March 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

May 7, 2025

This management's discussion and analysis ("MD&A") of Pollard Banknote Limited ("Pollard") for the three months ended March 31, 2025, is prepared as at May 7, 2025, and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements of Pollard and the notes therein as at March 31, 2025, and the audited consolidated financial statements of Pollard for the year ended December 31, 2024, and the notes therein. Results are reported in Canadian dollars and have been prepared in accordance with IFRS Accounting Standards ("GAAP" or "IFRS").

Forward-Looking Statements

Certain statements in this report 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 document, such statements include such words as "may," "will," "expect," "believe," "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this document. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

Use of Non-GAAP Financial Measures

Reference to "EBITDA" is to earnings before interest, income taxes, depreciation, amortization and purchase accounting amortization. Reference to "Adjusted EBITDA" is to EBITDA before unrealized foreign exchange gains and losses, and certain non-recurring items including severance costs, acquisition costs, contingent consideration fair value adjustments and net insurance proceeds. Adjusted EBITDA is an important metric used by many investors to compare issuers on the basis of the ability to generate cash from operations and management believes that, in addition to net income, Adjusted EBITDA is a useful supplementary measure.

Reference to "Combined sales" is to sales recognized under GAAP plus Pollard's 50% proportionate share of NeoPollard Interactive LLC's ("NPi") sales, its iLottery joint venture operation. Reference to "Combined iLottery sales" is to sales recognized under GAAP for Pollard's 50% proportionate share of its Michigan Lottery joint iLottery operation plus Pollard's 50% proportionate share of NPi's sales, its iLottery joint venture operation.

EBITDA, Adjusted EBITDA, Combined sales and Combined iLottery sales are measures not recognized under GAAP and do not have a standardized meaning prescribed by GAAP. Therefore, these measures may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA, Adjusted EBITDA, Combined sales and Combined iLottery sales should not be construed as alternatives to net income or sales as determined in accordance with GAAP as an indicator of Pollard's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

Basis of Presentation

The results of operations in the following discussions encompass the unaudited consolidated results of Pollard for the three months ended March 31, 2025. All figures are in millions except for per share amounts.

POLLARD BANKNOTE LIMITED

Overview

Pollard is one of the leading providers of products and solutions to lottery and charitable gaming industries throughout the world. Management believes Pollard is the largest provider of instant tickets based in Canada and the second largest producer of instant tickets in the world. In addition, management believes Pollard is also the second largest bingo paper and pull-tab supplier to the charitable gaming industry in North America and, through our internal proprietary iLottery solution and our 50% joint venture, the largest supplier of iLottery solutions to the U.S. lottery market.

Pollard produces and provides a comprehensive line of instant tickets and lottery products and services including: licensed products, distribution, SureTrack® lottery management system, marketing, interactive digital gaming, including mkodo's world class game apps and GeoLocs™, PlayOn™ loyalty programs, retail management services, ScanACTIV™, EasyVEND™, lottery ticket dispensers and play stations and vending machines. Pollard also offers its state-of-the-art iLottery solution, Catalyst™ gaming platform, as well as eInstant games from its digital games studio. In addition, Pollard's charitable gaming product line includes pull-tab (or break-open) tickets, bingo paper, pull-tab vending machines, ancillary products such as pull-tab counting machines, bingo daubers and eTab systems marketed under the Diamond Game and Compliant Gaming trade names.

Pollard's lottery products are sold extensively throughout Canada, the United States and the rest of the world, wherever applicable laws and regulations authorize their use. Pollard serves over 60 instant ticket lotteries including a number of the largest lotteries throughout the world. Charitable gaming products are mostly sold in the United States and Canada where permitted by gaming regulatory authorities. Pollard serves a highly diversified customer base in the charitable gaming market of over 150 independent distributors with the majority of revenue generated from repeat business.

Acquisition

On July 31, 2024, Pollard acquired 100% of the equity of Clarence J. Venne, LLC ("Venne") for a purchase price of $12.6 million U.S. dollars ($17.4 million) prior to standard working capital adjustments. Venne is one of the leading manufacturers of bingo daubers utilized primarily in the charitable gaming bingo market. The purchase price was funded from Pollard's credit facility and cash on hand.

Kansas iLottery contract

On August 26, 2024, Pollard announced it had been awarded its first contract in the United States to provide a full turnkey iLottery solution for the Kansas Lottery, powered by its proprietary, omnichannel Pollard Catalyst™ iLottery gaming platform, which was successfully launched on February 13, 2025.

Subsequent event

On April 1, 2025, Pollard acquired 100% of the equity of Pacific Gaming, LLC and LIF Capital Group, LLC (collectively "Pacific"), for a purchase price of $10.0 million U.S. dollars ($14.4 million) prior to standard working capital adjustments. Pacific is a recognized leader in 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.

Tariffs

Protectionist trade measures including tariffs and counter tariffs have dominated the current economic landscape and we remain optimistic we have the structure and business processes in place to largely alleviate material impacts to our business. The structure of our business, with significant manufacturing facilities and other businesses already established in both the U.S. and Canada, will help mitigate challenges with cross border activity and significant impacts on our financial results. We will continue to assess both the short-term and long-term impacts and necessary countermeasures that can be undertaken to reduce the potential negative impacts. In addition, historically the lottery and charitable gaming markets we participate in have been generally resilient to any negative effects of economic downturns, should the overall economic environment be impacted negatively by these ongoing trade challenges.

The following financial information should be read in conjunction with the accompanying unaudited consolidated financial statements of Pollard and the notes therein as at and for the three months ended March 31, 2025.

SELECTED FINANCIAL INFORMATION

(millions of dollars, except per share information)

	Three months ended March 31, 2025	Three months ended March 31, 2024[1]
Sales	$146.2	$125.7
Cost of sales	120.8	104.0
Gross profit	25.4	21.7
Gross profit as a % of sales	*17.4%*	*17.3%*
Administration expenses	17.3	15.3
Administration expenses as a % of sales	*11.8%*	*12.2%*
Selling expenses	6.0	5.4
Selling expenses as a % of sales	*4.1%*	*4.3%*
NPi equity investment income	(16.2)	(12.2)
NPi equity investment income as a % of sales	*(11.1%)*	*(9.7%)*
Net income	11.7	6.9
Net income as a % of sales	*8.0%*	*5.5%*
Adjusted EBITDA	30.6	23.7
Adjusted EBITDA as a % of sales	*20.9%*	*18.9%*
Net income per share (basic)	$0.43	$0.26
Net income per share (diluted)	$0.43	$0.25

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

	March 31, 2025	December 31, 2024
Total Assets	$687.9	$636.3
Total Non-Current Liabilities	$214.4	$167.2

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

(millions of dollars)

	Three months ended March 31, 2025	Three months ended March 31, 2024
Net income	$11.7	$6.9
Adjustments:		
Amortization and depreciation	11.6	10.8
Interest	2.8	2.4
Income taxes	4.1	1.4
EBITDA	30.2	21.5
Unrealized foreign exchange loss	0.4	2.2
Adjusted EBITDA	$30.6	$23.7

Product line breakdown of revenue

	Three months ended March 31, 2025	Three months ended March 31, 2024
Lottery	76.7%	74.3%
Charitable	23.3%	25.7%

REVIEW OF OPERATIONS

Financial and operating information has been derived from, and should be read in conjunction with, the unaudited condensed consolidated financial statements of Pollard and the selected financial information disclosed in this MD&A.

ANALYSIS OF RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2025

Sales

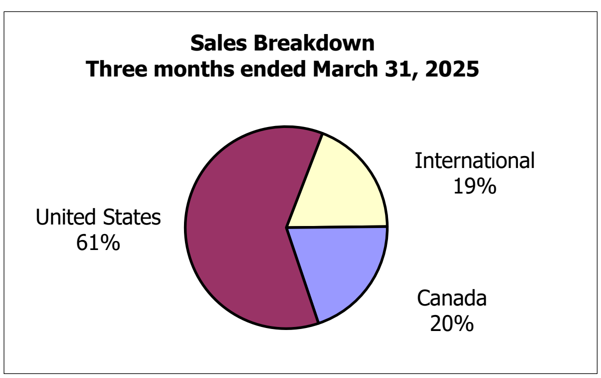
During the three months ended March 31, 2025, Pollard achieved sales of $146.2 million, compared to $125.7 million in the three months ended March 31, 2024. Factors impacting the $20.5 million sales increase were:

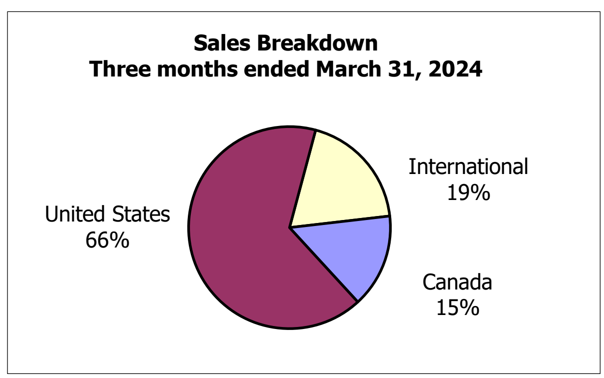
A higher instant ticket average selling price in the first quarter of 2025 increased sales by $17.1 million as compared to 2024, primarily due to the change in customer mix, the increase in proprietary product sales and the impact of repriced contracts. Partially offsetting this increase to revenue was the decrease in instant ticket sales volumes of $5.8 million as compared to 2024, partly as a result of Pollard declining to produce certain lower margin work.

Lower ancillary lottery products and services sales in the first quarter of 2025 decreased sales by $0.8 million as compared to the first quarter of 2024. This decrease in sales was largely due to lower sales of license products and retail merchandising products. These decreases were partially offset by increased sales of digital products and distribution services compared to 2024.

Higher charitable gaming volumes increased sales by $4.4 million in the first quarter of 2025 as compared to the first quarter of 2024. This is predominately as a result of the acquisition of Venne in the third quarter of 2024. In addition, the higher average selling price of charitable printed games further increased sales by $0.8 million. These increases in sales were partially offset by a decrease in charitable eGaming ("eTab or eTabs") revenue of $1.7 million compared to 2024.

Lower Michigan iLottery sales decreased revenue in the first quarter of 2025 by $1.5 million as compared to 2024.





During the three months ended March 31, 2025, Pollard generated approximately 68.3% (2024 – 71.7%) of its revenue in U.S. dollars including a portion of international sales which are priced in U.S. dollars. During the first quarter of 2025, the actual U.S. dollar value was converted to Canadian dollars at $1.449, compared to a rate of $1.339 during the first quarter of 2024. This 8.2% increase in the U.S. dollar value resulted in an approximate increase of $7.6 million in revenue relative to the first quarter of 2024. In addition, during the quarter the value of the Euro strengthened against the Canadian dollar resulting in an approximate increase of $0.4 million in revenue relative to the first quarter of 2024.

Cost of sales and gross profit

Cost of sales was $120.8 million in the first quarter of 2025 compared to $104.0 million in the first quarter of 2024. The increase of $16.8 million in cost of sales was higher primarily due to the additional costs associated with increased Pollard iLottery operations, including Kansas start-up related expenditures, and higher charitable gaming volumes. In addition, higher exchange rates on U.S. dollar denominated expenses and increases in certain instant ticket manufacturing overhead costs further increased cost of sales when compared to 2024.

Gross profit was $25.4 million (17.4% of sales) in the first quarter of 2025 compared to $21.7 million (17.3% of sales) in the first quarter of 2024. This increase of $3.7 million in gross profit and the increase in gross profit percentage were primarily the result of higher instant ticket sales margins, largely as a result of the higher instant ticket average selling price and increased sales of charitable products. Partially offsetting these increases in gross profit were the increased Pollard iLottery operational costs, related to Kansas start-up, the reduction in Michigan iLottery gross profit and lower license products margin in 2025.

Administration expenses

Administration expenses were $17.3 million in the first quarter of 2025 compared to $15.3 million in the first quarter of 2024. The increase of $2.0 million from the first quarter of 2024 was largely a result of increased compensation expenses and software licensing costs.

Selling expenses

Selling expenses were $6.0 million in the first quarter of 2025 compared to $5.4 million in the first quarter of 2024. The increase of $0.6 million from the first quarter of 2024 was primarily due to higher compensation expenses as well as a result of the acquisition of Venne.

Equity investment income

Pollard's share of income from its iLottery joint venture increased to $16.2 million in the first quarter of 2025 from $12.2 million in the first quarter of 2024. This $4.0 million increase in the first quarter of 2025 was primarily due to the continued strong eInstants sales in North Carolina and Virginia.

Foreign exchange

The net foreign exchange gain was $0.3 million in the first quarter of 2025 compared to a net foreign exchange loss of $2.7 million in the first quarter of 2024. The 2025 net foreign exchange gain of $0.3 million consisted of an unrealized foreign exchange loss of $0.4 million, primarily a result of the increased Canadian equivalent value of U.S. dollar denominated accounts payable and long-term debt due to the weakening of the Canadian dollar relative to the U.S. dollar, partially offset by the unrealized gain on U.S. dollar denominated accounts receivable. Offsetting the unrealized loss, Pollard experienced a realized foreign exchange gain of $0.7 million, which was primarily due to foreign currency denominated accounts receivable being converted into Canadian dollars at favorable foreign exchange rates.

The 2024 net foreign exchange loss of $2.7 million consisted of an unrealized foreign exchange loss of $2.2 million, primarily a result of the increased Canadian equivalent value of U.S. dollar denominated accounts payable and long-term debt due to the weakening of the Canadian dollar relative to the U.S. dollar, partially offset by the unrealized gain on U.S. dollar denominated accounts receivable. In addition, Pollard experienced a realized foreign exchange loss of $0.5 million, which was primarily due to foreign currency denominated accounts receivable being converted into Canadian dollars at unfavorable foreign exchange rates.

Adjusted EBITDA

Adjusted EBITDA increased to $30.6 million in the first quarter of 2025 compared to $23.7 million in the first quarter of 2024. The primary reasons for the $6.9 million increase in Adjusted EBITDA were the increase in gross profit of $4.5 million (net of amortization and depreciation), primarily due to higher instant ticket and charitable gaming sales margins. In addition, the increase in equity investment income of $4.0 million and the increase in realized foreign exchange gain of $1.2 million also contributed to the increase in Adjusted EBITDA. Partially offsetting these increases in Adjusted EBITDA were the increase in administration expenses of $2.0 million and the increase in selling expenses of $0.6 million.

Interest expense

Interest expense increased to $2.8 million in the first quarter of 2025 from $2.4 million in the first quarter of 2024, primarily as a result of the increase in average long-term debt outstanding as compared to 2024, partially offset by the impact of lower interest rates in the first quarter of 2025.

Amortization and depreciation

Amortization and depreciation totaled $11.6 million during the first quarter of 2025 which increased from $10.8 million during the first quarter of 2024. The increase of $0.8 million was primarily the result of increased amortization of intangible assets, including our Catalyst™ gaming platform.

Income taxes

Income tax expense was $4.1 million in the first quarter of 2025, an effective rate of 25.6%, which was lower than our domestic rate of 27.0% due primarily to the effect of lower income tax rates in foreign jurisdictions, partially offset by the effect of non-taxable items.

Income tax expense was $1.4 million in the first quarter of 2024, an effective rate of 16.4%, which was lower than our domestic rate of 27.0% due primarily to the effect of lower income tax rates in foreign jurisdictions.

Net income

Net income was $11.7 million in the first quarter of 2025 compared to $6.9 million in the first quarter of 2024. The increase in net income of $4.8 million was primarily due to the increase in gross profit of $3.7 million, primarily due to higher instant ticket and charitable gaming sales margins. In addition, the increase in equity investment income of $4.0 million and the increase in the net foreign exchange gain of $3.0 million further contributed to the increase in net income as compared to 2024. Partially offsetting these increases to net income were the increase in income tax expense of $2.7 million, the increase in administration expenses of $2.0 million, the increase in selling expenses of $0.6 million and the increase in interest expense of $0.4 million.

Net income per share (basic and diluted) increased to $0.43 and $0.43 per share, respectively, in the first quarter of 2025 from $0.26 and $0.25 per share (basic and diluted) in the first quarter of 2024.

Joint Venture iLottery

Pollard and Neogames US LLP, a subsidiary of Aristocrat Interactive S.a r.l, ("Aristocrat") together provide iLottery services to certain North American lotteries. In 2013, Pollard was awarded an iLottery contract from the Michigan Lottery. As a result, Pollard entered into a contract with Aristocrat to provide its technology in return for a 50% financial interest in the operation. Under IFRS, Pollard recognizes its 50% share in the Michigan Lottery contract in its consolidated statements of income in sales and cost of sales.

In 2014 Pollard, in conjunction with Aristocrat, established NeoPollard Interactive LLC ("NPi") to provide iLottery services for certain joint customer contracts, excluding the Michigan Lottery iLottery contract. Under IFRS, Pollard accounts for its investment in its joint venture, NPi, as an equity investment. Under the equity method of accounting, Pollard recognizes its share of the income and expenses of NPi separately as equity investment income.

(millions of dollars)

	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Sales – Pollard's share									
Michigan iLottery	$6.0	$5.7	$6.0	$6.8	$7.1	$7.0	$7.2	$6.5	$7.3
NPi	31.7	27.9	27.2	28.2	25.5	21.8	21.5	18.5	18.5
Combined iLottery sales	$37.7	$33.6	$33.2	$35.0	$32.6	$28.8	$28.7	$25.0	$25.8
Income before income taxes – Pollard's share									
Michigan iLottery	$1.6	$1.3	$0.7	$2.1	$2.7	$2.5	$2.8	$1.8	$2.9
NPi	16.2	12.6	13.6	14.1	12.2	11.0	11.1	8.8	8.2
Combined income before income taxes – Pollard's share	$17.8	$13.9	$14.3	$16.2	$14.9	$13.5	$13.9	$10.6	$11.1

Throughout 2023 and 2024, and continuing into 2025, NPi's contracts achieved strong organic growth, adding to sales and income before taxes. In addition, quarterly sales and income before taxes are positively impacted during quarters where substantial draw-based game (Powerball® and Mega Millions®) jackpots are awarded. Beginning in the third quarter of 2024, income before income taxes from Michigan iLottery was negatively impacted by lower sales and further negatively impacted by certain one-time higher processing costs in the third quarter of 2024.

Liquidity and Capital Resources

Cash used for operating activities

For the three months ended March 31, 2025, cash flow used for operating activities was $25.7 million compared to cash flow provided by operating activities of $25.2 million for the first three months of 2024. Changes in the non-cash working capital used $46.8 million in cash in 2025 compared to $5.0 million provided in the first three months of 2024. For the three months ended March 31, 2025, changes in the non-cash working capital decreased cash flow from operations due primarily to increases in accounts receivable, inventories and prepaid expenses. Partially offsetting these decreases was the increase in accounts payable and accrued liabilities. The increase in accounts receivable was in part due to significant sales at the end of the quarter and the timing of certain customer payments, while the increase in inventories resulted from increased production of instant tickets in the quarter.

For the three months ended March 31, 2024, changes in the non-cash working capital increased cash flow from operations due primarily to a decrease in accounts receivable and an increase in accounts payable and accrued liabilities, partially offset by increases to inventory and prepaid expenses.

Cash used for interest was $2.7 million in the first quarter of 2025 as compared to $2.3 million in the first quarter of 2024. Cash used for pension plan contributions was $0.7 million in both the first quarters of 2025 and 2024. Cash used for income tax payments increased to $7.9 million in 2025 from $0.1 million in 2024. Income tax payments in 2025 included withholding taxes for the 2024 tax year. Partially offsetting these uses of cash, Pollard received $16.2 million from our investment in our iLottery joint venture in 2025 as compared to $12.2 million received in 2024.

Cash used for investing activities

In the three months ended March 31, 2025, cash used for investing activities was $15.8 million compared to cash used for investing activities of $10.7 million in the first three months of 2024. In the three months ended March 31, 2025, Pollard used $8.9 million on capital expenditures, in part a result of the addition of our new ICON eTab machines for the charitable gaming market, and $6.9 million on additions to intangible assets. In the three months ended March 31, 2024, Pollard used $4.3 million on capital expenditures and $6.3 million on additions to intangible assets.

Cash provided by financing activities

Cash provided by financing activities was $45.2 million in the three months ended March 31, 2025, compared to cash used for financing activities of $11.2 million in the three months ended March 31, 2024. During the first quarter of 2025, cash was provided by net proceeds from long-term debt received of $47.6 million. This cash inflow was partially offset by lease principal payments of $1.3 million and $1.4 million of dividend payments.

During the first quarter of 2024, Pollard made long-term debt repayments of $9.6 million, lease principal payments of $1.4 million and $1.1 million of dividend payments, partially offset by proceeds received from the issuance of common shares of $0.8 million.

As at March 31, 2025, Pollard had unused credit facility of $92.4 million and $26.1 million in available cash resources. These amounts, in addition to cash flow provided by operating activities, are available to be used for future working capital requirements, contractual obligations, capital expenditures, dividends and to assist in financing future acquisitions.

Quarterly Information
(unaudited)
(millions of dollars, except for per share amounts)

	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Sales	$146.2	$140.3	$153.2	$137.8	$125.7	$135.5	$129.1	$130.8	$125.1
Adjusted EBITDA	30.6	25.2	33.3	32.3	23.7	25.7	24.8	22.1	18.6
Net income (loss)	11.7	(1.8)	18.2	11.9	6.9	11.3	7.7	7.5	4.8
Net income (loss) per share - basic	0.43	(0.07)	0.67	0.44	0.26	0.42	0.29	0.28	0.18

Working Capital

Net non-cash working capital varies throughout the year based on the timing of individual sales transactions and other investments. The nature of the lottery industry is few individual customers who generally order large dollar value transactions. As such, the change in timing of a few individual orders can significantly impact the amount required to be invested in inventory or receivables at a particular period end. The high value, low volume of transactions results in some significant volatility in non-cash working capital, particularly during a period of changing volumes. Similarly, the timing of the completion of the sales cycle through collection can significantly impact non-cash working capital.

Instant tickets are produced specifically for individual clients resulting in a limited investment in finished goods inventory. Customers are predominantly government agencies, which result in regular payments. There are a limited number of individual customers, and therefore the net investment in working capital is managed on an individual customer by customer basis, without the need for company-wide benchmarks.

The overall impact of seasonality does not have a material impact on the carrying amounts in working capital.

As at March 31, 2025, Pollard's investment in non-cash working capital increased $46.8 million compared to December 31, 2024, primarily as a result of increases in accounts receivable, inventories and prepaid expenses, partially offset by an increase in accounts payable and accrued liabilities. The increase in accounts receivable was in part due to significant sales at the end of the quarter and the timing of certain customer payments, while the increase in inventories resulted from increased production of instant tickets in the quarter.

	March 31, 2025	December 31, 2024
Working Capital	$148.6	$95.9
Total Assets	$687.9	$636.3
Total Non-Current Liabilities	$214.4	$167.2

Credit Facility

Pollard's credit facility was renewed effective December 31, 2024. The credit facility allows Pollard to reallocate capacity between its Canadian and U.S. operations. As at March 31, 2025, the facility provided loans of up to $170.0 million for its Canadian operations and US$84.6 million for its U.S. subsidiaries. The credit facility also includes an accordion feature which can increase the facility capacity by up to $50.0 million. The borrowings for the Canadian operations can be denominated in Canadian or U.S. dollars, to a maximum of $170.0 million 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 March 31, 2025, the outstanding letters of guarantee drawn under the credit facility were $0.1 million. The remaining balance available for drawdown under the credit facility was $92.4 million.

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 March 31, 2025, Pollard was in compliance with all financial covenants.

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.

Pollard believes that its credit facility and ongoing cash flow from operations will be sufficient to allow it to meet ongoing requirements for investment in capital expenditures, working capital, dividends and acquisitions.

Economic Development Canada ("EDC") Facility

Effective November 29, 2024, Pollard renewed its annual agreement with EDC. This agreement provides a €15.0 million 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 March 31, 2025, the outstanding letters of credit drawn on this facility were $4.6 million (€3.0 million). As of December 31, 2024, the outstanding letters of credit drawn on this facility were $13.4 million (€9.0 million).

Outstanding Share Data

As at March 31, 2025 and May 7, 2025, outstanding share data was as follows:

Common shares	27,067,669

Share Options

Under the Pollard Banknote Limited Stock Option Plan the Board of Directors has the authority to grant options to purchase common shares to eligible persons and to determine the applicable terms. The aggregate maximum number of common shares available for issuance from Pollard's treasury under the Option Plan is 2,354,315 common shares. As at March 31, 2025, the total share options issued and outstanding were 375,000.

Contractual Obligations

There have been no material changes to Pollard's contractual obligations since December 31, 2024, that are outside the normal course of business.

Off-Balance Sheet Arrangements

There have been no material changes to Pollard's off-balance sheet arrangements since December 31, 2024, that are outside the normal course of business.

Financial Instruments

The financial instruments of Pollard remain substantially unchanged from those identified in the MD&A for Pollard for the year ended December 31, 2024.

Critical Accounting Policies and Estimates

The critical accounting policies and estimates of Pollard remain substantially unchanged from those identified in Pollard's consolidated financial statements for the year ended December 31, 2024.

Related Party Transactions

Pollard has not entered into any significant transactions with related parties during the three months ended March 31, 2025, which are not disclosed in the unaudited condensed consolidated interim financial statements.

Industry Risks and Uncertainties

The risk factors affecting Pollard remain substantially unchanged from those identified in the MD&A for Pollard for the year ended December 31, 2024.

Outlook

Overall demand for our gaming products and solutions remains positive, with lotteries and charities continuing to look at ways to generate more funds for the good causes they support. Retail sales of lottery products including instant tickets remain steady while interest in digital lottery products such as iLottery and other ancillary solutions such as loyalty programs and other related digital play continues to be robust. Sales of charitable gaming products are strong with particular increased interest in the development of digital opportunities such as eTabs.

Our expected instant ticket volumes for the full year of 2025 remain similar to our 2024 volumes, reflecting the steady overall retail sales in the market and our corporate decision of continued discretion of not pursuing incremental volumes that do not generate sufficient margins based on type of work or insufficient pricing. 2025 will continue to benefit from the successful repricing strategy employed over the last three years with the majority of our contracts repriced and now in force. As any remaining legacy contracts come up for re-bid we will continue to implement our repricing strategy appropriate to maintaining sufficient margins.

Strong interest in iLottery continues in greenfield opportunities for lottery jurisdictions not currently offering this sales channel as well as existing iLottery operations looking to replace older technology with more modern solutions. The sales lifecycle process for these large, complex technology solutions continues to be long, often involving extended assessment periods, formal requests for information, and requests for proposals.

We remain very actively engaged in a number of opportunities and will leverage the success of our Kansas implementation to further promote the advantages of our iLottery gaming platform Catalyst™ and eInstant game portfolio. We believe Catalyst™ offers many unique advantages including a state-of-the-art, cloud-native, modular, omni-channel and API-first iLottery solution, providing the infrastructure platform for a complete central gaming system, integrating both iLottery and traditional at retail locations draw-based lottery sales.

We believe our current structure and business processes in place will largely mitigate any material negative impacts due to the implementation of protectionist trade measures including tariffs and counter tariffs. With significant manufacturing facilities and our supply chains already established in both the U.S. and Canada, we have the ability to source our inputs and produce almost all of the products we sell to our U.S. customers in our U.S. manufacturing facilities. We will continue to assess both the short-term and long-term impacts and necessary countermeasures that can be undertaken to reduce the potential negative impacts. In addition, historically the lottery and charitable gaming markets we participate in have been generally resilient to any negative effects of economic downturns, should the overall economic environment be impacted negatively by these ongoing trade challenges.

Key acquisitions are an important strategy in our success, and this continued with the recent acquisition of Pacific Gaming to the Pollard Charitable Gaming Group. We remain active in identifying key businesses that are both strategically important in expanding our offerings and business operations, as well as generating appropriate financial returns.

Significant investments will continue to be made to support our strategic initiatives through increased capital expenditures improving our instant ticket production efficiencies, expanding the numbers of our new ICON eTab machines for the charitable gaming market, increasing the development of our game content for both iLottery and charitable eTabs, and adding greater feature enhancement to Catalyst™.

We are extremely proud of the accomplishments achieved in the first quarter of 2025 and are very confident of continued growth going forward. Opportunities in both digital and traditional printed markets are increasing and our recent success in implementing our Catalyst™ gaming platform and eInstant games, expanding new offerings in the digital eTab charitable gaming markets, and ongoing strategies for improving margins in our core instant ticket markets provide the foundation for continued success in 2025 and beyond.

Disclosure Controls and Procedures

Under National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings," issuers are required to document the conclusions of the Chief Executive Officer and Chief Financial Officer (the "Certifying Officers") regarding the design of the disclosure controls and procedures. Pollard's management, with the participation of the Certifying Officers of Pollard, has concluded that the design of the disclosure controls and procedures as defined in National Instrument 52-109 are designed appropriately and are effective at providing reasonable assurance of achieving the disclosure objectives.

Internal Controls over Financial Reporting

Under National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings," issuers are required to document the conclusions of the Certifying Officers regarding the design of the internal controls over financial reporting. Management used the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013) as the control framework in designing its internal controls over financial reporting. Pollard's management, with the participation of the Certifying Officers of Pollard, has concluded that the design of the internal controls over financial reporting as defined in National Instrument 52-109 are designed appropriately and are effective at providing reasonable assurance of achieving the financial reporting objectives.

Pollard has limited its design of ICFR to exclude controls, policies and procedures of Venne, as it was acquired not more than 365 days before the end of the financial period to which this MD&A relates.

No changes were made in Pollard's internal control over financial reporting during the three months ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, Pollard's internal control over financial reporting.

Additional Information

Shares of Pollard Banknote Limited are traded on the Toronto Stock Exchange under the symbol PBL.

Additional information relating to Pollard, including the Audited Consolidated Financial Statements and the Annual Information Form for the year ended December 31, 2024, is available on SEDAR+ at www.sedarplus.ca.

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