

**POLLARD**  
banknote limited

2022

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 “EBITDA” is to earnings before interest, income taxes, depreciation, amortization and purchase accounting amortization. Reference to “Adjusted EBITDA” is to EBITDA before unrealized foreign exchange gains and losses, and certain non-recurring items including severance costs, acquisition costs, litigation settlement costs, contingent consideration fair value adjustments and insurance proceeds (net). 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. Reference to “Combined iLottery sales” is to sales recognized under GAAP for Pollard’s 50% proportionate share of its Michigan Lottery joint iLottery operation plus Pollard’s 50% proportionate share of NeoPollard Interactive LLC’s (“NPi”) sales, its iLottery joint venture operation.

EBITDA, Adjusted EBITDA, Combined sales and Combined iLottery sales are measures not recognized under GAAP and do not have a standardized meaning prescribed by GAAP. Therefore, these measures may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA, Adjusted EBITDA, Combined sales and Combined iLottery sales should not be construed as alternatives to net income or sales as 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.

# Today's Agenda

1. Financial Highlights
2. 2021 Highlights by Division
3. Acquisition Update
4. 2021 Annual Results
5. 2022 First Quarter Results

# Financial Highlights

(\$ Millions)	2021	2020	2019	2018	2017	2016
<b>COMBINED SALES<sup>(1)</sup></b>	\$499.2	\$426.9	\$400.3	\$332.6	\$286.0	\$246.4
<b>SALES</b>	\$459.0	\$414.1	\$397.8	\$331.9	\$285.7	\$246.4
<b>ADJUSTED EBITDA<sup>(1)</sup></b>	\$84.0	\$80.6	\$60.2	\$48.8	\$44.0	\$29.7
<b>NET DEBT</b>	\$111.6	\$129.2	\$119.8	\$104.6	\$79.0	\$63.4

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

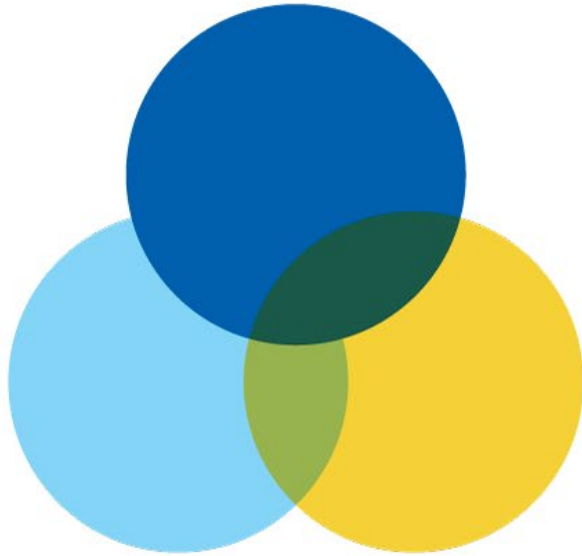
Source: Pollard Banknote financial statements and MD&A

(1) See Non-GAAP measures for explanation

# Financial Highlights

- Strong retail sales of instant tickets throughout 2021.
- Retail sales growth translated into growing orders for instant ticket from our lottery customers.
- After pandemic spike, iLottery revenue resumed strong organic growth.
- Success with many new contract renewals and awards including an extension of the instant ticket contract with Ontario Lottery and Gaming Corporation until 2032.
- During 2021 very strong ongoing demand for all our charitable gaming offerings including printed products and eGaming systems.
- Generated strong cash flow from operations allowing the internal funding to invest in our business including the development of iLottery platform and game content technology.
- Profit margins were negatively impacted by weaker instant ticket mix in Q3 and Q4 and the impact of the Next Generation Lottery acquisition.
- Inflationary cost increases on key inputs for instant tickets towards the end of 2021 and 2022 have generated negative margin pressure.

# Partner of Choice



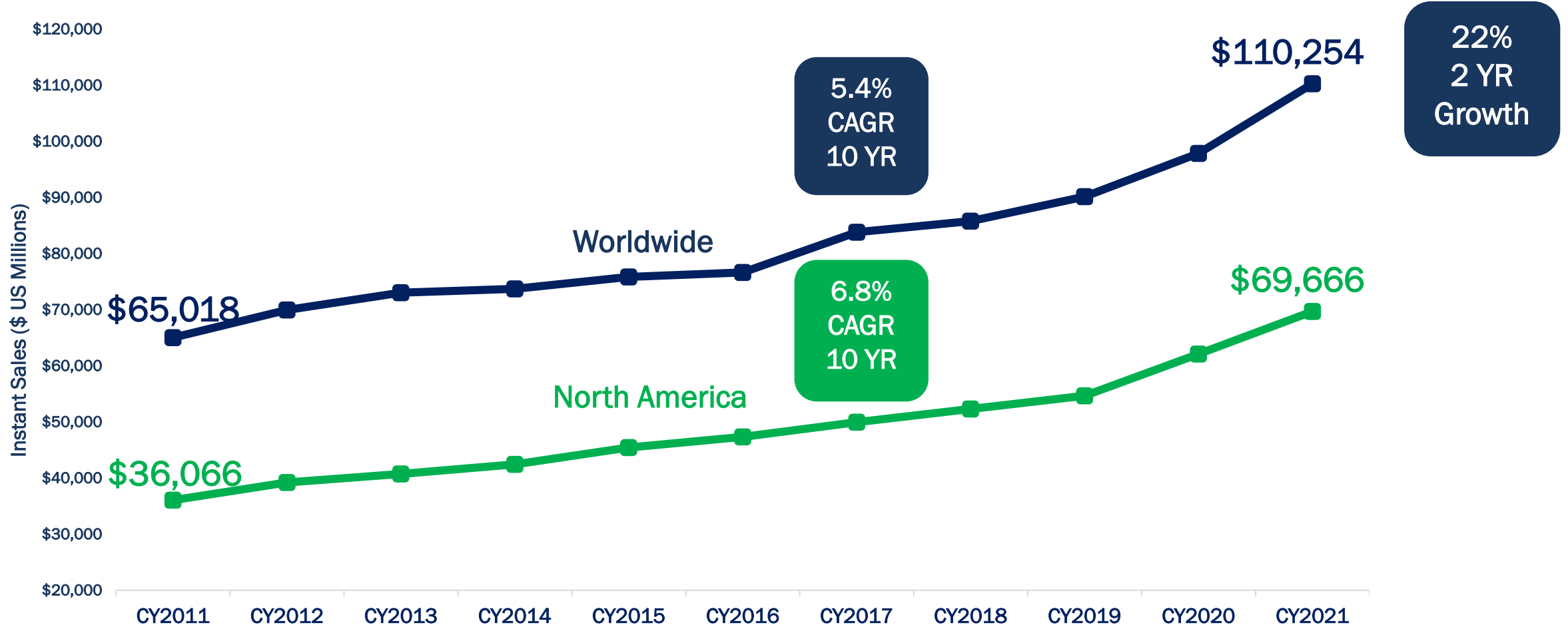
Outstanding Games.  
Retail Excellence.  
Digital Innovation.

# 2021 HIGHLIGHTS BY DIVISION

# RETAIL LOTTERY

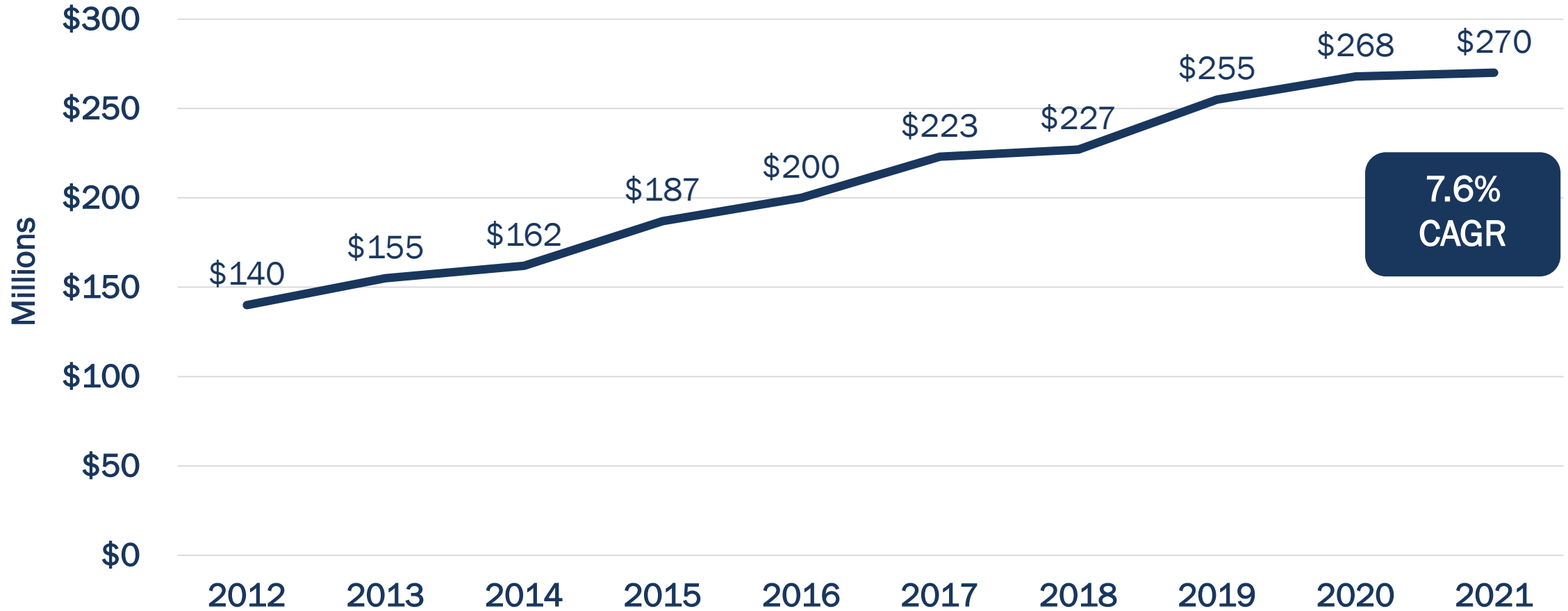


# 10 Year Instant Ticket Sales Growth



Source: La Fleur's World Lottery Almanac  
Note: Includes Pulltab sales & does not include China

# Pollard Instant Ticket Sales



Note: 2021 Stronger CDN \$ reduced instant ticket sales approximately \$11MM from 2020

# State of the Industry: Lottery

- Significant growing demand for lottery products, particularly instant tickets.
- Limited existing industry capacity for instant ticket manufacturing.
- High barriers to entry for potential new suppliers.
- Lotteries are looking to their supply chain for ways to grow revenue, through expanded retail channels, iLottery and digital innovation.



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# Retail Lottery

- In 2021, retail instant ticket sales continued their strong growth, up 22% in the last two years.
- Preliminary retail sales data in Q1 2022 show sales growth levelling off, but still maintain the higher level of dollar sales experienced in 2021.
- Lottery order levels have remained very strong during 2021 and 2022, reflecting the growth in retail sales over the last two years.
- Continuing trend for higher price points at retail. This provides Pollard opportunities to sell our premium products such as Scratch FX® and higher value options, resulting in increased average selling prices and improved margins.

# iLOTTERY



# iLottery Portfolio



Michigan<sup>(1)</sup>



New Hampshire



North Carolina



Virginia<sup>(2)</sup>



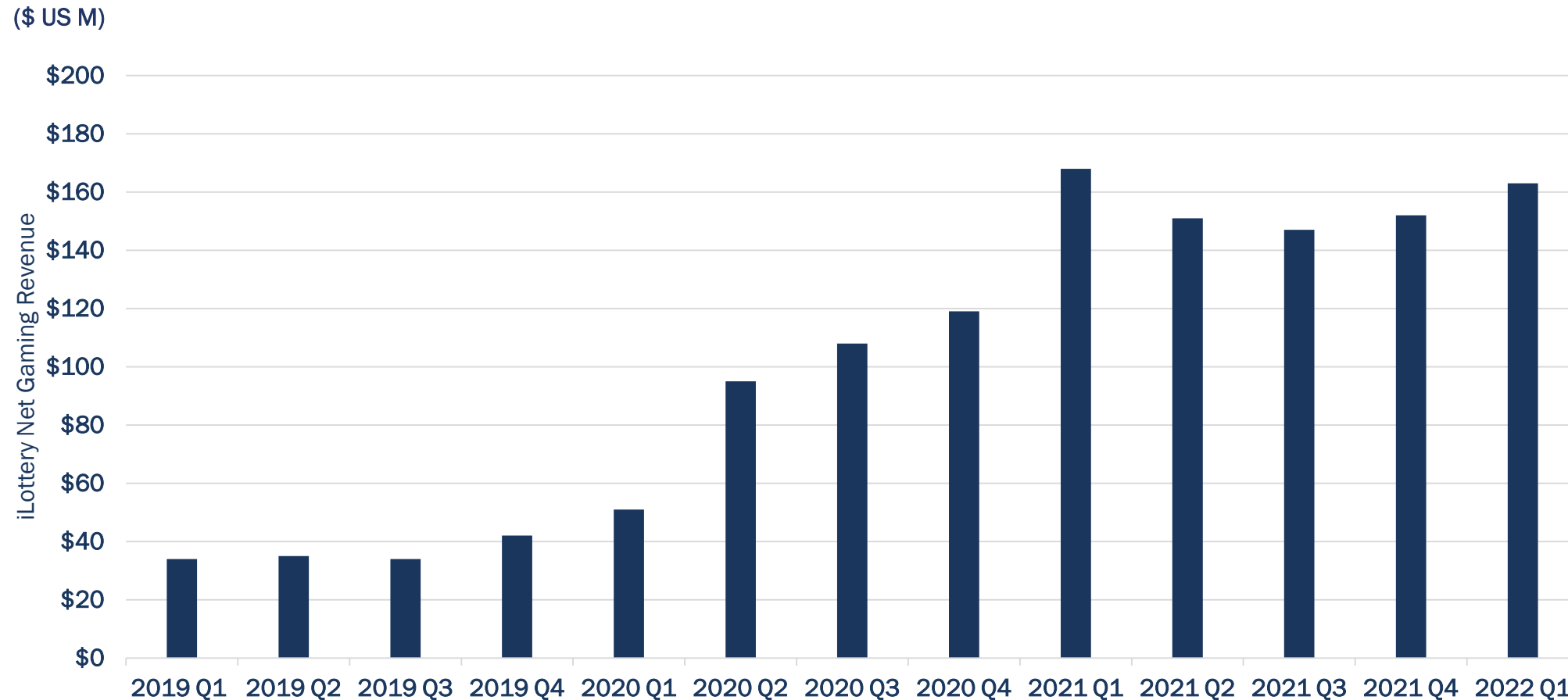
Alberta<sup>(3)</sup>

(1) Michigan contract extended to 2026

(2) Virginia e-instants live July 1 2020

(3) Alberta live September 20 2020

# iLottery NGR<sup>(1)</sup> for NeoPollard Clients



(1) Net Gaming Revenue



# 2021 iLottery Operations

	2021	2020	2019
<b>Revenue - Pollard Share</b>			
Michigan iLottery	\$26.7	\$33.5	\$16.4
NeoPollard JV	\$40.1	\$12.6	\$2.5
<b>Combined Revenue<sup>(1)</sup></b>	<b>\$66.8</b>	<b>\$46.1</b>	<b>\$18.9</b>
<b>Income before Profit Share &amp; Income Taxes – Pollard Share</b>			
Michigan iLottery	\$10.6	\$18.5	\$7.4
NeoPollard JV	\$12.3	\$1.6	(\$4.0)
<b>Combined Income</b>	<b>\$22.9</b>	<b>\$20.1</b>	<b>\$3.4</b>

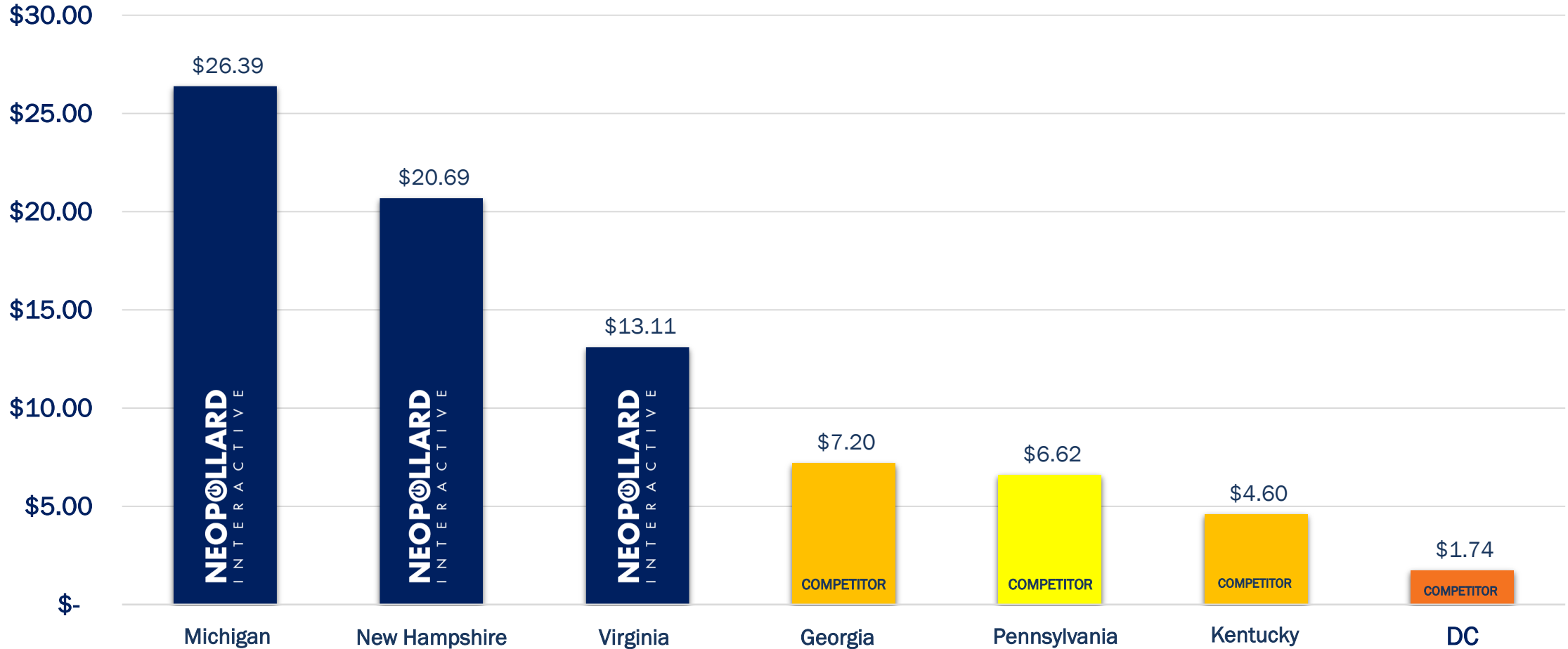
(1) See Non-GAAP measures for explanation

# 2022 iLottery Operations

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
<b>Revenue - Pollard Share</b>					
Michigan iLottery	\$5.9	\$5.6	\$5.9	\$6.8	\$8.4
NeoPollard JV	\$11.3	\$10.5	\$9.8	\$9.9	\$9.9
<b>Combined Revenue<sup>(1)</sup></b>	<b>\$17.2</b>	<b>\$16.1</b>	<b>\$15.7</b>	<b>\$16.7</b>	<b>\$18.3</b>
<b>Income before Profit Share &amp; Income Taxes – Pollard Share</b>					
Michigan iLottery	\$2.0	\$1.8	\$2.0	\$2.8	\$4.0
NeoPollard JV	\$3.9	\$3.2	\$2.6	\$2.5	\$4.0
<b>Combined Income</b>	<b>\$5.9</b>	<b>\$5.0</b>	<b>\$4.6</b>	<b>\$5.3</b>	<b>\$8.0</b>

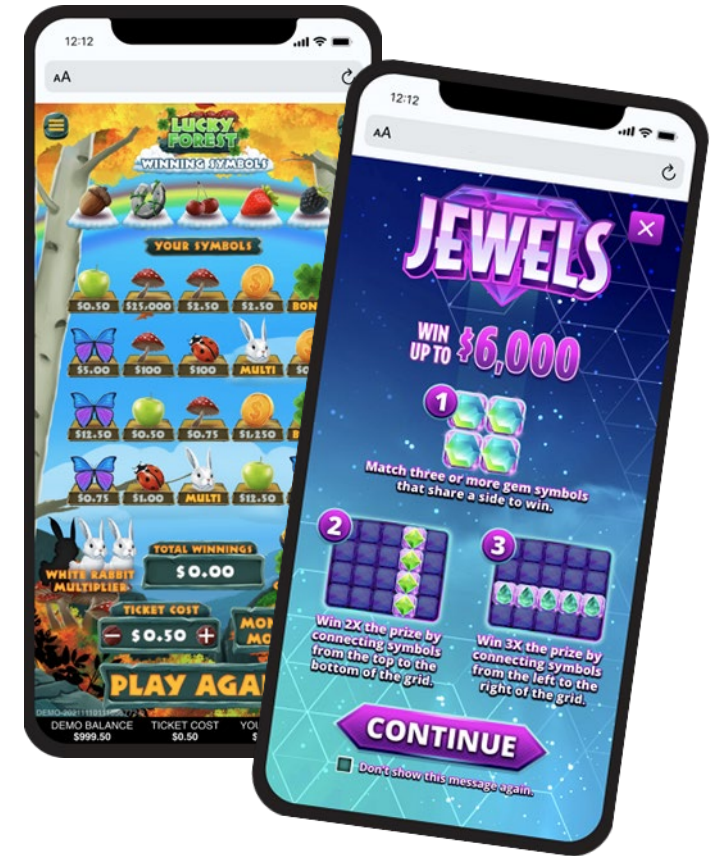
(1) See Non-GAAP measures for explanation

# FY21 Per Capita iLottery Net Gaming Revenue



# Next Generation Lotteries (NGL) Update

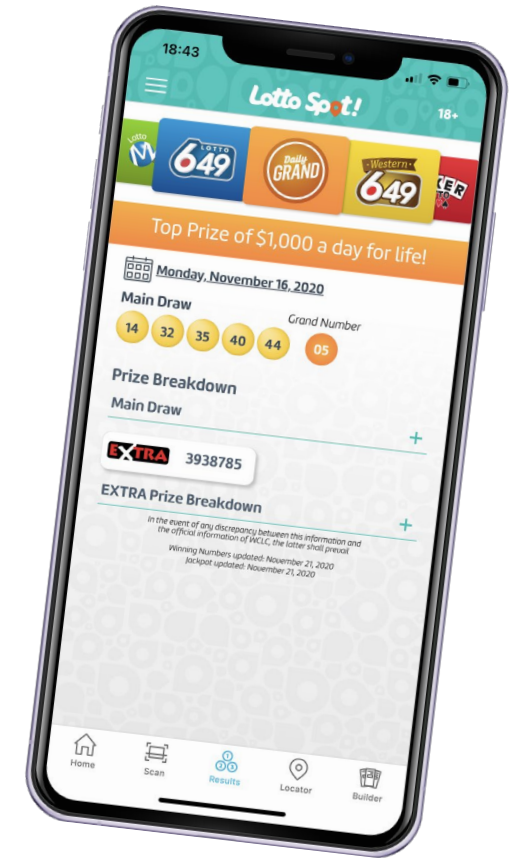
- Games and platforms operating in European jurisdictions.
- Further platform development underway.
- Continuing investment in additional game studio resources.



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# mkodo Update

- mkodo has grown its customer base during 2021 and increased the number of ongoing support contracts with certain large lotteries, generating ongoing recurring revenue.
- As iGaming in general, including iLottery, continues to grow, mkodo has opportunities to grow revenue for its unique market expertise in gaming specific apps and mobile interfaces.
- Specialized proprietary "software as a service" offerings such as GeoLocs, a geolocation service to ensure consumers are within appropriate jurisdictional boundaries to utilize iGaming services, is an example of the expanding product offering to meet demands in this important market.



**GeoLocs**

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# CHARITABLE GAMING



# Charitable Gaming



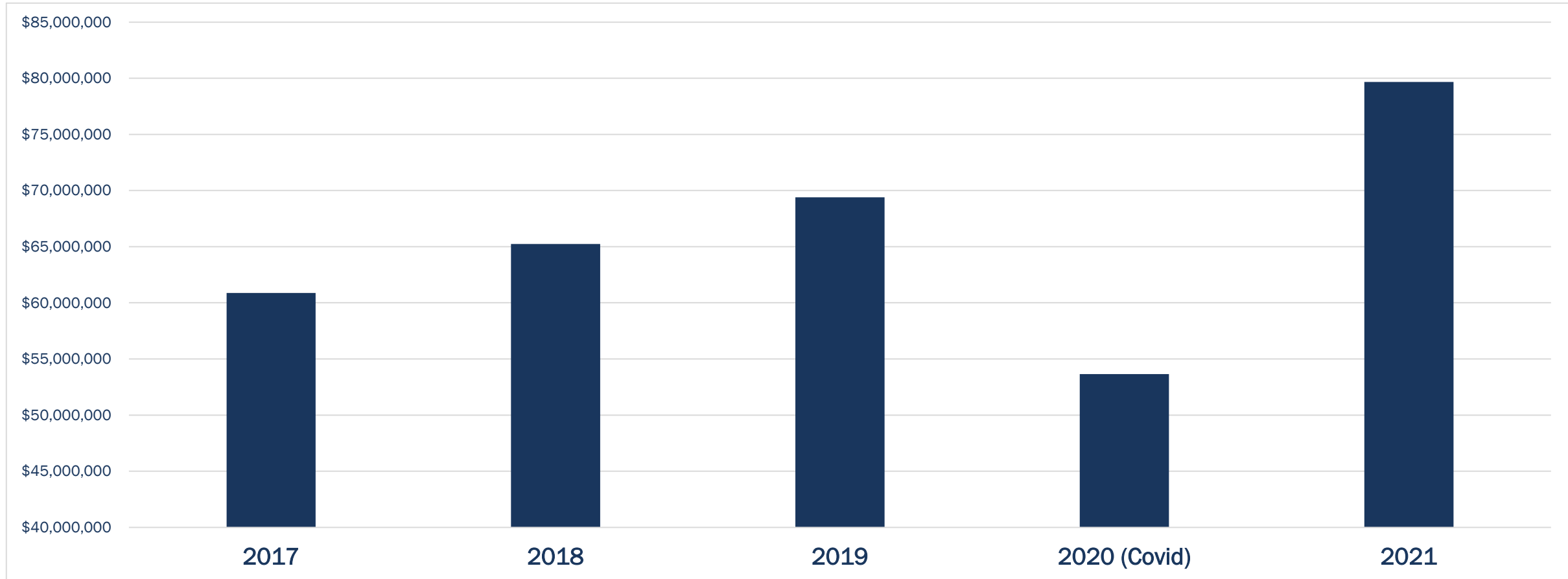
# Charitable Gaming Update

- The charitable gaming market has come out of the pandemic with unprecedented demand, far higher than pre-pandemic levels.
- Both printed products (pull-tabs and bingo paper) and eGaming systems (tablet and kiosk based) have seen significant growth in 2021 and to date in 2022.
- Financial results of this segment for Pollard have increased in importance and now represents almost 24% of our consolidated revenue in Q1 2022.
- Inflationary cost increases have been passed on through higher selling prices, allowing our margins to be maintained.



# Pollard Charitable Gaming & eGaming Systems Sales Trend 2017-2021

(\$US)



Note: Sales include historical results of acquisitions back to 2017

# ACQUISITION UPDATE

# Acquisition Strategy

- Over the last five years we have completed nine acquisitions, providing significant additional product and solutions as well as expanded complimentary offerings to our lottery and charitable gaming customers.
- Internal focus on integrating our recent acquisitions remains an important strategic initiative.
- Areas of future acquisition opportunities include: digital game content; additional charitable gaming businesses including both printed and eGaming offerings; and businesses providing ancillary lottery offerings.
- Opportunities will need to meet our rigorous financial and strategic objectives.

# Capital Strategy

- Our capital strategy remains to ensure sufficient capital is available to support our internal and external growth initiatives.
- Operations generates significant free cash flow to support our capital expenditure investments, acquisitions and maintaining a regular dividend.
- A new four-year senior bank facility was put in place at the end of 2021, providing approximately \$282 million in long term committed funding, including the accordion feature.
- In the first quarter of 2021 we completed a successful share equity raise of \$34.5 million before expenses.
- We maintain an extremely low leverage ratio (1.47 at Q1 2022), providing significant “dry powder” in available funds, currently in the \$175 million range (including the accordion feature).
- We remain committed over the long term to increasing the public float of shares through new offerings to fund growth at the appropriate time.

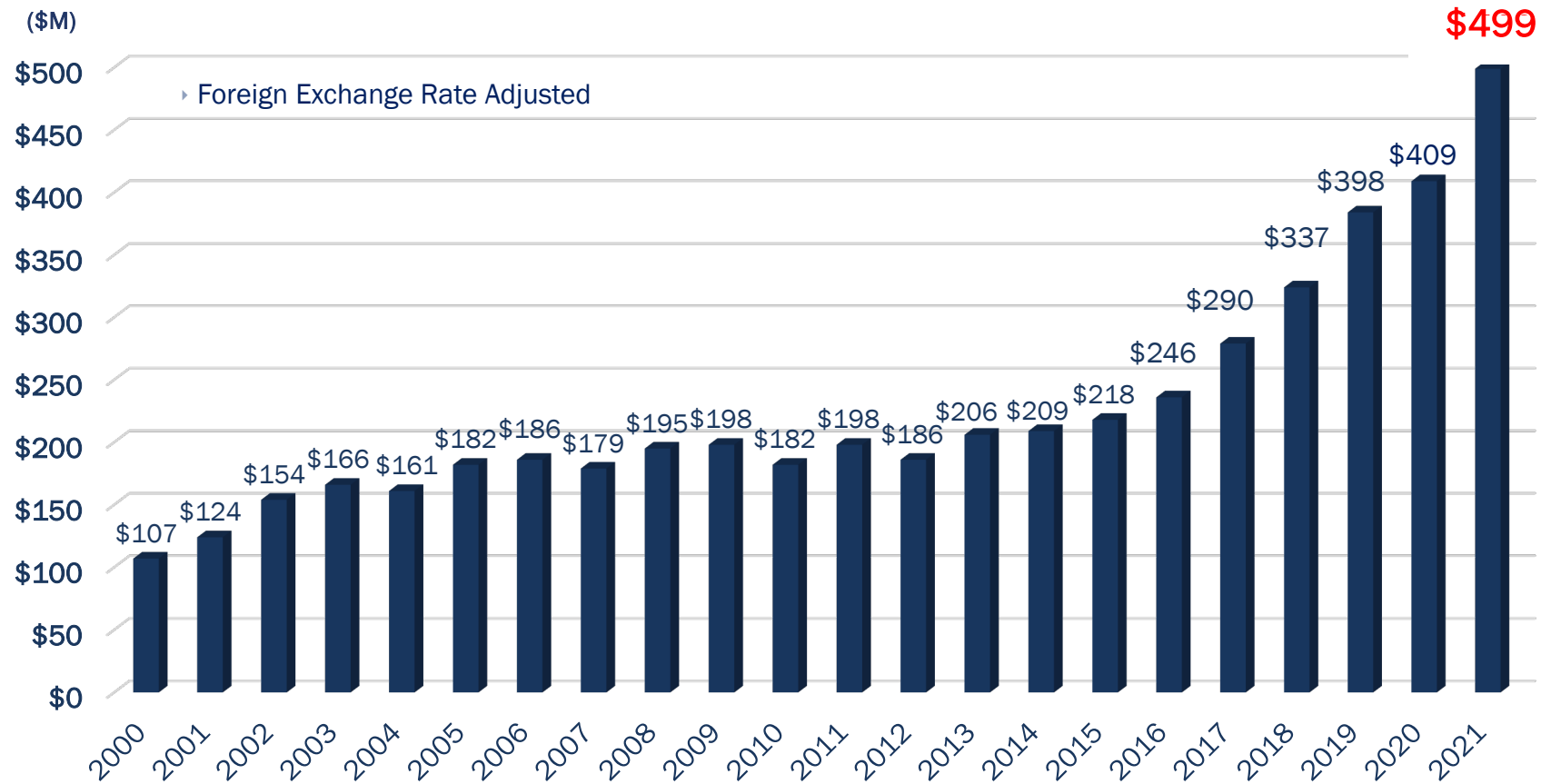
# 2021 ANNUAL RESULTS

# 2021 Highlights

(\$M)	2021	2020	2019
Combined Sales <sup>(1)</sup>	\$499.2	\$426.9	\$400.3
Sales	\$459.0	\$414.3	\$397.8
Gross Margin	\$91.1	\$91.0	\$91.1
SG + A	\$64.7	\$54.9	\$56.5
NPi JV Income (Loss)	\$12.3	\$1.6	(\$3.9)
Other Income (Expense)	(\$5.2)	\$12.4	\$2.0
Adjusted EBITDA <sup>(1)</sup>	\$84.0	\$80.6	\$60.2
Net Income	\$19.7	\$33.3	\$22.0

(1) See Non-GAAP measures for explanation

# Fiscal Combined Sales<sup>(1)</sup>



Annual sales adjusted to 2021 average rate of \$1.25 CDN per USD

(1) See Non-GAAP measures for explanation

# Adjusted EBITDA<sup>(1)</sup>



\*Adjusted EBITDA prior to 2019 does not include the impact of IFRS 16

(1) See Non-GAAP measures for explanation

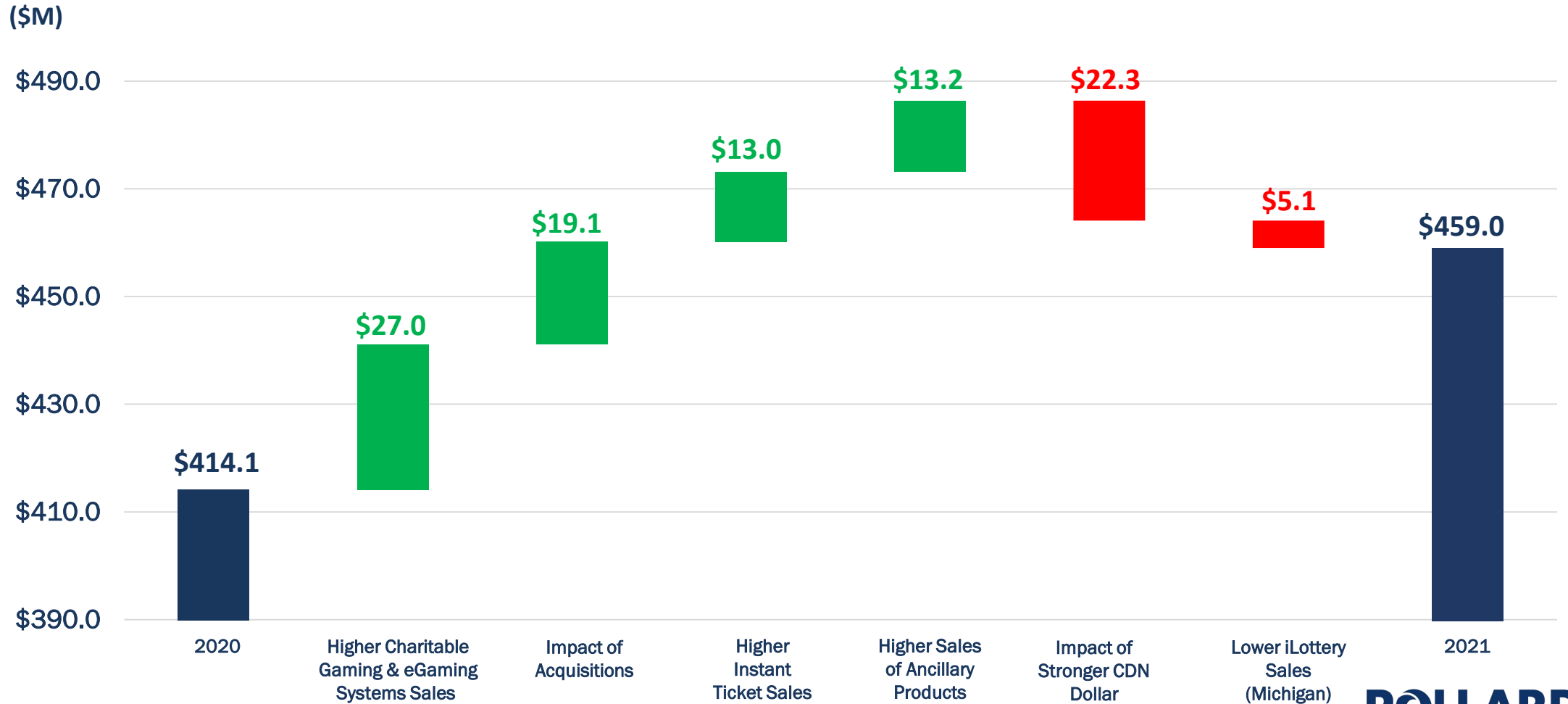


# Strong Cashflow

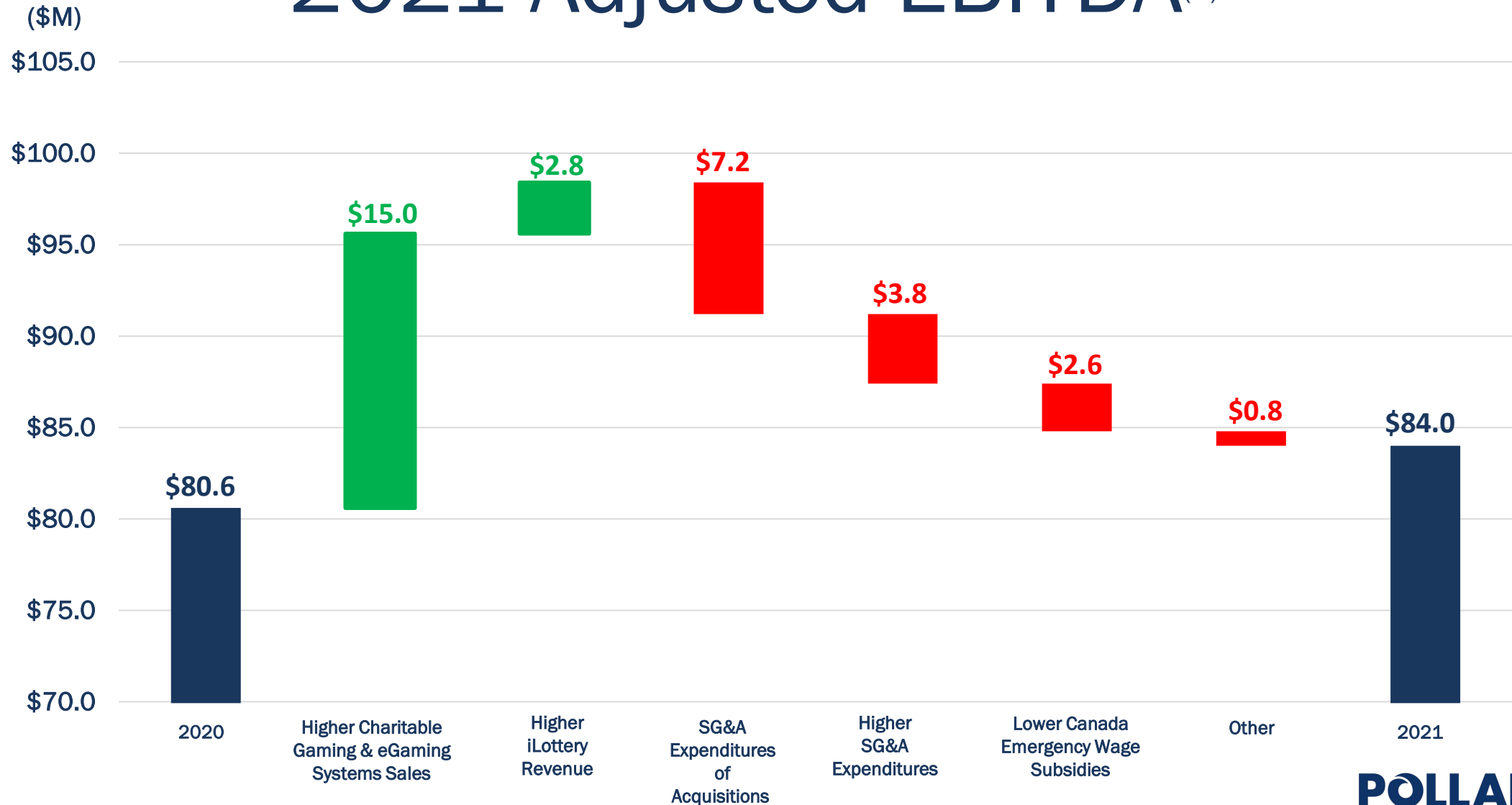
(\$M)	2021	2020	2019
Cash Flow before CAPEX & W/C	\$47.3	\$70.6	\$51.8
Change in Working Capital	\$9.2	(\$11.0)	(\$22.5)
Net Cash Flow before CAPEX	\$56.5	\$59.6	\$29.3
CAPEX	(\$34.8)	(\$18.9)	(\$25.8)
Net Cash Flow (b4 dividend, debt repayment & acquisitions)*	\$21.7	\$40.7	\$3.5

\*Source: 2021 PBL Statement of Cash Flow

# Fiscal 2021 Sales



# 2021 Adjusted EBITDA<sup>(1)</sup>



(1) See Non-GAAP measures for explanation

# 2021 Highlights

- Record revenue of \$459 million despite negative impact of strengthening Canadian Dollar.
- Record levels of demand in both Lottery and Charitable Gaming Businesses.
- Charitable Gaming, both printed and eGaming systems, generated record revenue and earnings.
- Record Adjusted EBITDA<sup>(1)</sup> achieved of \$84 million.
- Completed the acquisition of Next Generation Lotteries and Compliant Gaming.
- Major investment continuing in developing digital products and solutions.
- Continued organic growth in our existing iLottery operations, subsequent to Q1 2021 double jackpot.
- Many key contract awards including a ten-year extension of the instant ticket with the Ontario Lottery and Gaming Corporation.

(1) See Non-GAAP measures for explanation

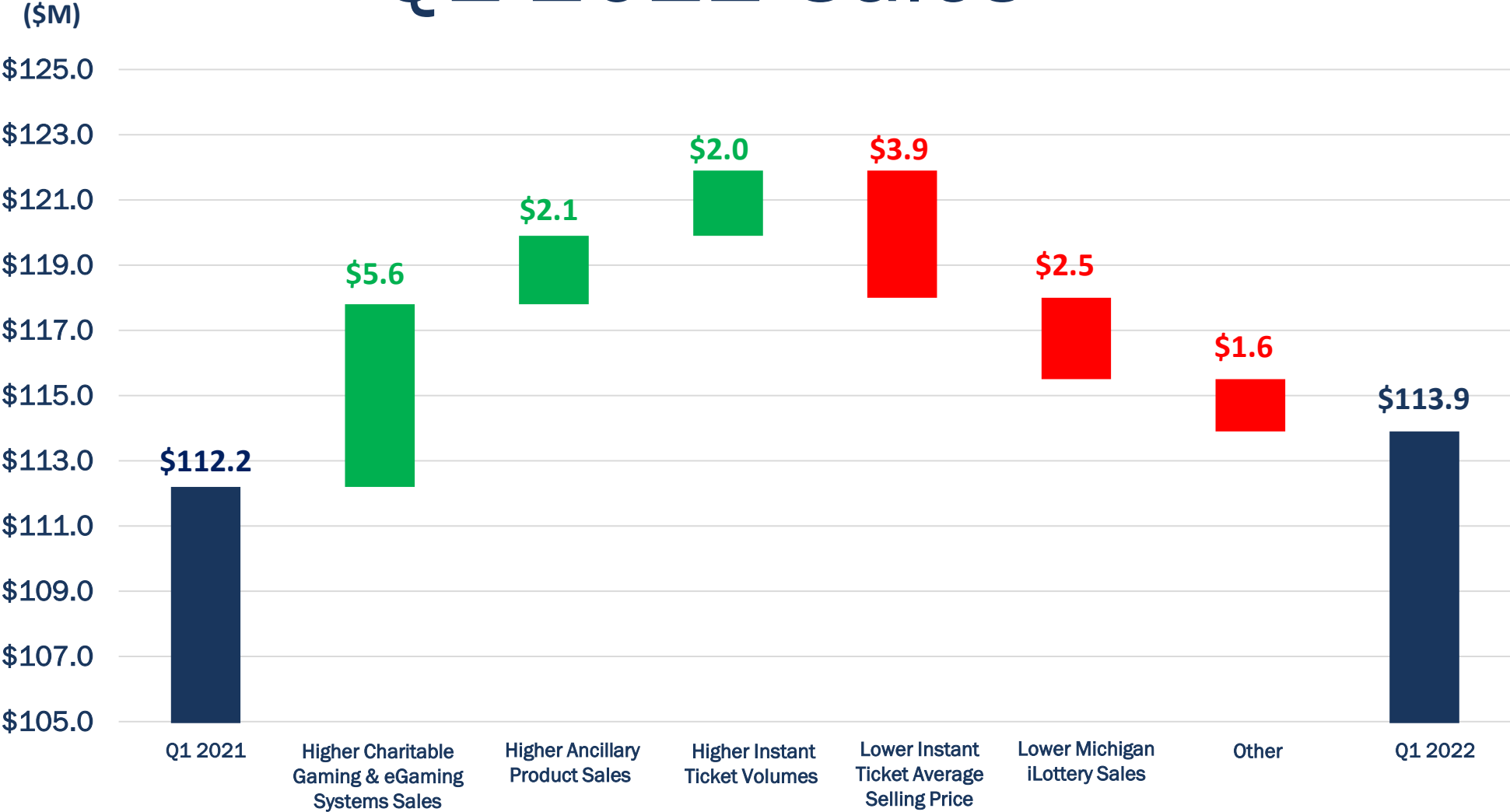
# 2022 FIRST QUARTER RESULTS

# Q1 2022 Highlights

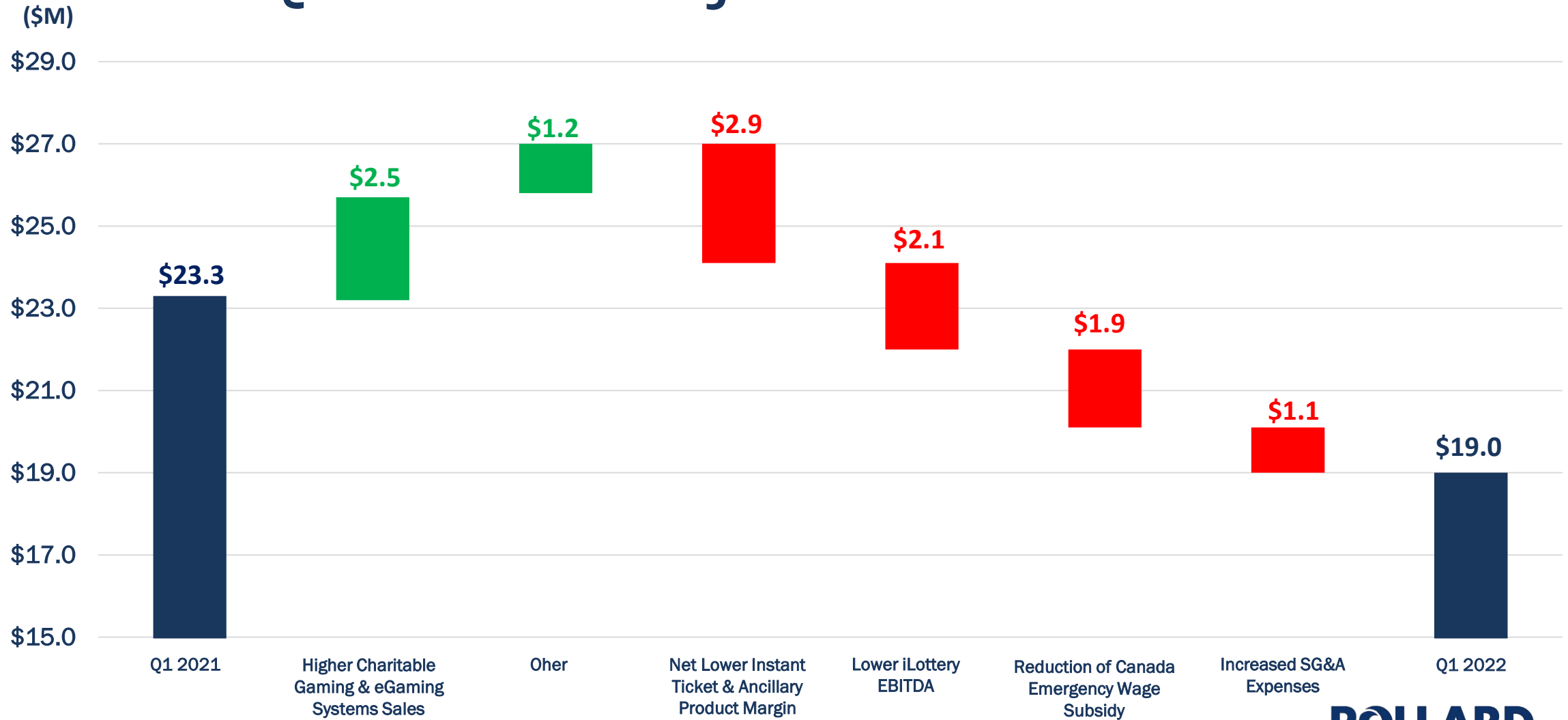
(\$M)	Q1 2022	Q1 2021
Combined sales <sup>(1)</sup>	\$125.2	\$122.1
Sales	\$113.9	\$112.2
Gross Margin	\$22.0	\$24.8
SG + A	\$16.5	\$15.9
NPi JV Income	\$4.0	\$4.0
Adjusted EBITDA <sup>(1)</sup>	\$19.0	\$23.3
Net Income	\$6.4	\$7.5

(1) See Non-GAAP measures for explanation

# Q1 2022 Sales



# Q1 2022 Adjusted EBITDA<sup>(1)</sup>



(1) See Non-GAAP measures for explanation



# Strong Q1 Cashflow

(\$M)	2022	2021
Cash Flow before CAPEX & W/C	\$13.7	\$9.4
Change in Working Capital	\$0.7	\$6.0
Net Cash Flow before CAPEX	\$14.4	\$15.4
CAPEX	(\$7.4)	(\$6.8)
Net Cash Flow (b4 dividend, debt repayment & acquisitions)*	\$7.0	\$8.6

\*Source: 2021 PBL Statement of Cash Flow

# Q1 Highlights

- Worldwide demand for instant tickets at retail continues to be very strong.
- Overall gross margin percentage increased 150 basis points to 19.3% in the first quarter compared to Q4 2021.
- iLottery sales show strong organic growth across all contracts.
- Charitable gaming, both printed and eGaming systems, are experiencing unprecedented demand.
- Generated significant positive cashflow, maintaining low leverage ratio.
- Inflationary price increases on key instant ticket inputs (paper, ink and freight) negatively impacted margins.
- Strategies are being implemented to address inflationary cost increases.



Thank you for your time and  
your attention today.

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# APPENDIX

# Adjusted EBITDA<sup>(1)</sup> Reconciliation

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Net income</b>	\$19.7	\$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	\$39.5	\$31.5	\$27.1	\$18.0	\$13.1	\$10.6	\$8.4	\$7.9	\$8.6	\$7.8	\$8.4	\$8.6
Interest	\$5.0	\$4.8	\$6.4	\$4.2	\$3.9	\$3.6	\$2.9	\$2.9	\$3.4	\$3.4	\$4.4	\$5.2
Income taxes	\$7.4	\$12.8	\$7.0	\$5.9	\$7.2	\$4.8	\$4.7	\$3.7	\$3.9	\$2.3	\$1.7	\$1.9
<b>EBITDA</b>	\$71.6	\$82.4	\$62.5	\$43.0	\$41.0	\$31.3	\$23.5	\$23.2	\$21.3	\$20.0	\$17.6	\$17.5
Unrealized foreign exchange	\$0.3	(\$1.9)	(\$3.3)	\$4.6	(\$1.4)	(\$1.6)	\$3.8	\$1.7	\$1.0	(\$0.1)	\$3.8	(\$1.2)
Acquisition costs	\$1.0	\$2.2	\$1.2	\$0.8	\$2.7							
Severance costs				\$0.4	\$1.7							
Contingent consideration fair value adjustments	\$9.6	(2.1)										
Other	\$1.5		(\$0.2)				(\$0.5)	\$0.7	\$0.4		\$1.2	\$1.9
<b>Adjusted EBITDA</b>	<b>\$84.0</b>	<b>\$80.6</b>	<b>\$60.2</b>	<b>\$48.8</b>	<b>\$44.0</b>	<b>\$29.7</b>	<b>\$26.8</b>	<b>\$25.6</b>	<b>\$22.7</b>	<b>\$19.9</b>	<b>\$22.6</b>	<b>\$18.2</b>

Note: pre-2019 EBITDA and Adjusted EBITDA does not include the impact of IFRS 16

(1) See Non-GAAP measure for explanation