

POLLARD
banknote limited

2023

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. 2022 Highlights by Division
3. 2022 Annual Results
4. 2023 First Quarter Results

Financial Highlights

(\$ Millions)	2016	2017	2018	2019	2020	2021	2022
COMBINED SALES⁽¹⁾	\$246.4	\$286.0	\$332.6	\$400.3	\$426.9	\$499.2	\$537.4
SALES	\$246.4	\$285.7	\$331.9	\$397.8	\$414.1	\$459.0	\$482.3
ADJUSTED EBITDA⁽¹⁾	\$29.7	\$44.0	\$48.8	\$60.2	\$80.6	\$84.0	\$80.5
NET DEBT	\$63.4	\$79.0	\$104.6	\$119.8	\$129.2	\$111.6	\$120.2

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 demand for all products and solutions.
- Instant ticket profit margins were significantly negatively impacted by inflation cost increases on inputs including paper, ink and other items.
- Success with a number of instant ticket contract renewals and awards including significant re-pricing of selling prices to help offset higher input costs.
- iLottery revenue continued strong organic growth.
- 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.

Partner of Choice

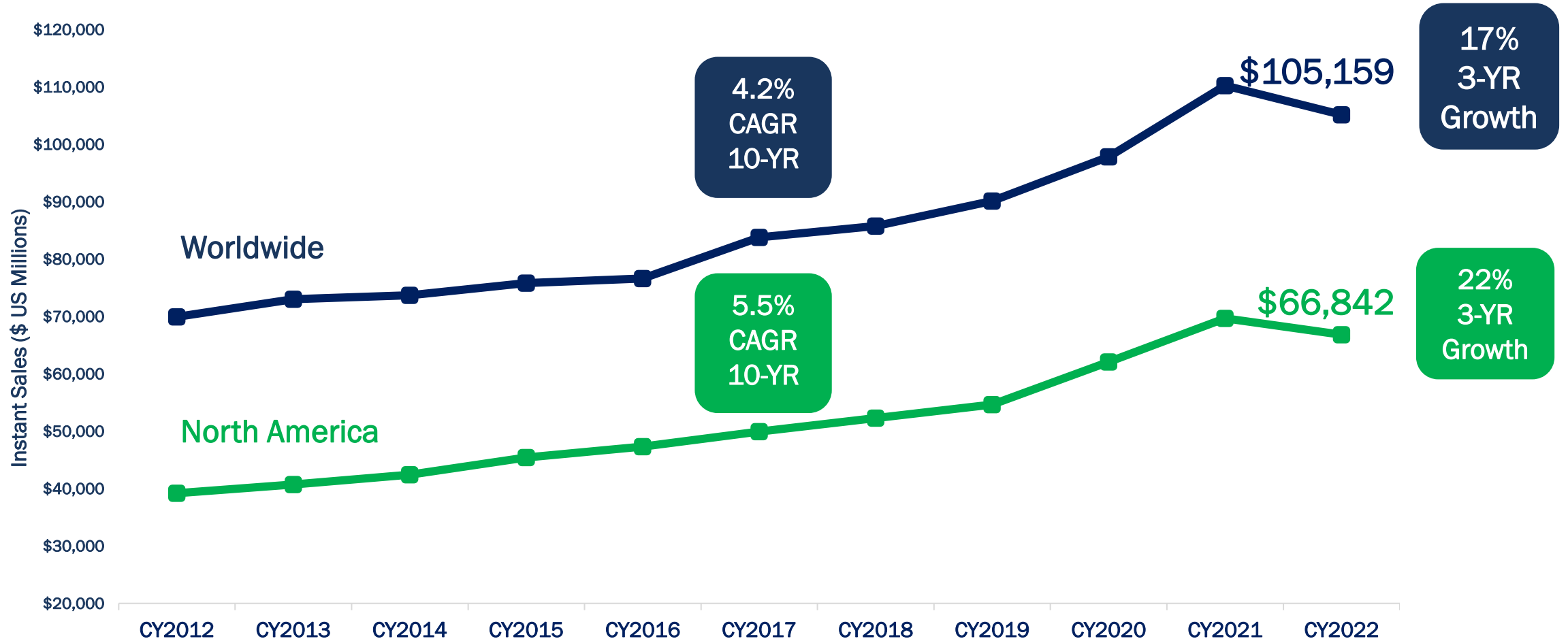


Outstanding Games.
Retail Excellence.
Digital Innovation.

2022 HIGHLIGHTS BY DIVISION

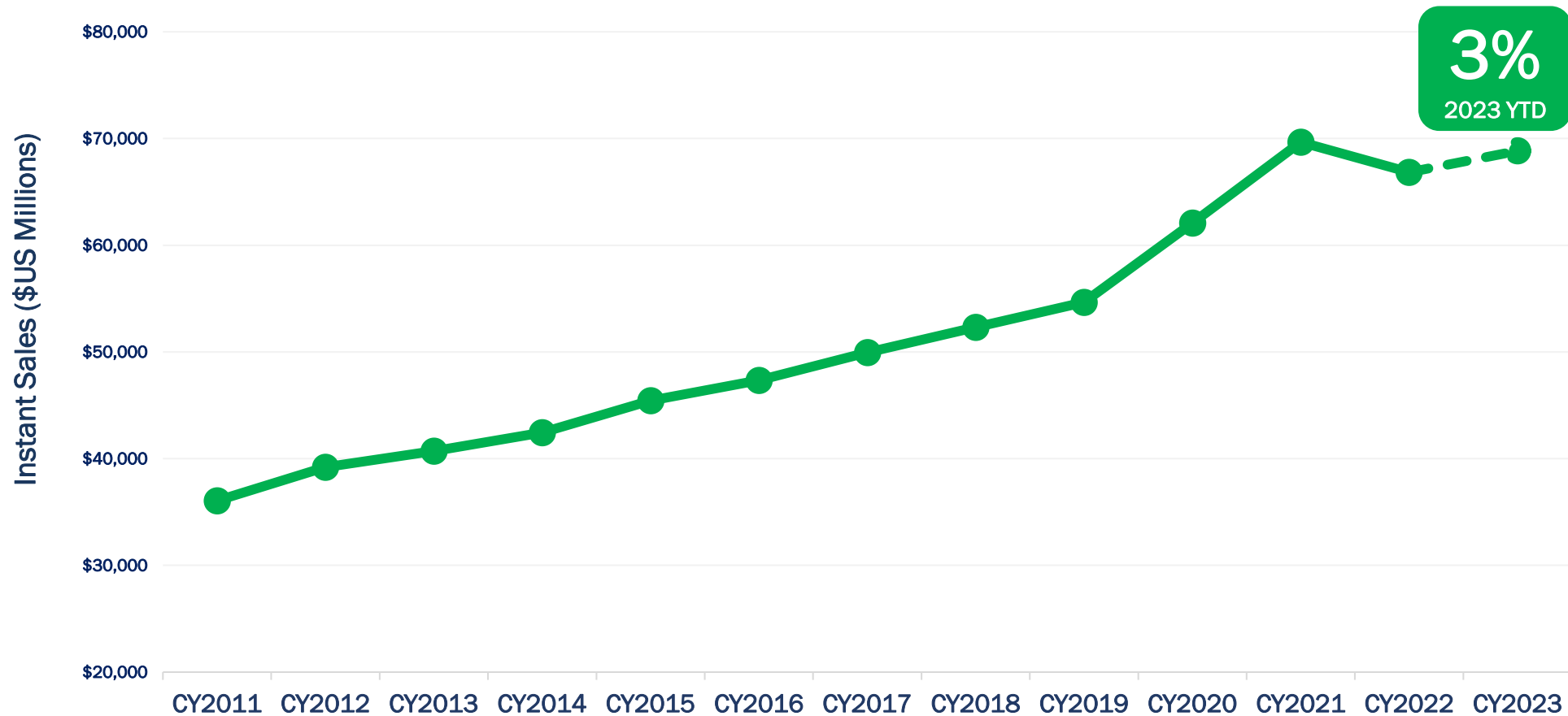
RETAIL LOTTERY

10 Year Instant Ticket Sales Growth



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

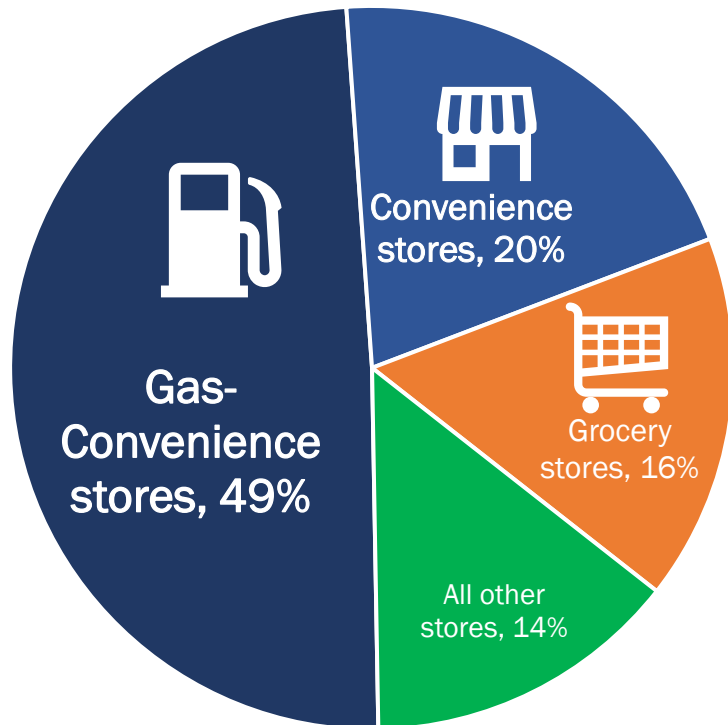
Retail Instant Sales Growth (North America)



Notes: Includes Pulltab sales & excludes China

US Retail Instant Sales

Instant Sales by Retailer Type



Instants as a % of Total Retail Sales



easyVEND™

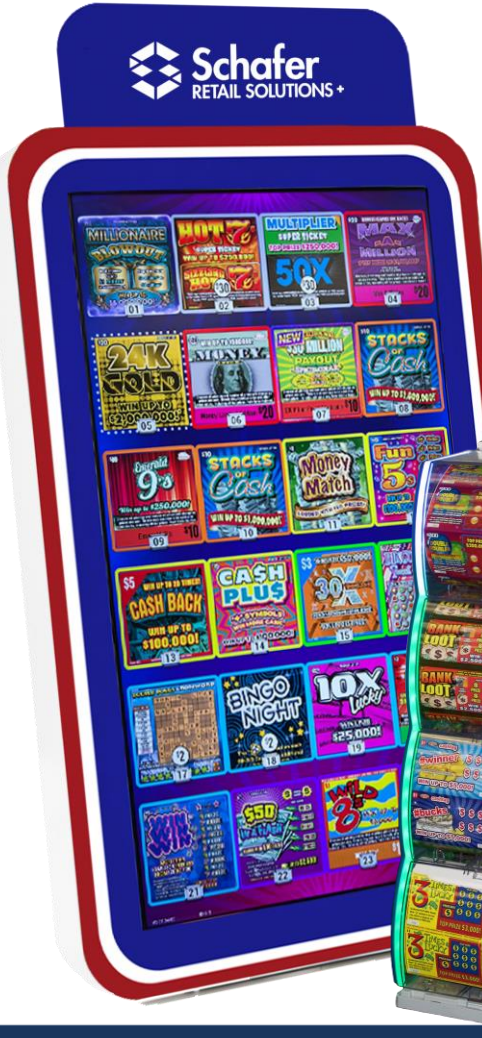
In-Lane ITVM





Schafer

RETAIL SOLUTIONS +



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Retail Lottery

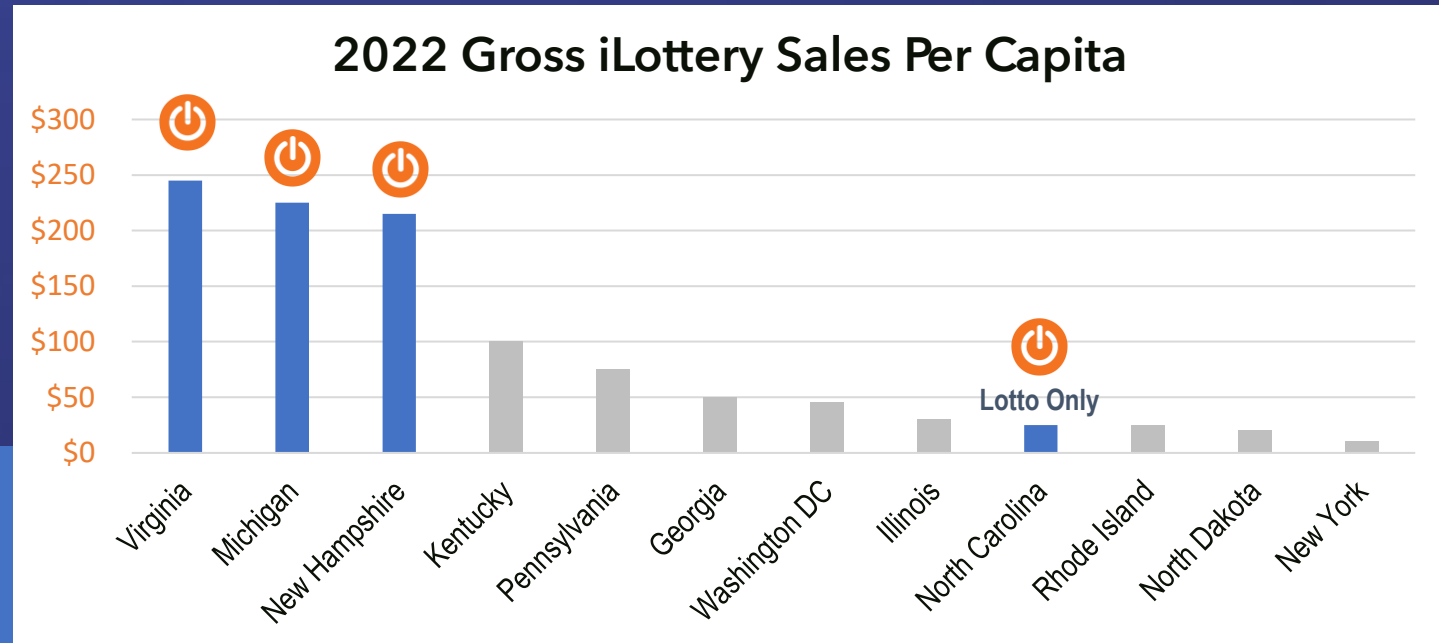
- In 2022, retail instant ticket sales in dollars decreased slightly, after 25% very strong increase during 2020-2021.
- Preliminary retail sales data in Q1 2023 show sales growth compared to 2022.
- Continuing trend for higher price points at retail. This provides Pollard opportunities to sell our premium products such as Scratch FX® and higher value options, resulting in increased average selling prices and improved margins.
- Increased interest expressed by lotteries in new distribution methods/channels for instant tickets including in-lane sales in large big box retail outlets and improved self-service options.

iLOTTERY

Now, NPi powers the most profitable iLotteries in the United States

68%

GROSS WAGER MARKET SHARE



"NeoPollard continues to be the **leading iLottery platform provider** in the U.S. due to its success in Michigan and Virginia along with support from New Hampshire and North Carolina."

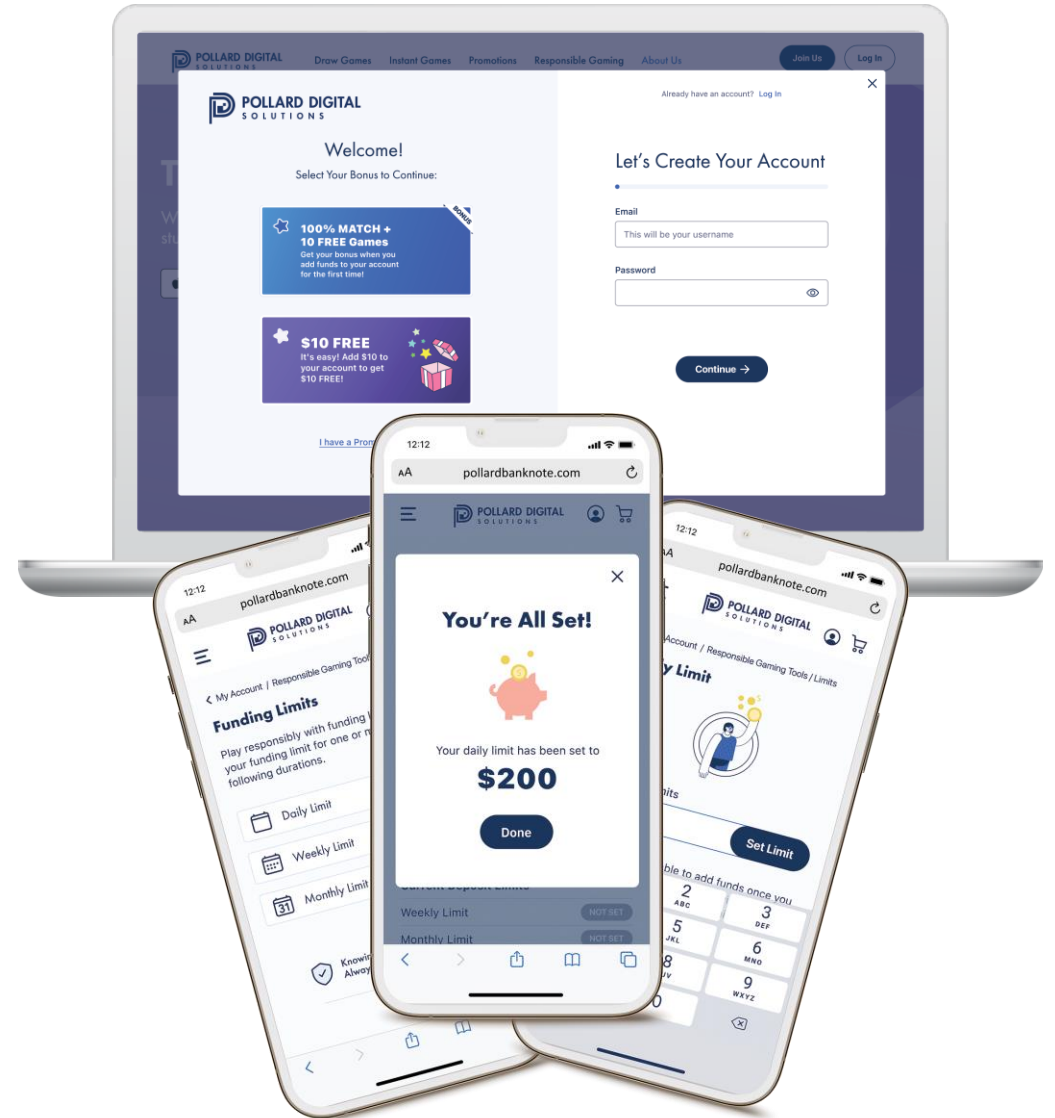
- Eilers & Krejcik, U.S. iLottery Tracker

2022 iLottery Operations

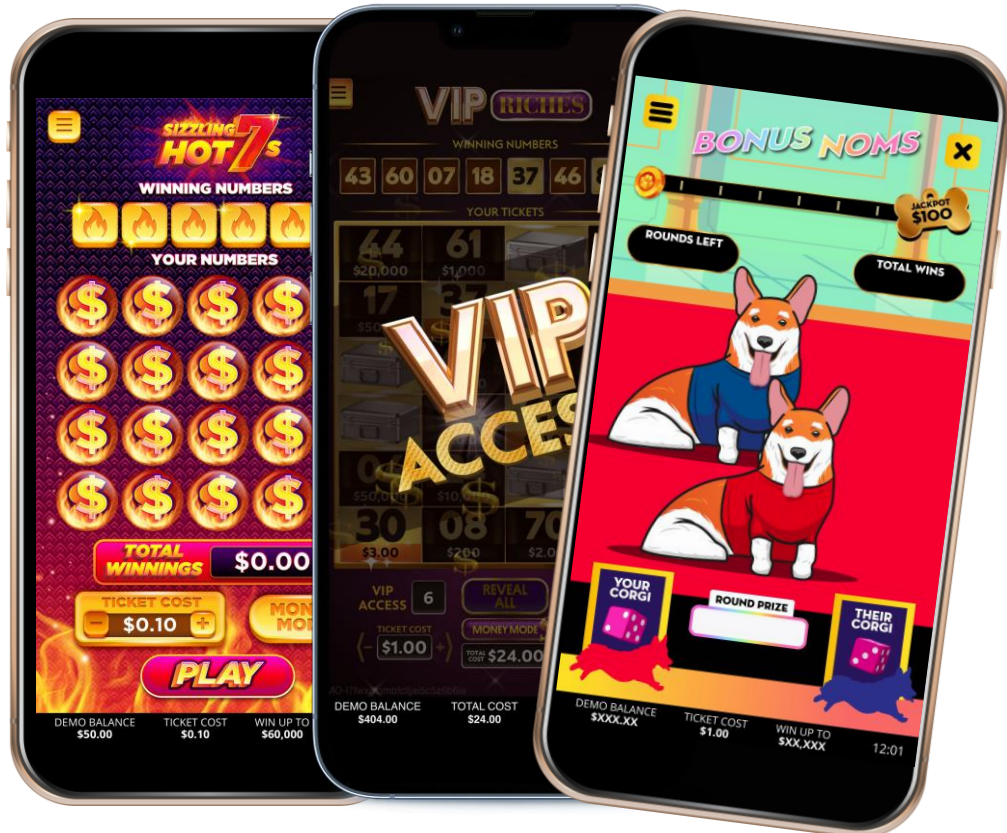
	2019	2020	2021	2022	Q1 2023
Revenue - Pollard Share					
Michigan iLottery	\$16.4	\$33.5	\$26.7	\$26.5	\$7.3
NeoPollard JV	\$2.5	\$12.6	\$40.1	\$55.1	\$18.5
Combined Revenue⁽¹⁾	\$18.9	\$46.1	\$66.8	\$81.6	\$25.8
Income before Profit Share & Income Taxes – Pollard Share					
Michigan iLottery	\$7.4	\$18.5	\$10.6	\$9.5	\$2.9
NeoPollard JV	(\$4.0)	\$1.6	\$12.3	\$23.7	\$8.6
Combined Income	\$3.4	\$20.1	\$22.9	\$33.2	\$11.5

(1) See Non-GAAP measures for explanation

POLLARD LOTTERY GAMING PLATFORM



POLLARD DIGITAL GAMES STUDIO



Top Prize: \$75,000

Play



Top Prize: \$40,000

Play



Top Prize: \$240,000

Play



Top Prize: \$60,000

Play



Top Prize: \$100,000

Play



Top Prize: \$75,000

Play



Top Prize: \$50,000

Play



Top Prize: \$6,000

Play



Top Prize: \$30,000

Play



Top Prize: \$20,000

Play



Top Prize: \$200,000

Play



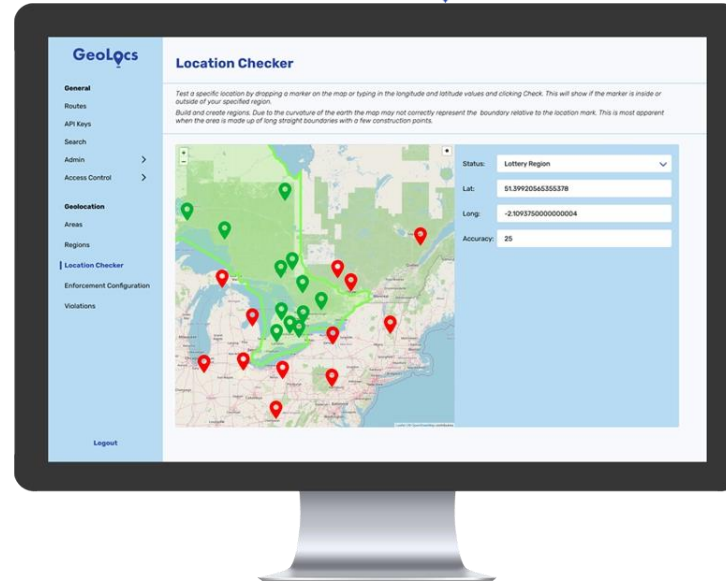
Top Prize: \$60,000

Play





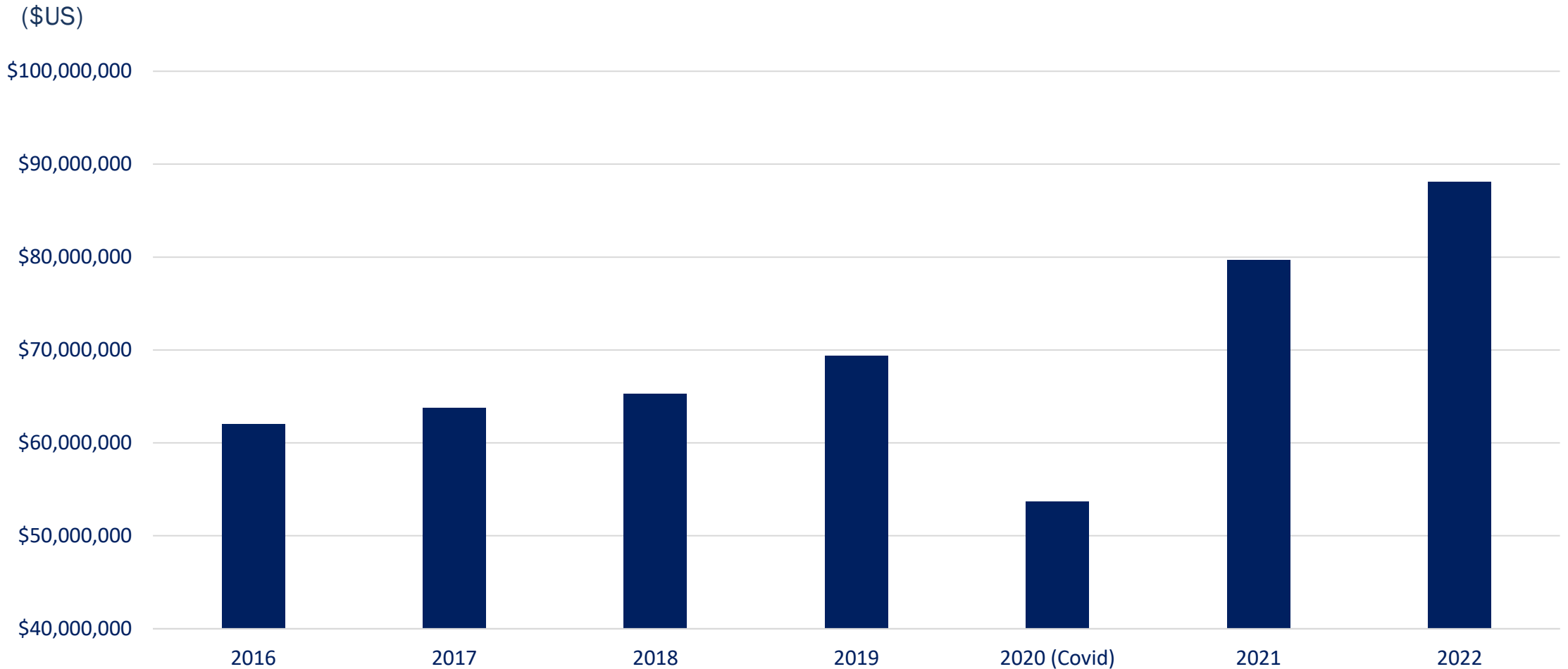
GeoLocs



CHARITABLE GAMING

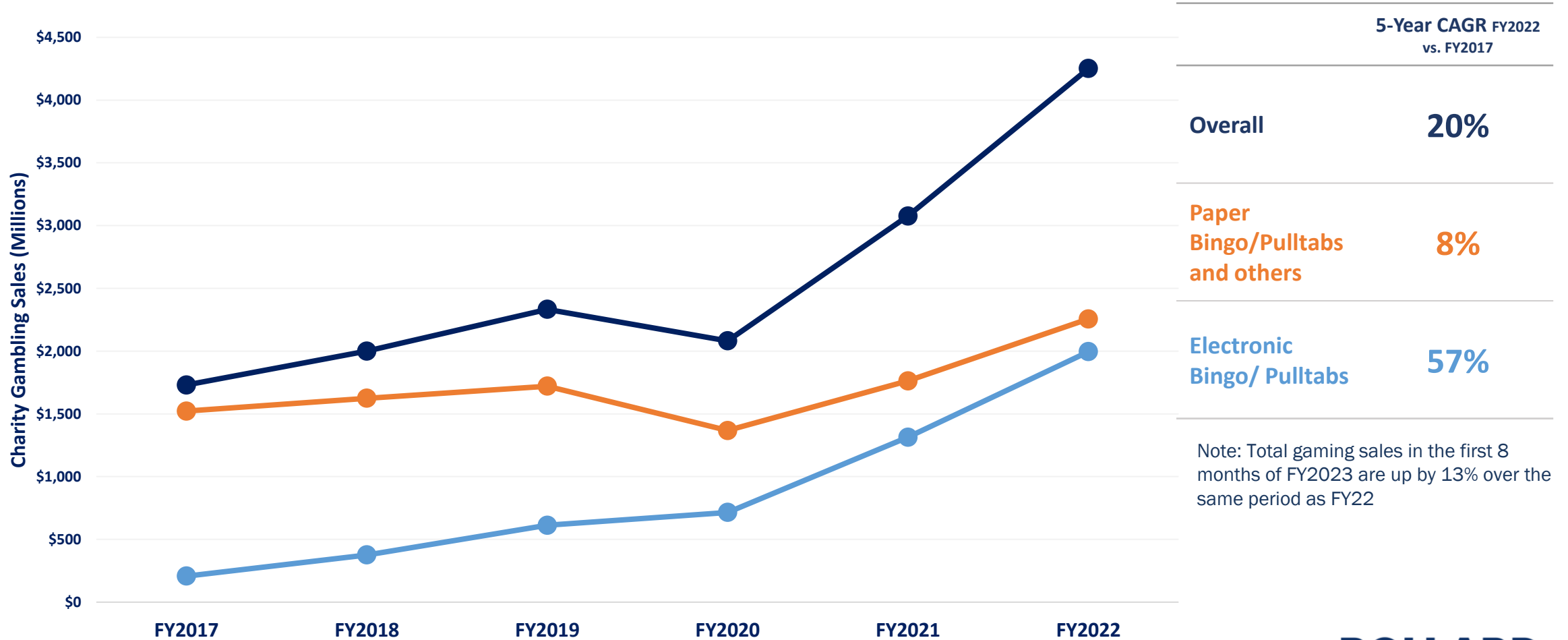


Pollard Charitable Gaming & eGaming Systems Sales Trend 2016-2022



Note: Sales include historical results of acquisitions back to 2017

Minnesota Charitable Gambling



Note: Total gaming sales in the first 8 months of FY2023 are up by 13% over the same period as FY22

Note: Others-paper includes tipboards, paddlewheel, raffles
Fiscal Year Ends June

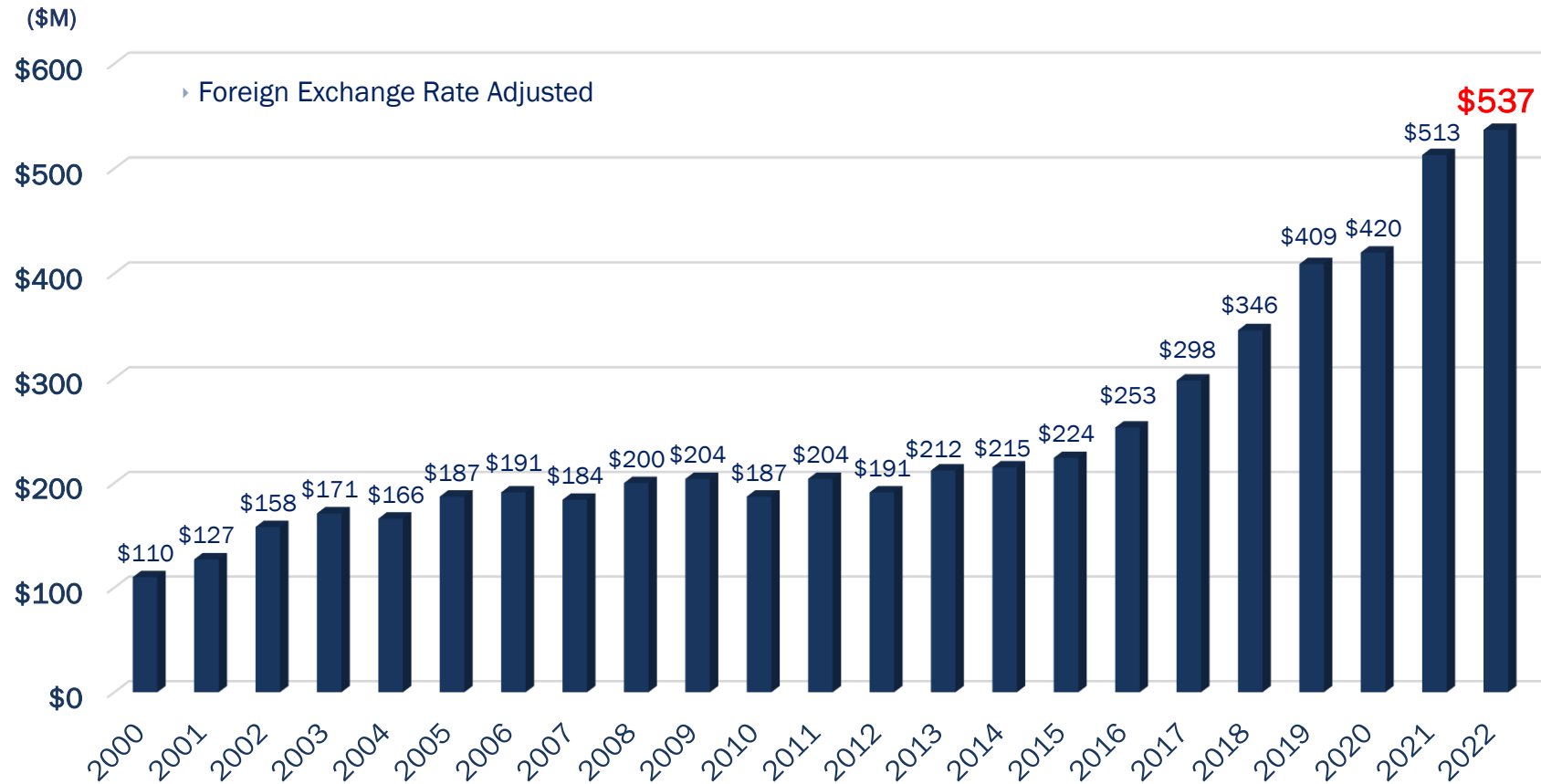
2022 ANNUAL RESULTS

2022 Highlights

(\$M)	2019	2020	2021	2022
Combined Sales ⁽¹⁾	\$400.3	\$426.9	\$499.2	\$537.4
Sales	\$397.8	\$414.3	\$459.0	\$482.3
Gross Margin	\$91.1	\$91.0	\$90.7	\$81.8
SG + A	\$56.5	\$54.9	\$64.4	\$67.3
NPI JV Income (Loss)	(\$3.9)	\$1.6	\$12.3	\$23.7
Other Income (Expense)	\$2.0	\$12.4	(\$5.2)	(\$4.1)
Adjusted EBITDA ⁽¹⁾	\$60.2	\$80.6	\$84.0	\$80.5
Net Income	\$22.0	\$33.3	\$19.7	\$19.3

(1) See Non-GAAP measures for explanation

Fiscal Combined Sales⁽¹⁾



Annual sales adjusted to 2022 average rate of \$1.30 CDN per USD

(1) See Non-GAAP measures for explanation

Adjusted EBITDA⁽¹⁾



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

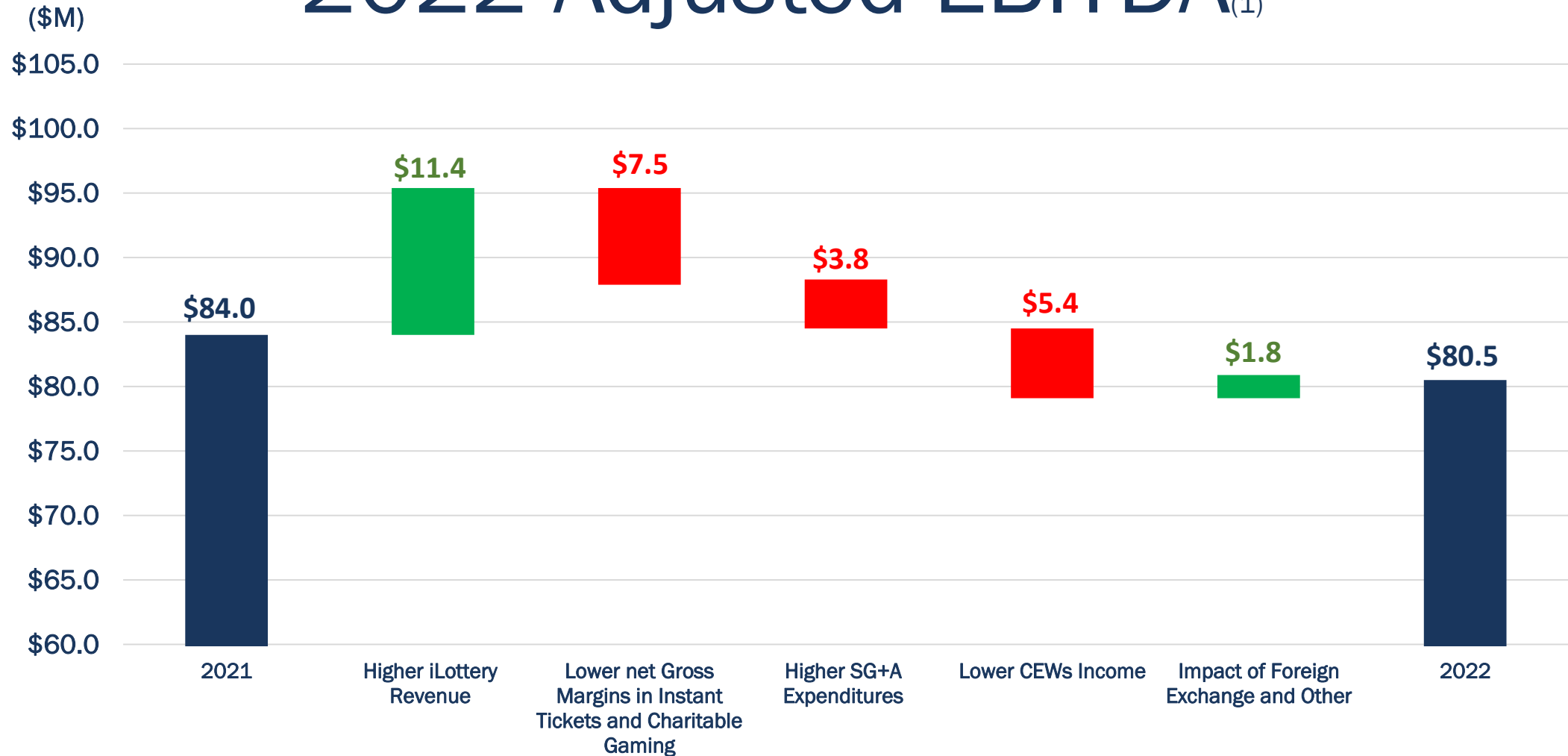
(1) See Non-GAAP measures for explanation

Fiscal 2022 Combined Sales⁽¹⁾



(1) See Non-GAAP measures for explanation

2022 Adjusted EBITDA⁽¹⁾



(1) See Non-GAAP measures for explanation

2022 Highlights

- Record revenue of \$482 million.
- Strong levels of demand in both Lottery and Charitable Gaming Businesses.
- Charitable Gaming, both printed and eGaming systems, generated record revenue and earnings.
- Adjusted EBITDA⁽¹⁾ achieved of \$80.5 million despite significant negative pressure on instant ticket margin.
- Major investment continuing in lottery platform and game content library.
- Continued strong organic growth in our existing iLottery operations.
- A number of important contract awards including significant selling price increases to ultimately help offset the impact of significant inflationary input cost increases on instant ticket business.

(1) See Non-GAAP measures for explanation

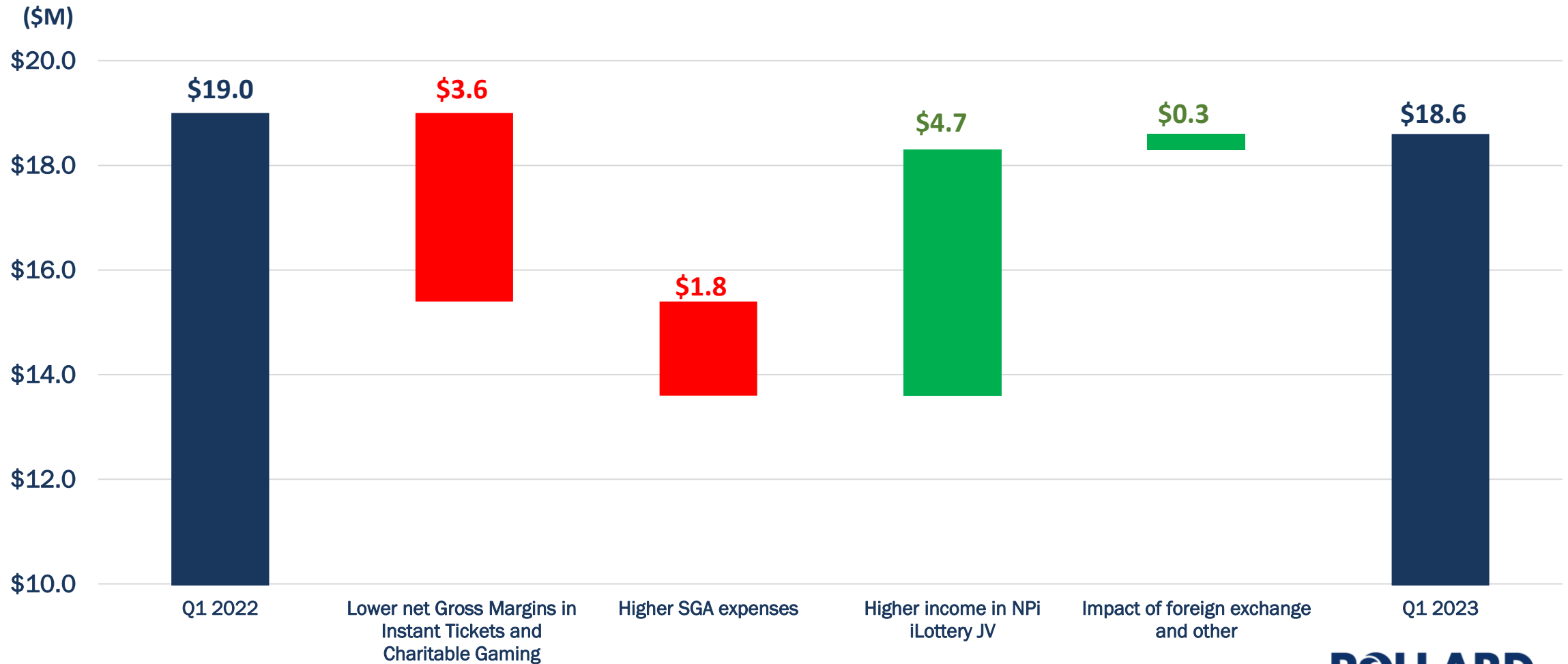
2023 FIRST QUARTER RESULTS

Q1 2023 Highlights

(\$M)	Q1 2022	Q1 2023
Combined sales ⁽¹⁾	\$125.2	\$143.1
Sales	\$113.9	\$124.6
Gross Margin	\$21.6	\$17.1
SG + A	\$16.1	\$18.0
NPi JV Income	\$4.0	\$8.6
Adjusted EBITDA ⁽¹⁾	\$19.0	\$18.6
Net Income	\$6.4	\$4.2

(1) See Non-GAAP measures for explanation

Q1 2023 Adjusted EBITDA⁽¹⁾



(1) See Non-GAAP measures for explanation

Strong Cashflow

(\$M)	2019	2020	2021	2022
Cash Flow before CAPEX & W/C	\$47.8	\$72.5	\$59.9	\$69.6
Change in Working Capital	(\$22.5)	(\$11.0)	\$9.2	(\$15.4)
Net Cash Flow before CAPEX (subtotal)	\$25.3	\$61.5	\$69.1	\$54.2
CAPEX	(\$25.8)	(\$18.9)	(\$34.8)	(\$33.2)
Net Operating Cash Flow less CAPEX (b4 dividend, debt repayment & acquisitions)*	(\$0.5)	\$42.6	\$34.3	\$21.0

*Source: 2022 PBL Statement of Cash Flow

Q1 Highlights

- Worldwide strong demand for all of our products and solutions.
- iLottery sales continue to generate organic growth across all contracts.
- Charitable gaming, both printed and eGaming systems, are experiencing strong demand and strong revenue and earnings.
- Generated significant positive cashflow, maintaining low leverage ratio.
- Instant ticket margins negatively impacted by the accumulative effect of large inflationary input costs increases incurred throughout 2022.
- We continue our strategy of repricing our instant ticket customer contracts, however the new pricing has not yet had a material effect on the first quarter.
- The beneficial impact of higher selling prices will gradually increase instant ticket margins during 2023 and future years.



Thank you for your time and
your attention today.

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APPENDIX

Adjusted EBITDA⁽¹⁾ Reconciliation

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net income	\$1.8	\$3.1	\$6.5	\$5.4	\$8.7	\$7.5	\$12.3	\$16.8	\$14.9	\$22.0	\$33.3	\$19.7	\$19.3
Adjustments:													
Amortization & depreciation	\$8.6	\$8.4	\$7.8	\$8.6	\$7.9	\$8.4	\$10.6	\$13.1	\$18.0	\$27.1	\$31.5	\$39.5	\$41.0
Interest	\$5.2	\$4.4	\$3.4	\$3.4	\$2.9	\$2.9	\$3.6	\$3.9	\$4.2	\$6.4	\$4.8	\$5.0	\$8.3
Income taxes	\$1.9	\$1.7	\$2.3	\$3.9	\$3.7	\$4.7	\$4.8	\$7.2	\$5.9	\$7.0	\$12.8	\$7.4	\$2.9
EBITDA	\$17.5	\$17.6	\$20.0	\$21.3	\$23.2	\$23.5	\$31.3	\$41.0	\$43.0	\$62.5	\$82.4	\$71.6	\$71.5
Unrealized foreign exchange	(\$1.2)	\$3.8	(\$0.1)	\$1.0	\$1.7	\$3.8	(\$1.6)	(\$1.4)	\$4.6	(\$3.3)	(\$1.9)	\$0.3	\$4.4
Acquisition costs								\$2.7	\$0.8	\$1.2	\$2.2	\$1.0	
Severance costs								\$1.7	\$0.4				
Contingent consideration fair value adjustments											(2.1)	\$9.6	
Other	\$1.9	\$1.2		\$0.4	\$0.7	(\$0.5)				(\$0.2)		\$1.5	\$4.6
Adjusted EBITDA	\$18.2	\$22.6	\$19.9	\$22.7	\$25.6	\$26.8	\$29.7	\$44.0	\$48.8	\$60.2	\$80.6	\$84.0	\$80.5

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

(1) See Non-GAAP measure for explanation