

September 30, 2026

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

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2026

November 6, 2026

This management's discussion and analysis ("MD&A") of Pollard Banknote Limited ("Pollard") for the three and nine months ended September 30, 2026, is prepared as at November 6, 2026, and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements of Pollard and the notes therein as at September 30, 2026, and the audited consolidated financial statements of Pollard for the year ended December 31, 2025, and the notes therein. Results are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting 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, including our share of NeoPollard Interactive LLC's ("NPi"). Reference to "Adjusted EBITDA" is to EBITDA before unrealized foreign exchange gains and losses, and certain non-recurring items including consultant transfer costs, ERP implementation costs, severance costs, acquisition costs and contingent consideration fair value adjustments. 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 NPi's 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 and nine months ended September 30, 2026. 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, one of the largest suppliers 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, including easySERV™. 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, hand-held electronic bingo devices, 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.

Acquisitions

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

The ever-changing protectionist trade measures including tariffs and counter tariffs continue to create uncertainty in the current economic landscape. During the third quarter, U.S. tariffs were implemented on certain goods imported from Canada, including some inputs used in our manufacturing. We have taken steps to minimize the potential impact of these measures, including adjusting inventory levels of certain key inputs and expanding the use of alternative sources of supply. While we believe we have the

structure, supply chain flexibility and business processes in place to mitigate material impacts to our business, we continue to assess changes to trade measures and how best to minimize their impact. 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 and six months ended September 30, 2026.

SELECTED FINANCIAL INFORMATION
(millions of dollars, except per share

	Three months ended September 30, 2026	Three months ended September 30, 2026	Three months ended September 30, 2026	Three months ended September 30, 2026[1]
Revenue	$158.9	$156.3	$455.4	$445.3
Cost of sales	134.6	128.2	386.5	367.9
Gross profit	24.3	28.1	68.9	77.4
Gross profit as a % of sales	*15.3%*	*18.0%*	*15.1%*	*17.4%*
Administration expenses	18.9	19.2	57.6	54.1
Administration expenses as a % of revenue	*11.9%*	*12.3%*	*12.6%*	*12.1%*
Selling expenses	6.1	6.5	18.6	19.0
Selling expenses as a % of revenue	*3.8%*	*4.2%*	*4.1%*	*4.3%*
NPi equity investment income	(15.3)	(15.3)	(47.0)	(49.3)
NPi equity investment income as a % of revenue	*(9.6%)*	*(9.8%)*	*(10.3%)*	*(11.1%)*
Unrealized foreign exchange loss[2]	0.1	0.0	0.7	3.3
Unrealized foreign exchange loss as a % of revenue	*0.1%*	*0.0%*	*0.2%*	*0.7%*
Net income	8.1	10.3	20.2	30.0
Net income as a % of revenue	*5.1%*	*6.6%*	*4.4%*	*6.7%*
Adjusted EBITDA	28.3	32.3	80.9	92.2
Adjusted EBITDA as a % of revenue	*17.8%*	*20.7%*	*17.8%*	*20.7%*
Net income per share (basic)	$0.30	$0.38	$0.75	$1.11
Net income per share (diluted)	$0.30	$0.38	$0.75	$1.11

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

2) Includes amounts from equity investment.

	September 30, 2026	December 31,2026
Total Assets	$714.0	$695.9
Total Non-Current Liabilities	$205.0	$176.3

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

(millions of dollars)

	Three months ended September 30, 2026	Three months ended September 30, 2025[1]	Nine months ended September 30, 2026	Nine months ended September 30, 2025[1]
Net income	$8.1	$10.3	$20.2	$30.0
Adjustments:				
Amortization and depreciation[2]	13.5	12.6	39.6	36.5
Interest	2.6	2.9	7.3	8.9
Income taxes	3.7	4.8	8.8	11.6
EBITDA	$27.9	$30.6	$75.9	$87.0
Unrealized foreign exchange loss[2]	0.1	0.0	0.7	3.3
ERP implementation costs	0.3	1.7	2.1	1.8
Consultant transfer costs	0.0	0.0	1.8	0.0
Severance costs	0.0	0.0	0.4	0.0
Acquisition costs	0.0	0.0	0.0	0.1
Adjusted EBITDA	$28.3	$32.3	$80.9	$92.2

Product line breakdown of revenue

	Three months ended September 30, 2026	Three months ended September 30, 2025[1]	Nine months ended September 30, 2026	Nine months ended September 30, 2025[1]
Lottery	73.2%	75.8%	72.2%	73.7%
Charitable	26.8%	24.2%	27.8%	26.3%

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

(2) Includes amounts from equity investment.

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 SEPTEMBER 30, 2026

Revenue

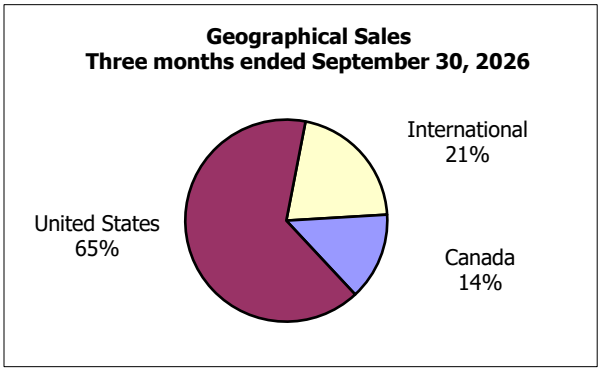
During the three months ended September 30, 2026, Pollard achieved revenue of $158.9 million, compared to $156.3 million in the three months ended September 30, 2025. Factors impacting the $2.6 million revenue increase were:

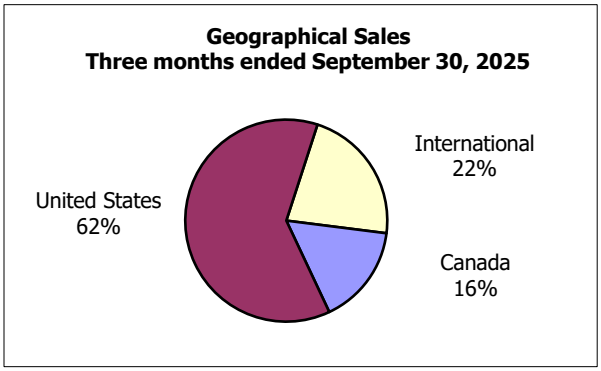
- Higher sales of ancillary lottery products and services increased revenue in the third quarter of 2026 by $3.4 million as compared to 2025. This growth was primarily due to increased digital sales, including Pollard's iLottery contracts with the Belgium and Kansas lotteries, higher retail solutions sales and increased game studio sales. Partially offsetting these increases in ancillary lottery sales were the decreases in the sales of licensed products.

- Higher average selling price of charitable games increased revenue by $1.6 million in the third quarter of 2026 as compared to the third quarter of 2025. In addition, higher charitable gaming print volumes further increased revenue by $0.6 million. Charitable eGaming ("eTab or eTabs") revenue further increased revenue by $1.5 million compared to 2025, with revenue generated in Minnesota reaching new records. New game content and a greater number of sites have driven revenue higher than the pre-regulatory change levels in 2024.

- Lower instant ticket average selling price in 2026 decreased revenue by $3.5 million as compared to 2025, mainly as a result of customer mix. Partially offsetting this decrease were higher instant ticket sales volumes which increased sales by $1.9 million in the third quarter of 2026.

- Lower Michigan iLottery revenue decreased revenue in the third quarter of 2026 by $5.5 million as compared to 2025, due to the expiry of the contract in July 2026.





During the three months ended September 30, 2026, Pollard generated approximately 68.5% (2025 – 69.0%) of its revenue in U.S. dollars including a portion of international sales which are priced in U.S. dollars. During the third quarter of 2026, the actual U.S. dollar value was converted to Canadian dollars

at $1.403, compared to a rate of $1.372 during the third quarter of 2025. This 2.2% increase in the U.S. dollar value resulted in an approximate increase of $2.4 million in revenue relative to the third quarter of 2025. In addition, during the quarter the value of the Euro strengthened against the Canadian dollar resulting in an approximate increase of $0.2 million in revenue relative to the third quarter of 2025.

Cost of sales and gross profit

Cost of sales was $134.6 million in the third quarter of 2026 compared to $128.2 million in the third quarter of 2025. The increase of $6.4 million in cost of sales was primarily the result of increased Pollard iLottery operation cost, including ramping up resources in preparation for the Belgium Lottery contract development efforts, as well as the additional costs associated with higher instant ticket volumes and certain production inefficiencies. Additionally, higher exchange rates on U.S. dollar denominated expenses further increased cost of sales when compared to 2025. These increases to cost of goods sold were partially offset by lower Michigan iLottery costs, with the expiry of the contract in the quarter and decreased costs as a result of lower licensed product sales.

Gross profit decreased to $24.3 million (15.3% of sales) in the third quarter of 2026 from $28.1 million (18.0% of sales) in the third quarter of 2025. This decrease of $3.8 million in gross profit and the decrease in gross profit percentage were primarily as a result of:

- Decreased instant ticket sales margins from lower average instant ticket selling prices due to a significant shift in customer mix and production inefficiencies.
- Lower Michigan iLottery gross profit of $2.1 million due to the expiry of the contract in July 2026.
- Lower licensed product sales and higher distribution costs also reduced gross profit.

Partially offsetting these decreases in gross profit and gross profit percentage were:

- Increased revenue from Pollard's iLottery contracts with the Belgium and Kansas lotteries positively impacted gross profit.
- Higher retail solutions sales increased gross profit.
- Higher gross margin from eTab charitable sales partially added to gross profit.

Administration expenses

Administration expenses were $18.9 million in the third quarter of 2026 compared to $19.2 million in the third quarter of 2025. The decrease of $0.3 million was largely a result of lower ERP implementation costs. Offsetting these decreases in administration expenses were increased compensation costs, as well as higher professional fees, software licensing fees and consulting fees.

Selling expenses

Selling expenses decreased to $6.1 million in the third quarter of 2026 from $6.5 million in the third quarter of 2025. The decrease of $0.4 million was primarily due to lower compensation costs.

Equity investment income

Pollard's share of income from its iLottery joint venture was $15.3 million in the third quarter of 2026 similar to $15.3 million in the third quarter of 2025.

Other income

Other income was $0.3 million in the third quarter of 2026, similar to $0.1 million in the third quarter of 2025.

Foreign exchange

The net foreign exchange loss was $0.5 million, including a net foreign exchange loss from our equity investment, in the third quarter of 2026 compared to a net gain of $0.2 million in the third quarter of 2025. The 2026 net foreign exchange loss of $0.5 million, consisted of an unrealized foreign exchange loss of $0.1 million primarily a result of the decreased Canadian equivalent value on U.S. dollar denominated accounts receivable, partially offset by an unrealized gain on foreign currency denominated accounts payables. In addition, Pollard incurred a realized foreign exchange loss of $0.4 million which was primarily due to foreign currency denominated cash and accounts payable being converted into Canadian dollars at unfavorable foreign exchange rates.

The 2025 net foreign exchange gain of $0.2 million consisted of a realized foreign exchange gain which was primarily due to foreign currency denominated accounts receivable being converted into Canadian dollars at favorable foreign exchange rates.

Adjusted EBITDA

Adjusted EBITDA decreased to $28.3 million in the third quarter of 2026 compared to $32.3 million in the third quarter of 2025. The primary reasons for the $4.0 million decrease in Adjusted EBITDA were the decrease in gross profit (net of amortization and depreciation) of $3.1 million, substantially as a result of the lower instant ticket margins and the impact from the expiry of the Michigan iLottery contract of $2.1 million. Further reducing Adjusted EBTIDA was the increase in administration expenses (net of ERP implementation costs) of $1.1 million and higher realized foreign exchange loss of $0.6 million. Partially offsetting these decreases to Adjusted EBITDA were lower selling costs of $0.4 million and lower other expenses of $0.2 million.

Interest expense

Interest expense decreased to $2.6 million in the third quarter of 2026 from $2.9 million in the third quarter of 2025, primarily as a result of the lower interest rates in the third quarter of 2026, as compared to the third quarter of 2025.

Amortization and depreciation

Amortization and depreciation, including amortization and depreciation from our equity investment, totaled $13.5 million during the third quarter of 2026 which increased from $12.6 million during the third quarter of 2025. The increase of $0.7 million was as a result of the addition of property, plant and equipment and intangible assets.

Income taxes

Income tax expense was $3.7 million in the third quarter of 2026, an effective rate of 31.6%, which was higher than our domestic rate of 27.0% due primarily to the effect of withholding and other taxes, partially offset by lower income tax rates in foreign jurisdictions.

Income tax expense was $4.8 million in the third quarter of 2025, an effective rate of 31.6%, which was higher than our domestic rate of 27.0% due primarily to the effect of withholding and other taxes, partially offset by lower income tax rates in foreign jurisdictions.

Net income

Net income was $8.1 million in the third quarter of 2026 compared to $10.3 million in the third quarter of 2025. The primary reasons for the $2.2 million decrease were the decrease in gross profit of $3.8 million, substantially as a result of the lower instant ticket margins and the impact from the expiry of the Michigan iLottery contract of $2.1 million, and the increase in the foreign exchange loss of $0.7 million. Partially offsetting these decreases to net income were the decrease in income tax expense of $1.1 million, the decrease in selling expenses of $0.4 million, the decrease in administration costs of $0.3 million and the decrease in interest expense of $0.3 million.

Net income per share decreased to $0.30 per share (basic and diluted) in the third quarter of 2026, from $0.38 per share (basic and diluted) in the third quarter of 2025.

ANALYSIS OF RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026

Revenue

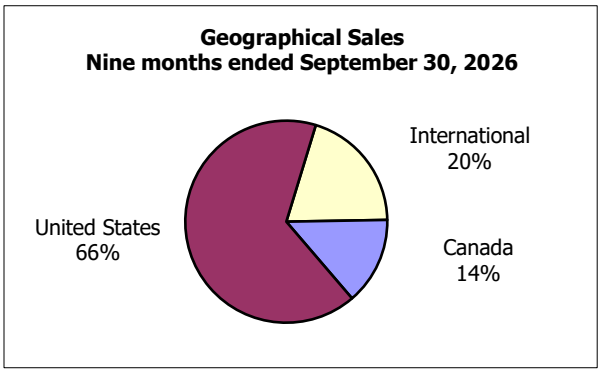
During the nine months ended September 30, 2026, Pollard achieved revenues of $455.4 million, compared to $445.3 million in the nine months ended September 30, 2025. Factors impacting the $10.1 million revenue increase were:

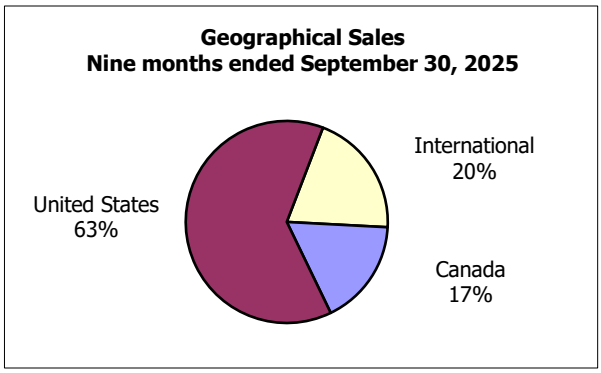
- Higher instant ticket sales volumes in the first nine months of 2026 increased revenue by $9.5 million as compared to 2025. Offsetting this increase in revenue was the lower instant ticket average selling price in the first nine months of 2026 which decreased revenue by $14.5 million as compared to 2025, primarily due to the change in customer mix and the decrease in proprietary product sales.

- Higher sales of ancillary lottery products and services increased revenue by $12.0 million in the first nine months of 2026 as compared to 2025. This growth was primarily due to the increased sales of digital products, including Pollard's iLottery contracts with the Belgium and Kansas lotteries, and higher distribution and retail solutions related sales. Partially offsetting these increases in ancillary lottery sales was the decrease in the sales of licensed products.

- Higher charitable gaming volumes increased revenue by $3.7 million in the first nine months of 2026 as compared to 2025. This is predominately as a result of the acquisition of Pacific in the second quarter of 2025. In addition, the higher average selling price of charitable printed games further increased revenue by $2.2 million. Charitable eGaming ("eTab or eTabs") sales further increased revenue by $5.5 million compared to 2025. New game content and a greater number of sites have driven revenue higher than the pre-regulatory change levels in 2024.

- Lower Michigan iLottery revenue in the first nine months of 2026 decreased revenue by $4.9 million as compared to 2025, due to the expiry of the contract in July 2026.





During the nine months ended September 30, 2026, Pollard generated approximately 70.5% (2025 – 69.5%) of its revenue in U.S. dollars including a portion of international sales which are priced in U.S. dollars. During the first nine months of 2026, the actual U.S. dollar value was converted to Canadian dollars at $1.381, compared to a rate of $1.404 the first nine months of 2025. This 1.6% decrease in the U.S. dollar value resulted in an approximate decrease of $5.2 million in revenue relative to the first nine months of 2025. In addition, during the first nine months of 2026, the value of the Euro strengthened against the Canadian dollar resulting in an approximate increase of $1.8 million in revenue relative to the first nine months of 2025.

Cost of sales and gross profit

Cost of sales was $386.5 million in the first nine months of 2026 compared to $367.9 million in the first nine months of 2025. The increase of $18.6 million in cost of sales was primarily as a result of higher instant ticket volumes and production inefficiencies, as well as, the additional costs associated with increased Pollard iLottery operations, including the addition of Belgium Lottery contract development resources. These increases to cost of goods sold were partially offset by lower Michigan iLottery costs, with the expiry of the contract in the third quarter, and decreased costs as a result of lower licensed product sales and the impact of lower exchange rates on U.S. dollar denominated expenses in 2026.

Gross profit decreased to $68.9 million (15.1% of sales) in the nine months ended September 30, 2026, from $77.4 million (17.4% of sales) in the nine months ended September 30, 2025. This decrease of $8.5 million in gross profit and the decrease in gross profit percentage were primarily the result of:

- Decreased instant ticket sales margins in 2026, largely as a result of the lower average instant ticket selling prices due to a significant shift in customer mix and production inefficiencies.

- Lower Michigan iLottery gross profit $1.6 million primarily due to the expiry of the contract in July 2026.

- Lower licensed product sales decreased gross profit.

Partially offsetting these decreases in gross profit and gross profit percentage were:

- Higher gross profit from Pollard's iLottery contracts with the Belgium and Kansas lotteries.
- Higher eTab charitable sales positively impacted gross profit.
- Additional retail solution sales increased gross profit.

Administration expenses

Administration expenses increased to $57.6 million in the first nine months of 2026 from $54.1 million in 2025. The increase of $3.5 million was largely a result of increased compensation costs as well as higher ERP implementation costs and professional fees.

Selling expenses

Selling expenses decreased to $18.6 million in the first nine months of 2026 from $19.0 million in the first nine months of 2025. This $0.4 million decrease was primarily due to lower compensation costs.

Equity investment income

Pollard's share of income from its iLottery joint venture decreased to $47.0 million in the first nine months of 2026 from $49.3 million in 2025. The $2.3 million decrease was primarily due to the expiry of a customer contract at the end of the second quarter of 2025 as well as lower foreign exchange gains and higher third party content costs in 2026. These decreases were partially offset by the increased eInstants sales in North Carolina and Virginia, and higher casino related sales in Alberta.

Other expenses

Other expenses were $1.7 million in the first nine months of 2026 compared to $nil million in 2025. This increase of $1.7 million was primarily due to the consultant transfer fee paid in 2026. During the second quarter of 2026 Pollard entered into a transaction with an external consulting supplier to transition a dedicated team of outsourced consultants into internal direct-hire employees. In connection with the termination of the prior vendor arrangement and the release of exclusivity rights, Pollard paid a lump-sum transition fee to the supplier, plus incidental expenses of $1.8 million.

Foreign exchange

The net foreign exchange loss was $1.7 million, including a net foreign exchange loss from our equity investment in the first nine months of 2026 compared to a net foreign exchange loss of $3.1 million in the first nine months of 2025. The 2026 net foreign exchange loss of $1.7 million resulted from a net unrealized foreign exchange loss of $0.7 million, primarily a result of the increased Canadian equivalent value on U.S. dollar denominated accounts payable and long-term debt, partially offset by an unrealized gain on foreign currency denominated accounts receivable and net intercompany receivables. In addition, Pollard incurred a realized foreign exchange loss of $1.0 million which was primarily due to foreign currency denominated cash and accounts receivables being converted into Canadian dollars at unfavorable foreign exchange rates.

The 2025 net foreign exchange loss of $3.1 million resulted from a net unrealized foreign exchange loss of $3.3 million, primarily a result of the decreased Canadian equivalent value on U.S. dollar denominated net intercompany receivables and accounts receivable, partially offset by an unrealized gain of U.S. dollar

denominated accounts payable and long-term debt. Partially offsetting the unrealized loss, Pollard experienced a realized foreign exchange gain of $0.2 million which was primarily due to foreign currency denominated accounts receivable being converted into Canadian dollars at favorable foreign exchange rates.

Adjusted EBITDA

Adjusted EBITDA decreased to $80.9 million in the first nine months of 2026 compared to $92.2 million in the first nine months of 2025. The main reason for the decrease of $11.3 million were the decrease in gross profit (net of amortization and depreciation) of $6.1 million, primarily as a result of the lower instant ticket margins and the expiry of the Michigan iLottery contract. Also reducing Adjusted EBITDA were the decrease in equity investment income (net of amortization, depreciation and unrealized foreign exchange) of $1.5 million, the increase in administrative expenses (net of ERP implementation costs) of $3.3 million and the increase in realized foreign exchange loss of $1.3 million. Partially offsetting these decreases to Adjusted EBITDA were the increase in other income (net of severance and consultant transfer costs) of $0.5 million and decreased selling costs of $0.4 million.

Interest expense

Interest expense decreased to $7.3 million in the first nine months of 2026 from $8.9 million in the first nine months of 2025, primarily as a result of the lower interest rates in the first nine months of 2026, as compared to 2025.

Amortization and depreciation

Amortization and depreciation, including amortization and depreciation from our equity investment totaled $39.6 million during the first nine months of 2026 which increased from $36.5 million during the first nine months of 2025. The increase of $3.1 million was a result of the addition of property, plant and equipment and intangible assets.

Income taxes

Income tax expense was $8.8 million in the first nine months of 2026, an effective rate of 30.3%, which was higher than our domestic rate of 27.0% due primarily to the effect of withholding and other taxes, and non-deductible items, partially offset by lower income tax rates in foreign jurisdictions.

Income tax expense was $11.6 million in the first nine months of 2025, an effective rate of 27.9%, which was higher than our domestic rate of 27.0% due primarily to the effect of withholding and other taxes, and non-deductible items, partially offset by lower income tax rates in foreign jurisdictions.

Net income

Net income decreased to $20.2 million in the first nine months of 2026 from $30.0 million in the first nine months of 2025. The main reasons for the decrease of $9.8 million was primarily due to the decrease in gross profit of $8.5 million, largely as a result of the lower 2026 instant ticket margins and the expiry of the Michigan iLottery contract. Further reducing net income were the increase in administration expenses of $3.5 million, the decrease in equity investment income of $2.3 million and the increase in other expenses of $1.7 million. Partially offsetting these decreases to net income were the decrease in income

taxes of $2.8 million, the decrease in interest expense of $1.6 million, the decrease in foreign exchange loss of $1.4 million and the decrease in selling expenses of $0.4 million.

Net income per share decreased to $0.75 per share (basic and diluted) in the nine months ending September 30, 2026, from $1.11 per share (basic and diluted) in the nine months ending September 30, 2025.

Joint Venture iLottery

Pollard and Neogames US LLP, a subsidiary of Aristocrat Interactive S.a.r.l, ("NeoGames"), 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 NeoGames 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 Neogames, 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)

	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Sales – Pollard's share									
Michigan iLottery	$1.2	$6.5	$5.8	$7.2	$6.6	$6.0	$6.0	$5.7	$6.0
NPi	34.8	34.3	33.7	34.2	31.0	32.1	31.7	27.9	27.2
Combined iLottery sales	$36.0	$40.8	$39.5	$41.4	$37.6	$38.1	$37.7	$33.6	$33.2
Income before profit share and income taxes – Pollard's share									
Michigan iLottery	$0.0	$2.3	$1.6	$2.2	$2.1	$1.8	$1.6	$1.3	$0.7
NPi	15.3	15.0	16.6	16.9	15.3	17.7	16.2	12.6	13.6
Combined income before profit share and income taxes – Pollard's share	$15.3	$17.3	$18.2	$19.1	$17.4	$19.5	$17.8	$13.9	$14.3

Beginning in the third quarter of 2025, NPi's sales and net income before profit share and income taxes were negatively impacted by the expiry of a customer contract at the start of the quarter. In July 2026, our Michigan Lottery iLottery contract expired.

Liquidity and Capital Resources

Cash provided by operating activities

For the nine months ended September 30, 2026, cash flow provided by operating activities was $2.4 million compared to cash flow provided by operating activities of $38.5 million for the first nine months of 2025. Changes in the non-cash working capital used $53.4 million in cash compared to $16.3 million used in the first nine months of 2025. For the nine months ended September 30, 2026, changes in the non-cash working capital decreased cash flow from operations due primarily to increases in contract assets, accounts receivable and inventories, and the decrease in accounts payable and accrued liabilities. The increase in contract assets is primarily due to working capital build-up for our new California Lottery instant ticket contract and Belgium Lottery gaming platform contract.

For the nine months ended September 30, 2025, changes in the non-cash working capital decreased cash flow from operations due primarily to increases in accounts receivable and inventories, partially offset by the increase in accounts payable and accrued liabilities. The increase in accounts receivable was in part due to the timing of certain payments.

Cash used for interest payments decreased to $7.3 million in 2026 as compared to $8.8 million in 2025. Cash used for pension plan contributions decreased to $2.5 million in 2026 from the $2.7 million used in 2025. Cash used for income tax payments decreased to $15.3 million in 2026 from $26.0 million in 2025. Partially offsetting these uses of cash, Pollard received $47.0 million in distributions from our iLottery joint venture in 2026 as compared to $49.2 million received in 2025.

Cash used for investing activities

In the nine months ended September 30, 2026, cash used for investing activities was $37.4 million compared to cash used for investing activities of $59.8 million in the first nine months of 2025. In the nine months ended September 30, 2026, Pollard used $24.7 million on additions to intangible assets and $12.7 million on capital expenditures. In the nine months ended September 30, 2025, Pollard used $21.5 million on additions to intangible assets, $23.6 million on capital expenditures and $14.8 million related to the acquisition of Pacific.

Cash provided by financing activities

Cash provided by financing activities was $16.5 million in the nine months ended September 30, 2026, compared to cash provided by financing activities of $20.4 million in the nine months ended September 30, 2025. In the first nine months of 2026, cash was provided by net proceeds from long-term debt received of $26.9 million. This cash inflow was partially offset by lease principal payments of $4.7 million, dividend payments of $4.1 million and share buybacks of $1.2 million made during the period.

In the first nine months of 2025, cash was provided by net proceeds from long-term debt received of $29.3 million. This cash inflow was partially offset by lease principal payments of $4.2 million and dividend payments of $4.1 million made during the period.

As at September 30, 2026, Pollard had unused credit facility of $103.2 million. 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, share buybacks and to assist in financing future acquisitions.

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

	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Revenue	$158.9	$154.8	$141.7	$150.8	$156.3	$142.7	$146.2	$140.3	$153.2
Adjusted EBITDA	28.3	31.1	21.5	27.7	32.3	29.2	30.6	25.2	33.3
Net income (loss)	8.1	8.7	3.5	4.6	10.3	8.0	11.7	(1.8)	18.2
Net income (loss) per share - basic	0.30	0.32	0.13	0.17	0.38	0.30	0.43	(0.07)	0.67

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 rising volumes. Similarly, the timing of the completion of the sales cycle through collection can significantly impact non-cash working capital.

The increased investment in net working capital resulted primarily upon initiation of our California instant ticket contract and our Belgium gaming platform contract. Our increased investment in contract assets from our California contract resulted from our recognition of revenue upon receipt of the tickets by the customer, while invoicing is based on the timing of tickets sold at retail by the lottery. The investment in contract asset from our Belgium Lottery gaming platform contract results from revenue being recognized over time as the performance obligation is satisfied in accordance with the terms of the agreement, while invoicing is based on timing of delivery of various phases and contractual payment terms.

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 September 30, 2026, Pollard's investment in non-cash working capital increased $53.4 million compared to December 31, 2025, due primarily to increases in contract assets, accounts receivable and inventories, and the decrease in accounts payable and accrued liabilities. The increase in contract assets

is primarily due to investment in working capital to support our new California Lottery instant ticket contract and Belgium Lottery gaming platform contract.

	September 30, 2026	December 31, 2025
Working Capital	$127.6	$100.6
Total Assets	$714.0	$695.9
Total Non-Current Liabilities	$205.0	$176.3

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 September 30, 2026, the facility provided loans of up to $194.0 million for its Canadian operations and US$67.2 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 $194.0 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 September 30, 2026, the outstanding letters of guarantee drawn under the credit facility were $nil million. The remaining balance available for drawdown under the credit facility was $103.2 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 September 30, 2026, 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, share buybacks and acquisitions.

Economic Development Canada ("EDC") Facility

Effective November 28, 2025, 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 September 30, 2026, the outstanding letters of credit drawn on this facility were $13.1 million (€8.1 million). As of December 31, 2025, the outstanding letters of credit drawn on this facility were $14.5 million (€9.0 million).

Outstanding Share Data

As at September 30, 2026, outstanding share data was as follows:

Common shares	26,999,469

As at November 6, 2026, outstanding share data was as follows:

Common shares	26,993,469

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 September 30, 2026, the total share options issued and outstanding were 500,000.

Normal Course Issuer Bid

On June 22, 2026, Pollard's application was accepted for a Normal Course Issuer Bid to purchase through the facilities of the Toronto Stock Exchange ("TSX") and/or alternative trading systems in Canada, up to 966,677 common shares, representing 10% of the public float, over a 12-month period commencing June 25, 2026 and ending June 24, 2027, subject to applicable securities laws.

For the nine months ended September 30, 2026, Pollard purchased for cancellation 68,200 common shares at an average price of $17.39 per common share for a total consideration, including fees and taxes, of $1,218. The excess of the cost over the book value of $835 was charged to retained earnings.

Subsequent to September 30, 2026, up to and including November 6, 2026, Pollard purchased for cancellation 6,000 common shares at an average price of $16.80 per common share for a total consideration, including fees and taxes, of $104.

As at September 30, 2026 shares purchased and cancelled was as follows:

Common shares	68,200

As at November 6, 2026 shares purchased and cancelled was as follows:

Common shares	74,200

Contractual Obligations

There have been no material changes to Pollard's contractual obligations since December 31, 2025, 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, 2025, 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, 2025.

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, 2025.

Related Party Transactions

During the nine months ended September 30, 2026, Pollard agreed to the terms for a lease amendment on one of its Winnipeg properties leased from an affiliate of the majority shareholder group. The amendment provides an updated rate for the five-year extension at an annual lease rate of approximately $0.5 million. This updated lease rate was based on current market value as determined by an independent appraisal.

Effective October 1, 2026, Pollard has agreed to the terms of a lease amendment for one of its Winnipeg properties leased from an affiliate of the majority shareholder group, incorporating a warehouse expansion to the facility. The additional warehouse component of the lease amendment is for 8 years with the option to extend by 2-5 years terms, and has an approximate annual lease rate of $0.5 million. The lease rate was based on the current market value as determined through an independent appraisal, commissioned by the Audit Committee. In addition, the term and available extensions for the original leased area was also extended to match the renewal timelines for the new warehouse.

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, 2025.

Outlook

Although our company has been awarded a number of strategically important contract wins on both the digital and printed ticket parts of our business, our operating execution has been disappointing, particularly with respect to our printed instant tickets. Our total production volumes have been lower than we expected, and our waste and rework have been higher. And our overall mix of orders has been less profitable than normal. Despite these production challenges, the onboarding of our new California printed ticket contract has gone very well.

We continue to focus resources, including new manufacturing management in our print operations, on improving our instant ticket manufacturing processes to increase our productivity. A number of formal initiatives are focused on improving throughput, increasing production speed, reducing turnaround times and ultimately lowering costs. While we did see some progress in the second quarter, the process is long-term and our third quarter was not as good. We are seeing improvements in the early part of the fourth quarter.

Historically, our fourth quarter usually sees a drop in instant ticket volumes after the traditionally busier third quarters. This year we are not expecting a drop due to a combination of strong demand and some

orders carrying over from our third quarter. In addition, for both the fourth quarter and our outlook for 2027, we expect a return to a more typical product and customer mix from a margin perspective.

Our digital product business remains very busy, with increased resources working closely alongside the Belgium, Oklahoma, Colorado and other lotteries on the development and implementation of their new digital solutions, while continuing to support other digital customer products and services.

We have begun the planning phase for delivery of the Colorado Lottery contract, which includes both our loyalty and iLottery platforms, as well as the implementation of our eInstant games. We expect to go live in the later part of 2027. The project is off to a strong start with high customer engagement and positive early momentum. We also continue to pursue other digital opportunities including other eInstant and loyalty solution implementations.

Consumer demand for both eTabs and paper-based products in the charitable sector remains very strong. To support additional pull-tab ticket sales, we are expanding our production capabilities to both increase our capacity and improve our efficiency. Sales in the Minnesota eTab market continue at record setting levels and a number of jurisdictions are investigating the opportunity to add this product offering in their markets. Pilot programs are underway and we are hopeful that new eTab markets will open up in 2027. Our other charitable products such as bingo daubers, handheld bingo devices and pull-tab vending machines continue to generate positive sales growth, and we expect this to continue.

Significant activity has occurred recently relating to tariffs, both from the United States and retaliatory tariffs from Canada. We have structured our operations to minimize exposure to cross-border trade protectionism. Much of the new tariffs exclude products utilized in our production, and through expanding our supply chains and sourcing our inputs from alternative suppliers, we have been able to mitigate any material exposure to higher costs through tariffs.

Our outlook for the fourth quarter and 2027 is positive with a robust instant ticket production schedule and growing demand for our charitable products and solutions. In addition, we anticipate increasing revenue from our portfolio of digital contracts including the new contracts with Oklahoma and Colorado, the renewal of Kansas, the extension of the iLottery contract for the North Carolina Lottery and expanding work for our Belgium Lottery digital solution contract.

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") for the interim period 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 will provide 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 will provide reasonable assurance of achieving the financial reporting objectives.

No changes were made in Pollard's internal control over financial reporting during the nine months ended September 30, 2026, 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, 2025, is available on SEDAR+ at www.sedarplus.ca.

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