over the last number of years and we are thrilled to play an important part in their success to date and look forward to continuing to do so for many years to come."

“During the quarter we closed a very successful share offering raising approximately \$34.5 million before expenses, an offering that was oversubscribed and provides us with both additional capital to invest in our vision as well as help increase our public share float, a long-term objective of Pollard. Acquisitions will continue to play an important role in our business plan, and despite recently closing two deals, totaling approximately \$80 million, we have significant resources available to pursue future opportunities.”

“During the quarter we closed the strategic acquisition of Next Generation Lotteries, a supplier of retail and iLottery platforms and games, and integration is underway. Right at the end of 2020 we completed the acquisition of Compliant Gaming, a provider of electronic pull-tabs. Compliant’s integration with our teams at Diamond Game and our charitable gaming staff is going extremely well and despite some early impact from COVID-19 related shutdowns, the financial results in the first quarter exceeded our expectations.”

“Our first quarter of 2021 continued to see many of the same successes we experienced in 2020,” concluded John Pollard, “and we are extremely proud of our entire team that has achieved such great results while dealing with the challenging issues of COVID-19. The lottery and charitable gaming market continues to be very strong and our financial results reflect the resilience of our product offerings and the confirmation of our strategy.”

### **Use of Non-GAAP Financial Measures**

Reference to “Adjusted EBITDA” is to earnings before interest, income taxes, depreciation and amortization, purchase accounting amortization, unrealized foreign exchange gains and losses, and certain non-recurring items including severance costs, acquisition costs, litigation settlement and contingent consideration fair value adjustments. 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.

Reference to “Combined sales” is to sales recognized under GAAP plus Pollard’s 50% proportionate share of NeoPollard Interactive LLC’s (“NPI”) sales, its iLottery joint venture operation.

Adjusted EBITDA and Combined sales are measures not recognized under GAAP and do 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. Combined sales should not be construed as an alternative to sales determined in accordance with 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.*

### **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 tickets based in Canada and the second largest producer of instant tickets in the world. In addition, management believes Pollard is also the second largest bingo paper and pull-tab supplier to the charitable gaming industry in North America and through its 50% joint venture, the largest supplier of iLottery solutions to the U.S. lottery market.

On December 30, 2020, Pollard signed and closed a definitive agreement to purchase 100% of the equity of Compliant Gaming, LLC ("Compliant") for a purchase price of \$19.0 million U.S. dollars (\$24.3 million) prior to standard working capital adjustments and potential future earn-out payments based on certain EBITDA targets. Compliant is a leading provider of electronic pull-tab gaming systems and products to the charitable gaming market.

On January 14, 2021, Pollard completed the acquisition of Next Generation Lotteries AS ("NGL"). On December 31, 2020, Pollard signed a definitive agreement to acquire 100% of the equity of NGL for a purchase price of €36.0 million (\$56.5 million), prior to standard working capital adjustments and certain deferred cash considerations, of which €32.0 million (\$50.2 million) was paid at the time of closing and the remaining €4.0 million (\$6.3 million) will be paid upon the achievement of certain gross margin targets in 2021. The purchase price was funded from existing Pollard cash resources and availability under our existing senior credit facilities for approximately €27.4 million (\$43.0 million) and the issuance of treasury shares of Pollard for approximately €4.6 million (\$7.2 million).

On February 9, 2021, Pollard announced that it had entered into an agreement with a syndicate of underwriters to purchase, on a bought deal basis, 812,000 common shares of Pollard at a price of \$36.95 per share. Pollard also granted the underwriters an over-allotment option exercisable at any time up to 30 days following the closing of the offering, to purchase up to an additional 121,800 common shares. The offering, including the full over-allotment, closed on March 2, 2021. The total gross proceeds, prior to any commissions and offering expenses, from the sale of 933,800 common shares was approximately \$34.5 million. Pollard used the net proceeds to repay indebtedness under Pollard's credit facility incurred in the recent acquisitions of Compliant and NGL.

The selected financial and operating information has been derived from, and should be read in conjunction with, the condensed consolidated unaudited interim financial statements of Pollard as at and for the three months ended March 31, 2021. These financial statements have been prepared in accordance with the International Financial Accounting Standards ("IFRS" or "GAAP").

<b>HIGHLIGHTS</b>	<b>Three months ended <u>March 31, 2021</u></b>	<b>Three months ended <u>March 31, 2020</u></b>
<b>Sales</b>	\$ 112.2 million	\$ 102.2 million
<b>Gross profit</b>	\$ 24.5 million	\$ 21.7 million
<b><i>Gross profit % of sales</i></b>	<i>21.8%</i>	<i>21.2%</i>
<b>Administration expenses</b>	\$ 12.0 million	\$ 10.2 million
<b>Selling expenses</b>	\$ 3.6 million	\$ 3.8 million
<b>(Gain) loss on NPi equity investment</b>	(\$ 4.0 million)	\$ 0.5 million
<b>Other expenses (income)</b>	\$ 0.6 million	(\$ 0.5 million)
<b>Unrealized foreign exchange (gain) loss</b>	(\$ 0.9 million)	\$ 6.2 million
<b>Net income (loss)</b>	\$ 7.5 million	(\$ 1.3 million)
<b>Net income (loss) (basic and diluted) per share</b>	\$ 0.28	(\$ 0.05)
<b>Adjusted EBITDA:</b>		
<b>Lotteries and charitable gaming</b>	\$ 19.8 million	\$ 14.0 million
<b>Diamond Game</b>	3.5 million	2.1 million
<b>Total adjusted EBITDA</b>	<u>\$ 23.3 million</u>	<u>\$ 16.1 million</u>

**SELECTED FINANCIAL INFORMATION**

(millions of dollars)

	<b>Three month March 31, 2021</b>	<b>Three months March 31, 2020</b>
	(unaudited)	(unaudited)
Sales	\$112.2	\$102.2
Cost of sales	87.7	80.5
Gross profit	<u>24.5</u>	<u>21.7</u>
Administration expenses	12.0	10.2
Selling expenses	3.6	3.8
(Gain) loss on NPi equity investment	(4.0)	0.5
Other expenses (income)	0.6	(0.5)
Income from operations	<u>12.3</u>	<u>7.7</u>
Foreign exchange loss	0.5	6.1
Interest expense	1.1	1.6
Income before income taxes	<u>10.7</u>	<u>0.0</u>
Income taxes:		
Current	4.3	2.2
Future reduction	(1.1)	(0.9)
	<u>3.2</u>	<u>1.3</u>
Net income (loss)	<u>\$7.5</u>	<u>(\$1.3)</u>
Adjustments:		
Amortization and depreciation	9.4	7.6
Interest	1.1	1.6
Unrealized foreign exchange (gain) loss	(0.9)	6.2
Acquisition costs	0.5	0.7
Litigation settlement	2.5	0.0
Income taxes	3.2	1.3
Adjusted EBITDA	<u><u>\$23.3</u></u>	<u><u>\$16.1</u></u>
	<u>March 31,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
Total Assets	\$464.7	\$404.6
Total Non-Current Liabilities	\$186.5	\$191.3

## Results of Operations – Three months ended March 31, 2021

During the three months ended March 31, 2021, Pollard achieved sales of \$112.2 million, compared to \$102.2 million in the three months ended March 31, 2020. Factors impacting the \$10.0 million sales increase were:

- A higher instant ticket average selling price, due primarily to a positive customer sales mix, in the first quarter of 2021 compared to the first quarter of 2020 increased sales by \$6.0 million. In addition, an increase in instant ticket volumes in 2021 increased sales by \$1.1 million. Higher sales from Michigan iLottery also increased revenue in the first quarter of 2021 by \$3.6 million as compared to 2020. Partially offsetting these increases were lower ancillary lottery products and services sales which decreased revenue by \$2.6 million in 2021. Lower license product sales and a decrease in retail merchandising product sales in the first quarter of 2021 reduced sales of ancillary lottery products, partially offset by the addition of NGL and increased sales of digital and loyalty products.
- In the beginning of the first quarter of 2021 a number of jurisdictions had closed the retail establishments where our charitable gaming products are sold and Diamond Game egaming machines are placed due to COVID-19. However, most of these jurisdictions reopened by the end of the quarter and Pollard's sales of pull-tab tickets reached record highs in March, generating higher charitable gaming sales of \$2.3 million. Diamond Game revenue increased \$1.9 million as compared to 2020 primarily due to the acquisition of Compliant.
- During the three months ended March 31, 2021, Pollard generated approximately 70.1% (2020 – 68.5%) 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 2021, the actual U.S. dollar value was converted to Canadian dollars at \$1.273, compared to a rate of \$1.317 during the first quarter of 2020. This 3.3% decrease in the U.S. dollar value resulted in an approximate decrease of \$2.7 million in revenue relative to the first quarter of 2020. In addition, during the quarter the value of the Canadian dollar weakened against the Euro resulting in an approximate increase of \$0.4 million in revenue relative to the first quarter of 2020.

Cost of sales was \$87.7 million in the first quarter of 2021 compared to \$80.5 million in the first quarter of 2020. The increase of \$7.2 million in cost of sales was primarily a result of the addition of Compliant and NGL, and a full quarter of mkodo's operations in 2021. In addition, higher Michigan iLottery sales and increased charitable game sales volumes further increased cost of sales. These increases were partially offset by the reduction of costs related to license product sales.

Gross profit was \$24.5 million (21.8% of sales) in the first quarter of 2021 compared to \$21.7 million (21.2% of sales) in the first quarter of 2020. This increase of \$2.8 million in gross profit was primarily a result of the increase in Michigan iLottery sales, the addition

of Compliant and the higher instant ticket average selling price. These increases were partially offset by reduced license product sales. The gross margin percentage in the first quarter of 2021 was higher than 2020 primarily as a result of increased Michigan iLottery sales, the addition of Compliant and the higher instant ticket average selling price. These increases were partially offset by lower license product sales and NGL having a negative impact on our overall margin percentage.

Administration expenses increased to \$12.0 million in the first quarter of 2021 from \$10.2 million in the first quarter of 2020. The increase of \$1.8 million was primarily a result of the addition of NGL and Compliant, in addition to increased compensation to support Pollard's growth strategies, as well as higher incentive payments. Partially offsetting these increases were a reduction in travel related costs in 2021 due to COVID-19 and lower acquisition costs.

Selling expenses decreased to \$3.6 million in the first quarter of 2021 from \$3.8 million in the first quarter of 2020. The decrease was primarily due to the reduction in travel related costs due to COVID-19.

Pollard's share of income from its 50% owned iLottery joint venture, NeoPollard Interactive LLC ("NPI"), increased to \$4.0 million in the first quarter of 2021 from a loss of \$0.5 in the first quarter of 2020. This \$4.5 million increase was primarily due to the increase in revenue in 2021. Contracts held by NPI experienced significant organic growth, in addition to the added sales increase from the Virginia Lottery operation which added e-Instants on July 1, 2020. As well, NPI's contract with Alberta Gaming, Liquor & Cannabis ("AGLC"), went live with a limited product launch on September 30, 2020. Additionally, the substantial jackpots for POWERBALL® and Mega Millions® which were won in the latter half of January 2021, further added to the increase in sales in the first quarter of 2021 as compared to 2020.

Other expenses increased to \$0.6 million in the first quarter of 2021 compared to other income of \$0.5 million in the first quarter of 2020. This change in other expenses of \$1.1 million was due to Pollard entering into an agreement for a one-time payment of \$2.5 million to settle all aspects of certain litigation regarding a patent dispute relating to our instant ticket production. The settlement payment was incurred to eliminate substantial future legal costs and will resolve all issues relating to the patent and the future business operations of Pollard. In addition, the \$0.5 million reduction in the EBITDA support agreement, which expired on June 30, 2020, added to the change in other expenses. These increases in other expenses were partially offset by the \$1.9 million of Canada emergency wage subsidy ("CEWS") recognized in the first quarter of 2021.

The net foreign exchange loss was \$0.5 million in the first quarter of 2021 compared to a net loss of \$6.1 million in the first quarter of 2020. The 2021 net foreign exchange loss consisted of a realized foreign exchange loss of \$1.4 million, as a result of foreign currency denominated accounts receivable collected being converted into Canadian dollars at unfavorable foreign exchanges rates. The realized foreign exchange loss was partially



offset by the unrealized foreign exchange gain of \$0.9 million, primarily a result of the decreased Canadian equivalent value of U.S. dollar denominated accounts payable and long-term debt due to the strengthening of the Canadian dollar relative to the U.S. dollar.

The 2020 net loss was a result of the Canadian dollar weakening significantly relative to the U.S. dollar in the month of March, which generated a large unrealized foreign exchange loss of \$6.2 million due to the large balance of U.S. dollar denominated accounts payable and long-term debt incurred with the acquisitions of U.S. based businesses over the prior few years.

Adjusted EBITDA increased to \$23.3 million in the first quarter of 2021 compared to \$16.1 million in the first quarter of 2020. The primary reasons for the \$7.2 million increase in Adjusted EBITDA were the increase in our share of income from our joint venture, NPi, of \$4.5 million and the increase in gross profit of \$4.6 million (net of amortization and depreciation). Higher Michigan iLottery revenues, the addition of Compliant and higher instant ticket average selling price contributed to the increase in gross profit, which were partially offset by the reduction in license product sales. In addition, the change in other expenses (net of litigation settlement) further increased Adjusted EBITDA by \$1.4 million. These increases were partially offset by the increase in administration expenses (net of acquisition costs) of \$2.0 million and the higher realized foreign exchange loss of \$1.5 million.

Interest expense decreased to \$1.1 million in the first quarter of 2021 from \$1.6 million in the first quarter of 2020 primarily as a result of lower interest rates in 2021.

Amortization and depreciation, including depreciation of property and equipment and the amortization of intangible assets, totaled \$9.4 million during the first quarter of 2021 which increased from \$7.6 million during the first quarter of 2020. The increase of \$1.8 million was primarily as a result of the addition of Compliant and NGL, including the amortization and depreciation relating to the identifiable assets acquired, including intangible assets and property, plant and equipment.

Income tax expense was \$3.2 million in the first quarter of 2021, an effective rate of 30.4%, which was higher than our domestic rate of 27.0% due primarily to the tax effect of unrecognized non-capital losses not being recorded and non-deductible expenses. Partially offsetting these increases in effective rate were the lower federal income tax rates in the United States.

Income tax expense was \$1.3 million in the first quarter of 2020, which was higher than the recovery expected based on Pollard's domestic rate of 27.0%. This increased expense was due primarily to the impact of foreign exchange and certain non-tax-deductible expenses.

Net income was \$7.5 million in the first quarter of 2021 compared to net loss of \$1.3 million in the first quarter of 2020. The primary reasons for the increase in net income

of \$8.8 million were the increased gross profit generated from Michigan iLottery of \$1.9 million and the increased contribution from our share of NPi joint venture of \$4.5 million. In addition, the decrease in the foreign exchange loss of \$5.6 million and the decrease in interest expense of \$0.5 million further contributed to the increase in net income. The increase in gross profit of \$0.9 million, net of Michigan iLottery, also increased net income in the quarter. These increases were partially offset by an increase in administration expenses of \$1.9 million, the increase in other expenses of \$1.1 million and the increase in income taxes of \$1.9 million.

Net income (loss) per share (basic and diluted) increased to \$0.28 per share in the first quarter of 2021 from (\$0.05) per share in the first quarter of 2020.

### **iLottery**

Pollard and its iLottery partner, Neogames S.A. ("Neogames"), provide iLottery services to the North American Lottery market. In 2013, Pollard was awarded an iLottery contract from the Michigan Lottery. As a result, Pollard entered into a contract with Neogames to provide its technology in return for a 50% financial interest in the operation. Under IFRS, Pollard recognizes its 50% share in the Michigan Lottery contract in its consolidated statements of income in revenue and cost of sales.

In 2014 Pollard, in conjunction with Neogames, established NeoPollard Interactive LLC ("NPi"). All iLottery related customer contracts, excluding the Michigan Lottery iLottery contract, have been awarded to NPi. Under IFRS, Pollard accounts for its investment in its joint venture, NPi, as an equity investment. Under the equity method of accounting, Pollard recognizes its share of the income and expenses of NPi separately as (gain) loss on equity investment.

**SELECT ILOTTERY RELATED  
FINANCIAL INFORMATION**

(millions of dollars)

	<b>Q1 2021</b>	<b>Q4 2020</b>	<b>Q3 2020</b>	<b>Q2 2020</b>	<b>Q1 2020</b>
<b>Sales – Pollard’s share</b>					
Michigan iLottery	\$8.4	\$8.6	\$9.5	\$10.3	\$5.1
NPi	9.9	6.1	3.1	2.2	1.2
Combined sales	<u>\$18.3</u>	<u>\$14.7</u>	<u>\$12.6</u>	<u>\$12.5</u>	<u>\$6.3</u>
<b>Income (loss) before profit share and income taxes – Pollard’s share</b>					
Michigan iLottery	\$4.0	\$4.5	\$5.4	\$6.5	\$2.1
NPi	4.0	1.6	0.8	(0.3)	(0.5)
Combined income before profit share and income taxes – Pollard’s share	<u>\$8.0</u>	<u>\$6.1</u>	<u>\$6.2</u>	<u>\$6.2</u>	<u>\$1.6</u>

Beginning in the second quarter of 2020, with the onset of COVID-19, revenues from Pollard’s contract with the Michigan Lottery increased substantially. Contracts held by NPi also experienced significant organic growth, in addition to the sales increase from the Virginia Lottery operation which added e-Instants on July 1, 2020. As well, NPi’s contract with Alberta Gaming, Liquor & Cannabis (“AGLC”), went live with a limited product launch on September 30, 2020. The substantial jackpots for POWERBALL® and Mega Millions® awarded in the latter half of January 2021 further increased sales in the fourth quarter of 2020 and the first quarter of 2021.

**Outlook**

The retail sales of instant tickets in the United States continue to set record levels for many lotteries and we see no indications of this trend changing in the near future. Many of the state lotteries are seeing retail sales growth, compared to pre-COVID periods, growing in the 20-30% range or higher. We are not seeing this strong growth outside the United States, where other countries are dealing with different challenges during the pandemic. As noted previously, increases in retail sales do not necessarily translate to the same volume growth for instant ticket manufacturers like Pollard, as factors like higher price points generate increased retail sales without fully proportionate increases in volumes of tickets. However, we are seeing increases in order volumes from many of our U.S. customers. In addition, we expect the trend of increased sales of premium and proprietary products related to higher price point instant tickets to continue, helping to increase our average selling price and related margins.

iLottery sales continue to grow overall. More mature markets like Michigan are returning to sales levels experienced prior to the large jackpot activity in late Q4 2020 and early Q1 2021, notwithstanding the significant increase in competition from online casinos and sports betting in Michigan. We continue to see strong organic growth from newer iLottery markets such as Virginia and Alberta. The lottery industry shows significant interest in iLottery and we are focused on maintaining our leading market position when new opportunities arise. Although we expect new states to adopt iLottery, we are taking a long-term approach, considering the lottery industry's slower, cautious approach to adopting new sales channels.

COVID-19 continues to be a significant factor despite the expanding vaccine efforts around the world. In our financial results we continue to see our charitable gaming and Diamond Game business impacted negatively when jurisdictions impose shutdowns, and other retail restrictions, which in turn reduces our sales. Should these restrictions continue, or even expand in other jurisdictions, our revenue and profitability will continue to be impacted negatively.

Despite some of these negative impacts on our charitable gaming and Diamond Game business units, we continue to be very positive about the underlying strength of these markets. When the retail environment is open, as is mostly the case now, the consumer demand for pull-tabs and related products is extremely strong. Diamond Game operations is experiencing the same phenomenon, very high consumer demand where the product offering is available. This provides us with great confidence going forward that the underlying charitable gaming and Diamond Game markets are very resilient.

Our focus remains on the safety and health of our Pollard team members during this pandemic and making our work processes as efficient as possible in conjunction with ongoing COVID-19 safety standards. We have implemented state of the art policies and procedures to maximize the safety of our environment including social distancing, remote working from home, wearing of masks, electronic contact tracing, daily health monitoring and elimination of all non-essential visitors from our locations, as well as encouraging everyone to get a vaccine.

The outlook for our markets remains very positive, with strong underlying consumer demand for both our lottery and charitable gaming products prevalent through most of our customers. iLottery is an exciting growth opportunity for both lotteries that have introduced this product offering, through organic growth and increased penetration, and the remaining lotteries who have yet to enter this distribution channel. Lotteries and charities are focusing on expanding ways to reach their customers and generate more proceeds to distribute to good causes, and Pollard's breadth of products and solution offerings have been developed to assist these organizations in achieving their goals.

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