

DISCLAIMER

As of the publication date of this report, Alta Fox Capital Management, LLC and its affiliates (collectively, “Alta Fox”), have long positions in Pollard Banknote Ltd. (the “company” or “PBL”) and Neogames SA (“NGMS”). Alta Fox stands to realize gains in the event that the price of PBL and/or NGMS stock increases. Following publication, Alta Fox may transact in the securities of PBL and NGMS. All expressions of opinion are subject to change without notice, and Alta Fox does not undertake to update this report or any information herein. Please read our full legal disclaimer at the end of this report.

EXECUTIVE SUMMARY

Pollard Banknote (PBL CN) (“Pollard”) is Alta Fox’s favorite risk/reward investment in the market today. We believe that 50% upside to PBL’s current stock price is easily justified based on its economics today being properly understood and valued by the market. Moreover, with conservative estimates, we believe the stock can more than double in the near-term as both the retail and digital lottery businesses accelerate. Our conviction is supported by the following thesis points:

1. **Pollard’s instant ticket lottery manufacturing business (“retail”) is a high-quality, oligopolistic, and recession resistant business run by a competent and incentivized management team with a history of creating significant value for shareholders.** Alta Fox believes this business is conservatively worth 15x 2021 segment EBITDA of \$66.5M CAD supporting a 37 CAD/share valuation (77% of PBL’s current enterprise value).
2. Through their ownership in the NeoPollard (“NPI”) joint venture, **Pollard owns half of the most successful iLottery business in the U.S.** The remaining 50% is owned by Neogames (“NGMS US”) whose recent IPO allows investors to utilize a public valuation to value Pollard’s iLottery business. Alta Fox believes that Pollard’s stake in NPI is conservatively worth 31 CAD/share (65% of Pollard’s current enterprise value).

After adjusting for group level net debt, we believe the combined value of the retail business and iLottery stake is 63 CAD/share, implying 50% upside from Pollard’s recent price of 42.20 CAD.

3. **This investment opportunity exists because the value of Pollard’s iLottery business has not been appreciated by the market due to confusing accounting and sporadic disclosures that make segment financials difficult to discern and model.**
4. **Alta Fox expects the opportunity to become more apparent to investors over the next six months** driven by the following:
 - The release of Alta Fox’s research which explicitly breaks out the retail earnings power from the iLottery segment earnings power.
 - Neogames’ public release of the financials of Neo-Pollard has and will continue to give investors significantly improved disclosure relevant to Pollard’s iLottery segment.
 - Better sell-side coverage and awareness of the value link between Neogames and Pollard. **As investors fully appreciate Pollard’s iLottery earnings power, sell-side and buy-side long-term earnings estimates and target multiples will increase significantly, and the stock should materially re-rate to a more reasonable multiple.**

In summary, if one were to back out the value of Pollard's stake in the Neo-Pollard iLottery business by subtracting Neogames' public market enterprise value (less a 15% discount) from Pollard's current enterprise value, it becomes apparent that investors are able to buy the physical retail lottery business for <7x 2021 EBITDA.

Alternatively, assuming the physical business is worth 15x EBITDA, one can buy Pollard's iLottery business at a 49% discount to its Neogames implied market value.

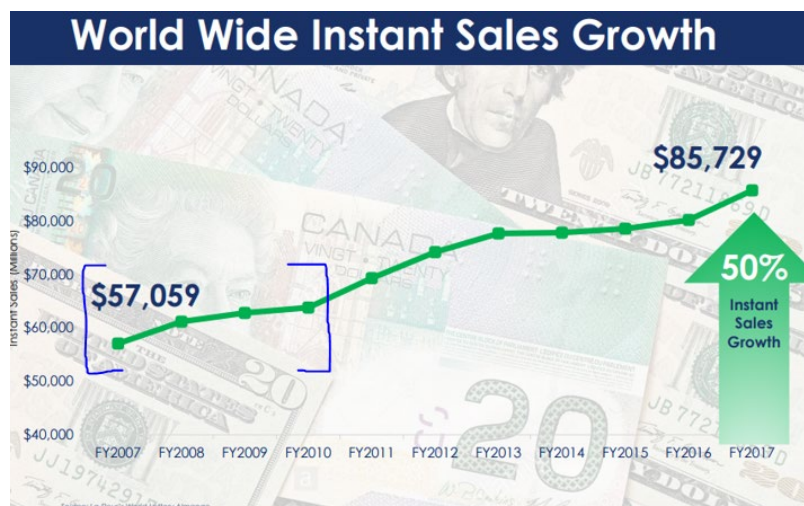
Alta Fox believes that this is a rare opportunity to buy a high-quality business with explosive long-term growth prospects at a significant discount to fair value that should quickly re-rate higher given near-term catalysts serving to remediate temporary investor confusion.

THESIS POINT 1:

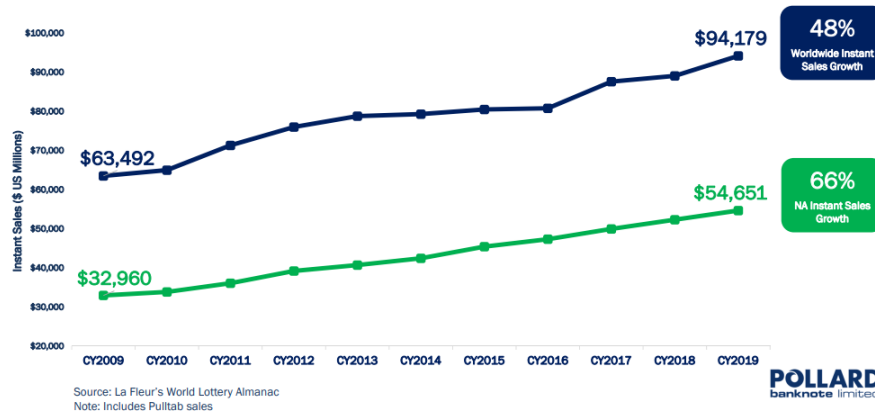
POLLARD'S RETAIL BUSINESS IS HIGH QUALITY, SECULARLY GROWING, AND IS CONSERVATIVELY WORTH 37 CAD/SHARE ON A STAND-ALONE BASIS (77% OF POLLARD'S CURRENT ENTERPRISE VALUE TODAY).

- Pollard's retail business is a beneficiary of exceptionally high barriers to entry
 - Pollard is one of three lottery scratch ticket manufacturers in the US. There have been no new meaningful market entrants for decades driven by a risk adverse customer base (state lotteries) that prefers doing business with established, credible vendors (SGMS, PBL, IGT)
 - Pollard has low customer churn and relationships with the vast majority of US lotteries
 - Regulatory barriers prevent customers from importing scratch tickets, limiting the market to North American manufacturers

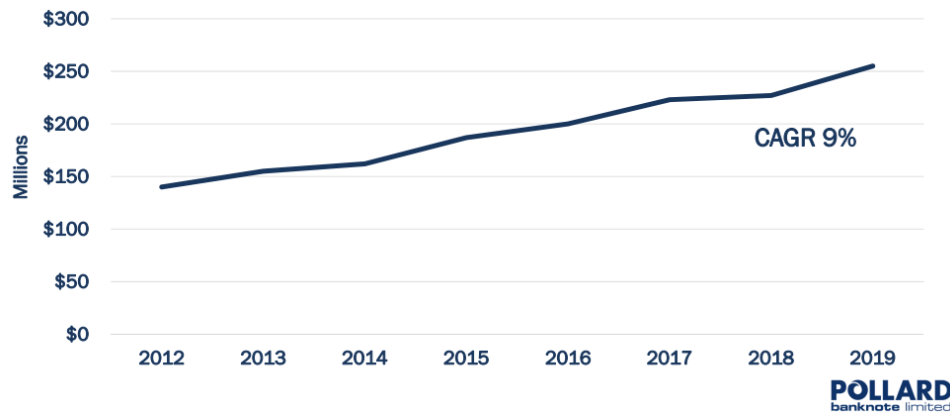
- Pollard has a stable, recession resistant manufacturing business with consistently growing ticket volumes and an entrenched competitive position
 - The global instant ticket market grew each year during the period between 2007-2010, and since FY12 Pollard has seen its instant ticket sales CAGR at 9%.



Instant Ticket Sales Growth

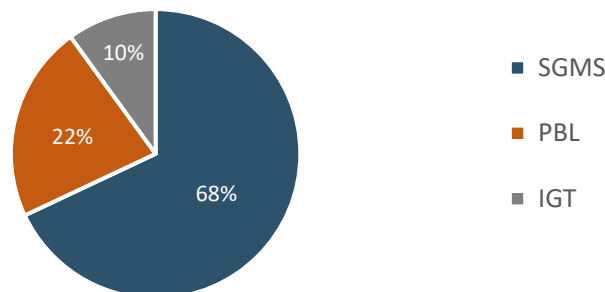


Pollard Instant Ticket Sales



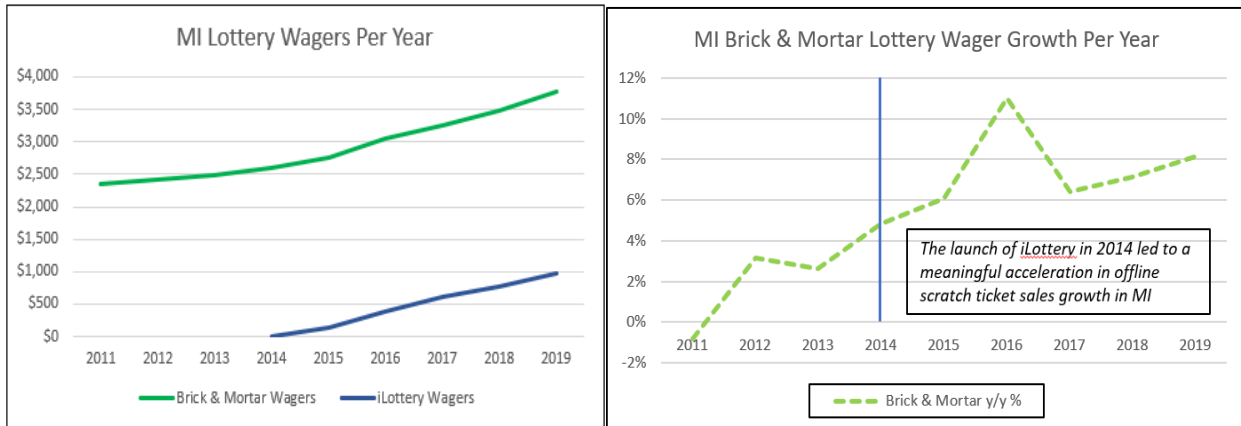
- Pollard's North American market share (as well as the competitors' share) has remained roughly unchanged over the last five years given industry barriers and stability

North American Scratch Ticket Market Share FY19



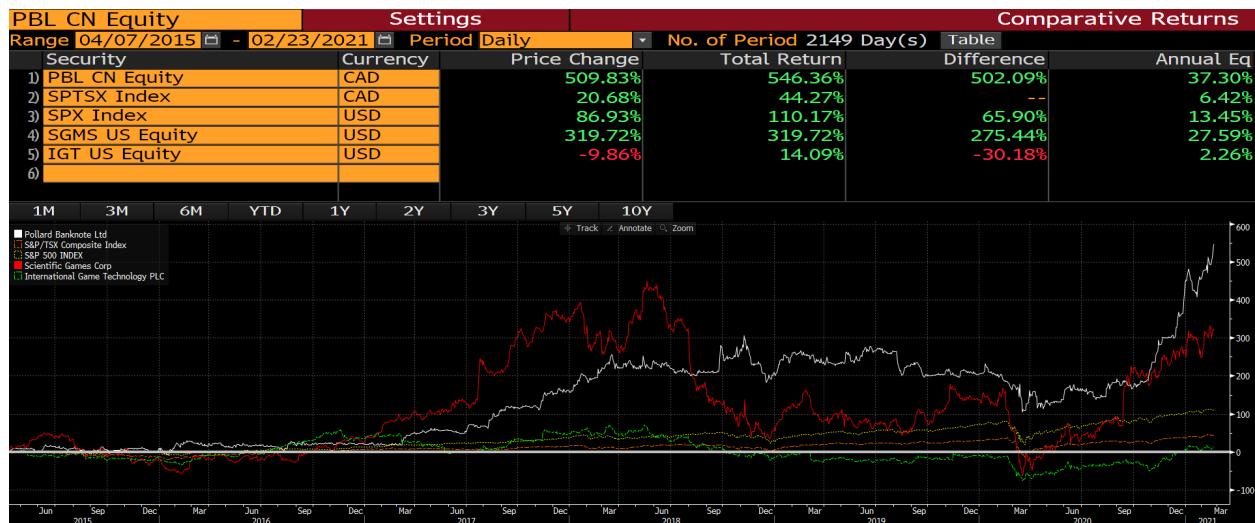
Source: Company Annual Information Forms, Alta Fox Capital Estimates

- While some industry participants initially feared that the growth of iLottery (online lottery ticket sales) would cannibalize retail lottery sales, the opposite has occurred in practice. The introduction of iLottery in states has thus far materially accelerated retail sales growth due to cross-selling of online & offline products through bonusing and other forms of advertising. This is most clearly seen in Michigan (“MI”) following the launch of iLottery in 2014:



Source: MI State Lottery

- The Pollard family has proven to be exceptional stewards of shareholder capital. The family owns 65% of Pollard and has compounded shareholder value at a remarkable 37% per year, far outpacing the S&P 500 as well as other lottery-related assets since April 2015 (post-merger IGT uplisted to the NYSE from the Milan exchange on April 7, 2015).
 - a) Despite this outperformance, the family has *not sold any shares since IPO* and has only reduced its stake through issuing equity for tuck-in acquisitions.



Source: Bloomberg

- At 15x 2021 EBITDA of 66.5M CAD, Pollard's retail business accounts for 77% of the current enterprise value of Pollard and is worth 37 CAD/share.

Valuation Methodology

- Given the high-quality nature of Pollard's retail business, exceptional management team, and accelerating growth of retail tickets from cross-selling with iLottery, we value the retail segment at the high end of lottery industry comps.
- Companies with high barriers to entry attached to secular trends tend to trade at high multiples. As an example, FDJ, the lottery operator in France, trades at 15x NTM EBITDA despite growing organically at a much slower pace than PBL and having significantly lower insider ownership.
- Even the levered, cash-strapped, and poorly run SGMS (for which lottery comprises 25-30% of sales and is arguably its most valuable asset), trades at 11x NTM EBITDA.
- Pollard strikes us as the highest quality name in the industry and deserving of an industry premium. The retail business should be able to grow EBITDA at a high-single digit to low-double digit rate for many years and is recession-resistant. **We believe 15x EBITDA is a very reasonable multiple on both an absolute and a relative basis to use for Pollard's high quality core manufacturing business.**

Model Sheet Currency : CAD (M)	2	FY2019	FY2020	FY2021
Core Biz EBITDA (est) - excludes MI and NPI		56.3	53.2	66.5
y/y %		21%	-5%	25%
EBITDA Margin		15%	14%	15%
EBITDA Multiple		-	15x	15x
Target EV from core biz		-	798.4	997.7
Current EV of PBL			1,299.2	1,299.2
Core biz as % of Current EV			61%	77%
PBL FDSO			27.2	27.2
Core biz EV / share			29	37

THESIS POINT 2:

POLLARD OWNS 50% OF NEOPOLLARD INTERACTIVE (“NPI”), THE MOST SUCCESSFUL ILOTTERY BUSINESS IN THE U.S. THIS IS A HIGH-QUALITY, RAPIDLY GROWING, HIGHLY SCALABLE BUSINESS AND POLLARD’S STAKE IS CONSERVATIVELY WORTH 31 CAD/SHARE (65% OF POLLARD’S CURRENT ENTERPRISE VALUE TODAY).

- NPI is best in class, high quality, and a very scalable business
 - iLottery platforms are excellent business models. The platform provider often participates in a “revenue share” of 15%+ with the lottery, NOT including additional fees paid to that provider for supplying games that the provider has developed (these also participate in a revenue share).
 - These businesses are highly scalable, evidenced by NPI’s high level of profitability today in Michigan and demonstrated 69% incremental *EBIT* margin:

	Jan-Sept 2019	Jan-Sept 2020
Michigan iLotto Rev to NPI	18,062	36,784
Opex	-10,036	-15,835
Michigan EBIT	8,026	20,949
EBIT Margin	44%	57%
<i>Incremental EBIT Margin</i>		69%

Source: NGMS Prospectus

- Contract lengths are frequently over four years and very sticky. Pollard’s Michigan iLottery contract, which was set to expire in 2022, was recently renewed until 2026 well ahead of the contract expiration, providing significant visibility into future earnings for NPI.

Source: Pollardbanknote.com

 - These contracts stipulate pricing rates (based on a revenue share) for platforms & games and are fixed throughout the length of the contract unless stated otherwise.
- NPI supports all the most successful iLottery programs in the US (evidenced by GGR/Capita penetration) by a wide margin.
 - This is even more significant when analyzing penetration levels on a time adjusted basis, given NH and VA’s rapid ramp in iLottery penetration vs peers.
 - NPI’s exceptional relative performance makes it highly likely that it will continue to win iLottery RFPs from states as new iLottery programs are rolled-out.
 - NPI’s exceptional performance is driven by a superior portfolio of games, superior marketing tactics, and superior ongoing execution, customization, and innovation.
 - While SGMS, IGT, and Intralot are over-leveraged diversified businesses strapped for cash, NPI is well capitalized and solely focused on iLottery allowing it to deliver a much better product and service.

States w/ iLottery	Total Wagers / Capita	Retail Instants Wagers / Capita	e-Instant Wagers / Capita	iLottery Penetration	Launch Year	Platform Provider
MI	\$77.80	\$51.57	\$26.23	34%	2014	NPI
NH	\$75.11	\$57.33	\$17.78	24%	2018	NPI
VA	\$51.34	\$41.64	\$9.70	19%	2020	NPI
PA	\$79.64	\$71.35	\$8.29	10%	2018	SGMS
DC	\$24.18	\$22.47	\$1.71	7%	2021	Intralot
KY	\$49.49	\$45.88	\$3.61	7%	2016	IGT
GA	\$95.84	\$92.88	\$2.96	3%	2012	IGT
RI	\$30.98	\$29.97	\$1.01	3%	2020	IGT

Source: IWG 2.11.21 Lottery Conference Presentation, NGMS prospectus

Note that this chart only analyzes states that offer e-instants vs. DBGs only (i.e. North Carolina)

- Conversations with industry experts confirm our views that Neo-Pollard is best in class and is likely to be the long-term winner of the U.S. iLottery market.

Former Neogames (NGMS) Executive (1)

“I'm confident that the majority of new states won will be on the NPI side. It's hard for Scientific Games to compete with what Neo is bringing to the table. NPI's acknowledgment from the industry as supplier of the Year is something that's hard to compete with.”

“NeoPollard lives and breathes iLottery. They don't have any other business. They're working in a start-up mode. Even though it keeps growing, the start-up mode is still there. I remember crazy long days. It was just go, go, go kind of mood. From what I've heard from friends or people that work in IGT and Scientific and in conferences you meet and networks, that's not the atmosphere there at all.”

Former Neogames (NGMS) Executive (2)

“Sci Games and IGT, I don't think they're in a good position as we speak right now. They have other concerns. So it's a good opportunity for NPI win deals.

IGT hasn't been focused on investing big money into the iLottery part of the world and has instead focused on other areas whether it's retail gaming, online casino, or retail lottery.

And for Sci Games, I mean results speak for themselves. Pennsylvania is still not putting up the same results as Michigan or Virginia. A combination of weaker technology, weaker operational skills and a lack of priorities and investment explain this.

Neogames has invested big money into their technology. And I think if you look at the time to market, I don't know any company that in 4 or 5 months would have a solution up and running with a very, very high uptime success and great performance.”

Former International Game Technology (IGT) Employee

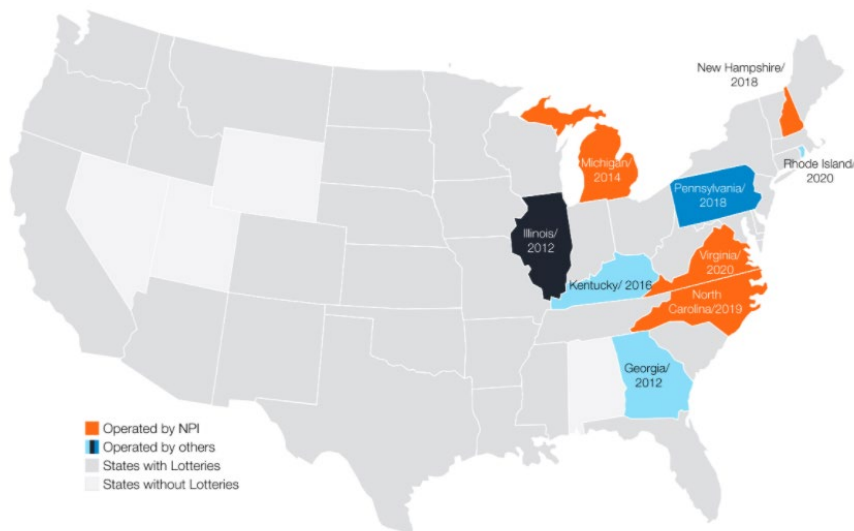
“Neogames is ahead of IGT from a technology standpoint. If you look at IGT and Scientific Games, too, they're heavily invested in legacy infrastructure and technology that's really rooted in 1990's enterprise software. Neogames has got newer technology, a new way of thinking about deploying

technology, which I suspect at least gives them a price advantage in some of these RFP competitions. So, I suspect Neogames is going to be nimbler and cheaper to start-up than traditional competition, which is obviously going to be quite their advantage.

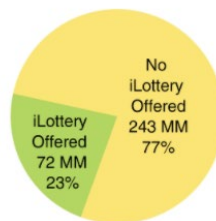
The whole SaaS revolution sort of passed the lottery industry by in many respects. The reason for that is that long-standing legacy technology companies like IGT and Scientific Games are saddled with a ton of debt. There is not a lot of discretionary capital available to invest in sort of replatforming their operations. So therefore, they're kind of stuck with what they've got."

- NPI and the broader iLottery industry in the US are rapidly growing. *We believe this is sustainable throughout the next decade*
 - The iLottery industry is still nascent in the US as the vast majority of US states have yet to legalize online lottery ticket sales and states that have legalized iLottery remain in very early stages of penetration.

Current North America iLottery Landscape



Population in U.S. States with State Lotteries



Source: NGMS Prospectus, La Fleur's, Eilers & Krejcik Gaming

Note that in 2021 Washington DC has introduced iLottery with Intralot and should now be included in the chart above.

- Many industry participants believe it is only a matter of time before most US states have iLottery offerings and that NPI is best positioned to win the majority of upcoming RFPs based on its historical relative performance.
 - We assume that NPI will win 40-50% of all new iLottery RFPs (NPI currently runs 4 of the 10 US iLottery state programs).
 - We assume there will be 2-3 new iLottery RFPs and subsequent launches per year for the next few years (implying NPI wins ~1 new state per year).
 - We believe penetration levels at NPI's existing state lotteries will rise from ~20-30% to ~45-50% by 2030 and that new states won will follow a similar trajectory.
 - In several European countries such as Norway and Finland, iLottery sales already account for 45-50% of total lottery sales.
 - Over the next 10 years, we estimate iLottery revenues for NPI can compound at >20% per year and that the business will achieve EBITDA margins in the low 60% by 2030.
- **Based on a 15% discount to Neogames' current market value, Pollard's stake in NPI is worth 31 CAD/share or 65% of Pollard's Enterprise Value**
 - Given that NPI will account for the vast majority of Neogames' future revenues (~85% by FY26), the value of Pollard's 50% stake in NPI is best encapsulated through the EV of Neogames today (less a 15% discount to reflect Neogames' revenue that is not part of the Neo-Pollard joint venture).

Model Sheet Currency: CAD (M)	2	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
NGMS Stock Price			31.1	31.1	31.1	31.1	31.1	31.1	31.1	31.1	31.1	31.1	31.1
NGMS Shares Outstanding			25.3	25.9	26.4	26.9	27.4	28.0	28.5	29.1	29.7	30.3	30.9
NGMS Market Cap			788.7	804.5	820.6	837.0	853.7	870.8	888.2	906.0	924.1	942.6	961.4
NGMS Net Cash			13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
NGMS EV USD			774.9	790.7	806.8	823.2	840.0	857.0	874.4	892.2	910.3	928.8	947.7
USD/CAD			1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26
NGMS EV CAD			976.4	996.3	1,016.6	1,037.2	1,058.3	1,079.9	1,101.8	1,124.2	1,147.0	1,170.3	1,194.1
Discount to NGMS EV to Back into NGMS' NPI Ownership EV			15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Sanity Check: % of NGMS Rev from NPI			62%	69%	74%	78%	81%	83%	85%	86%	87%	88%	88%
NPI EV CAD			830.0	846.9	864.1	881.7	899.6	917.9	936.5	955.6	975.0	994.8	1,014.9

Model Sheet Currency: CAD (M)	2	FY2019	FY2020	FY2021
NGMS Stock Price			31.1	31.1
NGMS Shares Outstanding			25.3	25.9
NGMS Market Cap			788.7	804.5
NGMS Net Cash			13.8	13.8
NGMS EV USD			774.9	790.7
USD/CAD			1.26	1.26
NGMS EV CAD			976.4	996.3
Discount to NGMS EV to Back into NGMS' NPI Ownership EV			15%	15%
NPI EV CAD			830.0	846.9
PBL Current EV			1,299.2	1,299.2
NPI Value as % of PBL EV			64%	65%
PBL FDSO			27.2	27.2
NPI Implied Valued / Share			31	31

- If investors pay the market-implied rate for NPI based on Neogames' market value, they are effectively paying <7x 2021 EBITDA to own Pollard's high-quality retail business.

Model Sheet Currency : CAD (M)	2	FY2019	FY2020	FY2021
NGMS Stock Price			31.1	31.1
NGMS Shares Outstanding			25.3	25.9
NGMS Market Cap			788.7	804.5
NGMS Net Cash			13.8	13.8
NGMS EV USD			774.9	790.7
USD/CAD			1.26	1.26
NGMS EV CAD			976.4	996.3
Discount to NGMS EV to Back into NGMS' NPI Ownership EV			15%	15%
NPI EV CAD			830.0	846.9
Current EV of PBL			1,299.2	1,299.2
(-) NPI EV			830.0	846.9
Market Implied Value of PBL Core Biz			469.3	452.4
Core Biz EBITDA			53.2	66.5
Market Implied Multiple of PBL Core Biz			8.8x	6.8x

- Another way of framing the valuation case is: if investors pay 15x EBITDA for Pollard's retail business, they are effectively buying NPI at a 49% discount to its implied valuation based on Neogames' current Enterprise Value.

Model Sheet Currency : CAD (M)	2	FY2019	FY2020	FY2021
Core Biz EBITDA (est) - excludes MI and NPI		56.3	53.2	66.5
y/y %		21%	-5%	25%
EBITDA Margin		15%	14%	15%
EBITDA Multiple		-	15x	15x
Target EV from core biz		-	798.4	997.7
Current EV of PBL			1,299.2	1,299.2
Core biz as % of Current EV			61%	77%
PBL FDSO			27.2	27.2
Core biz EV / share			29	37
NGMS Stock Price			31.1	31.1
NGMS Shares Outstanding			25.3	25.9
NGMS Market Cap			788.7	804.5
NGMS Net Cash			13.8	13.8
NGMS EV USD			774.9	790.7
USD/CAD			1.26	1.26
NGMS EV CAD			976.4	996.3
Discount to NGMS EV to Back into NGMS' NPI Ownership EV			15%	15%
NPI EV CAD			830.0	846.9
Current EV of PBL			1,299.2	1,299.2
(-) Target EV of Core Biz			798.4	997.7
(-) PBL net cash			(153.4)	(126.5)
Market Implied Value of NPI from PBL			654.2	428.1
Vs NGMS Market Implied Value of NPI			830.0	846.9
Discount to NGMS Market Implied Value of NPI			-21%	-49%

- We believe Pollard has 50% upside over the next 6 months as investors and analysts better understand this relationship and give Pollard proper credit for its 50% ownership of Neo-Pollard.

Model Sheet Currency : CAD (M)	2	FY2019	FY2020	FY2021
SOTP Valuation using NGMS Public Market Value				
Core Biz (excluding MI) Rev		381	389	442
y/y %		19.7%	2.2%	13.4%
Core Biz EBITDA (est) - excludes MI and NPI		56.29	53.23	66.51
y/y %		20.9%	-5.4%	25.0%
EBITDA Margin		14.8%	13.7%	15.1%
EBITDA Multiple			15.0x	15.0x
Implied EV from core biz			798.4	997.7
NGMS Stock Price			31.1	31.1
NGMS Shares Outstanding			25.3	25.9
NGMS Market Cap			788.7	804.5
NGMS Net Cash			13.8	13.8
NGMS EV USD			774.9	790.7
USD/CAD			1.26	1.26
NGMS EV CAD			976.4	996.3
Discount to NGMS EV to Back into NGMS' NPI Ownership EV			15%	15%
NPI EV CAD			830.0	846.9
Implied EV			1,628.3	1,844.6
(+) net cash			(153.4)	(126.5)
(+) cumulative dividends			-	4.3
Implied Market Cap			1,475.0	1,722.4
FDSO			27.2	27.2
Target Price			54	63
IRR				126.4%
Current Price				(42.2)
Target Price				63.4
Today				2/23/2021
Date FV Realized				8/24/2021
TSR				50%

THESIS POINT 3:

THIS INVESTMENT OPPORTUNITY EXISTS BECAUSE THE VALUE OF POLLARD'S ILOTTERY BUSINESS HAS NOT BEEN APPRECIATED BY THE MARKET DUE TO CONFUSING ACCOUNTING AND SPORADIC DISCLOSURES THAT MAKE SEGMENT FINANCIALS DIFFICULT TO DISCERN AND MODEL.

- Pollard does not explicitly break out total iLottery revenues & earnings anywhere in its financial statements, which has historically made it impossible to assess the performance of NPI.
 - Since the IPO of Neogames in November 2020, there is significantly greater clarity in Neo-Pollard's financial results. Now that NPI's sales and profitability are no longer secrets, we believe Pollard will start explicitly breaking out iLottery sales and earnings which will allow

investors to better value the business and will serve as a catalyst for PBL's stock price to re-rate higher.

- Even with the data from Neogames, the reconciliation remains confusing because of the following:
 - MI is included in Pollard/Neogames revenues because it is not technically part of the NPI JV (the MI RFP was won under Pollard's name, but the economics are still 50/50 while the rest of NPI's wins were under the NPI JV with 50/50 economics).
 - Because NPI is a JV, those results show up in Pollard's other expenses (income) – *these results do not include MI*.
- How to put the pieces together:
 - The only place where investors can find NPI's historical earnings power in Pollard's reports has been in its other expenses line item under "loss on equity investment". Michigan is not broken out in revenues/earnings and NPI revenue is also not disclosed.

PBL Accounting for NPI Losses (loss on equity investment, CAD 000s)

18. Other expenses:

	2019	2018
Loss on equity investment (note 9)	\$ 3,942	\$ 2,631
EBITDA support agreement income	(2,000)	(2,000)
Other expenses (income)	13	(167)
	<u>\$ 1,955</u>	<u>\$ 464</u>

- Using information in the Neogames prospectus, investors can clearly discern what Michigan's revenues/earnings are and what NPI's revenue is.

MI P&L ONLY
(excludes NPI)

	For the year ended December 31,		
	2019	2018	2017
	U.S. dollars (in thousands)		
Revenues (100%)	\$ 24,665	\$ 20,675	\$ 17,380
Total operating expenses (100%)	(14,264)	(13,361)	(10,642)

NPI P&L ONLY
(excludes MI)

	For the year ended December 31,		
	2019	2018	2017
	U.S. dollars (in thousands)		
Revenues	\$ 3,740	\$ 1,127	\$ 428
Distribution expenses	10,480	4,447	2,346
Selling, general and marketing expenses	1,067	293	359
Depreciation and amortization	335	224	138
Net and comprehensive loss (100%)	(8,142)	(3,837)	(2,415)
Net and comprehensive loss (50%)	(4,071)	(1,919)	(1,208)
Adjustments	147	21	(21)
Share in losses of NPI (50%)	(3,924)	(1,898)	(1,229)
Funding of NPI	\$ 4,214	\$ 2,149	\$ 901

- Using information from both Neogames and Pollard we can back into reasonable estimates for what % of Pollard’s total reported revenue and earnings power is coming from iLottery.
 - Note that PBT from NPI, which has been a drag on profitability since 2017, is now inflecting positively.
 - We believe Pollard analysts are missing this key inflection and growth in future years in their forecasts.

CAD (M)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Revenue	221.03	246.41	285.65	331.87	397.84	419.41	471.66	514.97	558.09	603.04	650.78	701.45
y/y %		11%	16%	16%	20%	5%	12%	9%	8%	8%	8%	8%
Revenue from iLottery in Michigan	2.69	6.97	11.30	13.44	16.68	30.02	30.02	31.43	35.18	38.34	41.77	44.67
y/y %		159%	62%	19%	24%	80%	0%	5%	12%	9%	9%	7%
Revenue from Core Pollard Biz	218.34	239.45	274.36	318.43	381.16	389.39	441.64	483.53	522.91	564.69	609.01	656.77
y/y %		10%	15%	16%	20%	2%	13%	9%	8%	8%	8%	8%
Sanity Check: Revenue from NPI ex-MI			0.00	0.75	2.54	9.80	33.48	54.57	78.37	104.29	128.64	153.60
Sanity Check: total iLottery Rev	2.69	6.97	11.30	14.18	19.23	39.82	63.50	86.00	113.55	142.63	170.41	198.27
Total EBITDA (mgmt adjusted- includes NPI)	26.76	29.72	39.57	48.75	60.22	71.24	91.85	111.06	134.20	158.12	183.69	210.12
y/y %			33%	23%	24%	18%	29%	21%	21%	18%	16%	14%
EBITDA from iLottery in Michigan	0.00	0.35	4.94	4.84	7.87	18.01	19.51	20.43	22.87	24.92	27.15	29.04
y/y %			1320%	-2%	63%	129%	8%	5%	12%	9%	9%	7%
Implied EBITDA margin	0%	5%	44%	36%	47%	60%	65%	65%	65%	65%	65%	65%
PBT from NPI			-1.73	-2.63	-3.94	0.00	5.83	16.94	30.53	44.74	60.11	75.96
EBITDA from MI + NPI	0.00	0.35	3.22	2.21	3.93	18.01	25.34	37.37	53.40	69.66	87.26	105.00
y/y %			824%	-31%	78%	359%	41%	47%	43%	30%	25%	20%
Implied EBITDA margin	0.0%	5.0%	28.5%	15.6%	20.4%	45.2%	39.9%	43.5%	47.0%	48.8%	51.2%	53.0%
MI+NPI as % of PBL Total EBITDA	0.0%	1.2%	8.1%	4.5%	6.5%	25.3%	27.6%	33.7%	39.8%	44.1%	47.5%	50.0%
EBITDA from Core Pollard Biz	26.76	29.37	36.35	46.54	56.29	53.23	66.51	73.68	80.80	88.46	96.43	105.13
y/y %		10%	24%	28%	21%	-5%	25%	11%	10%	9%	9%	9%
Implied EBITDA margin	12.3%	12.3%	13.3%	14.6%	14.8%	13.7%	15.1%	15.2%	15.5%	15.7%	15.8%	16.0%
Core Biz as % of PBL Total EBITDA	100.0%	98.8%	91.9%	95.5%	93.5%	74.7%	72.4%	66.3%	60.2%	55.9%	52.5%	50.0%

THEESIS POINT 4:

NOW THAT NPI'S EARNINGS POWER HAS BEEN PUBLICLY REVEALED, WE THINK IT IS LIKELY THAT MANAGEMENT WILL BREAK OUT PBL'S ILOTTERY REVENUE/EARNINGS GOING FORWARD, ALLOWING INVESTORS AND SELL SIDE ANALYSTS TO EASILY VALUE EACH SEGMENT LIKELY RESULTING IN A SIGNIFICANT MULTIPLE RE-RATING FOR POLLARD AND LONG-TERM CONSENSUS EARNINGS UPGRADES.

- We value Pollard’s 50% stake in NPI at 21x 2021 EBITDA. We believe this is conservative as it represents a 20% discount to Neogames’ 2021 EBITDA multiple of 26x.
 - Realistically we could see Neogames trading at 30x+ NTM EBITDA and Pollard’s stake in NPI trading at 25x+ NTM EBITDA.
 - **Similar B2B platforms in the iCasino industry with less sticky customers, lower take rates, and much higher levels of competition, trade at much higher multiples than Neogames’ market implied multiple.**
 - We expect Neogames to see its multiple re-rate higher once its growth story is better known by the investor community, and we expect to see Pollard re-rate along with it.

	2021E Sales Multiple	2021E EBITDA Multiple
GAN US	11x	86x
BRAG CN*	14x	72x
NGMS US	10x	26x
PBL NPI Ownership AFC Valuation	8x	21x

*BRAG CN sales valuation excludes low margin distribution revenue sales

GAN uses consensus estimates while PBL, NGMS, and BRAG are AFC estimates

Model Sheet Currency: CAD (M)	2	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
iLottery EBITDA (est)		7.9	18.0	25.5	37.8	54.2	70.9	88.9
y/y %		62.6%	128.9%	41.6%	48.4%	43.3%	30.7%	25.4%
iLottery MI		7.9	18.0	19.5	20.4	22.9	24.9	27.1
iLottery NPI Current customers			-	4.4	12.4	21.0	28.0	35.2
iLottery NPI New customers			-	1.6	5.0	10.4	18.0	26.6
EBITDA Multiple			21.0x	21.0x	21.0x	21.0x	21.0x	21.0x
Implied EV from iLottery		-	378.3	535.5	794.5	1,139.0	1,488.6	1,867.1
Vs PBL Current EV			1,299.2	1,299.2	1,299.2	1,299.2	1,299.2	1,299.2
<i>iLottery as % of Current EV</i>			29%	41%	61%	88%	115%	144%

- Our long-term analysis of Pollard conservatively yields 106% upside and a 2023 IRR of 36% as iLottery scales rapidly and becomes appreciated by the market.

Model Sheet Currency: CAD (M)	2	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
SOTP Valuation							
Core Biz (excluding MI & NPI) EBITDA		56.29	44.93	66.51	73.68	80.80	88.46
y/y %		20.9%	-20.2%	48.1%	10.8%	9.7%	9.5%
EBITDA Multiple			15.0x	15.0x	15.0x	15.0x	15.0x
Implied EV from core biz			673.9	997.7	1,105.3	1,212.0	1,326.9
Vs PBL Current EV			1,299.2	1,299.2	1,299.2	1,299.2	1,299.2
<i>iLottery as % of Current EV</i>			52%	77%	85%	93%	102%
iLottery EBITDA (est)		7.9	18.0	25.5	37.8	54.2	70.9
y/y %		62.6%	128.9%	41.6%	48.4%	43.3%	30.7%
iLottery MI		7.9	18.0	19.5	20.4	22.9	24.9
iLottery NPI Current customers			-	4.4	12.4	21.0	28.0
iLottery NPI New customers			-	1.6	5.0	10.4	18.0
EBITDA Multiple			21.0x	21.0x	21.0x	21.0x	21.0x
Implied EV from iLottery		-	378.3	535.5	794.5	1,139.0	1,488.6
Vs PBL Current EV			1,299.2	1,299.2	1,299.2	1,299.2	1,299.2
<i>iLottery as % of Current EV</i>			29%	41%	61%	88%	115%
Implied EV			1,052.1	1,533.2	1,899.8	2,350.9	2,815.6
(+) net cash			(153.4)	(126.5)	(65.4)	12.0	106.2
(+) cumulative dividends			-	4.3	8.7	13.0	17.4
Implied Market Cap			898.8	1,411.0	1,843.1	2,376.0	2,939.2
FDSO			27.2	27.2	27.2	27.3	27.4
Target Price			33.1	52.0	67.7	87.1	107.4
IRR				82%	42%	36%	32%
Current Price			(42.2)	(42.2)	(42.2)	(42.2)	(42.2)
Target Price			33.1	52.0	67.7	87.1	107.4
Today			2/23/2021	2/23/2021	2/23/2021	2/23/2021	2/23/2021
Date FV Realized			6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
TSR			-22%	23%	60%	106%	155%

- Sell side analysts to date have failed to value Pollard’s ownership in NPI through Neogames’ enterprise value or perform a SOTP analysis breaking out the iLottery segment versus the retail segment.
 - 1) For example, the Raymond James’ initiation (2/11/2021) only mentioned Neogames once, NPI zero times, and valued the *entire* Pollard business at 13x 2022 EBITDA. This is completely baffling and is illustrative of the investor confusion in this name. The Pollard family has run this business extremely well over time and created tremendous value, but they are certainly not guilty of being promotional.
 - 2) Canaccord comes the closest to breaking out segments by correctly mentioning Michigan is doing ~18M in EBITDA and using Neogames’ current multiple in a SOTP valuation for PBL. However, their analysis is flawed and will still lead to further numbers and multiple increases as:
 1. NPI’s rapid growth and inflection on profitability is ignored and implicitly assigned 0 value.
 2. Canaccord values Pollard on **consolidated** EBITDA vs a segment EBITDA (and does not attempt to explicitly break out segment EBITDA).
 3. Canaccord uses a consolidated multiple of 16x EBITDA in their valuation. They justify this with 30% * 30x EBITDA (NGMS’ forward multiple at the time of the report) +70% * 10x EBITDA (multiple assigned to PBL’s core retail business).
 - a) Using 2021’s EBITDA mix for the multiple weighting does not reflect the mix of *value* today, given the rapidly growing iLottery business. In 5 years, we project that the EBITDA weighting will be closer to 50%/50% instead of 30%/70%. This analysis alone would take Canaccord’s consolidated multiple from 16x to 20x EBITDA.
 - b) State lottery data has shown that introducing iLottery *accelerates* physical retail lottery sales. Canaccord’s 10x EBITDA multiple does not reflect accelerating retail sales or assign appropriate credit to the high-quality characteristics of the business and management team.
 4. Canaccord does not use Neogames’ enterprise value as a tool to back into the market-implied value of Pollard’s ownership in NPI. This is a useful sanity check that shows the failures of Canaccord’s approach.

While the market has begun to wake up to the value of iLottery, as reflected in NGMS’ valuation, PBL analysts have yet to put the pieces together.

- **Based on their price targets and valuation methodologies (multiple on consolidated EBITDA / DCF) it is clear to us that sell-side analysts covering Pollard have not explicitly modeled out NPI’s future earnings contribution to Pollard.**
 - a) *All of our EBITDA upside vs consensus in FY 2022 comes from high margin, rapidly growing, high multiple iLottery earnings:*

	Consensus 2022E	AFC 2022E	% Difference	Rationale
Revenue	507.5	515.0	1%	<i>NPI is not included in revenue given its JV status which is why our #s are comparable</i>
EBITDA	93.8	111.1	18%	<i>Consensus is not appropriately modeling NPI's inflection in earnings power</i>

- While investors could theoretically short Neogames and go long Pollard to “arbitrage” the market mispricing, we do not think that is the best way to capitalize on the opportunity. We are extremely bullish on iLottery and NPI’s competitive position in the US and as a result are also long Neogames (though we prefer Pollard given the quality of the retail business and the lower implied valuation). Neogames is more leveraged to NPI’s success than Pollard as NPI is a much larger percentage of Neogames’ revenue and earnings power. As NPI continues to grow rapidly, we expect both Pollard and Neogames’ share prices to appreciate significantly.

CATALYSTS

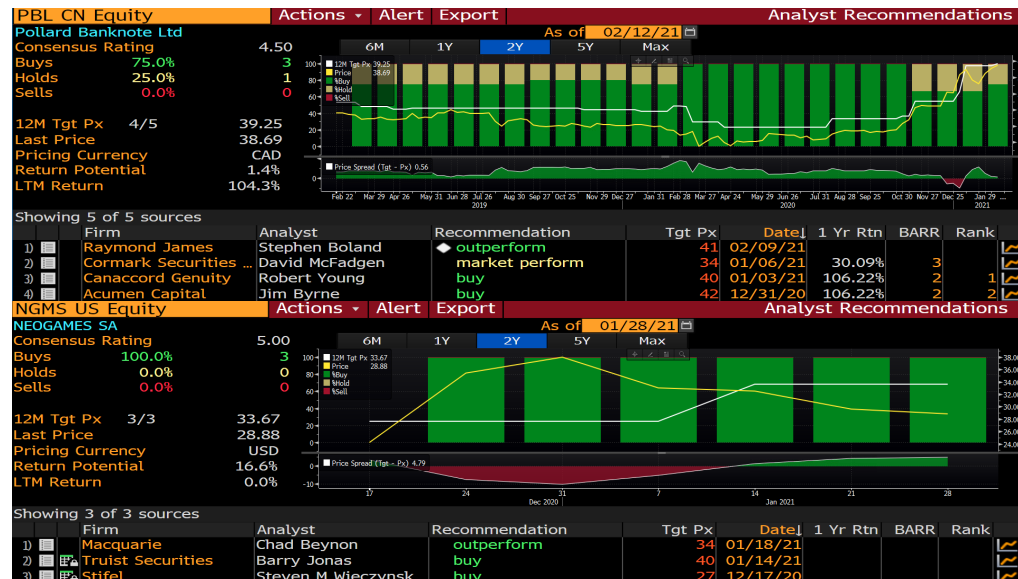
- Pollard potentially breaking out segment financials clearly showing iLottery revenue and earnings power
 - As early as in this coming annual report, Pollard could provide transparency around its sales and profit contribution from iLottery, inclusive of MI sales/earnings which have historically not been broken out. No sell side reports today have attempted to forecast retail vs iLottery sales/EBITDA and value each separately or value PBL through NPI’s implied market value using NGMS’ stock price.
 - **No one is doing these analyses on Pollard and therein lies the opportunity.**
 - Following potential increased disclosure from management surrounding segment financials, sell side analysts will be able to more accurately model and value PBL’s iLottery earnings.
- NPI going from loss making to highly profitable
 - NPI is on track to breakeven this year and should start seeing significant benefits of operating leverage next year. This will provide significant long-term upside to consensus estimates *even if analysts were to continue to value PBL on consolidated EBITDA.*
- NPI winning contracts for new states’ iLottery offerings
 - Many industry participants have cited their beliefs that the retail challenges imposed by Covid19 will serve as a catalyst for new states to expedite the legalization and roll-out of iLottery sales.
 - We believe NPI will win the majority (40-50%) of all new state iLottery RFPs vs competitors IGT and SGMS given its superior performance.
 - We believe Neo-Pollard has a high chance of winning Ohio’s RFP for iLottery (deliberation currently ongoing) this year.
 - SGMS seems to be talking down expectations of new state wins to analysts and furloughed ~40% of its digital technology team during COVID, significantly hampering their digital efforts, an unlikely move if they were on the verge of winning a meaningful iLottery contract.
 - We have been tracking Neogames job postings monthly. These postings have doubled in the last two months.
 - We believe these facts make it highly likely that NPI will win Ohio’s RFP for iLottery.

NGMS Jobs Posted as of 12.9.20	NGMS Jobs posted as of 2.9.21
<p style="text-align: center;">Tel Aviv</p> <p>BI Product Owner – 1087</p> <p>Automation Engineer – 1088</p> <p>Product Owner – 1096</p> <p>Project Manager – 1097</p> <p>Senior Infrastructure (Application) Developer – 1098</p> <p>.NET Team Leader – 1099</p>	<p style="text-align: center;">Israel</p> <p>Product Owner – 1096</p> <p>Senior Infrastructure (Application) Developer – 1098</p> <p>Games Math Designer – 1100</p> <p>.NET Back-end Developer – 1101</p> <p>Games Success Manager – 1102</p> <p>Front-end Team Leader – 1103</p> <p>.NET Developer – 1106</p> <p>Applicative DBA – 1107</p> <p>Corporate Legal Counsel – 1109</p> <p>NOC Engineer (work in shifts) – 1110</p> <p>Hi-tech Company Bookkeeper – 1111</p> <p>Mid/Senior C# Developer – 1112</p> <p>IT Help Desk – 1113</p> <p>Data Warehouse DBA – 1114</p> <p>Games Analyst – 1115</p> <p>Junior Games Analyst – 1116</p>
<p style="text-align: center;">Ukraine</p> <p>Senior Front-end Developer</p> <p>Manual QA Engineer</p> <p>DevOps Engineer</p> <p>C# Automation Engineer for OPS team</p> <p>QA Automation C#</p> <p>Technical Product Owner/System Analyst</p> <p>Project Manager</p> <p>Production System Administrator</p> <p>Senior/Middle .NET Developer</p>	<p style="text-align: center;">Ukraine</p> <p>Senior Front-end Developer</p> <p>Manual QA Engineer</p> <p>Lead DevOps Engineer</p> <p>C# Automation Engineer for OPS team</p> <p>Solution/Software Architect</p> <p>Recruiter</p> <p>Senior NOC Engineer</p> <p>QA Automation C#</p> <p>Technical Product Owner/System Analyst</p> <p>Senior .NET Core Developer</p> <p>Production System Administrator</p> <p>MS SQL Server DBA Production</p> <p>Senior/Middle .NET Developer</p> <p>Database Developer</p> <p>Senior JS Games Developer</p>

- Perception of acquisition of Next Generation Lotteries (“NGL”) moving from “defensive” to “highly synergistic.”
 - Pollard acquired NGL in December 2020 for 50M CAD. Sell side analysts estimate that this business is earning no more than 10M CAD in annual revenues and is ~break-even today. Pollard keeps 100% of the economics with NGL (full owned) vs 50% with NPI (JV).
 - NGL possesses a very competitive iLottery platform & game portfolio and supports major state lotteries in Europe (such as in Spain and Norway) but has historically struggled with customer acquisition. This compares to Pollard’s core strength of customer acquisition and core weakness of limited internal technology.
 - NGL’s revenues are *not* included in our iLottery segment revenues for Pollard given we have limited information about the asset and its growth profile. However, in the hands of PBL’s

capable management team NGL could very well surprise to the upside in a way that is not accounted for in our estimates or valuation.

- Pollard announced NGL's first contract win post acquisition on 2.18.21 with the Danish lottery Landbrugslotteriet for a full platform solution. The more contracts NGL wins, the more the story flips from NGL being a defensive acquisition (elaborated on in risks section) to a highly revenue synergistic acquisition.
 - We believe it is highly likely that investors eventually put an iLottery multiple on NGL's iLottery revenue and earnings, assuming it is broken out separately.
- Positive Neogames stock price performance
 - ~85% of Neogames' future earnings (earnings contribution from NPI) will also be earned by Pollard, so as the value of Neogames rises in the stock market as investors begin becoming aware of the business, the market value of Pollard's stake in NPI will rise as well.
- Earnings beats
 - Our channel checks indicate that January was a record month for iLotteries across the US, with MI iLottery sales up over 25% in January 2021 vs December 2020 (this compares to our estimate of MI iLottery sales as flat in 2021 vs 2020 given the uncertain impact of the launch of iCasino).
- Initiation of coverage on Pollard by Neogames analysts
 - None of the analysts covering Neogames cover Pollard, despite the Neogames analysts also covering Pollard's industry competitors such as SGMS and IGT. This is curious because doing the research to understand Neogames is over half of the work to understand Pollard.



- Uplist to a major US exchange

- ~60% of Pollard's revenues today are from the US, and that will only increase going forward as NPI grows as a % of revenues.
- Pollard has demonstrated that it can deploy capital for acquisitions and still grow EPS. Should Pollard ever want to use its stock as currency to make a large acquisition, an uplist to a US exchange in conjunction with a capital raise would result in phenomenal multiple expansion and less dilution for existing shareholders. This is likely to also result in additional sell side coverage, more liquidity, and more investor awareness.

WHY POLLARD HAS BEEN OVERLOOKED BY INVESTORS

- NPI's results are obscured in financials and are only apparent through the close reading of Neogames' prospectus and state lottery filings.
 - Pollard is not thought of as an asset light iLottery business despite our belief that >50% of its earnings power will come from iLottery in 5 years.
- Pollard does not trade on a major exchange (TSX).
- Small cap <\$1B USD market cap
- Low float due to high insider ownership.
 - Difficult for larger investors to build a position given the average value traded per day of \$200k throughout 2020 (though this has picked up to ~\$1.2M in 2021 YTD).
- Limited sell side coverage with smaller banks covering Pollard.

KEY RISKS

- iCasino cannibalization of iLottery, particularly in Michigan where iCasino launched in January 2021
 - Mitigant:
 - While it is possible that Michigan iLottery sales go from exceptional growth from 2014-2020 to low or even negative growth in 2021 as it now must compete with iCasino, we already account for this in our numbers by assuming 0% growth in 2021 for MI iLottery (which we believe is *very* conservative). Longer-term we believe the two can coexist and grow together due to different marketing and cross-selling angles.
 - Despite iCasino launching in MI on Jan 22, 2021, January iLottery GGR in MI was at a record high, growing 25% month/month and 140% y/y
 - iLottery & iCasino case study: PA
 - The only other state to date to have both iLottery and private iCasino competition has been PA
 - iLottery launched Summer of 2018
 - iCasino launched Summer of 2019
 - **From the period of July 2019 to June 2020, iLottery sales in PA still managed to grow 90%, and are forecast *by the lottery* to grow 30% from July 2020 to June 2021**
Source: PA State Lottery

- Loss of major iLottery contracts
 - Mitigant:
 - NPI's most important contract (MI) was coming up for renewal in 2022. This was renewed ~1.5 years ahead of schedule when Pollard announced it had extended its agreement an additional 4 years to 2026.
 - NPI has not lost a contract to date and its iLottery performance has been best-in-class in every state that has launched instant tickets.
 - Platform switching costs are high, requiring significant technology investments to accomplish and risking high customer churn as platform changes often require customers to reupload sensitive information.

- Take rate pressure on iLottery
 - Mitigant:
 - We account for this in our numbers by assuming average revenue share rates come from ~21% today to ~16% by 2030.
 - While we believe take-rate pressure is prudent to model in a base case, we could be far too aggressive in our pricing pressure analysis given the long-term nature of these contracts and the consolidated nature of the iLottery market today (NPI, SGMS, IGT are the only main players).

- Neogames could potentially attempt to compete for iLottery contracts under Neogames instead of under NPI. The upside for Neogames would be capturing 100% of the economics instead of 50%.
We believe this is an unlikely scenario for the following reasons:
 - NGMS would effectively be creating a legitimate 4th competitor in the market as PBL would inevitably go head-to-head with them following PBL's acquisition of NGL. PBL would be the best capitalized player in the market, able to reinvest retail lottery FCF back into iLottery development.
 - Neogames risks alienating and losing all its existing customers, as well as the opportunity to participate in future RFPs, by walking away from Pollard given Pollard's reputation in the industry as a reliable and trusted partner. NGMS would likely lose their most valuable contract – Michigan – which was won under Pollard's name and not under NPI.
 - The market is in land-grab mode and NPI is in the driver seat with great relationships, the best track record, and best technology. There is no incentive for either party to "rock the boat" when the partnership has already performed so well and is expected to grow significantly throughout the next decade.
 - The unusual lack of structure in the NPI JV does not prevent Neogames from competing under its own bid in certain states while continuing to operate NPI in other states. This structure is not ideal for PBL, but it is working and NGMS has yet to submit any US iLottery RFPs under its own bid. We believe that NGMS and PBL's futures will be intertwined for the foreseeable future under the NPI JV.

SUMMARY

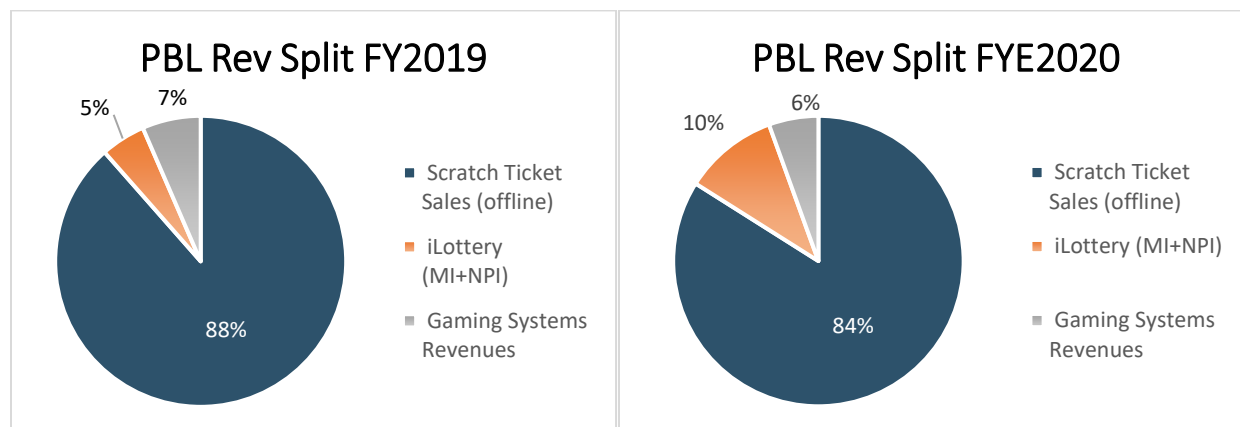
Pollard is a high quality, off the radar business trading at a steep discount to fair value. Pollard has limited downside risk given the stability and growth of its core manufacturing business and significant upside potential from iLottery execution over the next decade. Investors today can buy Pollard’s core manufacturing business at <7x EBITDA, and with conservative assumptions, we expect an investment in Pollard to yield a 36% IRR through 2023 assuming a target price of 87 CAD/share.

Disclaimer: Alta Fox has long positions in both Pollard and Neogames

APPENDIX

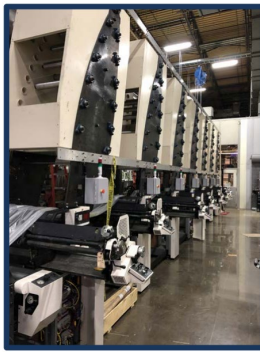
Pollard Business Background

1. Pollard was founded in 1907 as a small commercial printing business (Saults & Pollard). In the 1980s the Pollards saw the writing on the wall for their industry and pivoted into another use for their printers: Lottery tickets.
2. Scratch tickets for lotteries were invented in 1974 and over the next three decades Pollard managed to become the #2 scratch ticket manufacturer in the US with 22% market share. Pollard’s market share in lottery scratch tickets has remained stable over the last few years and this represents the vast majority of Pollard’s revenues.



Alta Fox Capital Estimates include FY20 revenues and FY19-FY20 iLottery revenues

Expanding Original Press - Ypsilanti



Enhanced finishing equipment - Winnipeg

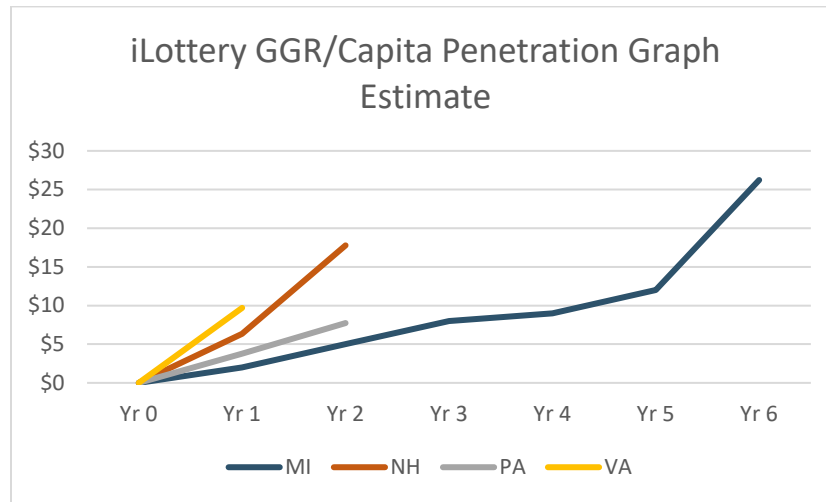


3. Pollard went public in 2005 taking advantage of tax laws in Canada that allowed the family to sell some of its equity without getting penalized for it. The family sold ~25% of their holdings in the IPO, yet 15 years later still own 65% of the company and have sold zero shares.

4. Pollard & Neogames started working together in the early part of the 2010s following the DOJ regulatory change in 2011 that determined that online channels for lottery products were not restricted under the wire act (<https://www.playusa.com/us/wire-act/>). Neogames had the iLottery technology backbone while Pollard had strong relationships with many North American state lotteries which together gave the JV a good chance at competing for their iLottery RFPs.
 - Pollard and Neogames stunned competitors by winning Michigan’s iLottery business in 2014 over IGT and SGMS. Since then, NPI has gone on to win 4/10 states in which iLottery has been legalized.
 - Importantly, iLottery has been found to increase offline lottery sales due to cross selling that incentivizes players to play in both channels (i.e. giving bonuses to iLottery for buying physical scratch tickets and vice versa).
 - After iLottery launched in Michigan in 2014, total physical lottery ticket sales saw growth meaningfully increase when compared to the period prior to the launch of iLottery.

MI Lottery Wagers by Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Brick & Mortar Wagers	2,359	2,340	2,413	2,476	2,596	2,753	3,056	3,252	3,484	3,768
Brick & Mortar y/y %		-1%	3%	3%	5%	6%	11%	6%	7%	8%
iLottery Wagers					4	146	385	613	770	961
y/y %						3635%	163%	59%	26%	25%
Total Wagers	2,359	2,340	2,413	2,476	2,600	2,918	3,489	3,943	4,348	4,846
y/y %		-1%	3%	3%	5%	12%	20%	13%	10%	11%
iLottery Wagers as % of Total Wagers						5%	11%	16%	18%	20%

- MI remains the most successful iLottery to date based on total GGR/Capita (wagers (–) payouts), though major recent states launches have shown superior GGR/capita trajectories as both iLottery platform providers and state lotteries have become more efficient at running their iLottery operations.
 - i. NPI supports MI, NH, and VA, while SGMS supports PA.



*Source: La Fleurs Data, IWG data for MI & VA run-rate GGR/Capita

UNIT ECONOMICS OF MANUFACTURING BUSINESS

- Steady state economics of physical instant ticket lottery business:
 - This is a high volume, low margin business with tickets selling on average for less than 2 pennies. However, as tickets become more elaborate and differentiated, Pollard may have average selling price (ASP) upside optionality over time.

PBL Unit Economics

Volume of Tickets Sold by PBL	FY16	FY17	FY18	FY19
Instant Tickets (B)	12.3	13.3	13.5	14.6
Bingo Cards (B)	3.5	3.3	3.5	3.7
Pull-tab Tickets (B)	0.8	0.8	2.1	2.4
Total Tickets Sold	16.6	17.4	19.1	20.7
PBL est Rev from Physical Ticket Sales (CAD B)	0.355	0.358	0.394	0.419
Implied Avg Rev / Ticket (CAD)	0.021	0.021	0.021	0.020
Gross Margin	20%	20%	20%	20%
Implied Avg Gross Profit / Ticket (CAD)	0.004	0.004	0.004	0.004

- With such low ASPs, Pollard is only netting a ~20% gross margin. However, given the scale of its business, Pollard manages to leverage its operating expenses and earn a low-teens EBITDA margin.
- Revenues can vary from quarter to quarter based on timing of large lottery ticket orders from states, but over the long-term Pollard's instant ticket revenues have grown at a HSD organic CAGR.
- US lotteries are all run by state monopolies, and 44* of the 50 US states have lotteries today. These lotteries are extremely risk adverse, making it exceptionally difficult to win their business if you are not a pre-existing industry player. It is also *illegal to import lottery tickets to the US*

from overseas (excluding Mexico and Canada) which further limits price competition.

Source: Playport.com

- Typical scratch ticket contracts are 5-6 years long and often renewed early, but do not guarantee volumes or pricing. Contracts merely guarantee a business relationship between the manufacturer (Pollard) and state lottery.

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