



2021

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 severance costs, acquisition costs, litigation settlements and contingent consideration fair value adjustments. 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. 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 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. Combined sales should not be construed as an alternative to sales determined in accordance with GAAP.

# Today's Agenda

1. Financial Highlights
2. Impact of COVID-19
3. Company Vision and Strategy
4. 2020 Results by Division
5. Acquisitions
6. Financial Update: 2020 Annual Results
7. Financial Update: 2021 First Quarter Results

# Financial Highlights

(\$ Millions)	2020	2019	2018	2017	2016
SALES	\$414.1	\$397.8	\$331.9	\$285.7	\$246.4
NET INCOME	\$33.3	\$22.0	\$14.9	\$16.8	\$12.3
ADJUSTED EBITDA	\$80.6	\$60.2	\$48.8	\$44.0	\$29.7
NET DEBT	\$129.2	\$119.8	\$104.6	\$79.0	\$63.4

Adjusted EBITDA prior to 2019 does not include the impact of IFRS16

Source: Pollard Banknote financial statements and MD&A

# Financial Highlights

- Throughout most of 2020 and Q1 2021, strong growth in retail sales of Instant tickets throughout most lotteries.
- Beginning in the second quarter of 2020 iLottery revenues increased significantly with these higher levels continuing through 2021.
- New contract with the Province of Alberta (Q4 2020) and increased product offering with the Virginia iLottery (Q3) contributed very positively to growth in ilottery results.
- Charitable gaming and Diamond Game results negatively impacted when retail establishments – bars, fraternals, bingo halls – closed. Mid March through mid June in 2020, and to a lesser degree mid November through year end in select jurisdictions.
- When retail establishments are open, very strong consumer demand has returned for charitable gaming and Diamond Game products.
- Canada Emergency Wage subsidy of approximately \$9 million earned throughout 2020 assisted in full retention of Canadian employees throughout pandemic.

# COVID-19 IMPACT

# COVID-19 Impact

- COVID-19 continues to have a significant impact on all organizations and Pollard is no exception.
- Our focus at all times has been on the safety and health of our Pollard employees.
- Throughout the pandemic we have implemented rigorous protocols and procedures including:
  - Extensive remote working practices
  - Mandated mask wearing and social distancing including the use of electronic monitoring
  - Daily health screening
  - Thorough ongoing cleaning of all facilities
  - Limitations to only essential visitors in all our locations
  - Encouragement and support for vaccinations

# COVID-19 Impact

- We continue to monitor all aspects of the pandemic and utilize all of the above protocols while COVID-19 remains a concern.
- This has allowed us to keep all of our facilities open and functioning throughout the pandemic to serve our customers.
- Covid-19 has had negative impacts on some of our product lines:
  - Charitable gaming and Diamond Game revenue are negatively impacted when jurisdictions enter into reduced or full closure of retail sites that sell these products (bars, restaurants, fraternals).
- When jurisdictions reopen retail establishments, demand for our charitable and Diamond Game products has been very strong.
- Our supply chains have remained open and functioning, but with some challenges in ensuring timely receipt of inputs.



# COVID-19 Impact

- Our lottery operations, particularly iLottery sales, have performed strongly in the COVID-19 environment, reflecting the significant resilience and underlying demand for our lottery products and solutions.
- Pollard has utilized certain government assistance programs to support our employees where applicable.
- Our strong balance sheet and cash flow has provided Pollard with significant financial protection in these times of great uncertainty.
- Throughout the pandemic, the Pollard business model and overall strategy, combined with the dedication and passion of our Pollard team, has not only survived the challenges posed by COVID-19, but continue to grow and lay the foundation for future growth.
- COVID-19 will continue to be a significant factor in our lives going forward for some period of time, however, we are confident our organization has all the resources necessary to mitigate its negative impact on Pollard.

# VISION & STRATEGY

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

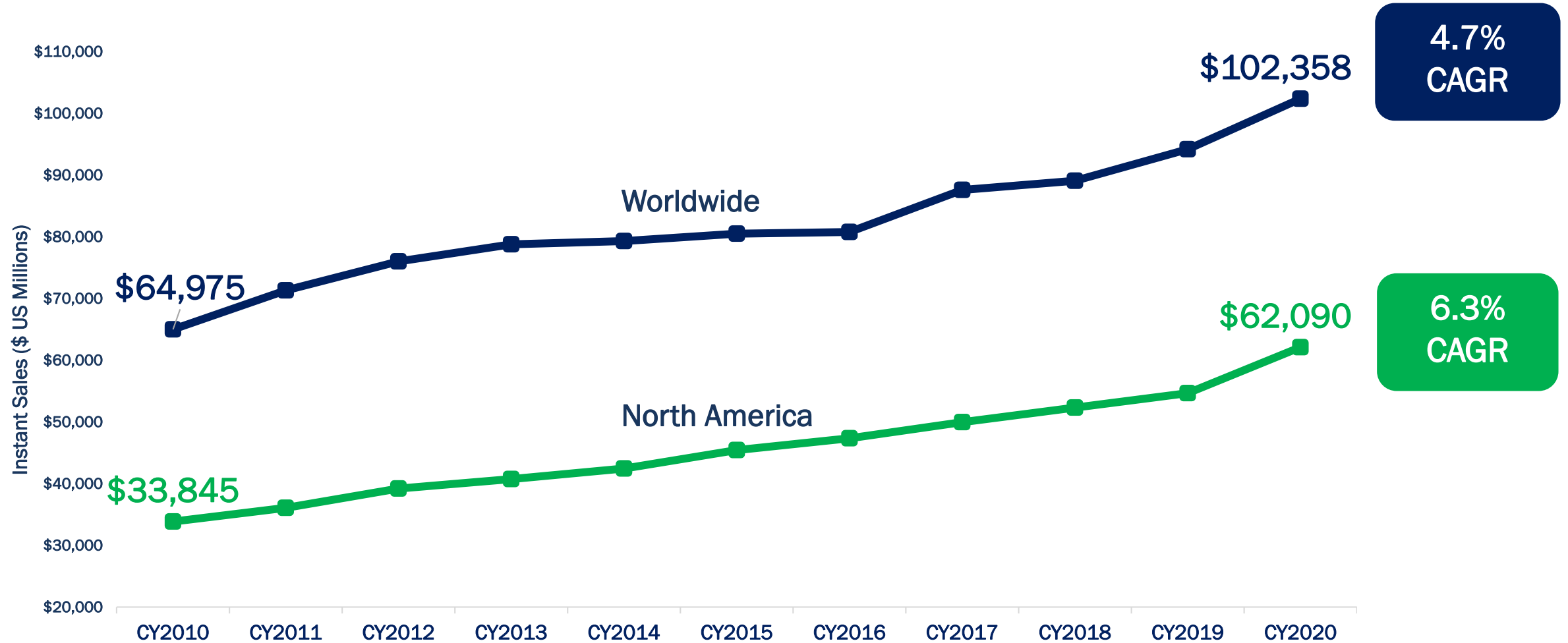


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Retail Excellence.  
Digital Innovation.

# 2020 RESULTS BY DIVISION

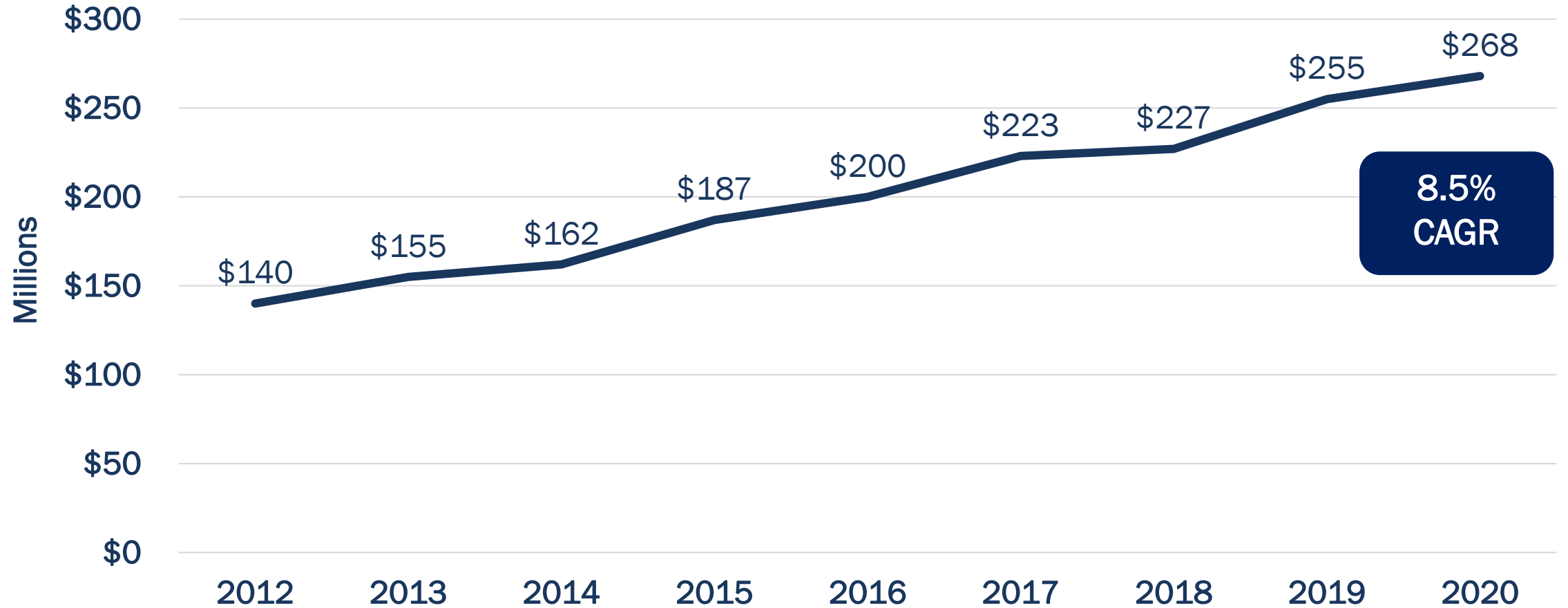
# RETAIL LOTTERY

# 10 Year Instant Ticket Sales Growth



Source: La Fleur's World Lottery Almanac  
Note: Includes Pulltab sales

# Pollard Instant Ticket Sales





# Leading Print Innovation



clearPLAY™

SCRATCHFX™

**POLLARD**  
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**Schafer**  
Systems

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# In-Lane Instant Sales

Delivering distinctive products, business  
processes and merchandising solutions  
to drive in-lane instant ticket sales.



Outstanding Games.  
Retail Excellence.  
Digital Innovation.





# Retail Lottery

- Retail consumer demand for instant tickets has been strong throughout 2020 and 2021.
- Starting during mid-second quarter, sales at retail for instant tickets throughout the US grew on average in the 15-20% year over year rate and has continued at this high growth rate consistently right through the first quarter of 2021.
- These strong growth rates show no sign of decline and has reflected the underlying strong demand associated with this product.
- These high growth rates do not translate to the same growth rates for manufacturers like Pollard due to sales of higher price point tickets and increased retail sell through rates. However we are seeing stronger volumes for our US lottery customers in our schedules. Our overall volumes have remained fairly steady during 2020 as the increase from US customers allowed us to bid more strategically on individual orders from our international customers.
- Higher selling prices at the retail level allows the lotteries to offer more value, which in turn gives Pollard significant opportunities to sell our premium and ancillary products, increasing our average selling price and improving our margins.

# iLOTTERY

# iLottery Portfolio



Michigan<sup>1</sup>



New Hampshire



North Carolina



Virginia<sup>2</sup>



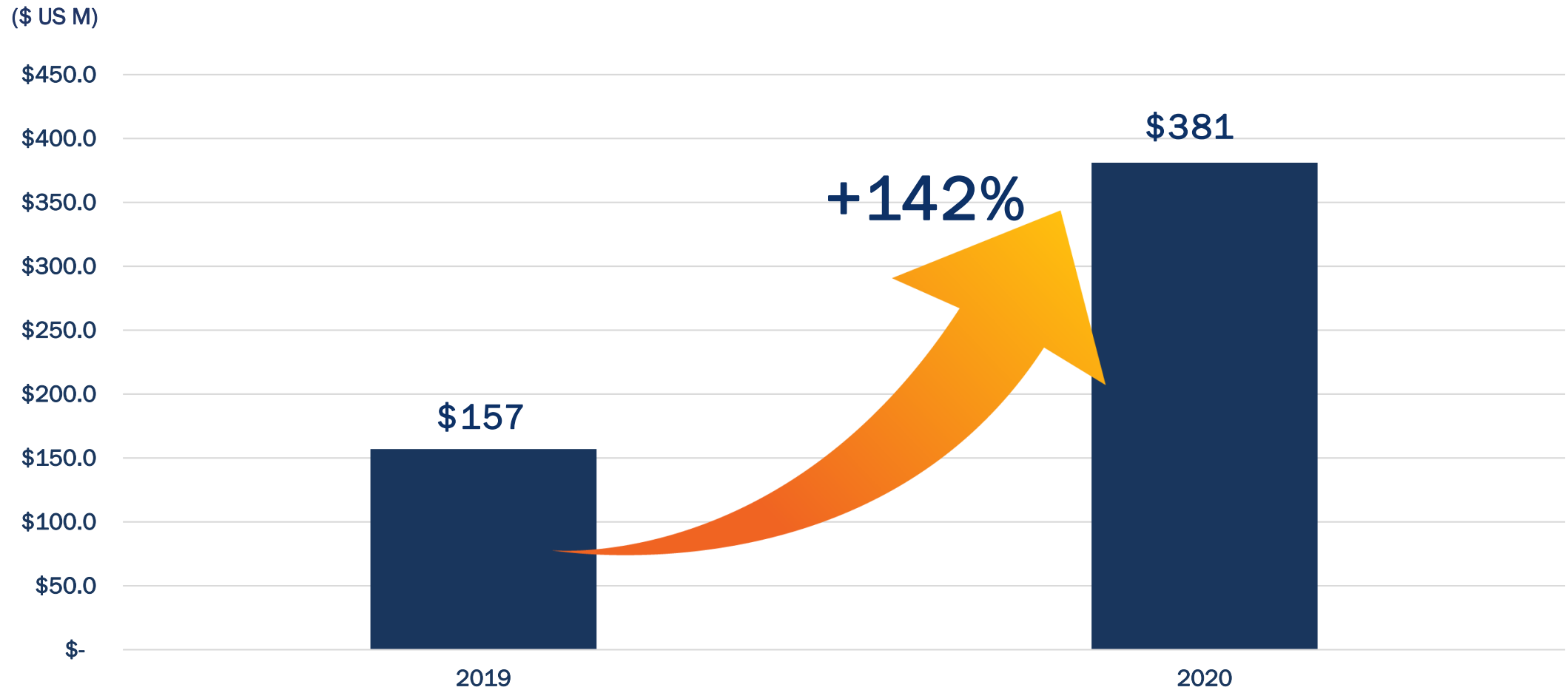
Alberta<sup>3</sup>

1. Michigan contract extended to 2026

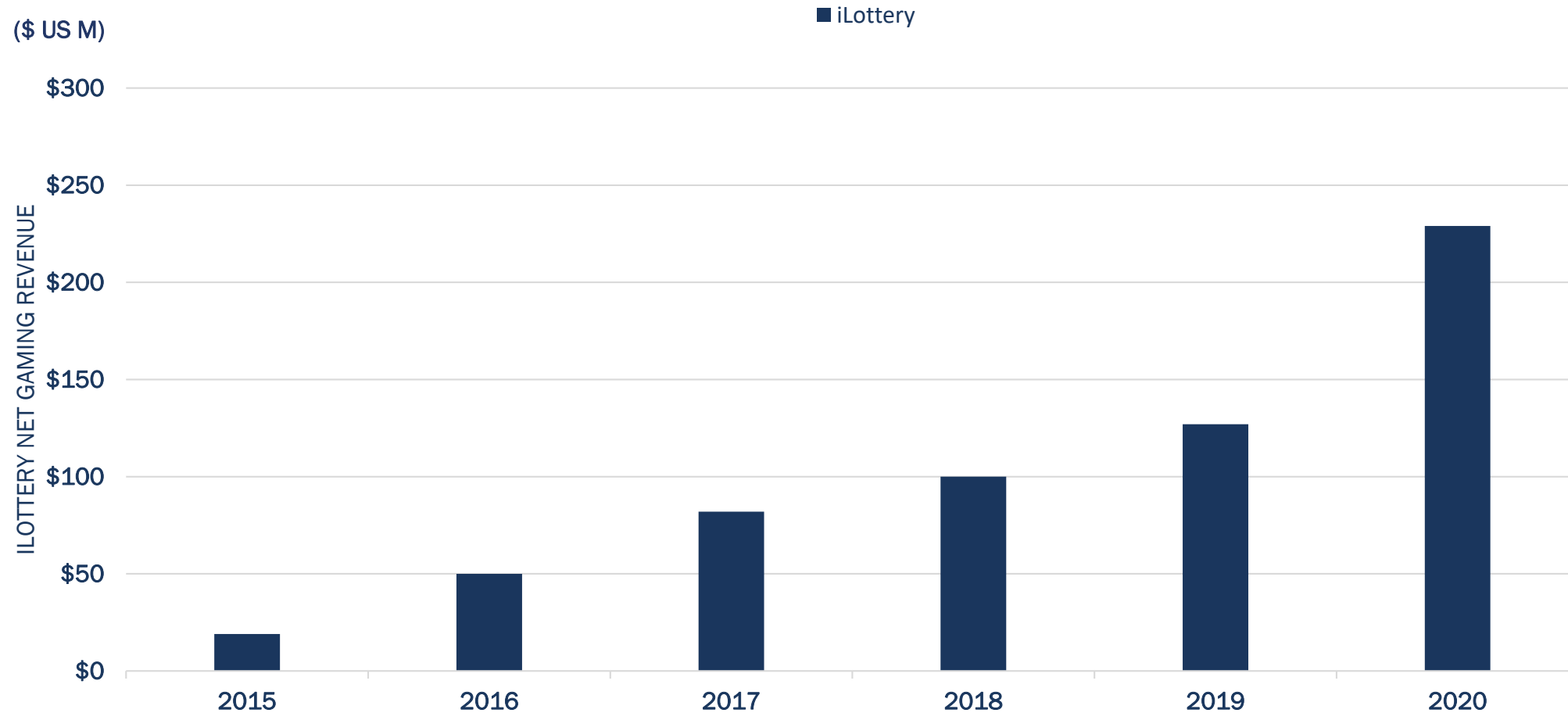
2. Virginia e-instants live July 1 2020

3. Alberta live September 20 2020

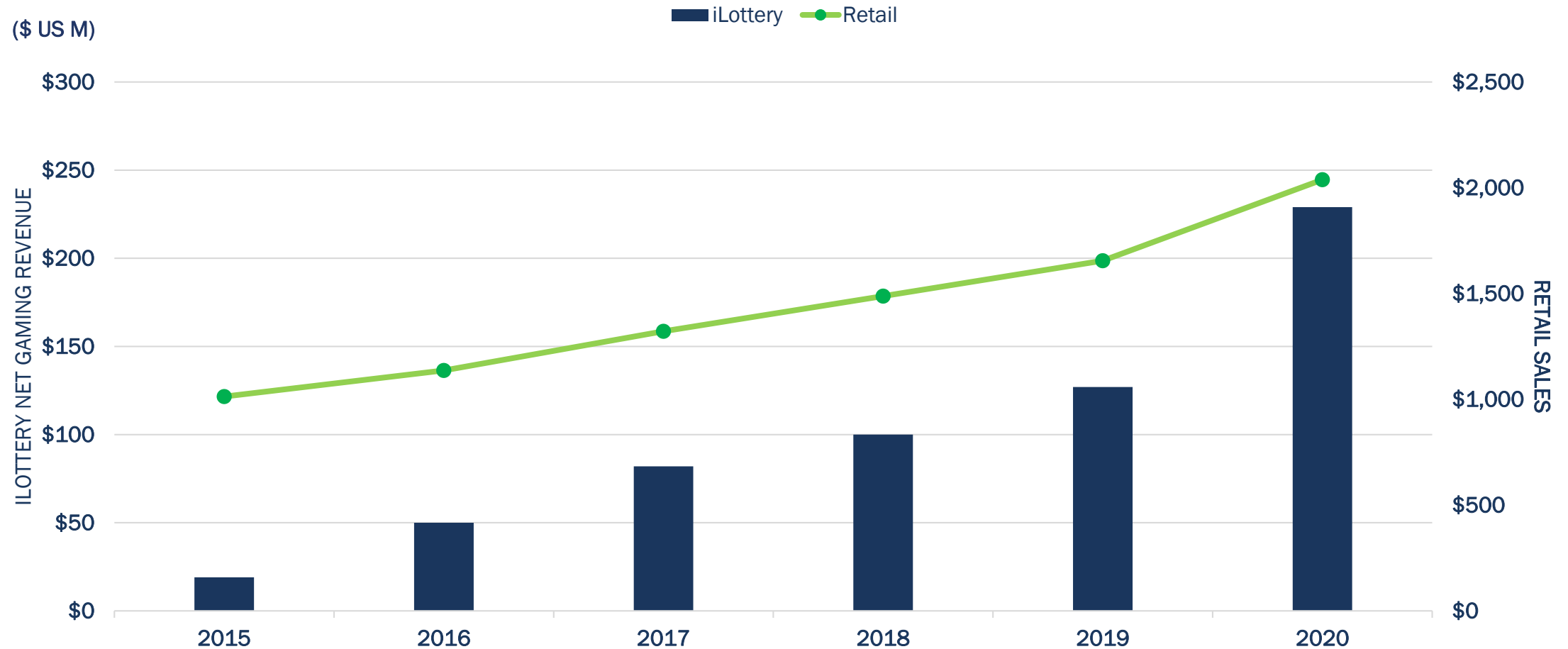
# NPi Customer Growth in Net Gaming Revenue



# Annual Michigan iLottery Net Gaming Revenue



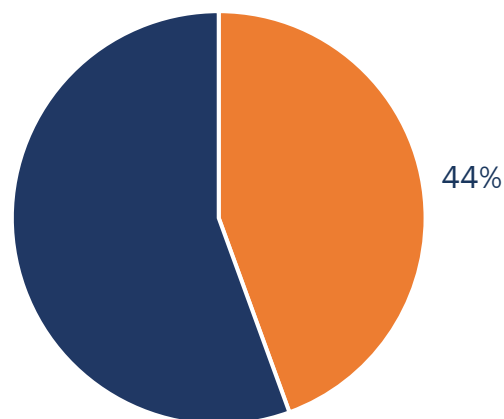
# Annual Michigan iLottery NGR & Retail Sales



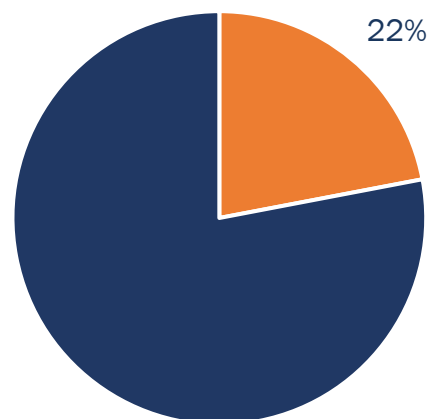


# iLottery Sales as a Percent of Total Lottery Sales FY20

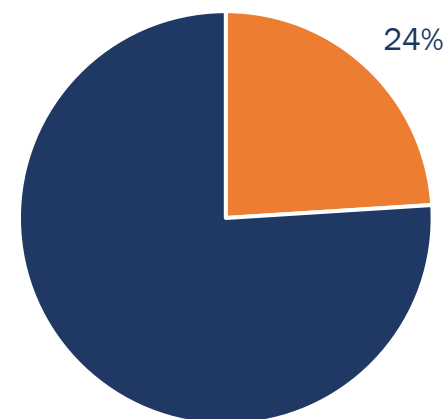
Michigan Lottery



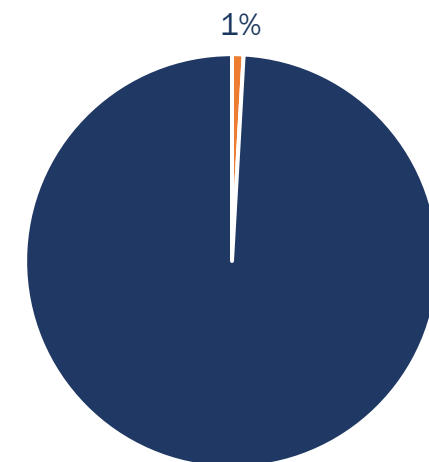
New Hampshire Lottery



Virginia Lottery



North Carolina Lottery



■ iLottery Sales ■ Total Lottery Sales

■ iLottery Sales ■ Total Lottery Sales

■ iLottery Sales ■ Total Lottery Sales

■ iLottery - DBG Only ■ Total Lottery Sales

Total Lottery Sales represents Operating Revenues per Lottery Annual Reports  
Virginia Lottery data from July 2020-April 2021 for both iLottery & Retail Sales

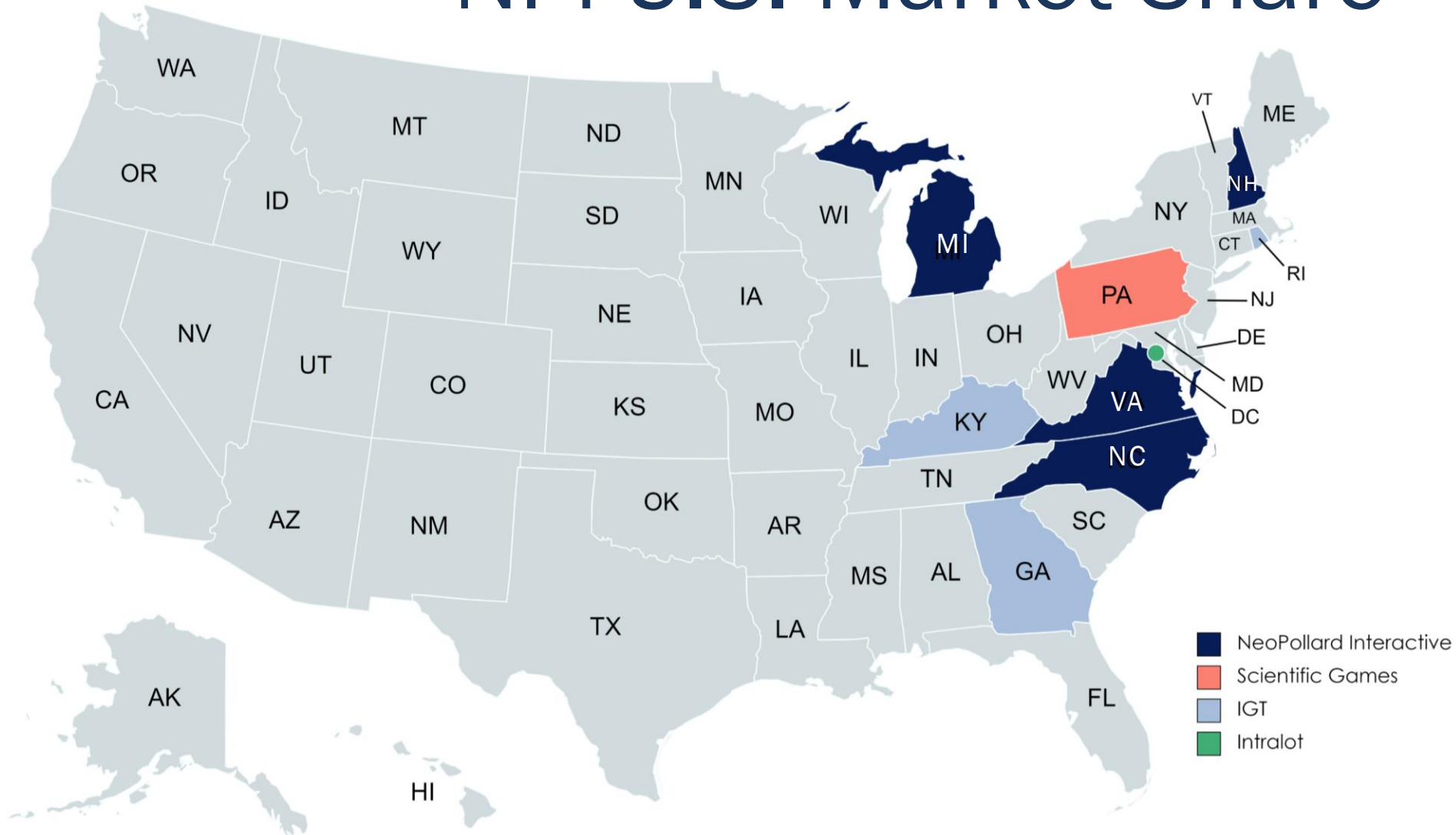
# 2020 iLottery Operations

	2020	2019
<b>Revenue - PBL Share</b>		
Michigan iLottery	\$33.5	\$16.4
NeoPollard JV	\$12.6	\$2.5
<b>Combined Revenue</b>	<b>\$46.1</b>	<b>\$18.9</b>
<b>Income before Profit Share &amp; Income Taxes – PBL Share</b>		
Michigan iLottery	\$18.5	\$7.4
NeoPollard JV	\$1.6	(4.0)
<b>Combined Income</b>	<b>\$20.1</b>	<b>\$3.4</b>

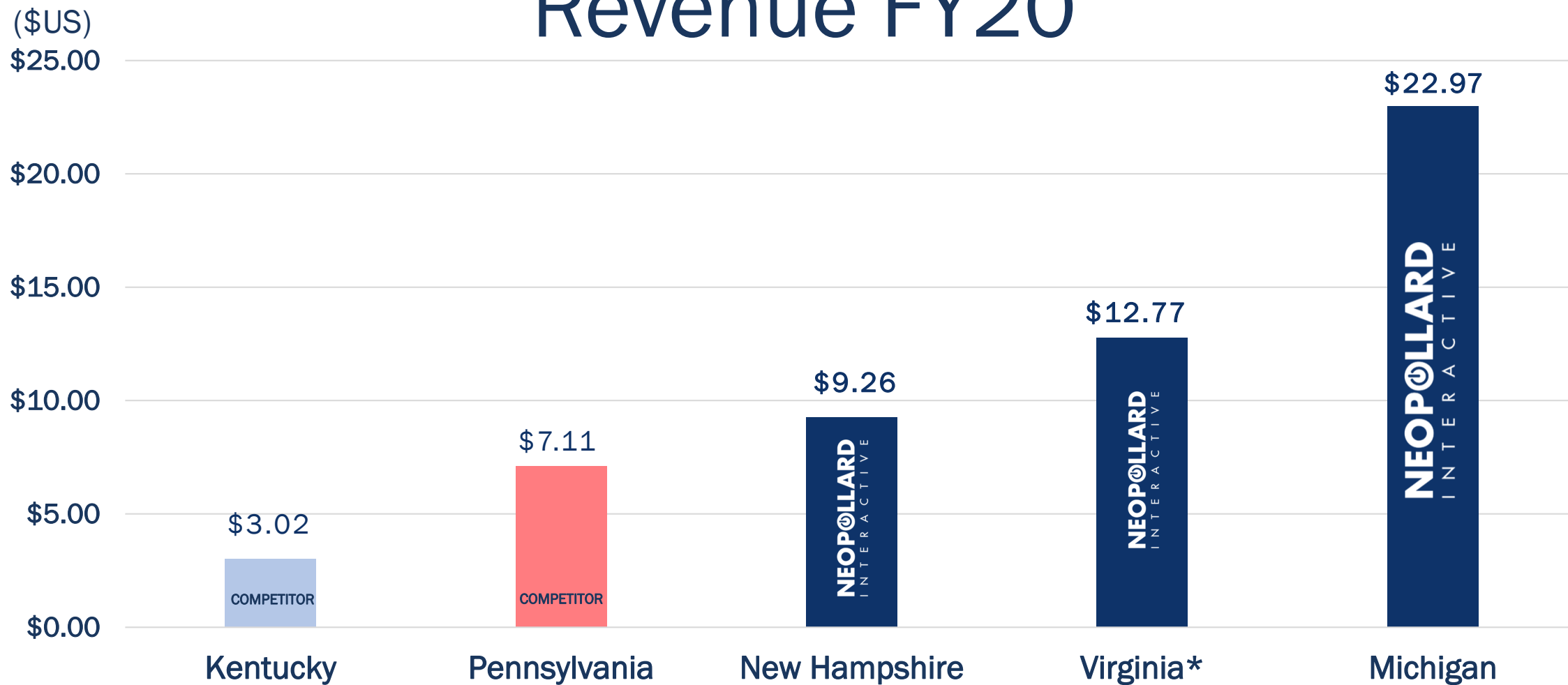
# 2021 Q1 iLottery Operations

	Q1 2021	Q1 2020
<b>Revenue - PBL Share</b>		
Michigan iLottery	\$8.4	\$5.1
NeoPollard JV	\$9.9	\$1.2
<b>Combined Revenue</b>	<b>\$18.3</b>	<b>\$6.3</b>
<b>Income before Profit Share &amp; Income Taxes – PBL Share</b>		
Michigan iLottery	\$4.0	\$2.1
NeoPollard JV	\$4.0	(0.5)
<b>Combined Income</b>	<b>\$8.0</b>	<b>\$1.6</b>

# NPi U.S. Market Share



# Estimated Per Capita iLottery Net Gaming Revenue FY20



\*Virginia estimate is projected FY21 net gaming revenue



# iLottery Regulatory Status (U.S.)

- In 2011 the US Department of Justice (“DOJ”) issued an opinion that the Wire Act only applied to sports betting, which opened the door for US state lotteries to begin selling via the internet.
- In January 2019, the DOJ issued a new opinion reversing the 2011 view, indicating the Wire Act applies to all forms of gambling, including potentially lotteries.
- Pollard Banknote Limited and NeoPollard Interactive successfully challenged the 2019 DOJ opinion in the US District Court for the District of New Hampshire. As a result, the 2019 DOJ opinion was vacated and the 2011 opinion was reinstated.
- The DOJ appealed the District Court decision and in January 2021 the Appellate court confirmed the original decision, confirming the Wire Act only applies to sport betting, allowing lotteries to continue to sell their products over the internet.
- The DOJ has the ability to further appeal this decision to the US Supreme Court, to date there has been no indication they will pursue further litigation.

# CHARITABLE GAMING



# Charitable Gaming



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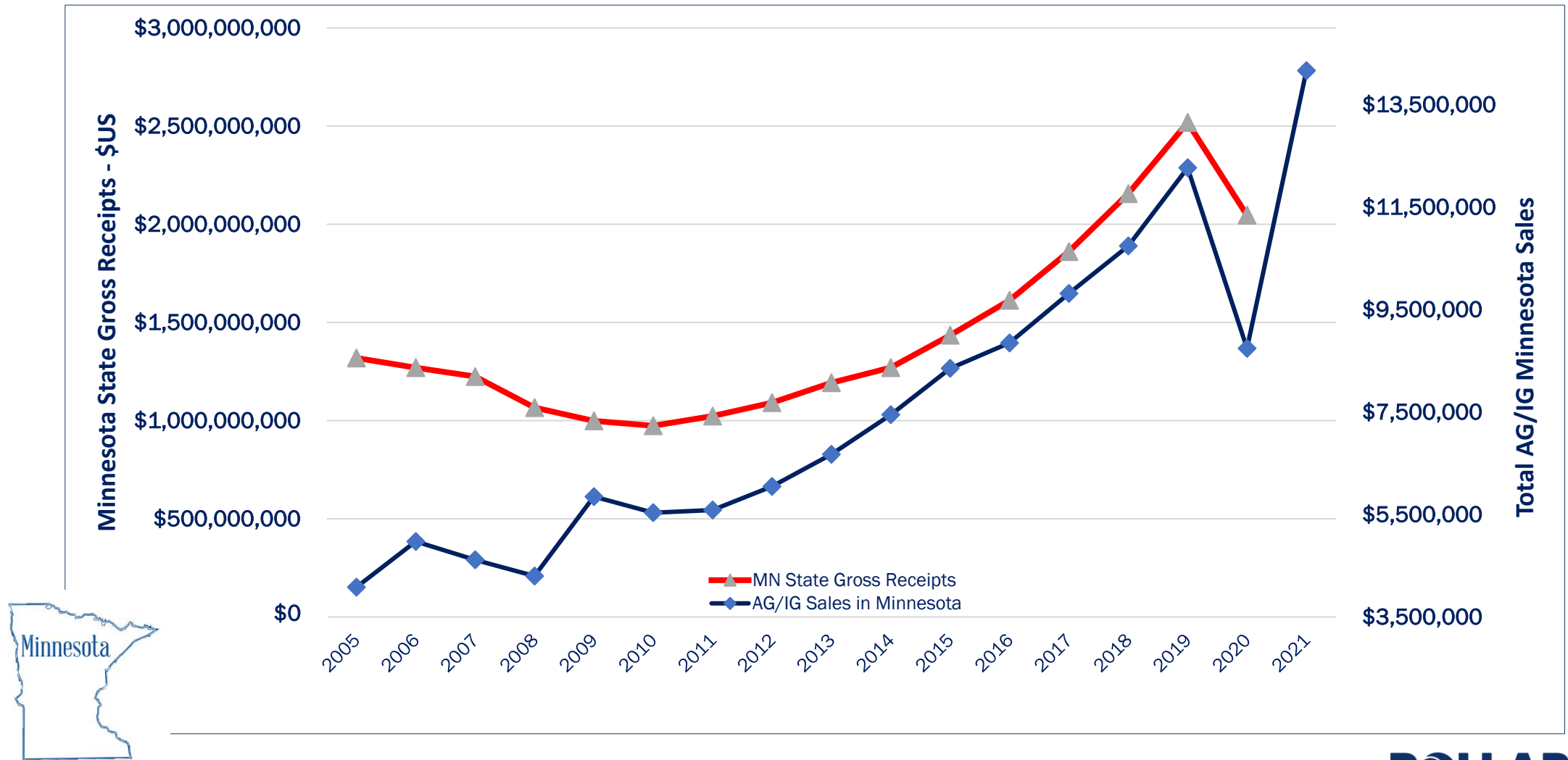
*International Gamco, Inc.*

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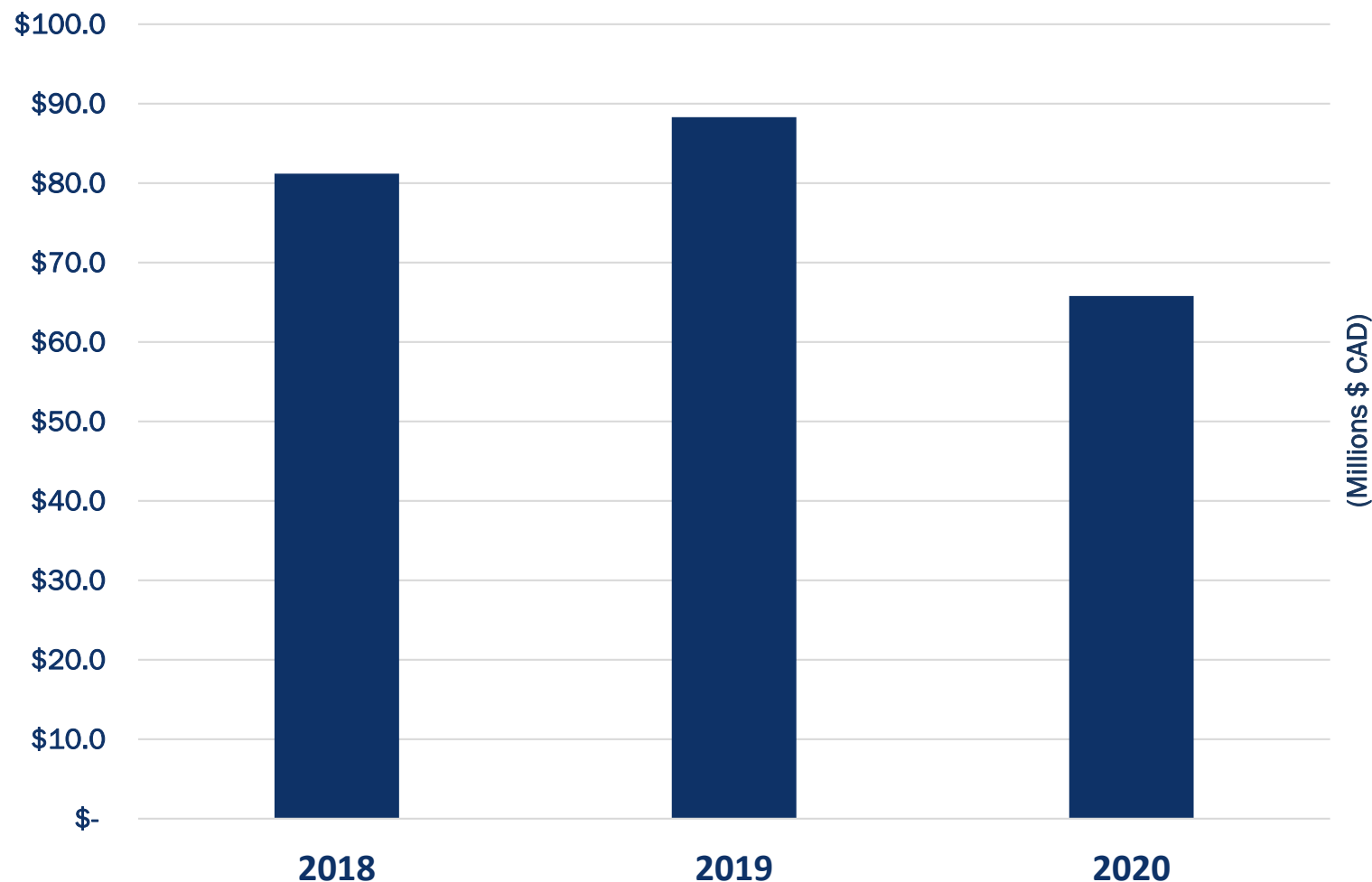
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# Growth of Charitable Gaming Market



\* MN state data for 2021 not yet published  
\* 2021 AG/IG data is Q1 annualized

# Charitable Gaming & Diamond Game Sales Trend 2018-2020



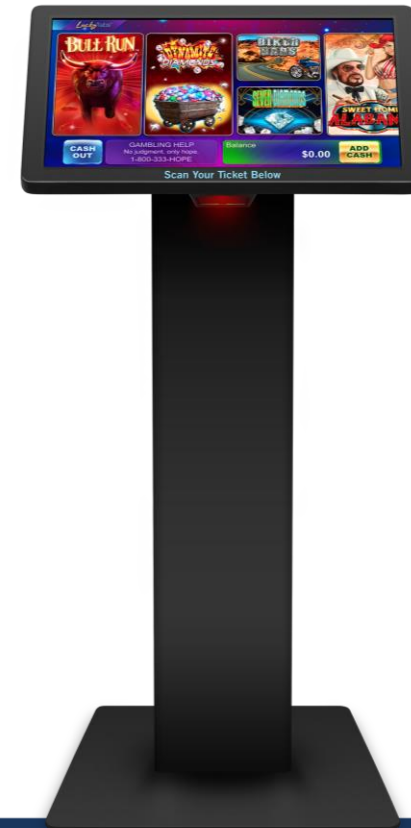
# Charitable Gaming Update

- Historically Charitable Gaming represents approximately 20% of our consolidated revenue.
- In 2020, our revenue was negatively impacted by the COVID-19 pandemic.
- During retail shutdowns in 2020, our sales of charitable products (pull-tabs, bingo paper) were reduced significantly.
- When retail establishments (bars, fraternals, bingo halls) reopened, consumer demand for our products returned very strongly.
- Future additional integration synergy potential through bringing both of our manufacturing facilities into one are well under way.



# DiamondGame

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# Diamond Game Update

- Significant negative impact of COVID-19 on Diamond Game business. Similar to Charitable Gaming, when jurisdictions shut down retail establishments (bars, bingo halls), Diamond Game machines are also shut down.
- When retail sites reopened, consumer demand came back strongly and per machine revenue achieved record high levels of play.
- Negative impact of COVID-19 continues in Q1/Q2 in select jurisdictions, for example Ontario has currently shut down bingo halls, which are the locations of a large number of our machines.
- Focus is on expanding machine count and improving distributor relationship in current jurisdictions.
- Recent acquisition of Compliant has been integrated successfully into DG operations.
- Expanded game library maintaining Diamond Game machines consistently among the highest performing e-gaming machines.
- Ongoing discussions underway to expand market to additional jurisdictions.

# ACQUISITIONS



# NGL

NEXT GENERATION LOTTERIES

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Loteries de Catalunya



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[www.loteriesdecatalunya.cat](http://www.loteriesdecatalunya.cat)

Loteries de Catalunya

Loteries de Catalunya

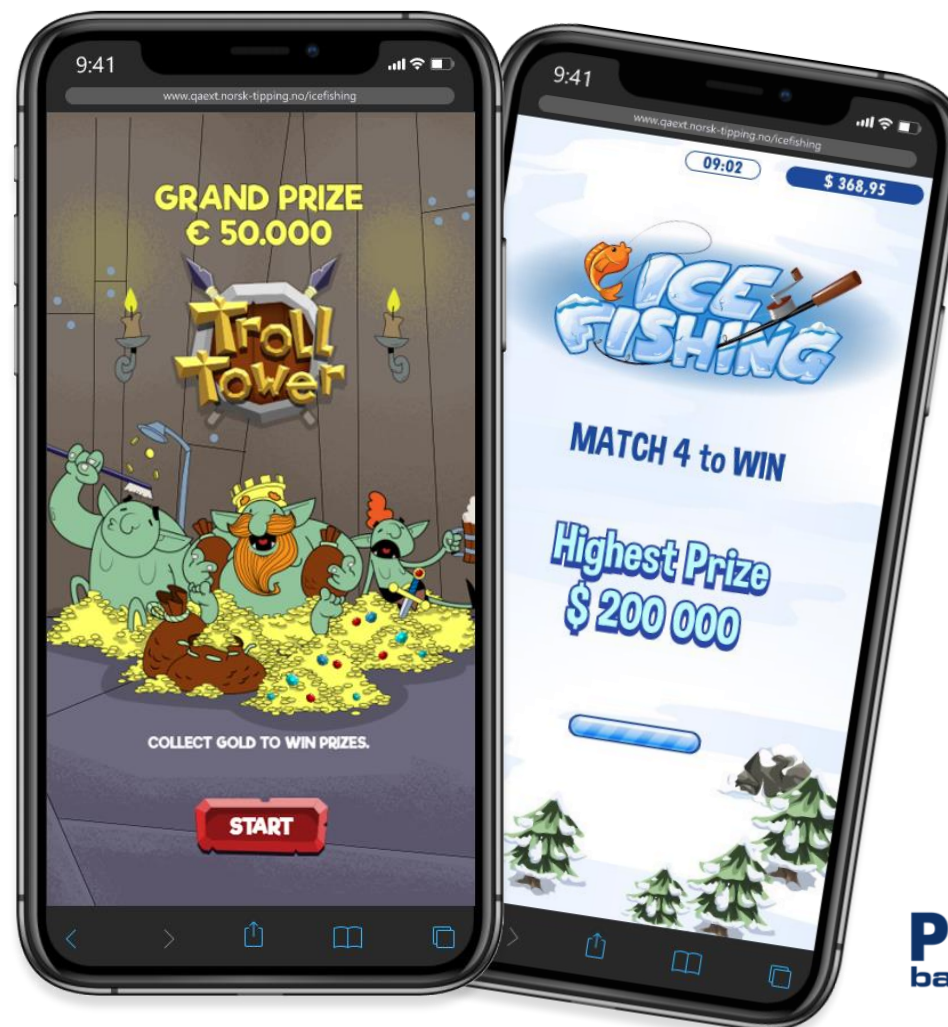
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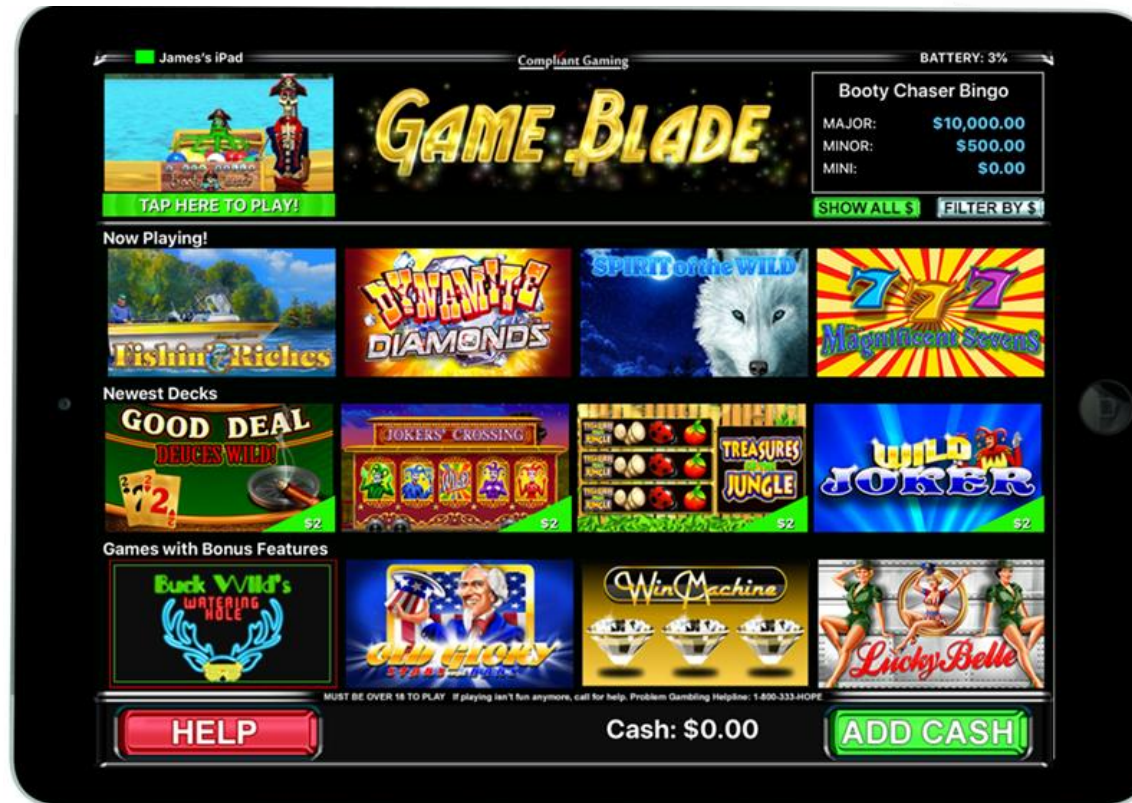


# Next Generation Lotteries (NGL)

- NGL is a leading provider of retail lottery management and iLottery solutions.
- The acquisition closed on January 14<sup>th</sup> 2021 with an approximate purchase price of \$57 million CAD.
- Acquisition price was funded by \$43 million cash, \$7 million in Pollard common shares and a \$7 million earnout to be paid on the achievement of certain gross margin targets in 2021.
- NGL offers full outsourcing solution to lotteries around the world and counts the Loteries de Catalunya in Spain as a key customer.
- NGL expands Pollard's iLottery capability outside North America.
- NGL services provided include
  - Modular, open gaming platform for retail, online and mobile lottery games
  - Full-service retail solutions for lotteries including terminal management
  - Modern iLottery platform with full-featured player account management system
  - Extensive portfolio of e-instant, toto and draw games, developed by a games studio supporting both retail and digital games
  - Comprehensive facilities management services

# Compliant Gaming

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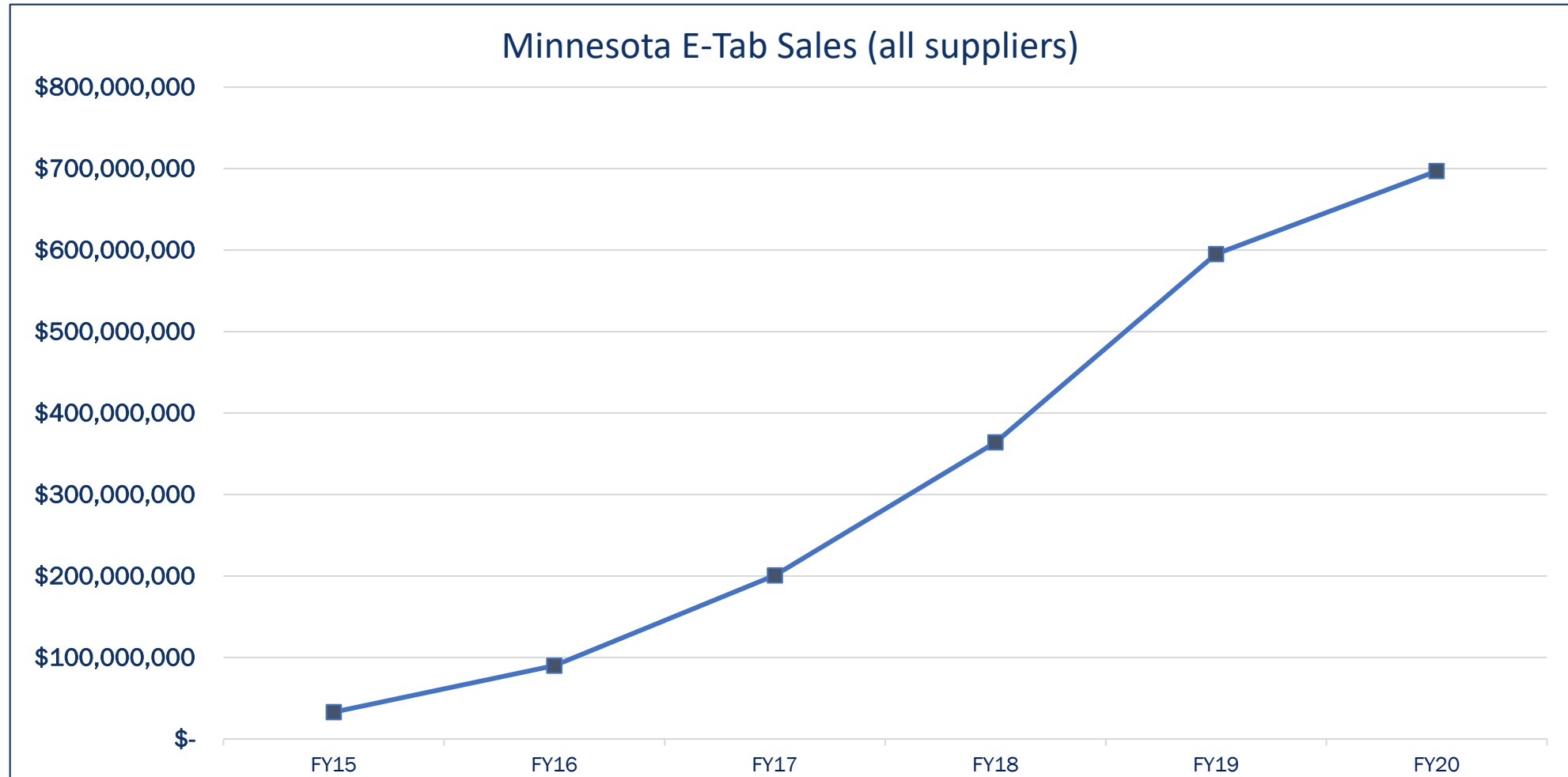


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# Compliant Gaming

- Compliant Gaming is a leading provider of electronic pull-tab (e-tab) gaming systems and products to the charitable gaming market.
- High margin business fits seamlessly with both our Diamond Game electronic gaming systems and our charitable gaming operations.
- Main market of Minnesota has experienced significant growth in the e-tab revenue over the last few years and Compliant is the #2 player.
- Acquired on December 30, 2020 for approximately \$29.6 million CAD.
- Expanding game offering by integrating Pollard's existing game library from other offerings such as Diamond Game.
- Focus on electronic gaming is in sync with charitable gaming market growing interest and desire for increased digital and electronic solutions.

# Minnesota E-Tab Market



# mkodo

A POLLARD BANKNOTE COMPANY

mkodo delivers world-class apps & digital products in the betting, gaming and lottery sectors.



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# mkodo Update

- Acquired on February 1, 2020, integration of mkodo into the Pollard group of companies has gone very well.
- Mkodo continues to provide unique digital product offering via expertise in mobile interfaces and apps, a critical touchpoint for the development of successful iLottery operations.
- In addition to critical development projects, mkodo is focused on the SaaS model of engaging our clients in ongoing support solutions to help lotteries and contribute a steadier and reoccurring revenue stream.
- Roster of mkodo clients include a number of the largest lotteries in North America and Europe.
- Working seamlessly providing key solutions to some of our iLottery clients as part of the NeoPollard joint venture.

# Acquisition Strategy

- Key component of our overall strategy for profitable growth and broadening our product offering to our customers.
- 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.
- Nine acquisitions completed in the last 53 months, three in the past 12 months.
- We will continue seeking out appropriate financial and strategic opportunities.

# Capital Strategy

- Sufficient available capital to support our strategy.
- 2-years remain on a 3-year committed senior debt facility, approximately \$250 million including accordion feature.
- Completed a successful share equity raise of \$34.5 million before expenses in March of 2021.
- Currently over \$120 million available liquidity at March 31, 2021 (including accordion).
- Significant free cash flow available to fund investments in product development, CAPEX, dividend and future acquisitions.
- Low leverage ratio of approximately 1.7 at March 31, 2021, focused on maintaining a conservative leverage profile.
- Committed over the long term to increasing public float of shares through new share offerings to fund growth.



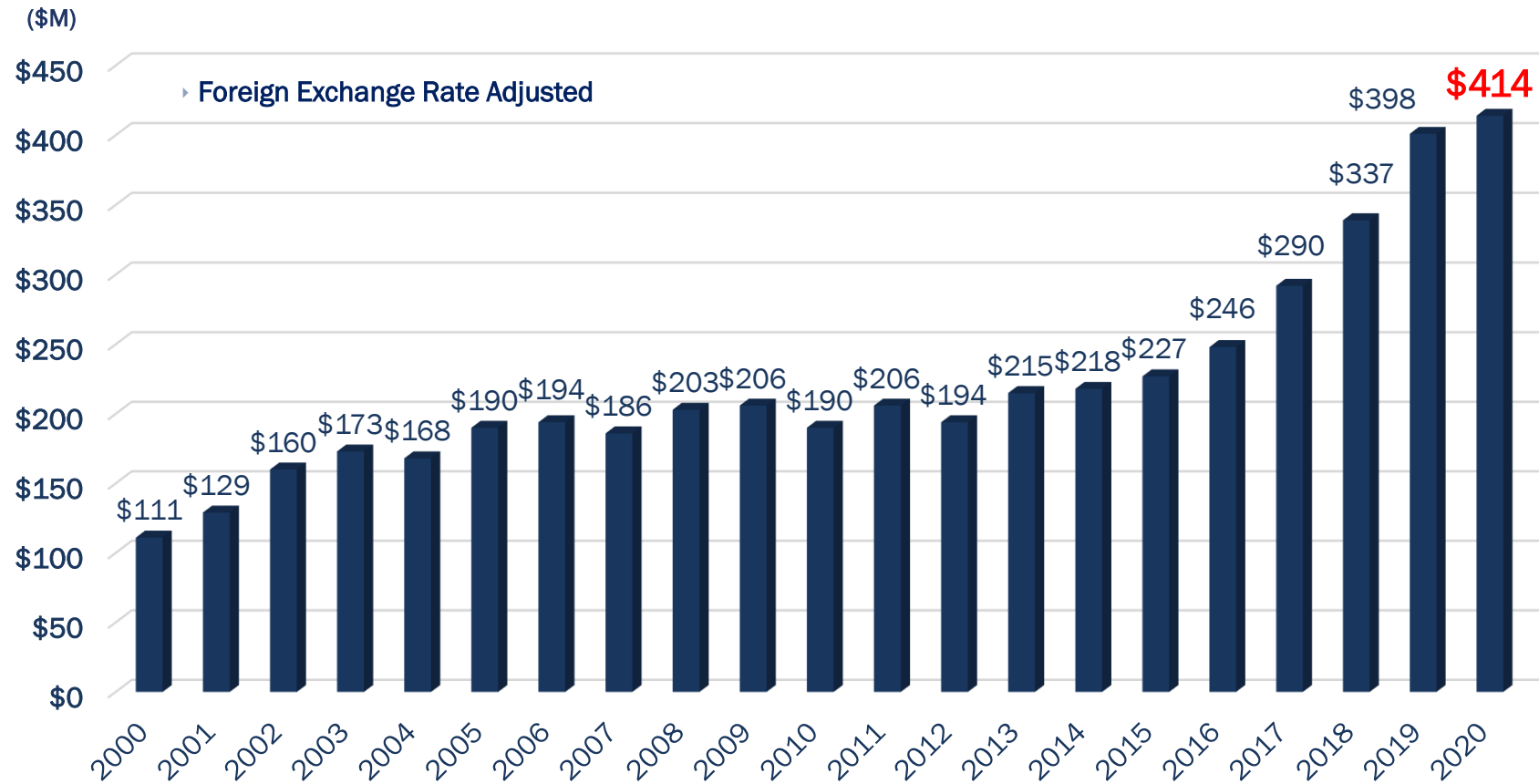
# FINANCIAL UPDATE: 2020 ANNUAL RESULTS

# 2020 Highlights

(\$M)	2020	2019
Combined Sales (1)	\$426.9	\$400.3
Sales	\$414.3	\$397.8
Gross Margin	\$91.1	\$91.1
SG + A	\$54.9	\$56.5
NPi JV Income (Loss)	\$1.6	(\$3.9)
Other Income	\$12.4	\$2.0
Income from Operations	\$50.0	\$32.6
Adjusted EBITDA	\$80.6	\$60.2
Net Income	\$33.3	\$22.0

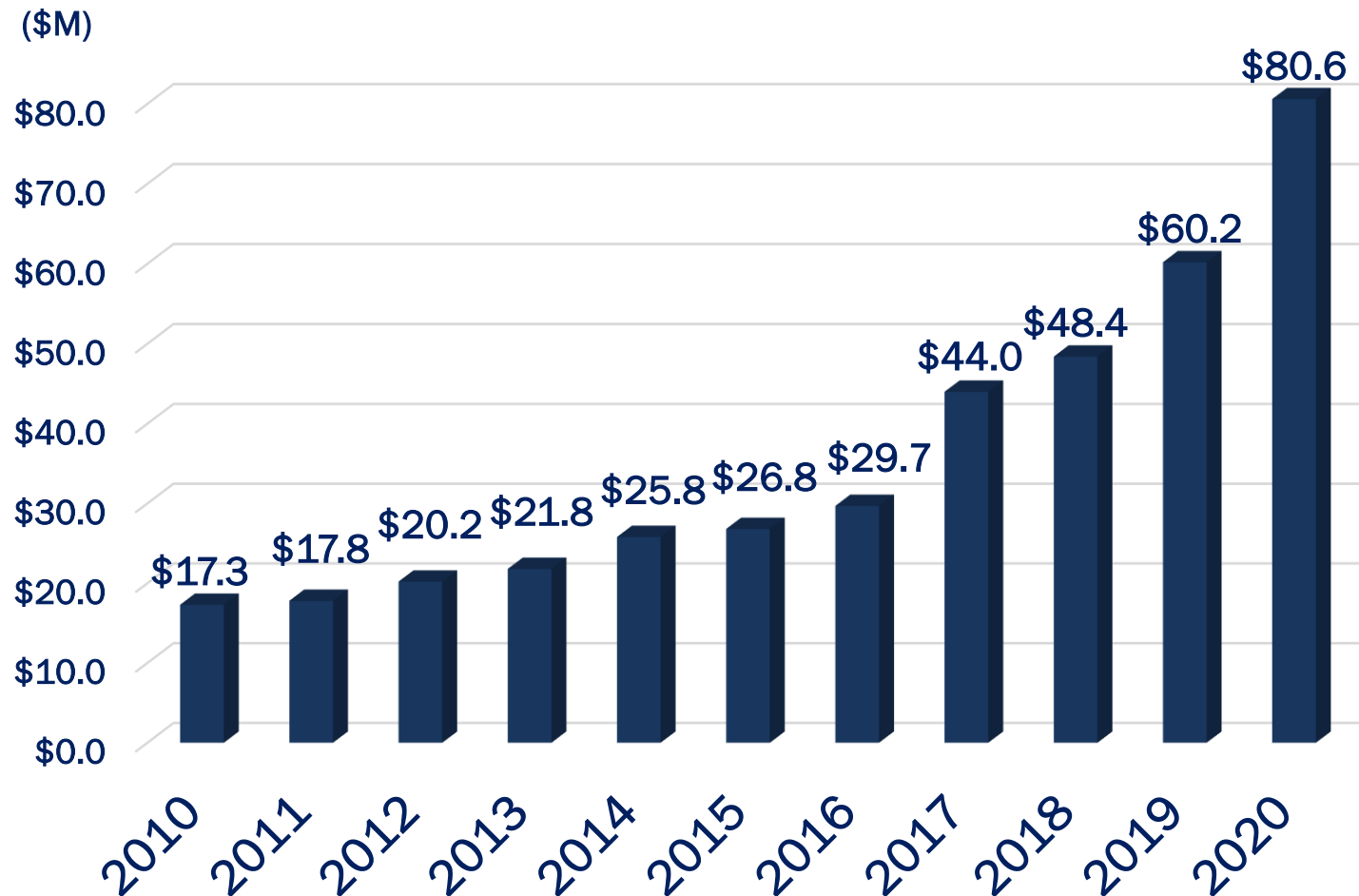
(1) Combined sales includes Pollard's share of sales from our 50% NPi Joint Venture

# Fiscal Sales



Annual sales adjusted to 2020 average rate of \$1.34 CDN per USD

# Adjusted EBITDA\*



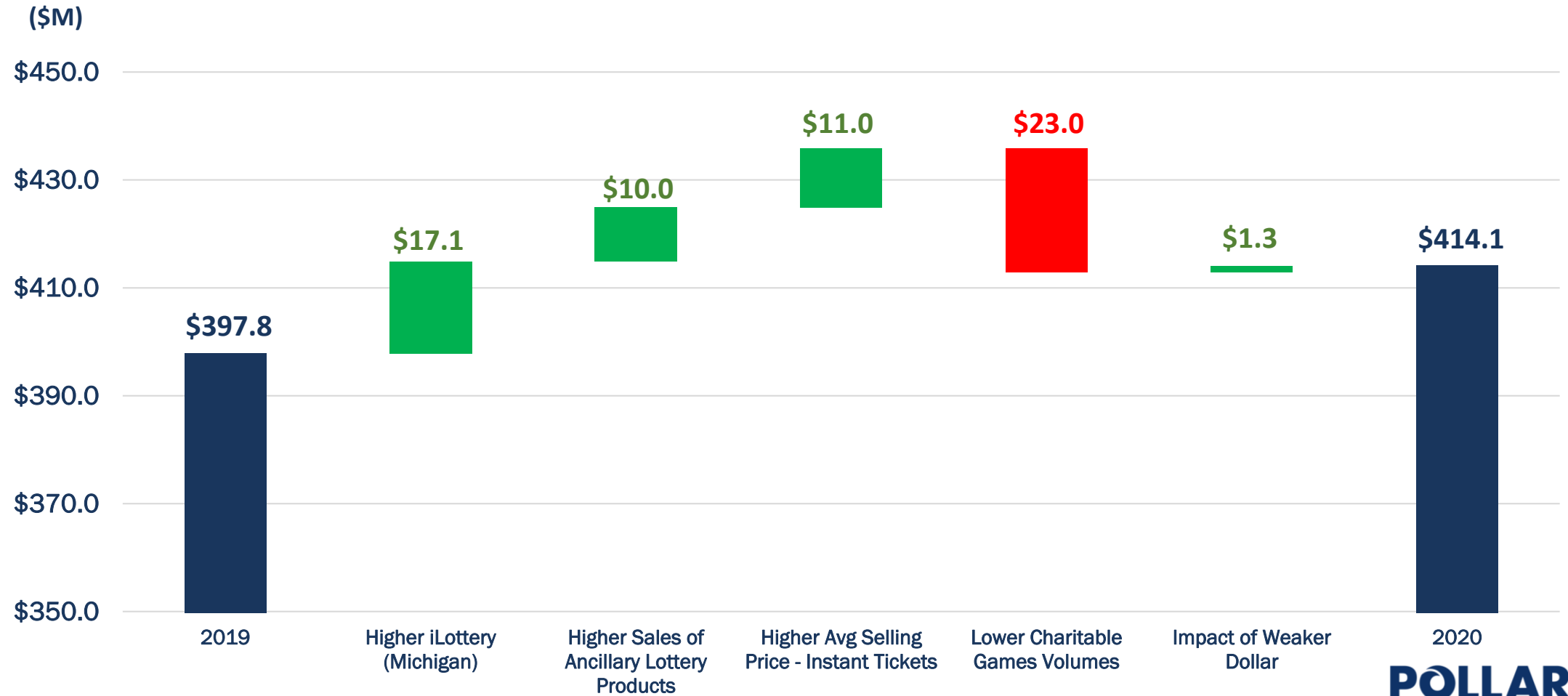
\*Adjusted EBITDA prior to 2019 not including impact of IFRS 16

# Strong Cashflow

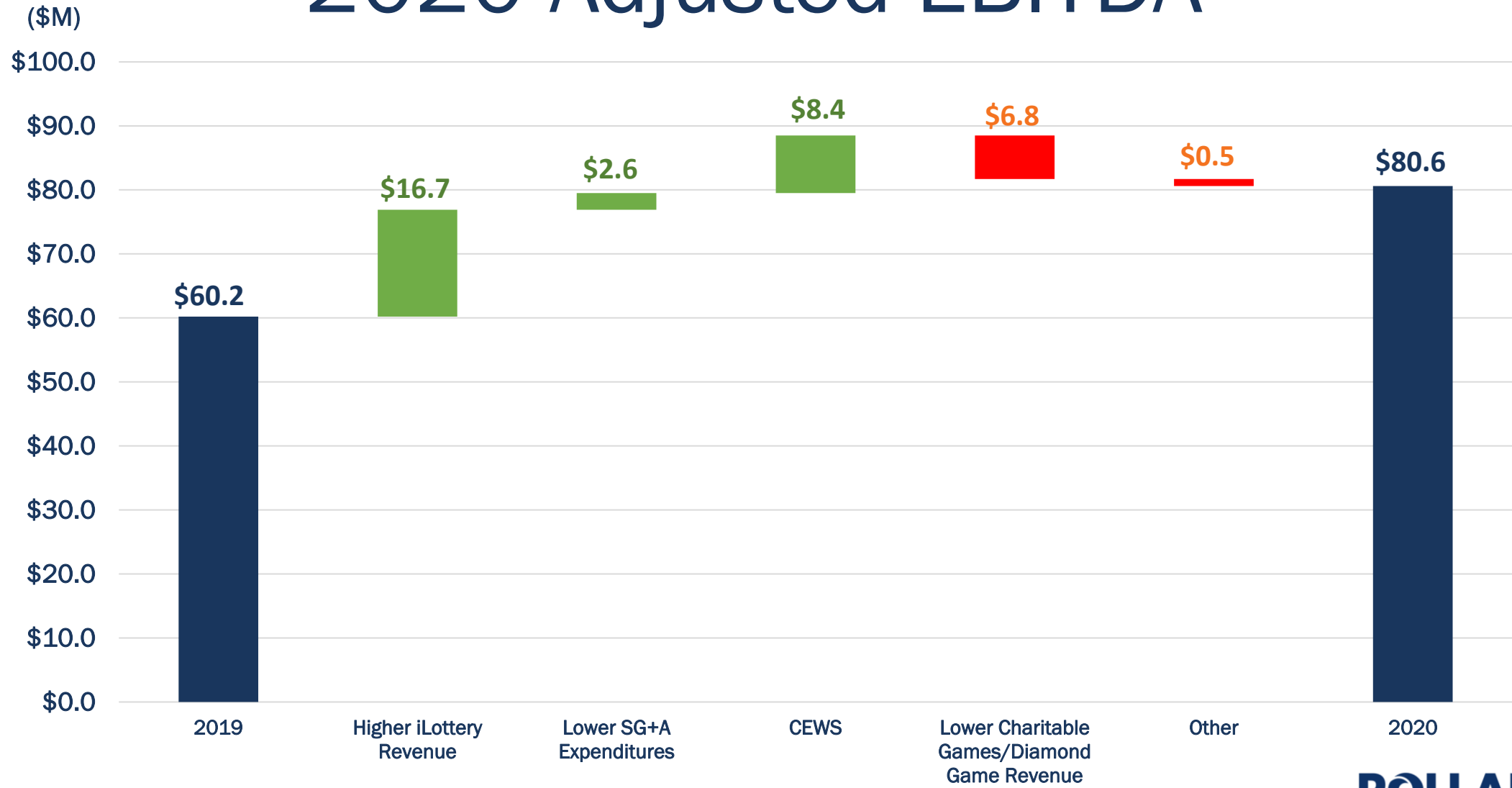
(\$M)	2020	2019
Cash Flow before CAPEX & W/C	\$70.6	\$51.8
Change in Working Capital	(\$11.0)	(\$22.5)
Net Cash Flow before CAPEX	\$59.6	\$29.3
CAPEX	(\$18.9)	(\$25.8)
Net Cash Flow (b4 dividend, debt repayment & acquisitions)*	\$40.7	\$3.5

\*Source: 2020 PBL Statement of Cash Flow

# Fiscal 2020 Sales



# 2020 Adjusted EBITDA



# 2020 Highlights

- Record revenue of \$414 million despite negative headwinds of COVID-19 on charitable gaming and Diamond Game revenue.
- Strong average selling price due to record sales of proprietary specialty products including record sales of Scratch FX, pouched tickets and laminated playbooks.
- Record net income and adjusted EBITDA.
- Ongoing investment in developing digital products and solutions.
- Completed the acquisition of mkodo Limited and Compliant Gaming.
- Fifth iLottery operation initiated, Alberta, e-instants launched in Virginia and Michigan iLottery contract extended to 2026. iLottery sales grew strongly in all our jurisdictions.
- Overall withstood the business challenges brought on by COVID-19.



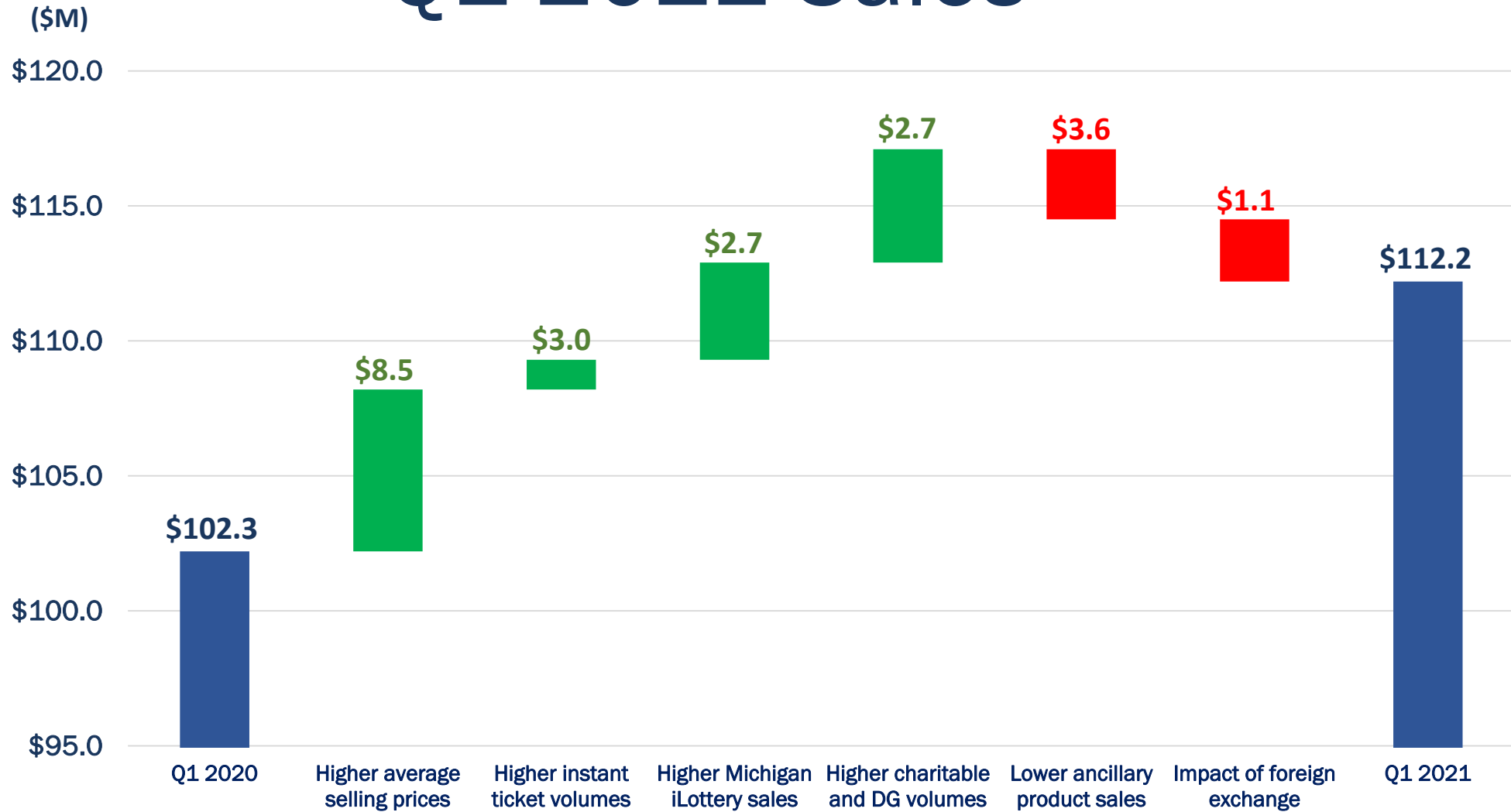
# FINANCIAL UPDATE: 2021 FIRST QUARTER RESULTS

# Q1 2021 Highlights

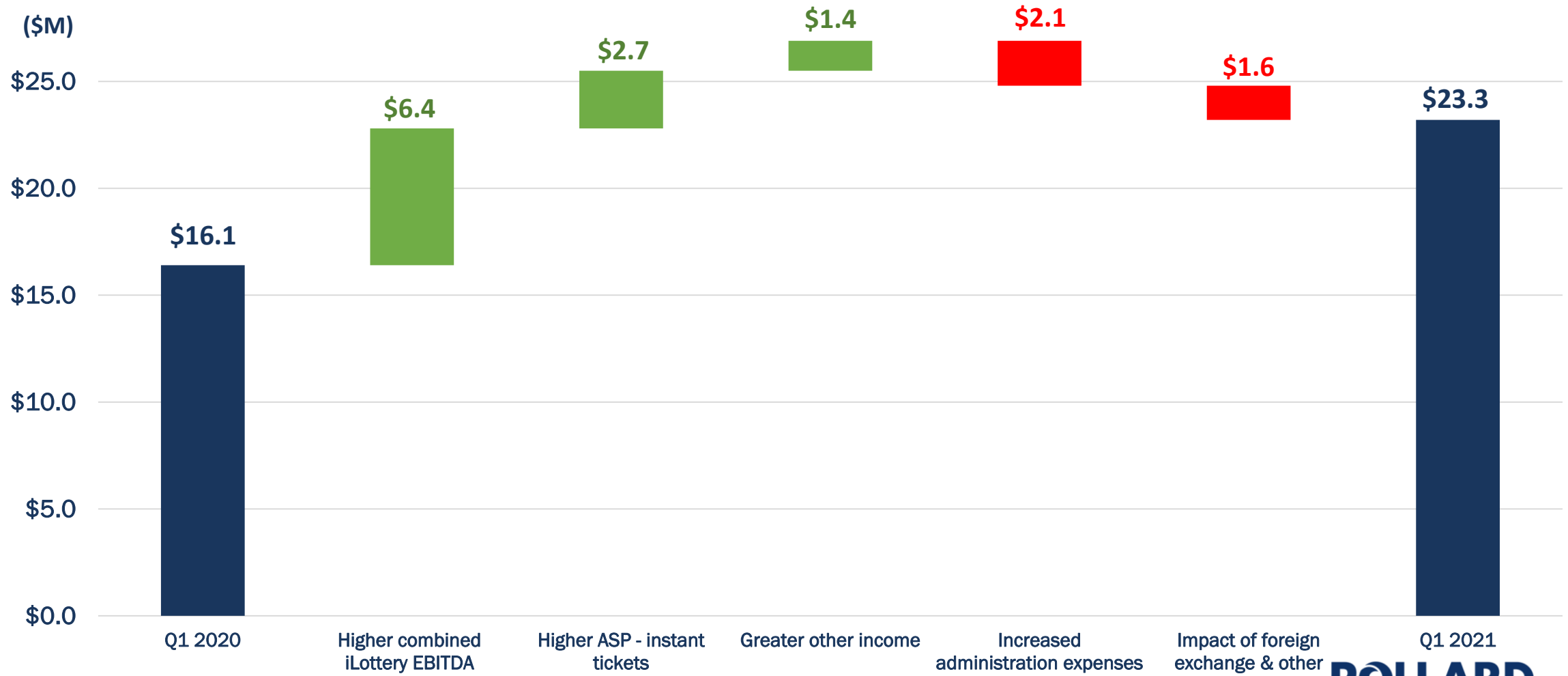
(\$M)	Q1 2021	Q1 2020
Combined sales (1)	\$122.1	\$103.5
Sales	\$112.2	\$102.3
Gross Margin	\$24.5	\$21.7
SG + A	\$15.6	\$14.9
NPi JV Income (Loss)	\$4.0	(\$0.5)
Income from Operations	\$12.3	\$7.7
Adjusted EBITDA	\$23.3	\$16.1
Net Income (Loss)	\$7.5	(\$1.3)

(1) Combined sales includes Pollard's share of sales from our 50% NPI Joint Venture

# Q1 2021 Sales



# Q1 2021 Adjusted EBITDA



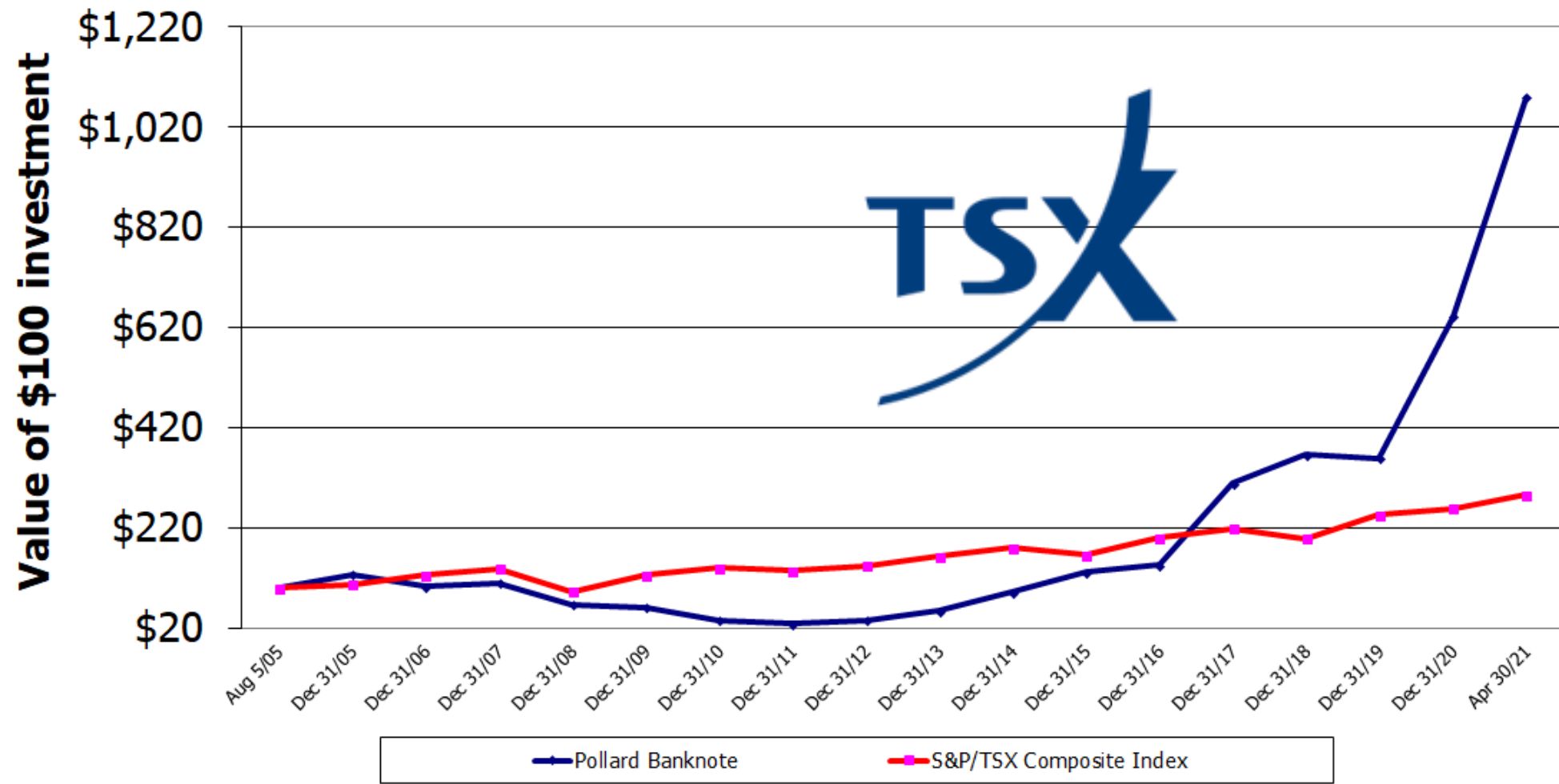
# Strong Q1 Cashflow

(\$M)	2021	2020
Cash Flow before CAPEX & W/C	\$10.1	\$14.5
Change in Working Capital	\$11.6	\$12.9
Net Cash Flow before CAPEX	\$21.7	\$27.4
CAPEX	(\$6.8)	(\$5.1)
Net Cash Flow (b4 dividend, debt repayment & acquisitions)*	\$14.9	\$22.3

\*Source: 2021 PBL Statement of Cash Flow

# Q1 Highlights

- Sales of Instant tickets at retail for North American lotteries continue to be strong.
- iLottery sales benefitted from significant jackpot run in the US in Q1 and strong organic growth in new contracts Virginia and Alberta.
- Generated significant positive cashflow, maintaining low leverage ratio despite large investments in the quarter.
- Closed the acquisition of Next Generation Lotteries AS.
- Successfully raised approximately \$34.5 million before expenses in common equity.
- Received a new contract extension on a key lottery client, the Ontario Lottery, for 10 years plus a 5-year renewal option, extending it to at least 2032.



Outstanding Games.  
Retail Excellence.  
Digital Innovation.



Compliant Gaming

 DiamondGame

**Fastrak**  
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mkodo



 Schafer  
Systems

**npi** | NEOPOLLARD  
INTERACTIVE

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Thank you for your time and  
your attention today.

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Chief Financial Officer

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# APPENDIX

# Adjusted EBITDA Reconciliation

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net income	\$33.3	\$22.0	\$14.9	\$16.8	\$12.3	\$7.5	\$8.7	\$5.4	\$6.5	\$3.1	\$1.8
<b>Adjustments:</b>											
Amortization & depreciation	\$31.5	\$27.1	\$18.0	\$13.1	\$10.6	\$8.4	\$7.9	\$8.6	\$7.8	\$8.4	\$8.6
Interest	\$4.8	\$6.4	\$4.2	\$3.9	\$3.6	\$2.9	\$2.9	\$3.4	\$3.4	\$4.4	\$5.2
Income taxes	\$12.8	\$7.0	\$5.9	\$7.2	\$4.8	\$4.7	\$3.7	\$3.9	\$2.3	\$1.7	\$1.9
Unrealized foreign exchange	-\$1.9	-\$3.3	\$4.6	-\$1.4	<u>-\$1.6</u>	\$3.8	\$1.7	\$1.0	<u>-\$0.1</u>	\$3.8	-\$1.2
Acquisition costs	\$2.2	\$1.2	\$0.8	\$2.7							
Severance costs			<u>\$0.4</u>	<u>\$1.7</u>							
Other	<u>-2.1</u>	<u>-\$0.2</u>				<u>-\$0.5</u>	<u>\$0.7</u>	<u>\$0.4</u>		<u>\$1.2</u>	<u>\$1.9</u>
Adjusted EBITDA	<u>\$80.6</u>	<u>\$60.2</u>	<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>

Note: pre-2019 Adjusted EBITDA excludes any impact of IFRS 16