Condensed Consolidated Interim Financial Statements of

POLLARD BANKNOTE LIMITED

(unaudited)

Three months ended March 31, 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)

		March 31, 2025		December 31, 2024
Assets				
Current assets				
Cash	$	26,125	$	22,360
Restricted cash		30,098		37,413
Accounts receivable (note 19)		119,130		79,119
Contract assets (note 12)		13,592		12,305
Inventories (note 6)		71,321		67,454
Prepaid expenses and deposits		13,629		12,240
Total current assets		273,895		230,891
Non-current assets				
Long-term assets (note 7)		11,888		11,127
Property, plant and equipment		117,283		113,195
Equity investment (note 8)		220		415
Goodwill		123,786		122,377
Intangible assets		131,448		128,034
Deferred income taxes		27,774		24,458
Pension asset (note 10)		1,578		5,811
Total non-current assets		413,977		405,417
Total assets	$	687,872	$	636,308
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	$	114,292	$	120,388
Dividends payable		1,353		1,353
Income taxes payable		1,542		3,942
Current portion lease liabilities		5,220		5,215
Current portion contract liabilities (note 12)		2,885		4,115
Total current liabilities		125,292		135,013
Non-current liabilities				
Lease liabilities		11,371		12,253
Deferred income taxes		2,424		1,656
Long-term debt (note 9)		198,579		151,056
Contract liabilities (note 12)		391		796
Other non-current liabilities		1,615		1,400
Total non-current liabilities		214,380		167,161
Shareholders' equity				
Share capital (note 11)		152,196		152,011
Reserves		29,686		24,127
Retained earnings		166,318		157,996
Total shareholders' equity		348,200		334,134
Total liabilities and shareholders' equity	$	687,872	$	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 March 31, 2025		Three months ended March 31, 2024(1)
Revenue (note 12)	$	146,259	$	125,740
Cost of sales		120,830		104,003
Gross profit		25,429		21,737
Administration		17,313		15,350
Selling		5,961		5,398
Equity investment income (note 8)		(16,200)		(12,208)
Other (income) expenses (note 13)		9		(173)
Income from operations		18,346		13,370
Finance costs (note 14)		2,824		5,080
Finance income (note 14)		(250)		–
Income before income taxes		15,772		8,290
Income taxes (note 15)				
Current		5,515		6,903
Deferred reduction		(1,473)		(5,542)
		4,042		1,361
Net income	$	11,730	$	6,929
Net income per share – basic (note 16)	$	0.43	$	0.26
Net income per share – diluted (note 16)	$	0.43	$	0.25

(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 March 31, 2025	Three months ended March 31, 2024
Net income	$ 11,730	$ 6,929
Other comprehensive income:		
Items that are or may be reclassified to profit and loss:		
Foreign currency translation differences – foreign operations	5,559	5,458
Items that will never be reclassified to profit and loss:		
Defined benefit plans remeasurements, net of income taxes (note 10 & note 15)	(2,118)	6,717
Other comprehensive income	3,441	12,175
Comprehensive income	$ 15,171	$ 19,104

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 three months ended March 31, 2025

		Share capital	Translation reserve	Retained earnings	Total equity
Balance at December 31, 2024	$	152,011	24,127	157,996	334,134
Net income	$	–	–	11,730	11,730
Other comprehensive income (loss)					
Foreign currency translation differences – foreign operations		–	5,559	–	5,559
Defined benefit plans remeasurements, net of income taxes (note 10 & note 15)		–	–	(2,118)	(2,118)
Total other comprehensive income (loss)	$	–	5,559	(2,118)	3,441
Total comprehensive income	$	–	5,559	9,612	15,171
Issue of common shares	$	185	–	(53)	132
Share based compensation		–	–	116	116
Dividends (note 11)		–	–	(1,353)	(1,353)
Balance at March 31, 2025	$	152,196	29,686	166,318	348,200

For the three months ended March 31, 2024

		Share capital	Translation reserve	Retained earnings	Total equity
Balance at December 31, 2023	$	150,711	4,450	119,643	274,804
Net income	$	–	–	6,929	6,929
Other comprehensive income					
Foreign currency translation differences – foreign operations		–	5,458	–	5,458
Defined benefit plans remeasurements, net of income taxes		–	–	6,717	6,717
Total other comprehensive income	$	–	5,458	6,717	12,175
Total comprehensive income	$	–	5,458	13,646	19,104
Issue of common shares	$	994	–	(189)	805
Share based compensation		–	–	230	230
Dividends		–	–	(1,352)	(1,352)
Balance at March 31, 2024	$	151,705	9,908	131,978	293,591

See accompanying notes to condensed consolidated interim financial statements.

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

	Three months ended March 31, 2025	Three months ended March 31, 2024[(1)]
Cash increase (decrease)		
Operating activities		
Net income	$ 11,730	$ 6,929
Adjustments		
Income taxes expense	4,042	1,361
Amortization and depreciation	11,583	10,721
Interest expense	2,824	2,415
Unrealized foreign exchange loss	377	2,208
Equity investment income (note 8)	(16,200)	(12,208)
Pension expense	1,990	1,847
Interest paid	(2,691)	(2,328)
Income taxes paid	(7,917)	(57)
Equity investment distribution (note 8)	16,228	12,221
Pension contributions	(654)	(729)
Change in contract liabilities	–	66
Change in long-term assets	(412)	(2,322)
Change in non-cash equity investment (note 8)	110	–
Change in non-cash operating working capital (note 17)	(46,756)	5,027
	(25,746)	25,151
Investing activities		
Additions to property, plant and equipment	(8,922)	(4,317)
Additions to intangible assets	(6,854)	(6,348)
	(15,776)	(10,665)
Financing activities		
Net proceeds from issue of share capital	132	805
Net borrowings (repayments) of long-term debt	47,621	(9,620)
Change in other non-current liabilities	215	108
Deferred financing charges paid	(56)	–
Lease principal payments	(1,341)	(1,368)
Dividends paid	(1,353)	(1,079)
	45,218	(11,154)
Foreign exchange gain on cash held in foreign currency	69	34
Change in cash position	3,765	3,366
Cash position, beginning of period	22,360	8,411
Cash position, end of period	$ 26,125	$ 11,777

(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 three months ended March 31, 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 May 7, 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	$	17,806
Purchase price payable		213
Total consideration	$	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

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

5. Acquisitions (continued):

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.

The fair values of identifiable assets acquired are preliminary and are subject to change if new information becomes available.

6. Inventories:

		March 31, 2025		December 31, 2024
Raw materials	$	31,008	$	32,334
Work-in-process		3,689		3,402
Finished goods		36,624		31,718
	$	71,321	$	67,454

During the first quarter of 2025, Pollard recorded within cost of sales inventory write-downs of $347 representing an increase in the obsolescence reserves, and reversal of previous write-downs of $27 due to changes in foreign exchange rates.

During the first quarter of 2024, Pollard recorded within cost of sales inventory write-downs of $274 representing an increase in the obsolescence reserves, and reversal of previous write-downs of $130 due to changes in foreign exchange rates.

7. Long-term assets:

		March 31, 2025		December 31, 2024
Contract assets	$	6,196	$	5,634
Investment tax credits		4,672		4,552
Other long-term receivables		1,020		941
	$	11,888	$	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.

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

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.

Investment in equity accounted entity		Three months ended March 31, 2025		Three months ended March 31, 2024
Balance, beginning of period	$	415	$	518
Investment distribution		(16,228)		(12,221)
Equity income		16,200		12,208
Non-cash change in investment value		(110)		–
Effects of movements in exchange rates		(57)		22
Balance, end of period	$	220	$	527

Net Assets		March 31, 2025		December 31, 2024
Current assets	$	98,311	$	71,472
Non-current assets		1,136		3,267
Total	$	99,447	$	74,739
Current liabilities	$	98,437	$	73,632
Total	$	98,437	$	73,632
Net assets – 100%	$	1,010	$	1,107
Attributable to Pollard – 50%	$	505	$	554
Elimination of unrealized profit on downstream revenue		(285)		(139)
Carrying amount of investment	$	220	$	415

At March 31, 2025, included in the current assets of NPi is restricted cash relating to amounts held on behalf of iLottery customers of $36,736 (December 31, 2024 – $31,724). There is an offsetting liability included in current liabilities.

Interest in equity accounted entity		Three months ended March 31, 2025		Three months ended March 31, 2024
Revenue – 100%	$	63,372	$	51,071
Revenue – attributable to Pollard – 50%	$	31,686	$	25,536
Comprehensive income – 100%	$	32,181	$	24,416
Comprehensive income – attributable to Pollard(1)	$	16,200	$	12,208

(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.

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

8. Equity investment (continued):

At March 31, 2025, included in accounts receivable in the condensed consolidated statements of financial position is a net amount owed from NPi of $21,399 (December 31, 2024 – $1,279).

During the three month period ended March 31, 2025, Pollard provided services to NPi totaling $1,556 (2024 - $1,340), 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:

		March 31, 2025		December 31, 2024
Credit facility, interest of 4.7% to 8.5% payable monthly, maturing 2028	$	199,288	$	151,799
Deferred financing charges, net of amortization		(709)		(743)
	$	198,579	$	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 March 31, 2025, the facility provided loans of up to $170,000 for its Canadian operations and US$84,577 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 $170,000 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 March 31, 2025, the outstanding letters of guarantee drawn under the credit facility were $79 (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 March 31, 2025, Pollard had unused credit facility available of $92,423 (December 31, 2024 – $139,941).

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

9. Long-term debt (continued):

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.

(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 March 31, 2025, the outstanding letters of credit drawn on this facility were $4,608 (€2,954). 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 March 31, 2025, Pollard recorded a remeasurement loss of $2,118 (net of $773 of income tax) on its defined pension plans. The remeasurement loss resulted from lower than expected returns on plan asset investments and a decrease in the discount rate.

During the three month period ended March 31, 2024, Pollard recorded a remeasurement gain of $6,717 (net of $2,459 of income tax) 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.

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 March 31, 2025	27,067,669	$	152,196

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

11. Share capital (continued):

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 March 10, 2025, a dividend of $0.05 per share was declared, payable on April 15, 2025, to the shareholders of record on March 31, 2025.

Stock option issuance:

Subsequent to quarter end, 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 will be granted on May 12, 2025, and have a seven-year term, vesting 25% per year over the first four years. The exercise price of the options will be equal to the closing price of the common shares on May 9, 2025.

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		Three months ended March 31, 2025		Three months ended March 31, 2024
Canada	$	28,916	$	19,559
United States		90,041		82,460
International		27,302		23,721
Total	$	146,259	$	125,740

Revenue – product lines		Three months ended March 31, 2025		Three months ended March 31, 2024
Lottery	$	112,184	$	93,396
Charitable		34,075		32,344
Total	$	146,259	$	125,740

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

12. Revenue and contract balances (continued):

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

Contract balances		March 31, 2025		December 31, 2024
Trade receivables, which are included in accounts receivable	$	88,652	$	69,258
Contract assets		13,592		12,305
Contract assets, which are included in long-term assets		6,196		5,634
Contract liabilities		3,276		4,911

Contract liabilities		Three months ended March 31, 2025		Three months ended March 31, 2024
Balance, beginning of period	$	4,911	$	4,253
Increases due to cash received		664		1,896
Revenue recognized		(2,319)		(2,270)
Effect of movement in exchange rates		20		5
Balance, end of period		3,276		3,884
Less: current portion		(2,885)		(2,937)
	$	391	$	947

13. Other (income) expenses:

		Three months ended March 31, 2025		Three months ended March 31, 2024
Other (income) expense	$	9	$	(173)
	$	9	$	(173)

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

14. Finance costs and finance income:

Finance costs	Three months ended March 31, 2025	Three months ended March 31, 2024
Interest	$ 2,824	$ 2,415
Foreign exchange loss	–	2,665
	$ 2,824	$ 5,080

Finance income	Three months ended March 31, 2025	Three months ended March 31, 2024
Foreign exchange gain	$ 250	$ –
	$ 250	$ –

15. Income taxes:

Reconciliation of effective tax rate		Three months ended March 31, 2025		Three months ended March 31, 2024
Net income for the period		$ 11,730		$ 6,929
Total income tax expense		4,042		1,361
Income before income taxes		$ 15,772		$ 8,290
Income tax using Pollard's domestic tax rate	27.0%	$ 4,258	27.0%	$ 2,238
Effect of tax rates in foreign jurisdictions	(5.1%)	(800)	(9.9%)	(818)
Non-taxable amounts	(0.1%)	(6)	(0.8%)	(69)
Other items	0.1%	12	3.4%	280
Effect of non-taxable items related to foreign exchange	3.7%	578	(3.3%)	(270)
	25.6%	$ 4,042	16.4%	$ 1,361

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

16. Net income per share:

		Three months ended March 31, 2025		Three months ended March 31, 2024
Net income attributable to shareholders	$	11,730	$	6,929
Weighted average number of shares – basic		27,064,227		26,983,559
Weighted average impact of share options		378,441		459,112
Weighted average number of shares – diluted		27,442,668		27,442,671
Net income per share – basic	$	0.43	$	0.26
Net income per share – diluted	$	0.43	$	0.25

17. Supplementary cash flow information:

		Three months ended March 31, 2025		Three months ended March 31, 2024
Change in non-cash operating working capital:				
Accounts receivable	$	(40,284)	$	609
Contract assets		(974)		588
Inventories		(4,835)		(1,865)
Prepaid expenses and deposits		(1,360)		(363)
Accounts payable and accrued liabilities		2,352		6,498
Current portion contract liabilities		(1,655)		(440)
	$	(46,756)	$	5,027

18. Related party transactions:

The Control Group and affiliates

During the quarter ended March 31, 2025, Pollard paid property rent of $595 (2024 – $575) and $165 (2024 – $111) 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.

At March 31, 2025, 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 $233 (December 31, 2024 – $811).

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

18. Related party transactions (continued):

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 March 31, 2025, the net book value of the right-of-use assets was $6,583 (December 31, 2024 – $7,103) and the present value of the lease liabilities was $6,880 (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 March 31, 2025	Three months ended March 31, 2024
Salaries, incentives and benefits	$ 1,029	$ 1,071
Share based compensation	152	264
Expenses related to defined benefit plans	176	176
	$ 1,357	$ 1,511

As at March 31, 2025, key management personnel of Pollard, as a group, beneficially owned or exercised control or direction over 17,412,488 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

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.

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

19. Financial risk management (continued):

Credit risk

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

		March 31, 2025		December 31, 2024
Current	$	110,427	$	68,709
Past due for 1 to 60 days		6,707		8,857
Past due for more than 60 days		2,643		2,047
Less: allowance for losses		(647)		(494)
	$	119,130	$	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 March 31, 2025, the amount of financial assets denominated in U.S. dollars exceeded the amount of financial liabilities denominated in U.S. dollars by approximately $33,229 (December 31, 2024 – $14,854). 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 $166 for the three months ended March 31, 2025 (2024 – $441).

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.

19. Financial risk management (continued):

Pollard also uses financial hedges, including foreign currency contracts, to help manage foreign currency risk. At March 31, 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 $249 for the three months ended March 31, 2025 (2024 – $139).

20. Subsequent event:

On April 1, 2025, Pollard acquired 100% of the business of Pacific Gaming, LLC and LIF Capital Group, LLC (collectively "Pacific"), for a purchase price of $10,000 U.S. dollars ($14,400) 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.