Condensed Consolidated Interim Financial Statements of

POLLARD BANKNOTE LIMITED

(unaudited)

Nine months ended September 30, 2025

These condensed consolidated interim financial statements have not been audited or reviewed by the Company's independent external auditors, KPMG LLP.

Pollard Banknote Limited
Condensed Consolidated Statements of Financial Position
(*In thousands of Canadian dollars*)
(unaudited)

		September 30, 2025		December 31, 2024
Assets				
Current assets				
Cash	$	20,767	$	22,360
Restricted cash		31,792		37,413
Accounts receivable (note 19)		93,892		79,119
Contract assets (note 12)		9,736		12,305
Inventories (note 6)		69,883		67,454
Prepaid expenses and deposits		12,815		12,240
Income taxes receivable		13,162		–
Total current assets		252,047		230,891
Non-current assets				
Long-term assets (note 7)		13,729		11,127
Property, plant and equipment		125,512		113,195
Equity investment (note 8)		1,685		415
Goodwill		127,895		122,377
Intangible assets		139,050		128,034
Deferred income taxes		29,115		24,458
Pension asset (note 10)		8,102		5,811
Total non-current assets		445,088		405,417
Total assets	$	697,135	$	636,308
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	$	115,614	$	120,388
Dividends payable		1,353		1,353
Income taxes payable		1,955		3,942
Current portion lease liabilities		5,675		5,215
Current portion contract liabilities (note 12)		3,076		4,115
Total current liabilities		127,673		135,013
Non-current liabilities				
Lease liabilities		11,773		12,253
Deferred income taxes		7,797		1,656
Long-term debt (note 9)		177,050		151,056
Contract liabilities (note 12)		184		796
Other non-current liabilities		722		1,400
Total non-current liabilities		197,526		167,161
Shareholders' equity				
Share capital (note 11)		152,196		152,011
Reserves		31,411		24,127
Retained earnings		188,329		157,996
Total shareholders' equity		371,936		334,134
Total liabilities and shareholders' equity	$	697,135	$	636,308

See accompanying notes to condensed consolidated interim financial statements.

Pollard Banknote Limited
Condensed Consolidated Statements of Income
(*In thousands of Canadian dollars, except for share amounts*)
(unaudited)

	Three months ended September 30, 2025	Three months ended September 30, 2024[1]	Nine months ended September 30, 2025	Nine months ended September 30, 2024[1]
Revenue (note 12)	$ 156,288	$ 153,251	$ 445,256	$ 416,839
Cost of sales	128,224	121,824	367,853	334,465
Gross profit	28,064	31,427	77,403	82,374
Administration	19,156	17,009	54,071	48,888
Selling	6,509	5,877	19,004	17,045
Equity investment income (note 8)	(15,357)	(13,586)	(49,238)	(39,939)
Other (income) expenses (note 13)	(60)	(342)	(14)	690
Income from operations	17,816	22,469	53,580	55,690
Finance costs (note 14)	2,941	2,705	12,361	13,040
Finance income (note 14)	(180)	(2,487)	(431)	(2,487)
Income before income taxes	15,055	22,251	41,650	45,137
Income taxes (note 15)				
Current (recovery)	(2,957)	7,861	10,821	22,533
Deferred (reduction)	7,718	(3,771)	784	(14,355)
	4,761	4,090	11,605	8,178
Net income	$ 10,294	$ 18,161	$ 30,045	$ 36,959
Net income per share – basic (note 16)	$ 0.38	$ 0.67	$ 1.11	$ 1.37
Net income per share – diluted (note 16)	$ 0.37	$ 0.66	$ 1.09	$ 1.35

(1) Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

See accompanying notes to condensed consolidated interim financial statements.

Pollard Banknote Limited
Condensed Consolidated Statements of Comprehensive Income
(*In thousands of Canadian dollars*)
(unaudited)

	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Net income	$ 10,294	$ 18,161	$ 30,045	$ 36,959
Other comprehensive income (loss):				
Items that are or may be reclassified to profit and loss:				
Foreign currency translation differences – foreign operations	4,548	(426)	7,284	9,083
Items that will never be reclassified to profit and loss:				
Defined benefit plans remeasurements, net of income taxes (note 10 & note 15)	1,998	(1,256)	3,912	6,203
Other comprehensive income (loss)	6,546	(1,682)	11,196	15,286
Comprehensive income	$ 16,840	$ 16,479	$ 41,241	$ 52,245

See accompanying notes to condensed consolidated interim financial statements.

Pollard Banknote Limited
Condensed Consolidated Statements of Changes in Equity
(*In thousands of Canadian dollars*)
(unaudited)

For the nine months ended September 30, 2025

		Share capital	Translation reserve	Retained earnings	Total equity
Balance at December 31, 2024	$	152,011	24,127	157,996	334,134
Net income	$	–	–	30,045	30,045
Other comprehensive income					
Foreign currency translation differences – foreign operations		–	7,284	–	7,284
Defined benefit plans remeasurements, net of income taxes (note 10 & note 15)		–	–	3,912	3,912
Total other comprehensive income	$	–	7,284	3,912	11,196
Total comprehensive income	$	–	7,284	33,957	41,241
Issue of common shares	$	185	–	(53)	132
Share based compensation		–	–	489	489
Dividends (note 11)		–	–	(4,060)	(4,060)
Balance at September 30, 2025	$	152,196	31,411	188,329	371,936

For the nine months ended September 30, 2024

		Share capital	Translation reserve	Retained earnings	Total equity
Balance at December 31, 2023	$	150,711	4,450	119,643	274,804
Net income	$	–	–	36,959	36,959
Other comprehensive income					
Foreign currency translation differences – foreign operations		–	9,083	–	9,083
Defined benefit plans remeasurements, net of income taxes		–	–	6,203	6,203
Total other comprehensive income	$	–	9,083	6,203	15,286
Total comprehensive income	$	–	9,083	43,162	52,245
Issue of common shares	$	1,116	–	(211)	905
Share based compensation		–	–	500	500
Dividends		–	–	(4,058)	(4,058)
Balance at September 30, 2024	$	151,827	13,533	159,036	324,396

See accompanying notes to condensed consolidated interim financial statements.

Pollard Banknote Limited
Condensed Consolidated Statements of Cash Flows
(*In thousands of Canadian dollars*)
(unaudited)

		Nine months ended September 30, 2025		Nine months ended September 30, 2024[(1)]
Cash increase (decrease)				
Operating activities				
Net income	$	30,045	$	36,959
Adjustments				
Income taxes expense		11,605		8,178
Amortization and depreciation		36,479		32,600
Interest expense		8,889		7,633
Unrealized foreign exchange loss		3,277		2,537
Equity investment income (note 8)		(49,238)		(39,939)
Pension expense		5,727		5,699
Interest paid		(8,829)		(7,146)
Income taxes paid		(26,012)		(16,978)
Equity investment distribution (note 8)		47,312		40,000
Pension contributions		(2,665)		(4,168)
Change in long-term assets		(2,287)		(5,937)
Change in non-cash equity investment (note 8)		515		143
Change in non-cash operating working capital (note 17)		(16,288)		(15,600)
		38,530		43,981
Investing activities				
Additions to property, plant and equipment		(23,553)		(20,396)
Acquisitions (note 5)		(14,751)		(23,431)
Additions to intangible assets		(21,507)		(19,707)
		(59,811)		(63,534)
Financing activities				
Net proceeds from issue of share capital		132		905
Net borrowings of long-term debt		29,276		29,029
Change in other non-current liabilities		(619)		(19)
Deferred financing charges paid		(177)		–
Lease principal payments		(4,187)		(4,146)
Dividends paid		(4,060)		(3,784)
		20,365		21,985
Foreign exchange loss on cash held in foreign currency		(677)		(80)
Change in cash position		(1,593)		2,352
Cash position, beginning of period		22,360		8,411
Cash position, end of period	$	20,767	$	10,763

(1) Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

See accompanying notes to condensed consolidated interim financial statements.

1. Reporting entity:

Pollard Banknote Limited ("Pollard") was incorporated under the laws of Canada on March 26, 2010. The address of Pollard's registered office is 140 Otter Street, Winnipeg, Manitoba, Canada, R3T 0M8.

The condensed consolidated interim financial statements of Pollard as at and for the nine months ended September 30, 2025, comprise Pollard, Pollard's subsidiaries and its interest in other entities. Pollard is primarily involved in the manufacture and sale of lottery and charitable gaming products and solutions.

Pollard is controlled by JSP Equities Limited, Park Equities Limited and Oak Equities Limited (collectively, the "Control Group") who together own 63.9% of Pollard's outstanding shares and have entered into a shareholders' agreement in which the parties have agreed to vote their common shares in the same manner, collectively, as a single block.

Pollard's consolidated financial statements as at and for the year ended December 31, 2024, are available at www.sedarplus.ca.

The overall impact of seasonality does not have a significant impact on the operations of Pollard.

2. Basis of preparation:

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* and do not include all of the information required for full annual consolidated financial statements.

On November 12, 2025, Pollard's Board of Directors approved these condensed consolidated interim financial statements.

(b) Basis of preparation:

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for the following material items in the statement of financial position:

- The pension asset is recognized as the net total of the fair value of plan assets less the present value of the defined benefit obligation determined using acceptable actuarial practices.

- The contingent consideration liability is recognized at the present value of the expected payments to be made under the agreement.

2. Basis of preparation (continued):

These statements are presented in Canadian dollars, Pollard's functional currency, and all values are rounded to the nearest thousand (except share and per share amounts) unless otherwise indicated.

Certain comparative figures for the prior period have been reclassified to conform to the presentation adopted in the current period.

(c) Use of estimates and judgments:

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying Pollard's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements at and for the year ended December 31, 2024.

3. Accounting standards implemented in 2025:

Except for the accounting policy described below, these condensed consolidated interim financial statements follow the same material accounting policies as described and used in Pollard's consolidated financial statements for the year ended December 31, 2024 and should be read in conjunction with these statements.

(a) Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates:

In August 2023, the International Accounting Standards Board ("IASB") issued *Lack of Exchangeability (Amendments to IAS 21)*, to clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability. The amendments clarify that a currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose.

The amendments also clarify that when a currency is not exchangeable, a company needs to estimate a spot rate. A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. When estimating a spot rate a company can use an observable exchange rate without adjustment, or another estimation technique.

3. Accounting standards implemented in 2025 (continued):

The amendments are effective for annual periods beginning on or after January 1, 2025. Pollard has determined that the amendments have not had a material impact on its condensed consolidated interim financial statements.

4. Future accounting standards:

(a) IFRS Accounting Standards ("IFRS") 9 – Amendments to the Classification and Measurement of Financial Instruments:

On May 30, 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7.*

The amendments provide clarity on how to classify financial assets with environmental, social and corporate governance ("ESG") and similar features, by introducing an additional test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The amendments also provide clarity as to when a company can derecognize financial liabilities that are settled through electronic payments offering an accounting policy option to allow for the derecognition of a financial liability before the delivery of cash on the settlement date if specified criteria are met.

The amendments are effective for annual periods beginning on or after January 1, 2026. Pollard is currently assessing the impact of the amendments on its condensed consolidated interim financial statements.

(b) IFRS 18 – Presentation and Disclosure in the Financial Statements:

On April 9, 2024, the IASB issued *IFRS 18 Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. IFRS 18 replaces *IAS 1 Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged.

The new accounting standard introduces significant changes to the structure of a company's statement of income, more discipline and transparency in presentation of management's own performance measures (commonly referred to as 'non-GAAP measures') and less aggregation of items into large, single numbers.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. Pollard is currently assessing the impact of the new accounting standard on its condensed consolidated interim financial statements.

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

5. Acquisitions:

(a) Charitable gaming assets:

On April 15, 2024, Pollard entered into an agreement to acquire certain assets used in the operation of electronic charitable games with licensed charitable gaming organizations and the transaction closed on June 7, 2024. The acquisition has been accounted for using the acquisition method. The total purchase price was $5,400. Included in the net assets acquired is $95 in computer equipment, $3,227 of intangible assets related to customer assets, $392 of intangibles assets related to trademarks and brands, $432 of intangibles assets related to computer software and licenses, and $1,256 of goodwill.

During the measurement period, new information became available regarding the valuation of the customer asset. An adjustment to the preliminary purchase price allocation was required, resulting in a decrease in the customer assets intangible of $378 and an increase in goodwill of $378.

At March 31, 2025, the acquisition accounting was finalized.

(b) Clarence J. Venne, LLC:

On July 31, 2024, Pollard acquired 100% of the equity of Clarence J. Venne, LLC ("Venne"), a manufacturer of bingo daubers utilized primarily in the charitable gaming bingo market. The purchase price was funded by proceeds from Pollard's credit facility. The acquisition has been accounted for using the acquisition method. The fair values of the identifiable assets and liabilities have been based on management's best estimates and valuation techniques as at July 31, 2024, the acquisition date.

Cash paid, net of cash acquired of $406	$	18,019
Accounts receivable	$	1,675
Inventories		5,251
Prepaid expenses and deposits		186
Property, plant and equipment		1,932
Accounts payable and accrued liabilities		(1,055)
Lease liabilities		(919)
Net tangible assets acquired	$	7,070
Customer relationships	$	5,492
Brand		1,270
Identifiable intangible assets acquired	$	6,762
Goodwill acquired	$	4,187

The goodwill acquired is largely attributable to the assembled workforce and the expected revenue synergies and cost savings after integration of Venne with Pollard. This goodwill is expected to be deductible for tax purposes.

At June 30, 2025, the acquisition accounting was finalized.

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

5. Acquisitions (continued):

(c) Pacific Gaming, LLC and LIF Capital Group, LLC:

On April 1, 2025, Pollard acquired 100% of the business of Pacific Gaming, LLC and LIF Capital Group, LLC (collectively "Pacific"), a manufacturer of bingo electronics, handhelds, blowers, point-of-sale systems and bingo management systems. The purchase price was funded from Pollard's credit facility and cash on hand. The acquisition has been accounted for using the acquisition method. The fair values of the identifiable assets and liabilities have been based on management's best estimates and valuation techniques as at April 1, 2025, the acquisition date.

Cash paid, net of cash acquired of $104	$	14,538
Accounts receivable	$	629
Inventories		403
Property, plant and equipment		2,755
Accounts payable and accrued liabilities		(78)
Lease liabilities		(423)
Net tangible assets acquired	$	3,286
Customer relationships	$	3,528
Technology		1,757
Brand		518
Identifiable intangible assets acquired	$	5,803
Goodwill acquired	$	5,449

The goodwill acquired is largely attributable to the assembled workforce and the expected revenue synergies and cost savings after integration of Pacific with Pollard. This goodwill is expected to be deductible for tax purposes. The fair values of identifiable assets and liabilities acquired are preliminary and are subject to change if new information becomes available during the measurement period.

If Pacific had been acquired on January 1, 2025, incremental revenue of $1,809 and net income of $33, after depreciation and amortization of the fair values of identifiable assets acquired, would have been recognized in the nine months ended September 30, 2025.

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

6. Inventories:

	September 30, 2025	December 31, 2024
Raw materials	$ 31,465	$ 32,334
Work-in-process	4,105	3,402
Finished goods	34,313	31,718
	$ 69,883	$ 67,454

During the third quarter of 2025, Pollard recorded within cost of sales inventory write-downs of $380 representing an increase in the obsolescence reserves, and write-downs of $222 due to changes in foreign exchange rates. During the nine months ended September 30, 2025, Pollard recorded within cost of sales inventory write-downs of $906 representing an increase in the obsolescence reserves, and write-downs of $174 due to changes in foreign exchange rates.

During the third quarter of 2024, Pollard recorded within cost of sales inventory write-downs of $283 representing an increase in the obsolescence reserves, and write-downs of $16 due to changes in foreign exchange rates. During the nine months ended September 30, 2024, Pollard recorded within cost of sales inventory write-downs of $1,004 representing an increase in the obsolescence reserves, and reversal of previous write-downs of $117 due to changes in foreign exchange rates.

7. Long-term assets:

	September 30, 2025	December 31, 2024
Contract assets	$ 7,709	$ 5,634
Investment tax credits	4,989	4,552
Other long-term receivables	1,031	941
	$ 13,729	$ 11,127

Contract assets consist of consideration payable, and upfront credits to customers that are not attributable to a distinct good or service and will be recognized as a reduction in the transaction price of future performance obligations.

8. Equity investment:

NeoPollard Interactive, LLC ("NPi")

Pollard, in conjunction with NeoGames US, LLP, operates NPi. The entity was established to provide iLottery services in the United States and Canada, excluding the Michigan Lottery.

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

8. Equity investment (continued):

Investment in equity accounted entity		Nine months ended September 30, 2025		Nine months ended September 30, 2024
Balance, beginning of period	$	415	$	518
Investment distribution		(47,312)		(40,000)
Equity income		49,238		39,939
Non-cash change in investment value		(515)		(143)
Effects of movements in exchange rates		(141)		14
Balance, end of period	$	1,685	$	328

Net Assets		September 30, 2025		December 31, 2024
Current assets	$	61,313	$	71,472
Non-current assets		4,105		3,267
Total	$	65,418	$	74,739
Current liabilities	$	61,393	$	73,632
Total	$	61,393	$	73,632
Net assets – 100%	$	4,025	$	1,107
Attributable to Pollard – 50%	$	2,013	$	554
Elimination of unrealized profit on downstream revenue		(328)		(139)
Carrying amount of investment	$	1,685	$	415

At September 30, 2025, included in the current assets of NPi is restricted cash relating to amounts held on behalf of iLottery customers of $26,476 (December 31, 2024 – $31,724). There is an offsetting liability included in current liabilities.

Interest in equity accounted entity		Nine months ended September 30, 2025		Nine months ended September 30, 2024
Revenue – 100%	$	189,629	$	161,739
Revenue – attributable to Pollard – 50%	$	94,815	$	80,870
Comprehensive income – 100%	$	97,446	$	79,738
Comprehensive income – attributable to Pollard(1)	$	48,723	$	39,939

(1) Comprehensive income attributable to Pollard is greater than 50% due to services provided to NPi by Pollard. Pollard's share of these transactions is eliminated upon consolidation.

At September 30, 2025, included in accounts receivable in the condensed consolidated statements of financial position is a net amount owed from NPi of $852 (December 31, 2024 – $1,279).

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

8. Equity investment (continued):

During the nine month period ended September 30, 2025, Pollard provided services to NPi totaling $4,059 (2024 - $4,927), which are recorded in revenue.

Michigan iLottery

Pollard and NeoGames US, LLP operate the iLottery operation for the Michigan Lottery under a separate joint operating agreement. Pollard recognizes its interest in the joint operation by including its assets, including its 50% share of any assets held jointly, its liabilities, including its 50% share of any liabilities incurred jointly and its 50% share of revenue and expenses.

9. Long-term debt:

		September 30, 2025		December 31, 2024
Credit facility, interest of 4.3% to 5.7% payable monthly, maturing 2028	$	177,689	$	151,799
Deferred financing charges, net of amortization		(639)		(743)
	$	177,050	$	151,056

(a) Credit facility:

Effective December 31, 2024, Pollard renewed its credit facility. The credit facility allows Pollard to reallocate capacity between its Canadian and U.S. operations. As at September 30, 2025, the facility provided loans of up to $194,000 for its Canadian operations and US$67,164 for its U.S. subsidiaries. The credit facility also includes an accordion feature which can increase the facility capacity by up to $50,000. The borrowings for the Canadian operations can be denominated in Canadian or U.S. dollars, to a maximum of $194,000 Canadian equivalent. Borrowings under the credit facility bear interest at fixed and floating rates based on Canadian and U.S. prime bank rates, Canadian Dollar Offered Rate ("CDOR") or Secured Overnight Financing Rate ("SOFR"). At September 30, 2025, the outstanding letters of guarantee drawn under the credit facility were $76 (December 31, 2024 – $79).

Included in the total credit facility balance is a U.S. dollar denominated balance of US$65,100 (December 31, 2024 – US$52,000). As of September 30, 2025, Pollard had unused credit facility available of $109,593 (December 31, 2024 – $139,941).

Under the terms and conditions of the credit facility agreement Pollard is required to maintain certain financial covenants including our debt service coverage ratio and debt to income before interest, income taxes, amortization, depreciation and certain other items ratio. As at September 30, 2025, Pollard was in compliance with all financial covenants.

9. Long-term debt (continued):

Pollard's credit facility is secured by a first security interest in all of the present and after acquired property of Pollard. Under the terms of the agreement the facility is committed for a four-year period, renewable December 31, 2028. Principal payments are not required until maturity. The facility can be prepaid without penalties.

(b) Economic Development Canada ("EDC") facility:

Effective November 29, 2024, Pollard renewed its annual agreement with EDC. This agreement provides a €15,000 facility whereby Pollard can issue qualifying letters of credit against the EDC facility. The facility is guaranteed by a general indemnity from Pollard. As of September 30, 2025, the outstanding letters of credit drawn on this facility were $6,570 (€4,031). As of December 31, 2024, the outstanding letters of credit drawn on this facility were $13,385 (€8,983).

10. Pension asset:

During the three month period ended September 30, 2025, Pollard recorded a remeasurement gain of $1,998 (net of $744 of income tax) on its defined pension plans. The remeasurement gain resulted from higher than expected returns on plan asset investments, which was partially offset by a decrease in the discount rate.

During the three month period ended September 30, 2024, Pollard recorded a remeasurement loss of $1,256 (net of $454 of income tax) on its defined pension plans. The remeasurement loss resulted from a decrease in the discount rate, which was partially offset by higher than expected returns on plan asset investments.

During the nine month period ended September 30, 2025, Pollard recorded a remeasurement gain of $3,912 (net of $1,433 of income taxes) on its defined pension plans. The remeasurement gain resulted from higher than expected returns on plan asset investments and an increase in the discount rate.

During the nine month period ended September 30, 2024, Pollard recorded a remeasurement gain of $6,203 (net of $2,270 of income taxes) on its defined benefit pension plans. The remeasurement gain resulted from higher than expected returns on plan asset investments, which was partially offset by a decrease in the discount rate.

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

11. Share capital:

	Shares		Amount
Authorized			
Unlimited common shares			
Unlimited preferred shares			
Issued			
Balance at January 1, 2024	26,972,669	$	150,711
Stock options exercised	88,750		1,300
Balance at December 31, 2024	27,061,419		152,011
Stock options exercised	6,250		185
Balance at September 30, 2025	27,067,669	$	152,196

Dividends:

Dividends are paid on the common shares within 15 days of the end of each quarter and are fully discretionary, as determined by the Board of Directors of Pollard.

On August 13, 2025, a dividend of $0.05 per share was declared, payable on October 15, 2025, to the shareholders of record on September 30, 2025.

Stock option issuance:

On May 7, 2025, the Board of Directors approved the award of 125,000 options to purchase common shares of Pollard for key management personnel. The options were granted on May 12, 2025, and have a seven-year term, vesting 25% per year over the first four years. The exercise price of $19.95 was equal to the closing price of the common shares on May 9, 2025.

On June 13, 2025, the Board of Directors approved the award of 25,000 options to purchase common shares of Pollard for key management personnel. The options were granted on July 2, 2025, and have a seven-year term, vesting 25% per year over the first four years. The exercise price of $21.65 was equal to the closing price of the common shares on June 30, 2025.

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

12. Revenue and contract balances:

In the following tables, revenue from contracts with customers are disaggregated by geographical segment and product line:

Revenue – geographical segment		Nine months ended September 30, 2025		Nine months ended September 30, 2024
Canada	$	75,365	$	65,925
United States		280,642		271,936
International		89,249		78,978
Total	$	445,256	$	416,839

Revenue – product lines		Nine months ended September 30, 2025		Nine months ended September 30, 2024
Lottery	$	341,473	$	318,562
Charitable		103,783		98,277
Total	$	445,256	$	416,839

The following tables provide information about receivables, contract assets and contract liabilities from contracts with customers:

Contract balances		September 30, 2025		December 31, 2024
Trade receivables, which are included in accounts receivable	$	77,953	$	69,258
Contract assets		9,736		12,305
Contract assets, which are included in long-term assets		7,709		5,634
Contract liabilities		3,260		4,911

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

12. Revenue and contract balances (continued):

Contract liabilities	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Balance, beginning of period	$ 4,911	$ 4,253
Increases due to cash received	4,732	6,267
Revenue recognized	(6,412)	(7,725)
Effect of movement in exchange rates	29	36
Balance, end of period	3,260	2,831
Less: current portion	(3,076)	(1,953)
	$ 184	$ 878

13. Other (income) expenses:

	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Severance related costs	$ –	$ –	$ –	$ 1,114
Other income	(60)	(342)	(14)	(424)
	$ (60)	$ (342)	$ (14)	$ 690

14. Finance costs and finance income:

Finance costs	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Interest	$ 2,941	$ 2,705	$ 8,889	$ 7,633
Foreign exchange loss	–	–	3,472	5,407
	$ 2,941	$ 2,705	$ 12,361	$ 13,040

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

14. Finance costs and finance income (continued):

Finance income		Three months ended September 30, 2025		Three months ended September 30, 2024		Nine months ended September 30, 2025		Nine months ended September 30, 2024
Foreign exchange gain	$	180	$	2,487	$	431	$	2,487
	$	180	$	2,487	$	431	$	2,487

15. Income taxes:

Reconciliation of effective tax rate			Three months ended September 30, 2025			Three months ended September 30, 2024
Net income for the period		$	10,294		$	18,161
Total income tax expense			4,761			4,090
Income before income taxes		$	15,055		$	22,251
Income tax using Pollard's domestic tax rate	27.0%	$	4,065	27.0%	$	6,008
Effect of tax rates in foreign jurisdictions	(4.3%)		(651)	(5.3%)		(1,194)
Effect of non-deductible (non-taxable) amounts	0.7%		104	(0.7%)		(148)
Effect of non-taxable items related to foreign exchange	(1.8%)		(277)	(0.1%)		(27)
Withholding taxes	6.6%		1,000	0.0%		–
Other items	3.4%		520	(2.5%)		(549)
	31.6%	$	4,761	18.4%	$	4,090

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

15. Income taxes (continued):

Reconciliation of effective tax rate		Nine months ended September 30, 2025		Nine months ended September 30, 2024
Net income for the period		$ 30,045		$ 36,959
Total income tax expense		11,605		8,178
Income before income taxes		$ 41,650		$ 45,137
Income tax using Pollard's domestic tax rate	27.0%	$ 11,245	27.0%	$ 12,187
Effect of tax rates in foreign jurisdictions	(4.8%)	(1,997)	(6.5%)	(2,947)
Effect of non-deductible (non-taxable) amounts	0.3%	119	(1.1%)	(511)
Effect of non-taxable items related to foreign exchange	2.1%	852	(1.2%)	(538)
Withholding taxes	2.4%	1,000	0.0%	–
Other items	0.9%	386	(0.1%)	(13)
	27.9%	$ 11,605	18.1%	$ 8,178

16. Net income per share:

	Three months ended September 30, 2025	Three months ended September 30, 2024
Net income attributable to shareholders	$ 10,294	$ 18,161
Weighted average number of shares – basic	27,067,669	27,055,169
Weighted average impact of share options	524,726	387,500
Weighted average number of shares – diluted	27,592,395	27,442,669
Net income per share – basic	$ 0.38	$ 0.67
Net income per share – diluted	$ 0.37	$ 0.66

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

16. Net income per share (continued):

		Nine months ended September 30, 2025		Nine months ended September 30, 2024
Net income attributable to shareholders	$	30,045	$	36,959
Weighted average number of shares – basic		27,066,543		27,031,525
Weighted average impact of share options		449,195		411,144
Weighted average number of shares – diluted		27,515,738		27,442,669
Net income per share – basic	$	1.11	$	1.37
Net income per share – diluted	$	1.09	$	1.35

17. Supplementary cash flow information:

		Nine months ended September 30, 2025		Nine months ended September 30, 2024
Change in non-cash operating working capital:				
Accounts receivable	$	(14,859)	$	(17,588)
Contract assets		2,804		(169)
Inventories		(4,205)		(4,939)
Prepaid expenses and deposits		(808)		(2,567)
Accounts payable and accrued liabilities		2,460		11,121
Current portion contract liabilities		(1,680)		(1,458)
	$	(16,288)	$	(15,600)

18. Related party transactions:

The Control Group and affiliates

During the quarter ended September 30, 2025, Pollard paid property rent of $584 (2024 – $579) and $165 (2024 – $111) in plane charter costs to affiliates of the Control Group. During the nine months ended September 30, 2025, Pollard paid property rent of $1,766 (2024 – $1,732) and $495 (2024 – $296) in plane charter costs to affiliates of the Control Group.

During the quarter, the Control Group paid Pollard $19 (2024 – $18) for accounting and administration fees. During the nine months ended September 30, 2025, the Control Group paid Pollard $57 (2024 – $54) for accounting and administration fees.

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

18. Related party transactions (continued):

At September 30, 2025, included in accounts receivable is an amount owing to the Control Group and its affiliates for rent, expenses and other items of $210. At December 31, 2024, included in accounts payable and accrued liabilities is an amount owing to the Control Group and its affiliates for rent, expenses and other items of $811.

Included within property, plant and equipment and lease liabilities on the condensed consolidated statements of financial position are right-of-use assets and corresponding liabilities for premises leased to Pollard from the Control Group. As at September 30, 2025, the net book value of the right-of-use assets was $5,461 (December 31, 2024 – $7,103) and the present value of the lease liabilities was $5,813 (December 31, 2024 – $7,368).

Key management personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the company. The Board of Directors and the Executive Committee are considered key management personnel.

Key management personnel compensation comprised:

	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Salaries, incentives and benefits	$ 1,515	$ 1,432	$ 3,705	$ 4,052
Share based compensation	262	126	592	459
Expenses related to defined benefit plans	189	201	524	559
	$ 1,966	$ 1,759	$ 4,821	$ 5,070

As at September 30, 2025, key management personnel of Pollard, as a group, beneficially owned or exercised control or direction over 17,412,895 common shares of Pollard.

19. Financial risk management:

Pollard has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Currency risk
Interest rate risk

(In thousands of Canadian dollars, except where otherwise noted and for share amounts)

19. Financial risk management (continued):

Pollard's risk management policies are established to identify and analyze the risks, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The Audit Committee oversees how management monitors compliance with Pollard's risk management policies and procedures.

The Audit Committee is assisted in its oversight role by Internal Audit, who undertakes regular reviews of risk management controls and utilizes the annual risk assessment process as the basis for the annual internal audit plan.

Credit risk

The following table outlines the details of the aging of Pollard's receivables and the related allowance for losses:

	September 30, 2025	December 31, 2024
Current	$ 86,814	$ 68,709
Past due for 1 to 60 days	5,726	8,857
Past due for more than 60 days	2,021	2,047
Less: allowance for losses	(669)	(494)
	$ 93,892	$ 79,119

Liquidity risk

Liquidity risk is the risk that Pollard will not be able to meet its financial obligations as they fall due. Pollard's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The estimated 2025 requirements for capital expenditures, working capital and dividends are expected to be financed from cash flow provided by operating activities and the unused portion of Pollard's credit facility. Pollard enters into contractual obligations in the normal course of business operations.

Currency risk

Pollard sells a significant portion of its products and services to customers in the United States and to some international customers where revenue is denominated in U.S. dollars. In addition, a significant portion of its cost inputs are denominated in U.S. dollars. Pollard also generates revenue in currencies other than the Canadian and U.S. dollar, primarily in Euros.

Translation differences arise when foreign currency monetary assets and liabilities are translated at foreign exchange rates that change over time. At September 30, 2025, the amount of financial assets denominated in U.S. dollars exceeded the amount of financial liabilities denominated in U.S. dollars by approximately $1,540 (December 31, 2024 – $14,854).

19. Financial risk management (continued):

A 50 basis point weakening/strengthening in the value of the Canadian dollar relative to the U.S. dollar would result in a decrease/increase in income before taxes of approximately $8 for the three and nine months ended September 30, 2025 (2024 – $433).

Pollard utilizes a number of strategies to mitigate its exposure to currency risk. Six manufacturing facilities are located in the U.S. and a significant amount of cost inputs for all production facilities are denominated in U.S. dollars, offsetting a large portion of the U.S. dollar revenue in a natural hedge.

Pollard also uses financial hedges, including foreign currency contracts, to help manage foreign currency risk. At September 30, 2025, and at December 31, 2024, Pollard had no outstanding foreign currency contracts.

Interest rate risk

Pollard is exposed to interest rate risk relating to its fixed and floating rate instruments. Fluctuation in interest rates will have an effect on the valuation and repayment of these instruments.

A 50 basis point decrease/increase in interest rates would result in an increase/decrease in income before income taxes of approximately $222 for the three months ended September 30, 2025 (2024 – $187) and approximately $666 for the nine months ended September 30, 2025 (2024 – $562).