



Symbols: JJ - TSX Venture Exchange
JJ.WT.A - TSX Venture Exchange
JJ.WT.B - TSX Venture Exchange
JJ.WT.C - TSX Venture Exchange
JPOTF - OTCQB
LVH3 - Frankfurt & Berlin Stock Exchanges

JACKPOT ANNOUNCES UPDATE ON PROPOSED SPIN-OUT FOR ONLINE GAMING BUSINESS

Vancouver, British Columbia – March 26, 2021 – Jackpot Digital Inc. (the "**Company**" or "**Jackpot**") (TSX-V: JJ) (TSX-V: JJ.WT.A) (TSX-V: JJ.WT.B) (TSX-V: JJ.WT.C) (US OTCQB: JPOTF) (Frankfurt & Berlin Exchanges: LVH3). Further to the Company's news release of February 19, 2021, Jackpot is pleased to announce additional terms of a proposed strategic reorganization of its business by way of a spin-out of its online gaming software assets (the "**Spin-Out**") to a newly incorporated subsidiary of Jackpot ("**Spinco**"). The Spin-Out will be completed as a plan of arrangement under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). The assets to be transferred to Spinco will include proprietary software Jackpot already owns as well as any additional software assets that may be acquired by Jackpot through a partnership or license arrangement before closing of the Spin-Out (the "**Online Gaming Assets**"). In consideration of the transfer of the Online Gaming Assets, Spinco will issue common shares (the "**Spinco Shares**"). The number of Spinco Shares to be issued will be based on the number of outstanding Jackpot common shares ("**Jackpot Shares**") as of the record date. It is anticipated that the ratio of Jackpot Shares to Spinco Shares will be determined by April 8, 2021. Once the ratio of Jackpot Shares to Spinco Shares has been set, the Company will issue a news release.

As part of the Spin-Out, Jackpot will distribute the Spinco Shares to its registered shareholders as of the record date by way of a return of paid-up capital, and each registered shareholder on the record date will receive one Spinco Share once the ratio of Jackpot Shares to Spinco Shares has been determined. The record date will be on or about April 30, 2021.

The purpose of the Spin-Out will be to leverage and monetize the Company's Online Gaming Assets and commercial relationships in the gaming sector. Management believes that holding the Online Gaming Assets in a separate public company offers benefits to the Company and its shareholders, including:

- The Spin-Out will allow a more streamlined regulatory process by separating the Company's respective business operations.
- Spinco will be able to attract specialized management to run the online gaming operations.
- Jackpot can avoid dilution of Jackpot Shares held by its shareholders that would result from financing its online gaming business in the Company.

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- Holding the Online Gaming Assets in Spinco will accelerate development of the online gaming business and product offerings.
- The Spin-Out is expected to maximize shareholder value by allowing the market to value separately the Company's business of producing and selling gaming tables and the Spinco's business of developing and monetizing the online gaming business.
- Jackpot and Spinco will be more readily understood by public investors, which will allow each company to be better positioned to raise capital and align management and employee incentives with the interests of their shareholders.

President & CEO Mr. Jake Kalpakian, states “We are very excited about our entry into the online gaming business. We will offer traditional sportsbook and casino with some exciting innovative options. Furthermore, we will also be developing certain unique exotic games that should enable us to capture a niche market and distinguish ourselves even further.”

Spinco will initially have the same directors as Jackpot. Jackpot's CEO Jake Kalpakian will also be Spinco's CEO and Jackpot's CFO Neil Spellman will also be Spinco's CFO.

The Spin-Out remains conditional on, among other things (1) shareholders of the Company holding at least 66 2/3% of the outstanding Jackpot Shares approving the Spin-Out, (2) approval of the Supreme Court of British Columbia, (3) approval of the TSX Venture Exchange, and (4) dissent rights not having been exercised by shareholders holding more than 5% of the outstanding Jackpot Shares.

Additional details of the Spin-Out will be included in an information circular to be mailed to shareholders of Jackpot on or about May 3, 2021 in connection with the Company's shareholders' special meeting to be held on or about May 21, 2021. Registered shareholders will have the right to dissent in respect of the Spin-Out and receive fair value for all Jackpot Shares held, provided they strictly comply with the dissent procedures in the BCBCA to be set out in the Company's information circular.

If all conditions for completion of the Spin-Out are fulfilled, the strategic reorganization is expected to close on or about May 27, 2021. The Company will issue additional news releases in the future related to the proposed Spin-Out.

About Jackpot Digital Inc.

Jackpot Digital Inc. is a leading electronic table games manufacturer and mobile gaming provider for the cruise ship industry and regulated casino industry. The Company specializes in multiplayer gaming products, including poker and casino games, which are complemented by a robust suite of backend tools for operators to efficiently control and optimize their gaming business.

For more information on the Company, please contact Jake H. Kalpakian, President and CEO, at (604) 681-0204 ext 6105, or visit the Company's website at www.jackpotdigital.com.

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On behalf of the Board of
Jackpot Digital Inc.

"Jake H. Kalpakian"

Jake H. Kalpakian
President & CEO

Trading in the securities of the Company should be considered speculative.

The TSX Venture Exchange has neither approved nor disapproved the contents of this news release.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

Certain statements contained herein are "forward-looking". Forward-looking statements may include, among others, statements regarding future plans, costs, objectives, economic or technical performance, or the assumptions underlying any of the foregoing. In this News Release, words such as "may", "would", "could", "will", "likely", "enable", "feel", "seek", "project", "predict", "potential", "should", "might", "objective", "believe", "expect", "propose", "anticipate", "intend", "plan", "estimate", and similar words are used to identify forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, projections and estimations, there can be no assurance that these assumptions, projections or estimations are accurate. Readers, shareholders and investors are therefore cautioned not to place reliance on any forward-looking statements as the plans, assumptions, intentions or expectations upon which they are based might not occur.

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