

December 30, 2020
For Immediate Release

POLLARD BANKNOTE ANNOUNCES THE ACQUISITION OF COMPLIANT GAMING

WINNIPEG, Manitoba, December 30, 2020 /CNW/ – Pollard Banknote Limited (TSX: PBL) (“Pollard Banknote” or the “Company”) announced today that it has signed a definitive agreement, and closed the transaction, to purchase (“Acquisition”) 100% of the equity of Compliant Gaming LLC (“Compliant”), a leading provider of electronic pull-tab gaming systems and products to the charitable gaming market.

Compliant was founded in 2014 and offers a broad range of game content and system support in the growing area of electronic gaming and are currently the second largest supplier in the fast-growing Minnesota market. Key to their success has been a robust technology platform and engaging game content.

Electronic pull-tabs were first introduced in Minnesota in 2012 to assist charitable organizations in fundraising and to help the state in funding the development of the US Bank Stadium in Minneapolis. Experienced in bars and restaurants, electronic pull-tabs in Minnesota provide a gaming experience played on portable tablets, which are provided by the establishment to its customers. Since its start 8 years ago, this market for electronic pull-tabs has grown exponentially, starting from zero in 2012 to generating almost \$100 million USD in net gaming receipts (revenue less prize payouts) in the fiscal year ended June 30, 2020. It has been the fastest growing segment of the Minnesota charitable gaming market for the past 5 years.

The acquisition of this technology for the charitable gaming market provides a new solution offering for our portfolio as Compliant’s portable, tablet-based product is a strong complement to our Diamond Game kiosk-based technology. Compliant brings a successful operation in the Minnesota market while positioning us strategically for new jurisdictions looking to enter the electronic side of the charitable gaming market, whether it be by tablet or kiosk.

“We are very excited to be bringing the Compliant technology and market presence into our charitable gaming business and believe this will provide us with a valuable new product to help maintain Pollard’s leading presence in this market,” stated John Pollard, Co-Chief Executive Officer of Pollard Banknote. “The impressive success the Compliant team has achieved in such a short period of time in Minnesota reflects the customer focus that is consistent with our own strategic approach, and we believe there is considerable opportunity for additional growth in this state. In addition, more and more jurisdictions are looking at alternative products and solutions to provide fundraising opportunities for local charities and we feel Compliant’s solutions provide an attractive alternative for good causes in new markets.”

Frederick Reis, Founder of Compliant, stated “Compliant’s unique electronic pull-tab and integrated bingo system is complementary to Pollard’s leadership position in the charitable gaming market, and Compliant’s expertise will enhance Pollard’s broad offering of charitable gaming products to customers

throughout North America. We look forward to joining the Pollard team and to continuing to deliver our signature personal commitment to our customers and industry leading solutions for electronic gaming.”

The total Acquisition purchase price is \$19.0 million U.S. dollars (approximately \$24.3 million CDN dollars using an exchange rate of \$1.28 CDN dollar per U.S. dollar), prior to standard working capital adjustments and potential future earn-out payments based on certain EBITDA targets. The purchase price was funded from existing Pollard Banknote cash resources and availability under our existing senior credit facilities. The Acquisition is expected to be accretive to Pollard Banknote’s net income prior to amortization of related purchase price accounting adjustments. The acquisition of Compliant has closed and is not contingent on any approvals or financing.

The Compliant business will join our existing complement of charitable gaming focused businesses, including our Diamond Game eGaming business unit and our combined American Games and International Gamco paper-based operations, in providing an extensive portfolio of products and solutions to charities across North America.

John Pollard concludes, “In addition to retail excellence and outstanding games, digital innovation is a cornerstone of Pollard’s strategic objectives and the acquisition of Compliant further expands our digital expertise. Pollard Banknote is committed to expanding our leadership role in the charitable gaming market and focusing on technology-based solutions that meet our strategic objectives as well as generating a strong financial return. We are honoured the Compliant team has joined us and we look forward to continuing their strong record of growth.”

About Pollard Banknote

Pollard Banknote is a leading lottery partner to more than 60 lotteries worldwide, providing high quality instant ticket products, licensed games, Schafer Systems and Fastrak retail merchandising solutions, and a full suite of digital offerings, ranging from world-class mkodo game apps to comprehensive player engagement and iLottery solutions, including strategic marketing and management services. 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 provides pull-tab tickets, bingo paper, and its Diamond Game and Oasis-branded electronic ticket machines to charitable and other gaming markets in North America. Established in 1907, Pollard Banknote is owned approximately 67.3% by the Pollard family and 32.7% 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.



FOR MORE INFORMATION CONTACT:

Doug Pollard
Co-Chief Executive Officer
E-mail: dpollard@pbl.ca

Rob Rose
Chief Financial Officer
E-mail: rrose@pbl.ca

John Pollard
Co-Chief Executive Officer
E-mail: jpollard@pbl.ca

Pollard Banknote Limited
Telephone: (204) 474-2323