



2019 Annual General Meeting

FORWARD-LOOKING STATEMENTS

Certain statements in this presentation 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 presentation, such statements include such words as “may”, “will”, “expect”, “believe”, “plan”, and other similar terminology. This presentation reflects management’s current expectations regarding future events and operating performance and speaks only as of the date of this presentation. 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, purchase accounting amortization, unrealized foreign exchange gains and losses, gains on sales of fixed assets, market-to-market gains and losses on foreign currency contracts, and certain non-recurring items including restructuring costs, severance costs and acquisition costs. Adjusted EBITDA is a metric used by many investors to compare issuers on the basis of the ability to generate cash from operations. Management believes that, in addition to Net Income, Adjusted EBITDA is a useful supplementary measures.

Adjusted EBITDA, is a measure not recognized under GAAP and does not have standardized meanings 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 Banknote Limited’s performance or to cash flows from operating, investing, and financing activities as measures of liquidity and cash flows.



Today's Agenda

- Financial Highlights
- Company Vision and Strategy
- State of the Industry
- 2018 Business Highlights
- Acquisitions
- Financial Update – 2018 and Q1 2019
- Expectations for 2019



Financial Highlights

(\$ Millions)	2018	2017	2016	2015	2014
SALES	\$331.9	\$285.7	\$246.4	\$221.0	\$194.5
NET INCOME	\$14.9	\$16.8	\$12.3	\$7.5	\$8.7
ADJUSTED EBITDA	\$48.8	\$44.0	\$29.7	\$26.8	\$25.6
NET DEBT	\$104.6	\$79.0	\$63.4	\$65.7	\$62.9

Source: Pollard Banknote financial statements and MD&A



POLLARD

banknote limited



COMPANY VISION AND STRATEGY

Company Vision

DIGITAL
INNOVATION

We will be the partner of choice in the lottery and charitable gaming market by offering retail and digital games and solutions that attract and engage players.

RETAIL
EXCELLENCE

OUTSTANDING
GAMES

POLLARD
banknote limited



Facilities & Companies



Fastrak
RETAIL

Macclesfield UK

POLLARD
banknote limited





STATE OF THE INDUSTRY

North American Instant Sales Growth



Source: La Fleur's World Lottery Almanac

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Charitable Gaming Market

- Industry has historically consisted of mainly pull-tab tickets and bingo paper.
- Steady consumer demand over the past few years.
- Some key jurisdictions showed retail growth last year including Minnesota.
- Opportunity is seen in digital/electronic charitable gaming such as etabs and hand held electronic bingo devices.

Source: management estimates





2018 BUSINESS HIGHLIGHTS

Key Wins in 2018



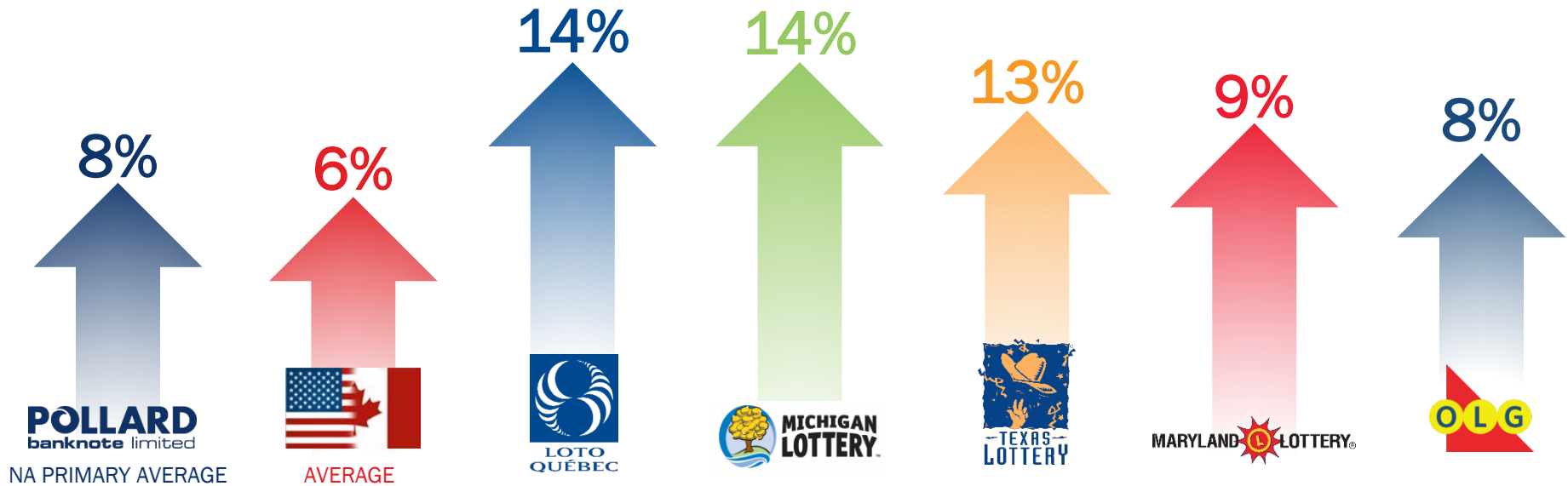
Key Wins in 2018

100% Client Retention



Pollard Primary Contract Retail Growth

CY2017 vs. CY2018:
Our Clients Grew Their Sales Faster



Source: public disclosure, individual lottery reports



Leading Print Innovation



Family of Games



Jumbo Pop 'n Play



ClearPlay



ScratchFXtra

Mini-Playbook



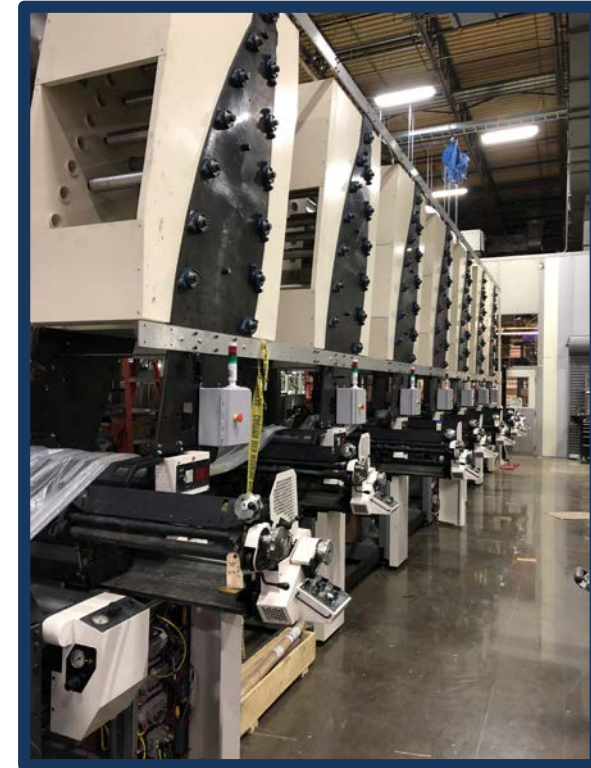
Manufacturing Strength

2018/2019 Commitment to improved efficiencies and greater capacity

Enhanced finishing equipment - Winnipeg



Expanding Original Press - Ypsilanti



New Internal Plate Room - Ypsilanti



Monthly Per Capita iLottery Sales

2018



4 months of sales for New Hampshire
8 months of sales for Pennsylvania



iLottery Portfolio



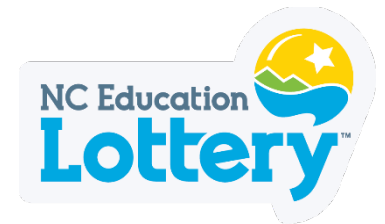
Michigan



Virginia



New Hampshire



North Carolina



Digital Innovation

PLAYON™
xpress**GAMES**™
scan**ACTIV**™
opti**FORCE**™
sure**TRACK**™ 2.0



Digital Key Wins



game**ON**[™]
sure**TRACK**[™] 2.0

PLAY**ON**[™]

PLAY**ON**[™]
NEOPOLLARD
INTERACTIVE
iLottery

Arizona

Connecticut

North Carolina



iLottery Regulatory Status

- In 2011 the US Department of Justice (“DOJ”) issued an interpretation indicating the Wire Act only applied to sports betting.
- Previously the belief was the Wire Act precluded all forms of internet gambling in the US.
- Based on the 2011 interpretation, many lotteries began instituting strategies to establish iLottery operations selling lottery products over the internet. Currently there are 8 US lotteries operating iLottery business with more evaluating.
- In January 2019, the DOJ issued a new interpretation reversing the 2011 view, now indicating the Wire Act applies to all forms of gambling, including potentially lotteries.
- On February 15, 2019, Pollard Banknote Limited and NeoPollard Interactive LLC. filed a motion with the United States District Court for the District of New Hampshire requesting a formal declaratory judgement clarifying that the Wire Act only applies to sports betting.
- We believe the January 2019 DOJ interpretation is incorrect on a number of key issues and are confident a definitive ruling from the Court will reconfirm that iLottery and other gaming operations conducted by state lotteries are not subject to the Wire Act.
- Ruling is expected June 2019. The DOJ has agreed to not enforce the new interpretation until at least mid-July.



Charitable Games

- Approximately 17% of our current revenue
- Overall industry is steady but showing some signs of renewed growth
- Our business generates solid profits/cashflow
- Diamond Game products also address charitable game sector
- February 2018 purchase of International Gamco, Inc. significantly expands our market share
- Further opportunity for industry consolidation



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ACQUISITIONS



Schafer Systems



Retail Transformation



Before



After

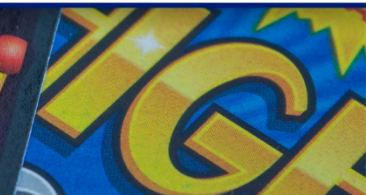


Highlights Update

- Schafer Systems acquired November 1, 2018.
- Industry leader in instant ticket retail merchandising, currently working with 42 of the 44 lotteries in the USA.
- Long history of providing innovative retail merchandising specializing exclusively in the lottery space.
- Early integration has been very smooth, innovation teams from across Pollard are working with the Schafer team.
- Market reaction has been very positive, with Schafer now owned by a lottery focused parent (Pollard).



Fastrak™ RETAIL

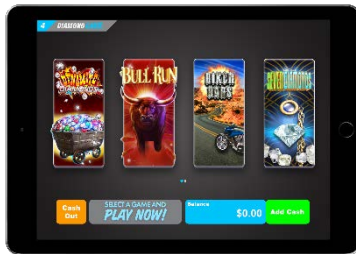


Fastrak Retail (UK) Limited

- On May 1, 2019, we acquired 100% of Fastrak Retail (UK) Limited.
- Fastrak is a leading provider of lottery ticket dispensers, lottery play points and other retail merchandising products.
- Based near Manchester, England, Fastrak was founded in 2000 and has approximately 25 employees.
- Currently supplies products and services to major lotteries including the Irish Lottery, the Illinois Lottery and the UK National Lottery.
- Acquisition price is £4 million plus working capital adjustment and future earn-outs based on specific targets.
- Fastrak will fit nicely with our recently acquired Schafer Systems operation to provide a comprehensive world leading world leading merchandising resource for lotteries.



Expanding Product Portfolio







AMERICAN GAMES
A POLLARD BANKNOTE COMPANY



International Gāmcō, Inc.
A POLLARD BANKNOTE COMPANY



Highlights Update

- International Gamco acquired February 1, 2018.
- Combined with our existing American Games operation, integration going very well.
- Market has reacted very positively to the business combination, now strong #2 manufacturer.
- Operation generates in excess of \$55 million in revenue (17% of our 2018 total).
- Opportunities for longer term synergies including facility optimization.
- Significant operational synergies achieved with Gamco's machine division, Oasis, and Diamond Game.



Acquisition Strategy

- Key component of our overall strategy for profitable growth.
- Dedicated senior resources are focused on our acquisition strategy.
- Areas of interest include: ancillary lottery products; digital and iLottery; charitable gaming and other services to the lottery market.
- Four deals completed in the last 21 months.
- Several actionable opportunities have been identified and are being pursued.
- Operating results of all of our recent deals have met or exceeded our expectations.



Capital Strategy

- Sufficient available capital to support our strategy.
- 3-year committed senior debt facility, approximately \$200 million including accordion feature.
- Close to \$70 million available liquidity at December 31, 2018 (excluding accordion).
- Successful \$35 million equity raise February 2018.
- Significant free cash flow available to fund investments in product development, CAPEX, dividend and future acquisitions.
- Low leverage ratio of 1.89 at December 31, 2018, focused on maintaining a conservative leverage profile.
- Increased dividend 33% in Q1 2019.
- Committed over the long term to increasing public float of shares.





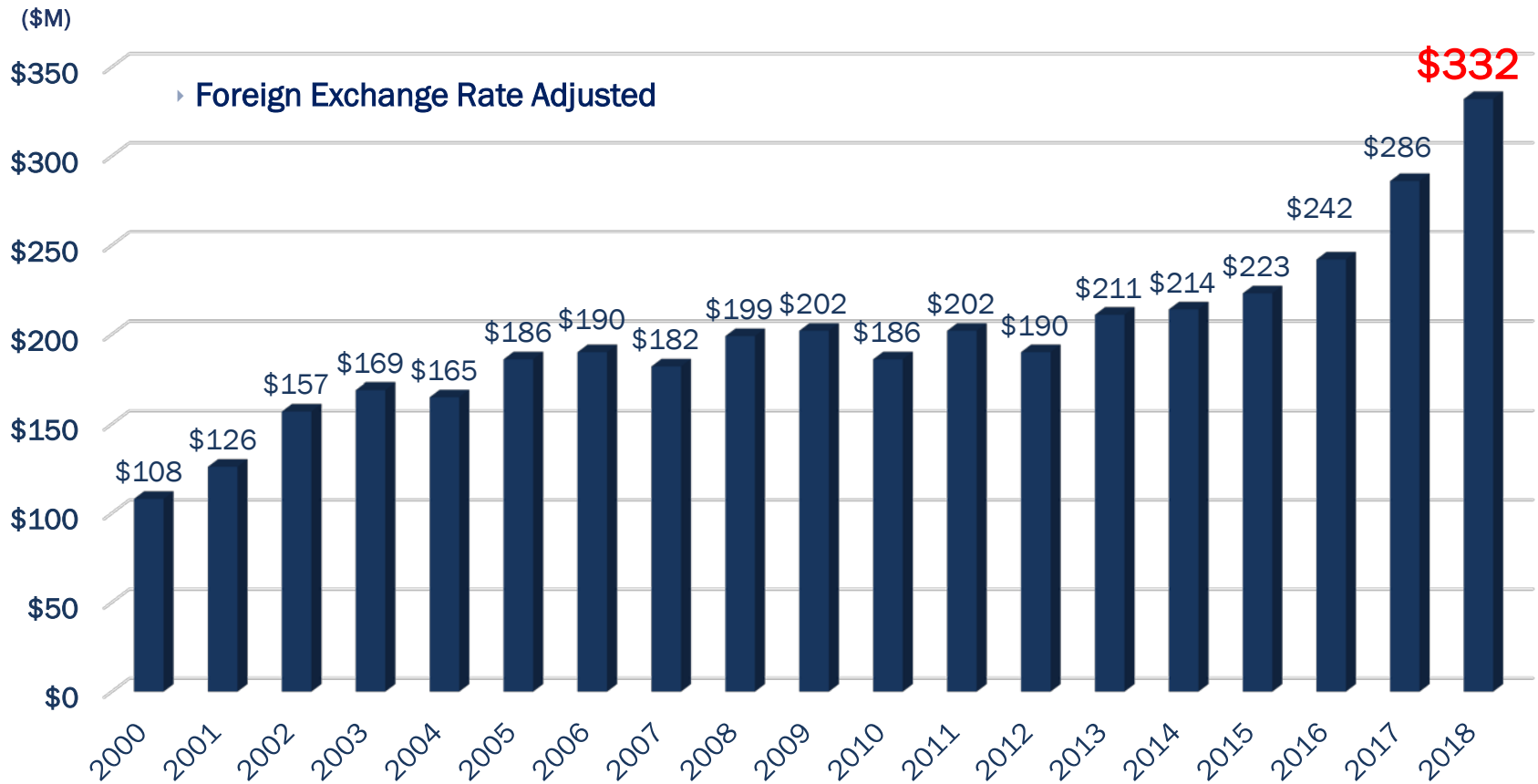
FINANCIAL UPDATE
2018 Annual Results

2018 HIGHLIGHTS

(\$M)	2018	2017
Sales	\$331.9	\$285.7
Gross Margin	\$75.7	\$65.7
Gross Margin %	22.8%	23.0%
SG + A	\$45.4	\$38.0
Income from Operations	\$29.7	\$27.0
Adjusted EBITDA	\$48.8	\$44.0
Net Income	\$14.9	\$16.8



Fiscal Sales

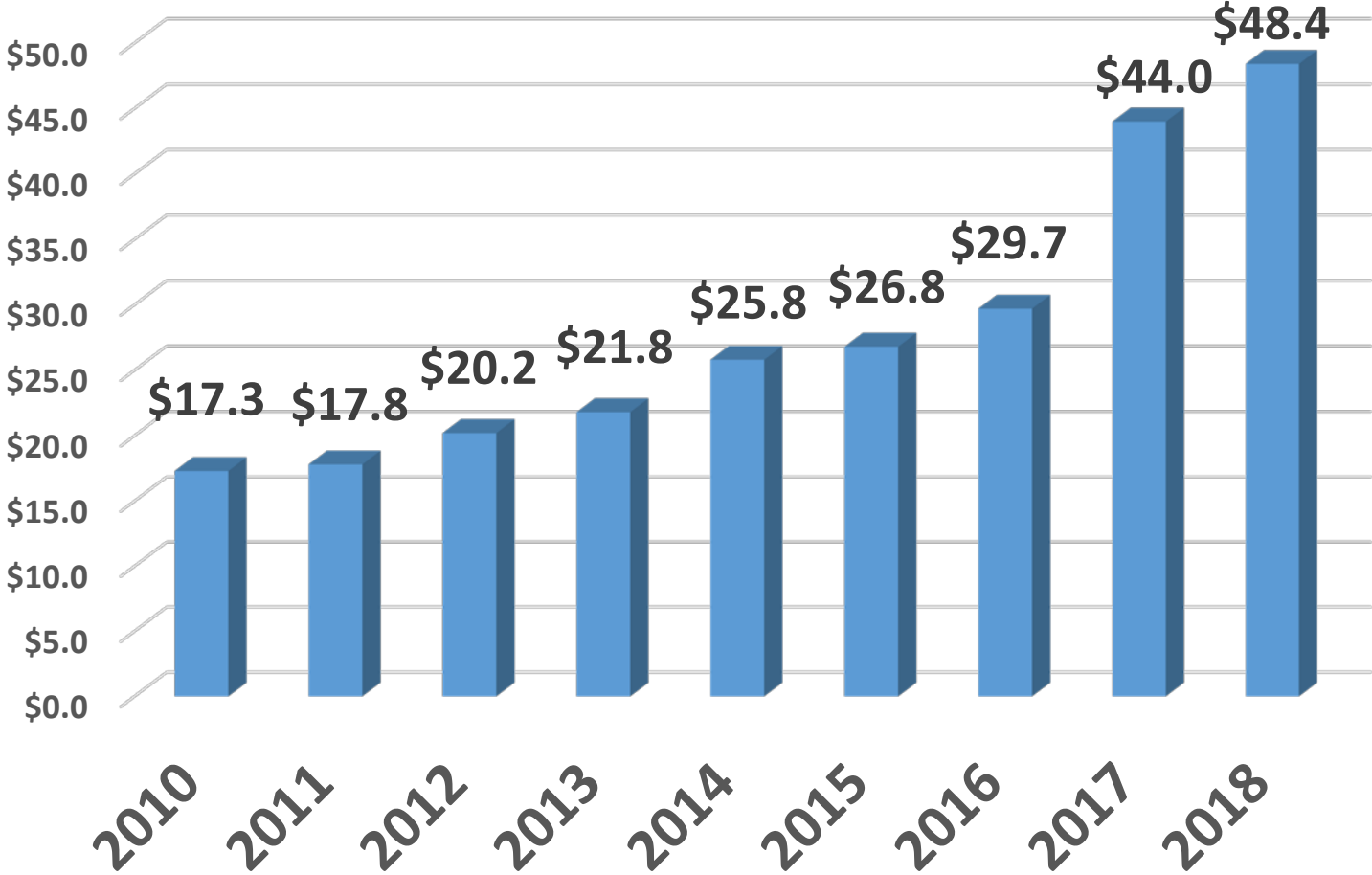


Annual sales adjusted to 2018 average rate of \$1.30 CDN per USD



Adjusted EBITDA

(\$M)



See definition of Adjusted EBITDA on slide 2 and reconciliation to Net Income in the Appendix



Strong CASHFLOW

(\$M)	2018	2017
Cash Flow before CAPEX & W/C	\$35.7	\$30.2
Change in Working Capital	<u>4.0</u>	<u>(\$2.9)</u>
Net Cash Flow before CAPEX	\$39.7	\$28.3
CAPEX	<u>(\$15.1)</u>	<u>(\$6.9)</u>
Net Cash Flow (b4 dividend, debt repayment & acquisitions)	<u>\$24.6</u>	<u>\$21.4</u>
(source: 2018 PBL Statement of Cash Flow)		

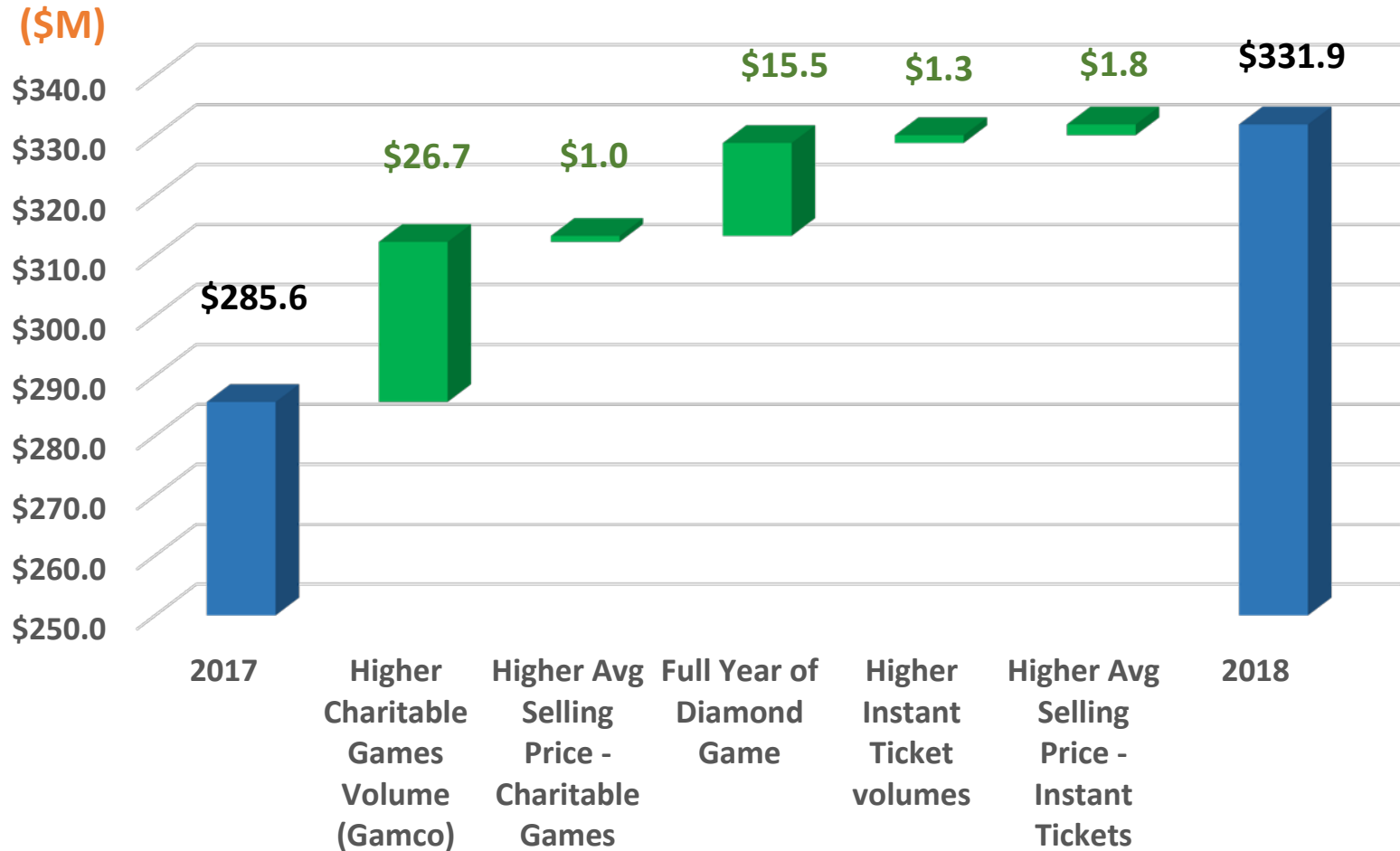


2018 Highlights

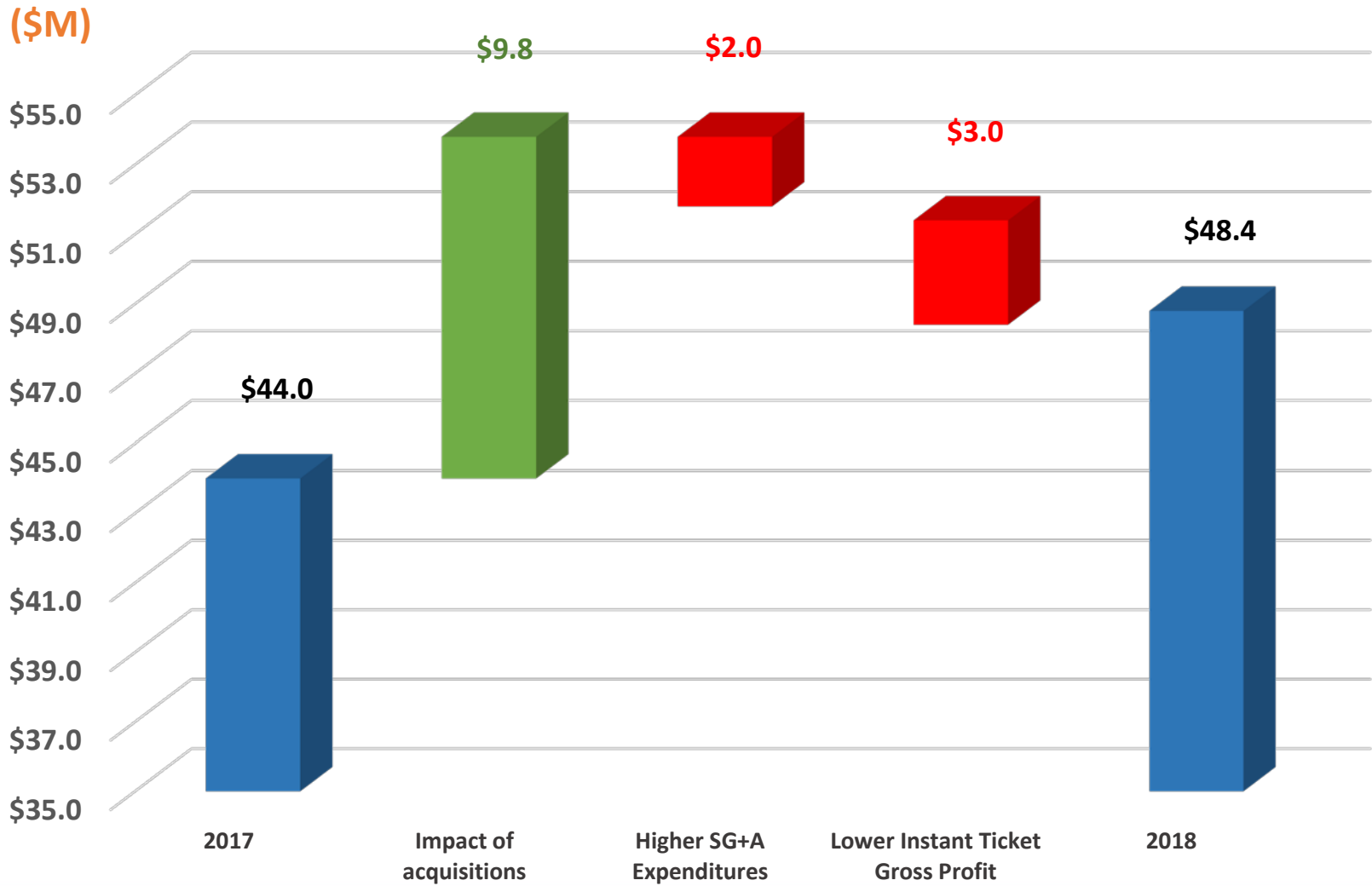
- Record annual revenue.
- Strong average selling price due to continued success of value added premium product mix.
- Full year impact of Diamond Game exceeding expectations.
- Acquisition and integration of Gamco and Schafer.
- Strong positive free cash flow prior to W/C investment.
- Temporary lower orders in Q4 impacted results negatively.



Fiscal 2018 Sales



2018 Adjusted EBITDA





FINANCIAL UPDATE
2019 First Quarter Results

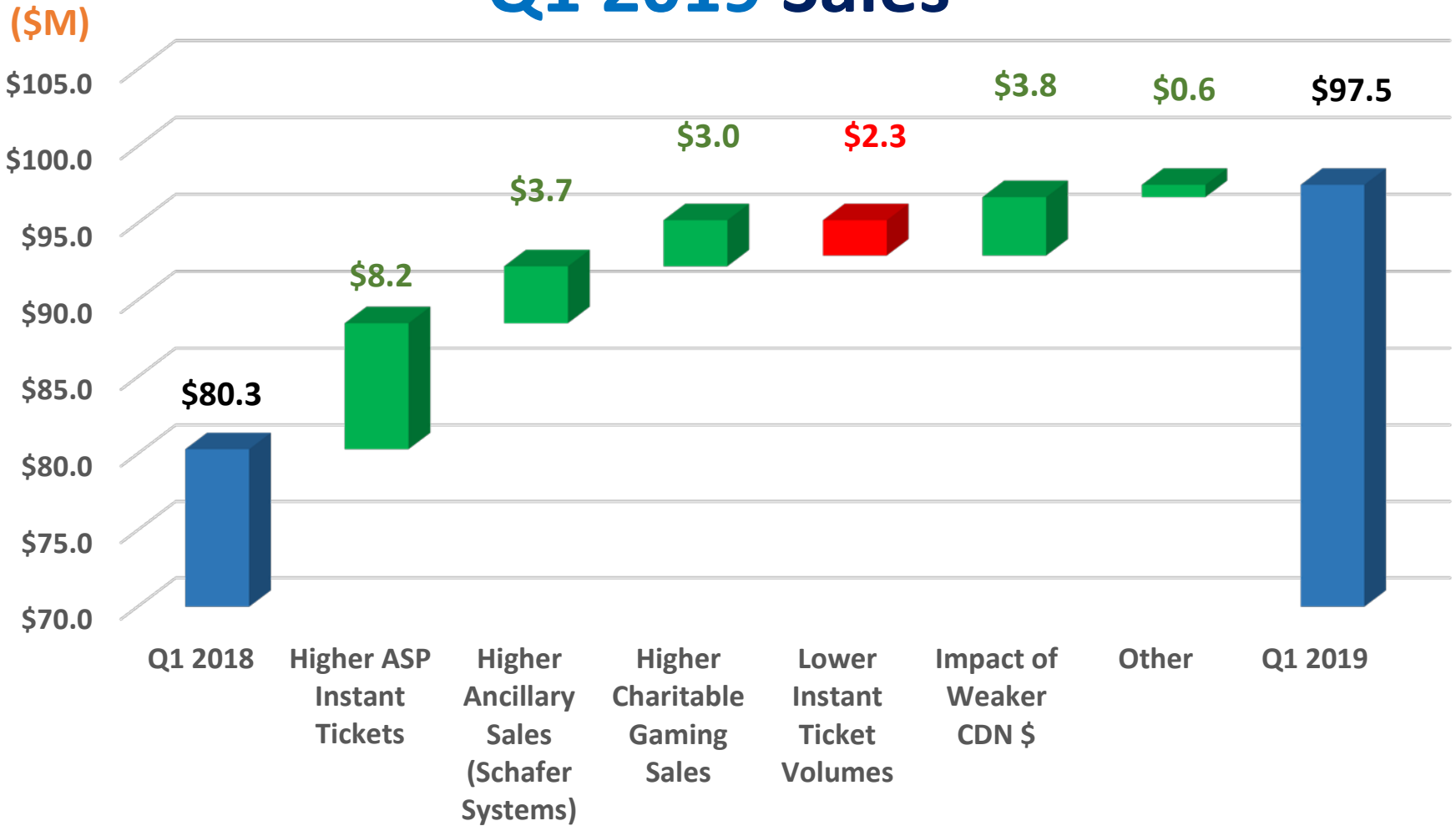
Q1 2019 Highlights

(\$M)	Q1 2019	Q1 2018
Sales	\$97.6	\$80.3
Gross Margin	\$22.9	\$19.4
Gross Margin %	23.5%	24.1%
SG + A	\$12.2	\$10.8
Income from Operations	\$10.5	\$8.6
Adjusted EBITDA*	\$15.1	\$13.0
Net Income	\$8.0	\$4.5

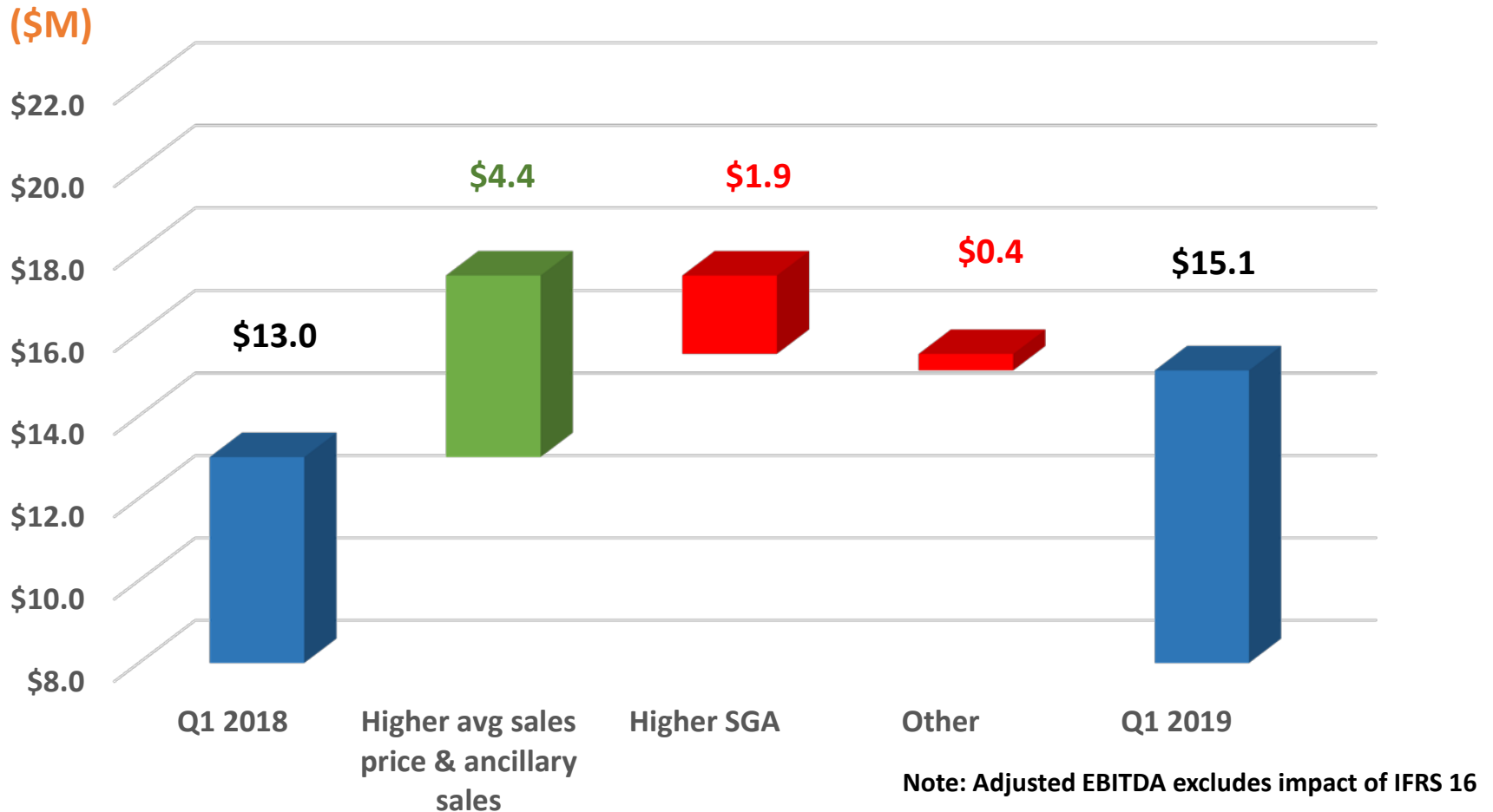
*Adjusted EBITDA calculated excluding IFRS 16 impact in 2019



Q1 2019 Sales

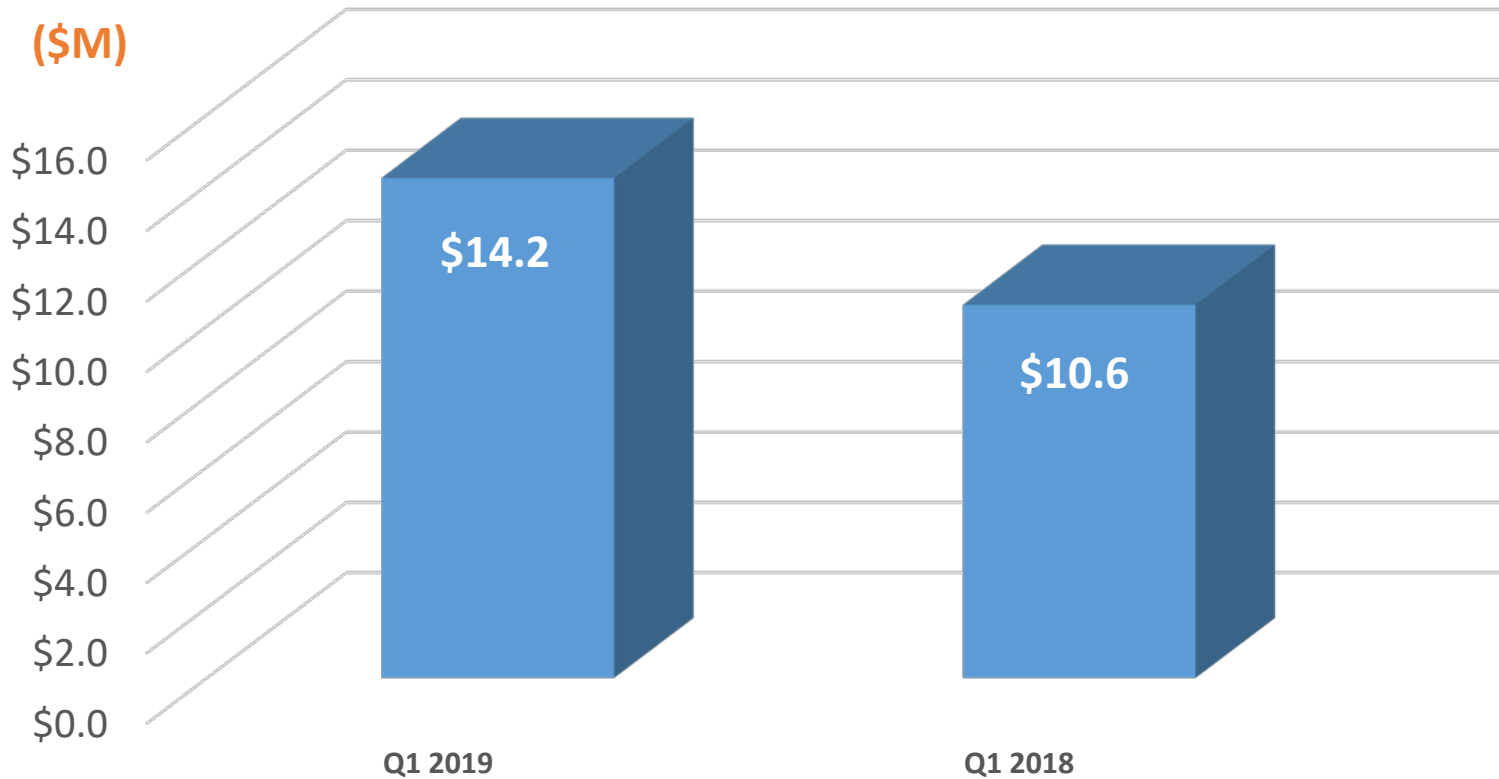


Q1 2019 Adjusted EBITDA



Strong Q1 Cashflow

Cash flow before CAPEX and W/C changes



Q1 Highlights

- Return of orders and sales volume for instant tickets closer to levels experienced in the first three quarters of 2018.
- Strong mix of proprietary specialty products including Scratch FX, laminated and pouched products.
- 33% increase in Dividend in March.
- First full quarter of Schafer Systems results which continue to meet our expectations.
- Awarded first significant contract to manage instant ticket inventory and distribution for a major lottery (Arizona).
- Our NeoPollard iLottery joint venture won Lottery Supplier of the Year at the 6th annual 2019 EGR North American awards.
- On May 1 acquired Fastrak Retail (UK) Limited





EXPECTATIONS FOR 2019

Looking Forward



Increasing Capacity



Increased Opportunities to Sell



Decreased Costs



Robust Industry



Innovation

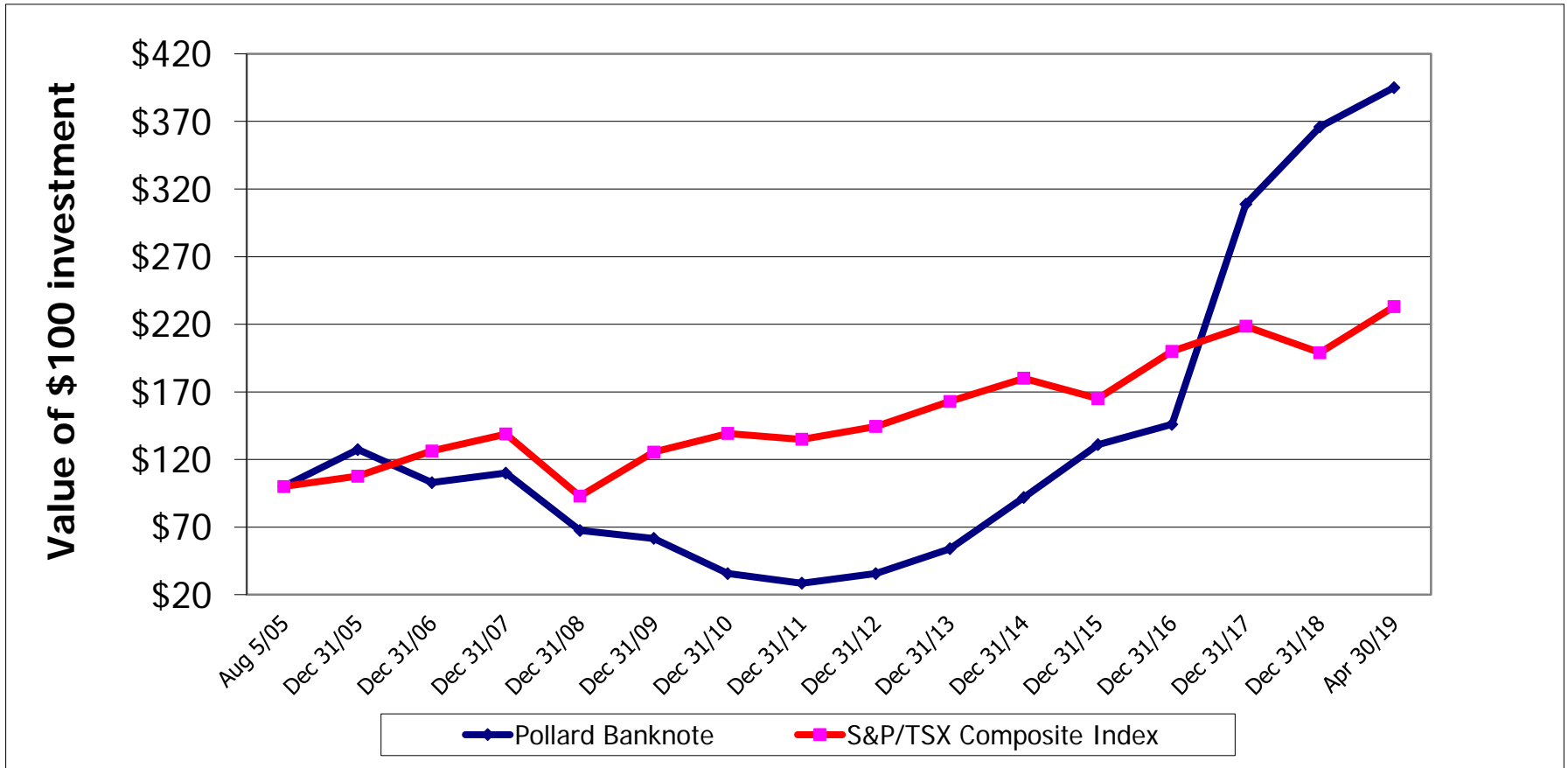
Fastrak[™]
RETAIL

Continued M&A
Opportunities

Partner of Choice



Value of \$100 Investment in PBL Shares





POLLARD

banknote limited

...it's why you choose us.



*Thank you for your time and
your attention today*

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APPENDICES

Adjusted EBITDA Reconciliation

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net income	\$14.9	\$16.8	\$12.3	\$7.5	\$8.7	\$5.4	\$6.5	\$3.1	\$1.8
Adjustments:									
Amortization & depreciation	\$18.0	\$13.1	\$10.6	\$8.4	\$7.9	\$8.6	\$7.8	\$8.4	\$8.6
Interest	\$4.2	\$3.9	\$3.6	\$2.9	\$2.9	\$3.4	\$3.4	\$4.4	\$5.2
Income taxes	\$5.9	\$7.2	\$4.8	\$4.7	\$3.7	\$3.9	\$2.3	\$1.7	\$1.9
Unrealized foreign exchange	\$4.6	-\$1.4	-\$1.6	\$3.8	\$1.7	\$1.0	-\$0.1	\$3.8	-\$1.2
Acquisition costs	\$0.8	\$2.7							
Severance costs	\$0.4	\$1.7							
Other				-\$0.5	\$0.7	\$0.4		\$1.2	\$1.9
Adjusted EBITDA	<u>\$48.8</u>	<u>\$44.0</u>	<u>\$29.7</u>	<u>\$26.8</u>	<u>\$25.6</u>	<u>\$22.7</u>	<u>\$19.9</u>	<u>\$22.6</u>	<u>\$18.2</u>



IFRS 16 New Lease Standard

- New standard implemented from January 1, 2019.
- Majority of leases now set up as an asset and offsetting liability on the Statement of Financial Position.
- Charge to the Statement of Income is split between depreciation and interest versus historic rent expense.

- Under the new standard income before income tax and net income is not materially different than the previous accounting standard.
- EBITDA will increase by approximately \$5 million annually due to the increased interest and depreciation and reduce rent expense.
- We have provided disclosure identifying the impact of the new accounting standard for consistency.
- The Statement of Financial Position will include a right-to-use asset and corresponding lease liability on implementation which is expected to be approximately \$18 million.

