Condensed Consolidated Interim Financial Statements of

POLLARD BANKNOTE LIMITED

(unaudited)

Nine months ended September 30, 2026

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

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

		September 30, 2026		December 31, 2025
Assets				
Current assets				
Cash	$	11,431	$	28,460
Restricted cash		2,432		40,253
Accounts receivable (note 19)		101,545		82,049
Contract assets (note 12)		30,643		7,826
Inventories (note 6)		74,677		69,094
Prepaid expenses and deposits		15,292		16,254
Income taxes receivable		–		2,814
Total current assets		236,020		246,750
Non-current assets				
Long-term assets (note 7)		16,467		14,791
Property, plant and equipment		124,031		123,841
Equity investment (note 8)		1,225		1,584
Goodwill		129,096		126,597
Intangible assets		147,169		141,341
Deferred income taxes		45,720		32,149
Pension asset (note 10)		14,271		8,842
Total non-current assets		477,979		449,145
Total assets	$	713,999	$	695,895
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	$	90,918	$	134,849
Dividends payable		1,350		1,353
Income taxes payable		7,728		940
Current portion lease liabilities		5,955		5,870
Current portion contract liabilities (note 12)		2,506		3,135
Total current liabilities		108,457		146,147
Non-current liabilities				
Lease liabilities		10,188		11,644
Deferred income taxes		8,550		8,318
Long-term debt (note 9)		185,751		155,492
Contract liabilities (note 12)		28		104
Other non-current liabilities		450		789
Total non-current liabilities		204,967		176,347
Shareholders' equity				
Share capital (note 11)		151,813		152,196
Reserves		32,964		27,762
Retained earnings		215,798		193,443
Total shareholders' equity		400,575		373,401
Total liabilities and shareholders' equity	$	713,999	$	695,895

See accompanying notes to condensed consolidated interim financial statements.

Pollard Banknote Limited

Condensed Consolidated Statements of Income

(*In thousands of Canadian dollars, except for share amounts*)
(unaudited)

	Three months ended September 30, 2026	Three months ended September 30, 2025[1]	Nine months ended September 30, 2026	Nine months ended September 30, 2025[1]
Revenue (note 12)	$ 158,903	$ 156,288	$ 455,368	$ 445,256
Cost of sales	134,622	128,224	386,495	367,853
Gross profit	24,281	28,064	68,873	77,403
Administration	18,935	19,156	57,551	54,071
Selling	6,092	6,509	18,613	19,004
Equity investment income (note 8)	(15,340)	(15,357)	(46,956)	(49,238)
Other (income) expenses (note 13)	(266)	(60)	1,705	(14)
Income from operations	14,860	17,816	37,960	53,580
Finance costs (note 14)	3,039	2,941	8,922	12,361
Finance income (note 14)	–	(180)	–	(431)
Income before income taxes	11,821	15,055	29,038	41,650
Income taxes (note 15)				
Current (recovery)	7,628	(2,957)	24,799	10,821
Deferred (reduction)	(3,888)	7,718	(16,007)	784
	3,740	4,761	8,792	11,605
Net income	$ 8,081	$ 10,294	$ 20,246	$ 30,045
Net income per share – basic (note 16)	$ 0.30	$ 0.38	$ 0.75	$ 1.11
Net income per share – diluted (note 16)	$ 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.

See accompanying notes to condensed consolidated interim financial statements.

Pollard Banknote Limited

Condensed Consolidated Statements of Comprehensive Income

(*In thousands of Canadian dollars*)

(unaudited)

	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Net income	$ 8,081	$ 10,294	$ 20,246	$ 30,045
Other comprehensive income:				
Items that are or may be reclassified to profit and loss:				
Foreign currency translation differences – foreign operations	(846)	4,548	5,202	7,284
Items that will never be reclassified to profit and loss:				
Defined benefit plans remeasurements, net of income taxes (note 10 & note 15)	4,912	1,998	6,581	3,912
Other comprehensive income	4,066	6,546	11,783	11,196
Comprehensive income	$ 12,147	$ 16,840	$ 32,029	$ 41,241

See accompanying notes to condensed consolidated interim financial statements.

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

For the nine months ended September 30, 2026

		Share capital	Translation reserve	Retained earnings	Total equity
Balance at December 31, 2025	$	152,196	27,762	193,443	373,401
Net income	$	–	–	20,246	20,246
Other comprehensive income					
Foreign currency translation differences – foreign operations		–	5,202	–	5,202
Defined benefit plans remeasurements, net of income taxes (note 10 & note 15)		–	–	6,581	6,581
Total other comprehensive income	$	–	5,202	6,581	11,783
Total comprehensive income	$	–	5,202	26,827	32,029
Shares purchased and cancelled under normal course issuer bid (note 11)	$	(383)	–	(835)	(1,218)
Share based compensation		–	–	420	420
Dividends (note 11)		–	–	(4,057)	(4,057)
Balance at September 30, 2026	$	151,813	32,964	215,798	400,575

For the nine months ended September 30, 2025

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

See accompanying notes to condensed consolidated interim financial statements.

Pollard Banknote Limited

Condensed Consolidated Statements of Cash Flows

(*In thousands of Canadian dollars*)

(unaudited)

	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Cash increase (decrease)		
Operating activities		
Net income	$ 20,246	$ 30,045
Adjustments		
Income taxes expense (note 15)	8,792	11,605
Amortization and depreciation	38,838	36,479
Interest expense (note 14)	7,316	8,889
Unrealized foreign exchange loss	584	3,277
Equity investment income (note 8)	(46,956)	(49,238)
Pension expense	6,094	5,727
Interest paid	(7,345)	(8,829)
Income taxes paid	(15,296)	(26,012)
Equity investment distribution (note 8)	46,929	47,312
Pension contributions	(2,502)	(2,665)
Change in long-term assets	(1,300)	(2,287)
Change in non-cash equity investment (note 8)	427	515
Change in non-cash operating working capital (note 17)	(53,412)	(16,288)
	2,415	38,530
Investing activities		
Additions to property, plant and equipment	(12,702)	(23,553)
Acquisitions (note 5)	–	(14,751)
Additions to intangible assets	(24,715)	(21,507)
	(37,417)	(59,811)
Financing activities		
Net proceeds from issue of share capital	–	132
Shares purchased for cancellation (note 11)	(1,218)	–
Net borrowings of long-term debt	26,933	29,276
Change in other non-current liabilities	(355)	(619)
Deferred financing charges paid	(75)	(177)
Lease principal payments	(4,704)	(4,187)
Dividends paid	(4,060)	(4,060)
	16,521	20,365
Foreign exchange gain (loss) on cash held in foreign currency	353	(677)
Change in cash position	(18,128)	(1,593)
Cash position, beginning of period (note 3)	29,559	22,360
Cash position, end of period	$ 11,431	$ 20,767

See accompanying notes to condensed consolidated interim financial statements.

1. Reporting entity:

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

The condensed consolidated interim financial statements of Pollard as at and for the nine months ended September 30, 2026, comprise Pollard, Pollard's subsidiaries and its interest in other entities. Pollard is primarily involved in the manufacture and development 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 approximately 64.1% 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, 2025, are available at www.sedarplus.ca.

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

2. Basis of preparation:

(a) Statement of compliance:

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

On November 6, 2026, 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 in conformity with IFRS Accounting Standards ("IFRS") 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, 2025.

3. Accounting standards implemented in 2026:

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, 2025 and should be read in conjunction with these statements.

Amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures

On May 30, 2024, the International Accounting Standards Board ("IASB") issued *Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7.* The amendments are effective for annual periods beginning on or after January 1, 2026.

Pollard adopted the amendments in 2026. 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.

3. Accounting standards implemented in 2026 (continued):

The amendments also clarify that financial liabilities are derecognized on the settlement date and introduce an accounting policy option for electronic payments, allowing for the derecognition of a financial liability before the delivery of cash on the settlement date if specified criteria are met. Pollard has determined that its electronic payment systems currently do not meet the criteria for the optional electronic payment exception.

Upon adoption, this resulted in an increase of $1,099 in the opening balance of cash and accounts payable and accrued liabilities in the condensed consolidated interim statements of financial position. This adjustment is reflected in the opening balance of cash in the condensed consolidated statements of cash flows. This transition has no impact on net assets, equity, or opening retained earnings.

4. Future accounting standards:

IFRS 18 – Presentation and Disclosure in the Financial Statements

On April 9, 2024, the IASB issued *IFRS 18 Presentation and Disclosure in the 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. The new accounting standard needs to be applied retrospectively.

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.

5. Acquisitions:

Pacific Gaming, LLC and LIF Capital Group, LLC

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

5. Acquisitions (continued):

Cash paid, net of cash acquired of $104	$	14,538
Accounts receivable	$	630
Inventories		403
Property, plant and equipment		2,741
Accounts payable and accrued liabilities		(78)
Lease liabilities		(423)
Net tangible assets acquired	$	3,273
Customer relationships	$	3,528
Technology		1,757
Brand		518
Identifiable intangible assets acquired	$	5,803
Goodwill acquired	$	5,462

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

At March 31, 2026, the acquisition accounting was finalized.

6. Inventories:

		September 30, 2026		December 31, 2025
Raw materials	$	34,622	$	31,509
Work-in-process		4,595		3,951
Finished goods		35,460		33,634
	$	74,677	$	69,094

During the third quarter of 2026, Pollard recorded within cost of sales inventory write-downs of $241 representing an increase in the obsolescence reserves, and reversal of previous write-downs of $10 due to changes in foreign exchange rates. During the nine months ended September 30, 2026, Pollard recorded within cost of sales inventory write-downs of $815 representing an increase in the obsolescence reserves, and reversal of previous write-downs of $36 due to changes in foreign exchange rates.

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

6. Inventories (continued):

The cost of sales reflects the costs of inventory, which includes direct material, direct labour and manufacturing overheads, and direct digital costs which includes direct labour, payment processing costs and hosting costs.

7. Long-term assets:

	September 30, 2026	December 31, 2025
Contract assets (note 12)	$ 8,922	$ 8,253
Investment tax credits	6,201	5,454
Other long-term receivables	1,344	1,084
	$ 16,467	$ 14,791

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

8. Equity investment:

NeoPollard Interactive, LLC ("NPi")

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

Investment in equity accounted entity	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Balance, beginning of period	$ 1,584	$ 415
Investment distribution	(46,929)	(47,312)
Equity income	46,956	49,238
Non-cash change in investment value	(427)	(515)
Effects of movements in exchange rates	41	(141)
Balance, end of period	$ 1,225	$ 1,685

8. Equity investment (continued):

Net Assets		September 30, 2026		December 31, 2025
Current assets	$	58,814	$	67,332
Non-current assets		2,874		3,721
Total	$	61,688	$	71,053
Current liabilities	$	58,916	$	67,410
Total	$	58,916	$	67,410
Net assets – 100%	$	2,772	$	3,643
Attributable to Pollard – 50%	$	1,386	$	1,822
Elimination of unrealized profit on downstream revenue		(161)		(238)
Carrying amount of investment	$	1,225	$	1,584

At September 30, 2026, included in the current assets of NPi is restricted cash relating to amounts held on behalf of iLottery customers of $22,263 (December 31, 2025 – $26,643). There is an offsetting liability included in current liabilities.

Interest in equity accounted entity		Nine months ended September 30, 2026		Nine months ended September 30, 2025
Revenue – 100%	$	205,838	$	189,629
Revenue – attributable to Pollard – 50%	$	102,919	$	94,815
Comprehensive income – 100%	$	92,912	$	97,446
Comprehensive income – attributable to Pollard[(1)]	$	46,956	$	49,238

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

At September 30, 2026, included in accounts payable in the condensed consolidated statements of financial position is a net amount owed to NPi of $1,666. At December 31, 2025, included in accounts receivable in the condensed consolidated statements of financial position is a net amount owed from NPi of $3,282.

During the nine month period ended September 30, 2026, Pollard provided services to NPi totaling $5,107 (2025 - $4,059), 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.

8. Equity investment (continued):

During the three month period ended September 30, 2026, the contract for the iLottery operation for the Michigan Lottery expired.

9. Long-term debt:

	September 30, 2026	December 31, 2025
Credit facility, interest of 4.0% to 7.2% payable monthly, maturing 2028	$ 186,183	$ 156,145
Deferred financing charges, net of amortization	(432)	(653)
	$ 185,751	$ 155,492

(a) Credit facility:

Effective December 31, 2024, Pollard renewed its credit facility. The credit facility allows Pollard to reallocate capacity between its Canadian and U.S. operations. As at September 30, 2026, the facility provided loans of up to $194,000 for its Canadian operations and US$67,164 for its U.S. subsidiaries.

The credit facility also includes an accordion feature which can increase the facility capacity up to $50,000. The borrowings for the Canadian operations can be denominated in Canadian or U.S. dollars, to a maximum of $194,000 Canadian equivalent. Borrowings under the credit facility bear interest at fixed and floating rates based on Canadian and U.S. prime bank rates, Canadian Dollar Offered Rate ("CDOR") or Secured Overnight Financing Rate ("SOFR"). At September 30, 2026, the outstanding letters of guarantee drawn under the credit facility were $0 (December 31, 2025 – $75).

Included in the total credit facility balance is a U.S. dollar denominated balance of US$62,100 (December 31, 2025 – US$62,100). As of September 30, 2026, Pollard had unused credit facility available of $103,190 (December 31, 2025 – $129,795).

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.

9. Long-term debt (continued):

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

Effective November 28, 2025, Pollard renewed its annual agreement with EDC. This agreement provides a €15,000 facility whereby Pollard can issue qualifying letters of credit against the EDC facility. The facility is guaranteed by a general indemnity from Pollard. As of September 30, 2026, the outstanding letters of credit drawn on this facility were $13,093 (€8,132). As of December 31, 2025, the outstanding letters of credit drawn on this facility were $14,537 (€9,029).

10. Pension asset:

During the three month period ended September 30, 2026, Pollard recorded a remeasurement gain of $4,912 (net of $1,779 of income tax) on its defined pension plans. The remeasurement gain resulted from an increase in the discount rate, which was partially offset by lower than expected returns on plan asset investments.

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

During the nine month period ended September 30, 2026, Pollard recorded a remeasurement gain of $6,581 (net of $2,371 of income taxes) on its defined pension plans. The remeasurement gain resulted from an increase in the discount rate and higher than expected returns on plan asset investments.

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

11. Share capital:

	Shares		Amount
Authorized			
Unlimited common shares			
Unlimited preferred shares			
Issued common shares			
Balance at January 1, 2025	27,061,419	$	152,011
Stock options exercised	6,250		185
Balance at December 31, 2025	27,067,669		152,196
Shares purchased for cancellation	(68,200)		(383)
Balance at September 30, 2026	26,999,469	$	151,813

Dividends

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

On August 12, 2026, a dividend of $0.05 per share was declared, payable on October 15, 2026, to the shareholders of record on September 30, 2026.

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.

12. Revenue and contract balances:

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

Revenue – geographical segment	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Canada	$ 62,609	$ 75,365
United States	299,339	280,642
International	93,420	89,249
Total	$ 455,368	$ 445,256

Revenue – product lines	Nine months ended September 30, 2026	Nine months ended September 30, 2025[(1)]
Lottery	$ 328,770	$ 328,061
Charitable	126,598	117,195
Total	$ 455,368	$ 445,256

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

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

Contract balances	September 30, 2026	December 31, 2025
Trade receivables, which are included in accounts receivable	$ 90,378	$ 65,920
Contract assets	$ 30,643	$ 7,826
Contract assets, which are included in long-term assets	$ 8,922	$ 8,253
Contract liabilities	$ 2,534	$ 3,239

12. Revenue and contract balances (continued):

Contract liabilities	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Balance, beginning of period	$ 3,239	$ 4,911
Increases due to cash received	5,223	4,732
Revenue recognized	(5,933)	(6,412)
Effect of movement in exchange rates	5	29
Balance, end of period	2,534	3,260
Less: current portion	(2,506)	(3,076)
	$ 28	$ 184

13. Other (income) expenses:

	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Consultant transfer costs	$ –	$ –	$ 1,825	$ –
Severance related costs	–	–	359	–
Other income	(266)	(60)	(479)	(14)
	$ (266)	$ (60)	$ 1,705	$ (14)

During the nine months ended September 30, 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 $1,825.

14. Finance costs and finance income:

Finance costs	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Interest	$ 2,599	$ 2,941	$ 7,316	$ 8,889
Foreign exchange loss	440	–	1,606	3,472
	$ 3,039	$ 2,941	$ 8,922	$ 12,361

Finance income	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Foreign exchange gain	$ _	$ 180	$ –	$ 431
	$ –	$ 180	$ –	$ 431

15. Income taxes:

Reconciliation of effective tax rate	Three months ended September 30, 2026		Three months ended September 30, 2025	
Net income for the period		$ 8,081		$ 10,294
Total income tax expense		3,740		4,761
Income before income taxes		$ 11,821		$ 15,055
Income tax using Pollard's domestic tax rate	27.0%	$ 3,192	27.0%	$ 4,065
Effect of tax rates in foreign jurisdictions	(5.3%)	(622)	(4.3%)	(651)
Effect of (non-taxable) non-deductible amounts	(1.3%)	(150)	0.7%	104
Effect of non-taxable items related to foreign exchange	(0.2%)	(23)	(1.8%)	(277)
Withholding and other taxes	11.0%	1,300	6.6%	1,000
Other items	0.4%	43	3.4%	520
	31.6%	$ 3,740	31.6%	$ 4,761

15. Income taxes (continued):

Reconciliation of effective tax rate		Nine months ended September 30, 2026		Nine months ended September 30, 2025
Net income for the period		$ 20,246		$ 30,045
Total income tax expense		8,792		11,605
Income before income taxes		$ 29,038		$ 41,650
Income tax using Pollard's domestic tax rate	27.0%	$ 7,840	27.0%	$ 11,245
Effect of tax rates in foreign jurisdictions	(7.3%)	(2,132)	(4.8%)	(1,997)
Effect of (non-taxable) non-deductible amounts	(2.4%)	(700)	0.3%	119
Effect of (non-taxable) non-deductible items related to foreign exchange	(2.7%)	(798)	2.1%	852
Withholding and other taxes	15.3%	4,450	2.4%	1,000
Other items	0.4%	132	0.9%	386
	30.3%	$ 8,792	27.9%	$ 11,605

16. Net income per share:

	Three months ended September 30, 2026	Three months ended September 30, 2025[(1)]
Net income attributable to shareholders	$ 8,081	$ 10,294
Weighted average number of shares – basic	27,047,823	27,067,669
Effect of potential dilutive stock options	–	10,736
Weighted average number of shares – diluted	27,047,823	27,078,405
Net income per share – basic	$ 0.30	$ 0.38
Net income per share – diluted	$ 0.30	$ 0.38

16. Net income per share (continued):

		Nine months ended September 30, 2026		Nine months ended September 30, 2025[(1)]
Net income attributable to shareholders	$	20,246	$	30,045
Weighted average number of shares – basic		27,061,000		27,066,543
Effect of potential dilutive stock options		–		20,203
Weighted average number of shares – diluted		27,061,000		27,086,746
Net income per share – basic	$	0.75	$	1.11
Net income per share – diluted	$	0.75	$	1.11

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

For the three months period ended September 30, 2026, there were 500,000 outstanding options where the options' exercise prices were greater than the average market price of the shares for the period and were excluded in the diluted earnings per share calculation (2025 – 275,000).

For the nine months period ended September 30, 2026, there were 500,000 outstanding options where the options' exercise prices were greater than the average market price of the shares for the period and were excluded in the diluted earnings per share calculation (2025 – 75,000).

Outstanding options that had exercise prices lower than the average market price of the shares for the period were included in the calculation of diluted earnings per share using the treasury stock method.

17. Supplementary cash flow information:

		Nine months ended September 30, 2026		Nine months ended September 30, 2025
Change in non-cash operating working capital:				
Accounts receivable	$	(17,344)	$	(14,859)
Contract assets		(22,441)		2,804
Inventories		(4,316)		(4,205)
Prepaid expenses and deposits		1,047		(808)
Accounts payable and accrued liabilities		(9,648)		2,460
Current portion contract liabilities		(710)		(1,680)
	$	(53,412)	$	(16,288)

18. Related party transactions:

The Control Group and affiliates

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 Control Group. The amendment provides an updated rate for the five-year extension at an annual lease rate of approximately $500. 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 Control 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 $500. 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.

During the three months ended September 30, 2026, Pollard paid property rent of $593 (2025 – $584) and $165 (2025 – $165) in plane charter costs to affiliates of the Control Group. During the nine months ended September 30, 2026, Pollard paid property rent of $1,768 (2025 – $1,766) and $495 (2025 – $495) in plane charter costs to affiliates of the Control Group.

During the three months ended September 30, 2026, the Control Group paid Pollard $19 (2025 – $19) for accounting and administration fees. During the nine months ended September 30, 2026, the Control Group paid Pollard $57 (2025 – $57) for accounting and administration fees.

At September 30, 2026, 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 $77 (December 31, 2025 – $103).

Included within property, plant and equipment and lease liabilities on the condensed consolidated statements of financial position are right-of-use assets and corresponding liabilities for premises leased to Pollard from the Control Group. As at September 30, 2026, the net book value of the right-of-use assets was $5,766 (December 31, 2025 – $4,918) and the present value of the lease liabilities was $6,146 (December 31, 2025 – $5,286).

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.

18. Related party transactions (continued):

Key management personnel compensation comprised:

	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Salaries, incentives and benefits	$ 1,157	$ 1,515	$ 3,798	$ 3,705
Share based compensation	121	262	469	592
Expenses related to defined benefit plans	172	189	591	524
	$ 1,450	$ 1,966	$ 4,858	$ 4,821

As at September 30, 2026, key management personnel of Pollard, as a group, beneficially owned or exercised control or direction over 17,400,895 common shares of Pollard.

19. Financial risk management:

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

Credit risk
Liquidity risk
Currency risk
Interest rate risk

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.

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:

		September 30, 2026		December 31, 2025
Current	$	98,180	$	77,342
Past due for 1 to 60 days		2,720		2,865
Past due for more than 60 days		1,292		2,370
Less: allowance for losses		(647)		(528)
	$	101,545	$	82,049

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 2026 requirements for capital expenditures, working capital, dividends and share buybacks are expected to be financed from cash flow provided by operating activities and the unused portion of Pollard's credit facility. Pollard enters into contractual obligations in the normal course of business operations.

Currency risk

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

Translation differences arise when foreign currency monetary assets and liabilities are translated at foreign exchange rates that change over time. At September 30, 2026, the amount of financial liabilities denominated in U.S. dollars exceeded the amount of financial assets denominated in U.S. dollars by approximately $1,303 (December 31, 2025 – $2,931). 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 $7 for the three and nine months ended September 30, 2026 (2025 – $8).

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):

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 $233 for the three months ended September 30, 2026 (2025 – $222) and approximately $698 for the nine months ended September 30, 2026 (2025 – $666).