



2018 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, 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
- 2017 Business Highlights
- Financial Update – 2017 and Q1 2018
- Expectations for 2018



Financial Highlights

(\$ Millions)	2017	2016	2015	2014	2013
SALES	\$285.7	\$246.4	\$221.0	\$194.5	\$184.9
NET INCOME	\$16.8	\$12.3	\$7.5	\$8.7	\$5.4
ADJUSTED EBITDA	\$44.0	\$29.7	\$26.8	\$25.6	\$21.8
NET SENIOR DEBT	\$79.0	\$63.4	\$65.7	\$62.9	\$65.6

Source: Pollard Banknote financial statements and MD&A



POLLARD

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COMPANY VISION AND STRATEGY

Company Vision

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

“We are targeting to double our 2016 revenue over 3 – 5 years”



Strategic Success

STRATEGY	2017/2018 RESULTS
Expand capacity	\$25 million investment in new press complete. Adds 35% to net capacity. Producing significantly higher volumes and improved cost structure.
Win new contracts	Won Kansas loyalty contract, Missouri Diamond Game contract, a number of contracts available to bid in the near future
Renew existing contracts	All existing contract renewal opportunities obtained, including recent renewals of Ontario, France and WCLC
Innovation focus	Print and non-print innovations have gained significant traction (eg. Scratch F/X, Playbooks, Web games)
Increase ancillary products/services	Growing iLottery business; increasing use of digital apps and web play; first sale of loyalty solutions; expanding Lottery Management Systems (LMS) including use of Suretrack information systems
Acquisition strategy	Actionable opportunities identified. Added dedicated M&A resources to our team, expanding focus on ancillary and technological prospects, closed the acquisition of INNOVA Gaming Group Inc. (Diamond Game) and International Gamco, Inc.





STATE OF THE INDUSTRY

World Wide Instant Sales Growth



Source: La Fleur's World Lottery Almanac



2017 BUSINESS HIGHLIGHTS

Key Wins in 2017

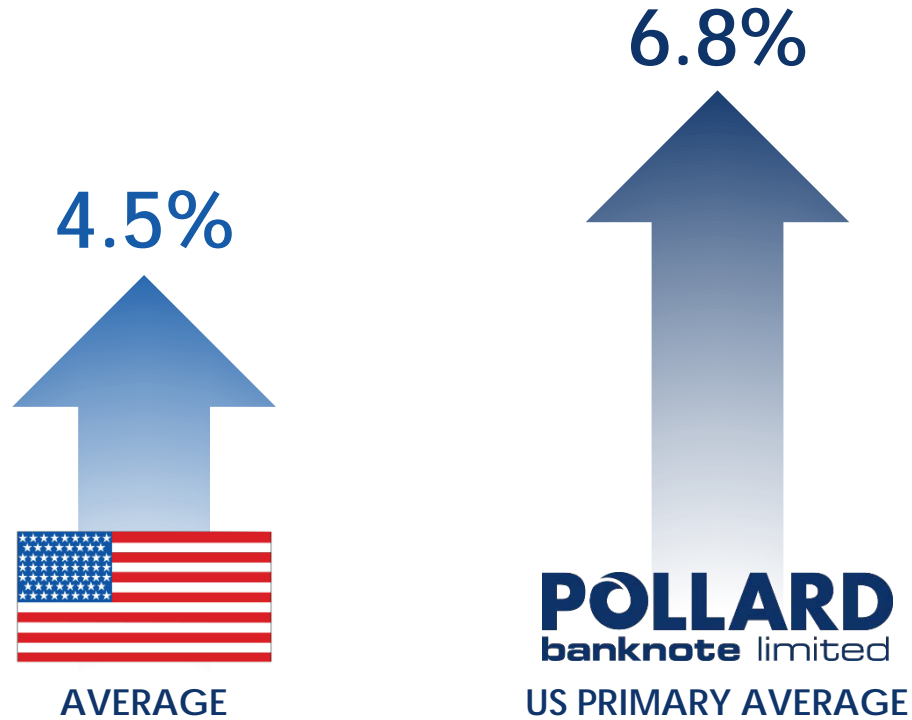


Key Wins in 2017

100% Client Retention



CY2017: Our Clients Outperform



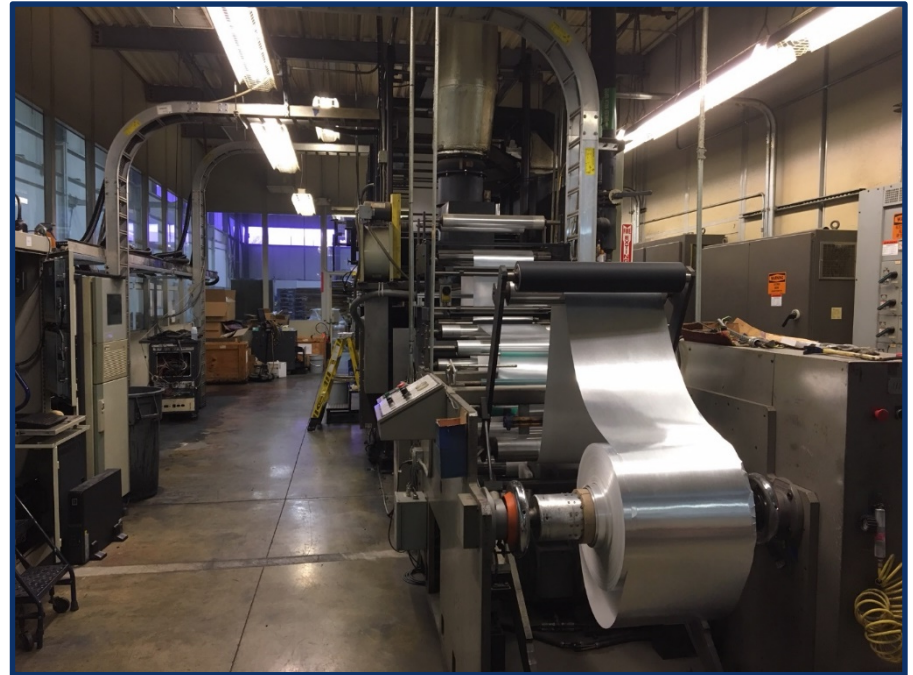


TRESU Printer ES206

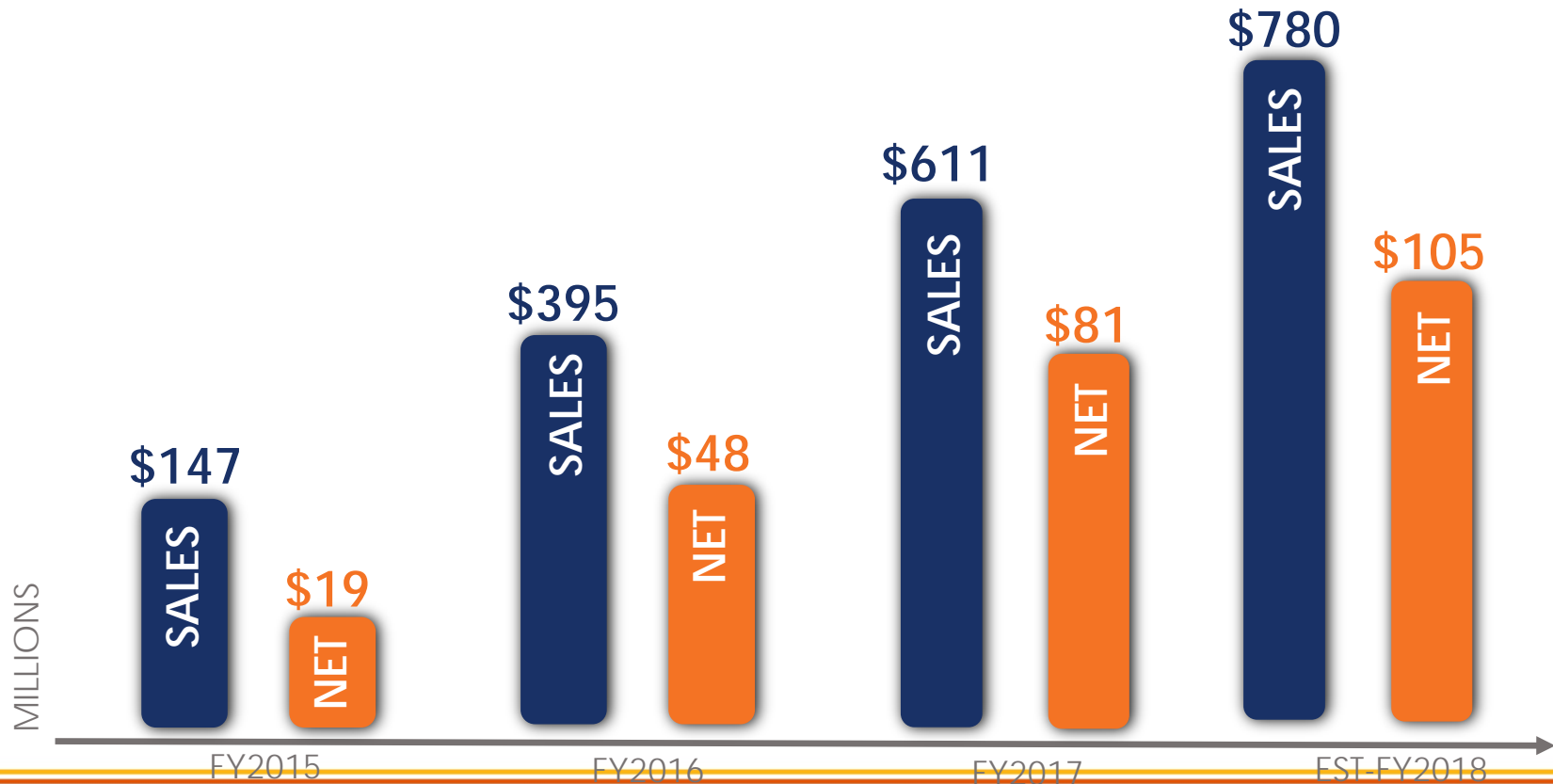
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Ypsilanti – Recommissioning our Original Press



Michigan iLottery Sales



Michigan Retail Sales Growth



U.S.
Average =
5%

11%

12%

16%

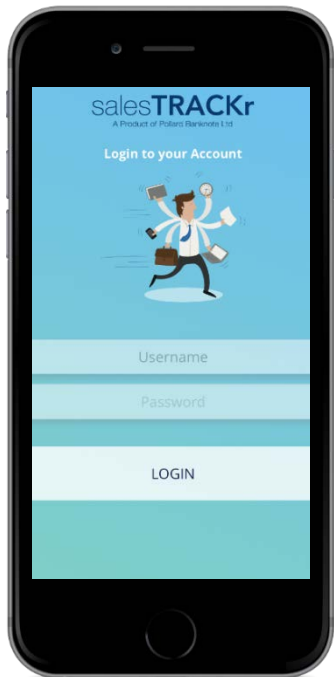


iLottery Customers



Other Digital Initiatives

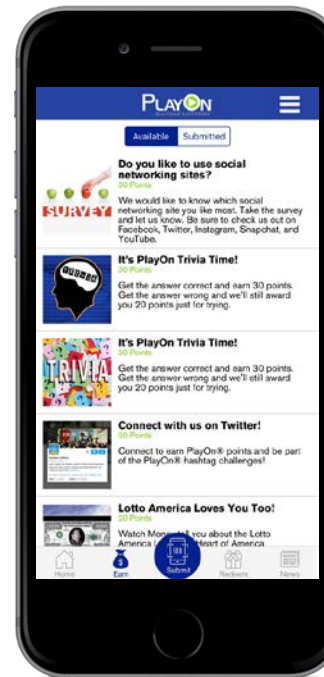
sure**TRACK**[™]
LOTTERY DISTRIBUTION SOLUTION



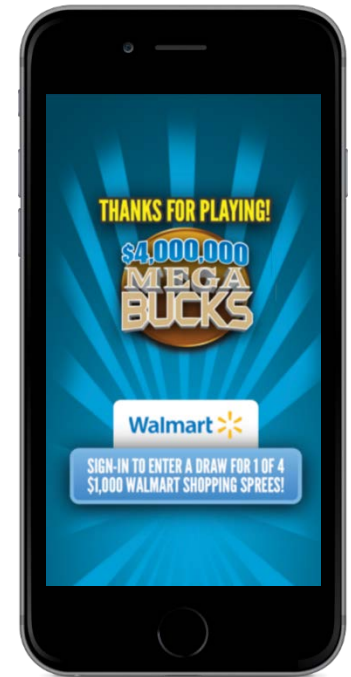
THE
**SPACE
BETWEEN**[™]



PLAY**ON**[™]



ScanActiv



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 (INNOVA) products also address charitable game sector
- February 2018 purchase of International Gamco, Inc. significantly expands our market share
- Further opportunity for industry consolidation



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 products, digital, iLottery, internet gaming, charitable games and other services to the lottery market
- Two acquisitions closed in the last 8 months
- Several actionable opportunities have been identified





DIAMOND GAME (INNOVA) PURCHASE



DiamondGame

A POLLARD BANKNOTE COMPANY



Diamond Game Highlights

- Unique product offering of gaming machines that are targeted to the lottery and charitable gaming industry
- Customers of Diamond Game are the same customers of Pollard Banknote
- Results since our acquisition have met our high expectations
- Former public company costs have been eliminated
- Integration with other Pollard companies well under way
- Regular, consistent revenue with existing current contract portfolio
- Future opportunities being developed, nature of the product results in a long sales cycle, however, once established, revenues are generally very reliable





FINANCIAL UPDATE
2017 Annual Results

2017 Highlights

(\$M)	2017	2016
Sales	\$285.7	\$246.4
Gross Margin	\$65.7	\$49.2
Gross Margin %	23.0%	20.0%
SGA (incl. acquisition and severance costs)	\$38.0	\$28.9
Income from Operations	\$24.0	\$20.3
Adjusted EBITDA	\$44.0	\$29.7
Net Income	\$16.8	\$12.2

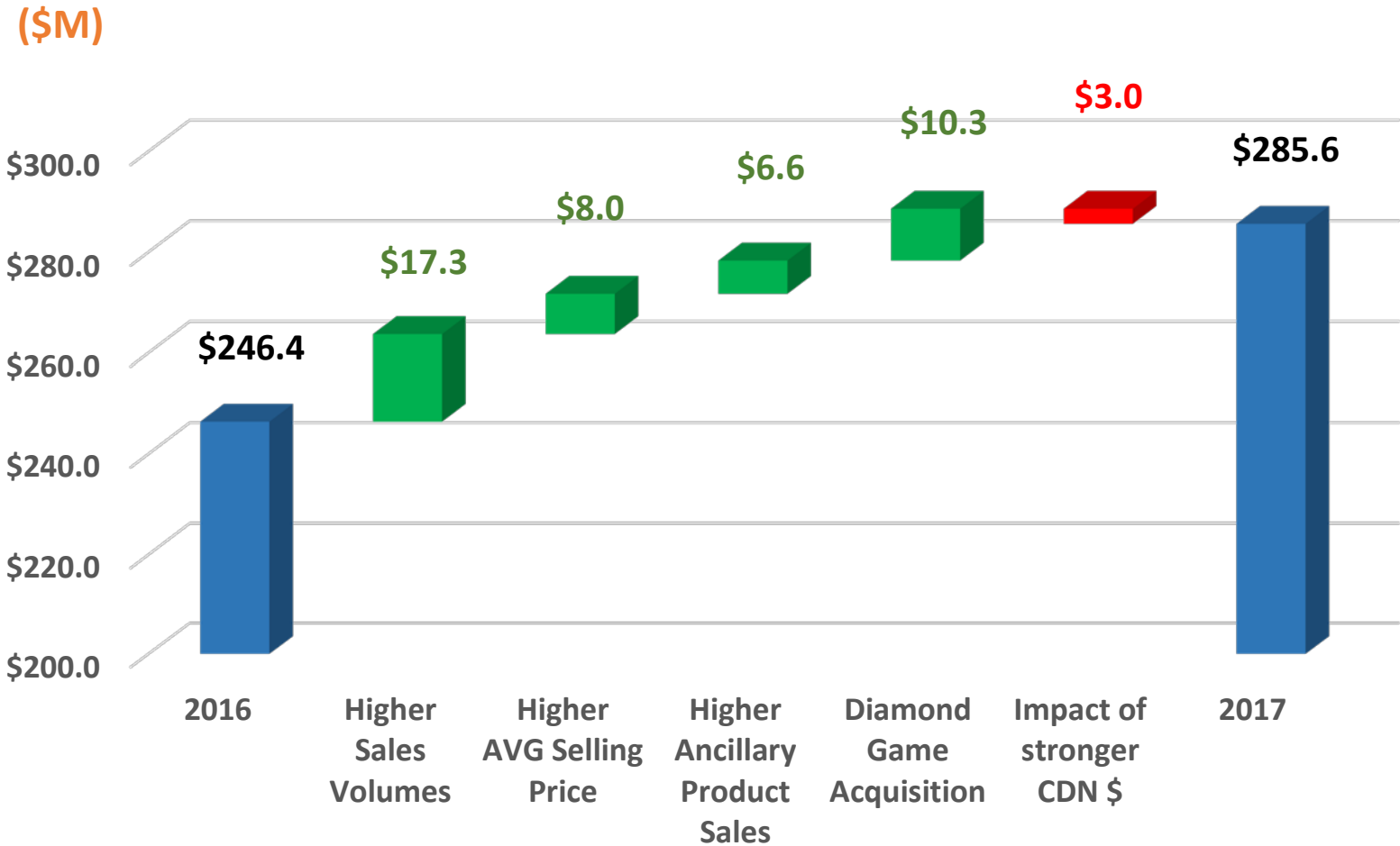


2017 Highlights

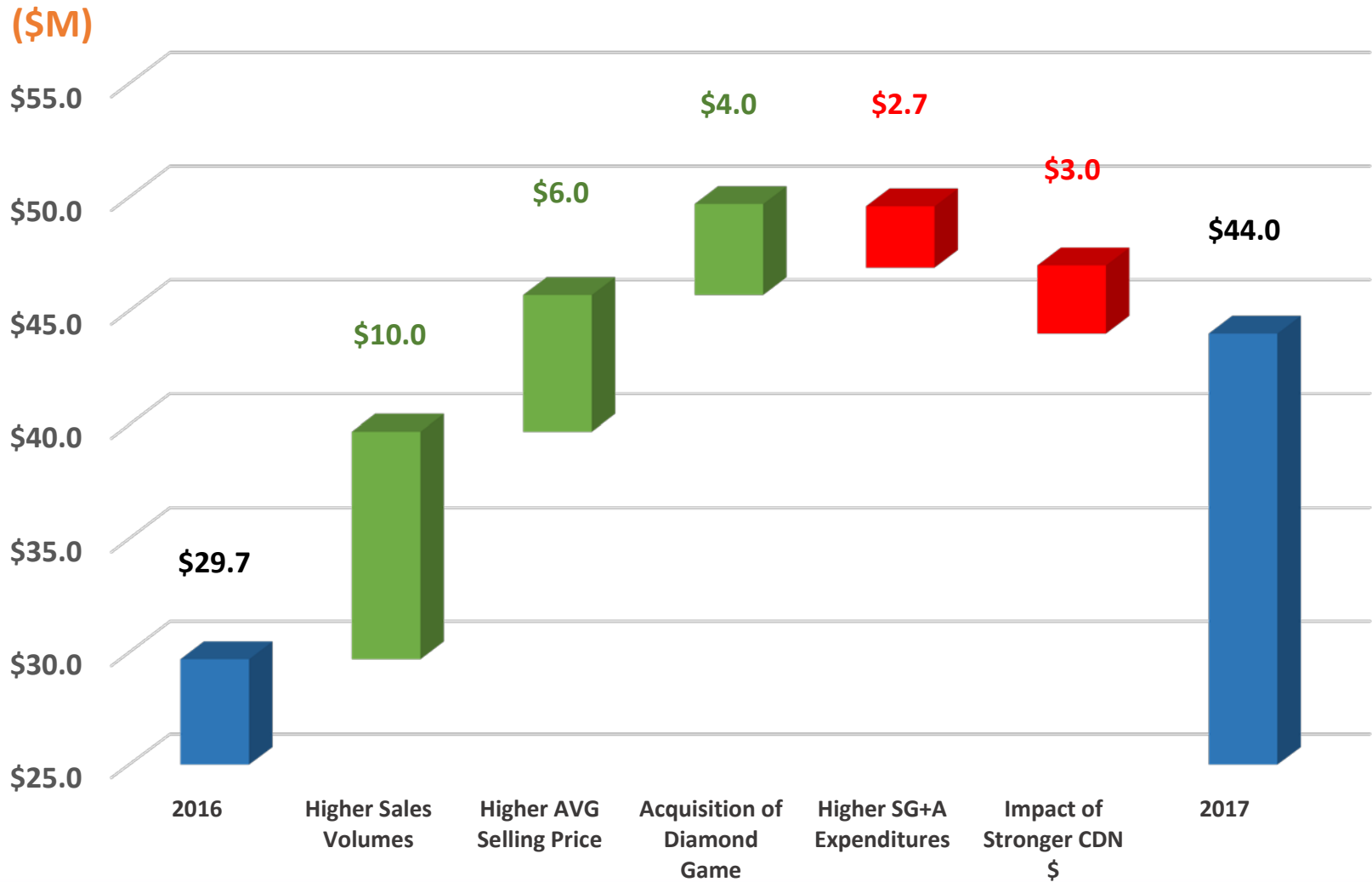
- Production volumes up about 15% vs 2016, sale volumes up about 9% due to timing of shipments
- Gross margin % increased 300 points versus 2016
- Increased sales of our innovative proprietary products including Scratch FX
- Achievement of significant manufacturing efficiencies with our Tresu press in Ypsilanti
- iLottery and digital continues to grow
- Record level of operating cashflow
- Successful acquisition of Diamond Game (INNOVA)



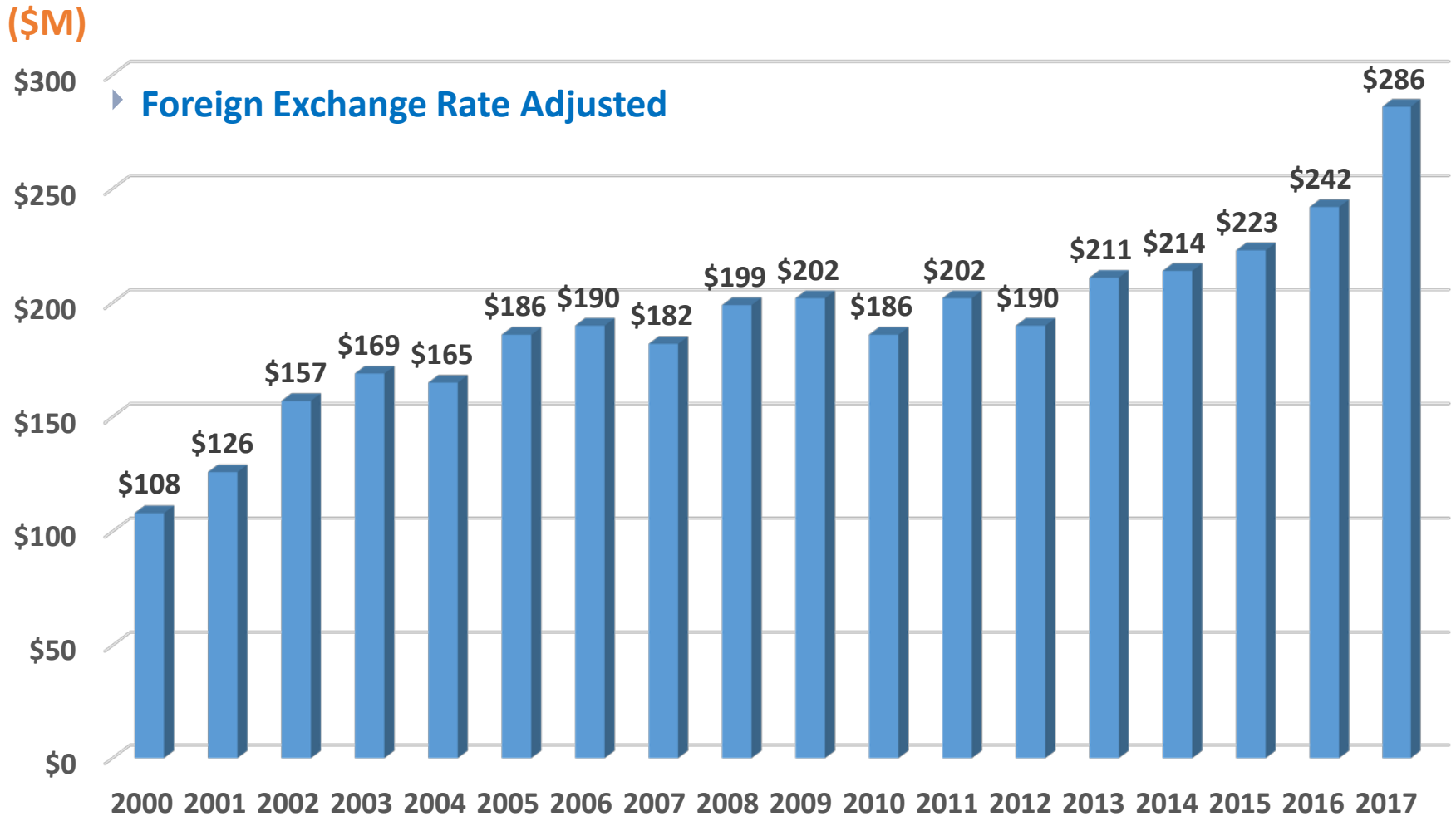
Fiscal 2017 Sales



2017 Adjusted EBITDA



Fiscal Sales



Annual sales adjusted to 2017 average rate of \$1.30 CDN per USD



Adjusted EBITDA

(\$M)



Strong Cashflow

(\$M)	2017	2016
Cash Flow before CAPEX & W/C	\$31.2	\$28.6
Investment in Working Capital	<u>(\$2.9)</u>	<u>(\$16.9)</u>
Net Cash Flow before CAPEX	\$28.3	\$11.7
CAPEX	<u>(\$7.0)</u>	<u>(\$5.0)</u>
Net Cash Flow (b4 dividend, debt repayment & INNOVA acq.)	<u>\$21.3</u>	<u>\$6.7</u>
(source: 2017 PBL Statement of Cash Flow)		





FINANCIAL UPDATE
2017 First Quarter Results

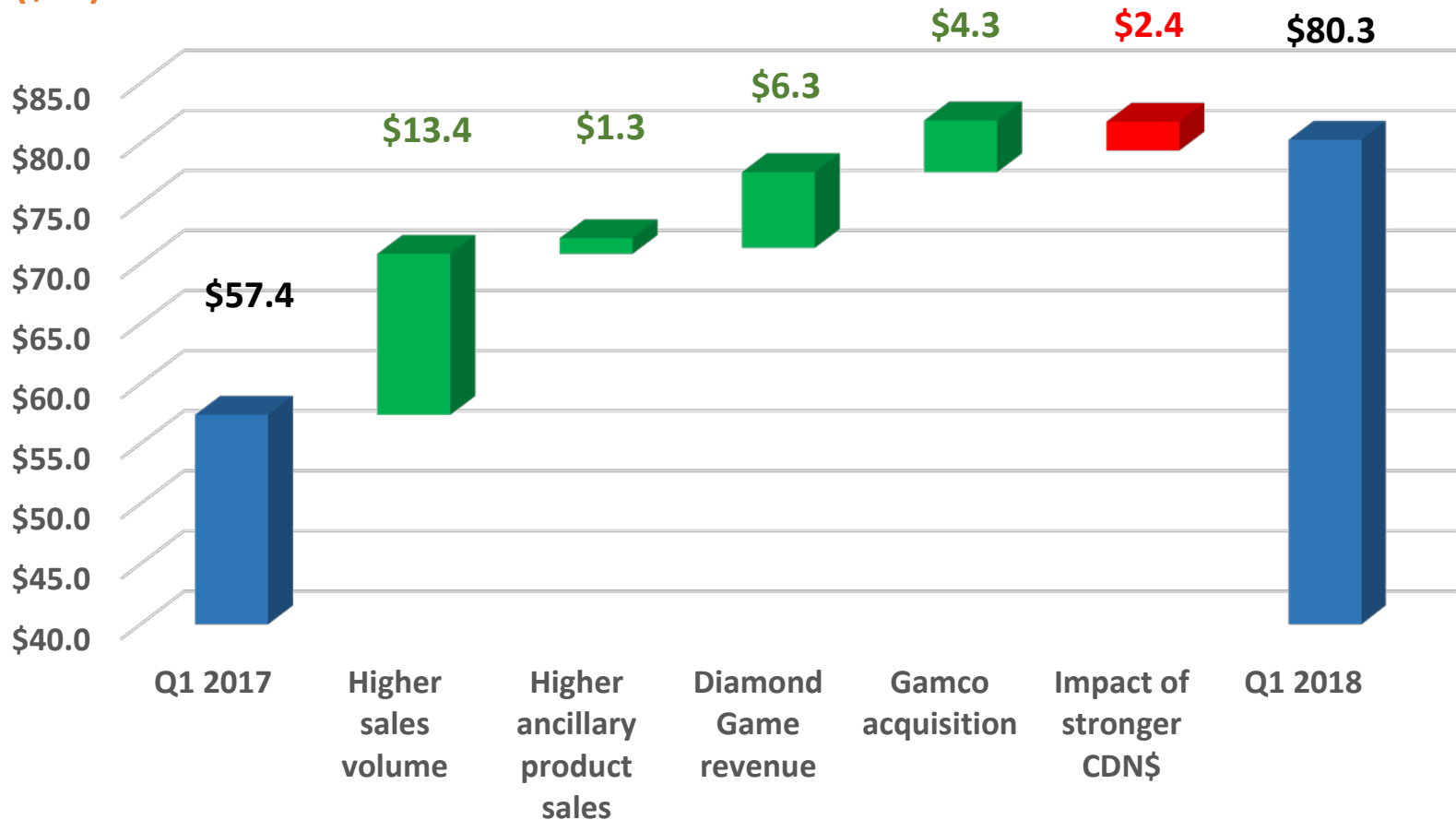
Q1 2018 Highlights

(\$M)	Q1 2018	Q1 2017
Sales	\$80.3	\$57.4
Gross Margin	\$19.4	\$11.4
Gross Margin %	24.1%	19.9%
SG + A	\$10.8	\$7.3
Income from Operations	\$8.6	\$3.8
Adjusted EBITDA	\$13.0	\$6.3
Net Income	\$4.5	\$1.8

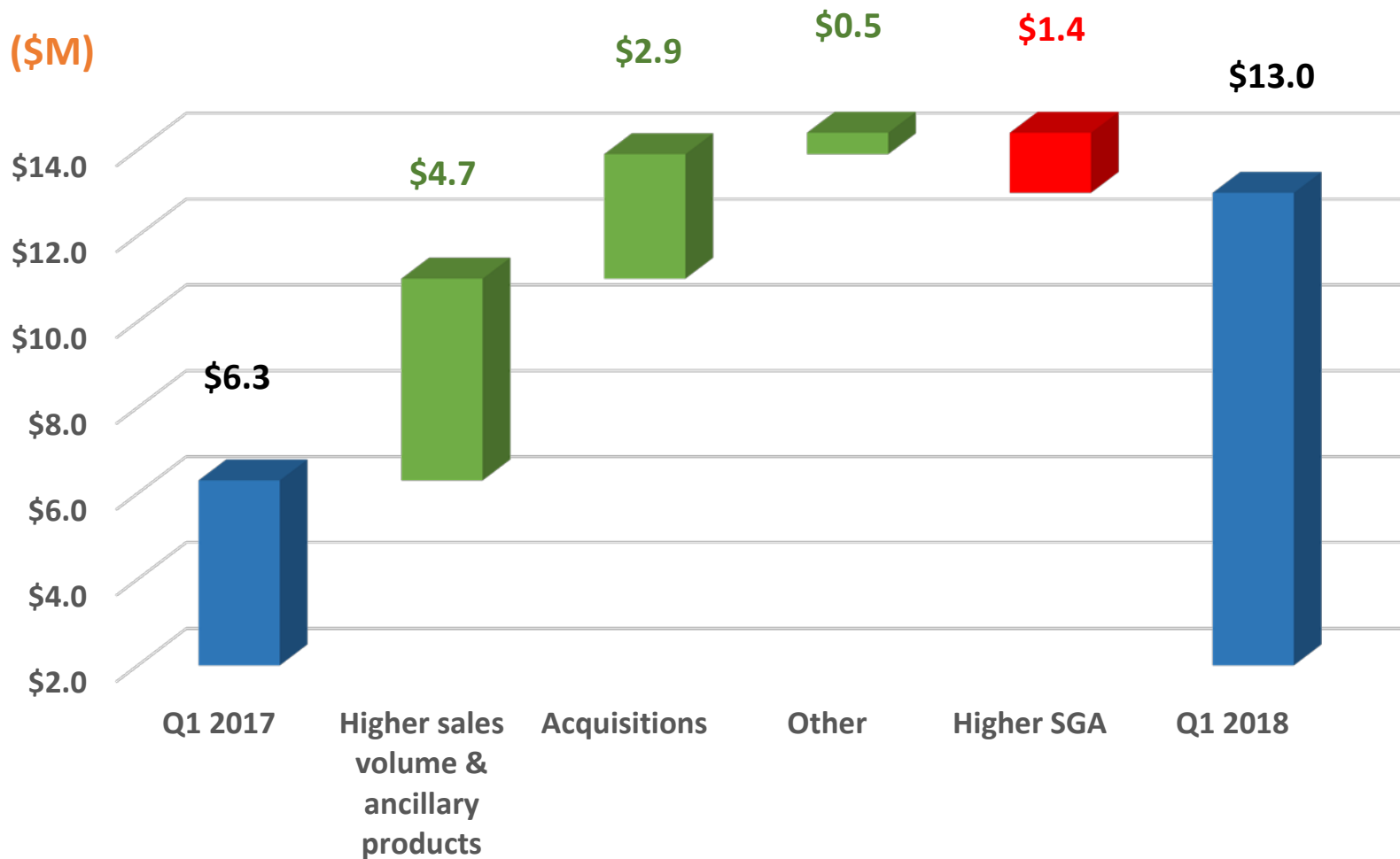


Q1 2018 Sales

(\$M)



Q1 2018 Adjusted EBITDA



Strong Cashflow

(\$M)	Q1 2018	Q1 2017
Cash Flow before CAPEX & W/C	\$10.6	\$3.3
Drawdown of Working Capital	<u>\$9.5</u>	<u>\$9.2</u>
Net Cash Flow before CAPEX	\$20.1	\$12.5
CAPEX incl. intangibles	<u>(\$5.1)</u>	<u>(\$1.5)</u>
Net Cash Flow (b4 dividend, debt repayment & acquisitions)	<u>\$15.0</u>	<u>\$11.0</u>
(source: 2018 Q1 PBL Statement of Cash Flow)		



Q1 Highlights

- Very successful share equity raise of approximately \$35 million
- New quarterly record for production volume
- Strong level of orders and sales volume from our existing customer base
- Good mix of proprietary specialty products like Scratch FX
- Completed the Feb 1 acquisition of International Gamco, Inc.; 2 months of strong earning contribution
- Second full quarter of Diamond Game results which continue to meet our expectations
- Substantial positive cash flow provides financial base to continue to grow and invest in our business



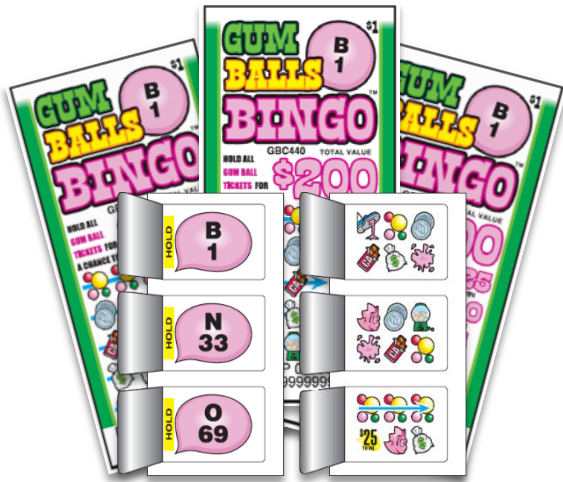


INTERNATIONAL GAMCO PURCHASE



International Gāmco, Inc.

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- Leading manufacturer of pull-tab tickets
- Over 30 years of successful growth
- 180 employees
- \$21.6 million purchase price





International Gāmco, Inc.
A POLLARD BANKNOTE COMPANY



28%
MARKET SHARE: TABS



15%
MARKET SHARE: BINGO PAPER

Combined Market Share

Per Management estimates



Gamco Highlights

- Combines very well with our existing charitable games operation American Games
- Acquisition well received throughout the marketplace
- Strong pull tab catalogue including a number of unique, proprietary games with long running market success
- E-gaming machine division Oasis integrates well with our Diamond Game product offering
- Integration with American Games and Diamond Game well under way
- Future synergies for improved manufacturing costs, greater revenue opportunities and other cost improvements have been identified
- Management estimates our charitable gaming operation is now the second largest supplier of pull-tabs and bingo paper to the industry





EXPECTATIONS FOR 2018

Looking Forward



Increased Capacity



Increased Opportunities to Sell



Decreased Costs



New Sales Channel



Innovation

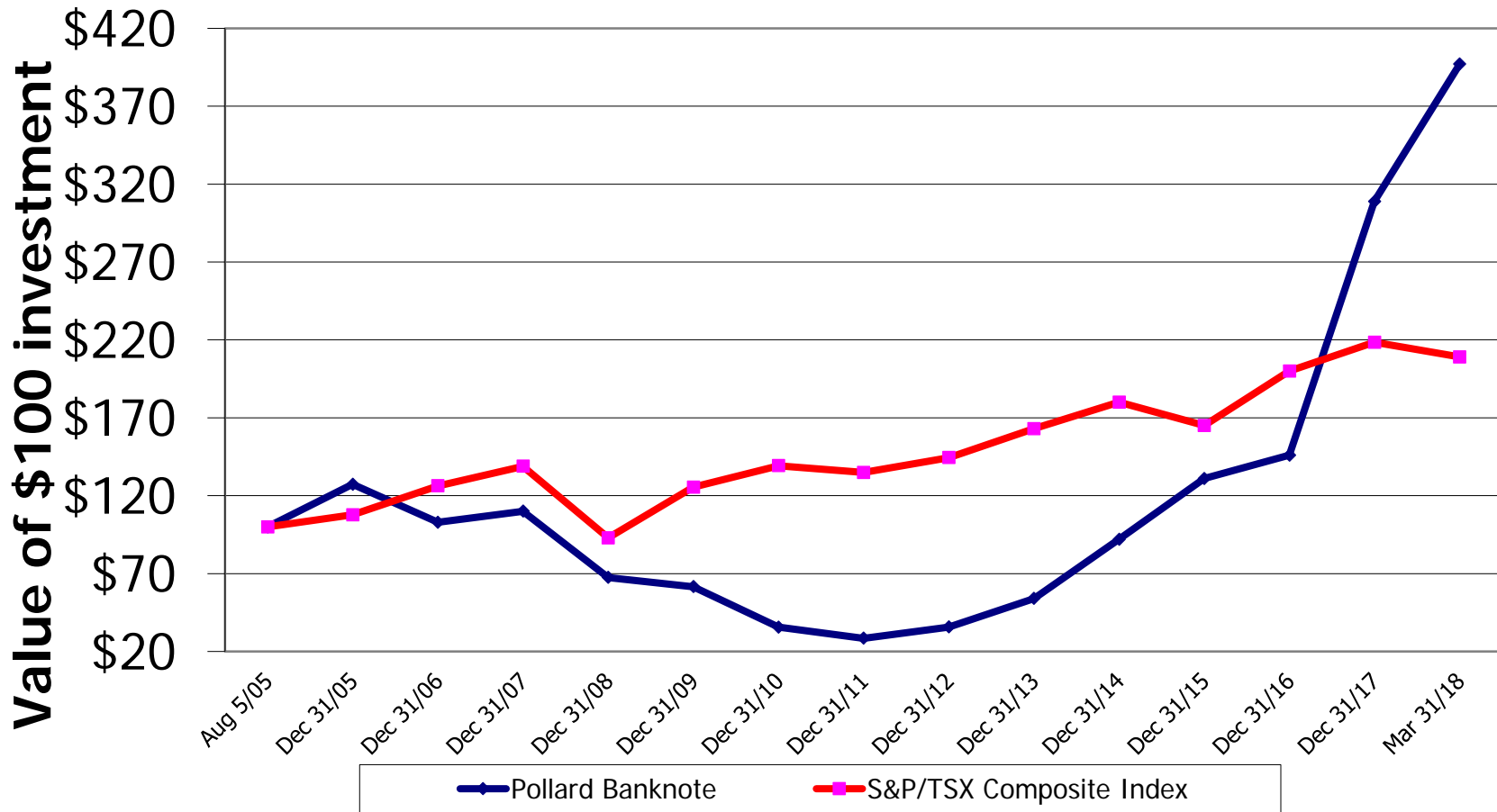


New Businesses

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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